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

FORM 10-Q

(Mark One)

x **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the quarterly period ended June 30, 2023

OR

¨ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from to

Commission file number 001-40048

Innovid Corp.
(Exact name of registrant as specified in its charter)

Delaware	**87-3769599**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)
30 Irving Place, 12th Floor New York, New York	**10003**
(Address of Principal Executive Offices)	(Zip Code)

+1 (212) 966-7555
Registrant's telephone number, including area code

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock, par value $0.0001 per share	CTV	New York Stock Exchange
Warrants to purchase one share of Common stock, each at an exercise price of $11.50 per share	CTVWS	New York Stock Exchange

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x No ¨

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

Large, accelerated filer	¨	Accelerated filer	x
Non-accelerated filer	¨	Smaller reporting company	x
		Emerging growth company	x

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

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

The registrant had outstanding 139,303,254 shares of common stock as of August 4, 2023.

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains forward-looking statements. These forward-looking statements include, without limitation, statements relating to expectations for future financial performance, business strategies or expectations for our business. These statements are based on the beliefs and assumptions of the management of Innovid. Although Innovid believes that its plans, intentions and expectations reflected in or suggested by these forward-looking statements are reasonable, it cannot assure you that it will achieve or realize these plans, intentions or expectations. These statements constitute projections, forecasts and forward-looking statements, and are not guarantees of performance. Such statements can be identified by the fact that they do not relate strictly to historical or current facts. When used in this Form 10-Q, words such as “anticipate,” “believe,” “can,” “continue,” “could,” “estimate,” “expect,” “forecast,” “intend,” “may,” “might,” “plan,” “possible,” “potential,” “predict,” “project,” “seek,” “should,” “strive,” “target,” “will,” “would” and similar expressions may identify forward-looking statements, but the absence of these words does not mean that a statement is not forward-looking.

Should one or more of a number of known and unknown risks and uncertainties materialize, or should any of our assumptions prove incorrect, our actual results or performance may be materially different from those expressed or implied by these forward-looking statements. Some factors that could cause actual results to differ include, but are not limited to:

• our public securities’ potential liquidity and trading;

• our ability to raise financing in the future;

• our success in retaining or recruiting, or changes required in, our officers, key employees or directors;

• changes in applicable laws or regulations;

• our ability to maintain and expand relationships with advertisers;

• decreases and/or changes in CTV audience viewership behavior;

• Innovid’s ability to make the right investment decisions and to innovate and develop new solutions;

• the accuracy of Innovid’s estimates of market opportunity, forecasts of market growth and projections of future financial performance;

• the extent of investment required in Innovid’s sales and marketing efforts;

• Innovid’s ability to effectively manage its growth;

• sustained overall demand for advertising;

• the impact of the COVID-19 pandemic;

• the continued acceptance of digital advertising by consumers and the impact of opt-in, opt-out or ad-blocking technologies;

• Innovid’s ability to scale its platform and infrastructure to support anticipated growth and transaction volume;

• the impact of increasing competition in the digital advertising space, including with competitors who have significantly more resources;

• other risks and uncertainties indicated in this report, including those set forth under the section titled “Risk Factors” and those incorporated by reference to our Annual Report on Form 10-K for the fiscal year ended December 31, 2022 (the “2022 Annual Report on Form 10-K”), which was filed with the Securities and Exchange Commission (“SEC”) on March 3, 2023.

These forward-looking statements are based on information available as of the date of this Quarterly Report on Form 10-Q and current expectations, forecasts and assumptions, and involve a number of judgments, risks and uncertainties. Accordingly, forward-looking statements should not be relied upon as representing our views as of any subsequent date, and we do not undertake any obligation to update forward-looking statements to reflect events or circumstances after the date they were made, whether as a result of new information, future events or otherwise, except as may be required under applicable securities laws.

As a result of a number of known and unknown risks and uncertainties, our actual results or performance may be materially different from those expressed or implied by these forward-looking statements. You should not place undue reliance on these forward-looking statements.

WHERE TO FIND MORE INFORMATION

Our website address is www.innovid.com. We may use our website as a means of disclosing material non-public information. Such disclosures will be included on our website in the "Investors" section or at investors.innovid.com. We may also use certain social media channels, such as LinkedIn, Facebook or Twitter, as a means of disclosing information about us and our business to our colleagues, customers, investors and the public. While not all of the information that the Company posts to the Innovid website or to social media accounts is of a material nature, some information could be deemed to be material. Accordingly, investors should monitor our website and certain of our social media channels, in addition to following our press releases, SEC filings and public conference calls and webcasts. However, information contained on, or that can be accessed through, these communications channels do not constitute a part of this Quarterly Report and are not incorporated by reference herein. Our SEC filings are available to you on the SEC's website at http://www.sec.gov. This site contains reports and other information regarding issuers that file electronically with the SEC. The information on that website is not part of this Quarterly Report and is not incorporated by reference herein.

Part I

Item 1. Financial Statements

INNOVID, CORP. AND ITS SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands, except stock and per stock data)

	June 30, 2023	December 31, 2022
	(Unaudited)	
ASSETS		
Cash and cash equivalents	$ 43,384	$ 37,541
Short-term bank deposits	—	10,000
Trade receivables, net (allowance for credit losses of $330 and $65 at June 30, 2023, and December 31, 2022, respectively)	43,238	43,653
Prepaid expenses and other current assets	4,123	2,640
Total current assets	**90,745**	**93,834**
Long-term deposit	260	277
Long-term restricted deposits	396	430
Property and equipment, net	18,959	14,322
Goodwill	102,473	116,976
Intangible assets, net	27,659	29,918
Operating lease right of use asset	2,008	2,910
Other non-current assets	834	938
Total non-current assets	**152,589**	**165,771**
TOTAL ASSETS	**$ 243,334**	**$ 259,605**
LIABILITIES AND STOCKHOLDERS' EQUITY		
Trade payables	4,421	3,361
Employees and payroll accruals	10,969	10,165
Lease liabilities - current portion	1,611	2,186
Accrued expenses and other current liabilities	5,194	5,474
Total current liabilities	**22,195**	**21,186**
Long-term debt	20,000	20,000
Lease liabilities - non-current portion	1,081	1,636
Other non-current liabilities	9,461	6,554
Warrants liability	1,022	4,301
Total non-current liabilities	**31,564**	**32,491**
TOTAL LIABILITIES	**53,759**	**53,677**
COMMITMENTS AND CONTINGENT LIABILITIES (Note 7)		
Common stock: $0.0001 par value - Authorized: 500,000,000 at June 30, 2023, and December 31, 2022; Issued and outstanding: 138,737,104 and 133,882,414 at June 30, 2023, and December 31, 2022, respectively	13	13
Additional paid-in capital	367,970	356,801
Accumulated deficit	(178,408)	(150,886)
Total stockholders' equity	**189,575**	**205,928**
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	**$ 243,334**	**$ 259,605**

The accompanying notes are an integral part of the condensed consolidated financial statements.

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INNOVID, CORP. AND ITS SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except stock and per stock data)

	Three months ended June 30,		Six months ended June 30,	
	2023	2022	2023	2022
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenues	$ 34,546	$ 33,088	$ 65,031	$ 58,950
Cost of revenues (1)	8,591	7,351	16,856	13,277
Research and development (1)	6,876	9,710	13,993	16,964
Sales and marketing (1)	11,460	14,320	23,097	24,671
General and administrative (1)	8,924	9,955	18,574	21,410
Depreciation and amortization	2,064	926	4,094	1,599
Goodwill impairment	14,503	—	14,503	—
Operating loss	**(17,872)**	**(9,174)**	**(26,086)**	**(18,971)**
Finance income, net	(248)	(13,306)	(2,723)	(15,617)
Loss before taxes	**(17,624)**	**4,132**	**(23,363)**	**(3,354)**
Taxes on income	1,335	(168)	4,159	(205)
Net (loss) income	**(18,959)**	**4,300**	**(27,522)**	**(3,149)**
Net (loss) income attributable to common stockholders	**$ (18,959)**	**$ 4,300**	**$ (27,522)**	**$ (3,149)**
Net (loss) income per stock attributable to common stockholders				
Basic	$ (0.14)	$ 0.03	$ (0.20)	$ (0.02)
Diluted	$ (0.14)	$ 0.03	$ (0.20)	$ (0.02)
Weighted-average number of stock used in computing net (loss) income per stock attributable to common stockholders				
Basic	137,643,910	132,152,652	134,296,569	128,220,893
Diluted	137,643,910	139,988,123	134,296,569	128,220,893

The accompanying notes are an integral part of the condensed consolidated financial statements.

(1) Exclusive of depreciation, amortization and goodwill impairment presented separately.

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

(In thousands, except stock data)

	Common stock				
	Number	Amount	Additional paid-in capital	Accumulated deficit	Total stockholders' equity
Balance as of December 31, 2021	**119,017,380**	**$ 12**	**$ 293,719**	**$ (132,476)**	**$ 161,255**
Common stock and equity awards issued for acquisition of TVS	11,549,465	1	47,151	—	47,152
Stock-based compensation	—	—	1,496	—	1,496
Stock options exercised	1,521,927	—	462	—	462
Net loss	—	—	—	(7,449)	(7,449)
Balance as of March 31, 2022 (unaudited)	**132,088,772**	**$ 13**	**$ 342,828**	**$ (139,925)**	**$ 202,916**
Stock-based compensation	—	—	4,628	—	4,628
Stock options exercised	322,943	—	174	—	174
Net income	—	—	—	4,300	4,300
Balance as of June 30, 2022 (unaudited)	**132,411,715**	**$ 13**	**$ 347,630**	**$ (135,625)**	**$ 212,018**

	Common stock				
	Number	Amount	Additional paid-in capital	Accumulated deficit	Total stockholders' equity
Balance as of December 31, 2022	**133,882,414**	**$ 13**	**$ 356,801**	**$ (150,886)**	**$ 205,928**
Stock-based compensation	—	—	4,897	—	4,897
Stock options exercised and RSUs vested	2,734,320	—	250	—	250
Net loss	—	—	—	(8,563)	(8,563)
Balance as of March 31, 2023 (unaudited)	**136,616,734**	**$ 13**	**$ 361,948**	**$ (159,449)**	**$ 202,512**
Stock-based compensation	—	—	5,658	—	5,658
Stock options exercised and RSUs vested	2,120,370	—	364	—	364
Net loss	—	—	—	(18,959)	(18,959)
Balance as of June 30, 2023 (unaudited)	**138,737,104**	**$ 13**	**$ 367,970**	**$ (178,408)**	**$ 189,575**

The accompanying notes are an integral part of the condensed consolidated financial statements.

INNOVID, CORP. AND ITS SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands, except stock and per stock data)

	Six Months Ended June 30, 2023	
	2023	**2022**
Cash flows from operating activities:	**(Unaudited)**	**(Unaudited)**
Net loss	$ (27,522)	$ (3,149)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	4,094	1,599
Goodwill impairment	14,503	—
Stock-based compensation	9,865	5,634
Change in fair value of warrants	(3,279)	(15,946)
Changes in operating assets and liabilities		
Decrease / (increase) in trade receivables, net	415	(4,624)
Increase in prepaid expenses and other current assets	(1,390)	(747)
Decrease in operating lease right of use assets	902	872
Increase / (decrease) in trade payables	1,060	(321)
Increase in employees and payroll accruals	804	1,044
Decrease in operating lease liabilities	(1,130)	(1,208)
Increase in accrued expenses and other current liabilities	2,626	945
Net cash provided by / (used in) operating activities	**948**	**(15,901)**
Cash flows from investing activities:		
Acquisition of business, net of cash acquired	—	(99,568)
Internal use software capitalization	(5,591)	(3,516)
Purchase of property and equipment	(189)	(221)
Withdrawal of short-term bank deposits	10,000	—
Increase in deposits	27	32
Net cash provided by / (used in) investing activities	**4,247**	**(103,273)**
Cash flows from financing activities:		
Proceeds from loans	10,000	9,000
Repayment of loans	(10,000)	—
Payment of SPAC merger transaction costs	—	(3,185)
Proceeds from exercise of options	614	636
Net cash provided by financing activities	**614**	**6,451**
Increase (decrease) in cash, cash equivalents, and restricted cash	5,809	(112,723)
Cash, cash equivalents, and restricted cash at the beginning of the period	37,971	157,158
Cash, cash equivalents, and restricted cash at the end of the period	**$ 43,780**	**$ 44,435**
Supplemental disclosure of cash flows activities:		
(1) Cash paid during the period for:		
Income taxes paid, net of tax refunds	$ 879	$ 363
Interest	$ 782	$ 137
(2) Non-cash transactions:		
Business combination consideration paid in stock	$ —	$ 47,152
Reconciliation of cash, cash equivalents, and restricted cash reported within the condensed consolidated balance sheets		
Cash and cash equivalents	43,384	44,024
Long-term restricted deposits	396	411
Total cash, cash equivalents, and restricted cash shown in the condensed consolidated statements of cash flows	**$ 43,780**	**$ 44,435**

The accompanying notes are an integral part of the condensed consolidated financial statements.

1. DESCRIPTION OF BUSINESS

Innovid Corp. together with its consolidated subsidiaries, the “Company” or “Innovid”, is a leading independent software platform that provides an ad serving and creative personalization platform for the creation, delivery, and measurement of TV ads across connected TV (“CTV”), mobile TV and desktop TV environments to advertisers, publishers and media agencies.

Innovid Corp. was originally incorporated as ION Acquisition Corp. 2 Ltd. (“ION”), a special purpose acquisition company, on November 23, 2020 and Innovid Corp. was the surviving entity following the completion of its merger with ION on November 30, 2021 (the “ION Transaction”).

On February 28, 2022, the Company completed the acquisition of TV Squared Limited (“TVS”, together with ION’s Transaction, the “Transactions”) by way of stock purchase agreement (“Stock Purchase Agreement”). The Company acquired all of the equity of TVSquared for an aggregate amount of $100,000 in cash, 11,549,465 shares of the Company common stock at fair value of $3.80 per share and the issuance of 949,893 fully vested stock options of the Company at a weighted average fair value of $3.49, subject to certain adjustments as defined in the Stock Purchase Agreement.

Innovid Corp.’s common stock and warrants are trading on the NYSE under the symbols “CTV” and “CTV.WS,” respectively, since December 1, 2021.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The unaudited interim condensed consolidated financial statements have been prepared in accordance with US GAAP. Any reference in these notes to applicable guidance is meant to refer to the authoritative US GAAP as found in the Accounting Standards Codification (“ASC”) and Accounting Standards Updates (“ASU”) of the Financial Accounting Standards Board (“FASB”) and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all the information and footnotes required by US GAAP for complete financial statements. The unaudited interim condensed consolidated financial statements reflect all adjustments, which are, in the opinion of management, necessary for a fair presentation. The Company’s interim period results do not necessarily indicate the results that may be expected for any other interim period or for the full fiscal year.

The condensed consolidated balance sheet as of December 31, 2022, has been derived from the audited consolidated financial statements at that date but does not include all of the information and footnotes required by US GAAP for complete financial statements.

These unaudited interim condensed consolidated financial statements should be read in conjunction with the Company’s audited consolidated financial statements and footnotes included in the Company’s 2022 Annual Report on Form 10-K.

The significant accounting policies applied in the annual consolidated financial statements of the Company as of December 31, 2022, have been applied consistently in these unaudited interim condensed consolidated financial statements, unless otherwise stated.

Use of Estimates

The preparation of the condensed consolidated financial statements in conformity with US GAAP requires management to make estimates, judgments, and assumptions. The Company’s management believes that the estimates, judgments and assumptions used are reasonable based upon information available at the time they are made. These estimates, judgments and assumptions can affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Accounting Policies

Software development costs

Software development costs, which are included in property and equipment, net, consists of capitalized costs related to the purchase and development of internal-use software. The Company uses such software to provide services to its customers. The costs to purchase and develop internal-use software are capitalized from the time that the preliminary project stage is completed, and it is considered probable that the software will be used to perform the function intended. These costs include personnel and personnel-related employee benefits for employees directly associated with the software development and external costs of the materials or services consumed in developing or obtaining the software.

Any costs incurred for upgrades and functionality enhancements of the software are also capitalized. Once this software is ready for use in providing the Company's services, these costs are amortized on a straight-line basis over the estimated useful life of the software, which is three years. The amortization is presented within depreciation and amortization in the condensed consolidated statements of operations. During the three and six months ended June 30, 2023 (unaudited), the Company capitalized $2,825 and $6,281, respectively, and during the three and six months ended June 30, 2022 (unaudited), the Company capitalized $2,335 and $4,006, respectively, related to internal-use software cost.

Impairment of long-lived assets

Long-lived assets, including property and equipment and finite-lived intangible assets, are reviewed for impairment whenever facts or circumstances either internally or externally may indicate that the carrying value of an asset may not be recoverable. If there are indications of an impairment, the Company tests for recoverability by comparing the estimated undiscounted future cash flows expected to result from the use of the asset to the carrying amount of the asset or asset group. If the asset or asset group is determined to be impaired, any excess of the carrying value of the asset or asset group over its estimated fair value is recognized as an impairment loss. During the three and six months ended June 30, 2023 (unaudited), the Company tested its long-lived assets for recoverability and concluded that no impairment should be recognized.

Goodwill and acquired intangible assets

Goodwill and acquired intangible assets have been recorded in the Company's financial statements resulting from various business combinations. Goodwill represents the excess of the purchase price in a business combination over the fair value of identifiable tangible and intangible assets acquired and liabilities assumed. Goodwill is subject to an annual impairment test.

Reporting units are evaluated when changes in the Company’s operating structure occur, and if necessary, goodwill is reassigned using a relative fair value allocation approach. The Company currently has one reporting unit.

ASC 350, Intangibles—Goodwill and other (“ASC 350”) requires goodwill to be tested for impairment at least annually and, in certain circumstances, between annual tests. The accounting guidance gives the option to perform a qualitative assessment to determine whether further impairment testing is necessary. The qualitative assessment considers events and circumstances that might indicate that a reporting unit's fair value is less than its carrying amount. If it is determined, as a result of the qualitative assessment, that it is more likely than not that the fair value of a reporting unit is less than its carrying amount, a quantitative test is performed. The Company elects to perform an annual impairment test of goodwill as of October 1 of each year, or more frequently if impairment indicators are present. During the three months ended June 30, 2023, the Company recorded Goodwill impairment in the amount of $14,503. Refer to Note 3 for further details.

Separately acquired intangible assets are measured on initial recognition at cost including directly attributable costs. Intangible assets acquired in a business combination are measured at fair value at the acquisition date.

Customer relationships, acquired technology and trade name are being amortized over the estimated useful life of approximately 11 years, 6 years, and 4 years, respectively, using the straight-line amortization method.

The amortization of customer relationships, acquired technology and trade names, is presented within depreciation and amortization in the condensed consolidated statements of operations.

(In thousands, except stock and per stock data)

Fair value of financial instruments

The Company applies a fair value framework to measure and disclose its financial assets and liabilities. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The fair value hierarchy requires an entity to maximize the use of observable inputs, where available, and minimize the use of unobservable inputs when measuring fair value. There are three levels of inputs that may be used to measure fair value:

Level 1 - Observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 - Includes other inputs that are directly or indirectly observable in the marketplace.

Level 3 - Unobservable inputs which are supported by little or no market activity.

The Company’s financial instruments consist of cash and cash equivalents, restricted deposits, trade receivables, net, trade payables, employees, payroll accruals, accrued expenses and other current liabilities and current portion of long-term debts. Their historical carrying amounts represent the approximate fair value due to the short-term maturities of these instruments.

The Company’s investments in money market funds are classified as cash equivalents and measured at fair value. The Company measures its warrant liability at fair value.

The goodwill impairment recorded in the second quarter of 2023 was estimated using the Company's stock price, a Level 1 input, adjusted for an estimated control premium.

The following tables present information about the Company’s financial instruments that are measured at fair value on a recurring basis:

	June 30, 2023 (Unaudited)		
	Level 1	**Level 2**	**Level 3**
Assets:			
Money market funds	$ 36,323	$ —	$ —
Liabilities:			
Warrants liability	$ 1,022	$ —	$ —

	December 31, 2022		
	Level 1	**Level 2**	**Level 3**
Assets:			
Money market funds	$ 18,948	$ —	$ —
Certificates of deposit	—	20,000	—
Liabilities:			
Warrants liability	$ 1,265	$ —	$ 3,036

The change in the fair value of the Level 3 warrant liability is summarized below:

	June 30, 2023 (Unaudited)	**December 31, 2022**	**June 30, 2022 (Unaudited)**
Beginning of the period	$ 3,036	$ 15,462	$ 15,462
Change in fair value	(2,330)	(12,426)	(13,132)
Transfer to level 1	(706)	—	—
End of the period	$ —	$ 3,036	$ 2,330

(In thousands, except stock and per stock data)

As of June 30, 2023, the Company's warrant liability includes the Warrants (refer to Note 5), that were originally issued in connection with ION's initial public offering, the "ION IPO," which were transferred to the Company as part of the ION's Transaction. The Company's Warrants are recorded on the balance sheet at fair value with changes in fair value recognized through earnings. This valuation is subject to re-measurement at each balance sheet date. With each re-measurement the valuation will be adjusted to fair value, with the change in fair value recognized in the Company's statement of operations.

The Company has determined that the fair value of the Public Warrants and Transferred Private Warrants (refer to Note 5) *Warrants*, at the balance sheet date is determined by the closing price of the Company's warrants, and are within Level 1 of the fair value hierarchy. The closing price of the Public Warrants and Transferred Private Warrants was $0.10 as of June 30, 2023 the price for Public Warrants was $0.40 as of December 31, 2022.

The Transferred Private Warrants are no longer classified as Level 3 as of June 30, 2023. Refer to Note 5, *Warrants* for further discussion.

Gains and losses from the remeasurement of the Public and Private Warrants' liability is recognized in finance income, net in the condensed consolidated statements of operations.

Fair value estimates are made at a specific point in time, based on relevant market information and information about the financial instruments. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and, therefore, cannot be determined with precision. Changes in assumptions could significantly affect these estimates.

Concentrations of credit risks

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash and cash equivalents, deposits and trade receivables, net.

Most of the Company's cash and cash equivalents are invested in deposits with major banks in the US and Israel. The Company is exposed to credit risk in the event of default by the financial institutions to the extent of the amounts recorded on the accompanying consolidated balance sheets exceed federally insured limits. Generally, these investments may be redeemed upon demand and, therefore, bear minimal risk.

The Company's trade receivables, net is mainly derived from sales to customers located in the US, APAC, EMEA, and LATAM. The Company mitigates its credit risks by performing an ongoing credit evaluations of its customers' financial conditions.

The Company has no off-balance-sheet concentration of credit risk such as foreign exchange contracts, option contracts or other foreign hedging arrangements.

One of the Company's customers accounted for more than 10% of the Company's total revenues during the three and six months ended June 30, 2023.

	Three months ended June 30,		Six months ended June 30,	
	2023	**2022**	**2023**	**2022**
	(Unaudited)	**(Unaudited)**	**(Unaudited)**	**(Unaudited)**
Customer A	16 %	*)	16 %	*)

*) less than 10%

Revenue recognition

Most of the Company's revenues are derived from providing Ad serving solutions to advertisers, media agencies and publishers. The services focus on standard, interactive and data driven digital video advertising. Ad serving services relate to utilizing Innovid's platform to serve advertising impressions to various digital publishers across CTV, mobile TV, desktop TV, display and other channels.

The Company also provides measurement services to advertisers and agencies, streaming platforms and publishers. The measurement service provides analytics and the ability to track performance of advertising campaigns. The measurement service provides insights into the effectiveness of TV and digital advertising.

The Company also provides creative services for the design and development of interactive data-driven and dynamic ad formats by adding data, interactivity and dynamic features to standard ad units.

The Company recognizes revenue when its customer obtains control of promised services in an amount that reflects the consideration that the Company expects to receive in exchange for those services. The Company recognizes revenue in accordance with ASC Topic 606, Revenue from contracts with customers ("ASC 606") and determines revenue recognition through the following steps: (1) identify the contract with a customer; (2) identify the performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to the performance obligations in the contract; and (5) recognize revenue when a performance obligation is satisfied.

For arrangements with multiple performance obligations, which represent promises within an arrangement that are capable of being distinct and are separately identifiable, the Company allocates the contract consideration to all distinct performance obligations based on their relative standalone selling price ("SSP"). SSP is typically estimated based on observable transactions when these services are sold on a standalone basis.

Revenues related to ad serving services are recognized when impressions are delivered. The Company recognizes revenue from the display of impression-based ads in the contracted period in which the impressions are delivered. Impressions are considered delivered when an ad is displayed to users.

Revenues related to the measurement services platform are recognized over time, since the customer simultaneously receives and consumes the benefits provided by the Company's performance. Revenues for these measurement services are recognized over the service period.

Revenues related to creative projects are recognized at a point in time when the Company delivers an ad unit. Creative services projects are usually delivered within a week.

The Company's accounts receivable consist primarily of receivables related to providing ad serving, measurement and creative services, for which the Company's contracted performance obligations have been satisfied, the amount has been billed and the Company has an unconditional right to payment. The Company typically bills customers monthly based on actual delivery. The payment terms vary, mainly with terms of 60 days or less.

The typical contract term is 12 months or less for ASC 606 purposes. Most of the Company's contracts can be canceled without cause. The Company has the unconditional right to payment for the services provided as of the date of the termination of the contracts.

The Company applies the practical expedient in ASC 606 and does not adjust the promised amount of consideration for the effects of a significant financing component if the Company expects, at contract inception, that the period between when the Company transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less.

Deferred revenues represent mostly unrecognized fees billed or collected for measurement platform services. Deferred revenues are recognized as (or when) we perform under the contract.

Ad serving services were 77.3% and 78.4% of the Company's revenues for the three months ended June 30, 2023 (unaudited) and 2022 (unaudited), respectively and were 77.2% and 83.4% of the Company's revenues for the six months ended June 30, 2023 (unaudited) and 2022 (unaudited). Measurement services were22.7% and 21.6% for the three months ended June 30, 2023 (unaudited) and June 30, 2022 (unaudited), respectively and were 22.8% and 16.6% of the Company's revenues for the six months ended June 30, 2023 (unaudited) and 2022 (unaudited).

Costs to obtain a contract

Contract costs include commission programs to compensate sales employees for generating sales orders with new customers or for new services with existing customers. Generally, the commissions are commensurate. The Company elected to apply the practical expedient and recognize incremental costs of obtaining a contract as an expense when incurred if the amortization period of the asset that the Company otherwise would have recognized is one year or less. If commissions are not commensurate, the Company capitalizes these commissions. Capitalized commission costs were immaterial for the three and six months ended June 30, 2023 (unaudited) and June 30, 2022 (unaudited).

Trade receivable, net

The Company records trade receivable for amounts invoiced and yet unbilled invoices. The Company makes estimates of expected credit losses for the allowance for doubtful accounts based upon its assessment of various factors, including historical experience, the age of the trade receivable balances, credit quality of its customers, current economic conditions, reasonable and supportable forecasts of future economic conditions, and other factors that may affect its ability to collect from customers. The estimated credit loss allowance is recorded as general and administrative expenses on the Company's condensed consolidated statements of operations.

Income taxes and tax contingencies

Income taxes are computed using a balance sheet approach reflecting both current and deferred taxes. Current and deferred taxes reflect the tax impact of all of the events included in the financial statements. The basic principles employed in the balance sheet approach are to reflect a current tax liability or asset that is recognized for the estimated taxes payable or refundable on tax returns for the current and prior years, a deferred tax liability or asset that is recognized for the estimated future tax effects attributable to temporary differences and carryforwards, the measurement of current and deferred tax liabilities and assets is based on provisions of the enacted tax law of which the effects of future changes in tax laws or rates are not anticipated, and the measurement of deferred tax assets is reduced, if necessary, by the amount of any tax benefits that, based on available evidence, are not expected to be realized. There are certain situations in which deferred taxes are not provided. Some basis differences are not temporary differences because their reversals are not expected to result in taxable or deductible amounts.

The Company regularly evaluates deferred tax assets for future realization and establishes a valuation allowance to the extent that a portion is not more likely than not to be realized. The Company considers whether it is more likely than not that the deferred tax assets will be realized, including existing cumulative losses in recent years, expectations of future taxable income, carryforward periods and other relevant quantitative and qualitative factors. The recoverability of the deferred tax assets is evaluated by assessing the adequacy of future expected taxable income from all sources, including reversal of taxable temporary differences, forecasted operating earnings and available tax planning strategies. These sources of income rely on estimates.

ASC 740, Income Taxes (“ASC 740”) contains a two-step approach to recognizing and measuring a liability for uncertain tax positions. The first step is to evaluate the tax position taken or expected to be taken in a tax return by determining if the weight of available evidence indicates that it is more likely than not that, on an evaluation of the technical merits, the tax position will be sustained on audit, including resolution of any related appeals or litigation processes. The second step is to measure the tax benefit as the largest amount that is more than 50% (cumulative basis) likely to be realized upon ultimate settlement. The Company classifies interest related to unrecognized tax benefits in taxes on income.

On December 20, 2017, Congress passed the “US Tax Act.” The US Tax Act requires complex computations to be performed that were not previously required by US tax law, significant judgments to be made in interpretation of the provisions of the US Tax Act, significant estimates in calculations and the preparation and analysis of information not previously relevant or regularly produced. The US Tax Act provides that a person who is a US shareholder of any CFC is required to include its GILTI in gross income for the tax year in a manner generally similar to that for Subpart F inclusions. The term “global intangible low taxed income” is defined as the excess (if any) of the US shareholder’s net CFC tested income for that tax year, over the US shareholder’s net deemed tangible income return for that tax year. The Company’s policy is to treat GILTI as a period expense in the provision for income taxes.

Recently Adopted Accounting Pronouncements

In June 2016, the FASB issued ASU 2016-13, Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments (“ASU 2016-13”). ASU 2016-13 requires the measurement of all expected credit losses for financial assets held at the reporting date based on historical experience, current conditions and reasonable and supportable forecasts. ASU 2016-13 requires enhanced qualitative and quantitative disclosures to help investors and other financial statement users better understand significant estimates and judgments used in estimating credit losses, as well as the credit quality and underwriting standards of an organization’s portfolio. ASU 2016-13 is effective for fiscal years beginning after December 15, 2022, and interim periods within those fiscal years. The adoption has impacted how the Company assesses its estimates for credit losses but did not have a material impact on these unaudited interim condensed consolidated financial statements.

(In thousands, except stock and per stock data)

3. GOODWILL

The changes in the carrying amount of goodwill:

Goodwill		Total value
Balance as of January 1, 2023	$	116,976
Goodwill impairment		(14,503)
Balance as of June 30, 2023	$	102,473

The Company periodically analyzes whether any indicators of goodwill impairment have occurred. In the second quarter of 2023, the Company experienced a decline in its stock price resulting in its market capitalization being less than the carrying value of its one reporting unit. Thus, the Company performed quantitative assessments of the Company's reporting unit. The fair value was determined based on the market approach. The market approach utilizes the Company's market capitalization plus an appropriate control premium. Market capitalization is determined by multiplying the number of common stock outstanding by the market price of its common stock. The control premium is determined by utilizing publicly available data from studies for similar transactions of public companies.

As a result of this assessment, the Company recorded a goodwill impairment of $14,503 as of June 30, 2023.

4. LEASES

Innovid's lease portfolio primarily consists of real estate properties. Short-term leases with a term of 12 months or less are not recorded on the balance sheet. Innovid does not separate lease components from non-lease components.

The Company is a lessee in all its lease agreements. The Company records lease liabilities based on the present value of lease payments over the lease term. Innovid generally uses an incremental borrowing rate to discount its lease liabilities, as the rate implicit in the lease is typically not readily determinable. Certain lease agreements include renewal options that are under the Company's control. Innovid includes optional renewal periods in the lease term only when it is reasonably certain that Innovid will exercise its option.

Variable lease payments are primarily related to payments to lessors for taxes, maintenance, insurance and other operating costs. The Company's lease agreements do not contain any significant residual value guarantees or restrictive covenants.

The Company has the following operating ROU assets and lease liabilities:

	June 30, 2023 (Unaudited)				December 31, 2022			
	ROU assets		Lease liabilities		ROU assets		Lease liabilities	
Real Estate	$	2,008	$	2,692	$	2,886	$	3,801
Cars		—		—		24		21
Total operating leases	**$**	**2,008**	**$**	**2,692**	**$**	**2,910**	**$**	**3,822**

(In thousands, except stock and per stock data)

The following table summarizes the lease costs recognized in the interim condensed consolidated statement of operations:

	Three months ended June 30,		Six months ended June 30,	
	2023	2022	2023	2022
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Operating lease cost	$ 458	$ 472	$ 921	$ 947
Short term lease cost	320	126	583	208
Variable lease cost	25	6	46	10
Total lease cost	$ 803	$ 604	$ 1,550	$ 1,165

As of June 30, 2023 (unaudited), the weighted-average remaining lease term and weighted-average discount rate for operating leases are1.8 years and 2.5%, respectively.

The following table presents supplementary cash flow information regarding the Company's operating leases:

	Six months ended June 30, 2023	Six months ended June 30, 2022
	(Unaudited)	(Unaudited)
Cash paid for amounts included in the measurement of lease liabilities	$ 1,035	$ 1,133

The following table summarizes the future payments of Innovid for its operating lease liabilities:

	Six months ended June 30, 2023
	(Unaudited)
2023 Remaining	$ 1,124
2024	972
2025	636
Total undiscounted lease payments	**$ 2,732**
Less: Interest	(40)
Total lease liabilities	**$ 2,692**

5. WARRANTS

As of June 30, 2023, the Company had 3,162,500 Public Warrants and 7,060,000 Private Warrants outstanding. As of June 30, 2023, the majority of the Private Warrants (the “Transferred Private Warrants”) had been transferred from their initial holder to other transferees. The Transferred Private Warrants terms are now identical to the Public Warrants resulting in use of the same price for valuation purposes.

The Company’s Warrants’ fair value as of June 30, 2023 (unaudited), and December 31, 2022, was $1,022 and $4,301, respectively. Gains and losses related to the Company’s Warrants are recognized in “Finance income, net.” See Note 9 for further details.

6. LONG-TERM DEBT

On August 4, 2022, two wholly owned subsidiaries of the Company, Innovid LLC and TV Squared Inc, entered an amended and restated loan and security agreement with Silicon Valley Bank (the “2022 A&R Agreement”), to increase the revolving line of credit from $15,000 to $50,000 (the “New Revolving Credit Facility”). The 2022 A&R Agreement and the New Revolving Credit Facility were amended by a First Loan Modification Agreement dated August 2, 2023 (the “2023 Modification Agreement”). The interest for the New Revolving Credit Facility is payable monthly in arrears. The New Revolving Credit Facility bears interest at an annual rate which is the greater of (a) WSJ Prime Rate plus 0.25% or (b) 4.25%, on the aggregate outstanding balance. Additional fees include fees in an amount of 0.20% per annum of the average unused portion of the New Revolving Credit Facility to be paid quarterly in arrears. The Company will also pay non-refundable commitment fees of $40 and $75 at inception and first anniversary date, respectively, together with a modification fee of $20 payable on the date of the 2023 Modification Agreement. The maturity date of the 2022 A&R Agreement, as amended by the 2023 Modification Agreement, is June 30, 2025. The New Revolving Credit Facility is subject to certain customary conditions precedent to the credit extension as stated in the 2022 A&R Agreement.

The New Revolving Credit Facility requires the Company to comply with all covenants, primarily maintaining an adjusted quick ratio of at least 1.30 to 1.00. As defined in the 2022 A&R Agreement, “adjusted quick ratio” is the ratio of (a) quick assets to (b) current liabilities minus the current portion of deferred revenue. “Quick assets” are determined as the Company’s unrestricted cash plus accounts receivable, net, and is determined according to US GAAP. The Company is also required to maintain the minimum quarterly adjusted EBITDA as defined in the 2022 A&R Agreement, as amended by the 2023 Modification Agreement, if the Company does not maintain the quarterly adjusted quick ratio of at least 1.50 to 1.00.

As of June 30, 2023 (unaudited), and December 31, 2022, the Company utilized $20,000 of the $50,000 credit line. In January 2023, the Company repaid $5,000 under the credit line and $5,000 was subsequently drawn in March 2023. In May 2023, the Company repaid $5,000 under the credit line and $5,000 was subsequently drawn in June 2023.

As of June 30, 2023 (unaudited), the Company is in compliance with all the covenants.

Prior to the 2022 A&R Agreement, the credit installments bore US dollar denominated interest at an annual rate equal to 0.75%-1% plus the prime rate on the outstanding principal of each credit installment and prior to the 2023 Modification Agreement the New Revolving Credit Facility bore interest at an annual rate which was the greater of (a) WSJ Prime Rate plus 0.75% or (b) 4.25%.

7. COMMITMENTS AND CONTINGENT LIABILITIES

Pledges and bank guarantees

1. In conjunction with the 2022 A&R Agreement (see Note 6, Long-term Debt), Innovid LLC pledged 65,000 common stocks of its Israeli Subsidiary, NIS 0.01 par value each.
2. The Israeli Subsidiary pledged bank deposits in an aggregate amount of $601 in connection with an office rent agreement and credit cards.
3. Innovid Inc. obtained bank guarantees in an aggregate amount of $231 in connection with its office lease agreements.

(In thousands, except stock and per stock data)

Legal contingencies

On March 4, 2022, a lawsuit was filed in the United States District Court for the Western District of Texas by the Nielsen, Company (US) LLC against TVS alleging infringement of US Patent No.10,063,378. On June 1, 2022, TVS moved to transfer the case to the Southern District of New York. On February 24, 2023, the case was transferred to the Southern District of New York. On March 23, 2023, the parties jointly filed their proposed case management plan and scheduling order, which the Court entered and thereafter opened discovery. That order sets the close of fact discovery for October 23, 2023, and the close of expert discovery for January 23, 2024, but does not set a date for trial. On the same day, TV Squared filed a motion for judgment on the pleadings under Federal Rule 12(c) arguing invalidity of all asserted patent claims. Briefing concluded on April 24, 2023, and the motion remains pending. The plaintiff has not specified the amount sought in the litigation. Given the uncertainty of litigation and the preliminary stage of the lawsuit, the Company is unable at this time to give an estimate of the amount or range of potential loss, if any, which might result to the Company if the outcome in such litigation was unfavorable. As of June 30, 2023, the Company did not record a loss contingency.

8. STOCK-BASED COMPENSATION

Stock-based compensation expense is related to awards issued pursuant to the Legacy Innovid Stock Option Plan ("Legacy Plan") and 2021 Innovid Corp. Incentive Plan ("2021 Plan") and is summarized as follows:

	Three months ended June 30,		Six months ended June 30,	
	2023	2022	2023	2022
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Cost of goods sold	$ 435	$ 383	$ 876	$ 488
Research and development	1,229	920	2,403	1,399
Sales and marketing	1,690	1,529	3,269	2,109
General and administrative	1,980	1,306	3,410	1,734
Total	**$ 5,334**	**$ 4,138**	**$ 9,958**	**$ 5,730**

In connection with the awards granted to service providers and non-employee consultants, the Company's expense is immaterial in the periods presented.

During the three and six months ended June 30, 2023 (unaudited), the Company capitalized stock-based compensation expense of $325 and $690 of internal-use software costs, respectively.

During the three and six months ended June 30, 2022, the Company capitalized stock-based compensation expense of $490, respectively, in internal-use software cost.

Stock Options

Stock options may be granted to officers, directors, employees and non-employee consultants of the Company. Each option granted under the Plan expires no later than10 years from the date of grant. The options vest usually over four years from commencement of employment or service start date. Any options forfeited or not exercised before expiration become available for future grants.

A summary of the employees' stock option activity for the six months ended June 30, 2023 (unaudited), is as follows:

	Amount of options	Weighted average exercise price	Weighted average remaining contractual term (in years)	Aggregate intrinsic value (in thousands)
Outstanding at beginning of period	**10,658,085**	**$ 1.15**	**6.85**	**$ 5,923**
Granted	832,232	1.55		
Forfeited	(207,449)	1.89		
Expired	(163,640)	1.65		
Exercised	(1,376,572)	0.45		
Outstanding at end of period	**9,742,656**	**$ 1.26**	**7.08**	**$ 14,232**
Exercisable options at end of period	**6,563,845**	**$ 0.99**	6.37	**$ 11,356**

A summary of the consultants' stock option activity for the six months ended June 30, 2023 (unaudited), is as follows:

	Amount of options	Weighted average exercise price	Weighted average remaining contractual term (in years)	Aggregate intrinsic value (in thousands)
Outstanding at beginning of period	**69,542**	**$ 0.47**	**4.21**	**$ 86**
Forfeited	—	—		
Exercised	—	—		
Outstanding at end of period	**69,542**	**$ 0.47**	3.72	**$ 156**
Exercisable options at end of period	**66,196**	**$ 0.46**	3.53	**$ 149**

As of June 30, 2023 (unaudited), the Company had approximately $3,945 of total unrecognized compensation cost related to non-vested stock options. That cost is expected to be recognized over a weighted-average period of 1.92 years.

(In thousands, except stock and per stock data)

Restricted Stock Units

Restricted Stock Units ("RSUs") may be granted to officers, directors, employees and non-employee consultants of the Company, and generally vest over athree- or four-year period.

A summary of the employees' RSU activity under the 2021 Plan for the six months ended June 30, 2023 (unaudited), is as follows:

	Number of share units		Weighted average grant date fair value
Outstanding at beginning of period	**7,989,825**	**$**	**5.60**
Granted	12,096,238		1.28
Vested	(3,424,868)		5.27
Forfeited	(1,113,878)		4.88
Outstanding at end of period	**15,547,317**	**$**	**2.36**

A summary of the consultants' RSU activity under the 2021 Plan for the six months ended June 30, 2023 (unaudited), is as follows:

	Number of share units		Weighted average grant date fair value
Outstanding at beginning of period	**130,268**	**$**	**6.60**
Granted	107,343		1.18
Vested	(53,250)		6.60
Forfeited	(8,226)		6.60
Outstanding at end of period	**176,135**	**$**	**3.30**

The weighted-average grant-date fair value of RSUs generally is determined based on the number of units granted and the quoted price of Innovid's common stock on the date of grant.

As of June 30, 2023 (unaudited), $33,727 of unrecognized compensation cost related to RSUs is expected to be recognized as expense over the weighted average period of 2.3 years.

9. FINANCE INCOME, NET

The Company recognizes the gains and losses from the remeasurement of the warrants liability related to the Public Warrants and Private Placement Warrants, as defined in Note 5, *Warrants,* in "Finance income, net" in the condensed consolidated statements of operations. The unrealized gain from changes in the fair value of the Company Warrants for the three months ended June 30, 2023 (unaudited) and 2022 (unaudited), were $565 and $13,159, respectively. The unrealized gain from changes in the fair value of the Company Warrants for the six months ended June 30, 2023 (unaudited) and 2022 (unaudited), were $3,279 and $15,946, respectively.

The Company also recognized interest expenses in "Finance income, net" in the condensed consolidated statements of operations. Interest expenses for the three months ended June 30, 2023 (unaudited) and 2022 (unaudited), were $420 and $76, respectively. Interest expenses for the six months ended June 30, 2023 and 2022, were $782 and $137, respectively.

(In thousands, except stock and per stock data)

10. INCOME TAX

The Company recorded a provision for incomes taxes of $1,335 and a net tax benefit of $168 for the three months ended June 30, 2023 (unaudited) and 2022 (unaudited), respectively, and a net expense of $4,159 and a net tax benefit of $205 for the six months ended June 30, 2023 and 2022, respectively.

The Company's effective tax rates were (7.6)% and (4.1)% for the three months ended June 30, 2023 and 2022, respectively, and (17.8)% and 6.1% for the six months ended June 30, 2023 and 2022, respectively.

For the three months ended June 30, 2023 (unaudited), the net effect of discrete items increased the effective tax rate by 0.2%. Excluding these items, the Company's effective tax rate would have been (7.4)%. For the six months ended June 30, 2023, the net effect of discrete items increased the effective tax rate by 1.1%. Excluding these items, the Company's effective tax rate would have been (18.9)%.

For the three months ended June 30, 2022 (unaudited), the net effect of discrete items increased the effective tax rate by 3.3%. Excluding these items, the Company's effective tax rate would have been (7.4)%. For the six months ended June 30, 2022, the net effect of discrete items decreased the effective tax rate by 4.6%. Excluding these items, the Company's effective tax rate would have been 10.7%.

The increase in year-to-date tax expense primarily results from a shift in the Company's foreign earnings, resulting in higher profitability and current tax expense, with no offsetting deferred tax benefit as a result of an overall valuation allowance.

In addition, certain temporary differences associated with the capitalization of research and development under IRC Section 174 and deductibility of stock compensation that would normally not impact the effective tax rate or overall tax expense, could cause the US to generate current state tax expense with no corresponding deferred tax benefit. Unless the US tax rules around research and development (Section 174) are modified, there will continue to be an adverse impact on our effective rates for income taxes paid.

Lastly, the current tax expense is increased as compared to prior years, in both the foreign jurisdictions and the US, because of decreased net operating losses available due to prior year utilization.

11. SEGMENT REPORTING

The Company operates as one operating segment, which primarily focuses on the software platform for advertising, measurement, and creative. Our CEO is the chief operating decision-maker, and manages and allocates resources to the operations of the Company on an entity-wide basis.

Revenue by geographical location are as follows:

	Three months ended June 30,		Six months ended June 30,	
	2023	2022	2023	2022
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
US	$ 31,567	$ 29,569	$ 59,214	$ 52,952
Canada	465	302	853	490
APAC	734	1,025	1,549	1,956
EMEA	1,595	1,914	3,038	3,043
LATAM	185	278	377	509
Total revenues	**$ 34,546**	**$ 33,088**	**$ 65,031**	**$ 58,950**

(In thousands, except stock and per stock data)

The Company's property and equipment, net and ROU assets by geographical location is as follows:

	June 30, 2023 (Unaudited)	December 31, 2022
Israel	$ 2,388	$ 2,707
US	18,212	14,065
Rest of the World	367	460
Total	**$ 20,967**	**$ 17,232**

12. BASIC AND DILUTED NET (LOSS) INCOME PER SHARE

Basic and diluted net (loss) income per share attributable to common stockholders was calculated as follows:

	Three months ended June 30,		Six months ended June 30,	
	2023	2022	2023	2022
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Numerator:				
Net (loss) income	$ (18,959)	$ 4,300	$ (27,522)	$ (3,149)
Net (loss) income attributable to common stockholders basic and diluted	**$ (18,959)**	**$ 4,300**	**$ (27,522)**	**$ (3,149)**
Denominator:				
Weighted-average number of stock used in computing net (loss) income per stock attributable to common stockholders		`		
Basic weighted average number of shares outstanding	137,643,910	132,152,652	134,296,569	128,220,893
Effect of dilutive securities options and RSU (share equivalent)	—	7,835,471	—	—
Diluted weighted average number of shares outstanding	137,643,910	139,988,123	134,296,569	128,220,893
Net profit (loss) per stock attributable to common stockholders				
Basic	**$ (0.14)**	**$ 0.03**	**$ (0.20)**	**$ (0.02)**
Diluted	**$ (0.14)**	**$ 0.03**	**$ (0.20)**	**$ (0.02)**

The Company excluded the following potential common shares, presented based on amounts outstanding at each period end, from the computation of diluted net loss per share attributable to common stockholders for the periods indicated because including them would have had an anti-dilutive effect:

	Three months ended June 30,		Six months ended June 30,	
	2023	2022	2023	2022
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Unvested RSU outstanding	15,723,452	7,991,829	15,723,452	8,002,502
Options outstanding	9,812,198	3,533,772	9,812,198	12,363,179
Warrants outstanding	10,222,500	10,222,500	10,222,500	10,222,500

13. SUBSEQUENT EVENTS

On August 2, 2023, two wholly owned subsidiaries of the Company, Innovid LLC and TV Squared Inc, entered the 2023 Modification Agreement with Silicon Valley Bank, a division of First-Citizen Bank & Trust Company. Refer to Note 6 for further details.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our interim unaudited condensed consolidated financial statements and related notes appearing elsewhere in this Quarterly Report and our audited financial statements and notes contained in our Annual Report on Form 10-K for the year ended December 31, 2022 (our "2022 Annual Report on Form 10-K"). In addition to our historical condensed consolidated financial information, the following discussion contains forward-looking statements that reflect our plans, estimates, and beliefs. Our actual results could differ materially from those discussed in the forward-looking statements. Factors that could cause or contribute to these differences include those discussed in our 2022 Annual Report on Form 10-K as such factors may be updated from time to time in our other filings with the SEC, including elsewhere in this Quarterly Report, including under the heading "Cautionary Statements Regarding Forward-Looking Statements."

Company Overview

Innovid is an enterprise cloud software platform that provides critical technology infrastructure for the creation, delivery, and measurement of advertising across connected TV (CTV), mobile TV, and desktop TV environments. As of June 30, 2023, according to Kantar Media, over 50% of the top 200 TV advertisers by US advertising spend are utilizing our platform in their advertising delivery infrastructure. Our technology, purposely built for CTV, combined with our position as a media-agnostic provider, has allowed us to win top TV advertisers and grow market share; while the growth of CTV combined with our usage-based revenue model continues to contribute to our overall growth.

We serve advertisers across multiple verticals, including Anheuser-Busch InBev, Verizon, CVS, Kellogg's, Mercedes-Benz, Target, and Sanofi, and target the largest global TV advertisers globally, including in the US, Germany, UK, Mexico, Argentina, Colombia, Israel, Singapore, Japan, and Australia. During the second quarter of 2023, approximately 9% of Innovid's revenue was generated by our customers outside of the US. As part of our measurement solutions go-to-market strategy, we partner with the largest streaming platform providers in the world, including Disney, Hulu, ESPN, and NBCU. In addition, we work closely with agency holding companies such as WPP, Publicis Groupe, Omnicom Group Inc, Interpublic Group of Cos., and Dentsu Inc. Our clients span all major industry verticals, including consumer packaged goods, pharmaceutical and healthcare, retail, financial services, automotive, and technology.

Innovid's revenue growth closely correlates with the growth of CTV advertising. CTV accounted for 51% and 50% of all video impressions served by Innovid during the three months ending June 30, 2023, and June 30, 2022, respectively. During the three months ending June 30, 2023, this represented a year-over-year increase of 11% in CTV video impressions served by Innovid. Video impressions served by Innovid during the second quarters of 2023 and 2022 attributed to mobile were 36% and 38%, respectively, and for desktop TV were 13% and 12%, respectively. In the second quarter of 2023, video impressions increase 1% for mobile TV and 17% for desktop TV compared to the same period in the prior year.

Transactions

Innovid Corp. was originally incorporated as ION Acquisition Corp. 2 Ltd. ("ION"), a special purpose acquisition company, on November 23, 2020 and Innovid Corp. was the surviving entity following the completion of its merger with ION on November 30, 2021 (the "ION Transaction").

On February 28, 2022, the Company completed the acquisition of TV Squared Limited ("TVS", together with ION's Transaction, the "Transactions") by way of stock purchase agreement ("Stock Purchase Agreement"). The Company acquired all the equity of TVS for an aggregate amount of 100.0 million in cash, 11,549,465 shares of the Company common stock at fair value of $3.80 per share, and other conditions as defined in the Stock Purchase Agreement.

Use of Estimates

The preparation of the condensed consolidated financial statements in conformity with US GAAP requires us to make estimates, judgments and assumptions. We believe that the estimates, judgments and assumptions used are reasonable based upon information available at the time they are made. These estimates, judgments and assumptions can affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Key Factors Affecting Our Performance

There are several factors that have impacted, and we believe, may continue to impact our results of operations and growth.

These factors include:

Continued market demand. Our performance depends on continued global demand across the advertising ecosystem for independent third-party ad serving, personalization, and measurement of digital ads. Advertisers, programmatic platforms, social media channels and digital publishers are collectively placing increased emphasis on the quality and effectiveness of digital ad spend across all channels, formats and devices.

Our growth is primarily driven by CTV, the fastest growing segment of digital ad spend, and our results depend on our ability to monetize continued market growth of CTV ad spend.

Growth of volume of CTV ad impressions of existing customers. Our results also depend on our ability to retain our existing customers and on our customers' continued investment in CTV advertising. Customer retention will continue to impact our results as TV investment continues to shift from linear to CTV and the volume of CTV impressions grows.

Upsell of additional services. An additional contributor to our efforts in expanding revenue generated by our customers is our investment in cross-selling our solutions. We cross-sell our personalized creative solutions to primary ad serving customers, who, for example, begin using our services with standard digital video ads and then introduce personalized formats over time. We also cross-sell our advanced measurement solutions, which provide real-time metrics to inform optimization of TV campaigns while in market. The success of these efforts will impact our results of operations.

New client accounts: We intend to continue targeting new brand, media agency and digital publisher customers who are currently utilizing solutions provided by our competitors or point solutions. Our results of operations will be impacted by our ability to attract new customers.

Seasonality: We experience revenue fluctuations that coincide with seasonal changes in the digital ad spending of our customers, in particular television ad spending patterns. Advertisers typically allocate the largest portion of their media budgets to the fourth quarter of the calendar year to coincide with increased holiday purchasing. As a result, the fourth quarter of the year typically reflects our highest level of revenues while the first quarter typically reflects our lowest level of revenues. However, this traditional revenue seasonality may also be impacted by certain external factors or major events that also impact traditional television advertising patterns such as supply chain disruptions and silicon/chip shortages. We expect our revenues to continue to fluctuate based on seasonal factors that affect the advertising industry as a whole and for these seasonal fluctuations in ad spend to impact quarter-over-quarter results. We believe that the year-over-year comparison of results more appropriately reflects the overall performance of our business.

Global Markets

The majority of our clients are global advertisers and operate at a significant scale. Innovid serves customers globally through a delivery footprint including the US, APAC, EMEA, and LATAM. During the second quarter of 2023, approximately 9% of Innovid's revenue was generated outside the US.

We continue to service international markets to meet the needs of our global customer base and to accelerate new customer acquisition in key geographies outside of the US. We believe our continuing ability to service international markets will impact our results of operations.

Components of Results of Operations

Revenues

We generate the majority of our revenues from providing Ad serving solutions to advertisers, media agencies and publishers. We focus on standard, interactive and data driven digital video advertising. Ad serving services relate to utilizing Innovid's platform to serve advertising impressions to various digital publishers primarily across CTV, mobile TV, and desktop TV.

InnovidXP, our cross-platform TV Ad measurement solution, launched last year, measures the efficiency of CTV advertising and in-flight optimizations for TV marketers. We will continue to invest in advanced measurement capability and provide solutions to advertisers , streaming platforms and agencies as their needs evolve in the highly fragmented CTV ecosystem.

We provide creative services for the design and development of interactive data-driven and dynamic ad formats by adding data, interactivity and dynamic features to standard ad units.

We generate the majority of our revenues from the sale and delivery of our products within the US. For information with respect to sales by geographic markets, refer to Note 11*, Segment Reporting* to the Condensed Consolidated Financial Statements included under Item 1, *Financial Statements and Supplementary Data*. Our CEO is the chief operating decision-maker, and manages and allocates resources to the operations of the Company on an entity-wide basis.

We anticipate that revenues from our US sales will continue to constitute a majority of our revenues in future periods.

Cost of revenues

Cost of revenues consists primarily of costs to run our ad serving, creative and measurement solutions. These costs include hosting and ad serving fees, data costs, personnel costs including stock-based compensation, professional services costs and facility related costs. We allocate overhead, including rent and other facility related costs and communication costs, based on headcount.

Research and development

Research and development expenses consist primarily of personnel costs, including stock-based compensation, professional services costs, hosting and facility related costs. We allocate overhead including rent and other facility related costs and communication costs based on headcount. These expenses may vary from period to period as a percentage of revenue, depending primarily upon when we choose to make more significant investments.

Research and development costs are charged to the condensed consolidated statements of operations as incurred. ASC 350-40, Internal-Use Software ("ASC 350-40"), requires the capitalization of certain costs incurred during the application development stage. Any costs incurred for upgrades and functionality enhancements of the software are also capitalized.

Sales and marketing

Sales and marketing expenses consist primarily of personnel costs, including commissions, stock-based compensation, professional services costs and facility related costs, as well as costs related to advertising, promotional materials, public relations, and other sales and marketing programs. We allocate overhead, including rent and other facility related costs and communication costs based on headcount.

General and administrative

General and administrative expenses consist primarily of personnel costs, including stock-based compensation, for executive management, finance, accounting, human capital, legal and other administrative functions as well as professional services costs and facility related costs. We allocate overhead, including rent and other facility related costs, and communication costs based on headcount.

Results of Operations

Three and six months ended June 30, 2023, compared to the three and six months ended June 30, 2022

	Three months ended June 30,				Six months ended June 30,			
	2023		2022		2023		2022	
	(in thousands)	% of Revenue	(in thousands)	% of Revenue	(in thousands)	% of Revenue	(in thousands)	% of Revenue
Revenues	$ 34,546	100 %	$ 33,088	100 %	$ 65,031	100 %	$ 58,950	100 %
Cost of revenues	8,591	25 %	7,351	22 %	16,856	26 %	13,277	23 %
Research and development	6,876	20 %	9,710	29 %	13,993	22 %	16,964	29 %
Sales and marketing	11,460	33 %	14,320	43 %	23,097	36 %	24,671	42 %
General and administrative	8,924	26 %	9,955	30 %	18,574	29 %	21,410	36 %
Depreciation and amortization	2,064	6 %	926	3 %	4,094	6 %	1,599	3 %
Goodwill impairment	14,503	42 %	—	— %	14,503	22 %	—	— %
Operating loss	**(17,872)**	**(52) %**	**(9,174)**	**(28) %**	**(26,086)**	**(40) %**	**(18,971)**	**(32) %**
Finance income, net	(248)	(1) %	(13,306)	(40) %	(2,723)	(4) %	(15,617)	(26) %
(Loss) income before taxes	**(17,624)**	**(51) %**	**4,132**	**12 %**	**(23,363)**	**(36) %**	**(3,354)**	**(6) %**
Taxes on income	1,335	4 %	(168)	(1) %	4,159	6 %	(205)	— %
Net (loss) income	**$ (18,959)**	**(55) %**	**$ 4,300**	**13 %**	**$ (27,522)**	**(42) %**	**$ (3,149)**	**(5) %**

Revenues

The growth and scaling of CTV was the key driver of Innovid's revenue growth in the second quarter of 2023. As TV ad spend continues to shift from linear to CTV, we continue to benefit from the natural volume growth of CTV impressions we delivered for our existing and new customers.

Total revenue increased by $1.5 million, or 4%, from $33.1 million in the three months ended June 30, 2022 to $34.5 million in the three months ended June 30, 2023. The increase is attributed to the ad serving volume growth and the growth of the measurement offering. Cross-selling of the measurement solution to our core clients contributed to the overall increase in the measurement revenue.

Total revenue increased by $6.0 million, or 10%, from $59.0 million in the six months ended June 30, 2022 to $65.0 million in the six months ended June 30, 2023. Four months of TVS activity was included in our operations in the same period in 2022 due to the timing of the acquisition.

There was no meaningful impact of changes in average cost per impression on total revenue.

Cost of revenues (exclusive of depreciation, amortization and goodwill impairment shown below)

	Three months ended June 30,					
	2023		2022			
	(in thousands)	% of Revenue	(in thousands)	% of Revenue	$ Variance	% Variance
Cost of revenues	$ 8,591	25 %	$ 7,351	22 %	$ 1,240	17 %

Cost of revenue increased by $1.2 million, or 17%, from $7.4 million in the three months ended June 30, 2022, to $8.6 million in the three months ended June 30, 2023, primarily driven by a $1.8 million increase related to hosting and data costs associated with our integrated measurement solution. This was partially offset by a decrease in personnel related costs resulted from our operating efficiency measures including headcount reduction.

	Six months ended June 30,					
	2023		2022			
	(in thousands)	% of Revenue	(in thousands)	% of Revenue	$ Variance	% Variance
Cost of revenues	$ 16,856	26 %	$ 13,277	23 %	$ 3,579	27 %

Cost of revenue increased by $3.6 million, or 27%, from $13.3 million in the six months ended June 30, 2022, to $16.9 million in the six months ended June 30, 2023, primarily driven by a $3.6 million increase in hosting and data costs associated with our measurement solution included in our operations following the TVS acquisition. This was partially offset by a decrease in personnel related costs resulted from our operating efficiency measures including headcount reduction.

Research and development (exclusive of depreciation, amortization and goodwill impairment shown below)

	Three months ended June 30,					
	2023		2022			
	(in thousands)	% of Revenue	(in thousands)	% of Revenue	$ Variance	% Variance
Research and development	$ 6,876	20 %	$ 9,710	29 %	$ (2,834)	(29) %

Research and development expenses decreased by $(2.8) million, or (29)%, from $9.7 million in the three months ended June 30, 2022, to $6.9 million in the three months ended June 30, 2023, primarily driven by a decrease of $1.9 million in personnel costs, a decrease of $0.5 million in technology infrastructure and hosting fees, and a decrease of $0.4 million in consulting fees resulted from our operating efficiency measures including headcount reduction.

	Six months ended June 30,					
	2023		2022			
	(in thousands)	% of Revenue	(in thousands)	% of Revenue	$ Variance	% Variance
Research and development	$ 13,993	22 %	$ 16,964	29 %	$ (2,971)	(18) %

Research and development expenses decreased by $(3.0) million, or (18)%, from $17.0 million in the six months ended June 30, 2022, to $14.0 million in the six months ended June 30, 2023, primarily driven by a decrease of $1.9 million in personnel costs, a decrease of $0.6 million in technology infrastructure and hosting fees, and a decrease of $0.5 millions in consulting fees resulted from our operating efficiency measures including headcount reduction.

Sales and marketing (exclusive of depreciation, amortization and goodwill impairment shown below)

	Three months ended June 30,					
	2023		2022			
	(in thousands)	% of Revenue	(in thousands)	% of Revenue	$ Variance	% Variance
Sales and marketing	$ 11,460	33 %	$ 14,320	43 %	$ (2,860)	(20) %

Sales and marketing expenses decreased by $(2.9) million, or (20)%, from $14.3 million in the three months ended June 30, 2022, to $11.5 million in the three months ended June 30, 2023, primarily driven by a decrease in personnel costs of $1.9 million due to lower headcount. In addition, there was a $0.6 million decrease in marketing expenses and other cost efficiency.

	Six months ended June 30,					
	2023		2022			
	(in thousands)	% of Revenue	(in thousands)	% of Revenue	$ Variance	% Variance
Sales and marketing	$ 23,097	36 %	$ 24,671	42 %	$ (1,574)	(6) %

Sales and marketing expenses decreased by $(1.6) million, or (6)%, from $24.7 million in the six months ended June 30, 2022, to $23.1 million in the six months ended June 30, 2023, primarily driven by a decrease in personnel costs of $0.5 million due to lower headcount. In addition, there was a decrease in marketing costs of $0.8 million and other cost efficiency.

General and administrative (exclusive of depreciation, amortization and goodwill impairment shown below)

	Three months ended June 30,					
	2023		2022			
	(in thousands)	% of Revenue	(in thousands)	% of Revenue	$ Variance	% Variance
General and administrative	$ 8,924	26 %	$ 9,955	30 %	$ (1,031)	(10) %

General and administrative expenses decreased by $(1.0) million, or (10)%, from $10.0 million in the three months ended June 30, 2022, to $8.9 million in the three months ended June 30, 2023, primarily driven by a decrease in professional fees of $1.3 million and legal fees of $0.5 million related to the TVS acquisition in the 2022 period. This was partially offset by an increase in executive bonuses of $0.7 million.

	Six months ended June 30,					
	2023		2022			
	(in thousands)	% of Revenue	(in thousands)	% of Revenue	$ Variance	% Variance
General and administrative	$ 18,574	29 %	$ 21,410	36 %	$ (2,836)	(13) %

General and administrative expenses decreased by $(2.8) million, or (13)%, from $21.4 million in the six months ended June 30, 2022, to $18.6 million in the six months ended June 30, 2023, primarily driven by a decrease in professional fees of $3.4 million and a decrease of $1.8 million in legal fees both related to the TVS acquisition. In addition, there was a decrease of $1.1 million in Directors and Officers insurance expense during the period. This was partially offset by an increase in stock compensation of $1.8 million and an increase in executive bonuses and other personnel costs of $1.7 million.

Depreciation and amortization

	Three months ended June 30,					
	2023		2022			
	(in thousands)	% of Revenue	(in thousands)	% of Revenue	$ Variance	% Variance
Depreciation and amortization	$ 2,064	6 %	$ 926	3 %	$ 1,138	123 %

Depreciation and amortization expenses increased by $1.1 million, or 123%, from $0.9 million in the three months ended June 30, 2022, to $2.1 million in the three months ended June 30, 2023. The increase was mostly driven by $0.7 million amortization expense of internal-use software projects during the period.

	Six months ended June 30,					
	2023		2022			
	(in thousands)	% of Revenue	(in thousands)	% of Revenue	$ Variance	% Variance
Depreciation and amortization	$ 4,094	6 %	$ 1,599	3 %	$ 2,495	156 %

Depreciation and amortization expenses increased by $2.5 million, or 156%, from $1.6 million in the six months ended June 30, 2022, to $4.1 million in the six months ended June 30, 2023. The increase was driven by additional amortization expense of $1.0 million for TVS intangible assets during the period as well as $1.5 million amortization expense of internal-use software projects.

Goodwill impairment

	Three months ended June 30,					
	2023		2022			
	(in thousands)	% of Revenue	(in thousands)	% of Revenue	$ Variance	% Variance
Goodwill impairment	$ 14,503	42 %	$ —	— %	$ 14,503	100 %

Goodwill impairment increased by $14.5 million, or 100%, from $0.0 million in the three months ended June 30, 2022, to $14.5 million in the three months ended June 30, 2023. The continued decline in the Company's stock price during the second quarter of 2023 was viewed as a triggering event, which required an assessment for possible goodwill impairment as of June 30, 2023. We performed this assessment during the six months ended June 30, 2023 and determined that the fair value of the reporting unit exceed its carrying value during the three months ended June 30, 2023. The fair value was determined based on the market approach. As a result of this assessment, the Company recorded a goodwill impairment in the amount of $14.5 million.

	Six months ended June 30,					
	2023		2022			
	(in thousands)	% of Revenue	(in thousands)	% of Revenue	$ Variance	% Variance
Goodwill impairment	$ 14,503	22 %	$ —	— %	$ 14,503	100 %

Goodwill impairment increased by $14.5 million, or 100%, from $0.0 million in the six months ended June 30, 2022, to $14.5 million in the six months ended June 30, 2023 for the reasons described above.

Finance income, net

	Three months ended June 30,					
	2023		2022			
	(in thousands)	% of Revenue	(in thousands)	% of Revenue	$ Variance	% Variance
Finance income, net	$ (248)	(1) %	$ (13,306)	(40) %	$ 13,058	(98) %

Finance income decreased by $13.1 million, or (98)%, from $(13.3) million in the three months ended June 30, 2022, to $(0.2) million in the three months ended June 30, 2023. This was predominantly driven by a decrease of the fair value of our warrants. The fair value of the warrants is influenced by market volatility impacting Company's share price which is an underlying input for the valuation.

	Six months ended June 30,					
	2023		2022			
	(in thousands)	% of Revenue	(in thousands)	% of Revenue	$ Variance	% Variance
Finance income, net	$ (2,723)	(4) %	$ (15,617)	(26) %	$ 12,894	(83) %

Finance income decreased by $12.9 million, or (83)%, from $(15.6) million in the six months ended June 30, 2022, to $(2.7) million in the six months ended June 30, 2023. This was predominantly driven by a decrease of the fair value of our warrants. The fair value of the warrants is influenced by market volatility impacting Company's share price which is an underlying input for the valuation.

Taxes on income

	Three months ended June 30,					
	2023		2022			
	(in thousands)	% of Revenue	(in thousands)	% of Revenue	$ Variance	% Variance
Taxes on income	$ 1,335	4 %	$ (168)	(1) %	$ 1,503	(895)%

The Company's effective tax rates were (7.6)% and (4.1)% for the three months ended June 30, 2023 and 2022, respectively.

	Six months ended June 30,					
	2023		2022			
	(in thousands)	% of Revenue	(in thousands)	% of Revenue	$ Variance	% Variance
Taxes on income	$ 4,159	6 %	$ (205)	— %	$ 4,364	(2129)%

Tax expense increased by $4.4 million from $(0.2) million in the six months ended June 30, 2022 to $4.2 million in the six months ended June 30, 2023. The Company's effective tax rates were (17.8)% and 6.1% for the six months ended June 30, 2023 and 2022, respectively.

The increase in year-to-date tax expense primarily resulted from a shift in the Company's foreign earnings, resulting in higher profitability and current tax expense, with no offsetting deferred tax benefit as a result of an overall valuation allowance.

In addition, certain temporary differences associated with the capitalization of research and development under IRC Section 174 and deductibility of stock compensation that would normally not impact the effective tax rate or overall tax expense, cause the US to generate current state tax expense with no corresponding deferred tax benefit. Unless the US tax rules around research and development (Section 174) are modified, there will continue to be an adverse impact on our effective rates for income taxes paid.

Lastly, the current tax expense is increased as compared to prior years, in both the foreign jurisdictions and the US, because of decreased net operating losses available due to prior year utilization.

Liquidity and Capital Resources

We have financed our operations, business acquisition and capital expenditures primarily through utilization of cash generated from operations and cash proceeds from the ION's transaction, as well as borrowings under our credit facilities.

As of June 30, 2023, we had cash, cash equivalents and restricted cash of $43.8 million and net working capital, consisting of current assets less current liabilities, of $68.6 million. As of June 30, 2023, we had an accumulated deficit of $178.4 million, $76.0 million thereof results from the cumulative accretion of preferred stock to redemption value prior to the conversion of all preferred stock into our common stock upon the closing of the ION's transaction.

We believe our existing cash and cash equivalents and anticipated net cash provided by operating activities, together with available borrowings under our credit facility, will be sufficient to meet our cash needs and working capital requirements for at least the next 12 months. However, if our operating performance during the next 12 months is below our expectations, our liquidity and ability to operate our business could be adversely affected. We are closely monitoring the effect that current economic conditions may have on our working capital requirements. To date, the global events have not had a material negative impact on our cash flow or liquidity. Our future capital requirements and the adequacy of available funds will depend on many factors.

Sources of Liquidity

Revolving Line of Credit

On August 4, 2022, two of our wholly owned subsidiaries, Innovid LLC and TV Squared Inc, entered into an amended and restated loan and security agreement with Silicon Valley Bank (the "2022 A&R Agreement"), to increase the revolving line of credit from $15.0 million to $50.0 million (the "New Revolving Credit Facility"). The 2022 A&R Agreement and the New Revolving Credit Facility were amended by a First Loan Modification Agreement dated August 2, 2023 (the "2023 Modification Agreement"). The interest for the New Revolving Credit Facility is payable monthly in arrears. The New Revolving Credit Facility bears interest at an annual rate which is the greater of (a) WSJ Prime Rate plus 0.25% or (b) 4.25%, on the aggregate outstanding balance. Additional fees include fees in an amount of 0.20% per annum of the average unused portion of the New Revolving Credit Facility to be paid quarterly in arrears. The maturity date of the 2022 A&R Agreement, as amended by the 2023 Modification Agreement, is June 30, 2025. The New Revolving Credit Facility is subject to certain customary conditions precedent to the credit extension as stated in the 2022 A&R Agreement.

The New Revolving Credit Facility requires the Company to comply with all covenants, primarily maintaining an adjusted quick ratio of at least 1.30 to 1.00. As defined in the 2022 A&R Agreement "adjusted quick ratio" is the ratio of (a) quick assets to (b) current liabilities minus the current portion of deferred revenue. "Quick assets" are determined as the Company's unrestricted cash plus accounts receivable, net, and is determined according to US GAAP. The Company is also required to maintain the minimum quarterly adjusted EBITDA as defined in the 2022 A&R Agreement, as amended by the 2023 Modification Agreement, if the Company does not maintain the quarterly adjusted quick ratio of at least 1.50 to 1.00.

As of June 30, 2023, we were in compliance with all covenants.

As of June 30, 2023 and December 31, 2022, the Company utilized $20.0 million of the $50.0 million credit line. In January 2023, the Company repaid $5.0 million under the credit line and $5.0 million was subsequently drawn in March 2023. In May 2023, the Company repaid $5.0 million under the credit line and $5.0 million was subsequently drawn in June 2023.

Interest expenses for the six months ended June 30, 2023, and 2022 were $0.8 million and $0.1 million, respectively. They were recorded in the "Finance income, net" in the condensed consolidated statements of operations.

Cash Flows

Six months ended June 30, 2023, compared to the six months ended June 30, 2022

The following table summarizes our cash flows for the periods presented:

	Six months ended June 30,	
	2023	**2022**
Net cash provided by / (used in) operating activities	$ 948	$ (15,901)
Net cash provided by / (used in) investing activities	4,247	(103,273)
Net cash provided by financing activities	614	6,451
Increase (decrease) in cash, cash equivalents and restricted cash	$ 5,809	$ (112,723)

Operating Activities

Our cash flows from operating activities are primarily influenced by growth in our operations, increases or decreases in collections from our customers and payments to our vendors, as well as increases in personnel related expenses as we scale up our business. The timing of cash receipts from customers and payments to vendors and providers can significantly impact our cash flows from operating activities. In addition, we expect seasonality to impact quarterly cash flows from operating activities.

Cash provided by/(used in) operating activities is calculated by adjusting our net loss for changes in working capital, as well as by excluding non-cash items such as depreciation and amortization, goodwill impairment, stock-based compensation and change in fair value of warrants.

For the six month period ended June 30, 2023, net cash provided by operating activities was $0.9 million, attributable to net loss of $(27.5), adjusted for non-cash charges of $25.2 and $3.3 cash provided by changes in working capital. Our non-cash charges primarily consisted of goodwill impairment and stock based compensation.

For the six month period ended June 30, 2022, net cash used in operating activities was $(15.9) million, attributable to net loss of $(3.1), adjusted for non-cash charges of $(8.7) and $(4.0) use of cash from changes in working capital. Our non-cash charges primarily consisted of change in fair value warrants.

The changes in our working capital compared to the prior period in the amount of $7.3 million were a result of a decrease in trade receivables due to a shorter collection period. This decrease was partially off-set by an increase in prepaid expenses due to the timing of payments for some of our subscriptions. The changes in working capital were also related to an increase in accrued expense, other current liabilities and trade payables due to accrual and the timing of payments for personnel costs, prepaid software subscription fees and changes due to the acquisition of TVS.

Investing Activities

For the six month period ended June 30, 2023, $4.2 million of net cash was provided by investing activities compared to net cash used in investing activities of $103.3 million for the six month period ended June 30, 2022, was primarily driven by net cash consideration paid of $99.6 million to acquire TVS in 2022. Further, the decrease of $10.0 million in short-term deposit, which was terminated in March, 2023, increased cash provided by investing activity. This impact was offset by an increase of $2.1 million of investment in internal software development work.

Financing Activities

For the six month period ended June 30, 2023, $0.6 million of net cash was provided by financing activities compared to $6.5 million for the six month period ended June 30, 2022. This decrease in cash provided was primarily due to a drawdown of our credit facility of $9.0 million in the prior period, offset by a decrease in the amount of transaction costs of $3.2 million.

Contractual Obligations and Known Future Cash Requirements

Lease Commitments

We rent our facilities under operating lease agreements that expire on various dates, the latest of which is in 2025 excluding any options for renewal. The minimum rental payments under operating leases for rental of premises as of June 30, 2023 for the next five years totaled $2.7 million, which is comprised of $1.6 million and $1.1 million in the next 12 months and more than 12 months, respectively.

Pledges and Bank Guarantees

In connection with the 2022 A&R Agreement, we pledged 65,000 shares of common stock of our Israeli subsidiary, NIS 0.01 par value each.

We have a total of $0.6 million of pledged bank deposits as of June 30, 2023, related to office leases and credit cards. We obtained bank guarantees in an aggregate amount of $0.2 million in connection with our office lease agreements.

On March 4, 2022, a lawsuit was filed in the United States District Court for the Western District of Texas by the Nielsen, Company (US) LLC against TVS alleging infringement of US Patent No.10,063,378. On June 1, 2022, TVS moved to transfer the case to the Southern District of New York. On February 24, 2023, the case was transferred to the Southern District of New York. On March 23, 2023, the parties jointly filed their proposed case management plan and scheduling order, which the Court entered and thereafter opened discovery. That order sets the close of fact discovery for October 23, 2023, and the close of expert discovery for January 23, 2024, but does not set a date for trial. On the same day, TV Squared filed a motion for judgment on the pleadings under Federal Rule 12(c) arguing invalidity of all asserted patent claims. Briefing concluded on April 24, 2023, and the motion remains pending. The plaintiff has not specified the amount sought in the litigation. Given the uncertainty of litigation and the preliminary stage of the lawsuit, the Company is unable at this time to give an estimate of the amount or range of potential loss, if any, which might result to the Company if the outcome in such litigation was unfavorable. As of June 30, 2023, the Company did not record a loss contingency.

Key Metrics and Non-GAAP Financial Measures

Adjusted EBITDA

In addition to our results determined in accordance with US GAAP, we believe that certain non-GAAP financial measures, including Adjusted earnings before interest, taxes, depreciation and amortization ("EBITDA") and Adjusted EBITDA Margin are useful in evaluating our business. The following table presents a reconciliation of Adjusted EBITDA, a non-GAAP financial measure, to the most directly comparable financial measure prepared in accordance with GAAP.

	Three months ended June 30,		Six months ended June 30,	
(in thousands)	2023	2022	2023	2022
Net (loss) income	$ (18,959)	$ 4,300	$ (27,522)	$ (3,149)
Net (loss) income margin	(55) %	13 %	(42) %	(5) %
Depreciation and amortization	2,064	926	4,094	1,599
Goodwill impairment	14,503	—	14,503	—
Stock-based compensation	5,334	4,138	9,958	5,730
Finance income, net (a)	(248)	(13,306)	(2,723)	(15,617)
Transaction related expenses (b)	—	164	—	392
Acquisition related expenses (c)	—	768	—	4,971
Retention bonus expenses (d)	148	1,000	445	1,000
Legal claims	342	435	656	435
Severance cost (e)	—	—	845	—
Other	23	83	272	175
Taxes on income	1,335	(168)	4,159	(205)
Adjusted EBITDA	**$ 4,542**	**$ (1,660)**	**$ 4,687**	**$ (4,669)**
Adjusted EBITDA margin	**13.1 %**	**(5.0)%**	**7.2 %**	**(7.9)%**

(a) Finance income, net consists mostly of remeasurement related to revaluation of our warrants, remeasurement of our foreign subsidiary's monetary assets, liabilities and operating results, and our interest expense.
(b) Transaction related expenses consist of cost related to the SPAC merger transaction.
(c) Acquisition related expenses consists of professional fees associated with the acquisition of TVS.
(d) Retention bonus expenses consists of retention bonuses for TVS employees.
(e) Severance cost is related to the personnel reductions that occurred during the first quarter of 2023.

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

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

- they do not reflect changes in, or cash requirements for, our working capital needs;
- Adjusted EBITDA does not reflect our capital expenditures or future requirements for capital expenditures or contractual commitments;
- they do not reflect costs of acquiring and integrating businesses, which will continue to be a part of our growth strategy;
- they do not reflect one-time, non-recurring, bonus costs and third party costs associated with the SPAC merger transaction and regulatory filings;
- they do not reflect goodwill impairment;
- they do not reflect severance costs;

- they do not reflect income tax expense or the cash requirements to pay income taxes;
- they do not reflect our interest expense or the cash requirements necessary to service interest or principal payments on our debt; and
- although depreciation and amortization are non-cash charges related mainly to intangible assets, certain assets being depreciated and amortized will have to be replaced in the future, and Adjusted EBITDA does not reflect any cash requirements for such replacements.

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

Operational Metrics

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

Off-Balance Sheet Arrangements

As of June 30, 2023, we did not have any relationships with unconsolidated organizations or financial partnerships, such as structured finance or special purpose entities that would have been established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes.

Critical Accounting Policies and Estimates

Our discussion and analysis of our financial condition and results of operations are based on our unaudited interim condensed consolidated financial statements, which have been prepared in accordance with US GAAP. The preparation of these financial statements requires us to make estimates, assumptions and judgments that affect the amounts reported in our condensed consolidated financial statements and the accompanying notes to condensed consolidated financial statements. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances. Actual results may differ from these estimates.

While our significant accounting policies are described in more detail in Note 2,*Summary of Significant Accounting Policies* of our unaudited interim condensed consolidated financial statements included in *Item 1. "Financial Statements and Supplementary Data"*, we believe the following accounting policies to be the most critical to the judgments and estimates used in the preparation of our interim condensed consolidated financial statements.

Revenue Recognition

Most of the Company's revenues are derived from providing Ad serving solutions to advertisers, media agencies and publishers. The services focus on standard, interactive and data driven digital video advertising. Ad serving services relate to utilizing Innovid's platform to serve advertising impressions to various digital publishers across CTV, mobile TV, desktop TV, display and other channels.

The Company also provides measurement services to advertisers and agencies, streaming platforms and publishers. The measurement service provides analytics and the ability to track performance of advertising campaigns. The measurement service provides insights into the effectiveness of TV and digital advertising.

The Company also provides creative services for the design and development of interactive data-driven and dynamic ad formats by adding data, interactivity and dynamic features to standard ad units.

The Company recognizes revenue when its customer obtains control of promised services in an amount that reflects the consideration that the Company expects to receive in exchange for those services. The Company recognizes revenue in accordance with ASC Topic 606, Revenue from contracts with customers (“ASC 606”) and determines revenue recognition through the following steps: (1) identify the contract with a customer; (2) identify the performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to the performance obligations in the contract; and (5) recognize revenue when a performance obligation is satisfied.

For arrangements with multiple performance obligations, which represent promises within an arrangement that are capable of being distinct and are separately identifiable, the Company allocates the contract consideration to all distinct performance obligations based on their relative standalone selling price (“SSP”). SSP is typically estimated based on observable transactions when these services are sold on a standalone basis.

Revenues related to ad serving services are recognized when impressions are delivered. The Company recognizes revenue from the display of impression-based ads in the contracted period in which the impressions are delivered. Impressions are considered delivered when an ad is displayed to users.

Revenues related to the measurement services platform are recognized over time, since the customer simultaneously receives and consumes the benefits provided by the Company’s performance. Revenues for these measurement services are recognized over the service period.

Revenues related to creative projects are recognized at a point in time when the Company delivers an ad unit. Creative services projects are usually delivered within a week.

The Company’s accounts receivable, consist primarily of receivables related to providing ad serving, measurement and creative services, for which the Company’s contracted performance obligations have been satisfied, the amount has been billed and the Company has an unconditional right to payment. The Company typically bills customers monthly based on actual delivery. The payment terms vary, mainly with terms of 60 days or less.

The typical contract term is 12 months or less for ASC 606 purposes. Most of the Company’s contracts can be canceled without cause. The Company has the unconditional right to payment for the services provided as of the date of the termination of the contracts.

The Company applies the practical expedient in ASC 606 and does not adjust the promised amount of consideration for the effects of a significant financing component if the Company expects, at contract inception, that the period between when the Company transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less.

Deferred revenues represent mostly unrecognized fees billed or collected for measurement platform services. Deferred revenues are recognized as (or when) we perform under the contract.

Fair value of financial instruments

The Company applies a fair value framework to measure and disclose its financial assets and liabilities. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The fair value hierarchy requires an entity to maximize the use of observable inputs, where available, and minimize the use of unobservable inputs when measuring fair value. There are three levels of inputs that may be used to measure fair value:

Level 1 - Observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 - Includes other inputs that are directly or indirectly observable in the marketplace.

Level 3 - Unobservable inputs which are supported by little or no market activity.

The Company’s financial instruments consist of cash and cash equivalents, restricted deposits, trade receivables, net, trade payables, employees, payroll accruals, accrued expenses and other current liabilities and current portion of long-term debts. Their historical carrying amounts represent the approximate fair value due to the short-term maturities of these instruments.

The Company’s investments in money market funds are classified as cash equivalents and measured at fair value. The Company measures its warrant liability at fair value.

The goodwill impairment recorded in the second quarter of 2023 was estimated using the Company's stock price, a Level 1 input, adjusted for an estimated control premium.

As of June 30, 2023, the Company’s warrant liability includes the Warrants, that were originally issued in connection with ION’s initial public offering, the “ION IPO,” which were transferred to the Company as part of the ION’s Transaction. The Company’s Warrants are recorded on the balance sheet at fair value with changes in fair value recognized through earnings. This valuation is subject to re-measurement at each balance sheet date. With each re-measurement the valuation will be adjusted to fair value, with the change in fair value recognized in the Company’s statement of operations.

The Company has determined that the fair value of the Public Warrants and Transferred Private Warrants, at the balance sheet date is determined by the closing price of the Company’s warrants, and are within Level 1 of the fair value hierarchy.

The Transferred Private Warrants are no longer classified as Level 3 as of June 30, 2023.

Gains and losses from the remeasurement of the Public and Private Warrants’ liability is recognized in finance income, net in the condensed consolidated statements of operations.

Fair value estimates are made at a specific point in time, based on relevant market information and information about the financial instruments. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and, therefore, cannot be determined with precision. Changes in assumptions could significantly affect these estimates.

Impairment of long-lived assets

Long-lived assets, including property and equipment and finite-lived intangible assets, are reviewed for impairment whenever facts or circumstances either internally or externally may indicate that the carrying value of an asset may not be recoverable. If there are indications of an impairment, the Company tests for recoverability by comparing the estimated undiscounted future cash flows expected to result from the use of the asset to the carrying amount of the asset or asset group. If the asset or asset group is determined to be impaired, any excess of the carrying value of the asset or asset group over its estimated fair value is recognized as an impairment loss. During the three month period and six months ended June 30, 2023 (unaudited), the Company tested its long-lived assets for recoverability and concluded that no impairment should be recognized.

Goodwill and intangible assets

Goodwill and acquired intangible assets have been recorded in the Company's financial statements resulting from various business combinations. Goodwill represents the excess of the purchase price in a business combination over the fair value of identifiable tangible and intangible assets acquired and liabilities assumed. Goodwill is subject to an annual impairment test.

Reporting units are evaluated when changes in the Company’s operating structure occur, and if necessary, goodwill would be reassigned using a relative fair value allocation approach. The Company currently has one reporting unit.

ASC 350, Intangibles—Goodwill and other (“ASC 350”) requires goodwill to be tested for impairment at least annually and, in certain circumstances, between annual tests. The accounting guidance gives the option to perform a qualitative assessment to determine whether further impairment testing is necessary. The qualitative assessment considers events and circumstances that might indicate that a reporting unit's fair value is less than its carrying amount. If it is determined, as a result of the qualitative assessment, that it is more likely than not that the fair value of a reporting unit is less than its carrying amount, a quantitative test is performed. The Company elects to perform an annual impairment test of goodwill as of October 1 of each year, or more frequently if impairment indicators are present. During the three months ended June 30, 2023, the Company recorded Goodwill impairment in the amount of $14,503.

Separately acquired intangible assets are measured on initial recognition at cost including directly attributable costs. Intangible assets acquired in a business combination are measured at fair value at the acquisition date.

Customer relationships, acquired technology and trade name are being amortized over the estimated useful life of approximately 11 years, 6 years, and 4 years, respectively, using straight-line amortization method.

The amortization of customer relationships, acquired technology and trade name is presented within depreciation and amortization in the condensed consolidated statements of operations.

Capitalized software development costs

Software development costs, which are included in property and equipment, net, consists of capitalized costs related to the purchase and development of internal-use software. The Company uses such software to provide services to its customers. The costs to purchase and develop internal-use software are capitalized from the time that the preliminary project stage is completed, and it is considered probable that the software will be used to perform the function intended. These costs include personnel and personnel-related employee benefits for employees directly associated with the software development and external costs of the materials or services consumed in developing or obtaining the software.

Any costs incurred for upgrades and functionality enhancements of the software are also capitalized. Once this software is ready for use in providing the Company's services, these costs are amortized on a straight-line basis over the estimated useful life of the software, which is three years. The amortization is presented within depreciation and amortization in the condensed consolidated statements of operations.

Income taxes and tax contingencies

Income taxes are computed using a balance sheet approach reflecting both current and deferred taxes. Current and deferred taxes reflect the tax impact of all of the events included in the financial statements. The basic principles employed in the balance sheet approach are to reflect a current tax liability or asset that is recognized for the estimated taxes payable or refundable on tax returns for the current and prior years, a deferred tax liability or asset that is recognized for the estimated future tax effects attributable to temporary differences and carryforwards, the measurement of current and deferred tax liabilities and assets is based on provisions of the enacted tax law of which the effects of future changes in tax laws or rates are not anticipated, and the measurement of deferred tax assets is reduced, if necessary, by the amount of any tax benefits that, based on available evidence, are not expected to be realized. There are certain situations in which deferred taxes are not provided. Some basis differences are not temporary differences because their reversals are not expected to result in taxable or deductible amounts.

The Company regularly evaluates deferred tax assets for future realization and establishes a valuation allowance to the extent that a portion is not more likely than not to be realized. The Company considers whether it is more likely than not that the deferred tax assets will be realized, including existing cumulative losses in recent years, expectations of future taxable income, carryforward periods and other relevant quantitative and qualitative factors. The recoverability of the deferred tax assets is evaluated by assessing the adequacy of future expected taxable income from all sources, including reversal of taxable temporary differences, forecasted operating earnings and available tax planning strategies. These sources of income rely on estimates.

ASC 740, Income Taxes (“ASC 740”) contains a two-step approach to recognizing and measuring a liability for uncertain tax positions. The first step is to evaluate the tax position taken or expected to be taken in a tax return by determining if the weight of available evidence indicates that it is more likely than not that, on an evaluation of the technical merits, the tax position will be sustained on audit, including resolution of any related appeals or litigation processes. The second step is to measure the tax benefit as the largest amount that is more than 50% (cumulative basis) likely to be realized upon ultimate settlement. The Company classifies interest related to unrecognized tax benefits in taxes on income.

On December 20, 2017, Congress passed the “US Tax Act.” The US Tax Act requires complex computations to be performed that were not previously required by US tax law, significant judgments to be made in interpretation of the provisions of the US Tax Act, significant estimates in calculations and the preparation and analysis of information not previously relevant or regularly produced. The US Tax Act provides that a person who is a US shareholder of any CFC is required to include its GILTI in gross income for the tax year in a manner generally similar to that for Subpart F inclusions. The term “global intangible low taxed income” is defined as the excess (if any) of the US shareholder’s net CFC tested income for that tax year, over the US shareholder’s net deemed tangible income return for that tax year. The Company’s policy is to treat GILTI as a period expense in the provision for income taxes.

Recent Accounting Pronouncements

For information on recent accounting standards, see “*Part I - Item 1. Financial Statements and Supplementary Data* -Note 2. *Summary of Significant Accounting Policies*”.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

As a smaller reporting company, as defined by Rule 12b-2 of the Securities Exchange Act of 1934, as amended, we are not required to provide this information.

Item 4. Controls and Procedures

Limitations on Effectiveness of Controls and Procedures

In designing and evaluating our disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. In addition, the design of disclosure controls and procedures must reflect the fact that there are resource constraints, and that management is required to apply judgment in evaluating the benefits of possible controls and procedures relative to their costs.

Management's Evaluation of Disclosure Controls and Procedures

Under the supervision and with the participation of our management, including our CEO and CFO, we evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended as of June 30, 2023. Based upon that evaluation, our CEO and CFO concluded that our disclosure controls and procedures were effective at a reasonable assurance level as of the end of the period covered by this report.

Changes in Internal Control Over Financial Reporting

There has been no change in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during our most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Part II

Item 1. Legal Proceedings

We are not presently party to any legal proceedings or aware of any claims which we believe would have, individually or in the aggregate, a material adverse effect on our consolidated business prospects, financial condition, liquidity, results of operation, cash flows, or capital levels. We may from time to time be party to litigation and subject to claims incident to the ordinary course of business.

On March 4, 2022, a lawsuit was filed in the United States District Court for the Western District of Texas by The Nielsen, Company (US) LLC against TVS alleging infringement of US Patent No.10,063,378. On June 1, 2022, TVS moved to transfer the case to the Southern District of New York. On February 24, 2023, the case was transferred to the Southern District of New York. On March 23, 2023, the parties jointly filed their proposed case management plan and scheduling order, which the Court entered and thereafter opened discovery. That order sets the close of fact discovery for October 23, 2023, and the close of expert discovery for January 23, 2024, but does not set a date for trial. On the same day, TV Squared filed a motion for judgment on the pleadings under Federal Rule 12(c) arguing invalidity of all asserted patent claims. Briefing concluded on April 24, 2023, and the motion remains pending. The plaintiff has not specified the amount sought in the litigation. Given the uncertainty of litigation and the preliminary stage of the lawsuit, the Company is unable at this time to give an estimate of the amount or range of potential loss, if any, which might result to the Company if the outcome in such litigation was unfavorable. As of June 30, 2023, the Company did not record a loss contingency.

Item 1A. Risk Factors

Except as described in Item 1A of Part II of our Form 10-Q filed for the quarterly period ended March 31 2023, there have been no material changes to our risk factors as previously disclosed in Item 1A of Part I of our 2022 Annual Report on Form 10-K.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Unregistered Sales of Equity Securities

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not Applicable.

Item 5. Other Information

N/A.

Item 6. Exhibits

Exhibit Number	Description	Incorporated by Reference				Filed furnished herewith
		Form	File No.	Exhibit	Filing date	
2.1	Agreement and Plan of Merger, dated June 24, 2021, by and among ION, Merger Sub 1, Merger Sub 2, and Innovid.	8-K	001-40048	2.1	06/29/21	
3.1	Certificate of Incorporation of Innovid.	10-K	001-40048	3.1	03/18/22	
3.2	Bylaws of Innovid Corp.	8-K	001-40048	3.2	12/06/21	
4.1	Specimen Common Stock Certificate of Innovid Corp.	8-K	001-40048	4.1	12/06/21	
4.2	Specimen Warrant Certificate of Innovid Corp.	8-K	001-40048	4.2	12/06/21	
4.3	Warrant Agreement, dated February 10, 2021, by and between ION and Continental Stock Transfer & Trust Company, as warrant agent.	8-K	001-40048	4.1	02/18/21	
31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a)/15d-14(a).					*
31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a)/15d-14(a).					*
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350.					**
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350.					**
10.1	Amended and Restated Non-Employee Director Compensation Program					*
10.2	Amended and Restated Loan and Security Agreement, by and among Silicon Valley Bank, and each of the Borrowers set forth therein, dated August 4, 2022	10-Q	001-40048	10.1	08/10/22	
10.3	First Loan Modification Agreement, by and among Silicon Valley Bank, A Division of First-Citizens Bank & Trust Company, and each of the Borrowers set forth therein, dated August 2, 2023					*

* Filed herewith.

** Furnished herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

INNOVID CORP.

Date: August 8, 2023	By:	/s/ Zvika Netter
		Zvika Netter
		Chief Executive Officer
Date: August 8, 2023	By:	/s/ Tanya Andreev-Kaspin
		Tanya Andreev-Kaspin
		Chief Financial Officer

Innovid Corp.

Amended and Restated Non-Employee Director Compensation Program

(EFFECTIVE JUNE 6, 2023)

Non-employee members of the board of directors (the "***Board***") of Innovid, Corp. (the "***Company***") shall receive cash and equity compensation as set forth in this Amended and Restated Non-Employee Director Compensation Program (this "***Program***"). The cash and equity compensation described in this Program shall be paid or be made, as applicable, automatically and without further action of the Board, to each member of the Board who is not an employee of the Company or any subsidiary of the Company (each, a "***Non-Employee Director***") who is entitled to receive such cash or equity compensation unless such Non-Employee Director declines the receipt of such cash or equity compensation by written notice to the Company. This Program shall remain in effect until it is revised or rescinded by further action of the Board. This Program may be amended, modified or terminated by the Board at any time in its sole discretion. The terms and conditions of this Program shall supersede any prior cash and/or equity compensation arrangements for service as a member of the Board between the Company and any of its Non- Employee Directors. This Program shall become effective as of the date set forth above (the "***Effective Date***").

Cash Compensation

The schedule of annual retainers (the "***Annual Retainers***") for the Non-Employee Directors is as follows:

Position	**Amount**
Annual Retainer	$30,000
Lead Independent Director	$25,000
Chair of Audit Committee	$20,000
Chair of Compensation Committee	$20,000
Chair of Nominating and Governance Committee	$20,000
Member of Audit Committee (non-Chair)	$10,000
Member of Compensation Committee (non-Chair)	$10,000
Member of Nominating and Governance Committee (non-Chair)	$10,000

For the avoidance of doubt, the Annual Retainers in the table above are additive and a Non- Employee Director shall be eligible to earn an Annual Retainer for each position in which he or she serves. The Annual Retainers shall be earned on a quarterly basis based on a calendar quarter and shall be paid in cash by the Company in arrears not later than the fifteenth (15th) day following the end of each calendar quarter. In the event a Non-Employee Director does not serve as a Non- Employee Director, or in the applicable position, for an entire calendar quarter, the retainer paid to such Non-Employee Director shall be prorated for the portion of such calendar quarter actually served as a Non-Employee Director, or in such position, as applicable.

Equity Compensation

Each Non-Employee Director shall be granted the following awards of Restricted Stock Units (each, an "***RSU Award***") or Other Stock or Cash Based Awards (each, a "***Stock Based Award***") under and subject to the terms and provisions of the Equity Plan under and within the meaning of the Company's 2021 Incentive Award Plan or any other applicable Company equity incentive plan then-maintained by the Company (the "***Equity Plan***"). Each RSU Award or Stock Based Award shall be granted subject to an award agreement in substantially the form previously approved by the Board, and in the following amounts:

Initial RSU Award	A number of Restricted Stock Units (rounded to the nearest whole number) equal to $350,000 divided by the Reference Price.
Subsequent RSU Award	A Stock Based Award with a Grant Date Value equal to $175,000, which, unless otherwise determined by the Board will be granted in the form of a number of Restricted Stock Units equal to $175,000 divided by the Reference Price.

For purposes of this Program, the "***Reference Price***" shall mean the closing sales price of one share of the Company's common stock on the date of grant or on the last preceding trading day if the date of grant is not a trading day. "***Grant Date Value***" shall mean the value as determined in accordance with the Company's consolidated financial statements.

A. Initial RSU Awards. Each Non-Employee Director who is initially elected or appointed to the Board after the Effective Date shall receive the Initial RSU Award on the date of such initial election or appointment. No Non-Employee Director shall be granted more than one Initial RSU Award.

B. Subsequent RSU Awards. A Non-Employee Director who is serving as a Non-Employee Director as of the date of the annual meeting of the Company's stockholders ("***Annual Meeting***") each calendar year beginning with calendar year 2023 , shall be automatically granted a Subsequent RSU Award on the date of such Annual Meeting; *provided*, *however*, that any Subsequent RSU Award granted to a Non-Employee Director who was elected or appointed for the first time to the Board after the most recent Annual Meeting shall be pro-rated to reflect the initial partial year of service based on the number of days served from the date of the Non- Employee Director's election or appointment to the Board through the date of the first Annual Meeting thereafter. For the avoidance of doubt, a Non-Employee Director elected for the first time to the Board at an Annual Meeting shall only receive an Initial RSU Award in connection with such election, and shall not receive any Subsequent RSU Award on the date of such meeting as well.

C. Termination of Employment of Employee Directors. Members of the Board who are employees of the Company or any subsidiary of the Company who subsequently terminate their employment with the Company and subsidiary of the Company and remain on the Board will not receive an Initial RSU Award, but to the extent that they are otherwise entitled as a Non- Employee Director, will receive, after termination of employment with the Company and any subsidiary of the Company, a Subsequent RSU Award.

D. Terms of RSU Awards Granted to Non-Employee Directors.

1. *Vesting*.

a. *Initial RSU Awards*. Each Initial RSU Award shall vest and become exercisable in substantially equal installments on each of the first three (3) anniversaries of the date of grant, such that the Initial RSU Award shall be fully vested on the third (3^{rd}) anniversary of the date of grant, subject to the Non-Employee Director continuing in service as a Non-Employee Director through each such vesting date.

b. *Subsequent RSU Awards*. Each Subsequent RSU Award shall vest in a single installment on the earlier of the date of the next Annual Meeting or the first anniversary of the date of grant, subject to the Non-Employee Director continuing in service as a Non-Employee Director through such vesting date.

c. *Forfeiture of RSU Awards; Change in Control Vesting*. Unless the Board otherwise determines, any portion of an Initial RSU Award or Subsequent RSU Award which is unvested at the time of a Non-Employee Director's termination of service on the Board as a Non-Employee Director shall be immediately forfeited upon such termination of service and shall not thereafter become vested. All of a Non-Employee Director's Initial RSU Awards and Subsequent RSU Awards shall vest in full immediately prior to the occurrence of a Change in Control (as defined in the Equity Plan), to the extent outstanding at such time.

* * * * *

FIRST LOAN MODIFICATION AGREEMENT

This First Loan Modification Agreement (this "Loan Modification Agreement") is entered into as of August 2, 2023, by and among (a) **SILICON VALLEY BANK, A DIVISION OF FIRST-CITIZENS BANK & TRUST COMPANY (SUCCESSOR BY PURCHASE TO THE FEDERAL DEPOSIT INSURANCE CORPORATION AS RECEIVER FOR SILICON VALLEY BRIDGE BANK, N.A. (AS SUCCESSOR TO SILICON VALLEY BANK))** ("**Bank**") and (b) (i) **INNOVID LLC**, a Delaware limited liability company with its principal place of business located at 30 Irving Place 12th Floor New York, NY 10003 ("**Innovid LLC**"), and (ii) **TV SQUARED INC**, a Delaware corporation with its principal place of business located at 30 Irving Place 12th Floor New York, NY 10003 ("**TV Squared**"). Innovid LLC and TV Squared, are hereinafter jointly, severally, individually and collectively, "**Borrower**").

1. <u>DESCRIPTION OF EXISTING INDEBTEDNESS AND OBLIGATIONS</u>. Among other indebtedness and obligations which may be owing by Borrower to Bank, Borrower is indebted to Bank pursuant to a loan arrangement dated as of August 4, 2022, evidenced by, among other documents, a certain Amended and Restated Loan and Security Agreement dated as of August 4, 2022, between Borrower and Bank (as may be amended, modified, restated, replaced or supplemented from time to time, the "**Loan Agreement**"). Capitalized terms used but not otherwise defined herein shall have the same meaning as in the Loan Agreement.

2. <u>DESCRIPTION OF COLLATERAL</u>. Repayment of the Obligations is secured by, among other property, (a) the Collateral, as defined in the Loan Agreement, (b) the Intellectual Property Collateral as defined in a certain Intellectual Property Security Agreement dated as of August 4, 2022 between Innovid LLC and Bank (the "**Innovid LLC IP Security Agreement**"), (c) the Intellectual Property Collateral as defined in a certain Intellectual Property Security Agreement dated as of August 4, 2022 between TV Squared and Bank (the "**TV Squared IP Security Agreement**"), and (d) the Secured Sums as defined in that certain Deed of Pledge dated as of October 25, 2012 executed and delivered by Innovid LLC to Bank (together with any other collateral security granted to Bank, the "**Security Documents**"). Hereinafter, the Security Documents, together with all other documents evidencing or securing the Obligations shall be referred to as the "Existing Loan Documents".

3. <u>DESCRIPTION OF CHANGE IN TERMS</u>.

A. <u>Modifications to Loan Agreement</u>.

1 Borrower hereby acknowledges and agrees that Borrower will deliver to Bank, on or before the date that is 30 days from the date of this Loan Modification Agreement, in form and substance satisfactory to Bank: (a) an Acord 28 certificate reflecting Borrower's property policy; (b) an Acord 25 certificate reflecting Borrower's general liability policy; (c) an endorsement to Borrower's general liability insurance policy naming Bank as an additional insured; (d) an endorsement to Borrower's property insurance policy naming Bank as the sole lender's loss payee; and (e) an endorsement to Borrower's general liability and property insurance policies stating that the insurer will provide Bank with 30 days' prior to such policies being cancelled or altered in any material respect. Borrower acknowledges and agrees that the failure of Borrower to satisfy the requirements set forth in the immediately preceding sentence shall result in an immediate Event of Default under the Loan Agreement for which there shall be no grace or cure period.

2 The Loan Agreement shall be amended by deleting the following, appearing as Section 5.9(a) thereof:

" (a) Maintain Borrower's and any of its Subsidiaries' primary operating accounts, depository accounts, the Cash Collateral Account and primary securities/investment accounts, and all of their non-shekel cash with Bank or Bank's Affiliates. *<u>provided however</u>*: (X) Borrower may maintain Dollar deposit accounts with financial institutions in Israel (other than Bank or Bank's Affiliates) provided that the aggregate amount of funds held in all such accounts together shall not exceed Five Hundred Thousand Dollars ($500,000.00) in the aggregate at any time; (Y) subject the provisions of Section 7.13: (i) Innovid Media Ltd may maintain its existing NIS deposit account no. 640-557740 with Poalim in Israel, and (ii) Innovid AU Pty Ltd, may maintain an operating account with a financial institutions in Australia (other than Bank or Bank's Affiliates) provided that the aggregate amount of funds held in such account. shall not exceed Two Hundred Fifty Thousand Dollars ($250,000.00) in the aggregate at any time (iii) Innovid Argentina SRL may maintain (A) its existing Argentine peso deposit account no. 208-006911/9 with Santander Rio Bank and (B) its existing Argentine peso deposit account no. 7968-4 066-5 with Banco Galicia, and (iv) Innovid EU Limited may maintain its account with Barclays ending 382, provided that the aggregate amount of funds held in such account shall not exceed Five Hundred Thousand Dollars ($500,000.00) in the aggregate at any time, and (v) TV Squared Limited may maintain its accounts with Royal Bank of Scotland and (vi) TV Squared GMBH may maintain its account with Commerzbank AG. Any Guarantor shall maintain all depository, operating and securities/investment accounts with Bank and Bank's Affiliates. The Bank acknowledges that Innovid LLC, funds payroll and accounts payable for its subsidiaries including in Israel, Argentina, Europe and Australia. As such, the balance in any of these accounts (as specified above) may be, for up to five (5) Business Days per month, greater than the amounts stated in this 5.9(a) paragraph, subject however to any limitations set forth herein, including without limitations sub-section (j) to the "Permitted Investments" definition."

and inserting in lieu thereof the following:

" (a) Maintain (i) the Cash Collateral Account and (ii) Borrower's and any of its Subsidiaries' primary operating accounts, depository accounts, and excess cash with Bank or Bank's Affiliates, which accounts for (A) Borrower and its Subsidiaries shall represent greater than 50.0% of the Dollar value of all of Borrower's and its Subsidiaries' accounts at all financial institutions, and (B) Borrower shall represent greater than 50.0% of the Dollar value of all of Borrower's accounts at all financial institutions. Any Guarantor shall maintain all depository accounts, operating accounts, and excess cash with Bank and Bank's Affiliates. Subject to the foregoing limitation, Borrower's Foreign Subsidiaries may maintain their primary operating and deposit accounts with financial institutions, other than Bank or Bank's Affiliates (for clarity, amounts maintained in any such accounts shall be included in the calculations set forth in the immediately preceding sentence)."

3 The Loan Agreement shall be amended by deleting the following, appearing as Section 5.10 thereof:

" **5.10 Financial Covenants**.

(a) Adjusted Quick Ratio. Maintain at all times, to be tested as of the last day of each month, a ratio of Quick Assets to Current Liabilities minus the current portion of Deferred Revenue ("**AQR**") of at least 1.30 to 1.00. Notwithstanding anything to the contrary, the Bank acknowledges and confirms that the AQR will be based on Parent's consolidated financials.

(b) Adjusted EBITDA. Maintain at all times when Borrower (based on Parent's consolidated financials statements filed with the SEC) does not maintain AQR of at least 1:50 to 1:00, measured as of the end of each fiscal quarter during the following periods, Adjusted EBITDA (as defined in Parent's SEC filings) of at least the following:

Period	**Minimum Adjusted EBITDA**
Calendar quarter ending on March 31, 2022	($3,500,000)
Calendar quarter ending on June 30, 2022	$750,000
Calendar quarter ending on September 30, 2022	$1,500,000
Calendar quarter ending on December 31, 2022	$3,000,000
Calendar quarter ending on March 31, 2023	($3,500,000)
Calendar quarter ending on June 30, 2023	$1,500,000
Calendar quarter ending on September 30, 2023	$3,000,000
Calendar quarter ending on December 31, 2023	$5,000,000

With respect to any period ending after December 31, 2023, the EBITDA levels applicable to such period shall be determined by Bank, in its sole discretion, until December 31, 2023 based upon, among other factors, budgets, sales projections, operating plans and other financial information of Borrower that Bank deems relevant, including, without limitation, Borrower's financial projections. With respect thereto: Borrower's failure to deliver to Bank, on or before December 1, 2023 Borrower's budgets, sales projections, operating plans and other financial information of Borrower that Bank deems relevant and reasonably requested by Bank prior to such date, including, without limitation, Borrower's quarterly and annual financial projections, together with any related business forecasts used in the preparation of such projections, with respect to Borrower's 2024 fiscal year, shall result in an immediate Event of Default for which there shall be no grace or cure period."

and inserting in lieu thereof the following:

" **5.10 Financial Covenants**.

(a) Adjusted Quick Ratio. Maintain at all times, calculated on a consolidated basis with respect to Parent and its Subsidiaries (which shall in all cases include Borrower), to be tested as of the last day of each month, a ratio of Quick Assets to Current Liabilities minus the current portion of Deferred Revenue ("**AQR**") of at least 1.30 to 1.00.

(b) Adjusted EBITDA. Maintain at all times, to be tested as of the last day of each calendar quarter, Adjusted EBITDA, calculated on a consolidated basis with respect to Parent and its Subsidiaries (which shall in all cases include Borrower), in an amount equal to at least the amount set forth in the table below corresponding to such calendar quarter:

Period	**Minimum Adjusted EBITDA**
Calendar quarter ending on March 31, 2022	($3,500,000)
Calendar quarter ending on June 30, 2022	$750,000
Calendar quarter ending on September 30, 2022	$1,500,000
Calendar quarter ending on December 31, 2022	$3,000,000
Calendar quarter ending on March 31, 2023	($3,500,000)
Calendar quarter ending on June 30, 2023	($1,000,000)
Calendar quarter ending on September 30, 2023	$750,000
Calendar quarter ending on December 31, 2023	$750,000
Calendar quarter ending on March 31, 2024	($3,000,000)
Calendar quarter ending on June 30, 2024	$3,250,000
Calendar quarter ending on September 30, 2024	$750,000
Calendar quarter ending on December 31, 2024	$6,500,000

With respect to the period ending after December 31, 2024 through and including March 31, 2025, the EBITDA levels applicable to such period shall be determined by Bank, in its sole discretion, until March 31, 2025 based upon, among other factors, budgets, sales projections, operating plans and other financial information of Borrower that Bank deems relevant, including, without limitation, Borrower's financial projections. With respect thereto, Borrower's failure to deliver to Bank, on or before December 31, 2024 Borrower's budgets, sales projections, operating plans and other financial information of Borrower that Bank deems relevant and reasonably requested by Bank prior to such date, including, without limitation, Borrower's quarterly and annual financial projections, together with any related business forecasts used in the preparation of such projections, with respect to the period ending after December 31, 2024 through and including March 31, 2025, shall result in an immediate Event of Default for which there shall be no grace or cure period.

Notwithstanding the foregoing, Bank will not test the financial covenant set forth in this Section 5.10(b) for any calendar quarter with respect to which Borrower has provided evidence, satisfactory to Bank in its sole discretion, that Borrower had AQR, calculated on a consolidated basis with respect to Parent and its Subsidiaries (which shall in all cases include Borrower), greater than or equal to 1.50 to 1.00 at all times for such calendar quarter; provided, however if Borrower's AQR, calculated on a consolidated basis with respect to Parent and its Subsidiaries (which shall in all cases include Borrower) is at any time, less than 1.50 to 1.00 in any calendar quarter, Borrower shall have also maintained at all times, in the immediately preceding calendar quarter, as of the last day of such calendar quarter, the required minimum Adjusted EBITDA level set forth above for such calendar quarter."

4 The Loan Agreement shall be amended by inserting the following new definitions, appearing alphabetically in Section 12.2 thereof:

" "**Domestic Subsidiary**" means a Subsidiary organized under the laws of the United States or any state or territory thereof or the District of Columbia."

" "**Foreign Subsidiary**" means any Subsidiary which is not a Domestic Subsidiary."

" "**Interest Expense**" means for any fiscal period, interest expense (whether cash or non-cash) determined in accordance with GAAP for the relevant period ending on such date, including, in any event, interest expense with respect to any Credit Extension and other Indebtedness of Parent and its Subsidiaries (which shall in all cases include Borrower), including, without limitation or duplication, all commissions, discounts, or related amortization and other fees and charges with respect to letters of credit and bankers' acceptance financing and the net costs associated with interest rate swap, cap, and similar arrangements, and the interest portion of any deferred payment obligation (including leases of all types)."

" "**Net Income**" means, as calculated on a consolidated basis for Parent and its Subsidiaries (which shall in all cases include Borrower), for any period as at any date of determination, the net profit (or loss), after provision for taxes, of Parent and its Subsidiaries (which shall in all cases include Borrower) for such period taken as a single accounting period."

" "**Parent**" is defined in the definition of "Change in Control"."

" "**Total Liabilities**" is on any day, calculated on a consolidated basis with respect to Parent and its Subsidiaries (which shall in all cases include Borrower), obligations that should, under GAAP, be classified as liabilities on Parent's and its Subsidiaries' (which shall in call cases include Borrower) consolidated balance sheet, including all Indebtedness."

5 The Loan Agreement shall be amended by deleting the following definitions, appearing in Section 12.2 thereof:

" "**Adjusted EBITDA**" means, as determined in accordance with GAAP, (a) net income, plus (b) to the extent deducted in the calculation of net income, interest, taxes, depreciation and amortization, plus (c) to the extent deducted in the calculation of net income, non-cash stock-based compensation, as set forth on Borrower's most recent consolidated balance sheet and income statement delivered to Bank pursuant to Section 5.3."

" "**Advances**" or "**Advances**" means a revolving credit loan (or revolving credit loans) under the Revolving Line (including, for the avoidance of doubt, Non-Formula Advances)."

“ “**Current Liabilities**” are all obligations and liabilities of Borrower to Bank (including without limitation, all obligations and liabilities in connection with the Revolving Line), plus, without duplication, the aggregate amount of Borrower’s Total Liabilities that mature within one (1) year.”

“ “**IP Agreement**” is that certain Intellectual Property Security Agreement between Borrower and Bank dated as of the Effective Date, as may be amended, modified or restated from time to time.”

“ “**Quick Assets**” is, on any date, Parent’s, consolidated, unrestricted and unencumbered cash maintained with Bank and Borrower’s net billed accounts receivable.”

and inserting in lieu thereof the following:

“ “**Adjusted EBITDA**” means, as determined in accordance with GAAP, calculated on a consolidated basis with respect to Parent and its Subsidiaries (which shall in all cases include Borrower), (a) Net Income, plus (b) to the extent deducted in the calculation of Net Income, (i) Interest Expense, (ii) depreciation amortization and impairment expense, (iii) income tax expense, (iv) non-cash stock-based compensation, (v) non-recurring expenses solely with respect to (A) Borrower’s calendar quarters ending June 30, 2023, September 30, 2023 and December 31, 2023, in an aggregate amount not to exceed $1,000,000.00 in any such calendar quarter and $2,500,000.00 in the aggregate for all addbacks for the calendar quarters ending June 30, 2023, September 30, 2023 and December 31, 2023 measured together, and (B) the fiscal year ending December 31, 2024, in an aggregate amount not to exceed $750,000.00 in any calendar quarter and $2,000,000.00 in the aggregate for all such addbacks in such fiscal year measured together, (vi) one (1) time expenses approved by Bank in writing in its sole discretion, and (vii) non-cash finance expenses, minus (c) fees and expenses related to capitalized software, plus (d) to the extent included in the calculation of Net Income, non-cash finance income.”

“ “**Advances**” or “**Advances**” means a revolving credit loan (or revolving credit loans) under the Revolving Line.”

“ “**Current Liabilities**” are, calculated on a consolidated basis with respect to Parent and its Subsidiaries (which shall in all cases include Borrower), all obligations and liabilities of Parent and its Subsidiaries (which shall in all cases include Borrower) to Bank (including without limitation, all obligations and liabilities in connection with the Revolving Line), plus, without duplication, the aggregate amount of Parent’s and its Subsidiaries (which shall in all cases include Borrower) Total Liabilities that mature within one (1) year.”

“ “**IP Agreement**” is, collectively, (a) that certain Intellectual Property Security Agreement between Innovid LLC and Bank dated as of the Effective Date, and (b) that certain Intellectual Property Security Agreement between TV Squared and Bank dated as of the Effective Date, in each case, as may be amended, modified or restated from time to time.”

“ “**Quick Assets**” is, on any date, (a) (i) calculated on a consolidated basis with respect to Parent and its Subsidiaries (which shall in all cases include Borrower), unrestricted and unencumbered cash maintained with Bank and (ii) Borrower’s cash maintained at financial institutions other than Bank, so long as such account is subject to a Control Agreement satisfactory to Bank in its sole discretion, plus (b) calculated on a consolidated basis with respect to Parent and its Subsidiaries (which shall in all cases include Borrower), net billed accounts receivable.”

B. Schedule I (LSA Provisions) to the Loan Agreement is deleted in its entirety and replaced with Schedule I (LSA Provisions) attached as**__Annex A__** hereto.

C. The Compliance Statement appearing as **Exhibit A** to the Loan Agreement is hereby deleted and replaced with the Compliance Statement attached as **Schedule 1** hereto.

4. FEES AND EXPENSES. Borrower shall pay to Bank a modification fee equal to Twenty Thousand Dollars ($20,000.00), which fee shall be fully earned, due and payable on the date hereof. Borrower shall also reimburse Bank for all legal fees and expenses incurred in connection with this amendment to the Existing Loan Documents.

5. PERFECTION CERTIFICATES.

A. Innovid LLC hereby ratifies, confirms and reaffirms, all and singular, the terms and disclosures contained in that certain Perfection Certificate of Innovid LLC dated as of August 2, 2023 (the "**Innovid LLC Perfection Certificate**"), and acknowledges, confirms and agrees that the disclosures and information Innovid LLC provided to Bank in such Perfection Certificate have not changed, as of the date hereof.

B. TV Squared hereby ratifies, confirms and reaffirms, all and singular, the terms and disclosures contained in that certain Perfection Certificate of TV Squared dated as of August, 2023 (the "**TV Squared Perfection Certificate**"), and acknowledges, confirms and agrees that the disclosures and information TV Squared provided to Bank in such Perfection Certificate have not changed, as of the date hereof.

Borrower hereby acknowledges and agrees that all references in the Loan Agreement to the "Perfection Certificate" shall mean and include the Innovid LLC Perfection Certificate and the TV Squared Perfection Certificate referred to herein.

6. RATIFICATION OF IP SECURITY AGREEMENTS.

A. Innovid LLC hereby ratifies, confirms and reaffirms, all and singular, the terms and conditions of the Innovid LLC IP Security Agreement, and acknowledges, confirms and agrees that the Innovid LLC IP Security Agreement contains an accurate and complete listing of all Intellectual Property Collateral as defined in the Innovid LLC IP Security Agreement, and shall remain in full force and effect.

B. TV Squared hereby ratifies, confirms and reaffirms, all and singular, the terms and conditions of the TV Squared IP Security Agreement, and acknowledges, confirms and agrees that the TV Squared IP Security Agreement contains an accurate and complete listing of all Intellectual Property Collateral as defined in the TV Squared IP Security Agreement, and shall remain in full force and effect.

7. CONSISTENT CHANGES. The Existing Loan Documents are hereby amended wherever necessary to reflect the changes described above.

8. RATIFICATION OF LOAN DOCUMENTS. Borrower hereby ratifies, confirms, and reaffirms all terms and conditions of all security or other collateral granted to Bank, and confirms that the indebtedness secured thereby includes, without limitation, the Obligations.

9. RELEASE BY BORROWER.

A. FOR GOOD AND VALUABLE CONSIDERATION, Borrower hereby forever relieves, releases, and discharges Bank and its present or former employees, officers, directors, agents, representatives, attorneys, and each of them, from any and all claims, debts, liabilities, demands, obligations, promises, acts, agreements, costs and expenses, actions and causes of action, of every type, kind, nature, description or character whatsoever, whether known or unknown, suspected or unsuspected, absolute or contingent, arising out of or in any manner whatsoever connected with or related to facts, circumstances, issues, controversies or claims existing or arising from the beginning of time through and including the date of execution of this Loan Modification Agreement (collectively "Released Claims"). Without limiting the foregoing, the Released Claims shall include any and all liabilities or claims arising out of or in any manner whatsoever connected with or related to the Loan Documents, the Recitals hereto, any instruments, agreements or documents executed in connection with any of the foregoing or the origination, negotiation, administration, servicing and/or enforcement of any of the foregoing.

B. In furtherance of this release, Borrower expressly acknowledges and waives any and all rights under Section 1542 of the California Civil Code, which provides as follows:

> "**A general release** does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party." (Emphasis added.)

C. By entering into this release, Borrower recognizes that no facts or representations are ever absolutely certain and it may hereafter discover facts in addition to or different from those which it presently knows or believes to be true, but that it is the intention of Borrower hereby to fully, finally and forever settle and release all matters, disputes and differences, known or unknown, suspected or unsuspected; accordingly, if Borrower should subsequently discover that any fact that it relied upon in entering into this release was untrue, or that any understanding of the facts was incorrect, Borrower shall not be entitled to set aside this release by reason thereof, regardless of any claim of mistake of fact or law or any other circumstances whatsoever. Borrower acknowledges that it is not relying upon and has not relied upon any representation or statement made by Bank with respect to the facts underlying this release or with regard to any of such party's rights or asserted rights.

D. This release may be pleaded as a full and complete defense and/or as a cross-complaint or counterclaim against any action, suit, or other proceeding that may be instituted, prosecuted or attempted in breach of this release. Borrower acknowledges that the release contained herein constitutes a material inducement to Bank to enter into this Loan Modification Agreement, and that Bank would not have done so but for Bank's expectation that such release is valid and enforceable in all events.

E. Borrower hereby represents and warrants to Bank, and Bank is relying thereon, as follows:

1 Except as expressly stated in this Loan Modification Agreement, neither Bank nor any agent, employee or representative of Bank has made any statement or representation to Borrower regarding any fact relied upon by Borrower in entering into this Loan Modification Agreement.

2 Borrower has made such investigation of the facts pertaining to this Loan Modification Agreement and all of the matters appertaining thereto, as it deems necessary.

3 The terms of this Loan Modification Agreement are contractual and not a mere recital.

4 This Loan Modification Agreement has been carefully read by Borrower, the contents hereof are known and understood by Borrower, and this Loan Modification Agreement is signed freely, and without duress, by Borrower.

5 Borrower represents and warrants that it is the sole and lawful owner of all right, title and interest in and to every claim and every other matter which it releases herein, and that it has not heretofore assigned or transferred, or purported to assign or transfer, to any person, firm or entity any claims or other matters herein released. Borrower shall indemnify Bank, defend and hold it harmless from and against all claims based upon or arising in connection with prior assignments or purported assignments or transfers of any claims or matters released herein.

10. CONTINUING VALIDITY. Borrower understands and agrees that in modifying the existing Obligations, Bank is relying upon Borrower's representations, warranties, and agreements, as set forth in the Existing Loan Documents. Except as expressly modified pursuant to this Loan Modification Agreement, the terms of the Existing Loan Documents remain unchanged and in full force and effect. Bank's agreement to modifications to the existing Obligations pursuant to this Loan Modification Agreement in no way shall obligate Bank to make any future modifications to the Obligations. Nothing in this Loan Modification Agreement shall constitute a satisfaction of the Obligations. It is the intention of Bank and Borrower to retain as liable parties all makers of Existing Loan

Documents, unless the party is expressly released by Bank in writing. No maker will be released by virtue of this Loan Modification Agreement.

11. COUNTERSIGNATURE. This Loan Modification Agreement shall become effective only when it shall have been executed by Borrower and Bank.

12. ELECTRONIC EXECUTION OF DOCUMENTS. The words " execution," " signed," " signature" and words of like import in this Loan Modification Agreement shall be deemed to include electronic signatures or the keeping of records in electronic form, each of which shall be of the same legal effect, validity and enforceability as a manually executed signature or the use of a paper-based recordkeeping systems, as the case may be, to the extent and as provided for in any applicable law, including, without limitation, any state law based on the Uniform Electronic Transactions Act.

13. GOVERNING LAW. This First Loan Modification Agreement and the rights and obligations of the parties hereto shall be governed by and construed in accordance with the laws of the State of New York.

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IN WITNESS WHEREOF, the parties hereto have caused this Loan Modification Agreement to be executed as of the date first written above.

BANK:

FIRST-CITIZENS BANK & TRUST COMPANY (SUCCESSOR BY PURCHASE TO THE FEDERAL DEPOSIT INSURANCE CORPORATION AS RECEIVER FOR SILICON VALLEY BRIDGE BANK, N.A. (AS SUCCESSOR TO SILICON VALLEY BANK))

By /s/ Jaime Mariano________________________
Name: Jaime E. Mariano
Title: Managing Director, Corporate Banking Credit Solutions

BORROWER:

INNOVID LLC

By /s/ Zvika Netter__________________________
Name: Zvika Netter
Title: President and Chief Executive Officer

TV SQUARED INC

By /s/ Zvika Netter__________________________
Name: Zvika Netter
Title: Director

Annex A

SCHEDULE I
LSA PROVISIONS

LSA Section	LSA Provision
1.1(a) – Revolving Line – Availability	Amounts borrowed under the Revolving Line may be prepaid or repaid and, prior to the Revolving Line Maturity Date, reborrowed, subject to the applicable terms and conditions precedent herein.
1.4(a)(i) – Interest Payments – Advances	Interest on the principal amount of each Advance is payable in arrears (A) monthly on each Payment Date, (B) on the date of any prepayment and (C) on the Revolving Line Maturity Date.
1.4(b)(i) – Interest Rate – Advances	The outstanding principal amount of any Advance shall accrue interest at a floating rate per annum equal to the greater of (1) four and one-quarter of one percent (4.25%) and (2) the Prime Rate plus the Prime Rate Margin, which interest shall be payable in accordance with Section 1.4(a).
1.4(e) – Interest Computation	Interest shall be computed on the basis of the actual number of days elapsed and a 360-day year for any Credit Extension outstanding.
1.5(a) – Revolving Line Commitment Fee and Anniversary Fee	(a) A fully earned, non-refundable commitment fee of Forty Thousand Dollars ($40,000) on the Effective Date, and (b) an anniversary fee equal to Seventy Five Thousand Dollars ($75,000), which is due and payable on the earlier to occur of (i) each anniversary of the Effective Date, (ii) the termination of this Agreement, or (iii) the occurrence of an Event of Default, and shall be fully earned and non-refundable as of such date.
8.8 – Borrower Liability	Each Borrower hereunder shall be jointly and severally obligated to repay all Credit Extensions made hereunder and any other Obligations related thereto, regardless of which Borrower actually receives said Credit Extension, as if each Borrower hereunder directly received all Credit Extensions.
12.2 – “Borrower”	“**Borrower**” means, individually and collectively, jointly and severally, (i) Innovid LLC, a Delaware limited liability company with its principal place of business at 30 Irving Place 12th Floor New York, NY 10003 (“**Innovid LLC**”) and (ii) TV Squared Inc, a Delaware corporation with its principal place of business at 30 Irving Pl, Fl 12, New York, NY 10003 (“**TV Squared**”).
12.2 – “Effective Date”	“**Effective Date**” is August 4, 2022.
12.2 – “Payment Date”	“**Payment Date**” is with respect to Advances, the last calendar day of each month.
12.2 – “Prime Rate”	“**Prime Rate**” is the rate of interest per annum from time to time published in the money rates section ofThe Wall Street Journal or any successor publication thereto as the “prime rate” then in effect; provided that if such rate of interest, as set forth from time to time in the money rates section of The Wall Street Journal, becomes unavailable for any reason as determined by Bank, the “Prime Rate” shall mean the rate of interest per annum announced by Bank as its prime rate in effect at its principal office in the State of California (such Bank announced Prime Rate not being intended to be the lowest rate of interest charged by Bank in connection with extensions of credit to debtors); provided that, in the event such rate of interest is less than zero percent (0.0%) per annum, such rate shall be deemed to be zero percent (0.0%) per annum for purposes of this Agreement.
12.2 – “Prime Rate Margin”	“**Prime Rate Margin**” is one-quarter of one percent (0.25%).
12.2 – “Revolving Line”	“**Revolving Line**” is an aggregate principal amount equal to Fifty Million Dollars ($50,000,000).
12.2 – “Revolving Line Maturity Date”	“**Revolving Line Maturity Date**” is June 30, 2025.

SCHEDULE 1

EXHIBIT A
COMPLIANCE STATEMENT

TO: SILICON VALLEY BANK, Date: ________
a division of First-Citizens Bank & Trust Company
FROM: INNOVID LLC and TV SQUARED INC

Under the terms and conditions of the Loan and Security Agreement between Borrower and Bank (as amended, modified, supplemented and/or restated from time to time, the "**Agreement**"), Borrower is in complete compliance for the period ending _______________ with all required covenants except as noted below. Attached are the required documents evidencing such compliance, setting forth calculations prepared in accordance with GAAP consistently applied from one period to the next except as explained in an accompanying letter or footnotes. Capitalized terms used but not otherwise defined herein shall have the meanings given them in the Agreement.

Please indicate compliance status by circling Yes/No under "Complies" column.

Reporting Covenants	Required	Complies
Monthly financial statements	Monthly within 30 days	Yes No
Quarterly financial statements (income statement, cash flow, and balance sheet)	Quarterly, when reported to the SEC	
Annual financial statements (CPA Audited)	FYE within 180 days	Yes No
10-Q, 10-K and 8-K	Within 5 days after filing with SEC	Yes No
Annual operating budgets, Capitalization table and projections	as soon as available, at least annually, and within 10 days following board approval, and as revised	Yes No
Copies of materials provided to the Board	at the same time it is delivered to the Board members	Yes No
The following Intellectual Property was registered after the Effective Date (if no registrations, state "None") ____		

Financial Covenants	Required	Actual	Complies
Maintain as indicated:			
Adjusted Quick Ratio (at all times; tested monthly)	1.30:1.00	___:1.00	Yes No
Minimum Adjusted EBITDA (at all times; tested quarterly)	________*	$________	Yes No N/A**

**As set forth in Section 5.10(b) of the Agreement.*
****Testing subject to Section 5.10(b) of the Agreement.*

The following financial covenant analysis and information set forth in Schedule 1 attached hereto are true and accurate as of the date of this Compliance Statement.

The following are the exceptions with respect to the statements above: (If no exceptions exist, state "No exceptions to note.")

Schedule 1 to Compliance Statement

Financial Covenants of Borrower

In the event of a conflict between this Schedule and the Loan Agreement, the terms of the Loan Agreement shall govern.

Dated: ____________________

I. **Adjusted Quick Ratio** (tested monthly on a consolidated basis for Parent and its Subsidiaries (which shall in all cases include Borrower)) (Section 5.10 (a))

Required: $\geq$ 1.30:1.00

Actual:

A.	Aggregate value of the unrestricted and unencumbered cash of Parent and its Subsidiaries (which shall in all cases include Borrower) maintained with Bank	$
B.	Aggregate value of Borrower's cash maintained at financial institutions other than Bank, so long as such account is subject to a Control Agreement satisfactory to Bank in its sole discretion	$
C.	Aggregate value of the net billed accounts receivable of Parent and its Subsidiaries (which shall in all cases include Borrower)	$
D.	Quick Assets (the sum of lines A, B, and C)	$
E.	Aggregate value of obligations and liabilities of Parent and its Subsidiaries (which shall in all cases include Borrower) to Bank	$
F.	Aggregate value of liabilities of Parent and its Subsidiaries (which shall in all cases include Borrower) that matures within one (1) year	$
G.	Current Liabilities (the sum of line E and F)	$
H.	Adjusted Quick Ratio (line E divided by line G)	

Is line H equal to or greater than the ratio set forth above?

__ No, not in compliance __ Yes, in compliance

II. **Adjusted EBITDA** (tested monthly on a consolidated basis for Parent and its Subsidiaries (which shall in all cases include Borrower)) (Section 5.10 (b))

Required: See chart below

Period	**Minimum Adjusted EBITDA**
Calendar quarter ending on March 31, 2022	($3,500,000)
Calendar quarter ending on June 30, 2022	$750,000
Calendar quarter ending on September 30, 2022	$1,500,000
Calendar quarter ending on December 31, 2022	$3,000,000
Calendar quarter ending on March 31, 2023	($3,500,000)
Calendar quarter ending on June 30, 2023	($1,000,000)
Calendar quarter ending on September 30, 2023	$750,000
Calendar quarter ending on December 31, 2023	$750,000
Calendar quarter ending on March 31, 2024	($3,000,000)
Calendar quarter ending on June 30, 2024	$3,250,000
Calendar quarter ending on September 30, 2024	$750,000
Calendar quarter ending on December 31, 2024	$6,500,000

Actual:

A.	Net Income	$__________
B.	To the extent included in the determination of Net Income	
	1. Interest Expense	$__________
	2. Income tax expense	$__________
	3. Depreciation expense	$__________
	4. Amortization and impairment expense	$__________
	5. Non-cash stock-based compensation	$__________
	6. non-recurring expenses solely with respect to (a) Borrower's calendar quarters ending June 30, 2023, September 30, 2023 and December 31, 2023, in an aggregate amount not to exceed $1,000,000.00 in any such calendar quarter and $2,500,000.00 in the aggregate for all addbacks for the calendar quarters ending June 30, 2023, September 30, 2023 and December 31, 2023 measured together, and (b) the fiscal year ending December 31, 2024, in an aggregate amount not to exceed $750,000.00 in any calendar quarter and $2,000,000.00 in the aggregate for all such addbacks in such fiscal year measured together	$__________
	7. One (1) time expenses approved by Bank in writing in its sole discretion	$__________
	8. Non-cash finance expenses	$__________
	9. The sum of lines 1 through 8	$__________
C.	Capitalized Software Costs	$__________
D.	Non-cash finance income	$__________
E.	Adjusted EBITDA (the sum of lines A and B, minus line C, minus Line D)	$__________

Is line E equal to or greater than _______*?

**As set forth in the chart above.*

__ No, not in compliance __ Yes, in compliance __________ N/A**

** Testing subject to Section 5.10(b) of the Agreement.

Exhibit 31.1

CERTIFICATION
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Zvika Netter, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Innovid Corp.;

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

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

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

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

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

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

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

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

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

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

Date: August 8, 2023

/s/ Zvika Netter

Zvika Netter
Chief Executive Officer

CERTIFICATION
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Tanya Andreev-Kaspin, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Innovid Corp.;

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

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

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

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

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

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

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

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

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

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

Date: August 8, 2023

/s/ Tanya Andreev-Kaspin

Tanya Andreev-Kaspin
Chief Financial Officer

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of Innovid Corp. (the “Company”) for the period ended June 30, 2023, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

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

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

Dated: August 8, 2023 /s/ Zvika Netter

Zvika Netter
Chief Executive Officer

The foregoing certification is being furnished solely to accompany the Report pursuant to 18 U.S.C. Section 1350, and is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not to be incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of Innovid Corp. (the "Company") for the period ended June 30, 2023, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

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

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

Dated: August 8, 2023 /s/ Tanya Andreev-Kaspin
Tanya Andreev-Kaspin
Chief Financial Officer

The foregoing certification is being furnished solely to accompany the Report pursuant to 18 U.S.C. Section 1350, and is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not to be incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.