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

FORM 20-F

(Mark One)

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

OR

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

For the fiscal year ended December 31, 2024

OR

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

OR

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

Date of event requiring this shell company report: N/A

Commission File Number: 001-41745

ODDITY TECH LTD.
(Exact name of Registrant as specified in its charter)

Not Applicable	Israel
(Translation of Registrant's name into English)	(Jurisdiction of incorporation or organization)

8 HaHarash Street
Tel Aviv-Jaffa, 6761304, Israel
(Address of principal executive offices)

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(Name, Telephone, Email and/or Facsimile number and Address of Company Contact Person)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A Ordinary Shares, par value NIS 0.001 per share	ODD	Nasdaq Global Market

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

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

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

Outstanding as of December 31, 2024: 44,281,291 Class A Ordinary Shares and 11,547,000 Class B Ordinary Shares.

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

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. Yes ☐ No ☒

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

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

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

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

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

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

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

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

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

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

US GAAP ☒	International Financial Reporting Standards as issued by the International Accounting Standards Board ☐	Other ☐

If "Other" has been checked in response to the previous question indicate by check mark which financial statement item the registrant has elected to follow. Item 17 ☐ Item 18 ☐

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

ODDITY TECH LTD.

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report contains or may contain forward-looking statements as defined in Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), that involve significant risks and uncertainties. All statements other than statements of historical facts are forward-looking statements. These forward-looking statements include information about our possible or assumed future results of operations or our performance. Words such as "anticipate," "appear," "approximate," "believe," "continue," "could," "estimate," "expect," "foresee," "intends," "may," "might," "plan," "possible," "potential," "predict," "project," "seek," "should," "would" and variations of such words and similar expressions (or the negative version of such words or expressions) may identify forward-looking statements, but the absence of these words does not mean that a statement is not forward-looking. The risk factors and cautionary language referred to in this Annual Report provide examples of risks, uncertainties and events that may cause actual results to differ materially from the expectations described in our forward-looking statements, including among other things, the items identified in the section of this Annual Report titled "Item 3.D. Key Information—Risk Factors."

In addition, forward-looking statements contained in this Annual Report include, but are not limited to, statements about:

- our ability to execute our business model, including our ability to successfully launch new products and brands;
- our expectations regarding our financial and business performance;
- the size of our addressable market, market share, and market trends;
- our ability to attract and retain a large number of consumers;
- our ability to anticipate the needs and wants of consumers;
- our ability to compete effectively;
- anticipated trends, developments, and challenges in our industry;
- the sufficiency of our cash and cash equivalents;
- our future capital requirements and sources and uses of cash;
- our ability to effectively manage our supply chain; our ability to attract and retain key personnel;
- our business, expansion plans, and opportunities, including our ability to scale our operations and manage our future growth effectively;
- our expectations regarding our ability to obtain, maintain, protect, defend, and enforce our intellectual property rights and operate without infringing, misappropriating, or otherwise violating the intellectual property rights of others;
- our ability to comply with and adapt to changes in laws and regulatory requirements applicable to our business, including with respect to data privacy and security; and
- our expectation regarding any litigation, regulatory proceedings, complaints, product liability claims, and/or adverse publicity.

Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this Annual Report. Although we believe that the expectations reflected in such forward-looking statements are reasonable, there can be no assurance that such expectations will prove to be correct. These statements involve known and unknown risks and are based upon a number of assumptions and estimates which are inherently subject to significant uncertainties and contingencies, many of which are beyond our control. Actual results may differ materially from those expressed or implied by such forward-looking statements. 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.

BASIS OF PRESENTATION

Our consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States ("U.S. GAAP"). We present our consolidated financial statements in U.S. dollars. Our fiscal year ends on December 31 of each year. Our most recent fiscal year ended on December 31, 2024. Certain monetary amounts, percentages and other figures included elsewhere in this Annual Report have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables or charts may not be the arithmetic aggregation of the figures that precede them, and figures expressed as percentages in the text may not total 100% or, as applicable, when aggregated may not be the arithmetic aggregation of the percentages that precede them.

ODDITY LABS' PRODUCT DEVELOPMENT PROCESS

We discuss ODDITY LABS' "science-backed" products in this Annual Report to mean a product development process where ingredients are developed by scientists using a methodology that combines advanced biological models and machine learning-based tools to find new molecules for beauty and wellness applications; this includes applying algorithmic solutions to facilitate virtual screening of vast ingredient spaces (*e.g.*, millions of molecules) and subsequent molecule prediction, allowing us to model both the intended responses and molecule structure concurrently. The FDA has not approved any of our products or otherwise determined such products to be safe and effective for any intended uses.

MARKET AND INDUSTRY DATA

Unless otherwise indicated, information in this Annual Report concerning economic conditions, our industry, our markets, and our competitive position is based on a variety of sources, including information from independent industry analysts and publications, as well as our own estimates and research. Our estimates are derived from publicly available information released by independent third-party sources, as well as data from our internal research, and are based on assumptions made by us upon reviewing such data, and our knowledge of our industry, which we believe to be reasonable. The sources of certain statistical data, estimates, and forecasts contained elsewhere in this Annual Report are from Euromonitor and Women's Wear Daily, independent industry publications. Projections, assumptions, and estimates of the future performance of the industry in which we operate and our future performance are necessarily subject to uncertainty and risk due to a variety of factors, including those described in the sections titled "Item 3.D. Key Information—Risk Factors" and "Special Note Regarding Forward-Looking Statements." These and other factors could cause results to differ materially from those expressed in the estimates made by independent third parties and by us.

TRADEMARKS

We own certain trademarks and trademark applications that are important to our business, including, among others, ODDITY, IL MAKIAGE and SpoiledChild. Solely for convenience, our trademarks and trade names referred to in this Annual Report may appear without the "®" or "™" symbols, but such references are not intended to indicate, in any way, that we will not assert, to the fullest extent possible under applicable law, our rights or the rights of the applicable licensor to these trademarks and trade names. We do not intend our use or display of other companies' trademarks, trade names, or service marks to imply a relationship with, or endorsement or sponsorship of us by, any other companies. Each trademark, trade name, or service mark of any other company appearing in this Annual Report is the property of its respective holder.

FREQUENTLY USED TERMS

Unless otherwise stated or the context otherwise requires, for the purposes of this Annual Report, “ODDITY”, “Oddity”, “we”, “us”, “our”, or the “Company” refer to the business of Oddity Tech Ltd. and its subsidiaries.

In addition, unless the context otherwise requires, references in this Annual Report to:

- “AI” are to “artificial intelligence”;
- “Board” are to our board of directors;
- “Companies Law” are to the Israeli Companies Law, 5759-1999, as amended from time to time, including any regulations promulgated thereunder;
- “Exchange Act” are to the Securities Exchange Act of 1934, as amended;
- “EY” are to our independent registered public accounting firm, Kost Forer Gabbay and Kasierer, a member of Ernst & Young Global.
- “GAAP” are to “generally accepted accounting principles”;
- “initial public offering” are to our initial public offering of Class A Ordinary Shares on July 19, 2023;
- “Nasdaq” are to The Nasdaq Stock Market LLC;
- “NIS” are to the New Israeli Shekel;
- “ODDITY LABS” are to our biotechnology center formed in conjunction with our acquisition of Revela;
- “Revela” are to Revela Inc.;
- “RSUs” are to “restricted share units” or “restricted stock units”
- “Sarbanes-Oxley Act” are to the Sarbanes-Oxley Act of 2002, as amended;
- “SEC” are to the Securities and Exchange Commission; and
- “Securities Act” are to the Securities Act of 1933, as amended.

PART I

ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS

A. Directors and Senior Management

Not applicable.

B. Advisors

Not applicable.

C. Auditors

Not applicable.

ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE

Not applicable.

ITEM 3. KEY INFORMATION

A. [Reserved]

B. Capitalization and Indebtedness

Not applicable.

C. Reasons for the Offer and Use of Proceeds

Not applicable.

D. Risk Factors

Summary

An investment in our securities involves substantial risks and uncertainties that may adversely affect our business, financial condition and results of operations and cash flows. Some of the more significant challenges and risks relating to an investment in our company include, among other things, the following:

- Our brands are critical to our success, and the value of our brands may be adversely impacted by negative publicity. If we fail to maintain the value of our brands or our marketing efforts are not successful, our business, financial condition, and results of operations would be adversely affected.

- Our inability to anticipate and respond to market trends and changes in consumer preferences could adversely affect our business, financial condition, and results of operations.

- If we fail to attract new customers, retain existing customers, or fail to maintain or increase sales to those customers, our business, financial condition, and results of operations will be adversely affected.

- Our business depends on our ability to maintain a strong base of engaged customers and content creators, including through the use of social media. We may not be able to maintain and enhance our brand if we experience negative publicity related to our marketing efforts or use of social media, fail to maintain and grow our network of content creators, or otherwise fail to meet our customers' expectations.

- We rely on single source suppliers for certain component materials of our products and the loss of suppliers or shortages or disruptions in the supply of raw materials or finished products could adversely affect our business, financial condition, and results of operations.

- If we are unable to accurately forecast customer demand, manage our inventory and plan for future expenses, our business, financial condition, and results of operations could be adversely affected.

- Our recent rapid growth may not be sustainable or indicative of future growth, and we expect our growth rate to ultimately slow over time.

- If we do not continue to successfully introduce and effectively market new brands, or develop and introduce new, innovative, and updated products, our ability to continue to grow may be adversely affected and we may not be able to maintain or increase our sales and profitability. Difficulty in forecasting may also adversely affect our business, financial condition, and results of operations.

- Changes in data privacy and security laws, rules, regulations, and standards, including laws, rules, and regulations governing our collection, use, disclosure, retention, transfer, storage, and other processing of personal information, including payment card data, and our actual or perceived failure to comply with such obligations may have an adverse effect on our business, financial condition, and results of operations.

- We rely significantly on the use of information technology, including technology provided by third-party service providers. Any failure, error, defect, inadequacy, interruption, or data breach or other security incident of our information technology systems, or those of our third-party service providers, could have an adverse effect on our business, reputation, financial condition, and results of operations.

- Any failure to obtain, maintain, protect, defend, or enforce our intellectual property rights could impair our ability to protect our proprietary technology and our brand.

- The share price of our Class A ordinary shares may be volatile, and you may lose all or part of your investment.

- The dual class structure of our ordinary shares has the effect of concentrating voting power with our co-founder and Chief Executive Officer, which will limit your ability to influence the outcome of important transactions, including a change in control.

- The other risks and uncertainties are discussed in this “Risk Factors” section.

Risks Related to Our Business and Industry

Our brands are critical to our success, and the value of our brands may be adversely impacted by negative publicity. If we fail to maintain the value of our brands or our marketing efforts are not successful, our business, financial condition, and results of operations would be adversely affected.

Our success depends on the value of our brands, which are integral to our business, as well as to the implementation of our strategies for expanding our business. Maintaining, promoting, and positioning our brands will depend largely on the success of our marketing, our technology, and our ability to provide consistent, high quality products. Our brands could be adversely affected if we fail to achieve these objectives or if our public image or reputation were to be tarnished by negative publicity through traditional or social media platforms, including negative publicity about our products, technology, customer service, personnel, marketing efforts, or suppliers. We have experienced instances of negative publicity in the past and can make no assurances that we will not experience negative publicity in the future. Content that is adverse to our interests, whether or not accurate or truthful, could be posted to social media platforms and other platforms and immediately disseminated to broad audiences without any filter or verification of such content. Even isolated incidents involving us, suppliers or third-party service providers, or the products we sell, could erode the trust and confidence of our customers and damage the strength of our brands, especially if such incidents result in adverse publicity, governmental investigations, product recalls, or litigation. We cannot guarantee that our brand development strategies will prevent or mitigate the occurrence of such incidents, accelerate the recognition of our brands, or increase revenue. In addition, the importance of our brands may increase to the extent we experience increased competition, which could require additional expenditures on our brand promotion activities. Maintaining and enhancing the image of our brands also may require us to make additional investments in areas such as marketing and online operations. These investments may be substantial and may not ultimately be successful. Moreover, if we are unsuccessful in obtaining, maintaining, protecting, defending, and enforcing our intellectual property rights in our brands, the value of our brands may be harmed. Any harm to our brands or reputation could adversely affect our ability to attract and engage customers and adversely affect our business, financial condition, and results of operations.

Our inability to anticipate and respond to market trends and changes in consumer preferences could adversely affect our business, financial condition, and results of operations.

Our continued success depends on our ability to anticipate, gauge, and react in a timely and cost-effective manner to changes in consumer tastes for beauty and wellness products, attitudes toward our industry and brand, as well as to where and how consumers shop. We must continually work to maintain and enhance the recognition of our brands, develop, manufacture, and market new technologies and products, maintain and adapt to existing and emerging distribution channels, successfully manage our inventories, and modernize and refine our approach as to how and where we market and sell our products. Consumer tastes and preferences cannot be predicted with certainty and can change rapidly. This issue is compounded by the increasing use of digital and social media by consumers and the speed by which information and opinions are shared. If we are unable to anticipate and respond to sudden challenges that we may face in the marketplace, trends in the market for our products, and changing consumer demands and sentiment, our business, financial condition, and results of operations will be adversely affected. In addition, from time to time, sales growth or profitability may be concentrated in a relatively small number of our products or countries. If such a situation persists or a number of products or countries fail to perform as expected, there could be an adverse effect on our business, financial condition, and results of operations.

If we fail to attract new customers, retain existing customers, or fail to maintain or increase sales to those customers, our business, financial condition, and results of operations will be adversely affected.

Our success depends in large part upon widespread adoption of our products by consumers. To attract new customers and continue to expand our customer base, we must appeal to and attract consumers who identify with our beauty and wellness products. If the number of consumers who are willing to purchase our products does not continue to increase, if we fail to deliver a high quality shopping experience, or if our current or potential future customers are not convinced that our technology and products are superior to alternatives, then our ability to retain existing customers, acquire new customers, and grow our business may be harmed. We have made significant investments in enhancing our brands and attracting new customers, and we expect to continue to make significant investments to promote our products. Such campaigns can be expensive and may not result in new customers or increased sales of our products. Further, as our brands become more widely known, we may not attract new customers or increase our revenue at the same rates as we have in the past. If we are unable to acquire new customers who purchase products in numbers sufficient to grow our business, we may not be able to generate the scale necessary to drive beneficial network effects with our suppliers, our revenue may decrease, and our business, financial condition, and results of operations will be adversely affected.

In addition, our future success depends in part on our ability to increase sales to our existing customers over time, as a significant portion of our revenue is generated from sales to existing customers, particularly those existing customers who are highly engaged and make frequent and/or large repeat purchases of the products we offer. If existing customers no longer find our products or technology appealing or are not satisfied with our customer service and online technology, including shipping times, or if we are unable to timely update our products, technology, and websites to meet current trends and customer demands, our existing customers may not make purchases, or if they do, they may make fewer or smaller purchases in the future.

If we are unable to continue to attract new customers or our existing customers decrease their spending on the products we offer or fail to make repeat purchases of our products, our business, financial condition, results of operations, and growth prospects will be adversely affected.

Our business depends on our ability to maintain a strong base of engaged customers and content creators, including through the use of social media. We may not be able to maintain and enhance our brand if we experience negative publicity related to our marketing efforts or use of social media, fail to maintain and grow our network of content creators, or otherwise fail to meet our customers' expectations.

We currently partner with content creators who help raise awareness of our brands and engage with our customers. Our ability to maintain relationships with our existing content creators and to identify new content creators is critical to expanding and maintaining our customer base. As our market becomes increasingly competitive or as we expand internationally, recruiting and maintaining content creators may become increasingly difficult and expensive. If we are not able to develop and maintain strong relationships with our network of content creators, our ability to promote and maintain awareness of our brands may be adversely affected. Further, if we incur excessive expenses in this effort, our business, financial condition, and results of operations may be adversely affected. We and our content creators use third-party social media platforms to raise awareness of our brands and engage with our customers. As existing social media platforms evolve and new platforms develop, we and our content creators must continue to maintain a presence on these platforms and establish a presence on emerging popular social media platforms. If we are unable to cost-effectively use social media platforms as marketing tools, our ability to acquire new customers and our financial condition may suffer. Furthermore, as laws and regulations governing the use of these platforms evolve, any failure by us, our content creators, our sponsors, or other third parties acting at our direction to abide by applicable laws and regulations in the use of these platforms could subject us to regulatory investigations, class action lawsuits, liability, fines, or other penalties and adversely affect our business, financial condition, and results of operations. In addition, an increase in the use of social media for product promotion and marketing may cause an increase in the burden on us to monitor such materials, and increase the risk that such materials could contain problematic product or marketing claims in violation of applicable regulations. For example, in some cases, the Federal Trade Commission (the "FTC"), has sought enforcement action where an endorsement has failed to clearly and conspicuously disclose a financial relationship or material connection between a social media content creator and an advertiser.

We also do not prescribe what content creators post on social media, and our content creators could engage in behavior or use their platforms in a manner that reflects poorly on our brands or is in violation of applicable regulations or platform terms of service, and all these actions may be attributed to us. Negative commentary regarding us, our products, our content creators, or other third parties, whether accurate or not, may be posted on social media platforms at any time and may adversely affect our reputation, brand, and business. The harm may be immediate, without affording us an opportunity for redress or correction and could adversely affect our business, financial condition, and results of operations.

In addition, customer complaints or negative publicity related to our website, products, product delivery times, customer data handling, marketing efforts, data privacy or security practices, or customer support, especially on blogs and social media websites, could diminish customer loyalty and customer engagement.

Further, laws and regulations, including associated enforcement priorities, rapidly evolve to govern social media platforms and other internet-based communications, and any failure by us, our ambassadors, or other third parties acting at our direction or on our behalf to abide by applicable laws and regulations in the use of these platforms could subject us to regulatory investigations, class action lawsuits, liability, fines, or other penalties. Other risks associated with the use of social media and internet-based communication include improper disclosure of proprietary information, negative comments about our brand or products, exposure of confidential or personal information, fraud, hoaxes, or malicious dissemination of false information. Damage to the brand image and our reputation could have an adverse effect on our business, financial condition, and results of operations.

Conversely, the relaxation or revocation of regulatory restrictions, changes to platform rules including the relaxation or abolishment of content moderation tools, or secular changes in consumer sentiment towards social media could reduce the efficacy of our existing or in-production campaigns, place us at a competitive disadvantage, reduce consumer exposure to our marketing materials or change the demographic of users exposed to them, or damage our brand image and reputation, all of which could have an adverse effect on our business, financial conditions, and results of operations.

Legislative and regulatory action is emerging in the area of AI, which could increase costs or restrict opportunity. For example, in the EU, the AI Act (the "EU AI Act"), on which the European Council and Parliament reached political agreement in December 2023, entered into force on August 1, 2024, and certain regulations had to be complied with as early as February 2, 2025. The EU AI Act classifies various types of AI systems based on risk, establishes corresponding compliance obligations (including transparency and risk assessment requirements), restricts certain uses of AI systems and imposes fines for violations. The EU AI Act could require us to alter or restrict our use of AI in our business as well as entail increased compliance costs, and could result in an increased risk of civil claims or regulatory actions against us, which could adversely affect our business, financial condition and results of operations. Further, regulators are increasingly focused on companies that use, or hold themselves out as using, AI and related technologies, and related enforcement actions may increase, including outside the financial sector. Additionally, analysts and proxy advisory firms have begun adopting guidelines for evaluating companies that integrate AI tools or hold themselves out as doing so, which could result in the adoption of stricter industry standards in this regard, and may have an adverse effect on our ability to implement our business's AI strategy.

We rely on single source suppliers for certain component materials of our products and the loss of suppliers or shortages or disruptions in the supply of raw materials or finished products could adversely affect our business, financial condition, and results of operations.

Certain of the component materials used in our products rely on a single or a limited number of suppliers. We acquire raw material and packaging from third-party suppliers and our finished products are assembled by third-party suppliers. In the past, we have been able to obtain an adequate supply of our finished products on a purchase order basis and currently believe we have an adequate supply for virtually all components of our products. However, we may encounter supply issues with raw materials due to increases in global demand and limited supply capacity. If our finished product suppliers are unable to perform, or our relationship with a supplier is terminated, and we are required to find alternative sources of supply, these new suppliers may have to be qualified under applicable industry, governmental, and our own vendor standards, which could require additional investment and be time-consuming. We cannot guarantee that we will be able to establish alternative relationships with suppliers on similar terms, without delay or at all, that they will be able to supply the same product formulations, or that those alternative relationships will provide an adequate supply.

We are also subject to other risks inherent in the manufacturing of our products and their supply chain, including industrial accidents, natural disasters (including as a result of climate change), environmental events, strikes and other labor disputes, capacity constraints, disruptions in ingredient, material, or packaging supplies, as well as global shortages, disruptions in supply chain or information technology, loss or impairment of key manufacturing sites or suppliers, product quality control, safety, increase in commodity prices and energy costs, licensing requirements and other regulatory issues, as well as natural disasters and other external factors over which we have no control. If such an event were to occur, it could have an adverse effect on our business, financial condition, and results of operations.

We believe our third-party suppliers have adequate resources and facilities to overcome many unforeseen interruptions of supply. However, the inability of our suppliers to provide an adequate supply of finished products and materials used in our products or the loss of any of these suppliers and any difficulties in finding or transitioning to alternative suppliers would adversely affect our business, financial condition, and results of operations. Changes in the financial or business condition of our suppliers could subject us to losses or adversely affect our ability to bring products to market. Further, the failure of our suppliers to deliver goods and services in sufficient quantities, in compliance with applicable standards, and in a timely manner could adversely affect our customer service levels, brands, and overall business. If we experience supply shortages, price increases, or regulatory impediments with respect to the raw materials, ingredients, components, or packaging we use for our products, we may need to seek alternative supplies or suppliers and may experience difficulties in finding replacements that are comparable in quality and price. In addition, in order to meet demand, we may be required to reformulate or substitute ingredients in our products due to shortages of specific raw materials. If we are unable to successfully respond to such issues, our business, financial condition, and results of operations would be adversely affected.

The majority of our suppliers are located in the United States, Italy, China, and Taiwan. Any interruptions in operations at these locations could result in our inability to satisfy product demand. Despite efforts by our suppliers to safeguard their facilities, a number of factors could damage or destroy the manufacturing equipment or our inventory component of supplies or finished goods, cause substantial delays in manufacturing, supply and distribution of our products, result in the loss of key information, and cause us to incur additional expenses, including:

- operating restrictions, partial suspension, or total shutdown of production imposed by regulatory authorities;
- equipment malfunctions or failures;
- technology malfunctions;
- work stoppages;
- damage to or destruction of the facility due to natural disasters including wildfires, earthquakes, or other events; or
- regional or local power shortages.

The vast majority of our raw material suppliers are located outside of both the United States and Israel, and as a result, we are subject to risks associated with doing business abroad, including:

- the imposition of new laws and regulations, including those relating to labor conditions, quality and safety standards, imports, duties, taxes, and other charges on imports, as well as trade restrictions and restrictions on currency exchange or the transfer of funds;
- political unrest, terrorism, labor disputes, and economic instability resulting in the disruption of trade from foreign countries in which our products are manufactured;
- reduced protection for intellectual property rights, including trademark protection, in certain countries;
- disruptions or delays in shipments whether due to port congestion, labor disputes, product regulations and/or inspections or other factors, natural disasters, or health pandemics, or other transportation disruptions; and
- the impact of health conditions, and related government and private sector responsive actions, and other changes in local economic conditions in countries where our suppliers or customers are located.

While we maintain business interruption insurance that we believe is appropriate for our operations, our insurance may not cover losses in any particular case, or insurance may not be available on commercially reasonable terms to cover certain of these catastrophic events or interruptions. In addition, regardless of the level of insurance coverage, damage to these facilities or any disruption that impedes our ability to manufacture our products in a timely manner could adversely affect our business, financial condition, and results of operations.

These and other factors beyond our control could interrupt our suppliers' production in offshore facilities, influence the ability of our suppliers to export our products cost-effectively or at all, and inhibit our suppliers' ability to procure certain materials, any of which could harm our business, financial condition, and results of operations.

If we are unable to accurately forecast customer demand, manage our inventory, and plan for future expenses, our business, financial condition, and results of operations could be adversely affected.

We base our current and future inventory needs and expense levels on our operating forecasts and estimates of future demand. To ensure adequate inventory supply, we must be able to forecast inventory needs and expenses and place orders sufficiently in advance with our suppliers, based on our estimates of future demand for particular products. Failure to accurately forecast demand may result in inefficient inventory supply or increased costs. This risk may be exacerbated by the fact that we may not carry a significant amount of inventory and may not be able to satisfy short-term demand increases. Accordingly, if we fail to accurately forecast customer demand, we may experience excess inventory levels or a shortage of products available for sale. Inventory levels in excess of customer demand may result in inventory write-downs or write-offs or the sale of excess inventory at discounted prices, which would cause our gross margins to suffer and could impair the strength and premium nature of our brands. Conversely, if we underestimate customer demand, including as a result of unanticipated growth, our suppliers may not be able to deliver products to meet our requirements, and we may be subject to higher costs in order to secure the necessary production capacity or we may incur increased shipping costs. An inability to meet customer demand and delays in the delivery of our products to our customers could result in reputational harm and damaged customer relationships, harm our brands, cash flows, and prospects for growth, and have an adverse effect on our business, financial condition, and results of operations.

Moreover, while we devote significant attention to forecasting efforts, the volume, timing, value, and type of the orders we receive are inherently uncertain. In addition, we cannot be sure the same growth rates, trends, and other key performance metrics are meaningful predictors of future growth. Our business, as well as our ability to forecast demand, is also affected by general global economic and business conditions and the degree of customer confidence in future economic conditions, and we anticipate that our ability to forecast demand due to these types of factors will be increasingly affected by conditions in international markets. A significant portion of our expenses is fixed, and as a result, we may be unable to adjust our spending in a timely manner to compensate for any unexpected shortfall in revenue. Any failure to accurately predict revenue or gross margins could cause our operating results to be lower than expected, which could adversely affect our financial condition and results of operations.

Our recent rapid growth may not be sustainable or indicative of future growth, and we expect our growth rate to ultimately slow over time.

We have recently experienced significant and rapid growth. Our historical rate of growth may not be sustainable or indicative of our future rate of growth, and in future periods, our revenue could grow more slowly than we expect or decline. We believe that continued growth in revenue, as well as our ability to improve or maintain margins and profitability, will depend upon, among other factors, our ability to address the challenges, risks, and difficulties described elsewhere in this “Risk Factors” section. We cannot provide assurance that we will be able to successfully manage any such challenges or risks to our future growth. Any of these factors could cause our revenue growth to slow or decline and may adversely affect our margins and profitability. Even if our revenue continues to increase, we expect that our growth rate may slow for a number of other reasons, including if there is a slow-down in the growth of demand for our products, increased competition, a decrease in the growth or reduction in the size of our overall market, or if we cannot capitalize on growth opportunities. Failure to continue to grow our revenue or improve or maintain margins would adversely affect our business, financial condition, and results of operations. You should not rely on our historical rate of growth as an indication of our future performance.

We operate in highly competitive categories.

We face competition from beauty and wellness companies throughout the world, including multinational consumer product companies. Most of our competitors have greater resources than we do, some others are newer companies and some are competing in distribution channels or territories where we are not yet active or are less represented. Our competitors also may be able to respond to changing business and economic conditions more quickly than we can due to larger research and development operations, manufacturing capabilities, and sales forces. Competition in the beauty and wellness industry is based on a variety of factors, including innovation, technology, effectiveness of beneficial attributes, accessible pricing, service to the consumer, promotional activities, marketing, special events, new brand and product introductions, e-commerce initiatives, and other activities. It is difficult for us to predict the timing and scale of our competitors’ actions in these areas.

Our ability to compete also depends on the continued strength of our brands and products, our ability to attract and retain key talent and other personnel, the influence of social media content creators, the efficiency of our third-party manufacturing facilities and distribution network, our relationships with our customers, our ability to continue to innovate in online technology to match customers with the adequate products from our offerings, and our ability to obtain, maintain, protect, defend, and enforce our intellectual property and other proprietary rights used in our business. We believe we have a well-recognized and strong reputation in our core markets and that the quality and performance of our products, our emphasis on innovation, and engagement with our professionals and customer base position us to compete effectively. However, if our reputation is adversely affected, our ability to attract and retain customers would be impacted. In addition, certain of our suppliers may have agreements with companies that market and sell competing brands and, as a result, our ability to compete may be affected. Our inability to continue to compete effectively in key countries around the world would have an adverse effect on our business, financial condition, and results of operations.

The fluctuating cost of raw materials could increase our cost of goods sold and adversely affect our business, financial condition, and results of operations.

While we have not in the past experienced material fluctuations or volatility in the cost of raw materials required to make our products, we may in the future experience such fluctuations, including for reasons beyond our control. The costs for raw materials may be affected by, among other things, competition, supply and distribution challenges, weather, customer demand, speculation on the commodities market, the relative valuations and fluctuations of the currencies of producer versus consumer countries, and other factors that are generally unpredictable and beyond our control. Increases in the cost of raw materials could increase our costs of goods sold, which could adversely affect our business, financial condition, and results of operations.

The illegal distribution and sale by third parties of counterfeit versions of our products or the unauthorized diversion by third parties of our products could have an adverse effect on our net revenue and a negative impact on our reputation and business.

Third parties have in the past and may in the future illegally distribute and sell counterfeit versions of our products. These counterfeit products may be inferior in terms of quality and other characteristics compared to our authentic products and/or the counterfeit products could pose safety risks that our authentic products would not otherwise present to consumers. Consumers could confuse counterfeit products with our authentic products, which could damage or diminish the image, reputation and/or value of our brand, and cause consumers to refrain from purchasing our products in the future, which could adversely affect our reputation, business, financial condition, and results of operations.

In addition, third parties have in the past and may in the future procure, possibly illegally, or purchase and resell our products via unauthorized channels, including unauthorized third-party websites. These third parties have in the past and may in the future sell our products at a discount, or make unauthorized use of our trademarks and other IP, which may adversely affect our reputation or divert customers away from our website thereby reducing our net revenue.

Shipping is a critical part of our business and any changes in, or disruptions to, our shipping arrangements could adversely affect our business, financial condition, and results of operations.

We currently rely on third-party global providers to deliver our products. If we are not able to negotiate acceptable pricing and other terms with these providers, or if these providers experience capacity restraints, performance problems, or other difficulties in processing our orders or delivering our products to customers, it could negatively impact our results of operations and our customers’ experience. For example, changes to the terms of our shipping arrangements or the imposition of surcharges or surge pricing may adversely impact our margins and profitability. In addition, our ability to receive inbound inventory efficiently and ship products to customers in a timely manner may be negatively affected by factors beyond our and these providers’ control, including inclement weather, fire, flood, power loss, earthquakes, acts of war or terrorism or other events specifically impacting other shipping partners, such as labor shortages or disputes, container shortages, financial difficulties, system failures, and other disruptions to the operations of the shipping companies on which we rely.

The shipping industry is also currently experiencing issues with port congestion, port closures and ship diversions. Labor disputes among freight carriers and at ports of entry are common, and we expect labor unrest and its effects on shipping our products to be a challenge for us. A port worker strike, work slow-down, or other transportation disruption at ports of entry could significantly disrupt our business. We have experienced shipping disruptions due to multiple factors brought about by the COVID-19 pandemic, such as supply and demand imbalance, a shortage of truck drivers, transport equipment (tractors and trailers), and other causes, which have resulted in heightened congestion, bottleneck, and gridlock, leading to abnormally high transportation delays. The shipping industry has experienced some recovery from the height of the COVID-19 pandemic, but challenges remain. Delays in e-commerce shipping could also cause some customers to stop shopping with us and instead make purchases with our competitors that have larger physical retail footprints. If significant disruptions continue, we could experience significant disruptions in our business, delays in shipments, and profitability shortfalls, which could adversely affect our business, financial condition, and results of operations.

The global shipping industry is also experiencing disruptions due to various factors, including the rerouting of shipping away from the Suez Canal due to attacks by Houthi militants from Yemen on commercial shipping vessels in the Gulf of Aden and the Red Sea, which has caused a substantial increase in rates for some shipping routes. Similarly, supply chain disruptions such as those described in the preceding paragraphs may lead to an increase in transportation costs. If the products ordered by our customers are not delivered in a timely fashion, including to international customers, or are damaged or lost during the delivery process, our customers could become dissatisfied and cease buying products from us, which would adversely affect our business, financial condition, and results of operations.

If we are unable to manage our growth effectively, including our employee base and hiring needs, our business, financial condition, and results of operations could be harmed.

We have expanded our operations rapidly since our founding. To manage our growth effectively, we must continue to implement our operational plans and strategies, implement new brands and products, improve and expand our infrastructure of people and information systems, and expand, train and manage our employee base. To support our continued growth, we must effectively integrate, develop, and motivate a large number of new employees. We face significant competition for personnel, including in New York, Boston, Israel, and Ukraine. To attract top talent, we may need to increase our employee compensation levels to remain competitive in attracting and retaining talented employees. Additionally. changes in immigration or travel laws and regulations, or in their enforcement, in the United States or elsewhere, that unduly restrict or make it more difficult for employees and their families to work and live in the United States may adversely affect the employment status of our non-U.S. employees currently working and residing in the United States. Such changes may affect our ability to attract or hire qualified non-U.S. employees to our offices in New York and Boston, including employees with specialized technical expertise. Further, to support our growth, we could be required to continue to expand our sales and marketing, technology development, brand implementation, product development, and distribution functions, to upgrade our management information systems and other processes and technology and to obtain more space for our expanding workforce. Additionally, the growth of our business places significant demands on our existing management and other employees.

In addition, we are required to manage relationships with a growing number of customers, suppliers, distributors and other third parties. If we are unable to expand supply, manufacturing, and distribution capabilities when required, or our information technology systems and our other processes are inadequate to support the future growth of these relationships, we could experience delays in customer service, order response, and shipping times, which would adversely impact our reputation and brands. If we are unable to manage the growth of our organization effectively, our business, financial condition, and results of operations may be adversely affected.

A general economic downturn, or sudden disruption in business conditions may affect consumer purchases of discretionary items and/or the financial strength of our customers, which would adversely affect our business, financial condition, and results of operations.

The general level of consumer spending is affected by a number of factors, including general economic conditions, inflation, interest rates, energy costs, and consumer confidence generally, all of which are beyond our control. Consumer purchases of discretionary items tend to decline during recessionary periods, when disposable income is lower, and may impact sales of our products.

Sudden disruptions in local or global business conditions from events such as a pandemic or other health issues, geo-political or local conflicts, civil unrest, terrorist attacks, adverse weather conditions, climate changes, or seismic events, can have a short-term and, sometimes, long-term impact on consumer spending, which in turn could adversely affect our business, financial condition, and results of operations. Moreover, a downturn in the economies of, or continuing recessions in, the countries where we manufacture or sell our products, or a sudden disruption of business conditions in those countries, could adversely affect consumer confidence, the financial strength of our distributors, and, in turn, our sales and profitability.

Volatility in the financial markets and a related economic downturn in key markets or markets generally throughout the world could have an adverse effect on our business. We may need or choose to seek additional financing to operate or expand our business, and deterioration in global financial markets or an adverse change in our credit ratings could make future financing difficult or more expensive.

Our corporate culture is a key contributor to our success. Accordingly, we depend on our executive leadership team and other key employees, and the loss of the services of our co-founders, who are also our Chief Executive Officer and Chief Product Officer, or of other key employees, or an inability to attract and retain highly skilled employees could adversely affect our business, financial condition, and results of operations.

Our success and future growth depend largely upon the continued services of our executive officers and other key employees in the areas of technology, research and development, marketing, finance, sales, products, and general administrative functions, including our co-founders, Mr. Holtzman and Ms. Holtzman-Erel, who also serve as Chief Executive Officer and Chief Product Officer, respectively.

From time to time, there may be changes in our executive management team or other key employees resulting from the hiring or departure of these personnel. Our executive officers and other key employees are employed on an at-will basis, which means that these personnel could terminate their employment with us at any time. The loss of one or more of our executive officers, or the failure by our executive team to effectively work with our employees and lead our company, could have an adverse effect on our business, financial condition, and results of operations. We also are dependent on the continued service of existing employees in our technology area because of the complexity of our technology.

To execute our growth plan, we must attract and retain highly qualified personnel. Competition for personnel is intense, especially for engineers experienced in designing and developing technology. Many of the companies with which we compete for experienced personnel, including companies outside our industry, have greater resources than we have. If we hire employees from competitors or other companies, their former employers may attempt to assert that these employees or we have breached their legal obligations, resulting in a diversion of our time and resources.

We also believe that our culture has been and will continue to be a key contributor to our success. We expect to continue to hire aggressively as we expand, and we will need to maintain our culture among a larger number of employees, dispersed across various geographic regions. If we do not continue to maintain our corporate culture as we grow, we may be unable to foster the innovation, creativity, and entrepreneurial spirit we believe we need to support our growth. The continued growth and expansion of our business may also result in changes to our corporate culture, which could harm our ability to attract, recruit, and retain employees, as well as our business and our prospects for future growth.

In addition, prospective and existing employees often consider the value of the equity awards they receive in connection with their employment. If the amount or value of equity awards offered to employees is perceived to be less favorable than equity awards offered by other companies with whom we compete for talent, or the perceived value of our equity awards declines, experiences significant volatility, or increases such that prospective employees believe there is limited upside to the value of our equity awards, it may adversely affect our ability to recruit and retain key employees. Failure to manage our employee base and hiring needs effectively, including successfully integrating our new hires, may adversely affect our business, financial condition, and results of operations.

If we do not continue to successfully introduce and effectively market new brands, or develop and introduce new, innovative, and updated products, our ability to continue to grow may be adversely affected and we may not be able to maintain or increase our sales and profitability. Difficulty in forecasting may also adversely affect our business, financial condition, and results of operations.

A key element of our growth strategy depends on our ability to develop and market new brands that meet our standards for quality and appeal to our customers. The success of our innovation and product development efforts is affected by our ability to successfully leverage consumer data, the technical capability of our innovation staff, developing and testing product formulas and prototypes, our ability to comply with applicable governmental regulations, and the success of our management and sales and marketing teams in introducing and marketing new brands. There can be no assurance that we will successfully develop and market new brands that appeal to consumers. Any such failure may lead to a decrease in our growth, sales, and ability to achieve profitability, which could adversely affect our business, financial condition, results of operations, and prospects.

Additionally, the development and introduction of new brands requires substantial marketing expenditures, which we may be unable to recoup if new brands do not gain widespread market acceptance. If we are unsuccessful in meeting our objectives with respect to new or improved brands, our business, financial condition, and results of operations could be adversely affected.

Furthermore, our success depends in part on our ability to anticipate and react to changing consumer demands for existing products in a timely manner. All of our products are subject to changing consumer preferences that cannot be predicted with certainty. If we do not continue to introduce new products or innovations on existing products in a timely manner or our new brands or products are not accepted by our customers, or if our competitors introduce similar products in a more timely fashion, our brand or our market position could be harmed.

Additionally, our new products and innovations on existing and future products may not receive the same level of consumer acceptance as our products have in the past. Our failure to anticipate and respond in a timely manner to changing consumer preferences could lead to, among other things, lower sales, excess inventory or inventory shortages, markdowns and write-offs, and diminished brand loyalty. Even if we are successful in anticipating consumer needs and preferences, our ability to adequately address those needs and preferences will in part depend upon our continued ability to develop and introduce innovative, high quality products and maintain our distinctive brand identity as we expand the range of products we offer. Furthermore, with the diversification of our product portfolio via the introduction of new brands offering new products to different demographics, we may be subject to additional regulatory requirements, fall under the jurisdiction of additional regulators, or be required to comply with additional marketing and data protection requirements. This will require additional resources, may impact profitability, and may dictate the need to modify business practices, which in turn, could reduce our ability to fully benefit from economies of scale on a group-wide basis.

New brand implementations and product offerings may generate significant activity and a high level of purchasing for the new brand or product or current products, which can result in a higher-than-normal increase in revenue during the quarter and skew year-over-year comparisons. These offerings may also increase our product return rate. We may experience difficulty effectively managing growth associated with the launch of new brands and products. If we are unable to accurately forecast sales levels in each market for brand or product launches, we may incur higher expedited shipping costs and we may temporarily run out of stock of certain products, which could negatively impact our relationships with customers. Conversely, if demand does not meet our expectations for a product launch or ongoing product sales or if we change our planned launch strategies or initiatives, we could incur inventory write-downs.

A failure to effectively introduce new brands, products, or innovations on existing products that appeal to our customers, or a failure to forecast accurately, could result in a decrease in revenue and excess inventory levels, which could adversely affect our business, financial condition, and results of operations.

We have experienced in the past, and expect to continue to experience, seasonal fluctuations in our revenue.

If we fail to accommodate increased volumes during peak seasons and events, our business, financial condition, and results of operations may be adversely affected. Our revenue is typically highest in the first quarter of the calendar year, and our revenue will generally decline in the third and fourth quarter of each calendar year relative to the first and second quarter of each calendar year. Any disruption in our products, especially during the first quarter, could have a negative effect on our financial condition, and results of operations. Surges in volumes during peak periods may strain our technological infrastructure and support activities which may reduce our revenue and the attractiveness of our products. Any disruption to our operations could lead to a material decrease in revenue relative to our expectations for the first quarter, which could result in a significant shortfall in revenue and operating cash flows for the full year, and may have an adverse effect on our business, financial condition, and results of operations.

We may be unable to maintain profitability.

We began our U.S. operations in 2018 and achieved profitability in 2020. We expect our operating expenses to increase in the future as we increase our sales and marketing efforts, continue to invest in launching new brands and developing new products, hire additional personnel, expand our operating infrastructure, and expand into new geographies. Further, as a public company, we incur additional legal, accounting, and other expenses that we did not incur as a private company. These efforts and additional expenses may be more costly than we expect, and we cannot guarantee that we will be able to increase our revenue to offset our increased operating expenses. Our revenue growth may slow for a number of other reasons, including if we experience reduced demand for our products, increased competition, a decrease in the growth or reduction in the size of our overall market, or if we cannot capitalize on growth opportunities. If our revenue does not increase at a greater rate than our operating expenses, we will not be able to maintain our current level of profitability.

We have a limited operating history at our current scale, which may make it difficult to evaluate our business and future prospects.

We have a limited history of generating revenue at our current scale. As a result, we have limited financial data that can be used to evaluate our business and future prospects. Any evaluation of our business and prospects must be considered in light of our limited operating history, which may not be indicative of future performance. Because of our limited operating history, we face increased risks, uncertainties, expenses, and difficulties, including the risks and uncertainties discussed in this section.

We plan to continue to expand into additional international markets, which will expose us to new and significant risks.

Our future growth depends in part on our expansion efforts into new international markets. We also have limited experience with regulatory environments and market practices outside of Israel and the United States and cannot guarantee that we will be able to penetrate or successfully operate in any market outside of Israel and the United States. In connection with our expansion efforts, we may encounter obstacles we do not currently face, including cultural and linguistic differences, differences in regulatory environments and market practices, difficulties in keeping abreast of market, business, and technical developments, and foreign consumers' tastes and preferences.

We may also encounter difficulty expanding into new markets because of limited brand recognition in those markets, leading to delayed acceptance of our products by consumers there. In particular, we have no assurance that our marketing efforts will prove successful outside of the Israel and the United States. The expansion into new markets may also present competitive, technological, forecasting, and distribution challenges that are different from or more severe than those we currently face. There are also other risks and costs inherent in doing business in international markets, including:

- the need to adapt and localize products for specific countries to account for, among other things, different cultural tastes, size and fit preferences, or regulatory requirements;
- difficulty establishing and managing international operations and the increased operations, travel, infrastructure, including establishment of local delivery service and customer service operations, and legal compliance costs associated with locations in different countries or regions;
- increased shipping times to and from international markets;
- the need to vary pricing and margins to effectively compete in international markets;
- increased competition from local providers of similar products;
- difficulty obtaining, maintaining, protecting, defending, and enforcing intellectual property rights abroad;
- the need to offer customer services in various languages;
- difficulties in understanding and complying with local laws, regulations, and customs in other jurisdictions;
- compliance with anti-bribery laws, such as the U.S. Foreign Corrupt Practices Act (the "FCPA"), relevant provisions of Israeli Penal Law 5737-1977 (the "Israeli Penal Law"), and the U.K. Bribery Act 2010 (the "U.K. Bribery Act"), by us, our employees, and our business partners;
- complexity and other risks associated with current and future legal requirements in other countries, including legal requirements related to consumer advertising protection, consumer product safety, AI and data privacy and security frameworks, including, but not limited to, the EU General Data Protection Regulation 2016/679 ("GDPR"), the EU-U.S. Data Privacy Framework ("DPF"), and the EU AI Act;
- varying business practices and customs related to the sale of beauty and wellness products;

- varying levels of internet technology adoption and infrastructure, and increased or varying network and hosting service provider costs;
- tariffs and other non-tariff barriers, such as quotas and local content rules, as well as tax consequences;
- fluctuations in currency exchange rates and the requirements of currency control regulations, which might restrict or prohibit conversion of other currencies into U.S. dollars; and
- political or social unrest or economic instability in a specific country or region in which we operate, including, for example, the effects of the United Kingdom's (the "U.K.") withdrawal from the EU ("Brexit"), which could have an adverse impact on our operations in that location. Our failure to successfully manage these risks could harm our international operations and have an adverse effect on our business, financial condition, and results of operations.

Our failure to successfully manage these risks could harm our international operations and have an adverse effect on our business, financial condition, and results of operations.

Our e-commerce channel business faces distinct risks, and our failure to successfully manage those risks could have a negative impact on our profitability.

As an e-commerce retailer, we encounter risks and difficulties frequently experienced by businesses with significant online sales. The successful operation of our business as well as our ability to provide a positive shopping experience that will generate orders and drive subsequent visits depends on efficient and uninterrupted operation of our e-commerce order-taking and fulfillment operations. If we are unable to allow real-time and accurate information regarding product availability to quickly and efficiently fulfill our customers' orders using the fulfillment and payment methods they demand, provide a convenient and consistent experience for our customers, or effectively manage our online sales, our ability to compete and our results of operations could be adversely affected. Risks associated with our e-commerce business include:

- uncertainties associated with our websites and in-store systems including changes in required technology interfaces, website downtime and other technical failures, costs, and technical issues as we upgrade our systems software, inadequate system capacity, computer viruses, human error, data breaches and other security incidents, legal claims related to our systems operations, and other challenges with order fulfillment;
- disruptions in internet service or power outages;
- reliance on third parties for computer hardware and software, as well as delivery of products to our customers;
- rapid technology changes;
- credit or debit card fraud and other payment processing related issues;
- changes in applicable federal, state, and international regulations;
- liability for online content;
- cybersecurity and data privacy concerns and laws, rules, and regulations; and
- natural disasters or adverse weather conditions.

Our online sales also expose us to broader applicability of regulations, as well as additional regulations, rules relating to registration of internet sellers, and certain anti-money laundering, trade sanction, anti-corruption, anti-bribery, and international trade laws. Compliance problems in any of these areas could result in a reduction in sales, increased costs, sanctions or penalties, and damage to our reputation and brands.

In addition, we must keep up to date with competitive technology trends, including the use of new or improved technology, creative user interfaces, virtual and augmented reality, and other e-commerce marketing tools such as paid search, which may increase our costs and which may not increase sales or attract customers, as intended. Our competitors, some of whom have greater resources than we do, may also be able to benefit from changes in e-commerce technologies, which could harm our competitive position.

We are subject to financial risks as a result of our international operations and investing activities, including exposure to foreign currency fluctuations and the impact of foreign currency restrictions.

Although the majority of our expenses and revenue are incurred in U.S. dollars, some of our revenue and expenses are generated in other currencies, such as the New Israeli Shekel, Euro, Pound Sterling, or Australian dollar. Our exposure to foreign currencies may increase as we expand our business in foreign markets and as a result of our investments in marketable securities, some of which may be denominated in currencies other than U.S. dollars. As a result, our operating results are subject to fluctuations due to changes in currency exchange rates. In particular, our operating results may be adversely affected if the NIS fluctuates significantly against the U.S. dollar. If we are not able to successfully hedge against the risks associated with currency fluctuations, our operating results could be adversely affected. Although we may engage in transactions intended to reduce our exposure to foreign-currency fluctuations, including financial hedging instruments, there can be no assurance that these transactions will be effective. Complex global political and economic dynamics can affect exchange rate fluctuations. It is difficult to predict future fluctuations and the effect these fluctuations may have upon future reported results or our overall financial condition.

Our investment portfolio may be adversely affected by market conditions and interest rates.

We maintain balances of liquid investments for purposes of financing our operations. Our marketable securities totaled $70.7 million as of December 31, 2024 and consisted of investments in government and corporate debentures. We currently, and expect to continue to, follow an established investment policy and set of guidelines, approved by our board of directors, to monitor and help mitigate our exposure to liquidity and credit risks which set forth credit quality standards and limit our exposure to any one issuer. However, these investments are subject to general credit, liquidity, market and interest rate risks. We may realize losses in the fair value of these investments, which could include a complete loss of these investments, which would have an adverse effect on our results of operations and financial condition. In addition, should our investments cease paying or reduce the amount of interest paid to us, our interest income would decrease and may adversely affect our financial position and results.

If we do not successfully optimize, operate, and manage the expansion of the capacity of our distribution centers, or if we experience problems with our distribution and warehouse management system, our ability to meet customer expectations, manage inventory, manage inflation, complete sales, and achieve objectives for operating efficiencies could be harmed, and our business, financial condition, and results of operations could be adversely affected.

We anticipate the need to add additional distribution center capacity and lease new warehouse space to serve as distribution centers as our business continues to grow. If we continue to add distribution and warehouse capabilities, add product categories with different fulfillment requirements, or change the mix in products that we sell, our distribution network will become increasingly complex and operating it will become more challenging. The expansion of our distribution center capacity may put pressure on our managerial, financial, operational, and other resources. We cannot assure you that we will be able to locate suitable facilities on commercially acceptable terms in accordance with our expansion plans, nor can we assure you that we will be able to recruit qualified managerial and operational personnel to support our expansion plans. In addition, we may be required to expand our capacity sooner than we anticipate. If we are unable to secure new facilities for the expansion of our operations, recruit qualified personnel to support any such facilities, or effectively control expansion-related expenses, our order fulfillment and shipping times may be delayed and our business, financial condition, and results of operations could be adversely affected. Furthermore, we cannot predict the effect inflation, including wage inflation, may have on our distribution network and our ability to maintain operating efficiencies.

Our distribution centers include computer-controlled and automated equipment and rely on warehouse management systems to manage supply chain fulfillment operations, which means our operations are complicated and may be subject to a number of risks related to cybersecurity, the proper operation of software and hardware, electronic or power interruptions, or other system failures. In addition, our operations could also be interrupted by labor difficulties, or by floods, fires, or other natural disasters near our distribution centers. We maintain business interruption insurance, but it may not adequately protect us from the adverse effects that could result from significant disruptions to our distribution system, such as the long-term loss of customers or an erosion of our brand image. Moreover, if we or our third-party logistics providers are unable to adequately staff our distribution centers to meet demand or if the cost of such staffing is higher than it has been historically or projected costs increase due to mandated wage increases, regulatory changes, hazard pay, international expansion, or other factors, our results of operations could be harmed. In addition, operating distribution centers comes with potential risks, such as workplace safety issues and employment claims for the failure or alleged failure to comply with labor laws or laws respecting union organizing activities. Our distribution capacity is also dependent on the timely performance of services by third parties, including the shipping of our products from our suppliers to our distribution facilities. We may need to operate additional distribution centers in the future to keep pace with the growth of our business, and we cannot assure you that we will be able to locate suitable facilities on commercially acceptable terms in accordance with our expansion plans, nor can we assure you that we will be able to recruit qualified managerial and operational personnel to support our expansion plans. If we encounter problems with our distribution and warehouse management systems, our ability to meet customer expectations, manage inventory and fulfillment capacity, complete sales, fulfill orders in a timely manner, and achieve objectives for operating efficiencies could be harmed, which could also harm our reputation, and our relationship with our customers.

Product returns could harm our business.

We allow our customers to return our products, subject to our return policy. We generally accept product returns for refund or exchange if returned within the applicable return policy deadline. We also have a “Try Before You Buy” program whereby customers choose several similar products for a trial and initially pay only shipping costs, paying only for the products they keep after the trial period. Our net revenue is reported net of discounts and estimated returns. We estimate our liability for product returns based on historical return trends and an evaluation of current economic and market conditions. We record the expected customer refund liability as a reduction to revenue. The introduction of new products, changes in consumer confidence or shopping habits, or other competitive and general economic conditions could cause actual returns to exceed our estimates. If actual return costs differ from previous estimates, the amount of the liability and corresponding revenue are adjusted in the period in which such costs occur. In addition, from time to time, our products may be damaged in transit, which can also increase return rates. Moreover, due to the nature of our products, we do not resell returned goods. Competitive pressures could cause us to alter our return policies or our shipping policies, which could result in an increase in damaged products and an increase in product returns. If the rate of product returns increases significantly or if product return economics become less efficient, our business, financial condition, and results of operations could be adversely affected.

Any failure by us or our suppliers to comply with ethical business practices or product safety, labor, or other laws, provide safe conditions for our or their workers, or use or be transparent about ethical business practices may damage our reputation and brand and harm our business.

Operating with integrity is core to our values, which makes our reputation sensitive to allegations of unethical or improper business practices, whether real or perceived. The failure of any of our suppliers to provide safe and humane factory conditions and oversight at their facilities could damage our reputation and brand or result in legal claims against us. We rely on our suppliers’ compliance reporting in order to comply with regulations applicable to our products. This is further complicated by the fact that expectations of ethical business practices continually evolve and may be substantially more demanding than applicable legal requirements.

We do not control our suppliers or their businesses, and they may not comply with our guidelines or applicable law. The products we sell are subject to regulation by the U.S. Food and Drug Administration (the “FDA”), the Federal Consumer Product Safety Commission, the FTC, and similar local and international regulatory authorities from the jurisdictions in which we operate. Product safety, labeling, and licensing concerns may require us to voluntarily remove selected products from our inventory. Such recalls or voluntary removal of products can result in, among other things, lost sales, diverted resources, potential harm to our reputation, and increased customer service costs and legal expenses, which could adversely affect our results of operations. Moreover, failure of our suppliers to comply with applicable laws and regulations and contractual requirements could lead to litigation against us or cause us to seek other vendors, which could increase our costs and result in delayed delivery of our products, product shortages, or other disruptions of our operations.

Ethical business practices are also driven in part by legal developments and by groups active in publicizing and organizing public responses to perceived ethical shortcomings. In addition to evaluating the substance of companies' practices, such groups also often scrutinize companies' transparency as to such practices and the policies and procedures they use to ensure compliance by their suppliers and other business partners. If we do not meet the transparency standards expected by parties active in promoting ethical business practices, we may attract negative publicity, regardless of whether the actual labor and other business practices adhered to by us and our independent manufacturers are consistent with ethical business practices. We have been subject to negative publicity in the past which, even when based on inaccurate facts, could harm our brand image, and adversely affect our business, financial condition, and results of operations.

Our sales and profitability may decline if product costs increase or selling prices decrease.

The sales prices for our products may be subject to change for a variety of reasons, including competitive pricing pressures, discounts, anticipation of the introduction of new products, general economic conditions, or changes in our marketing, consumer acquisition, and technology costs and, as a result, we anticipate that we will need to change our pricing model from time to time. In the past, including in connection with the COVID-19 pandemic, we have sometimes adjusted our prices in certain situations, and expect to do so from time to time in the future. Moreover, demand for our offerings is price-sensitive. Competition continues to increase in the beauty and wellness industry, and we expect competition to further increase in the future, thereby leading to increased pricing pressures. Larger competitors with more diverse offerings may reduce the price of offerings that compete with ours or may bundle them with other offerings. Similarly, certain competitors may use marketing strategies that enable them to acquire consumers more rapidly or at a lower cost than us, or both, and we may be unable to attract new customers or grow and retain our customer base based on our historical pricing. As we develop and introduce new brands and products, as well as integrations, capabilities, and other enhancements, we may need to, or choose to, revise our pricing. We may also face challenges setting prices for new and existing products in any new geographies into which we expand. There can be no assurance that we will not be forced to engage in price-cutting initiatives or to increase our marketing and other expenses to attract customers in response to competitive or other pressures. Any decrease in the sales prices for our products, without a corresponding decrease in costs, increase in volume or increase in revenue from our other products, would adversely affect our revenue and gross profit. We cannot assure you that we will be able to maintain our prices and gross profits at levels that will allow us to achieve and maintain profitability.

Our technology platform is at the core of our business, and any decline in demand for our technology occasioned by malfunction, inferior performance, increased competition, or otherwise, will adversely affect our business, financial condition, and results of operations.

Our proprietary technology is at the core of our business. Accordingly, market acceptance of our technology platform is critical to our success. If demand for our technology declines, the demand for the associated product sales will also decline. Demand for our technology is affected by a number of factors, many of which are beyond our control, such as marketing, continued market acceptance of beauty and wellness technologies by consumers, the timing of new brands and products, alternatives introduced by our competitors, and growth or contraction in our addressable markets. If we are unable to continue to meet consumer demand, or if our technology platform fails to compete effectively, achieve more widespread market acceptance, or meet applicable requirements, then our business, financial condition, and results of operations would be adversely affected.

If we are unable to continue to improve our AI models or if our AI models contain errors or are otherwise ineffective, our business, financial condition, and results of operations may be adversely affected.

Our PowerMatch technology and other technologies used in the commercialization of our products are based on our AI models, and our ability to attract new customers, retain existing customers, or increase sales of our products to existing customers will depend in large part on our ability to maintain a high degree of accuracy and automation in our advanced computer vision and on our other algorithms and technologies. As with many developing technologies, AI presents risks and challenges that could affect our products' further development, adoption, use, and therefore, our business. AI algorithms may be flawed, and data sets may be insufficient, of poor quality, or contain biased information. Inappropriate or controversial data practices by data scientists, engineers, and end-users of our systems could impair the acceptance of AI solutions. If the analyses that AI applications assist in producing are deficient or inaccurate, we could be subjected to competitive harm, potential legal liability, and brand or reputational harm. For example, if our AI models fail to accurately analyze facial and hair features, or any of the other components of our advanced computer vision fail, we may experience higher than forecasted returns, and our ability to attract new customers, retain existing customers, or increase sales of our products to existing customers and our business, financial condition, and results of operations may be adversely affected.

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

Our proprietary AI models rely in part on the use of our customers' data and other third-party data, and if we lose the ability to use such data, or if such data contain inaccuracies, our business could be adversely affected.

Our proprietary AI models are statistical models built using a variety of data-sets. Our AI models rely on a wide variety of data sources, including data collected from our customers and, in some cases, data collected from third parties. Such data may have restrictions on how it may be used, including, for example, restrictions on the collection, use, or other processing of data from certain jurisdictions. If we are unable to access and use data collected from our customers as part of our PowerMatch process, or other third-party data used in our AI models, or if our access to such data is limited, for example, due to new or changing laws, rules, or regulations, or policies of third parties, our ability to accurately evaluate potential transactions, detect fraud, and verify customers' data would be compromised.

In addition, if third-party data used to train and improve our AI models is inaccurate, or access to such third-party data is limited or becomes unavailable to us, our ability to continue to improve our AI models would be adversely affected. Although we believe that there are commercially reasonable alternatives available to the third-party data we currently license, this may not always be the case, or it may be difficult or costly to migrate to other third-party data. Our use of additional or alternative third-party data would require us to enter into license agreements with third parties. In addition, integration of the third-party data used in our AI models with new third-party data may require significant work and require substantial investment of our time and resources. Any of the foregoing could negatively impact our product offerings and our relationships with our customers, impair our ability to grow our customer base, subject us to financial liabilities, and adversely affect our business, financial condition, and results of operations.

If we fail to offer high quality customer support, or we are unable to achieve or maintain a high level of customer satisfaction, demand for our products could suffer.

We believe that our future revenue growth depends, in part, on our ability to provide customers with quality service that meets or exceeds our customers' evolving needs and expectations, and is conducive to our ability to continue to sell new products to customers. The importance of high quality customer support will increase as we expand our business. We are not always able to provide our customers with this level of service, and our customers occasionally encounter challenges in our customer support, including as a result of human error, outages, errors, or bugs in our software or third-party software. If we do not help our customers quickly resolve issues and provide effective ongoing support, or we are unable to achieve or maintain a high level of customer satisfaction, we could experience more complaints from customers, lower than expected repeat purchases, disputes and additional costs, or negative publicity, any of which could have an adverse effect on our business, financial condition, and results of operations.

We may need additional capital, and we cannot be sure that additional financing will be available on favorable terms, if at all.

Historically, we have funded our operations and capital expenditures primarily through equity issuances, borrowings under our credit facilities and cash generated from our operations. Although we currently anticipate that our available funds and cash flow from operations will be sufficient to meet our cash needs for the foreseeable future, we may require additional financing and we may not be able to obtain such financing on favorable terms, or at all. Our ability to obtain financing will depend on, among other things, our development efforts, business plans, operating performance, and the condition of capital markets at the time we seek financing. If we raise additional funds through the issuance of equity, equity-linked, or convertible debt securities, to fund operations, or on an opportunistic basis, those securities may have rights, preferences, or privileges senior to the rights of our Class A ordinary shares, or may require us to agree to restrictive covenants or unfavorable terms, and our existing shareholders may experience significant dilution of their ownership interests. Any debt financing we may secure in the future could involve restrictive covenants that may impose significant operating and financial restrictions on us, and may limit our ability to engage in acts that may be in our long-term best interest, including restrictions on our ability to incur indebtedness, incur liens, enter into mergers or consolidations, dispose of assets, pay dividends, make acquisitions, and make investments, loans, and advances. These restrictions may affect our ability to grow in accordance with our strategy, limit our ability to raise additional debt or equity financing to operate our business, including during economic or business downturns, and limit our ability to compete effectively or take advantage of new business opportunities. We may not be able to obtain additional financing on terms favorable to us, or at all. If we are unable to obtain adequate financing or financing on terms satisfactory to us when we require it, our ability to continue to support our business growth, scale our infrastructure, develop product enhancements, and respond to business challenges could be significantly impaired, and our business, financial condition, and results of operations may be adversely affected.

Risks Related to Legal, Regulatory, and Tax Matters

Disputes and other legal or regulatory proceedings could adversely affect our financial results.

We are currently involved in, and may in the future from time to time become involved in, legal actions and proceedings arising in the ordinary course of our business. These include or may in future include actions, claims, suits, government investigations or other legal proceedings, including assertions by third parties relating to intellectual property infringement, breaches of contract or warranties, employment-related matters, securities laws, regulatory matters, data privacy and cybersecurity, commercial matters, competition, tax, pricing, discrimination and consumer protection. In general, claims made by us or against us in litigation, disputes, or other proceedings can be expensive and time consuming to bring or defend against and could result in settlements, injunctions, or damages that could significantly affect our business. It is not possible to predict the final resolution of the litigation, disputes, or proceedings to which we currently are or may in the future become party to. Regardless of the final resolution, such proceedings may have an adverse effect on our reputation, financial condition, and business, including by utilizing our resources and potentially diverting the attention of our management from the operation of our business. See the section titled “Item 4.B. Business Overview—Legal Proceedings.”

Our products are subject to U.S. federal, state, and international laws, regulations, and policies that could have an adverse effect on our business, financial condition, and results of operations.

Our business is subject to numerous laws, regulations, and policies around the world, including but not limited to, the United States, Israel, the U.K., the EU European Union (the “EU”), and Australia. Many of these laws and regulations have a high level of subjectivity, are subject to interpretation and vary significantly from market to market. These laws and regulations can have several impacts on our business, including:

- delays in or prohibitions of selling a product in one or more markets;
- limitations on our ability to import products into a market;
- delays and expenses associated with compliance, such as record keeping, documentation of the properties of certain products, labeling, and scientific substantiation;
- limitations on the labeling and marketing claims we can make regarding our products; and
- limitations on the substances that can be included in our products, resulting in product reformulations, or the recall and discontinuation of certain products that cannot be reformulated to comply with new regulations.

These events could interrupt the marketing and sale of our products, cause us to be subject to product liability claims, severely damage our brand reputation and image in the marketplace, increase the cost of our products, cause us to fail to meet customer expectations, or cause us to be unable to deliver products in sufficient quantities or sufficient quality, which could result in lost sales.

Before we can market and sell our products in certain jurisdictions, the applicable local governmental authority may require evidence of the safety of our products, which may include testing of individual ingredients at relevant levels. For example, the use of dihydroxyacetone ("DHA") as a color additive in self-tanning products must comply with the FDA regulations that impose strict limitations on impurities. Additionally, the FDA encourages testing talc and talc-containing cosmetics for the presence of asbestos. Similarly in the EU, further to an opinion of the Scientific Committee on Consumer Safety ("SCCS"), DHA was added on July 5, 2021 to the list of restricted substances. The use of DHA is not prohibited in self-tanning products (*i.e.*, lotion and face cream) subject to a maximum concentration of 10%. Since January 26, 2022, self-tanning products containing DHA that do not comply with the restrictions can no longer be placed on the EU market and since April 22, 2022, such products can no longer remain on the EU market. Delays in or prohibition of selling our products, or the need to reformulate the ingredients used in our products, could have an adverse effect on our existing business and future growth.

Additionally, on July 19, 2023, the EU Commission published EU Cosmetics Regulation (EC) No 2023/1490 (the "EU Cosmetics Regulation"), amending EU Cosmetics Regulation (EC) No 1223/2009. We do not expect the recent amendments to have a material impact on our business, financial condition and results of operations. However, any further revisions or amendments to the EU Cosmetics Regulation may have a significant impact on the EU cosmetics industry in the long term and could have an adverse effect on our business, financial condition, and results of operation in the future.

For a further discussion of regulation applicable to us, see also "If our products are not manufactured in compliance with applicable regulations, do not meet quality standards, or otherwise result in adverse health effects in customers, it could result in reputational harm, remedial costs, or regulatory enforcement."

As we introduce additional product types to our portfolio and expand our offering into additional jurisdictions, we may become subject to a growing number of regulatory regimes and fall within the jurisdiction of a growing number of regulators. Failure to correctly apply and interpret the relevant regulatory requirements for each product and in each relevant jurisdiction could expose us to regulatory or legal action as well as potential civil liability. Our compliance obligations may also adversely affect the cost of our products, reducing our profit margins, and subject us to varying and more stringent marketing restrictions. In addition, some of the technology we currently employ or may develop or employ in the future could become subject to additional industry-specific regulations.

Additional laws, regulations, and policies, and changes, new interpretation, or enforcement thereof, that affect our business could adversely affect our financial results. These include accounting standards, laws and regulations relating to tax matters, trade, intellectual property, data privacy and security, anti-corruption, advertising, marketing, manufacturing, distribution, customs matters, product registration, ingredients, chemicals, packaging, selective distribution, environmental, or climate change matters. Changes may require us to reformulate or discontinue certain of our products or revise our product packaging or labeling, any of which could result in, among other things, increased costs to us, delays in our product launches, product returns or recalls, and lower net revenue, and therefore could have an adverse effect on our business, financial condition, and results of operations.

Government regulation, both in the United States and internationally, of the internet and e-commerce is evolving, and unfavorable changes or failure by us to comply with these regulations could adversely affect our business, financial condition, and results of operations.

We are subject to general business regulations and laws as well as regulations and laws specifically governing the internet and e-commerce. Existing and future regulations and laws could impede the growth of the internet, e-commerce, or mobile commerce, which could in turn adversely affect our growth. These regulations and laws may involve taxes, tariffs, intellectual property, data privacy and security, anti-spam, content protection, electronic contracts and communications, consumer protection, and internet neutrality. It is not clear how existing laws governing issues such as property ownership, sales, and other taxes and consumer privacy apply to the internet as the vast majority of these laws were adopted prior to the advent of the internet and do not contemplate or address the unique issues raised by the internet or e-commerce. It is possible that general business regulations and laws, or those specifically governing the internet or e-commerce, may be interpreted and applied in a manner that is inconsistent from one jurisdiction to another and may conflict with other rules or our practices. We cannot be sure that our practices comply fully with all such laws and regulations. Any failure, or perceived failure, by us to comply with any of these laws or regulations could result in damage to our reputation, a loss in business, and proceedings or actions against us by governmental entities, consumers, suppliers, or others. Any such proceeding or action could hurt our reputation, force us to spend significant amounts in defense of these proceedings, distract our management, increase our costs of doing business, decrease the use of our website by consumers, and may result in the imposition of monetary liabilities. We may also be contractually liable to indemnify and hold harmless third parties from the costs or consequences of our own non-compliance with any such laws or regulations. As a result, adverse developments with respect to these laws and regulations could adversely affect our business, financial condition, and results of operations.

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

Our business relies on AI and automated decision making to improve our services and tailor our interactions with our customers. However, in recent years, use of these methods has come under increased regulatory scrutiny, and the regulatory framework for AI technology is evolving and remains uncertain. For example, several U.S. states have recently introduced consumer protection legislation imposing additional compliance requirements on companies using artificial intelligence in connection with their products and services, including those that involve automated decision making based on consumer information. If passed, these may increase costs and restrict our opportunities and the development or deployment of our products and technology in these states, and could result in liability for failure to comply with applicable laws. Given our global reach, we may also become subject to foreign regulation regarding AI, which could increase costs or restrict opportunity. For example, as noted above, implementation of the EU AI Act may subject us, our third-party suppliers, or technology we rely on to restrictions or compliance obligations, potentially resulting in increased costs or otherwise limiting opportunities for our products and technology.

It is possible that new laws and regulations will be adopted in the United States and in non-U.S. jurisdictions, or that existing laws and regulations may be interpreted in new ways, that would affect the operation of our e-commerce business and the way in which we can use AI technology. Specifically, such laws and regulations may limit our ability to use our AI models or require us to make changes to our operations that may decrease our operational efficiency, result in an increase to operating costs, or hinder our ability to improve our services. Further, the cost to comply with such laws, rules, or regulations could be significant and would increase our operating expenses, which could adversely affect our business, financial condition, and results of operations.

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

Regulatory and legislative developments related to climate change may materially adversely affect our business and financial condition.

Many jurisdictions are developing climate change-based laws or regulations that could cause us to incur additional direct costs for compliance, as well as indirect costs resulting from our suppliers, business partners or other third parties incurring additional compliance costs that they pass onto us. These legal and regulatory requirements, as well as heightened investor expectations surrounding corporate environmental and social responsibility practices and disclosure, are subject to change, may be unpredictable, and may be difficult and expensive for us to comply with. If we are unable to comply, or are unable to cause our suppliers or other third parties to comply, with such policies or provisions or meet the requirements of such laws and regulations, we may be subject to enforcement actions, which could harm our revenue and results of operations or damage our reputation. There is significant uncertainty around the impact of climate change and we cannot predict how legislation and regulation will affect our financial condition, operating performance and ability to compete. Any of the foregoing could result in a material adverse effect on our business and financial condition.

We could be subject to changes in our tax rates, the enactment of legislation implementing changes in taxation of international business activities, the adoption of other corporate tax reform policies, or other changes in tax legislation or policies which could adversely affect our business, financial condition, and results of operations.

Corporate tax reform, base-erosion efforts, and tax transparency continue to be high priorities in many tax jurisdictions where we have business operations. As a result, policies regarding corporate income and other taxes in numerous jurisdictions are under heightened scrutiny, and tax reform legislation is being proposed or enacted in a number of jurisdictions.

As an example, the Organization for Economic Co-operation and Development (the “OECD”), has put forth two proposals—Pillar One and Pillar Two—that revise the existing profit allocation and nexus rules (profit allocation based on location of sales versus physical presence) and ensure a minimal level of taxation, respectively. As of the date of this Annual Report, more than 140 countries, including Israel and other countries in which we operate, have agreed to enact legislation on Pillar Two and to enforce a minimum global tax rate of 15%. Many countries implemented such legislation in 2024, and Israel is expected to do so in 2026. These changes, when enacted by various countries in which we do business, may increase our taxes in these countries. As the Pillar Two solution is subject to implementation by each member country, the timing and ultimate impact of any such changes on our tax obligations is uncertain. Such legislative initiatives may materially and adversely affect our plans to expand internationally and may negatively impact our tax liability, financial condition, and results of operations, and could increase our administrative expenses.

Changes in tax treatment of companies engaged in e-commerce may adversely affect the commercial use of our sites and our financial results.

Due to the global nature of the internet, it is possible that various states, municipalities or foreign countries might, as a consequence of their review of the appropriate treatment of companies engaged in e-commerce and digital services, attempt to impose additional or new regulation on our business or levy additional or new sales, income, or other taxes on us or our customers. For example, following the United States Supreme Court’s 2018 decision in South Dakota v. Wayfair Inc., which held, among other things, that a state may require an out-of-state seller with no physical presence in the state to collect and remit sales taxes on goods the seller ships to consumers in the state, many states have adopted Wayfair laws requiring remote sellers to collect and pay sales tax based on transactions that take place in their jurisdictions. Other new or revised taxes and, in particular, digital taxes, sales taxes, VAT, and similar taxes could increase the cost of doing business online and decrease the attractiveness of selling products over the internet. New taxes and related rulings and regulations could also create significant increases in internal costs necessary to capture data and collect and remit taxes. Any of these events could have an adverse effect on our business, financial condition, and operating results.

As a result of our plans to expand our business operations, including to jurisdictions in which tax laws may not be favorable, our tax obligations may change or fluctuate, become significantly more complex, or become subject to greater risk of examination by taxing authorities, any of which could adversely affect our after-tax profitability and financial results.

We operate currently in several jurisdictions in addition to Israel, including the United States. In the event that our business expands to additional jurisdictions, our effective tax rates may fluctuate widely in the future. Future effective tax rates could be affected by operating losses in jurisdictions where no tax benefit can be recorded under U.S. GAAP, changes in deferred tax assets and liabilities, or changes in tax laws. Factors that could materially affect our future effective tax rates include, but are not limited to: (i) changes in tax laws or the regulatory environment, (ii) changes in accounting and tax standards or practices, (iii) changes in the composition of operating income by tax jurisdiction, (iv) the imposition of, or changes in laws regarding, indirect taxes such as digital tax, sales tax, and VAT and (v) pre-tax operating results of our business.

Outcomes from audits or examinations by taxing authorities could have an adverse effect on our after-tax profitability and financial condition. Additionally, the Israel Tax Authority and several foreign tax authorities have increasingly focused attention on intercompany transfer pricing with respect to sales of products and services and the use of intangibles. Tax authorities could disagree with our intercompany charges, cross-jurisdictional transfer pricing, or other matters and assess additional taxes. If we do not prevail in any such disagreements, our profitability may be affected.

Our after-tax profitability and financial results may also be adversely affected by changes in relevant tax laws and tax rates, treaties, regulations, administrative practices and principles, judicial decisions, and interpretations thereof, in each case, possibly with retroactive effect.

The tax benefits that are available to us require us to continue to meet various conditions and may be terminated or reduced in the future, which could increase our costs and taxes.

We believe we are eligible for certain tax benefits provided to a “Preferred Technology Enterprise” under the Israeli Law for the Encouragement of Capital Investments, 5719-1959 (the “Investment Law”). In order to remain eligible for the tax benefits for a “Preferred Technology Enterprise,” we must continue to meet certain conditions stipulated in the Investment Law and its regulations, as amended. If these tax benefits are reduced, cancelled or discontinued, our Israeli taxable income as a “Preferred Technology Enterprise” would be subject to regular Israeli corporate tax rates. Additionally, if we increase our activities outside of Israel through acquisitions, for example, our expanded activities might not be eligible for inclusion in future Israeli tax benefit programs. See the section titled “Item 10.E. Taxation—Law for the Encouragement of Capital Investments, 5719-1959.”

Government regulations relating to the marketing and advertising of our products may restrict, inhibit, or delay our ability to sell our products and harm our business.

A variety of federal, state, and foreign government authorities regulate the advertising and promotion of our products, including the marketing claims we can make regarding their properties and benefits. In the United States, the FDA regulates our products, which include cosmetics and certain dietary supplements, under differing regulatory regimes, but in each case exercises authority over our marketing claims. While the FDA does not require our products and labeling to undergo pre-market approval, and while the FDA has not approved any of our products or otherwise determined such products to be safe and effective for any intended uses, the FDA and other regulatory agencies require that the labeling and claims for our products be truthful and not misleading. In addition, our cosmetic and dietary supplement products may not be marketed with claims regarding the treatment or prevention of diseases or conditions, which would cause such products to meet the definition of a drug and be subject to the requirements applicable to drug products. Similar requirements apply in foreign jurisdictions, including in the EU. The FDA has issued warning letters to cosmetic and dietary supplement companies alleging improper drug claims regarding their products, including, for example, cosmetic products that make claims regarding hair growth or preventing hair loss. There is a degree of subjectivity in determining whether a labeling or marketing claim is appropriate under these standards. While we believe our product claims are truthful, not misleading, and would not cause our products to be regulated as drugs, there is always a risk that the FDA or foreign regulatory authorities may determine otherwise, send us a warning letter or untitled letter, require us to modify our product claims, or take other enforcement action. Any inquiry into the regulatory status of our products and any related interruption in the marketing and sale of these products could damage our reputation and image in the marketplace.

Other U.S. regulatory authorities, such as the FTC and state consumer protection agencies, also govern our products and typically require adequate and reliable scientific substantiation to support any marketing claims. In particular, the advertising of cosmetics is subject to regulation by the FTC under the Federal Trade Commission Act (the “FTC Act”). Section 5 of the FTC Act prohibits unfair methods of competition and unfair or deceptive trade acts or practices in or affecting commerce. Section 12 of the FTC Act provides that the dissemination or the causing to be disseminated of any false advertising pertaining to drugs, foods, devices, services, or cosmetics, is an unfair or deceptive act or practice. Under the FTC’s Substantiation Doctrine, an advertiser is required to have a “reasonable basis” for all objective product claims before the claims are made. U.S. State consumer protection laws modeled after the FTC Act impose similar requirements on our business. As such, we are required to have adequate substantiation of all material advertising claims made for our products. Failure to adequately substantiate claims may be considered either deceptive or unfair practices.

This standard for substantiation is subject to interpretation and can vary widely from market to market, and there is no assurance that the research and development efforts that we undertake to support our claims will be deemed adequate for any particular product or claim. The FTC also has specialized requirements for certain types of claims. For example, the FTC’s “Green Guides” regulate how “free-of,” “non-toxic,” and similar claims must be framed and substantiated. It is possible that the FTC could interpret the Green Guides in a manner that does not allow some of our claims or that requires additional substantiation to make them. The FTC also has issued Guides Concerning the Use of Endorsements and Testimonials in Advertising (the “Endorsement Guides”), under which product testimonials must come from “bona fide” users of a product and otherwise reflect the honest opinions, beliefs, or experience of the endorser. Additionally, companies must disclose material connections between themselves and their endorsers and are subject to liability for false or unsubstantiated statements regarding its products made by endorsers including, for example, marketing atypical results of using a product. The FTC actively investigates online product reviews and may bring enforcement actions against a company for failure to comply with applicable requirements for testimonials. Our brand ambassadors may participate in our product launches, take part in media days promoting our products, create product tutorials, and post online reviews of our products, including “before and after” photos. If we or our brand ambassadors fail to comply with the Endorsement Guides or make improper product claims, the FTC could bring an enforcement action against us and we could be fined and/or forced to alter our marketing materials.

In addition, we are subject to review by self-regulatory organizations, such as the Council of Better Business Bureaus’ National Advertising Division (“NAD”). NAD monitors national advertising in all media, enforces high standards of truth and accuracy, and resolves disputes to build consumer trust and support fair competition. NAD reviews advertising based on challenges from businesses, complaints from consumers, or on its own initiative covering a wide variety of both industries and issues. If our advertising claims are challenged before the NAD, we would incur costs associated with responding to the challenge and could be required to modify our claims which could have a negative impact on our business.

We are also subject to certain federal and state laws that apply to automatically renewing subscription services. Our subscriptions automatically renew unless the subscriber cancels the subscription before the end of the current period, and we often provide free or discounted trial periods to customers. The Federal Restore Online Shoppers’ Confidence Act (“ROSCA”), and state law analogues require companies to adhere to enhanced disclosure and cancellation requirements when entering into automatically renewing contracts with subscription customers. Regulators and private plaintiffs have brought enforcement and litigation actions against companies, challenging automatic renewal and subscription programs. If we fail to comply with ROSCA and its state law analogues, we could incur substantial legal fees and costs and reputational harm. In addition, compliance and remediation efforts can be costly.

Moreover, consumer protection laws and regulations governing our business continue to expand. In some states such as California, class-action lawsuits may be based on similar standards regarding false and misleading advertising and other increasingly novel theories of liability. In addition, plaintiffs’ lawyers have filed class action or false advertising lawsuits against cosmetic companies based on their marketing claims. See the section titled “Item 4.B. Business Overview—Legal Proceedings.” Federal and state consumer protection agencies are expected to continue their active enforcement of applicable laws and regulations. Any inquiry into the regulatory status of our products and any related interruption in the marketing and sales of these products could damage our reputation and image in the marketplace, which could adversely affect our business, financial condition and results of operations.

If our products are not manufactured in compliance with applicable regulations, do not meet quality standards, or otherwise result in adverse health effects in customers, it could result in reputational harm, remedial costs, or regulatory enforcement.

In the United States, our products regulated as dietary supplements are subject to Good Manufacturing Practices regulations administered by the FDA ("GMPs"), which govern key aspects of the production of dietary supplements, including quality control, packaging and labeling. While the FDA has not promulgated regulations governing GMPs for cosmetics, adherence to recommended GMPs can reduce the risk that FDA finds such products have been rendered adulterated or misbranded in violation of applicable law. The FDA's draft guidance on cosmetic GMPs, issued June 2013, provides recommendations related to process documentation, recordkeeping, building and facility design, equipment maintenance, and personnel. The FDA also recommends that manufacturers maintain product complaint and recall files and voluntarily report adverse events to the agency. Further, under the Modernization of Cosmetic Regulation Act of 2022, manufacturers of cosmetics are subject to more onerous FDA obligations, including adverse event reporting and record retention requirements, safety substantiation requirements, facility registration requirements, and will in the future be subject to more onerous good manufacturing practice requirements. The FDA has also been granted new enforcement authorities over cosmetics, such as mandatory recall authority, and there will be new cosmetic labeling requirements imposed. In Europe, cosmetic products must be manufactured in compliance with GMPs requirements. Details on compliance with GMPs must be included in the product information file, of the cosmetic product. Compliance with GMPs is presumed where the manufacture complies with the relevant harmonized standards, which is ISO 22716:2007 for cosmetic products.

We rely on third parties to manufacture our products in compliance with quality standards, including dietary supplement GMPs, the cosmetic GMPs guidelines in the FDA's draft guidance and similar foreign requirements. Compliance with these standards can increase the cost of manufacturing our products as we work with our vendors to assure they are qualified and in compliance. If we or our suppliers fail to comply with these standards, it could lead to customer complaints, adverse events, product withdrawal or recall, or increase the likelihood that our products are rendered adulterated or misbranded, any of which could result in negative publicity, remedial costs, or regulatory enforcement that could impact our ability to continue selling certain products, and may harm our brands. Problems associated with product recalls could be exacerbated due to the global nature of our business because a recall in one jurisdiction could lead to recalls in other jurisdictions. Recalls of this sort could adversely affect our business, financial condition, and results of operations.

Government reviews, inquiries, investigations, and actions could harm our business.

As we operate in various locations around the world, our operations are subject to governmental scrutiny and may be adversely impacted by the results of such scrutiny. The regulatory environment with regard to our business is evolving, and government officials often exercise broad discretion in deciding how to interpret and apply applicable regulations. We have in the past received, and from time to time we may in the future receive, formal and informal inquiries from various government regulatory authorities, as well as self-regulatory organizations, about our business and compliance with local laws, regulations, or standards. Any determination that our operations or activities, or the activities of our employees, are not in compliance with existing laws, regulations, or standards could negatively impact us in a number of ways, including the imposition of substantial fines, civil and criminal penalties, interruptions of business, loss of supplier, vendor, or other third-party relationships, termination of necessary licenses and permits, modification of business practices and compliance programs, equitable remedies, including disgorgement, injunctive relief, and other sanctions or similar results, all of which could adversely our business, financial condition, and results of operations. Even if these reviews, inquiries, investigations, and actions do not result in any adverse determinations, they could create negative publicity, which could harm our business and give rise to third-party litigation or action.

If our products are found to be or are perceived to be defective or unsafe, we may be subject to various product liability claims, which could harm our reputation and business.

Our success depends, in part, on the quality and safety of our products. Any loss of confidence on the part of customers in our products or the ingredients used in our products, whether related to product contamination or product safety or quality failures, actual or perceived, environmental impacts, or inclusion of prohibited ingredients, or ingredients that are perceived to be "toxic," could tarnish the image of our brand and could cause customers to choose other products. In addition, if our products are found to be defective or unsafe, or otherwise fail to meet our customers' expectations or if our product claims are found to be unfair or deceptive, we may need to recall some of our products and/or become subject to regulatory action, our relationships with customers could suffer, the appeal of one or more of our products could be diminished, and we could lose sales, any of which could result in an adverse effect on our business. For example, we have historically received complaints regarding our products, including complaints alleging adverse side effects, such as mild rashes or itchy skin. We conduct testing of our products and, based on these tests, do not believe that there are any issues with our formulas linked to any widespread adverse effects. However, regardless of their merit, these or future complaints could have a negative impact on the reputation of our products and our brands, cause us to recall or stop selling our products, or lead to increased scrutiny or enforcement action from regulatory authorities, any of which could adversely affect our business, financial condition, and results of operations.

We may be subject to product liability claims, including that our products fail to meet quality or manufacturing specifications, contain contaminants, include inadequate instructions as to their proper use, include inadequate warnings concerning side effects and interactions with other substances or for persons with health conditions or allergies, or cause adverse reactions or side effects. Product liability claims could increase our costs, and adversely affect our business and financial results. As we continue to offer an increasing number of new products through large product offerings our product liability risk may increase.

We maintain product liability insurance and continue to periodically evaluate whether we can and should obtain higher product liability insurance. Based upon our current approach to product liability risk management, if any of our products are found to cause any injury or damage or we become subject to product liability claims, we will be subject to the full amount of liability associated with any injuries or damages.

We are subject to periodic claims and litigation that could result in unexpected expenses and could ultimately be resolved against us.

We are currently involved in, and may in the future from time to time become involved in, litigation and other proceedings, including matters related to commercial disputes, product liability, intellectual property, data privacy and security, trade, customs laws and regulations, employment, regulatory compliance, and other claims related to our business. See the section titled "Item 4.B. Business Overview —Legal Proceedings" for additional information. An unfavorable outcome of any particular proceeding could exceed the limits of our insurance policies, or our insurance carriers may decline to fund such final settlements or judgments or all or part of the legal costs associated with the proceeding, which could have an adverse impact on our business, financial condition, and results of operations. Regardless of the final outcome, litigation can have an adverse impact on us due to defense and litigation costs, diversion of management resources, reputational harm and other factors.

Our employees, customers, suppliers, and other business partners may engage in misconduct or other improper activities, including noncompliance with regulatory standards and requirements.

We are exposed to the risk that our employees, customers, suppliers, and other business partners may engage in fraudulent or illegal activity. Misconduct by these parties could include intentional, reckless, or negligent conduct or disclosure of unauthorized activities to us that violate: (i) the rules of the applicable regulatory bodies; (ii) manufacturing standards; (iii) data privacy, security, and intellectual property laws, rules, or regulations or other similar non-U.S. laws, rules, or regulations; or (iv) laws that require the true, complete, and accurate reporting of financial information or data. These laws may impact, among other things, future sales, marketing, and education programs.

It is not always possible to identify and deter misconduct by our employees and other third parties, and the precautions we take to detect and prevent these activities may not be effective in controlling unknown or unmanaged risks or losses or in protecting us from governmental investigations or other actions or lawsuits stemming from a failure to be in compliance with such laws or regulations. In addition, we are subject to the risk that a person or government could allege such fraud or other misconduct, even if none occurred. If any such actions are instituted against us and we are not successful in defending ourselves or asserting our rights, those actions could result in the imposition of significant fines or other sanctions, including the imposition of civil, criminal, and administrative penalties, additional integrity reporting, and oversight obligations. Whether or not we are successful in defending against any such actions or investigations, we could incur substantial costs, including legal fees, and divert the attention of management in defending.

Our failure to comply with the anti-corruption, trade compliance, anti-money laundering, and terror finance and economic sanctions laws and regulations of the United States and applicable international jurisdictions could adversely affect our reputation and results of operations.

We must comply with anti-corruption laws and regulations imposed by governments around the world with jurisdiction over our operations, which may include the FCPA, the U.K. Bribery Act, and Chapter 9 (sub-chapter 5) of the Israeli Penal Law, and the Israeli Prohibition on Money Laundering Law, 5760-2000 (the “Israeli Money Laundering Law” and together with the Israeli Penal Law, the “Israeli Anti-Corruption Laws”), as well as the laws of the countries where we do business. These laws and regulations apply to companies, individual directors, officers, employees, and agents. Where they apply, the FCPA, the U.K. Bribery Act, and the Israeli Anti-Corruption Laws prohibit us and our officers, directors, employees, and business partners acting on our behalf, including joint venture partners and agents, from corruptly offering, promising, authorizing, or providing anything of value, directly or indirectly, to public officials for the purposes of influencing official decisions or obtaining or retaining business or a business advantage or otherwise obtaining favorable treatment. The U.K. Bribery Act also prohibits non-governmental “commercial” bribery and accepting bribes. The U.K. Bribery Act also includes an offense applicable to corporate entities and partnerships which carry on part of their business in the U.K. that fail to prevent bribery, which can take place anywhere in the world, by persons who perform services for or on behalf of them, subject to a defense of having adequate procedures in place to prevent the bribery from occurring. The offense can render parties criminally liable for the acts of their agents, joint venture partners, or commercial partners even if done without their knowledge. As part of our business, we deal with governments and state-owned business enterprises, the employees and representatives of which may be considered public officials for purposes of anti-corruption laws, including the FCPA, the U.K. Bribery Act, and the Israeli Anti-Corruption Laws. We also are subject to the jurisdiction of various governments and regulatory agencies around the world, which may bring our personnel and agents into contact with public officials responsible for issuing or renewing permits, licenses, or approvals or for enforcing other governmental regulations. In addition, some of the international locations in which we operate lack a developed legal system, are in emerging and less developed markets and have elevated levels of corruption and fraud.

Our business also must be conducted in compliance with applicable economic and financial sanctions, trade embargoes, and export controls, such as those administered and enforced by the U.S. Department of Treasury’s Office of Foreign Assets Control, the U.S. Department of State, the U.S. Department of Commerce, the United Nations Security Council, the State of Israel, the EU, His Majesty’s Treasury of the U.K., and other relevant sanctions and export control authorities.

Our global operations expose us to the risk of violating, or being accused of violating, anti-corruption laws, anti-money laundering laws, economic and financial sanctions, trade embargoes, and export controls. Our failure to comply with these laws and regulations may expose us to reputational harm as well as significant penalties, including criminal fines, imprisonment, civil fines, disgorgement of profits, injunctions, and debarment from government contracts, as well as other remedial measures. Investigations of alleged violations may result in significant diversion of management’s attention and resources and significant defense costs and other professional fees.

U.S. public companies are required to maintain records that accurately and fairly represent their transactions and have an adequate system of internal accounting controls. We have developed and are working to further enhance our internal controls, policies, procedures, and training to ensure compliance by us and our directors, officers, employees, representatives and agents with the FCPA, the Israeli Anti-Corruption Laws, the U.K. Bribery Act, and other applicable anti-corruption laws. Despite our compliance efforts and activities, we cannot assure that our controls, policies, and procedures, even if enhanced, have been or will be followed at all times or effectively detect and prevent all violations of the applicable laws and every instance of economic and financial sanctions, anti-money laundering laws, fraud, bribery, or corruption. A violation of these applicable laws could adversely affect our business, prospects, financial condition, and results of operations.

Our ability to source and distribute our products profitably or at all could be harmed if new trade restrictions are imposed or existing trade restrictions become more burdensome.

The majority of our products are currently manufactured outside of the United States. The United States and the countries in which our products are produced or sold internationally have imposed and may impose additional quotas, duties, tariffs, or other restrictions or regulations, or may adversely adjust prevailing quota, duty, or tariff levels. Countries impose, modify, and remove tariffs and other trade restrictions in response to a diverse array of factors, including global and national economic and political conditions, which make it impossible for us to predict future developments regarding tariffs and other trade restrictions. In recent years, the U.S. government has taken steps to address allegations of forced labor in the Xinjiang Uyghur Autonomous Region of China (the "XUAR"), including issuing a number of specific Withhold Release Orders (which ban imports from certain entities or certain categories of ties into the United States) and implementing the Uyghur Forced Labor Prevention Act (the "UFLPA"), which creates a rebuttable presumption banning imports into the United States of items "mined, produced, or manufactured wholly or in part" in the XUAR, as well as additional presumptive bans that will be announced later this year. Although we do not knowingly import items from the XUAR, we have a limited number of suppliers based in China, and we do not know what additional items or suppliers may be subject to the presumptive ban in the future. Trade restrictions, including tariffs, quotas, export controls, trade sanctions, embargoes, safeguards, and customs restrictions, could increase the cost or reduce the supply of products available to us or may require us to modify our supply chain organization or other current business practices, any of which could adversely affect our business, financial condition, and results of operations.

Existing and potential tariffs imposed by the U.S. government or a global trade war could increase the cost of our products, which could have an adverse effect on our business, financial condition, and results of operations.

The U.S. government has in recent years imposed increased tariffs on imports from certain foreign countries, and the new U.S. administration has declared its intention to impose additional import tariffs to pursue its government policies (and has already done so with respect to imports from certain countries.) The U.S. administration has also declared its intention to impose retaliatory tariffs on imports from countries in which imports from the U.S. are subject to tariffs. Any imposition of additional tariffs by the U.S. could result in the adoption of retaliatory tariffs by other countries, leading to a global trade war. While the previous U.S. administration's tariffs on certain imports from China only affected a small portion of our production, any such future tariffs imposed by the United States or other countries could have a significant impact on our business. Even if such tariffs do not directly apply to our supplies or products, they could indirectly affect our business if they result in a general increase in prices or an increase in prices by our third-party suppliers. While we may attempt to renegotiate prices with suppliers or diversify our supply chain in response to tariffs, such efforts may not yield immediate results or may be ineffective. We might also consider increasing the price of our products to offset increased production costs; however, this could reduce the competitiveness of our products and adversely affect our net revenue. If we fail to manage these dynamics successfully, gross margins and profitability could be adversely affected. As of December 31, 2024, tariffs had not had a material effect on our business, but increased tariffs or trade restrictions implemented by the United States or other countries in connection with a global trade war could have an adverse effect on our business, financial condition, and results of operations.

Risks Related to Data Privacy and Security, Information Technology, and Intellectual Property

Changes in data privacy and security laws, rules, regulations, and standards, including laws, rules, and regulations governing our collection, use, disclosure, retention, transfer, storage, and other processing of personal information, including payment card data, and our actual or perceived failure to comply with such obligations may have an adverse effect on our business, financial condition, and results of operations.

We are subject to federal, state, and international laws, rules, and regulations relating to the collection, use, disclosure, retention, security, transfer, storage, and other processing of personal information and consumer information, including payment card data. The regulatory framework worldwide for data privacy and security issues, particularly as they relate to the use of data in AI, is rapidly evolving and, as a result, implementation standards and enforcement practices are likely to remain uncertain for the foreseeable future. For instance, the EU AI Act sets forth harmonized rules on AI; once implemented, the Act could, directly or indirectly, require us to modify our business practices or implement compliance measures, either of which could require us to incur substantial costs. Although we publicly post documentation regarding our practices concerning the use, disclosure, and other processing of data, and we strive to comply with such policies and all applicable laws, rules, regulations, standards, and other legal and contractual obligations, we may at times fail to do so or be perceived to have failed to do so. Our publication of our privacy policy and other statements we publish that provide promises and assurances about data privacy and security can subject us to potential federal, state, local, or foreign action if they are found to be deceptive, unfair, or misrepresentative of our actual practices. In addition, data privacy and security laws, rules, regulations, standards, and obligations are changing, have differing interpretations, and may be inconsistent between jurisdictions or conflict with other requirements or legal obligations. Any actual or perceived failure by us, our suppliers, or other parties with whom we do business, to comply with this documentation or with other federal, state, local, or foreign laws, rules, and regulations could result in proceedings against us by governmental entities or others. In many jurisdictions, enforcement actions and consequences for noncompliance are rising, which could damage our reputation, cause our customers to lose trust in us, cause us to cease or change our processing of data, and increase our exposure to liability, any of which could have an adverse effect on our business, financial condition, or results of operations. Additionally, if any third parties we work with violate applicable laws or our policies, such violations also may put personal information at risk and expose us to potential liability and reputational harm. Further, public scrutiny of, or complaints about, technology companies or their data processing or protection practices, even if unrelated to our business, industry, or operations, may lead to increased scrutiny and may cause government agencies to enact additional regulatory requirements, or to modify their enforcement or investigation activities. Any of the foregoing could have an adverse effect on our business, financial condition, or results of operations.

In the United States, there are numerous federal and state data privacy and security laws, rules, and regulations governing the collection, use, disclosure, retention, security, transfer, storage, and other processing of personal information, including federal and state data privacy laws, data breach notification laws, and consumer protection laws. For example, the FTC and many state attorneys general are interpreting federal and state consumer protection laws to impose standards for the online collection, use, dissemination, and security of data. Such standards require us to publish statements that describe how we handle personal data and choices individuals may have about the way we handle their personal data. If such information that we publish is considered untrue or inaccurate, we may be subject to government claims of unfair or deceptive trade practices, which could lead to significant liabilities and consequences. Moreover, according to the FTC, violating consumers' privacy rights or failing to take appropriate steps to keep consumers' personal data secure may constitute unfair acts or practices in or affecting commerce in violation of Section 5(a) of the FTC Act. State consumer protection laws provide similar causes of action for unfair or deceptive practices. In addition, privacy advocates and industry groups have regularly proposed and sometimes approved, and may propose and approve in the future, self-regulatory standards with which we must legally comply or that contractually apply to us. If we fail to follow applicable security standards even if no consumer information is compromised, we may incur significant fines or experience a significant increase in costs or reputational damage.

Further, U.S. laws in this area are complex and developing rapidly. At the federal level, the United States Congress is also considering various proposals for comprehensive federal data privacy legislation and, while no comprehensive federal data privacy law currently exists, we are subject to applicable existing federal laws and regulations. Many state legislatures have adopted legislation that regulates how businesses operate online, including measures relating to privacy, data security, and data breaches. Laws in all 50 states require businesses to provide notice to consumers whose personal information has been disclosed as a result of a data breach. The laws are not consistent, and compliance in the event of a widespread data breach is costly.

For example, the California Consumer Privacy Act (the "CCPA"), which became effective in January 2020, gives California residents expanded rights to access and delete their personal information, opt out of certain personal information sharing, and receive detailed information about how their personal information is used by requiring covered companies to provide new disclosures to California consumers (as that term is broadly defined and may include any of our current or future employees who may be California residents) and provide such residents new ways to opt out of certain sales of personal information. The law also prohibits covered companies from discriminating against California residents (for example, charging more for services) for exercising any of their CCPA rights. The CCPA provides for severe civil penalties for violations as well as a private right of action for data breaches that result in the loss of personal information that is expected to increase data breach litigation. Further, in November 2020, California voters passed the California Privacy Rights Act (the "CPRA"). The CPRA, which took effect on January 1, 2023, significantly expands the CCPA, including by introducing additional obligations on covered companies, such as data minimization and storage limitations, granting additional rights to consumers, such as correction of personal information and additional opt-out rights, and creates a new entity, the California Privacy Protection Agency, to implement and enforce the law. The CCPA and CPRA may increase our compliance costs and potential liability.

Other jurisdictions in the United States have already passed or are considering laws similar to the CCPA, with potentially greater penalties and more rigorous compliance requirements relevant to our business. For example, in March 2021, the Governor of Virginia signed into law the Virginia Consumer Data Protection Act (the "VCDPA"). The VCDPA creates consumer rights, similar to the CCPA, but also imposes security and assessment requirements for businesses. Further, under the VCDPA, Virginia residents will have the right to opt out of the sale of their personal data, as well as the right to opt out of the processing of their personal data for targeted advertising. The VCDPA will require us to incur additional costs and expenses in an effort to comply with it, which became effective on January 1, 2023. In addition, in June 2021, Colorado enacted the Colorado Privacy Act (the "CPA"), becoming the third comprehensive consumer privacy law to be passed in the United States (after the CCPA and VCDPA). The CPA, which became effective on July 1, 2023, closely resembles the VCDPA, and is enforced by the respective states' Attorney General and district attorneys. Although the two differ in many ways, we must comply with each if our operations fall within the scope of these newly enacted comprehensive mandates. Similar laws have been proposed in other states and at the federal level, reflecting a trend toward more stringent privacy legislation in the United States, and the enactment of such laws could have potentially conflicting requirements that would make compliance challenging. These state statutes and other similar state or federal laws may require us to modify our data processing practices and policies and incur substantial compliance-related costs and expenses.

A number of states have also passed, or may pass in the future, laws that regulate the acquisition, use and storage of biometric information. For example, Illinois' Biometric Information Privacy Act ("BIPA"), prohibits collection of certain biometric data without informed consent and provides for statutory damages of up to $5,000 per customer per violation for intentional violations. As a result, BIPA has been the subject of extensive class action litigation and very substantial settlements. If we collect, use or store biometric data, we may be, or may become, subject to such laws and regulations, and we may face legal claims or proceedings, regulatory investigations or actions, or other liability in connection with any actual or perceived non-compliance, which could result in an adverse impact on our business, financial condition and results of operations.

Further, we currently accept payments using a variety of methods, including credit card, debit card, Amazon Pay, PayPal, and Alternative Payment Models ("APM"). We are subject to the Payment Card Industry Data Security Standard ("PCI Standard"), issued by the Payment Card Industry Security Standards Council, with respect to payment card information. The PCI Standard contains compliance guidelines with regard to our security surrounding the physical and electronic storage, processing, and transmission of cardholder data. Compliance with the PCI Standard and implementing related procedures, technology, and information security measures requires significant resources and ongoing attention. Our compliance with the PCI Standard is handled by our third-party payment processors since most of our customer payment information is not stored in our systems. However, we are subject to the risk of changes to or disruption in this provider's service. We have in the past, and may in the future, experience problems and interruptions associated with the implementation of new or upgraded systems and technology, such as those necessary to achieve compliance with the PCI Standard or with maintenance or adequate support of existing systems that may also disrupt or reduce the efficiency of our operations. Any material interruptions or failures in our payment-related systems could have a material adverse effect on our business, financial condition, and results of operations. If there are amendments to the PCI Standard, the cost of re-compliance could also be substantial and we may suffer loss of critical data and interruptions or delays in our operations as a result. Additionally, despite our compliance efforts, we may become subject to claims that we have violated the PCI Standard, based on past, present, and future business practices, which could have an adverse impact on our business and reputation.

In addition, as we offer new payment options (such as to customers), we may be subject to additional regulations, compliance requirements, fraud, and other risks. Furthermore, as our business changes, we may be subject to different rules under existing standards, which may require new assessments that involve costs above what we currently pay for compliance. If we fail to comply with the rules or requirements of any provider of a payment method we accept, if the volume of fraud in our transactions limits or terminates our rights to use payment methods we currently accept, or if a data breach or other security incident occurs relating to our payment systems, we may, among other things, be subject to fines or higher transaction fees and may lose, or face restrictions placed upon, our ability to accept credit card payments from customers or facilitate other types of online payments. Advances in computer capabilities, new discoveries in the field of cryptography or other developments could compromise or breach the algorithms that we use to protect our customers' transaction data.

We also occasionally receive orders placed with fraudulent data and we may ultimately be held liable for the unauthorized use of a cardholder's card number in an illegal activity and be required by card issuers to pay charge-back fees. Charge-backs result not only in our loss of fees earned with respect to the payment, but also leave us liable for the underlying money transfer amount. If our charge-back rate becomes excessive, card associations also may require us to pay fines or refuse to process our transactions. In addition, we may be subject to additional fraud risk if third-party service providers or our employees fraudulently use consumer information for their own gain or facilitate the fraudulent use of such information. Overall, we may have little recourse if we process a criminally fraudulent transaction.

Internationally, virtually every jurisdiction in which we operate has established its own data privacy and security legal framework with which we must comply, including but not limited to the European Economic Area (the "EEA"), the U.K., and Israel. In the EU, the GDPR went into effect in May 2018. The GDPR has far-reaching extraterritorial effect so that it applies to, amongst others, any business, regardless of its location, that processes personal data of an EEA resident in relation to offering goods or services to such EEA resident. The EEA's data protection landscape is evolving, resulting in possible significant operational costs for internal compliance and risks to our business. Recent legal developments in the EEA have created complexity and uncertainty regarding transfers of personal data from the EEA to the United States and other so-called third countries outside the EEA. While we have taken steps to mitigate the impact on us, such as implementing the European Commission's standard contractual clauses ("SCCs"), the efficacy and longevity of these mechanisms remain uncertain. On July 16, 2020, the Court of Justice of the EU (the "CJEU") invalidated the EU-U.S. Privacy Shield Framework (the "Privacy Shield"), under which personal data could be transferred from the EEA to U.S. entities who had self-certified under the Privacy Shield scheme. While the CJEU upheld the adequacy of the SCCs, it made clear that reliance on them alone may not necessarily be sufficient in all circumstances. Accordingly, use of the SCCs must now be assessed on a case-by-case basis, taking into account the legal regime applicable in the destination country, in particular, applicable surveillance laws and rights of individuals, and additional technical and organizational measures and/or contractual provisions may need to be put in place. However, the nature of these additional measures is currently uncertain in part as respective guidance of the supervisory authorities leaves room for interpretation. The CJEU went on to state that if a competent supervisory authority believes that the SCCs cannot be complied with in the destination country and the required level of protection cannot be secured by other means, such supervisory authority is under an obligation to suspend or prohibit that transfer. Moreover, the European Commission released an implementation decision for a new set of SCCs on June 7, 2021, which required us to use new SCCs as of September 27, 2021 and replace existing SCCs by December 27, 2022. The revised SCCs apply only to the transfer of personal data outside of the EEA and not the U.K.; the U.K.'s Information Commissioner's Office launched a public consultation on its draft revised data transfers mechanisms in August 2021.

Furthermore, the DPF was released on December 13, 2022 to help address concerns raised by the CJEU regarding cross-border data transfers from the EEA to the United States. The European Commission adopted its Adequacy Decision in relation to the DPF on July 10, 2023, making the DPF effective as an EU GDPR transfer mechanism to United States entities self-certified under the DPF. On October 12, 2023, the UK government approved the UK Extension to the DPF, allowing for a UK GDPR data transfer mechanism to United States entities self-certified under the UK Extension. However, the DPF Adequacy Decision may be challenged, and regulators may continue to apply heightened scrutiny to cross-border flows of data to the United States and other jurisdictions. Our operations may be affected as the regulation and enforcement of international data transfer continues to evolve. We may be subject to investigations, fines or complaints; we may be required to cease our use of certain vendors and products; we may be required to implement new internal policies within a specified time frame with regards to data storage, management and transfer; and/or it could otherwise affect our business, our provision of services, and our finances.

These recent developments may require us to review and amend the legal mechanisms by which we transfer personal data from the EEA and the U.K. Other countries have also passed or are considering passing laws requiring local data residency or restricting the internal transfer of data. As supervisory authorities issue further guidance on personal data export mechanisms, including circumstances where the SCCs cannot be used, and/or start taking enforcement action, we could suffer additional costs, complaints or regulatory investigations, inquiries, or fines, or if we are otherwise unable to transfer personal data between and among countries and regions in which we operate, it could affect the manner in which we provide our products, the geographical location or segregation of our relevant systems and operations, and could adversely affect our business, financial condition, and results of operations.

In addition, the GDPR and the U.K.'s General Data Protection Regulation (the "U.K. GDPR") impose robust obligations on controllers and processors for the collection, control, use, sharing, disclosure, and other processing of data relating to an identified or identifiable living individual (personal data) and contain documentation and accountability requirements for data protection compliance. These laws require detailed and transparent disclosures about how personal data is collected and processed, grant rights for data subjects to access, delete, or object to the processing of their data, provide for a mandatory breach notification to supervisory authorities (and in certain cases, affected individuals) of certain data breaches, set limitations on the retention of information, and outline significant documentary requirements to demonstrate compliance through policies, procedures, training, and audits. Failure to comply with these obligations can result in significant fines and other liability under applicable law. In particular, under the GDPR, fines of up to EUR 20 million (or GBP 17.5 million under the U.K. GDPR) or up to 4% of the annual global revenue of the noncompliant company, whichever is greater, could be imposed for violations of certain of the GDPR's requirements. The GDPR requirements apply not only to third-party transactions, but also to transfers of information between us and our subsidiaries, including employee information.

The withdrawal of the U.K. from the EU also has created uncertainty with regard to the regulation of data protection in the U.K. Since January 1, 2021, when the transitional period following Brexit expired, we have been required to comply with the GDPR as well as the U.K. GDPR (combining the GDPR and the U.K.'s Data Protection Act of 2018), which exposes us to two parallel regimes, each of which authorizes similar fines and may subject us to increased compliance risk based on differing, and potentially inconsistent or conflicting, interpretation and enforcement by regulators and authorities (particularly, if the laws are amended in the future in divergent ways). With respect to transfers of personal data from the EEA, on June 28, 2021, the European Commission issued an adequacy decision in respect of the U.K.'s data protection framework, enabling data transfers from the member states of the EU, to the U.K. to continue without requiring organizations to put in place contractual or other measures in order to lawfully transfer personal data between the territories. While it is intended to last for at least four years, the European Commission may unilaterally revoke the adequacy decision at any point, and if this occurs, it could lead to additional costs and increase our overall risk exposure.

In addition to the GDPR and U.K. GDPR, the European Commission has another draft regulation in the approval process that focuses on electronic communications. The proposed legislation, known as the Regulation on Privacy and Electronic Communications ("ePrivacy Regulation"), would replace the current ePrivacy Directive (2002/58/EC). Originally planned to be adopted and implemented at the same time as the GDPR, the EU's Council finalized its draft of the ePrivacy Regulation on February 10, 2021. As the regulation undergoes review in the EU's Parliament, we may need to spend additional time and effort addressing its additional data privacy requirements. The ePrivacy Regulation includes enhanced consent requirements in order to use communications content and communications metadata, which may negatively impact sales of our products. Under the existing rules in the ePrivacy Directive, informed consent is required for the placement of a cookie or similar technologies on a user's device and for direct electronic marketing. The GDPR also imposes conditions on obtaining valid consent, such as a prohibition on pre-checked consents and a requirement to ensure separate consents are sought for each type of cookie or similar technology. While the ePrivacy Regulation is still under negotiation, recent European court decisions, regulators' guidance and enforcement actions, and civil proceedings brought by individuals are driving increased attention to cookies and tracking technologies. This could require significant systems changes, limit the effectiveness of our fraud detection capabilities, divert the attention of our technology personnel, adversely affect our margins, increase costs, and subject us to additional liabilities. Regulation of cookies and similar technologies, and any decline of cookies or similar online tracking technologies as a means to identify and potentially target individuals, may lead to broader restrictions and impairments on our marketing and personalization activities, may negatively impact our efforts to understand consumers, and, as a result of us being able to process less data, make our AI process less accurate.

In addition, we are also subject to the Israeli Privacy Protection Law, 5741-1981 (the “PPL”), and its regulations, including the Israeli Privacy Protection Regulations (Data Security), 5777-2017 (the “Data Security Regulations”), which impose obligations with respect to the manner in which personal data is processed, maintained, transferred, disclosed, accessed, and secured, as well as the guidelines of the Israeli Privacy Protection Authority. In this respect, the Data Security Regulations may require us to adjust our data protection and data security practices, information security measures, certain organizational procedures, applicable positions (such as an information security manager), and other technical and organizational security measures. Failure to comply with the PPL, its regulations, and guidelines issued by the Privacy Protection Authority, may expose us to administrative fines, civil claims (including class actions), and, in certain cases, criminal liability. Current pending legislation may result in a change of the current enforcement measures and sanctions. The Israeli Privacy Protection Authority may initiate administrative inspection proceedings, from time to time, without any suspicion of any particular breach of the PPL, as the Israeli Privacy Protection Authority has done in the past with respect to dozens of Israeli companies in various business sectors. In addition, to the extent that any administrative supervision procedure is initiated by the Israeli Privacy Protection Authority that reveals certain irregularities with respect to our compliance with the PPL, in addition to our exposure to administrative fines, civil claims (including class actions), and in certain cases criminal liability, we may also need to take certain remedial actions to rectify such irregularities, which may increase our costs.

In Israel, the Privacy Protection Regulations (Transfer of Information to Databases Outside State Borders), 5761-2001 (the “Israel Transfer Regulations”), require the data exporter, after ensuring that the transfer abroad is permitted pursuant to the legal bases for transfer abroad as provided in the Israel Transfer Regulations, to obtain from the data importer an undertaking to take sufficient measures in order to protect the personal data and not to transfer data to any third party (in a position published for public comments by the Israeli Privacy Protection Authority, the Authority noted that onward transfer would be permitted if: (i) such transfer is agreed to within the contract by the Israeli data exporter, (ii) each recipient undertakes to comply with similar data protection obligations as the original data importer, and (iii) each onward transfer would have been eligible under the Israel Transfer Regulations to receive personal data as the original recipient). While enforcement of a failure to comply with these restrictions has so far been very limited (as it also depends on the scope of the alleged violation), the enforcement standards and practices regarding this issue may change in the future. Additionally, any change in the way we share and store data collected in Israel may lead to additional or different obligations.

Additionally, the Standing Committee of the National People’s Congress of the People’s Republic of China (the “PRC”) issued a draft Personal Information Protection Law (the “PIPL”), for public comment on October 21, 2020, which went into effect on November 1, 2021. The PIPL imposes various controls and restrictions on entities and individuals that decide the purpose, methods, and such other matters of personal information processing, similar to the GDPR and CCPA. The enforcement of the PIPL could increase our potential liability and adversely affect our business, financial condition, and results of operations. In particular, the PIPL aligns the jurisdictional reach and application scope with those under the GDPR, enhances enforcement powers, and increases maximum penalties to CNY 50 million or 5% of the annual revenue of entities that process personal data. The PIPL also sets out personal information localization requirements, along with rules regarding the transfer of personal information outside of the PRC, which may require assessment and/or approval by the PRC Cyberspace Administration, certification by professional institutions, or supervision of and execution of contracts with overseas recipients.

Complying with the CCPA, CPRA, VCPDA, CPA, GDPR, U.K. GDPR, ePrivacy Directive (and the ePrivacy Regulation when it replaces the ePrivacy Directive), the PIPL, and other applicable data privacy and security laws, rules, regulations, and standards may cause us to incur substantial operational costs or require us to change our business practices. Despite our efforts to bring our practices into compliance with such laws, rules, regulations, and standards (and any new laws, rules, regulations, or standards that may be passed or promulgated), we may not be successful in our efforts to achieve compliance either due to internal or external factors such as resource allocation limitations or a lack of vendor cooperation. Non-compliance with any of these data privacy or security laws, rules, regulations, or standards could result in proceedings against us by governmental entities, data subjects, or others. We may find it necessary to establish additional systems and processes to maintain such data in various jurisdictions, including, among other things, the EEA, which may involve substantial expense and distraction from other aspects of our business.

Evolving and changing definitions of what constitutes “personal information” and “personal data” within the United States, EU, and elsewhere, especially relating to classification of IP addresses, machine or device identification numbers, location data and other information, may limit or inhibit our ability to operate or expand our business. In addition, rapidly evolving privacy laws and frameworks distinguish between a data processor and data controller (or under the CCPA, whether a business is a “service provider”), and different risks and requirements may apply to us, depending on the nature of our data processing activities. If our business model expands and changes over time, different sets of risks and requirements may apply to us, requiring us to re-orient the business accordingly.

As we expand our product portfolio and launch additional brands, we may collect data that qualifies for protection under additional regimes or legal frameworks due either to the nature of the data collected or to the type of product sold or service provided. This could result in the need to adjust our systems, implement additional safeguards, and comply with additional obligations; it could also affect the permitted use of the data we collect and our ability to leverage such data to retain customers, grow the business, and increase profitability.

Various government and consumer agencies have called for new laws, rules, regulations, and changes in industry practices and are continuing to review the need for greater regulation for the collection of information concerning consumer behavior on the internet. Because the interpretation and application of many data privacy and security laws, rules, and regulations, along with contractually imposed standards, are uncertain, it is possible that these laws, rules, regulations, and standards may be interpreted and applied in a manner that is inconsistent with our existing data management practices or the features of our products and e-commerce risk management platform capabilities. If so, in addition to the possibility of fines, lawsuits, and other claims and penalties, we could be required to fundamentally change our business activities and practices or modify our products and platform capabilities, which could have an adverse effect on our business, financial condition, and results of operations. For example, we may not be legally permitted to collect and store information on transactions we process that enable us to improve our products. Any inability to adequately address privacy and security concerns, even if unfounded, or to comply with applicable data privacy and security laws, rules, regulations, policies, industry standards, or social expectations of corporate fairness, could result in additional cost and liability to us, damage our reputation, inhibit sales, and adversely affect our business, financial condition, and results of operations. Data privacy and security concerns, whether valid or not valid, may inhibit market adoption of our products, particularly in certain industries and foreign countries. If we are not able to adjust to changing laws, rules, regulations, and standards related to the internet, our business, financial condition, and results of operations may be adversely affected.

We rely significantly on the use of information technology, including technology provided by third-party service providers. Any failure, error, defect, inadequacy, interruption, or data breach or other security incident involving our information technology systems, or those of our third-party service providers, could have an adverse effect on our business, reputation, financial condition, and results of operations.

We increasingly rely on information technology systems to collect, store, share, use, retain, safeguard, transmit, analyze, and otherwise process electronic information. Our ability to effectively manage our business and coordinate the manufacturing, sourcing, distribution, and sale of our products depends significantly on the reliability and capacity of these systems. We rely on information technology systems to effectively manage, among other things, our business data, communications, supply chain, inventory management, consumer order entry and order fulfillment, processing transactions, summarizing and reporting results of operations, human resources benefits and payroll management, compliance with regulatory, legal, and tax requirements, and other processes and data necessary to manage our business. Disruptions to our information technology systems, including any disruptions to our current systems and/or as a result of transitioning to additional or replacement information technology systems, as the case may be, could disrupt our business and could result in, among other things, transaction errors, processing inefficiencies, loss of data, including personal data, and the loss of sales and customers, which could have an adverse effect on our reputation, business, financial condition, and results of operations. Additionally, the future operation, success, and growth of our business depends on streamlined processes made available through information systems, global communications, internet activity, and other network processes.

Our information technology systems, including our AI models, may be subject to damage, interruptions, or shutdowns, including from breaches, attacks by computer hackers, malicious code (such as malware, viruses and worms), ransomware attacks, insider threats, unauthorized activity or access, password-spraying, acts of vandalism, software or hardware vulnerabilities, employee or contractor theft, misplaced or lost data, fraud, misconduct or misuse, social engineering, phishing, denial-of-service attacks, organized cyberattacks, programming or human errors, telecommunication failures, or failures during the process of upgrading or replacing software, databases, or components, any of which could result in the loss or disclosure of confidential or personal information or our own proprietary information, software, methodologies, or business information. Our existing safety systems, data backup, access protection, user management, and information technology emergency planning may not be sufficient to prevent data loss or long-term network outages. In addition, we may have to upgrade our existing information technology systems or choose to incorporate new technology systems from time to time in order for such systems to support the increasing needs of our expanding business. Costs and potential problems and interruptions associated with the implementation of new or upgraded systems and technology or with maintenance or adequate support of existing systems could disrupt or reduce the efficiency of our operations.

In addition, as part of our normal business activities, we collect, store, and otherwise process certain confidential information, including personal information with respect to customers and employees, as well as information related to intellectual property, and the success of our e-commerce operations depends on the secure transmission of confidential and personal information over public networks, including the use of cashless payments. We may share some of this information with third-party service providers who assist us with certain aspects of our business. We are subject to a number of laws, rules, and regulations requiring us to provide notification to employees, regulators, and other affected parties in the event of a security breach of certain personal information, and requiring the adoption of minimum information security standards that are often vaguely defined and difficult to practically implement. The costs of compliance with these laws, rules, and regulations have increased and may increase in the future. Any failure on the part of us or our third-party service providers to maintain the security of this confidential data and personal information, including our network security (or those of our third-party service providers) and the misappropriation of confidential and personal information, could result in business disruption, damage to our reputation, financial obligations to third parties, fines, penalties, regulatory proceedings, governmental investigations, and private litigation, any or all of which could result in us incurring potentially substantial costs. Such events could also result in the deterioration of confidence in us by employees and customers and cause other competitive disadvantages that lead customers to decrease or stop their purchases altogether. Any of these events could have an adverse effect on our business, financial condition, and results of operations.

Security incidents compromising the confidentiality, integrity, and availability of our confidential or personal information and our and our third-party service providers' information technology systems, such as phishing and malware attempts, have occurred in the past and may occur in the future. Such security incidents could result from cyberattacks, computer malware, supply chain attacks, or malfeasance or error of our or our third-party service providers' personnel. In particular, ransomware attacks, including those from organized criminal threat actors, nation-states, and nation-state supported actors, are becoming increasingly prevalent and severe, and can lead to significant interruptions in our or our third-party service providers' operations, loss of data and income, reputational loss, diversion of funds, and may result in fines, litigation, and unwanted media attention. Extortion payments may alleviate the negative impact of a ransomware attack, but we or our third-party service providers may be unwilling or unable to make such payments due to, for example, applicable laws or regulations prohibiting payments. Moreover, we and our third-party service providers may be more vulnerable to such attacks in remote work environments, which have increased following the COVID-19 pandemic. As techniques used by cyber criminals evolve and change frequently, a disruption, cyberattack or other security breach of our information technology systems or infrastructure, including our AI models, or those of our third-party service providers, may go undetected for an extended period and could result in the theft, transfer, unauthorized access to, disclosure, modification, misuse, loss, or destruction of our employee, representative, customer, vendor, consumer, and/or other third-party data, including sensitive or confidential data, personal information, and/or intellectual property. We cannot guarantee that our security efforts will prevent breaches or breakdowns of our or our third-party service providers' information technology systems. Further, and notwithstanding any contractual rights or remedies we may have, because we do not control our third-party service providers, including their security measures, we cannot ensure the adequacy of the measures they take to protect personal information and prevent data loss. Although we have not, to our knowledge, experienced a material breach compromising any of the confidential or personally identifiable information on our systems, if we suffer a material loss or disclosure of personal or confidential information as a result of a breach of our information technology systems, including those of our third-party service providers, we may suffer reputational, competitive, and/or business harm, incur significant costs, and be subject to government investigations, litigation, fines, and/or damages, which could have an adverse effect on our cash flows, business, financial condition, and results of operations.

Moreover, while we maintain cybersecurity insurance that may help provide coverage for these types of incidents, we cannot assure you that our existing insurance coverage will continue to be available on acceptable terms or at all, or will be adequate to cover costs and liabilities related to these incidents, or that the insurer will not deny coverage as to any future claim. The successful assertion of one or more large claims against us that exceed or are not covered by our insurance coverage or changes in our insurance policies, including premium increases or the imposition of large deductible or co-insurance requirements, could have an adverse effect on our business, financial condition, and results of operations. We also cannot ensure that any limitations of liability provisions in our customer agreements, contracts with third-party service providers, and other contracts for a security lapse or breach or other security-related matter would be enforceable or adequate or would otherwise protect us from any liabilities or damages with respect to any particular claim.

Unauthorized access, disclosure, or other loss or unauthorized use of information or data, whether actual or perceived, could result in legal claims or proceedings, regulatory investigations or actions, and other types of liability under laws that protect the privacy and security of personal information, including federal, state, local, and foreign data privacy and security laws, rules, regulations, and standards, violations of which could result in significant penalties and fines. Although we seek to detect and investigate all data security incidents, security breaches and other incidents of unauthorized access to our information technology systems and data can be difficult to detect and any delay in identifying such breaches or incidents may lead to increased harm and legal exposure of the type described above.

If sensitive or personal information about our customers is disclosed, or if we or our third-party service providers are subject to real or perceived cyberattacks or other security incidents, our customers may curtail use of our website, we may be exposed to liability and our reputation could suffer.

Operating our business and platform involves the collection, storage, transmission, and other processing of proprietary and confidential information, as well as the personal information of our employees and customers. Some of our third-party service providers, such as payment processing providers, also regularly have access to customer data. We devote resources to network and data security to protect our systems, infrastructure platforms, and data. However, our systems and those of our third-party service providers may not be adequately designed with the necessary reliability and redundancy to avoid cyberattacks, performance delays or outages that could be harmful to our business. In addition, advances in computer capabilities, increasingly sophisticated tools and methods used by hackers and cyber terrorists, new discoveries in the field of cryptography or other developments may result in our failure or inability to adequately protect sensitive information.

Like other e-commerce companies, we are also vulnerable to damage from fire, floods, hurricanes, earthquakes, natural disasters and other adverse weather conditions, public health emergencies (such as the COVID-19 pandemic) and other catastrophic events, military or political conflicts, power loss, terrorism, breaches, attacks by computer hackers, malicious code (such as malware, viruses and worms), ransomware attacks, insider threats, unauthorized activity or access, password-spraying, acts of vandalism, software or hardware vulnerabilities, employee or contractor theft, misplaced or lost data, fraud, misconduct or misuse, social engineering, phishing, denial-of-service attacks, organized cyberattacks, programming or human errors, telecommunication failures, or failures during the process of upgrading or replacing software, databases, or components. Cyberattacks could also result in the theft of our intellectual property, damage to our information technology systems, or disruption of our ability to make financial reports and other public disclosures required of public companies. Our service providers, vendors, and other partners are also subject to the foregoing risks, and we do not have any control over them.

We and our third-party service providers have been subject to attempted cyber, phishing, and social engineering attacks in the past and may continue to be subject to such attacks and other cybersecurity incidents in the future. If we gain greater visibility, we may face a higher risk of being targeted by cyberattacks that could result in a wide range of negative outcomes, including violations of applicable data privacy or security laws, rules, regulations, and standards, which can result in significant fines, governmental investigations or inquiries and enforcement actions, legal and financial exposure, contractual liability, and damage to our reputation, each of which could adversely affect our business, financial condition, and results of operations. Furthermore, the costs associated with the investigation, remediation, and potential notification of a data breach to counterparties and data subjects could be material, in addition to any payments required to resolve a ransomware attack. For example, laws in the EEA, the U.K., and all 50 U.S. states may require businesses to notify regulators within specific timeframes that a breach affecting personal information has occurred and/or to provide notice to individuals whose personal information has been impacted as a result of such breach. Failure to comply with these numerous and complex regulations could subject us to regulatory scrutiny and additional liability.

Advances in computer capabilities, new technological discoveries, or other developments may result in cyberattacks becoming more sophisticated and more difficult to detect. We and our third-party service providers may not have the resources or technical sophistication to anticipate or prevent all such cyberattacks or other security or data breaches, to protect our systems, data, and customer information, or to prevent outages, data loss, and fraud, and the use of third parties for certain cybersecurity services may not provide sufficient security or be adequate for our operations. Techniques used to obtain unauthorized access to systems change frequently and may not be known until launched against us or our third-party service providers. Security breaches can also occur as a result of non-technical issues, including intentional or inadvertent actions by our employees, our third-party service providers, or their personnel. We may be required to invest significant resources in protecting against security breaches and other technological disruption, or to remediate problems and damages caused by such incidents, which could increase the cost of our business and in turn adversely affect our business, financial condition, and results of operations.

Ultimately, any actual or perceived failure to maintain the performance, reliability, security, and availability of our platform and technical infrastructure to the satisfaction of our customers and certain regulators could harm our reputation and result in loss of revenue from the adverse impact to our reputation and brand, disruption to our business, and our decreased ability to attract and retain customers.

We are subject to risks related to online transactions and payment methods.

We accept payments using a variety of methods, including credit card, debit card, Amazon Pay, PayPal, and APM. We rely on third parties to provide these payment methods and payment processing services. We are also subject to payment card association operating rules and certification requirements, including the PCI Standard and rules governing electronic funds transfers, which could change or be reinterpreted to make it difficult or impossible for us to comply.

Under certain circumstances specified in the payment card network rules, we may be required to submit to periodic audits, self-assessments, or other assessments of our compliance with the PCI Standard. Such activities may reveal that we have failed to comply with the PCI Standard. If an audit, self-assessment, or other test determines that we need to take steps to remediate any deficiencies, such remediation efforts may distract our management team and require us to undertake costly and time-consuming remediation efforts. In addition, even if we comply with the PCI Standard, there is no assurance that we will be protected from a security breach. If we fail to comply with the rules or requirements of any provider of a payment method we accept, if the volume of fraud in our transactions limits or terminates our rights to use payment methods we currently accept, or if a data breach occurs relating to our payment systems, we may, among other things, be subject to fines or higher transaction fees and may lose, or face restrictions placed upon, our ability to accept credit card and debit card payments from customers or to facilitate other types of online payments. If any of these events were to occur, our business, financial condition, and results of operations could be adversely affected.

Our success depends on our ability to develop, obtain, maintain, protect, defend, and enforce our intellectual property and other proprietary rights in order to differentiate ourselves from our competitors. Any failure to obtain, maintain, protect, defend, or enforce our intellectual property rights could impair our ability to protect our proprietary technology and our brand.

We rely on a combination of trademark, trade secret, patent, copyright, and other intellectual property laws in the United States, and similar laws in other jurisdictions, as well as contractual provisions, such as confidentiality and intellectual property assignment clauses and licensing agreements, to establish and protect our proprietary technology, our brands, and other intellectual property. Our efforts to protect our intellectual property rights may be inadequate to prevent unauthorized use of our intellectual property. We will not be able to protect our intellectual property if we are unable to secure or enforce our rights or if we do not detect unauthorized use of our intellectual property. If we fail to protect our intellectual property rights adequately, our competitors may gain access to, copy, reverse engineer, or otherwise use our intellectual property or technology without our permission or adopt trade names or trademarks similar to ours and our business, financial condition, and results of operations may be adversely affected. In addition, defending our intellectual property rights may entail significant expense. Any patents, trademarks, or other intellectual property rights that we obtain may be challenged by others or invalidated through administrative process or litigation.

We currently own certain patents, and have applied for patent protection, relating to certain proprietary aspects of our products and technologies. We cannot guarantee that any of our patent applications will issue, and the patents we own could be challenged, invalidated, or circumvented by others and may not be of sufficient scope or strength to provide us with any meaningful protection or commercial advantage. Publication of discoveries in the scientific or patent literature tends to lag behind actual discoveries by several months, and patent applications in the United States and other jurisdictions are typically not published until 18 months after filing, or in some cases not at all. Thus, we cannot be certain that we will be the first creator of inventions covered by any patent application we make or the first to file patent applications on such inventions. Further, we make business decisions about when to seek patent protection for a particular technology and when to rely upon trade secret protection, and the approach we select may ultimately prove to be inadequate. Moreover, we cannot assure you that competitors will not infringe our patents, or that we will have adequate resources to enforce our patents.

We also have chosen not to register any copyrights, and instead rely primarily on trade secret protection to protect our proprietary software and other technologies. While we also own unregistered copyrights in our software, copyrights must be registered before bringing a copyright infringement lawsuit in the United States. Because we have chosen not to register our copyrights, the remedies and damages available to us for unauthorized use of software may be limited. Despite our efforts to maintain our source code and certain other technologies as trade secrets, it may still be possible for unauthorized third parties to copy our technologies, including our PowerMatch capabilities, and use information that we regard as proprietary to create products and services that compete with ours.

We enter into confidentiality and invention assignment agreements with our employees and consultants and enter into confidentiality agreements with other parties who may have access to confidential or proprietary information. We also attempt to protect our proprietary technologies by implementing administrative, technical, and physical practices, including source code access controls, to secure our proprietary information. However, no assurance can be given that these agreements or practices will be effective in controlling access to, distribution, use, misuse, misappropriation, reverse engineering, or disclosure of our intellectual property or proprietary information. Third parties, including former employees, may breach duties of confidentiality to us or disclose information improperly, and we may not have adequate recourse in the event of such breach. In addition, we cannot guarantee that we have entered into such agreements with each party that has or may have had access to our proprietary information, know-how, and trade secrets, or each party that has developed intellectual property on our behalf. Accordingly, individuals not subject to invention assignment agreements may make adverse ownership claims to our current and future intellectual property. Further, these agreements may not prevent our competitors from independently developing technologies that are substantially equivalent or superior to our products and e-commerce capabilities. These agreements may be insufficient or breached, and we may not have adequate remedies for any such breach.

We may be required to spend significant resources in order to monitor and protect our intellectual property rights. Litigation may be necessary in the future to enforce our intellectual property rights, protect our trade secrets, or determine the validity and scope of the proprietary rights of others. Such litigation could be costly, time-consuming, unpredictable, and distracting to management, and could result in the impairment or loss of portions of our intellectual property. Further, our efforts to enforce our intellectual property rights may be met with defenses, counterclaims, and countersuits attacking the ownership, scope, validity, and enforceability of our intellectual property rights. Our inability to protect our proprietary technology and intellectual property against unauthorized copying or use, as well as any costly litigation or diversion of our management's attention and resources, could delay further sales or the implementation of our e-commerce capabilities, impair the functionality of our services, delay development and introductions of new products, result in our substituting inferior or more costly technologies, or injure our reputation. Furthermore, many of our current and potential competitors may be in a position to dedicate substantially greater resources to enforce their intellectual property and proprietary rights than us. Accordingly, despite our efforts, we may not be able to prevent third parties from infringing, misappropriating, or otherwise violating our intellectual property and proprietary rights. Additionally, because of the substantial amount of discovery required in connection with intellectual property litigation, there is a risk that some of our confidential information could be compromised by disclosure during this type of litigation.

Moreover, the outcome of any such litigation might not be favorable to us, even when our rights have been infringed, misappropriated, or otherwise violated. If we do not prevail, we may be required to pay significant money damages, suffer losses of significant revenue, be prohibited from using the relevant systems, processes, technologies, or other intellectual property (temporarily or permanently), be required to cease offering certain products or services, incur significant license, royalty, or technology development expenses, or be required to comply with other unfavorable terms. Even if we were to prevail, such litigation could result in substantial costs and diversion of resources and could have an adverse effect on our business, operating results, or financial condition. We may also be required to enter into license agreements that may not be available on commercially reasonable terms or at all. In addition, although in some cases a third party may have agreed to indemnify us for such costs, such an indemnifying party may refuse or be unable to uphold its contractual obligations. In other cases, insurance may not cover potential claims of this type adequately or at all, and we may be required to pay monetary damages, which may be significant. If we fail to obtain, maintain, protect, defend, and enforce our intellectual property rights, our business, financial condition, or results of operations may be harmed.

If our trademarks and trade names are not adequately protected, we may not be able to maintain or build name recognition in our markets of interest.

We also rely on our trademarks, trade names, and brand names to distinguish our products and services from the products and services of our competitors, and have registered or applied to register many of these trademarks. If our trademarks and trade names are not adequately protected, we may not be able to maintain or build name recognition in our target markets and our business may be adversely affected. We cannot assure you that our trademark applications will be granted, and third parties may also oppose our trademark applications or otherwise challenge our use of the trademarks. If we are unable to successfully register our trademarks and trade names and establish name recognition based on our trademarks and trade names, then we may not be able to compete effectively and our business may be adversely affected. In addition, competitors or other third parties have in the past adopted, and may in the future adopt, trade names, trademarks, or domain names similar to ours, which may impede our ability to build brand identity, possibly leading to market confusion and potentially requiring us to pursue legal action. We may not have adequate resources to enforce our trademarks against competitors or other third parties, and any such enforcement actions against third parties may not be successful. In addition, there could be trade name or trademark infringement, misappropriation, or other claims of trademark violation brought by owners of other registered trademarks or trademarks that incorporate variations of our unregistered trademarks or trade names. Our efforts to enforce or protect our trademarks, trade names, and domain names may be ineffective, may impact the public perception of our brand, may be expensive, may divert our resources, and, if our proprietary rights are challenged in connection with such enforcement efforts, could result in payment by us of monetary damages or injunctive relief against us that prevents us from using certain trademarks and trade names, all of which could adversely impact our financial condition or results of operations.

We may not be able to effectively obtain, maintain, protect, defend, and enforce our intellectual property rights throughout the world to the same extent as in the United States.

We pursue the registration of certain aspects of our intellectual property in the United States and certain other countries. Because of the differences in foreign trademark, trade secret, and other laws concerning intellectual property and proprietary rights, our intellectual property rights may not receive the same degree of protection in foreign countries as they would in the United States, and mechanisms for enforcement of intellectual property rights in some foreign countries may be inadequate. Furthermore, legal standards relating to the validity, enforceability, and scope of protection of intellectual property rights are uncertain, and any changes in, or expected interpretations of, intellectual property laws may compromise our ability to enforce our intellectual property rights. Accordingly, many companies have encountered significant problems in protecting and defending intellectual property rights in certain foreign jurisdictions. To the extent we expand our international activities, our exposure to unauthorized copying and use of intellectual property and proprietary information may increase. The legal systems of some countries, particularly developing countries, do not favor or may not be sufficiently robust for the meaningful enforcement of patents and other intellectual property rights. This could make it difficult for us to stop the infringement, misappropriation, or other violation of our intellectual property rights in all countries outside of the United States. Consequently, we may not be able to prevent third parties from copying our technologies or trademarks in all jurisdictions in which we operate or intend to operate.

Trade secrets and know-how can be difficult to protect, and some courts inside and outside the United States are less willing or unwilling to protect trade secrets and know-how. If any of our trade secrets were to be lawfully obtained or independently developed by a competitor or other third party, we would have no right to prevent them from using that technology or information to compete with us, and our competitive position would be materially and adversely harmed. Furthermore, we currently own trademarks that we use in connection with our business in the United States, Israel, and other markets. As we continue to expand into international markets, we may experience certain risks associated with protecting our brand and maintaining the ability to use our brand in the countries where we operate. In certain countries outside of the United States, trademark registration is required to enforce trademark rights. If we do not secure registrations for our trademarks, we may encounter more difficulty in enforcing them against third parties than we otherwise would. Therefore, it is possible that our trademarks applications may not be allowed for registration in a timely fashion or at all, and our registered trademarks may not be maintained or enforced. Additionally, there is a risk that our trademarks may conflict with the pre-existing trademarks of other companies, which may require us to rebrand or substantially change the branding of our product and service offerings, obtain costly licenses, or defend against third-party claims. Moreover, incumbent participants in such markets may oppose our trademark applications or trademark registrations or otherwise assert their intellectual property and other proprietary rights against us as a means of slowing our entry into such markets or as a means to extract substantial license and royalty payments from us. Further, we may not be able to acquire or maintain appropriate domain names in all countries in which we do business. Regulations governing domain names may not protect our trademarks and similar proprietary rights, and we may not be able to prevent third parties from acquiring domain names that are similar to, infringe upon, or diminish the value of our intellectual property. Any of the foregoing could adversely affect our business, financial condition, and results of operations.

Proceedings to enforce our intellectual property rights in foreign jurisdictions, whether or not successful, could result in substantial costs and divert efforts and resources from other aspects of our business. While we generally seek to protect our intellectual property rights in the major markets where we intend to market and sell our products, we cannot ensure that we will be able to do so in all jurisdictions. Moreover, our ability to obtain, maintain, protect, defend, and enforce our intellectual property rights may be adversely affected by unforeseen changes in foreign intellectual property laws. Accordingly, our efforts to protect our patent and other intellectual property rights in such jurisdictions may be inadequate.

Third parties may allege that we are infringing, misappropriating, or otherwise violating their intellectual property rights, which could involve substantial costs and adversely impact our business.

Our success in part depends on our ability to develop, manufacture, market, and sell our products without infringing, misappropriating, or otherwise violating the intellectual property rights of third-parties. Third parties may seek to challenge, invalidate, or circumvent our intellectual property rights and allege that our products and services infringe, misappropriate, or otherwise violate third-party intellectual property rights. We may become involved in administrative processes such as re-examination, inter partes review, interference and derivation proceedings and equivalent proceedings in foreign jurisdictions, or litigation or other disputes relating to intellectual property used in our business.

Any such claims, even those without merit, can be expensive and time-consuming to defend and may divert management's attention and resources, and an adverse result in any proceeding could put our ability to produce, market, and sell our products in jeopardy. We may be required to spend significant amounts of resources to defend against claims of infringement, misappropriation, or other violation, pay significant money damages, cease using certain processes, technologies, designs, trademarks, or other intellectual property, cease making, offering, and selling certain products, obtain a license (which may not be available on commercially reasonable terms or at all) or redesign our brand, our products, or our packaging (which could be costly, time-consuming, or impossible).

In addition, we may be unaware of third-party intellectual property that covers or otherwise relates to some or all of our services and products. Because of technological changes in our industry, current patent coverage, and the rapid rate of issuance of new patents, our current or future products may unknowingly infringe, misappropriate, or otherwise violate existing or future patents or intellectual property rights of other parties. Further, because some patent applications are maintained in secrecy for a period of time, there is a risk that we could develop a product or technology without knowledge of a pending patent application, which product or technology would infringe a third-party patent once that patent is issued. The defense costs and settlements for patent infringement lawsuits may not be covered by insurance. Patent infringement lawsuits can take years to resolve. If we are not successful in our defenses or are not successful in obtaining dismissals of any such lawsuit, legal fees or settlement costs could have an adverse effect on our operations and financial position. Even if resolved in our favor, the volume of intellectual-property-related claims and the mere specter of threatened litigation or other legal proceedings may cause us to incur significant expenses and could distract our personnel from day-to-day responsibilities. The direct and indirect costs of addressing these actual and threatened disputes may have an adverse effect on our operations, reputation, and financial performance.

We must continue to expand and scale our information technology systems, and our failure to do so could adversely affect our business, financial condition, and results of operations.

We will need to continue to expand and scale our information technology systems and personnel to support recent and expected future growth. As such, we will continue to invest in and implement modifications and upgrades to our information technology systems and procedures, including replacing legacy systems with successor systems, making changes to legacy systems or acquiring new systems with new functionality, hiring employees with information technology expertise, and building new policies, procedures, training programs, and monitoring tools. These types of activities subject us to inherent costs and risks associated with replacing and changing these systems, including impairment of our ability to fulfill customer orders, potential disruption of our internal control structure, capital expenditures, additional administration and operating expenses, acquisition and retention of sufficiently skilled personnel to implement and operate the new systems, demands on management time, the introduction of errors or vulnerabilities, and other risks and costs of delays or difficulties in transitioning to or integrating new systems into our current systems. These implementations, modifications, and upgrades may not result in productivity improvements at a level that outweighs the costs of implementation, or at all. Additionally, difficulties with implementing new technology systems, delays in our timeline for planned improvements, significant system failures, or our inability to successfully modify our information systems to respond to changes in our business needs may cause disruptions in our business operations and adversely affect our business, financial condition, and results of operations.

Our use of open-source software could compromise the proprietary nature of our software and expose us to other legal liabilities and technological risks.

Part of our platform and technology incorporates open-source software, and we expect to continue to incorporate open-source software in our business in the future. Few of the licenses applicable to open-source software have been interpreted by courts, and there is a risk that these licenses could be construed in a manner that could impose unanticipated conditions or restrictions on our ability to commercialize our products. Certain open source licenses may give rise to requirements to disclose or license our proprietary source code or make available any derivative works or modifications of the open source code on unfavorable terms or at no cost, and we may be subject to such terms if such open source software is combined, linked, or otherwise integrated with our proprietary software which could allow third parties to offer services based on our proprietary software without compensation to us. We have implemented policies relating to our use of open-source software that are designed to mitigate the risk of subjecting our proprietary code to these restrictions. However, we cannot be certain that we use open-source software in a manner that is consistent with such policies. If we fail to comply with our policies, or if our policies are flawed, we may be subject to certain requirements, including requirements that we offer our software that incorporates or links to the open-source software at a reduced cost or for free, or that we make available the proprietary source code for such software to the general public. If a third party were to allege that we had not complied with the conditions of one or more of these licenses, we could incur significant legal expenses defending against such allegations and could be subject to significant damages and required to comply with onerous conditions or restrictions on the use of our proprietary software. In any of these events, we could be required to seek licenses from third parties and pay royalties in order to continue using the open-source software necessary to operate our business or we could be required to discontinue use of our website and other software in the event re-engineering cannot be accomplished on a timely basis. Any of the foregoing could require us to devote additional research and development resources to re-engineer our website, could result in customer dissatisfaction, could allow our competitors to create similar platforms with lower development effort and time and may adversely affect our business, financial condition, and results of operations.

In addition, the use of open-source software may entail greater risks than the use of third-party commercial software, as open-source licensors generally do not provide support, warranties, controls on origin of the software, indemnification, or other contractual protections regarding infringement claims or the quality of the code. We cannot ensure that the authors of such open-source software will implement or push updates to address security risks or will not abandon further development and maintenance. Many of the risks associated with usage of open-source software, such as the lack of warranties or assurance of title, cannot be eliminated and could, if not properly addressed, negatively affect our business. To the extent that our e-commerce capabilities and other business operations depend upon the successful and secure operation of the open-source software we use, any undetected errors or defects in this open-source software could prevent the deployment or impair the functionality of our software, delay the introduction of new technological capabilities, result in a failure of our technologies, and injure our reputation. For example, undetected errors or defects in open-source software could render it vulnerable to breaches or security attacks and make our systems more vulnerable to data breaches or security attacks. In addition, the public availability of such software may make it easier for others to compromise our platform. Any of the foregoing would have a negative effect on our business, financial condition, and results of operations.

Our business could be adversely impacted by changes in the internet and mobile device accessibility of users. Companies and governmental agencies may restrict access to our products and services, website, or the internet generally, which could negatively impact our operations.

Our business depends in substantial part on customers accessing our products and services via a mobile device or a personal computer and the internet. We may operate in jurisdictions that provide limited internet connectivity. Internet access and access to a mobile device or personal computer are frequently provided by companies with significant market power that could take actions that degrade, disrupt, or increase the cost of consumers' ability to access our products and services. In addition, the internet infrastructure that we and our customers rely on in any particular geographic area may be unable to support the demands placed upon it and could interfere with the speed and availability of our products and services. Any such failure in internet or mobile device or computer accessibility, even for a short period of time, could adversely affect our results of operations.

Governmental agencies in any of the countries in which we or our customers are located could block access to or require a license for our website, or the internet generally, for a number of reasons, including security, confidentiality, or regulatory concerns. In addition, companies may adopt policies that prohibit their employees from using our products and services. If companies or governmental entities block, limit, or otherwise restrict customers from accessing our products and services, our business could be negatively impacted, the number of customers could decline or grow more slowly, and our results of operations could be adversely affected.

Our customer engagement on mobile devices depends upon effective operation with mobile operating systems, networks, and standards that we do not control.

An increasing number of our customers purchase our products through the mobile version of our website. We are dependent on the interoperability of our website with popular mobile operating systems that we do not control, such as Android and iOS, and any changes in such systems that degrade the functionality of our digital offering could adversely affect the user experience of our website on mobile devices. Additionally, in order to deliver a consistent shopping experience to mobile devices, it is important that our website is designed effectively and works well with a range of mobile technologies, systems, networks, and standards that we do not control. We may not be successful in developing relationships with key participants in the mobile industry or in developing products that operate effectively with these technologies, systems, networks, or standards. In the event that it is more difficult for our customers to access and use our mobile website on their mobile devices or if our customers choose not to access or use our mobile website on their mobile devices or use mobile products that do not offer access to our website, our sales and growth prospects could be adversely impacted.

Risks Related to Our Incorporation and Location in Israel

Conditions in Israel could materially and adversely affect our business, financial condition, and results of operations.

Many of our employees, including certain members of our management, operate from our offices located in Tel Aviv, Israel. In addition, a number of our officers and directors are residents of Israel. Accordingly, political, economic, and military conditions in Israel and the surrounding region may directly affect our business, financial condition, and results of operations.

On October 7, 2023, Hamas launched a series of terror attacks on civilian and military targets adjacent to the Gaza Strip in the southern part of Israel; Israel subsequently declared war and commenced a military campaign against Hamas. On January 19, 2025, the parties declared a temporary cease fire; however, it is uncertain whether the ceasefire in Gaza will hold or for how long, and whether or when hostilities will re-commence. In addition, since October 2023, Israel has also engaged in hostilities with Hezbollah along Israel's northern border with Lebanon and on other fronts from various extremist groups in the region, such as rebel militia groups in Syria and Iraq. In addition, the Houthi movement, which controls parts of Yemen, launched attacks on Israeli-controlled or owned ships in the Red Sea, resulting in widespread rerouting of cargo ships and some shipping companies ceasing shipments to Israel, and has further launched missiles and drones towards Israel. Large-scale ground operations in Lebanon culminated in a cease fire agreement and an agreement for a reciprocal and gradual withdrawal of the IDF and Hezbollah forces from Southern Lebanon; however sporadic hostilities persist and the long-term prospects of the cease-fire are uncertain. In addition, Iran, on two occasions, launched direct attacks on Israel involving hundreds of drones and missiles, prompting Israeli air defenses and retaliatory strikes, and Iran has threatened to continue to attack Israel and may be developing nuclear weapons. In December 2024, opposition suni militant forces, spearheaded by Hay'at Tahrir al-Sham (HTS) and supported mainly by the Turkish-backed Syrian National Army, overthrew the Assad regime in Syria. As a result of these events and concern for any resulting instability, Israel, without experiencing any military opposition, captured ground adjacent to its border with Syria, including the Syrian side of Mount Hermon.

The war with Hamas and Hezbollah and some of the other hostilities described above were accompanied by missiles and drones being fired against civilian targets in various parts of Israel, including areas in which our employees and some of our consultants and business partners are located, and negatively affected business conditions in Israel. Any major hostilities involving Israel, regional political instability, or the interruption or curtailment of trade between Israel and its trading partners could materially and adversely affect our business, financial condition, and results of operations. We are not able to predict the duration or severity of the ongoing conflicts that Israel is involved in and the degree to which they will affect Israel's home front and civilian population. Although none of the ongoing conflicts have had a material impact on our day-to-day operations, such conflicts are rapidly evolving, may escalate in the future and could disrupt our business and operations and financial condition.

Similarly, we cannot predict how ongoing conflicts will affect Israel's economy in general, which may involve additional credit rating agencies downgrading Israel's credit rating score. In September 2024, the international rating agency Moody's downgraded Israel's credit rating from A2 to Baa1, reflecting heightened geopolitical risks. This and similar reductions by other international rating agencies could disrupt the business environment and make investors hesitant to invest or transact business in Israel, as well as make it more difficult and expensive for us to raise capital and negatively influence the market price of our ordinary shares.

Our commercial insurance does not cover losses that may occur as a result of events associated with war and terrorism. Although the Israeli government currently covers the reinstatement value of certain direct damages that are caused by terrorist attacks or acts of war, such coverage would likely be limited, may not be applicable to our business, and may not reinstate our loss of revenue or economic losses more generally. Furthermore, we cannot assure you that this government coverage will be maintained or that it will sufficiently cover our potential damages. Any losses or damages incurred by us could have an adverse effect on our business, financial condition, and results of operations. Any armed conflicts or political instability in the region would likely negatively affect business conditions and could adversely affect our business, financial condition, and results of operations.

Further, in the past, the State of Israel and Israeli companies have been subjected to economic boycotts and there have been recent attempts in some countries to ban Israeli companies from competing in certain industries, such as defense. Several countries restrict doing business with the State of Israel and with Israeli companies. These restrictive laws and policies may have an adverse impact on our operating results, our financial condition, or the expansion of our business. A campaign of boycotts, divestment, and sanctions has been undertaken against Israel, which could also adversely impact our business, financial condition, and results of operations.

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

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

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

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

The tax benefits available to us require us to meet several conditions, and may be terminated or reduced in the future, which would increase our taxes.

We have benefited or currently benefit from a variety of government programs and tax benefits that generally carry conditions that we must meet in order to be eligible to obtain any benefit. Our tax expenses and the resulting effective tax rate reflected in our financial statements may increase over time as a result of changes in corporate income tax rates, other changes in the tax laws of the countries in which we operate or changes in the mix of countries where we generate profit.

If we fail to meet the conditions upon which certain favorable tax treatment is based, we would not be able to claim future tax benefits and could be required to refund tax benefits already received.

Any of the following could have a material effect on our overall effective tax rate:

- Some programs may be discontinued;
- We may be unable to meet the requirements for continuing to qualify for some programs;
- These programs and tax benefits may be unavailable at their current levels; or
- We may be required to refund previously recognized tax benefits if we are found to be in violation of the stipulated conditions.

See the section titled "Item 10.E. Taxation—Tax Benefits and Grants for Research and Development" and Note 16 to our Consolidated Financial Statements for more information.

Your rights and responsibilities as our shareholder are governed by Israeli law, which may differ in some respects from the rights and responsibilities of shareholders of U.S. corporations.

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

We may become subject to claims for remuneration or royalties for assigned service invention rights by our employees, which could result in litigation and adversely affect our business.

A significant portion of our intellectual property has been developed by our employees in the course of their employment for us. Under the Israeli Patents Law, 5727-1967 (the "Patents Law"), inventions conceived by an employee in the course and as a result of or arising from his or her employment with a company are regarded as "service inventions" that belong to the employer, absent a specific agreement between the employee and employer giving the employee service invention rights. The Patents Law also provides that if there is no such agreement between an employer and an employee, the Israeli Compensation and Royalties Committee (the "Compensation and Royalties Committee"), a body constituted under the Patents Law, will determine whether the employee is entitled to remuneration for his or her inventions. Further, the Compensation and Royalties Committee has not yet determined one specific formula for calculating this remuneration, but rather uses the criteria specified in the Patents Law. Although we generally enter into assignment-of-invention agreements with our employees and service providers pursuant to which such individuals waive their right to remuneration for service inventions, we may face claims demanding remuneration in consideration for assigned inventions. As a consequence of any such claims, we could be required to pay additional remuneration or royalties to our current or former employees or service providers or be forced to litigate such claims, which could negatively affect our business.

While we may not be able to enforce non-compete agreements we enter into with our employees, our current and future competition may attempt to enforce similar agreements with individuals we recruit or attempt to recruit.

We generally enter into agreements with the majority of our employees which prohibit them, if they cease working for us, from competing directly with us or working for our current and future competition for a limited period. However, we may be unable to enforce these agreements under the laws of the jurisdictions in which our employees work, and it may be difficult for us to restrict our current and future competition from benefiting from the expertise our former employees developed while working for us. For example, Israeli labor courts have required employers seeking to enforce non-compete undertakings of a former employee to demonstrate that the competitive activities of the former employee will harm one of a limited number of material interests of the employer that have been recognized by the courts, such as the protection of a company's trade secrets or other intellectual property.

If we hire employees from our current and future competition or other companies, their former employers may attempt to assert that these employees or we have breached their legal obligations, resulting in a diversion of our time and resources. In a similar way, if our current and future competition succeed in hiring some of our employees and executives, and if some of these employees or executives breach their legal obligations and divulge commercially sensitive information to our current and future competition, our ability to successfully compete with our current and future competition may be adversely affected.

Provisions of Israeli law and our amended and restated articles of association may delay, prevent, or make undesirable an acquisition of all or a significant portion of our shares or assets.

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

- Israeli corporate law regulates mergers and requires that a tender offer be effected when more than a specified percentage of shares in a company are purchased;
- Israeli corporate law does not provide for shareholder action by written consent in public companies, thereby requiring all shareholder actions to be taken at a general meeting of shareholders;
- Israeli corporate law requires special approvals for transactions involving directors, officers, or significant shareholders and regulates other matters that may be relevant to these types of transactions;
- our amended and restated articles of association divide our directors into three classes, each of which is elected once every three years;
- our amended and restated articles of association generally require a vote of the holders of a majority of our outstanding ordinary shares entitled to vote present and voting on the matter at a general meeting of shareholders (referred to as simple majority); however, the amendment of a limited number of provisions, such as (i) the provisions that relate to the rights of our Class A ordinary shares and Class B ordinary shares, (ii) the provision providing for the minimum and maximum number of directors that may serve on our board of directors and empowering our board of directors to determine the size of the board of directors, (iii) the provision setting forth the procedures and the requirements that must be met in order for a shareholder to require us to include a matter on the agenda for a general meeting of our shareholders, (iv) the provisions relating to the election and removal of members of our board of directors and empowering our board of directors to fill vacancies on the board of directors, and (v) the provision dividing our directors into three classes, requires a vote of the holders of 60% of the total voting power of our shareholders;
- our amended and restated articles of association do not permit a director to be removed except by a vote of the holders of at least 60% of the total voting power of our shareholders;
- our dual class ordinary share structure provides our existing shareholders holding Class B ordinary shares with the ability to significantly influence the outcome of matters requiring shareholder approval, even if they own significantly less than a majority of our outstanding ordinary shares; and
- our amended and restated articles of association provide that director vacancies may be filled by our board of directors.

Further, Israeli tax considerations may make potential transactions undesirable to us or to some of our shareholders whose country of residence does not have a tax treaty with Israel granting tax relief to such shareholders from Israeli tax. For example, Israeli tax law does not recognize tax-free share exchanges to the same extent as U.S. tax law. With respect to mergers, Israeli tax law allows for tax deferral in certain circumstances but makes the deferral contingent on the fulfillment of numerous conditions, including a holding period of two years from the date of the transaction during which certain sales and dispositions of shares of the participating companies are restricted. Moreover, with respect to certain share swap transactions, the tax deferral is limited in time, and when such time expires the tax becomes payable even if no disposition of the shares has occurred.

Our amended and restated articles of association provide for exclusive forums for resolution of any claims arising under the Securities Act and certain claims under Israeli law, which may impose additional litigation costs on our shareholders.

Our amended and restated articles of association provide that, unless we consent otherwise, the federal district courts of the United States shall be the exclusive forum for the resolution of any claims arising under the Securities Act (for the sake of clarification, this provision does not apply to causes of action arising under the Exchange Act). While this provision of our amended and restated articles of association does not restrict the ability of our shareholders to bring claims under the Securities Act, nor does it affect the remedies available thereunder if such claims are successful, we recognize that it may limit shareholders' ability to bring a claim in a judicial forum that they find favorable and may increase certain litigation costs, which may discourage the filing of claims under the Securities Act against us, our directors, and officers. However, similar forum provisions in other companies' organizational documents have been challenged in legal proceedings and there is uncertainty as to whether courts would enforce the exclusive forum provisions in our amended and restated articles of association. If a court were to find the choice of forum provision contained in our amended and restated articles of association to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving such action in other jurisdictions, which could materially adversely affect our business, financial condition, and results of operations. In addition, our amended and restated articles of association also provide that unless we consent in writing to the selection of an alternative forum, the competent courts in Tel Aviv, Israel shall be the exclusive forum for any derivative action or proceeding brought on our behalf, any action asserting a breach of a fiduciary duty owed by any of our directors, officers, or other employees to us or our shareholders, or any action asserting a claim arising pursuant to any provision of the Companies Law or the Israeli Securities Law.

Changes to applicable tax laws and regulations or exposure to additional income tax liabilities could affect our future business and profitability.

We are an Israeli company and thus subject to Israeli corporate income tax as well as other applicable local taxes on its operations. Our subsidiaries are subject to the tax laws applicable in their respective jurisdictions of incorporation. New local laws, statutes, rules, regulations, ordinances, and policy relating to taxes, whether in Israel or in any of the jurisdictions in which our subsidiaries operate, may have an adverse effect on our future business and profitability. Further, existing applicable tax laws, statutes, rules, regulations, or ordinances could be interpreted, changed, modified, or applied adversely to us or our subsidiaries.

Risks Related to Ownership of Our Class A Ordinary Shares

The share price of our Class A ordinary shares may be volatile, and you may lose all or part of your investment.

The market price of our Class A ordinary shares could be highly volatile and may fluctuate substantially as a result of many factors, including the following:

- actual or anticipated fluctuations in our revenue, financial condition, and results of operations;
- variance in our financial performance from the expectations of securities analysts;
- announcements by us or our direct or indirect competitors of significant business developments, changes in service provider relationships, acquisitions, or expansion plans;
- changes or proposed changes in laws or regulations or differing interpretations or enforcement of laws or regulations affecting our business;
- changes in our pricing model;

- our involvement in litigation or regulatory actions;
- sales of our Class A ordinary shares by us or our shareholders, including any sales of Class B ordinary shares, which will automatically convert into Class A ordinary shares upon transfer thereof;
- market conditions in our industry;
- changes in key personnel;
- the trading volume of our ordinary shares;
- publication of research reports or news stories about us, our competition, or our industry, or positive or negative recommendations or withdrawal of research coverage by securities analysts;
- changes in the estimation of the future size and growth rate of our markets; and
- general economic and market conditions.

As a result, volatility in the market price of our Class A ordinary shares may prevent investors from being able to sell their Class A ordinary shares. These broad market and industry factors may materially reduce the market price of our Class A ordinary shares, regardless of our operating performance. In addition, price volatility may be greater if the public float and trading volume of our Class A ordinary shares is low. As a result, you may suffer a loss on your investment.

In addition, the stock markets have experienced extreme price and volume fluctuations. Broad market and industry factors may materially harm the market price of our Class A ordinary shares, regardless of our operating performance. In the past, following periods of volatility in the market price of a company's securities, securities class action litigation has often been instituted against that company, which can result in substantial costs and cause management's attention and resources to be diverted. We are involved in securities class action proceedings; see "Risks Related to Legal, Regulatory, and Tax Matters—Disputes and other legal or regulatory proceedings could adversely affect our financial results" and the section titled "Item 8.A. Legal Proceedings."

The dual class structure of our ordinary shares has the effect of concentrating voting power with our co-founder and Chief Executive Officer, which will limit your ability to influence the outcome of important transactions, including a change in control.

Our Class B ordinary shares have ten votes per share, and our Class A ordinary shares have one vote per share. As a result, our co-founder and Chief Executive Officer, Mr. Holtzman, who, as of December 31, 2024, beneficially owns all of our issued and outstanding Class B ordinary shares, beneficially owns approximately 76.2% of the voting power of our outstanding shares and, as such, will be able to significantly influence matters submitted to our shareholders for approval, including the election of directors, amendments of our organizational documents and any merger or other major corporate transactions that require shareholder approval. Mr. Holtzman may vote in a way with which you disagree and which may be adverse to your interests. This concentrated voting power may have the effect of delaying, preventing or deterring a change in control of our Company, could deprive our shareholders of an opportunity to receive a premium for their shares as part of a sale of our company and might ultimately materially and adversely affect the market price of our Class A ordinary shares. Future transfers by the holders of Class B ordinary shares will result in those shares converting into Class A ordinary shares, subject to limited exceptions.

For information about our dual class structure, see the section titled "Item 10.B. Additional Information—Articles of Association—Voting Rights" and Note 13 to our Consolidated Financial Statements.

We are a "controlled company" within the meaning of the rules of Nasdaq and, as a result, qualify for, and may rely on, exemptions from certain corporate governance requirements. You may not have the same protections afforded to shareholders of companies that are subject to such requirements.

Our co-founder and Chief Executive Officer, Mr. Holtzman beneficially owns a majority of the voting power of our outstanding ordinary shares. As a result, we are a "controlled company" within the meaning of the corporate governance standards of Nasdaq. Under these rules, a listed company of which more than 50% of the voting power is held by an individual, group or another company is a "controlled company" and may elect not to comply with certain corporate governance requirements, including:

- the requirement that a majority of the board of directors be comprised of independent directors;
- the requirement that our compensation committee be comprised entirely of independent directors with a written charter addressing the committee's purpose and responsibilities; and
- the requirement that director nominees be selected, or recommended for the board of directors' selection, either by a majority vote of the board of directors' independent directors or a nominations committee comprised solely of independent directors.

We currently rely on these exemptions, which overlap with exemptions available to foreign private issuers. See the section titled "Item 3.D. Key Information—Risk Factors—Risks Related to Ownership of Our Class A Ordinary Shares—As we are a "foreign private issuer" and intend to follow certain home country corporate governance practices, our shareholders may not have the same protections afforded to shareholders of companies that are subject to all corporate governance rules of Nasdaq." For an overview of our corporate governance principles, see the section titled "Item 6.C. Directors, Senior Management and Employees—Board Practices—Corporate Governance Practices."

As a result of the above, you may not have the same protections afforded to shareholders of companies that are subject to all of the corporate governance requirements of Nasdaq and our status as a controlled company could make our ordinary shares less attractive to some investors or otherwise harm our share price.

If we do not meet the expectations of securities analysts, if they cease to publish research or reports about our business, or if they issue unfavorable commentary or downgrade our ordinary shares, the price of our Class A ordinary shares could decline.

The trading market for our Class A ordinary shares relies in part on the research and reports that securities analysts publish about us and our business. The analysts' estimates are based upon their own opinions and are often different from our estimates or expectations. We do not have any control over these analysts. If our revenue or our other results of operations are below the estimates or expectations of public market analysts and investors, the price of our Class A ordinary shares could decline. Moreover, the price of our Class A ordinary shares could decline if one or more securities analysts downgrade our ordinary shares or if those analysts issue other unfavorable commentary or cease publishing reports about us or our business.

An active trading market for our Class A ordinary shares may not be sustained.

An active trading market for our Class A ordinary may not be sustained. The lack of an active market may impair your ability to sell your shares at the time you wish to sell them or at a price that you consider reasonable. An inactive market may also impair our ability to raise capital by selling Class A ordinary shares and may impair our ability to acquire other companies by using our shares as consideration.

The market price of our Class A ordinary shares could be negatively affected by future issuances and sales of our Class A ordinary shares.

Sales by us or our shareholders of a substantial number of Class A ordinary shares, including Class B ordinary shares, which will automatically convert into Class A ordinary shares upon transfer, in the public market, or the perception that these sales might occur, could cause the market price of our Class A ordinary shares to decline or could impair our ability to raise capital through a future sale of, or pay for acquisitions using, our equity securities.

We do not currently intend to pay dividends for the foreseeable future.

We currently intend to retain any future earnings to finance the operation and expansion of our business and we do not currently expect to declare or pay any dividends in the foreseeable future. As a result, shareholders must rely on sales of their ordinary shares after price appreciation, which may never occur as the only way to realize any future gains on their investment. As a result, investors seeking cash dividends should not purchase our ordinary shares. In addition, the Companies Law imposes restrictions on our ability to declare and pay dividends. See the section titled "Item 10.B. Additional Information—Articles of Association—Dividend and Liquidation Rights" for additional information.

Payment of dividends may also be subject to Israeli withholding taxes. See the section titled "Item 10.E. Taxation—Taxation of non-Israeli Resident Shareholders—Taxation on Receipt of Dividends" for additional information.

We are a foreign private issuer, and, as a result, we are not subject to U.S. proxy rules and are subject to Exchange Act reporting obligations that, to some extent, are more lenient and less frequent than those of a U.S. domestic public company.

We report under the Exchange Act as a non-U.S. company with foreign private issuer status. Because we qualify as a foreign private issuer under the Exchange Act, we are exempt from certain provisions of the Exchange Act that are applicable to U.S. domestic public companies, including (i) the sections of the Exchange Act regulating the solicitation of proxies, consents, or authorizations in respect of a security registered under the Exchange Act, (ii) the sections of the Exchange Act requiring insiders to file public reports of their share ownership and trading activities and liability for insiders who profit from trades made in a short period of time, (iii) the rules under the Exchange Act requiring the filing with the SEC of current reports on Form 8-K upon the occurrence of specified significant events, although we are subject to Israeli laws and regulations with regards to certain of these matters, and (iv) the rules under the Exchange Act requiring the filing with the SEC of quarterly reports on Form 10-Q containing unaudited financial and other specified information, although we are subject to Israeli laws and regulations with regard to certain of these matters and intend to announce quarterly unaudited results in earnings press releases. In addition, foreign private issuers are not required to file their annual report on Form 20-F until four months after the end of each fiscal year, while U.S. domestic issuers that are accelerated filers are required to file their annual report on Form 10-K within 75 days after the end of each fiscal year, and U.S. domestic issuers that are large accelerated filers are required to file their annual report on Form 10-K within 60 days after the end of each fiscal year. Foreign private issuers are also exempt from Regulation FD, which prohibits selective disclosures of material information. As a result of all of the above, you may not have the same protections afforded to shareholders of a company that is not a foreign private issuer.

The determination of foreign private issuer status is made annually on the last business day of an issuer's most recently completed second fiscal quarter. In the future, we would lose our foreign private issuer status if (i) more than 50% of our outstanding voting securities are owned by U.S. residents and (ii) a majority of our directors or executive officers are U.S. citizens or residents, or we fail to meet additional requirements necessary to avoid loss of foreign private issuer status. If we lose our foreign private issuer status, we will be required to file with the SEC periodic reports and registration statements on U.S. domestic issuer forms, which are more detailed and extensive than the forms available to a foreign private issuer. We will also have to mandatorily comply with U.S. federal proxy requirements, and our officers, directors, and more than 10% shareholders will become subject to the short-swing profit disclosure and recovery provisions of Section 16 of the Exchange Act. In addition, we will lose our ability to rely upon exemptions from certain corporate governance rules of Nasdaq. As a U.S. listed public company that is not a foreign private issuer, we will incur significant additional legal, accounting and other expenses that we will not incur as a foreign private issuer.

As we are a "foreign private issuer" and intend to follow certain home country corporate governance practices, our shareholders may not have the same protections afforded to shareholders of companies that are subject to all corporate governance rules of Nasdaq.

As a foreign private issuer, we have the option to follow certain home country corporate governance practices rather than those of Nasdaq, provided that we disclose the requirements we are not following and describe the home country practices we are following. We rely on this "foreign private issuer exemption" with respect to Nasdaq rules for shareholder meeting quorums and the number of independent directors on our board of directors and committees thereof. See the section titled "Item 6.C. Directors, Senior Management and Employees—Board Practices—Corporate Governance Practices." We may in the future elect to follow home country practices with regard to other matters, including, for example, exemption from Nasdaq Listing Rule 5635(d), which in certain circumstances requires an issuer to obtain shareholder approval prior to the issuance (or potential issuance) of securities equaling 20% or more of the issuer's outstanding ordinary shares or 20% or more of the outstanding voting power. If, in the future, we choose to follow this or other home country practices, our shareholders may not have the same protections afforded to shareholders of companies that are subject to all corporate governance rules of Nasdaq.

There can be no assurance that we will not be classified as a passive foreign investment company, which could result in adverse U.S. federal income tax consequences to United States Holders of our Class A ordinary shares.

We would be a passive foreign investment company (a "PFIC"), for any taxable year if, after the application of certain look-through rules, either: (i) 75% or more of our gross income for such year is "passive income" (as defined in the relevant provisions of the Internal Revenue Code of 1986, as amended (the "Code")); or (ii) 50% or more of the value of our assets (generally determined on the basis of a quarterly average) during such year is attributable to assets that produce or are held for the production of passive income. For these purposes, cash and other assets readily convertible into cash or that do or could generate passive income are categorized as passive assets, and the value of goodwill and other unbooked intangible assets is generally taken into account. Passive income generally includes, among other things, rents, dividends, interest, royalties, gains from the disposition of passive assets, and gains from commodities and securities transactions. For purposes of this test, we will be treated as owning a proportionate share of the assets and earning a proportionate share of the income of any other corporation of which we own, directly or indirectly, at least 25% (by value) of the stock. Based on our market capitalization and the composition of our income, assets, and operations, we believe that we are not a PFIC for the year ended December 31, 2024 and do not expect to be a PFIC for the current taxable year or in the foreseeable future. However, this is a factual determination that must be made annually after the close of each taxable year. Moreover, the aggregate value of our assets for purposes of the PFIC determination generally will be determined by reference to the public price of our Class A ordinary shares, which could fluctuate significantly. Accordingly, there can be no assurance that we will not be classified as a PFIC in the current taxable year or in the future. Certain adverse U.S. federal income tax consequences could apply to a United States Holder (as defined in the section titled "Item 10.E. Taxation—U.S. Federal Income Tax Considerations") if we are treated as a PFIC for any taxable year during which such United States Holder holds our Class A ordinary shares. United States Holders should consult their tax advisors about the potential application of the PFIC rules to their investment in our Class A ordinary shares. For further discussion, see the section titled "Item 10.E Taxation—Passive Foreign Investment Company."

If a United States person is treated as owning 10% or more of our shares, such holder may be subject to adverse U.S. federal income tax consequences.

If a United States person is treated as owning (directly, indirectly, or constructively) at least 10% of the value or voting power of our shares, such person may be treated as a "United States shareholder" with respect to each controlled foreign corporation (a "CFC") in our group (if any). Because our group includes one or more U.S. subsidiaries, certain of our non-U.S. subsidiaries are expected to be treated as CFCs (regardless of whether we are treated as a CFC). A United States shareholder of a CFC may be required to report annually and include in its U.S. taxable income its pro rata share of "Subpart F income," "global intangible low-taxed income," and investments in U.S. property by CFCs, regardless of whether we make any distributions. An individual that is a United States shareholder with respect to a CFC generally would not be allowed certain tax deductions or foreign tax credits that would be allowed to a United States shareholder that is a U.S. corporation. Failure to comply with these reporting obligations may subject a United States shareholder to significant monetary penalties, and may prevent the statute of limitations with respect to such shareholder's U.S. federal income tax return for the year for which reporting was due from starting. We cannot provide any assurances that we will assist investors in determining whether we are or any of our non-U.S. subsidiaries is treated as CFC or whether any investor is treated as a United States shareholder with respect to any such CFC or furnish to any United States shareholder information that may be necessary to comply with the aforementioned reporting and tax paying obligations. The United States Internal Revenue Service has provided limited guidance on situations in which investors may rely on publicly available information to comply with their reporting and tax paying obligations with respect to foreign-controlled CFCs. A United States investor should consult its advisors regarding the potential application of these rules to an investment in our Class A ordinary shares.

General Risk Factors

Our business could be negatively impacted by corporate citizenship and sustainability matters.

There is an increased focus from certain investors, consumers, employees, and other shareholders concerning corporate citizenship, climate change, and sustainability matters. From time to time, we may announce certain initiatives, including goals, regarding our focus areas, which include environmental matters, packaging, responsible sourcing, social investments, and inclusion and diversity. We could fail, or be perceived to fail, in our achievement of such initiatives or goals, or we could fail in accurately reporting our progress on such initiatives and goals. Such failures could be due to changes in our business (*e.g.*, shifts in business among distribution channels). Moreover, the standards by which citizenship and sustainability efforts and related matters are measured are developing and evolving, and certain areas are subject to assumptions. The standards or assumptions could change over time. In addition, we could be criticized for the scope of such initiatives or goals or perceived as not acting responsibly in connection with these matters. Any such matters, or related corporate citizenship and sustainability matters, could lead to negative publicity and have an adverse effect on our business.

If we pursue acquisitions, such acquisitions may expose us to additional risks.

We have in the past and may in the future, review and pursue acquisition and strategic investment opportunities to expand our current product offerings and distribution channels, increase the size and geographic scope of our operations, or otherwise offer growth and operating efficiency opportunities. There can be no assurance that we will be able to identify suitable candidates or consummate these transactions on favorable terms. If required, the financing for these transactions could result in an increase in our indebtedness, dilute the interests of our shareholders, or both. The purchase price for some acquisitions may include additional amounts to be paid in cash in the future, a portion of which may be contingent on the achievement of certain future operating results of the acquired business. If the performance of any such acquired business exceeds such operating results, then we may incur additional charges and be required to pay additional amounts. Furthermore, if we enter into acquisition or strategic investment agreements there can be no guarantee that such acquisition or investment will satisfy all necessary conditions to be consummated and closed.

Our failure to successfully complete the integration of any acquired business or to achieve the long-term plan for such business, as well as any other adverse consequences associated with our acquisition and investment activities, could have an adverse effect on our business.

We are not insured against all risks affecting our activities and our insurance coverage may not be sufficient to cover all losses and/or liabilities that may be incurred by our operations.

We cannot provide assurance that our insurance coverage will always be available or will always be sufficient to cover any damages resulting from any kind of claims. In addition, there are certain types of risks that may not be covered by our policies, such as war, force majeure, or certain business interruptions. In addition, we cannot provide assurance that when our current insurance policies expire, we will be able to renew them with sufficient and favorable terms, and the failure to renew our insurance policies may adversely affect us.

Our quarterly results of operations may fluctuate, and if our operating and financial performance in any given period does not meet the guidance that we have provided to the public or the expectations of our investors and securities analysts, the trading price of our Class A ordinary shares may decline.

Our quarterly results of operations may fluctuate for a variety of reasons, many of which are beyond our control. These reasons include those described in these risk factors as well as the following:

- our ability to effectively launch new brands and products;
- fluctuations in the levels or quality of inventory;
- fluctuations in capacity as we expand our operations;
- our success in engaging existing customers and attracting new customers;
- the amount and timing of our operating expenses;
- the timing and success of new product launches and expansion into new geographic markets;
- the impact of competitive developments and our response to those developments;
- our ability to manage our existing business and future growth; and
- economic and market conditions, particularly those affecting our industry.

Fluctuations in our quarterly results of operations may cause those results to fall below the guidance that we have provided to the public or the expectations of our investors and securities analysts, which could cause the trading price of our Class A ordinary shares to decline. Fluctuations in our results could also cause a number of other problems. For example, analysts or investors might change their models for valuing our Class A ordinary shares, we could experience short-term liquidity issues, our ability to retain or attract key personnel may diminish, and other unanticipated issues may arise.

In addition, we believe that our quarterly results of operations may vary in the future and that period-to-period comparisons of our results of operations may not be meaningful. You should not rely on the results of one quarter as an indication of future performance.

Certain of our operating metrics are subject to inherent challenges in measurement, and any real or perceived inaccuracies in our metrics or the underlying data may cause a loss of investor confidence in such metrics and the market price of our Class A ordinary shares may decline.

We track certain operating metrics using internal data analytics tools, which have certain limitations. In addition, we rely on data received from third parties, including third-party platforms, to track certain performance indicators, and we may be limited in our ability to verify such data. In addition, as our business evolves, we have altered and may in the future again alter, the metrics that we track, and our methodologies for tracking such metrics may change over time, which could result in changes to the metrics we report. If we undercount or overcount performance due to the internal data analytics tools we use or issues with the data received from third parties, or if our internal data analytics tools contain algorithmic or other technical errors, the data we report may not be accurate or comparable with prior periods. In addition, limitations, changes, or errors with respect to how we measure data may affect our understanding of certain details of our business, which could affect our longer-term strategies. If our performance metrics are not, or are not perceived to be, accurate representations of our business, if we discover material inaccuracies in our metrics or the data on which such metrics are based, or if we can no longer calculate any of our performance metrics with a sufficient degree of accuracy, investors could lose confidence in the accuracy and completeness of such metrics, which could cause the price of our Class A ordinary shares to decline.

The estimates of market opportunity and forecasts of market growth we provide may prove to be inaccurate, and even if the markets in which we compete achieve the forecasted growth, our business could fail to grow at similar rates, or at all.

Market opportunity estimates and growth forecasts are subject to significant uncertainty and are based on assumptions and estimates that may not prove to be accurate, including as a result of any of the risks described herein.

The variables that go into the calculation of our market opportunity are subject to change over time, and there is no guarantee that any particular number or percentage of addressable consumers covered by our market opportunity estimates will purchase our products at all or generate any particular level of net revenue for us. In addition, our ability to expand in any of our target markets depends on a number of factors, including the cost, performance, and perceived value associated with our products and other haircare products. Even if the markets in which we compete meet the size estimates and growth we forecast, our business could fail to grow at similar rates, or at all. Our growth is subject to many factors, including our success in implementing our business strategy, which is subject to many risks and uncertainties. Accordingly, forecasts of market growth we disclose should not be taken as indicative of our future growth.

Our results of operations could be adversely affected by natural disasters (including as a result of climate change), public health crises, political crises, or other catastrophic events.

Natural disasters, such as earthquakes, wildfires, hurricanes, tornadoes, floods, and other adverse weather and climate conditions; unforeseen public health crises, such as epidemics and pandemics, political crises, such as terrorist attacks, war, and other political instability (including the ongoing political and military events in Israel and Ukraine); or other catastrophic events, whether occurring in the United States or internationally, could disrupt our operations in any of our offices and distribution centers or the operations of one or more of our third-party providers or vendors. In addition, certain types of natural disasters have tended to become more frequent and/or severe as a result of climate change. These types of events could impact our supply chain, including the ability of third parties to manufacture and ship products and our ability to ship products to consumers from or to the impacted region. In addition, these types of events could negatively impact consumer spending in the impacted regions. To the extent any of these events occur, our business, financial condition, and results of operations could be adversely affected.

The ongoing military action between Russia and Ukraine could adversely affect our business, financial condition and results of operations.

On February 24, 2022, Russian military forces commenced military operations in Ukraine, and sustained conflict and disruption in the region is likely. Although the length, impact and outcome of the ongoing military conflict in Ukraine is highly unpredictable, this conflict could lead to significant market and other disruptions, including significant volatility in commodity prices and supply of energy resources, resulting in increases in the cost of shipping and transportation, instability in financial markets, supply chain interruptions, political and social instability, changes in consumer or purchaser preferences as well as increase in cyberattacks and espionage.

Russia's military action against Ukraine has led to an unprecedented expansion of sanction programs imposed by the United States, the European Union, the United Kingdom, Canada, Switzerland, Japan and other countries against Russia, Belarus, the Crimea Region of Ukraine, the so-called Donetsk People's Republic and the so-called Luhansk People's Republic regions of Ukraine, and the non-government controlled areas of the Zaporizhzhia and Kherson regions of Ukraine.

We are actively monitoring the situation in Ukraine and will continue to assess any impact it may have on our business. Although we have no physical presence in either Ukraine or Russia, as of December 31, 2024, we had contracts with approximately 100 Ukraine-based independent entrepreneurs who provide us with software development services. Although the conflict in Ukraine has not had any material impact on our operations to date, we have no way to predict the progress or outcome of the conflict or its impacts in Ukraine, Russia or Belarus, as the conflict and any resulting government reactions, are rapidly developing and beyond our control. The extent and duration of the military action, sanctions and resulting market disruptions could be significant and could potentially have substantial impact on the global economy and our business for an unknown period of time. Any of the abovementioned factors could affect our business, financial condition and results of operations. Any such disruptions may also magnify the impact of other risks described in this Annual Report.

We incur significant additional costs as a result of being a public company, and our management is required to devote substantial time to compliance with our public company responsibilities and corporate governance practices.

As a public company, we incur increased costs associated with corporate governance requirements that we did not incur as a private company. For example, we are subject to rules and regulations of the SEC, under the Sarbanes-Oxley Act, the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, and the Exchange Act, as well as the Nasdaq listing rules. These rules and regulations significantly increase our accounting, legal, and financial compliance costs and make some activities more time consuming.

We expect such expenses to further increase now that we are no longer an "emerging growth company." We also expect these rules and regulations to make it more expensive for us to maintain directors' and officers' liability insurance. As a result, it may be more difficult for us to attract and retain qualified persons to serve on our board of directors or as executive officers. In addition, some members of our management team may have limited experience managing a public company, and our management team must devote substantial attention interacting with public company analysts and investors and complying with the increasingly complex laws pertaining to public companies, which may divert attention away from the day-to-day management of our business. Increases in costs incurred or diversion of management's attention resulting from our operations as a publicly traded company may adversely affect our business, financial condition, and results of operations.

If our estimates or judgments relating to our critical accounting policies are based on assumptions that change or prove to be incorrect, our results of operations could fall below the expectations of our investors and securities analysts, resulting in a decline in the trading price of our Class A ordinary shares.

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in our financial statements and accompanying notes. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, as discussed in the section titled "Item 5. Operating and Financial Review and Prospects," the results of which form the basis for making judgments about the carrying values of assets, liabilities, equity, net revenue, and expenses that are not readily apparent from other sources. Our results of operations may be adversely affected if our assumptions change or if actual circumstances differ from those in our assumptions, which could cause our results of operations to fall below our publicly announced guidance or the expectations of securities analysts and investors, resulting in a decline in the market price of our Class A ordinary shares.

If we fail to maintain an effective system of disclosure controls and internal control over financial reporting, our ability to produce timely and accurate financial statements or comply with applicable regulations could be impaired.

The Sarbanes-Oxley Act requires, among other things, that we maintain effective disclosure controls and procedures and internal control over financial reporting. We are continuing to develop and refine our disclosure controls and other procedures that are designed to ensure that information required to be disclosed by us in the reports that we will file with the SEC is recorded, processed, summarized, and reported within the time periods specified in SEC rules and forms and that information required to be disclosed in reports under the Exchange Act is accumulated and communicated to our principal executive and financial officers.

We are continuing to improve our internal control over financial reporting. In order to maintain and improve the effectiveness of our disclosure controls and procedures and internal control over financial reporting, we have expended, and anticipate that we will continue to expend, significant resources, including accounting-related costs and significant management oversight. If any of these new or improved controls and systems do not perform as expected, we may experience material weaknesses in our controls. In addition to our results determined in accordance with U.S. GAAP, we believe certain non-GAAP measures and key metrics may be useful in evaluating our operating performance. We present certain non-GAAP financial measures and key performance metrics in this Annual Report and intend to continue to present certain non-GAAP financial measures and key performance metrics in future filings with the SEC and other public statements. Any failure to accurately report and present our non-GAAP financial measures and key performance metrics could cause investors to lose confidence in our reported financial and other information, which would likely have a negative effect on the trading price of our Class A ordinary shares.

Our current controls and any new controls that we develop may become inadequate because of changes in conditions in our business. Further, weaknesses in our disclosure controls and internal control over financial reporting may be discovered in the future. Any failure to develop or maintain effective controls or any difficulties encountered in their implementation or improvement could harm our business, financial condition, and results of operations or cause us to fail to meet our reporting obligations and may result in a restatement of our consolidated financial statements for prior periods. Any failure to implement and maintain effective internal control over financial reporting also could adversely affect the results of periodic management evaluations and annual independent registered public accounting firm attestation reports regarding the effectiveness of our internal control over financial reporting that we are now required to include in our periodic reports filed with the SEC as we are no longer an emerging growth company. Ineffective disclosure controls and procedures and internal control over financial reporting could also cause investors to lose confidence in our reported financial and other information, which would likely have a negative effect on the trading price of our Class A ordinary shares. In addition, if we are unable to continue to meet these requirements, we may not be able to remain listed on Nasdaq.

We are subject to the requirements of Section 404 of the Sarbanes-Oxley Act. We are required to comply with the SEC's rules implementing Sections 302 and 404 of the Sarbanes-Oxley Act, requiring management to certify financial and other information in our annual reports and, beginning with this Annual Report, to provide an annual management report on the effectiveness of control over financial reporting and an attestation report on internal control over financial reporting issued by our independent registered public accounting firm. As a newly public company, we have not previously been required to conduct an internal control evaluation and assessment. If we are not able to comply with the requirements of Section 404 of the Sarbanes-Oxley Act, including if in the future we are unable to maintain proper and effective internal controls, we may not be able to produce timely and accurate financial statements. Furthermore, if in the future we identify one or more material weaknesses, it could result in an adverse reaction in the financial markets due to a loss of confidence in the reliability of our financial statements. Additionally, our independent registered public accounting firm may issue a report that is adverse in the event it is not satisfied with the level at which our internal control over financial reporting is documented, designed or operating. As a result, the market price of our Class A ordinary shares could be negatively affected, and we could become subject to investigations by the SEC or other regulatory authorities, which could require additional financial and management resources.

Our disclosure controls and procedures may not prevent or detect all errors or acts of fraud.

We report under the Exchange Act as a non-U.S. company with foreign private issuer status. We designed our disclosure controls and procedures to provide reasonable assurance that information we must disclose in reports we file or submit under the Exchange Act is accumulated and communicated to management, and recorded, processed, summarized, and reported within the time periods specified in the rules and forms of the SEC. We believe that any disclosure controls and procedures, no matter how well-conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by an unauthorized override of the controls. Accordingly, because of the inherent limitations in our control system, misstatements due to error or fraud may occur and not be detected.

Our reported financial results may be negatively impacted by changes in U.S. GAAP.

U.S. GAAP is subject to interpretation by the Financial Accounting Standards Board ("FASB"), the SEC and various bodies formed to promulgate and interpret appropriate accounting principles. FASB has in the past issued new or revised accounting standards that superseded existing guidance and significantly impacted the reporting of financial results. Any future change in U.S. GAAP principles or interpretations could also have a significant effect on our reported financial results and may even affect the reporting of transactions completed before the announcement or effectiveness of a change. It is difficult to predict the impact of future changes to accounting principles or our accounting policies, any of which could negatively affect our reported results of operations.

ITEM 4. INFORMATION ON THE COMPANY

A. History and Development of the Company

ODDITY's online, direct-to-consumer business was founded in 2018 with our launch of IL MAKIAGE in the United States, with a mission to transform the global beauty and wellness market through technology and entrepreneurial thinking. We have rapidly and profitably scaled since then and believe that today we are the world's largest online, direct-to-consumer company in the beauty and wellness industry based on revenue.

In 2017 we secured an investment from L Catterton to support the launch of our technology platform and online business in the United States.

In 2020 we expanded our online platform to the U.K., followed by additional markets in continental Europe and Australia. Sales outside of the United States represented 15% of our net revenue for the year ended December 31, 2024.

In 2021, we acquired Voyage81, a leader in computer vision, AI-driven imaging, and hyperspectral technology.

In 2023, we acquired Revela, a Boston-based biotechnology company pioneering pharma-grade technology to discover molecules and formulations for beauty and wellness products. With this acquisition, we established ODDITY LABS and accelerated our investment in biotech, including AI-based molecule discovery.

Capital Expenditures

See the section titled "Item 5.B. Operating and Financial Review and Prospects—Liquidity and Capital Resources—Capital Expenditures."

General Corporate Information

ODDITY Tech Ltd. (formerly known as Il Makiage Cosmetics (2013) Ltd.) was incorporated on June 23, 2013 in Israel under the Companies Law. Our common shares have been listed on the Nasdaq since July 2023.

Our principal executive offices are located at 8 HaHarash Street, Tel Aviv-Jaffa 6761304, Israel where we operate our R&D center; we also have business headquarters in New York City and a biotechnology lab in Boston. Our agent for service of process in the United States is ODDITY Tech US Inc., located at 110 Greene Street, New York, New York 10012.

Our website address is https://oddity.com. Information contained on, or that can be accessed through, our website does not constitute a part of this Annual Report and is not incorporated by reference herein. The SEC maintains an Internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC. The SEC's website is www.sec.gov.

B. Business Overview

Who We Are

We are a consumer tech platform that is built to transform the global beauty and wellness market. Our technology innovations, world-class physical product range, and compelling brands built to win online have enabled our accelerated global growth by delivering consumers what we believe to be a superior product and experience.

We operate in what we believe is one of the most attractive categories in the world and have built a rapidly scaling model that leads the industry in two powerful secular trends. First, the consumer migration online, where we are already a dominant direct-to-consumer platform. Second, the consumer shift to science-backed products that truly solve their pain points, where our investment in ODDITY LABS positions us to lead in developing high performing ingredients and formulations in the market.

Since launching in the United States in 2018, we have disrupted the way millions of consumers shop for beauty products by bringing them online and transforming their shopping experience, deploying algorithms and machine learning models to deliver a precise product match and seamless shopping experience.

Our online platform supports a portfolio of stand-alone brands and served approximately 60 million users as of December 31, 2024.

Our commitment to innovation through our proprietary technology is matched only by our commitment to developing empowering products of the highest quality, marrying the worlds of technology and physical beauty and wellness products for the benefit of consumers.

In 2023 we acquired Revela, a Boston-based biotechnology company pioneering pharma-grade technology to discover molecules and formulations for beauty and wellness applications. With this acquisition, we established ODDITY LABS to unleash the full force of advanced biotechnology and digital biology, including AI-based molecule discovery, for the development of high performing beauty and wellness products from proprietary molecules. We believe this technology and our accelerated investment has the potential to radically transform our industry for the benefit of consumers, delivering products that solve their toughest pain points.

We believe IL MAKIAGE, our first brand, is the largest online beauty brand in the United States as measured by revenue, with growing presence overseas. SpoiledChild, our second brand, which we launched in 2022, is a multicategory wellness brand, including hair and skin products. Our in-house New Ventures brand incubator has a mandate to pursue additional brands and product categories ripe for disruption, including Brand 3, a telehealth platform, and Brand 4, which are both currently in development. We believe we can drive significant growth and gain market leadership by developing additional standalone, digitally native brands for future launches.

Our business has a powerful and rare combination of scale, growth, and profitability. Since our launch, we have proven our ability to quickly achieve success in new brands, products, categories and international markets. In just 18 months following our U.S. launch in 2018, and simultaneous with our rapid revenue growth, we achieved profitability due to strong repeat rates. During the year ended December 31, 2024, we scaled to $647 million of net revenue, compared to $509 million and $325 million for the years ended December 31, 2023 and 2022, respectively. In addition, for the years ended December 31, 2024, 2023 and 2022, we achieved a net income margin of 15.7%, 11.5%, and 6.7%, and Adjusted EBITDA margin of 23.3%, 21.1%, and 12.2%, respectively. For a breakdown of our net revenue by geography, see Note 15 to our consolidated financial statements included elsewhere in this Annual Report.

Our asset light model supports significant cash generation. During the year ended December 31, 2024, we generated $137.8 million of net operating cash flow compared to $87.5 million and $39.0 million for the years ended December 31, 2023, and 2022. See the section titled "Item 5.A. Operating and Financial Review and Prospects—Operating Results" for more information.

We intend to sustain our high-growth and attractive margin profile that consistently delivers great outcomes for our stakeholders. To do this, we maintain a long-term growth strategy that guides our continued investments that support profitable growth and market share gains within a large and attractive global beauty and wellness market. These include growing our user base, converting users into customers, increasing customer loyalty and share of wallet, expanding our global footprint, growing our existing brands, and expanding our portfolio of brands and services.

Our Market Opportunity

We operate in the highly attractive over $600 billion global beauty and wellness market as defined by the global beauty, personal care and dietary supplements market per Euromonitor, which is characterized by its large size, secular tailwinds, high growth, and compelling gross margin profile. We believe this market is ripe for disruption, dominated by established, largely offline, wholesale models that we feel have not sufficiently evolved to meet changing consumer preferences for a digital, personalized, and customized experience.

We see two powerful pillars of transformation in the industry, and have positioned ODDITY to lead on both fronts:

- **Increased online adoption.** We expect online will emerge as the largest and most important channel in the industry, growing to account for roughly 50% of sales. ODDITY is already leading on this front as the largest online direct-to-consumer platform in the industry by revenue due to its significant investments in data and technology tools.

- **Accelerated demand for high performance products**. Consumers are migrating away from generic brands and products and towards highly effective products with active ingredients and formulations that truly solve their pain points. ODDITY LABS and our investment in AI-based molecule discovery looks to extend this lead in product performance by creating and launching the next generation of beauty and wellness products to solve consumers' toughest pain points.

Our Platform

We operate a different model to that of the incumbents that have historically dominated the global beauty and wellness market. This distinctive approach is core to our competitive advantage and ability to disrupt the market and gain market share.

- **Outsiders by Design.** Disrupting a market requires outside thinking. Our organization is built entirely by beauty industry outsiders, who come with fresh thinking, a focus on innovation, and a desire to drive continuous improvement. Our founder-led management team saw an industry ripe for disruption after observing the disconnect between online beauty discovery and offline purchasing behavior. As our name suggests, our corporate DNA values the ability to be unconstrained by historical conventions. We are uncompromising in our mission to make the first move, set the pace for the industry, take big swings, and continuously raise the bar - a wild vision combined with hard work and a hands-on approach.

- **Technology First.** Our business model is centered on our in-house technology capabilities, with leading expertise in data science, machine learning, and computer vision. We operate a cutting-edge R&D and technology center in Tel Aviv that is fully integrated with our business operations in New York City, and a biotech lab in Boston. Our investments in and focus on recruiting top technology talent is a key component of our strategy, and we expect our technology roadmap will define the future of beauty.

- **Data Drives Our Business.** We deploy our technology to better understand customers and anticipate their wants and needs. Our data moat drives all aspects of our business, including revenue, product recommendations, marketing and retargeting, distribution, operations, and development of new products and brands. We bring visitors to our website, turn visitors into users by asking questions and learning about them, then leverage the data we have across the platform to convert them into paying customers and repeat customers. This data is also critical to training our collection of machine learning models which drive the user journey, across acquisition, purchase, and post purchase. We believe our data-centric model offers significant financial benefits, similar to other "land and expand" models in the tech industry which support faster growth at higher incremental returns than analog models. Once a user is onboarded, we are able to market additional products and services at lower incremental costs, supporting favorable returns on capital.

- **Superior Product Performance.** Our data-centric strategy enables us to create and deliver superior products for our customers. From inception, we construct each brand by thoughtfully leveraging data and employing an exhaustive testing process with our global user base to determine product-market fit and develop ingredients and formulations. We are committed to only launching a product when our user data shows there is a real consumer need and that our product quality gives us the ability to win. In addition to developing products with ingredients available to the broader industry, we are investing in proprietary ingredients with ODDITY LABS, our in-house biotechnology that deploys cutting edge technology, including AI-based molecule discovery, to identify and launch novel ingredients that deliver superior performance and outcomes for consumers.

Disrupting a Massive Market with Technology

ODDITY is powered by our vision and commitment to revolutionize the beauty and wellness industry through technological innovations and outside thinking. We have built a holistic, end-to-end customer journey, with each of our user touchpoints seeking to enhance and optimize the overall experience. Our integrated model aims to eliminate significant friction, bringing discovery, product matching, tutorial, purchase, and repeat engagement under a single platform. It requires significant investments in technology talent, capabilities, and products.

Technology Talent

We operate an elite technology organization and technology is at the center of everything we do. An ethos of innovation, creation, agility, and disruption permeates our entire company. Our dedicated workforce includes in-house engineers, data scientists, computer vision experts, and product teams that comprise over 40% of our online platform headcount. Based in Tel Aviv, one of the most advanced R&D hubs in the world, ODDITY's R&D organization has attracted talent from elite Israeli technology centers including the Israeli Defense Forces' Unit 81, its Special Operations Division's technology unit.

Our tech team is integrated with the business teams, working hand-in-hand across areas like growth, customer experience, marketing, and product development to drive the business. Our operating method allows us to keep a strong pace of innovation and execution as we scale. Tech squads are devoted to key domains, each organized as a small standalone startup with dedicated project managers, software developers, and quality assurance teams. This allows all teams to push domains in parallel and avoid bottlenecks. We work in weekly sprints that include planning, coding, deploying, testing, analyzing performance, and optimizing.

Technology Products

Our platform delivers the future of beauty and wellness to consumers by addressing the complex demands they face when buying online. Our core technology products should and will serve multiple brands:

- **Artificial Intelligence.** We deploy AI and machine learning models across a wide range of front- and back-end operations. These include marketing and customer acquisition, product matching and recommendation, customer experience, and operations. We additionally use AI to support molecule discovery and product development at ODDITY LABS.

- **Computer Vision.** Our computer vision tools support customers in their online experience. These tools allow us to identify skin conditions like acne and hyperpigmentation, track those conditions over time, and anticipate how those conditions will progress. We acquired hyperspectral vision technology in 2021 through the purchase of Voyage81. For more information see Note 13 to our consolidated financial statements included elsewhere in this Annual Report.

- **PowerMatch / SpoiledBrain.** Our proprietary algorithms and machine learning models match customers with accurate complexion and beauty products. Using artificial intelligence and computer vision, PowerMatch and SpoiledBrain help users identify the correct products, formulations, and shades, reducing the risk of incorrect selection and eliminating the need to physically try on products in-store. We use many real-time predictions drawn from our pool of user data and are constantly improving our models to increase accuracy and conversion.

- **Kenzza.** Kenzza, our proprietary and patented platform, brings video-on-demand content and experiences that change the way users buy beauty online by providing content and education that leads to high user confidence and lower friction. This custom-built digital media platform allows us to scale content easily across a wide range of creators and geographies.

Our Powerhouse Brands

We build and scale digitally native prestige beauty and wellness brands with strong brand equities off of the ODDITY platform. We launched IL MAKIAGE in the United States in 2018 as an online beauty brand and SpoiledChild in 2022 as an online wellness brand, and plan to launch additional brands off of our platform in the future, with Brand 3 and 4 already in development. Our product portfolio spans categories including face and complexion, eye, brow and lip products, makeup tools, skincare, haircare, and supplements. These products are designed specifically for our direct-to-consumer and online customer base. Products are priced in a range of $20-$100 per item, with higher price points for the more elite performance products in our range. We have made significant R&D investments in support of developing exceptional quality beauty and wellness products that drive adoption, customer loyalty, and repeat purchasing behavior. Our in-house R&D center works directly with our third-party manufacturing partners to develop or identify the precise product formulas that best achieve our stringent data-centric performance and quality criteria.

IL MAKIAGE

IL MAKIAGE is a prestige, digital beauty brand powered by ODDITY's consumer tech platform, which leverages data science, machine learning and computer vision capabilities to deliver high-quality online experiences for consumers.

IL MAKIAGE defines and builds the future of beauty by using ODDITY's unparalleled technology to connect people with a superior, painstakingly tested, wide range of beauty products including face and complexion, skin, eyes and brows, and lips.

Since the brand's launch in 2018, according to our customer surveys, IL MAKIAGE has converted millions of consumers from shopping for beauty products in stores to making purchases online and disrupted the industry in the process.

SpoiledChild

We launched our multi-category second brand, SpoiledChild, in February 2022 with the goal of disrupting the wellness industry. SpoiledChild is a prestige online-only wellness brand powered by ODDITY's scalable technology platform, including its AI and machine learning capabilities. SpoiledChild offers a range of superior products and sustainable design including skincare products, haircare products, and supplements.

Empowering a new generation of consumers to redefine the rules of aging, SpoiledChild allows consumers to control their future by offering an individualized approach to age-control.

In addition, SpoiledChild seeks to promote sustainability with its patented refillable packaging, designed to reduce waste.

New Ventures

We established our New Ventures brand incubator in 2019 to support the in-house development of new brands. The New Ventures team operates with the mandate to build brands and their technology products from start to finish, while targeting the most attractive pockets of demand in the global beauty and wellness market. We see an abundance of opportunity to disrupt large categories within the global beauty and wellness markets, where customer satisfaction is low and pain points are high, and where legacy brands with offline distribution and insufficient technology capabilities create a compelling opportunity for us to disrupt.

ODDITY LABS to Power Product Discovery and Development

We established ODDITY LABS to bring biotechnology and AI-based molecule discovery to beauty and wellness. ODDITY LABS is designed to deepen our competitive advantage by supporting the development of proprietary, science-backed, and high performance products for the benefit of consumers all over the world.

ODDITY LABS operates a biotechnology research and development lab in Boston, at the center of biotechnology talent and innovation. We expect that it will power our product innovation for the future, with a focus on the discovery and development of novel products.

ODDITY LABS was formed in April 2023 in conjunction with our acquisition of Revela, a biotechnology company focused on the development of new molecules for beauty and wellness products.

None of our products to date have required FDA approval and as a result the FDA has not approved any of our products or otherwise made any determinations on whether our products are safe and effective for their intended uses.

We believe AI-based molecule discovery is a transformative frontier in product development for our industry, driven by the advancements of key enabling technologies including synthetic biology, genomic sequencing, robotics, and AI. The technological approach is already widely used in the field of biotechnology for drug discovery. ODDITY LABS is deploying these capabilities to build a next-generation platform, which we believe will have distinct advantages:

- the ability to discover and develop high-performance products that meet consumer needs at speed and scale;
- the biological pathway mapping data base to understand the mechanisms that drive cellular behavior, supporting future innovation of novel products and solutions;
- the ability to attract world leading talent; and
- the ability to support systematic and repeatable innovation through AI-based molecule discovery.

Seasonality

For a discussion of the seasonality of our business, see the section titled "Item 5.A. Operating and Financial Review and Prospects—Operating Results—Key Factors Affecting Our Performance—Seasonality".

Sales and Marketing

Our sales and marketing capabilities represent a core and differentiated competency that is essential to the success of the ODDITY platform. We are focused on continuing to acquire new users efficiently, and building brand awareness and a demand generation engine.

We have invested heavily in building a talented in-house marketing team, while also developing proprietary technologies that enable us to build data-driven and highly personalized campaigns that can scale globally on digital platforms.

Our proprietary technologies and robust first-party database enable us to achieve cost-effective and data-driven digital marketing and user acquisition. We also design innovative marketing programs that help increase brand awareness.

Supply Chain

ODDITY has built a scalable, efficient, and resilient supply chain to support our operations globally. We source our raw materials, packaging, assembly services, and other products from a diversified base of leading third-party suppliers, selected based on their strengths and areas of expertise, and evaluated against rigorous testing and a mathematically based scoring model to determine which product to launch. We believe that our supplier base has adequate resources and facilities to support our future growth and is robust enough to withstand unforeseen supply interruptions and external market shocks. This approach is distinct from most legacy beauty companies, who are more concentrated across products with a small group of manufacturing partners.

We have implemented a comprehensive supply chain resiliency program designed to ensure uninterrupted supply of our products. This includes engaging redundant suppliers where possible as well as carrying higher levels of inventory. While we have not in the past been affected by significant volatility in the prices of principal raw materials required to make our products, it is possible that price volatility could increase in the future. We believe that we are well-positioned to withstand any reasonably foreseeable supply chain disruptions or pricing fluctuations.

Distribution and Fulfillment

We primarily utilize third parties to warehouse and distribute our products throughout the world. We believe that we have sufficient capacity to support current and reasonably anticipated future requirements. We are continually assessing our fulfillment and distribution network to align our capacity with anticipated regional sales demand and planned expansion into new markets. Additionally, we continually look for opportunities to improve the customer experience and lower costs through the implementation of new processes and technology.

We utilize multiple outbound carriers for customer order fulfillment and distribution across the various markets where we operate. Our shipping carrier network is optimized to achieve targeted delivery times while minimizing costs. We maintain direct relationships with carriers in instances where we believe it will enable us to achieve lower costs.

Our People and Culture

Our people are key to our success. We are a diverse team of beauty industry outsiders by design, committed to using transformative innovation to deliver radically new solutions to our customers.

We work hard to create an environment where our employees feel empowered, and live by our core mantras:

- We're boldly unconstrained.
- We always outrun.
- We take big swings.
- We win every day.
- We never fit in.

Competition

We believe that our relentless focus on technology and product innovation has helped us create an industry-redefining, digitally native beauty and wellness company. However, the beauty and wellness industry is highly competitive. Consumers have a significant number of options for their beauty and wellness needs. We face competition from beauty and wellness companies throughout the world, including multinational consumer product companies as well as independent brands.

We believe that our ability to compete successfully depends primarily on the following factors:

- continuing to advance our technology platform;
- leveraging our data and AI capabilities;
- maintaining and attracting customers;
- developing and launching new products and transformative brands;
- responding to changing consumer demands in a timely manner;
- maintaining the value and reputation of our brand;
- attracting and retaining a team committed to innovation;
- effectiveness of our products;

- accessible pricing;
- customer service; and
- effectiveness of our marketing strategies.

Government Regulation

Our products are subject to regulation by the FDA and the FTC in the United States, as well as various other local and foreign regulatory authorities, including those in the EU, and other countries in which we operate. These laws and regulations principally relate to the ingredients, proper labeling, advertising, packaging, marketing, manufacture, safety, shipment and disposal of our products.

United States Regulation of Cosmetic Products

The Federal Food, Drug and Cosmetic Act (the "FDCA"), defines cosmetics as articles or components of articles intended for application to the human body to cleanse, beautify, promote attractiveness, or alter the appearance, with the exception of soap. The labeling of cosmetic products is subject to the requirements of the FDCA, the Fair Packaging and Labeling Act, the Poison Prevention Packaging Act and other FDA regulations. Cosmetics are not subject to pre-market approval by the FDA; however, certain ingredients, such as color additives, must be pre-approved for the specific intended use of the product and are subject to certain restrictions on their use. For example, the use of dihydroxyacetone, as a color additive in self-tanning products must comply with FDA regulations that impose strict limitations on impurities.

Additionally, in January 2022, the FDA published a white paper containing expert opinion on testing methods for the presence of asbestos in talc and talc-containing cosmetics. If a company has not adequately substantiated the safety of its products or ingredients by, for example, performing appropriate toxicological tests or relying on already available toxicological test data, then a specific warning label is required. The FDA may, by regulation, require other warning statements on certain cosmetic products for specified hazards associated with such products. FDA regulations also prohibit or otherwise restrict the use of certain types of ingredients in cosmetic products.

In addition, the FDA requires that cosmetic labeling and claims be truthful and not misleading. Moreover, cosmetics may not be marketed or labeled for their use in treating, preventing, mitigating, or curing disease or other conditions or in affecting the structure or function of the body, as such claims would render the products to be a drug and subject to regulation as a drug. The FDA has issued warning letters to cosmetic companies alleging improper drug claims regarding their cosmetic products, including, for example, product claims regarding hair growth or preventing hair loss. In addition to FDA requirements, the FTC as well as state consumer protection laws and regulations can subject a cosmetics company to a range of requirements and theories of liability, including similar standards regarding false and misleading product claims, under which FTC or state enforcement or class-action lawsuits may be brought.

In the United States, the FDA has not promulgated regulations establishing good manufacturing practices, or GMPs, for cosmetics. However, the FDA's draft guidance on cosmetic GMPs, most recently updated in June 2013, provides recommendations related to process documentation, recordkeeping, building and facility design, equipment maintenance and personnel, and compliance with these recommendations can reduce the risk that the FDA finds such products have been rendered adulterated or misbranded in violation of applicable law. The FDA also recommends that manufacturers maintain product complaint and recall files and voluntarily report adverse events to the agency. Further, under the Modernization of Cosmetic Regulation Act of 2022, which amended the FDCA, manufacturers of cosmetics are subject to more onerous FDA obligations, including adverse event reporting and record retention requirements, safety substantiation requirements, and facility registration requirements. The FDA has also been granted new enforcement authorities over cosmetics, such as mandatory recall authority, and new cosmetic labeling requirements have been imposed. The FDA monitors compliance of cosmetic products through market surveillance and inspection of cosmetic manufacturers and distributors to ensure that the products are not manufactured under unsanitary conditions, or labeled in a false or misleading manner. Inspections also may arise from consumer or competitor complaints filed with the FDA. In the event the FDA identifies unsanitary conditions, false or misleading labeling, or any other violation of FDA regulation, the FDA may request, or a manufacturer may independently decide to conduct a recall or market withdrawal of a product or to make changes to its manufacturing processes or product formulations or labels.

The FTC also regulates and can bring enforcement action against cosmetic companies for deceptive advertising and lack of adequate scientific substantiation for claims. The FTC requires that companies have a reasonable basis to support marketing claims. What constitutes a reasonable basis can vary depending on the strength or type of claim made, or the market in which the claim is made, but objective evidence substantiating the claim is generally required.

The FTC also has specialized requirements for certain types of claims. For example, the FTC's "Green Guides" regulate how "free-of," "non-toxic" and similar claims must be framed and substantiated. In addition, the FTC regulates the use of endorsements and testimonials in advertising as well as relationships between advertisers and social media content creators pursuant to principles described in the FTC's Endorsement Guides. The Endorsement Guides provide that an endorsement must reflect the honest opinion of the endorser, based on "bona fide" use of the product, and cannot be used to make a claim about a product that the product's marketer could not itself legally make. Additionally, companies marketing a product must disclose any material connection between an endorser and the company that consumers would not expect that would affect how consumers evaluate the endorsement. If an advertisement features endorsements from people who achieved exceptional, or even above average, results from using a product, the advertiser must have proof that the endorser's experience can generally be achieved using the product as described; otherwise, an advertiser must clearly communicate the generally expected results of a product and have a reasonable basis for such representations.

Although the Green Guides and Endorsement Guides do not operate directly with the force of law, they provide guidance about what the FTC generally believes the Federal Trade Commission Act ("FTC Act"), requires in the context using of "green" claims and endorsements and testimonials in advertising. Any practices inconsistent with the Green Guides and Endorsement Guides can result in violations of the FTC Act's proscription against unfair and deceptive practices.

United States Regulation of Dietary Supplements

Dietary Supplements

The FDA has comprehensive authority to regulate dietary supplements, including their composition, labeling and manufacturing. Specifically, the Dietary Supplement Health and Education Act of 1994 ("DSHEA"), amended the FDCA to establish a new framework governing dietary supplements, as a category of foods. Dietary supplements are defined in relevant part as a product (other than tobacco) intended to supplement the diet that bears or contains a dietary ingredient, which is defined as a vitamin, mineral, herb or other, botanical, an amino acid, a dietary substance for human use to supplement the diet, or a concentrate, metabolite, constituent, extract, or combination of such dietary ingredients. Dietary supplements may not include articles that are approved as new drugs or biologics or that have been authorized for investigation as new drugs or biologics for which substantial clinical investigations have been instituted and made public, unless the article was marketed as a dietary supplement or food prior to such approval or authorization, unless another exemption applies.

Generally, under DSHEA, dietary ingredients that were marketed in the United States before October 15, 1994 may be used in dietary supplements without notifying the FDA and without any premarket review. However, a "new dietary ingredient" (a dietary ingredient that was not marketed in the United States before October 15, 1994) must be the subject of a new dietary ingredient notification submitted to the FDA unless the ingredient has been "present in the food supply as an article used for food in a form in which the food has not been chemically altered." A new dietary ingredient notification must provide the FDA with evidence of a "history of use or other evidence of safety" establishing that use of the dietary ingredient "will reasonably be expected to be safe." A new dietary ingredient notification must be submitted to the FDA at least 75 days before the initial marketing of the supplement containing the new dietary ingredient. Even to the extent the new dietary ingredient was present in the food supply prior to October 15, 1994 or is used in conventional foods, if there are any changes to the ingredient's manufacturing or form as it was present in the food supply at that time or from how it exists in its conventional food form, then the ingredient may also be considered a new dietary ingredient requiring notification. The FDA may not respond to such notification, but no response does not mean the FDA has determined that the ingredient is safe or permissible for use in a dietary supplement. In addition, manufacturers of dietary supplements must ensure that ingredients in their products that are not dietary ingredients comply with all the requirements applicable to conventional foods. For example, fillers and other constituents of the product must be approved as food additives or must be deemed generally recognized as safe for the conditions of use in order to be sold, as described further below.

Dietary supplements are subject to stringent manufacturing requirements, including dietary supplement current GMPs. The FDA has broad authority to enforce the provisions of federal law applicable to dietary supplements, including powers to issue public Warning Letters or Untitled Letters to a company, publicize information about illegal products, detain products intended for import, request a recall of illegal or unsafe products from the market, and request that the Department of Justice initiate a seizure action, an injunction action or a criminal prosecution in the U.S. courts.

Foreign Government Regulation

European Union Regulation of Cosmetic Products

We currently market products that are regulated as cosmetic products in the EU. In the EU, the sale of cosmetic products is regulated under the EU Cosmetics Regulation, setting out the general regulatory framework for finished cosmetic products and their ingredients. The EU Cosmetics Regulation is directly applicable in, and binding on all EU member states and is enforced at the national member state level. Over the years, the EU cosmetics legal regime has been adopted by many countries around the world.

Under the EU Cosmetics Regulation, a "cosmetic product" is defined as "any substance or mixture intended to be placed in contact with the external parts of the human body (epidermis, hair system, nails, lips and external genital organs) or with the teeth and the mucous membranes of the oral cavity with a view exclusively or mainly to cleaning them, perfuming them, changing their appearance, protecting them, keeping them in good condition or correcting body odors." Consequently, a product is considered to be a cosmetic if it is presented as protecting the skin, maintaining the skin in good condition or improving the appearance of the skin, provided that it is not a medicinal product due to its composition or intended use. By contrast, a substance or mixture intended to be ingested, inhaled, injected or implanted into the human body shall not be considered a cosmetic product, nor shall a product (i) the composition of which is such that it has a significant action on the body through a pharmacological, immunological or metabolic action; or (ii) for which medical claims are made. Legally, such a product is considered a medicinal product, not a cosmetic, in the EU. No test has been determined yet to determine the significance of the effect. A product may fall within the definition of both a cosmetic product and a medicinal product in which case the non-cumulation principle provides that the product will be regulated as a medicinal product (under the Medicinal Products Directive 2001/83/EC).

Generally, there is no requirement for pre-market approval of cosmetic products in the EU. The overarching requirement is that a cosmetic product made available on the EU market must be safe for human health when used under normal or reasonably foreseeable conditions of use. However, centralized notification of all cosmetic products placed on the EU market is required via the EU cosmetic products notification portal (the "CPNP"). The company that is 'responsible' for placing a cosmetic product on the EU market (which could be the manufacturer, importer or a third person appointed by the former), referred to as the "responsible person," is responsible for the safety of their marketed finished cosmetic products (and each of its ingredients), and must ensure that they undergo an appropriate scientific safety assessment before they are sold. Obligations of the responsible person further include:

- Manufacturing cosmetic products in compliance with GMPs.
- Creating and keeping a product information file, for each cosmetic product, including test results that demonstrate the claimed effects for the cosmetic product, and the cosmetic product safety report.
- Registering and submitting information on every product through the CPNP.
- Complying with Regulation (EU) No. 655/2013, which lists common criteria for the justification of claims used in relation to cosmetic products.
- Reporting serious undesirable effects attributable to cosmetics use to national competent authorities and taking corrective measures where required.

Some ingredients used in cosmetic products must undergo rigorous evaluation, including safety assessments and quality testing to make sure that they are safe for use, for example preservatives, and can also be subject to additional procedures such as an authorization by the European Commission and/or prior notification on a separate module of the CPNP, for example nanomaterials. Additionally, the EU Cosmetics Regulation includes a list of ingredients that are prohibited and a list of ingredients that are restricted in cosmetic products (such as DHA). A special database with information on cosmetic substances and ingredients, known as CosIng, enables easy access to data on cosmetic ingredients, including legal requirements and restrictions. We rely on expert consultants for our EU product registrations and review of our labeling for compliance with the EU Cosmetics Regulation.

The EU Cosmetics Regulation requires the manufacture of cosmetic products to comply with GMPs, which is presumed where the manufacture is in accordance with the relevant harmonized standards. In addition, in the labelling, making available on the market and advertising of cosmetic products, text, names, trademarks, pictures and figurative or other signs must not be used to imply that these products have characteristics or functions they do not have; any product claims in labeling must be capable of being substantiated and comply with the aforementioned list of common criteria.

Moreover, in the EU, animal testing is prohibited for finished cosmetic products and their ingredients. Marketing finished cosmetic products and ingredients in the EU which were tested on animals is equally prohibited.

Each member state appoints a competent authority to enforce the EU Cosmetics Regulation in its territory and to cooperate with the other member state authorities and the European Commission. The European Commission is responsible for driving consistency in the way the Cosmetics Regulation is enforced across the EU.

The aforementioned EU rules are generally applicable in the EEA, which consists of the 27 EU member states plus Norway, Liechtenstein and Iceland.

U.K. Regulation of Cosmetic Products Following Brexit

The U.K. formally left the EU on January 31, 2020, commonly referred to as "Brexit". Following the end of a transition period, since January 1, 2021, the U.K. operates under a distinct regulatory regime, and the aforementioned EU laws now only apply to the U.K. in respect of Northern Ireland (as laid out in the Protocol on Ireland and Northern Ireland).

As a consequence, from January 1, 2021, Schedule 34 of the Product Safety and Metrology etc. (Amendment etc.) (EU Exit) Regulations 2019 (the "U.K. Cosmetics Regulation"), applies to cosmetic products placed on the market in Great Britain, which includes England, Scotland and Wales. Cosmetic products placed on the market in Northern Ireland are still covered by the EU Cosmetics Regulation. However, to date, there are no significant differences between the frameworks of the U.K. Cosmetics Regulation and the EU Cosmetics Regulation.

Data Privacy and Security

We collect, store, use, share, and otherwise process data, some of which contains personal information. Consequently, our business is subject to a number of foreign, federal, state, and local laws, rules, regulations and industry standards governing data privacy and security, including with respect to the collection, storage, use, transmission, sharing, protection, and other processing of personal information and other consumer data. Such laws, rules, and regulations are changing, have differing interpretations, and may be inconsistent between jurisdictions or conflict with other laws, rules or regulations, which may complicate our compliance efforts. In the United States, numerous federal and state laws, rules, and regulations, including data breach notification laws, and federal and state consumer protection laws and regulations (*e.g.*, Section 5 of the FTC Act), that govern the collection, use, disclosure, protection, and other processing of personal information apply to our operations or the operations of our partners. For example, the CCPA, which became effective in January 2020, gives California residents expanded rights to access and delete their personal information, opt out of certain personal information sharing, and receive detailed information about how their personal information is used by requiring covered companies to provide new disclosures to California consumers (as that term is broadly defined and may include any of our current or future employees who may be California residents) and provide such residents new ways to opt out of certain sales of personal information. The CCPA provides for severe civil penalties for violations as well as a private right of action for data breaches that result in the loss of personal information that is expected to increase data breach litigation. Further, in November 2020, California voters passed the CPRA, which took effect on January 1, 2023. The CPRA significantly expands the CCPA, including by introducing additional obligations on covered companies, such as data minimization and storage limitations, granting additional rights to consumers, such as correction of personal information and additional opt-out rights, and creates a new entity, the California Privacy Protection Agency, to implement and enforce the law. Other state legislatures are currently contemplating, and may pass, their own comprehensive data privacy and security laws, with potentially greater penalties and more rigorous compliance requirements relevant to our business, and many state legislatures have already adopted legislation that regulates how businesses operate online, including measures relating to privacy, data security, data breaches and the protection of sensitive and personal information. Internationally, virtually every jurisdiction in which we operate has established its own data privacy and security legal framework with which we must comply, including but not limited to the EEA, the U.K., and Israel. For example, the GDPR and the U.K. GDPR impose robust obligations on controllers and processors for the collection, control, use, sharing, disclosure, and other processing of data relating to an identified or identifiable living individual (personal data) and contain documentation and accountability requirements for data protection compliance.

See the section titled “Item 3.D. Key Information—Risk Factors—Risks Related to Data Privacy and Security, Information Technology, and Intellectual Property” for more information.

Intellectual Property

To establish, maintain, protect, defend, and enforce our intellectual property rights, we rely on a combination of trademark, patent, copyright and trade secret laws in the United States and certain other jurisdictions, as well as contractual arrangements.

Our primary trademark, IL MAKIAGE, and our logo have been registered in the United States as well as in a number of foreign jurisdictions, including Israel. We also own several trademarks for which applications for registration are pending including, among others, SpoiledChild. As of December 31, 2024, we owned approximately 236 trademark registrations and 52 applications for trademark registration worldwide. The registrations of our trademarks are effective for varying periods of time and may be renewed periodically provided we comply with all applicable renewal requirements, including, where necessary, the continued use of the trademarks in the applicable jurisdictions in connection with certain goods and services. We may consider pursuing trademark registrations for additional marks and in additional jurisdictions if and to the extent we believe such registrations would be beneficial to our business and cost-effective.

As of December 31, 2024, we have also registered various domain names that we use in the conduct of our business, including ilmakiage.co.il, ilmakiage.com and spoiledchild.com.

We also enter into, and rely on, confidentiality agreements with our employees, consultants, contractors, business partners, and other third parties to protect our trade secrets, proprietary technology and other confidential information. We also enter into invention assignment agreements with employees and other third parties who develop intellectual property on our behalf. For information regarding risks related to our intellectual property and technology, please see the section titled “Item 3.D. Key Information—Risk Factors—Risks Related to Information Technology, Intellectual Property and Data Security and Privacy.”

C. Organizational Structure

We are a limited liability company formed under the laws of the State of Israel. The table below sets forth our key subsidiaries, all of which are wholly-owned by us. A complete list of our subsidiaries is filed as an exhibit to this Annual Report.

Subsidiary Name	*U.S. State or Other Jurisdiction of Incorporation or Organization*
IM PRO MAKEUP NY LP	New York
SPOILEDCHILD INC.	Delaware
ODDITY LABS LLC	Delaware
ODDITY TECH US INC.	New York
Il MAKIAGE BEAUTY IL LTD	Israel
IL MAKIAGE GB LTD	United Kingdom
VOYAGE81 LTD	Israel

D. Property, Plants and Equipment

Our Facilities

We lease approximately 19,898 square feet in New York, New York, where we operate our U.S. headquarters, approximately 3,825 square feet in Boston, Massachusetts, where we operate ODDITY LABS, and approximately 9,365 square feet in Tel Aviv, Israel, where we operate our corporate headquarters. We believe that our existing facilities are sufficient for our current needs. We believe that suitable additional or substitute space will be available as needed to accommodate changes in our operations.

ITEM 4A UNRESOLVED STAFF COMMENTS

Not applicable.

ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

You should read the following discussion and analysis together with our consolidated financial statements and the related notes thereto included elsewhere in this Annual Report. Some of the information contained in this discussion and analysis, including information with respect to our plans and strategy for our business, includes forward-looking statements that involve risks and uncertainties. Our actual results may differ materially from management's expectations as a result of various factors, including, but not limited to, those discussed in the sections titled "Item 3.D. Key Information—Risk Factors" and "Special Note Regarding Forward-Looking Statements."

Company Overview

We are a consumer tech platform that is built to transform the global beauty and wellness market. Our technology innovations, world-class physical product range, and compelling brands built to win online have enabled our accelerated global growth by delivering consumers what we believe to be a superior product and experience.

Our platform supports a strong financial model that delivers a rare combination of scale, growth, and profitability. Our net revenue increased to $647 million in 2024 from $509 million and $325 million in 2023 and 2022. We achieved net income of $101.5 million, $58.5 million, and $21.7 million in 2024, 2023, and 2022 respectively. We achieved Adjusted EBITDA of $150.4 million in 2024 from $107.3 million and $39.5 million in 2023 and 2022.

Since our initial public offering in 2023 we have committed to a long-term financial algorithm that targets 20% annual revenue growth and 20% Adjusted EBITDA margin. We exceeded these targets every year as a public company, including 2024 and 2023.

A. Operating Results

Key Factors Affecting Our Performance

We believe that our continued success and growth are dependent on a number of factors that provide both significant areas of opportunity as well as potential challenges. We have outlined some of these factors below, as well as in the section titled "Item 3.D. Key Information—Risk Factors."

Large and Attractive Addressable Market

We operate in the highly attractive over $600 billion global beauty and wellness market as defined by the global beauty, personal care and dietary supplements market per Euromonitor, which is characterized by its large size, secular tailwinds, high growth, and compelling gross margin profile.

Our Position at the Forefront of Industry Transformation

We see two powerful pillars of disruption in the industry, and have positioned ODDITY to lead on both fronts. First, the consumer shift online, which we expect will emerge as the industry's largest channel, growing to account for roughly 50% of sales. Second, the accelerated demand for high performance, effective products that solve consumers' pain points.

The ODDITY Technology and Data Platform

Our business model is centered on our in-house technology capabilities, with leading expertise in data science, machine learning, and computer vision. We expect our technology roadmap, combined with our user base of approximately 60 million users and our rich, proprietary data sets, will define the future of beauty. We define a user as a visitor on which we have collected at least 50 discrete data points as they engage and interact with our websites.

We are a data-driven company and one of our significant differentiators is the vast amount of quality, actionable data that we are able to learn about our users. Data collected from users forms a critical component of our customer acquisition funnel as it enables us to efficiently convert users to customers, informs our brand and product roadmap, and improves our machine learning algorithms to more accurately predict product matches and develop new products.

A Proven Brand Scaling Machine

We have an excellent track record of launching and scaling online brands, starting with IL MAKIAGE in 2018 and SpoiledChild in 2022. We have additional brands in development, including Brands 3 and 4, which we are building to lead in their respective markets.

Successful Product Launches

Our data-centric strategy and direct-to-consumer model allow us to create and deliver superior products for our customers. Product innovation across categories has been a key driver of our success. It drives our financial model through increased conversion, higher average order value, and repeat frequency. We believe our investment in molecule discovery with ODDITY LABS will deepen our competitive advantage in product development.

Expanding our Global Footprint

Our upfront investments in technology allow us to scale in new markets quickly and with limited asset intensity. We had net revenue outside of the United States of $100.3 million, $94.6 million and $83.4 million for the years ended December 31, 2024, 2023 and 2022, respectively, accounting for approximately 15%, 19% and 26% of our net revenue for the years then ended, respectively. This international penetration level is below that of our large global competitors and provides significant room for growth.

Attractive Unit Economics Supported by Efficient Customer Acquisition and Repeat Purchases

Through our technology platform we are able to efficiently bring visitors to our website, turn visitors into users by learning about them through engagement, leverage the data we have across the platform to convert those users into paying customers, and then convert customers into repeat customers.

Through this virtuous cycle we have successfully gained share of our industry while increasing our share of customer wallet. We continue to drive repeat behavior through strong customer satisfaction, improvements in data-driven personalization, product recommendations, customer service and engagement, in addition to new products and brand launches.

Investment in Innovation and Technology

Our success is dependent on our ability to sustain innovation and technology leadership to maintain our competitive advantage. We will continue to invest in our people, product and infrastructure to maintain and grow our consumer tech platform. We remain focused on developing our technology expertise across the full spectrum of engineering, architecture, infrastructure, data engineering, integrations, security, agile and project management, and information systems and planning.

Seasonality

Our revenue is typically highest in the first half of the calendar year, and our revenue will generally decline in the third and fourth quarter of each calendar year relative to the first and second quarter of each calendar year.

Components of Results of Operations

Net Revenue

We generate net revenue primarily from sales of our beauty and wellness products through our online direct-to-consumer model. Net revenue represents the consideration we expect to be entitled to in exchange for the sale of our products, net of promotional discounts and estimated returns. Net revenue includes shipping fees charged to customers but excluding any sales or other taxes collected in connection with the sale. We recognize net revenue at the time control of our products is transferred to the customer, which is when the product is shipped to the customer, or for orders subject to a trial period, when the trial period lapses. Net revenue is primarily driven by the number of orders.

Cost of Revenue

Cost of revenue consists principally of the costs to procure our products, including the amounts invoiced by our third-party contract manufacturers and suppliers for inventory, as well as inbound and outbound shipping costs, duties and other related costs, and inventory write-offs. Cost of revenue also includes third-party fulfillment costs, warehousing, depreciation and amortization, and packaging costs. Our cost of goods sold has and may continue to fluctuate with the cost of raw materials used in our products.

Gross Profit and Gross Margin

Gross profit is our net revenue less cost of revenue. Gross margin measures our gross profit as a percentage of net revenue. We expect that gross profit will fluctuate and continue to be affected by various factors in the future, including the timing and mix of product and brand launches, commodity prices and transportation rates, manufacturing costs, and our ability to reduce costs in any given period.

Selling, General and Administrative Expenses

Selling, general and administrative expenses primarily consist of marketing and advertising expenses, employee-related costs, including salaries, benefits, and share-based compensation, depreciation, and amortization expenses, professional fees, payments processing fees, and other general expenses. We expect selling, general and administrative expense to continue to increase in absolute dollars as we grow our business, expand our workforce, implement new marketing strategies, and enhance our platform and product offerings, brands, and infrastructure. We also anticipate that we will incur additional costs for employees and third-party consulting services, including related to legal, accounting, insurance, and investor relations, in connection with our operations as a public company.

Financial Income, Net

Financial income, net consists primarily of interest income on our bank deposits and marketable securities as well as gain or loss on foreign currency, mainly driven by liabilities denominated in currencies other than U.S. dollars.

Taxes on Income

Taxes on income mainly consists of income taxes related to Israel and United States federal and state taxes, and changes in deferred tax assets.

Results of Operations

The following tables set forth our results of operations for the periods presented in dollars and as a percentage of net revenue and should be reviewed in conjunction with our consolidated financial statements and related notes included elsewhere in this Annual Report. Our historical results and period-to-period comparisons for any prior period are not necessarily indicative of results expected in any future period.

	Year Ended December 31,					
	2024		2023		2022	
	(in thousands)	% of net revenue	(in thousands)	% of net revenue	(in thousands)	% of net revenue
Statements of Operations Data:						
Net revenue	$ 647,040	100.0 %	$ 508,685	100.0 %	$ 324,520	100.0 %
Cost of revenue	178,718	27.6	150,456	29.6	106,470	32.8
Gross profit	468,322	72.4	358,229	70.4	218,050	67.2
Selling, general and administrative expenses	352,722	54.5	283,911	55.8	190,385	58.7
Operating income	115,600	17.9	74,318	14.6	27,665	8.5
Financial income, net	(12,306)	(1.9)	(4,283)	(0.8)	(1,247)	(0.4)
Income before taxes on income	127,906	19.8	78,601	15.4	28,912	8.9
Taxes on income	26,415	4.1	20,067	3.9	7,184	2.2
Net income	$ 101,491	15.7 %	$ 58,534	11.5 %	$ 21,728	6.7 %

Comparison of Year Ended December 31, 2024 and 2023

Net Revenue

	Year Ended December 31,			
	2024	2023	$ Change	% Change
	(in thousands)			
Net revenue	$ 647,040	$ 508,685	$ 138,355	27.2 %

Net revenue increased by $138.4 million, or 27.2%, for the year ended December 31, 2024 compared to the year ended December 31, 2023. The increase in net revenue was driven primarily by increased orders. The return rate decreased to 10.9% for the year ended December 31, 2024 compared to 12.0% for the year ended December 31, 2023. Online direct-to-consumer net revenue generated by ODDITY through its online platform represented 95% of net revenue for the year ended December 31, 2024, compared to 94% for the year ended December 31, 2023. Other net revenue, including revenue generated in Israel and through marketing affiliates, represented 5% of net revenue in 2024 and 6% of net revenue in 2023.

Cost of Revenue

	Year Ended December 31,			
	2024	2023	$ Change	% Change
	(in thousands)			
Cost of revenue	$ 178,718	$ 150,456	$ 28,262	18.8 %

Cost of revenue increased by $28.3 million, or 18.8%, for the year ended December 31, 2024 compared to the year ended December 31, 2023. The increase in cost of revenue was primarily attributable to increased orders partially offset by supply chain efficiencies and cost improvement efforts.

Gross Profit and Gross Margin

	Year Ended December 31,			
	2024	2023	$ Change	% Change
	(in thousands)			
Gross profit	$ 468,322	$ 358,229	$ 110,093	30.7 %
Gross margin	72.4 %	70.4 %		2.0 %

Our gross profit increased by $110.1 million, or 30.7%, for the year ended December 31, 2024 compared to the year ended December 31, 2023 as a result of the growth in our net revenue. Our gross margin increased 2.0% to 72.4% in the year ended December 31, 2024 compared to 70.4% in the year ended December 31, 2023. Our gross margin increase was largely driven by supply chain efficiencies and cost improvement efforts.

Selling, General and Administrative Expenses

	Year Ended December 31,			
	2024	2023	$ Change	% Change
	(in thousands)			
Selling, general, and administrative expenses	$ 352,722	$ 283,911	$ 68,811	24.2 %

Selling, general and administrative expenses increased by $68.8 million, or 24.2%, for the year ended December 31, 2024 compared to the year ended December 31, 2023. This increase was primarily due to an increase of $38.7 million in advertising costs to support sales growth. Selling, general and administrative expenses for the year ended December 31, 2024 were also impacted by increased investment related to growth initiatives, including ODDITY LABS and future brands. Stock-based compensation expense was $25.0 million for the year ended December 31, 2024, compared to stock-based compensation expense of $24.1 million for the year ended December 31, 2023.

Financial Income, Net

	Year Ended December 31,			
	2024	2023	$ Change	% Change
	(in thousands)			
Financial Income, net	$ (12,306)	$ (4,283)	$ (8,023)	187.3 %

Financial income, net increased by $8.0 million for the year ended December 31, 2024 compared to the year ended December 31, 2023. The increase was primarily attributable to interest on bank deposits and marketable securities. See the section titled "Item 5.B. Operating and Financial Review and Prospects—Liquidity and Capital Resources" below.

Taxes on Income

	Year Ended December 31,			
	2024	2023	$ Change	% Change
	(in thousands)			
Taxes on Income	$ 26,415	$ 20,067	$ 6,348	31.6 %

Taxes on income increased by $6.3 million, or 31.6%, for the year ended December 31, 2024, compared to the year ended December 31, 2023. The increase was primarily driven by higher earnings before tax. The effective tax rate decreased to 20.7% for the year ended December 31, 2024 from 25.5% for the year ended December 31, 2023 due in part to a decrease in non-deductible expenses.

Comparison of Years Ended December 31, 2023 and 2022

Net Revenue

	Year Ended December 31,			
	2023	2022	$ Change	% Change
	(in thousands)			
Net revenue	$ 508,685	$ 324,520	$ 184,165	56.7 %

Net revenue increased by $184.2 million, or 56.7%, for the year ended December 31, 2023, compared to the year ended December 31, 2022, primarily driven by a 40.2% increase in orders. Order billings increased 50.6% to $595.8 million for the year ended December 31, 2023 compared to the year ended December 31, 2022. The return rate decreased to 12.0% for the year ended December 31, 2023 compared to 14.8% for the year ended December 31, 2022.

Cost of Revenue

	Year Ended December 31,			
	2023	2022	$ Change	% Change
	(in thousands)			
Cost of revenue	$ 150,456	$ 106,470	$ 43,986	41.3 %

Cost of revenue increased by $44.0 million, or 41.3%, for the year ended December 31, 2023, compared to the year ended December 31, 2022. The increase in cost of revenue was primarily attributable to increased orders partially offset by supply chain efficiencies and cost improvement efforts.

Gross Profit and Gross Margin

	Year Ended December 31,			
	2023	2022	$ Change	% Change
	(in thousands)			
Gross profit	$ 358,229	$ 218,050	$ 140,179	64.3 %
Gross margin	70.4 %	67.2 %		3.2 %

Our gross profit increased by $140.2 million, or 64.3%, for the year ended December 31, 2023, compared to the year ended December 31, 2022 as a result of the growth in our net revenue. Our gross margin increased 3.2% to 70.4% in the year ended December 31, 2023, compared to 67.2% in the year ended December 31, 2022. Our gross margin increase was largely driven by supply chain efficiencies and cost improvement efforts.

Selling, General and Administrative Expenses

	Year Ended December 31,			
	2023	2022	$ Change	% Change
	(in thousands)			
Selling, general, and administrative expenses	$ 283,911	$ 190,385	$ 93,526	49.1 %

Selling, general and administrative expenses increased by $93.5 million, or 49.1%, for the year ended December 31, 2023, compared to the year ended December 31, 2022. This increase was primarily due to an increase of $33.6 million in advertising costs to support sales growth. Selling, general and administrative expenses for the year ended December 31, 2023, were also impacted by increased investment related to growth initiatives, including ODDITY LABS and future brands. We also incurred increased expenses related to our IPO and public company costs. Stock-based compensation expense including expenses associated with accelerated vesting related to our IPO was $24.1 million for the year ended December 31, 2023, compared to stock-based compensation expense of $6.7 million for the year ended December 31, 2022. We incurred $17.4 million of one-time compensation expense to our founders related to the SpoiledChild incentive plan for the year ended December 31, 2023, compared to $12.6 million for the year ended December 31, 2022.

Financial Income, Net

	Year Ended December 31,			
	2023	2022	$ Change	% Change
	(in thousands)			
Financial Income, net	$ (4,283)	$ (1,247)	$ (3,036)	243.5 %

Financial income, net increased by $3.0 million for the year ended December 31, 2023, compared to the year ended December 31, 2022. The increase was primarily attributable to interest on bank deposits and marketable securities. See the section titled “Item 5.B. Operating and Financial Review and Prospects—Liquidity and Capital Resources” below.

Taxes on Income

	Year Ended December 31,			
	2023	2022	$ Change	% Change
	(in thousands)			
Taxes on Income	$ 20,067	$ 7,184	$ 12,883	179.3 %

Taxes on income increased by $12.9 million, or 179.3%, for the year ended December 31, 2023, compared to the year ended December 31, 2022. The increase was primarily driven by higher earnings before tax.

Non-GAAP Financial Measures

We regularly review certain non-GAAP financial measures to evaluate our business, measure our performance, identify trends, prepare financial projections and make business decisions. The information set forth below should be considered in addition to, not as a substitute for or in isolation from, our financial measures prepared in accordance with U.S. GAAP. Other companies, including companies in our industry, may calculate these measures differently or not at all, which reduces their usefulness as comparative measures. A reconciliation of the non-GAAP financial measures, Adjusted EBITDA, Adjusted EBITDA margin, Adjusted operating income and Adjusted net income to the most directly comparable financial measures calculated in accordance with U.S. GAAP is set forth below under "Non-GAAP Financial Measures."

	Year Ended December 31,		
	2024	2023	2022
Non-GAAP Financial Measures		(in thousands)	
Adjusted EBITDA	$ 150,449	$ 107,334	$ 39,471
Adjusted EBITDA margin	23.3 %	21.1 %	12.2 %
Adjusted operating income	$ 140,622	$ 98,729	$ 35,063
Adjusted net income	$ 121,345	$ 76,713	$ 27,298

Note Regarding the Disclosure of Order Billings

Since our IPO, we have disclosed Order billings, which represent amounts invoiced to customers during the period. However, going forward, we have decided not to report Order billings as we believe that this measure is no longer an appropriate metric to evaluate trends in our operating results and we no longer use it to contemporaneously assess and monitor our operating performance.

Non-GAAP Financial Measures

Adjusted EBITDA and Adjusted EBITDA Margin

Adjusted EBITDA is defined as net income before financial income, net, taxes on income, and depreciation and amortization as further adjusted to exclude share-based compensation expense, and non-recurring adjustments. Adjusted EBITDA margin is defined as Adjusted EBITDA divided by net revenue. We have provided below a reconciliation of Adjusted EBITDA to net income, the most directly comparable financial measure presented in accordance with U.S. GAAP.

We believe Adjusted EBITDA and Adjusted EBITDA margin are useful for financial and operational decision-making and as a means to evaluate period-to-period comparisons. By excluding certain items that may not be indicative of our recurring core operating results, we believe that Adjusted EBITDA and Adjusted EBITDA margin provide meaningful supplemental information regarding our performance. In addition, Adjusted EBITDA and Adjusted EBITDA margin are widely used by investors and securities analysts to measure a company's operating performance without regard to items such as depreciation and amortization, interest expense, and interest income, which can vary substantially from company to company depending on their financing and capital structures and the method by which their assets were acquired. However, these non-GAAP measures also have limitations as analytical tools, and you should not consider these measures as a substitute for or in isolation from, our financial results prepared in accordance with U.S. GAAP. For example, Adjusted EBITDA does not reflect: (i) interest expense or income or the cash requirements necessary to service interest or principal payments on debt, which reduces the cash available to us, (ii) tax payments that may represent a reduction in cash available to us, (iii) non-cash charges for depreciation of property and equipment and amortization of intangible assets, even though the assets being depreciated and amortized may have to be replaced in the future and would require cash capital expenditure requirements for such replacements or for new capital expenditure requirements, or (iv) share-based compensation expense, which is expected to be a recurring expense for our business. Other companies, including companies in our industry, may calculate Adjusted EBITDA and Adjusted EBITDA margin differently or not at all, which reduces their usefulness as comparative measures.

	Year Ended December 31,		
	2024	2023	2022
		(in thousands)	
Net Income	$ 101,491	$ 58,534	$ 21,728
Financial income, net	(12,306)	(4,283)	(1,247)
Taxes on income	26,415	20,067	7,184
Depreciation and amortization	9,827	8,605	4,408
Share-based compensation	25,022	24,111	6,697
Non-recurring adjustments	—	300	701
Adjusted EBITDA	$ 150,449	$ 107,334	$ 39,471
Net income margin	15.7 %	11.5 %	6.7 %
Adjusted EBITDA margin	23.3 %	21.1 %	12.2 %

Adjusted Operating Income

Adjusted operating income is defined as operating income adjusted for the impact of share-based compensation and non-recurring adjustments. We believe the presentation of Adjusted operating income is useful because it is frequently used by analysts, investors and other interested parties to evaluate companies in our industry. Further, we believe this measure is helpful in highlighting trends in our operating results, because it excludes the impact of items that are outside the control of management or not reflective of our ongoing operations and performance. However, this measure also has limitations, including that other companies (including those in our industry) may calculate adjusted operating income differently or not at all, which reduces its usefulness as a comparative measure. You should not consider this measure as a substitute for or in isolation from, our financial results prepared in accordance with U.S. GAAP. We have provided below a reconciliation of Adjusted operating income to operating income, the most directly comparable financial measure presented in accordance with U.S. GAAP.

	Year Ended December 31,		
	2024	2023	2022
		(in thousands)	
Operating income	$ 115,600	$ 74,318	$ 27,665
Share-based compensation	25,022	24,111	6,697
Non-recurring adjustments	—	300	701
Adjusted operating income	$ 140,622	$ 98,729	$ 35,063

Adjusted Net Income

Adjusted net income is defined as net income adjusted for the impact of share-based compensation, non-recurring adjustments, and the tax effect of Non-GAAP adjustments. We believe the presentation of Adjusted net income is useful because it is frequently used by analysts, investors and other interested parties to evaluate companies in our industry. Further, we believe this measure is helpful in highlighting trends in our operating results, because it excludes the impact of items that are outside the control of management or not reflective of our ongoing operations and performance. However, this measure also has limitations, including that other companies (including those in our industry) may calculate adjusted net income differently or not at all, which reduces its usefulness as a comparative measure. You should not consider this measure as a substitute for or in isolation from, our financial results prepared in accordance with U.S. GAAP. We have provided below a reconciliation of Adjusted net income to net income, the most directly comparable financial measure presented in accordance with U.S. GAAP.

	Year Ended December 31,		
	2024	2023	2022
	(in thousands)		
Net income	$ 101,491	$ 58,534	$ 21,728
Share-based compensation	25,022	24,111	6,697
Non-recurring adjustments	—	300	701
Tax impact	(5,168)	(6,232)	(1,828)
Adjusted net income	$ 121,345	$ 76,713	$ 27,298

B. Liquidity and Capital Resources

Since inception, we have financed operations primarily through revenue from operations. As of December 31, 2024, we had $169.1 million of cash and cash equivalents, restricted cash, short-term deposits and marketable securities

Indebtedness

2025 Credit Facilities

On January 30, 2025, we entered into separate credit facility arrangements with three Israeli banks, Bank Leumi, Discount Bank and Bank Hapoalim (the "2025 Credit Facilities"), denominated in U.S. dollars, pursuant to which we may withdraw an aggregate principal amount of up to $200 million. Borrowings under the 2025 Credit Facilities will accrue interest at a percentage rate per annum equal to SOFR + 3.1% for borrowings of up to $130,000,000; SOFR + 2.6% for fixed revolving loans provided for a period shorter than a year; and Prime + 0.1% for on-call borrowings made in NIS. An additional commitment fee of 0.29% will apply to any unused credit. The 2025 Credit Facilities are available for borrowing for a period of one year. The obligations of the Company under the 2025 Credit Facilities benefit from a negative pledge by the Company and are guaranteed by certain of the Company's subsidiaries. The 2025 Credit Facilities contain customary affirmative and negative covenants, as well as certain financial covenants, including that the Company's shareholder equity ratio (generally calculated by dividing total shareholders' equity by total assets) shall not fall, at any given time, below 20% and that the net debt-to-EBITDA ratio of the Company does not exceed 3x of EBITDA; they are governed by Israeli law.

2024 Credit Facilities

In January 2024, we entered into separate credit facility arrangements with two Israeli banks, Bank Leumi and Bank Hapoalim (the "2024 Credit Facilities"), denominated in U.S. dollars, pursuant to which we were permitted to withdraw an aggregate principal amount of up to $100 million. Borrowings under the 2024 Credit Facilities accrued interest at a percentage rate per annum equal to SOFR + 2.7% for borrowings of up to $70 million; SOFR + 3.5% for fixed revolving loans provided for a period shorter than a year; and Prime + 0.1% for on-call borrowings made in NIS. An additional commitment fee of 0.32% applied to any unused credit. The obligations of the Company under the 2024 Credit Facilities included a negative pledge by the Company and were guaranteed by certain of the Company's subsidiaries. The 2024 Credit Facilities also contained customary affirmative and negative covenants, as well as certain financial covenants, including that the Company's shareholder equity ratio would not fall, at any given time, below 20% and that the net debt-to-EBITDA ratio of the Company would not exceed 3x of EBITDA. The 2024 Credit Facilities were not utilized by the Company and were replaced in full by the 2025 Credit Facilities in January 2025.

2020 Credit Facility

In April 2020, we entered into a loan agreement with Bank Hapoalim, denominated in NIS, pursuant to which we borrowed an aggregate principal amount of NIS 5 million (approximately $1.4 million according to the applicable exchange rate as of December 31, 2023) (the "2020 Credit Facility"). The principal amount of the 2020 Credit Facility bore interest at a floating per annum rate equal to prime plus 1.5%. The 2020 Credit Facility had a maturity date of April 2025. As of December 31, 2023, we had repaid all amounts outstanding under the 2020 Credit Facility and the facility was subsequently terminated.

2016 Credit Line

In May 2016, we entered into a credit line agreement with Bank Hapoalim (the "2016 Credit Line"), denominated in NIS, pursuant to which we could withdraw an aggregate principal amount of up to NIS 25 million (approximately $6.9 million according to the applicable exchange rate as of December 31, 2023). The principal amount bore interest at a floating per annum rate equal to prime plus 1.4%, and we paid an additional annual fee of 0.4% of the unused credit line. The 2016 Credit Line had a maturity date of one year which was automatically renewed on a yearly basis. As of December 31, 2023, we had repaid all amounts outstanding under the 2016 Credit Line and the agreement was subsequently terminated.

The loans made under the 2016 Credit Line and 2020 Credit Facility were secured by a floating charge on our assets and liens on deposit in the amount of $2.0 million. These credit facilities also included a requirement to report our financial statements and other financial information, as would be requested from time to time.

Sufficiency of Capital

We believe that our existing cash and cash equivalents and positive cash flows from operations will be sufficient to support working capital and capital expenditure requirements for at least the next 12 months. Our future capital requirements may vary materially from those currently planned and will depend on many factors, including our rate of revenue growth, the timing and extent of brand launches, expansion efforts and other growth initiatives, the expansion of our marketing activities, and overall economic conditions.

To the extent that current and anticipated future sources of liquidity are insufficient to fund our future business activities and requirements, we may be required to seek additional equity or debt financing. The sale of additional equity would result in additional dilution to our stockholders. The incurrence of additional debt financing would result in debt service obligations and the instruments governing such debt could provide for operating and financing covenants that would restrict our operations. There can be no assurances that we will be able to raise additional capital when needed or on terms acceptable to us. The inability to raise capital if needed or on terms acceptable to us would adversely affect our ability to achieve our business objectives. For more information, see the section titled "Item 3.D. Risk Factors—Risks Related to Our Business and Industry—We may need additional capital, and we cannot be sure that additional financing will be available on favorable terms, if at all."

Cash Flows

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

	Year Ended December 31		
	2024	2023	2022
		(in thousands)	
Cash provided by operating activities	$ 137,764	$ 87,455	$ 39,032
Cash provided by (used in) investing activities	1,352	(139,991)	(25,780)
Cash (used in) provided by financing activities	(127,299)	48,811	(246)
Effect of exchange rate fluctuations on cash and cash equivalents	(236)	(623)	(781)
Net increase (decrease) in cash, cash equivalents and restricted cash	$ 11,581	$ (4,348)	$ 12,225

Operating Activities

Our largest source of operating cash is cash collected from sales of our products to our customers. Our primary uses of cash from operating activities are for marketing expenses, personnel expenses, and general and administrative expenses.

Net cash provided by operating activities increased to $137.8 million for the year ended December 31, 2024, compared to $87.5 million for the year ended December 31, 2023, primarily due to an increase in net revenue and higher gross margins, leading to an increase in net income adjusted for certain non-cash expenses and change in working capital. Our net cash provided by operating activities for the year ended December 31, 2024 and 2023 consisted of $101.5 million and $58.5 million of net income, adjusted for $33.6 million and $32.2 million of non-cash expenses and $2.7 million and $(3.2) million of net cash provided (used in) as a result of changes in operating assets and liabilities, respectively. For the year ended December 31, 2024, the non-cash charges included principally $9.8 million of depreciation and amortization and $25.0 million of share-based compensation. For the year ended December 31, 2023, non-cash charges included principally $8.6 million of depreciation and amortization and $24.1 million of share-based compensation. The changes in operating assets and liabilities were primarily driven by an increase in trade payables and other accounts payable, partially offset by an increase in inventory and prepaid expenses and other receivables.

Net cash provided by operating activities increased to $87.5 million for the year ended December 31, 2023, compared to $39.0 million for the year ended December 31, 2022, primarily due to an increase in net income adjusted for certain non-cash expenses and change in working capital. Our net cash for the year ended December 31, 2023 and 2022 consisted of $58.5 million and $21.7 million of net income, adjusted for $32.2 million and $11.1 million of non-cash expenses and $(3.2) million and $6.2 million of net cash (used in) provided as a result of changes in operating assets and liabilities, respectively. For the year ended December 31, 2023, the non-cash charges included $8.6 million of depreciation and amortization and $24.1 million of share-based compensation. For the year ended December 31, 2022, non-cash charges included $4.4 million of depreciation and amortization, and $6.7 million of share-based compensation. The changes in operating assets and liabilities were primarily driven by an increase in trade payables and other accounts payable, partially offset by an increase in inventory and prepaid expenses and other current assets.

Investing Activities

Net cash provided by investing activities for the year ended December 31, 2024 was $1.4 million, compared to $140.0 million used in investing activities for the year ended December 31, 2023. The $1.4 million of net cash provided by investing activities in the year ended December 31, 2024 was primarily related to a $(30.0) million net change in short-term deposits, a $(18.5) million investment in marketable securities and $(3.3) million related to capital expenditures.

Net cash used in investing activities for the year ended December 31, 2023 was $140.0 million, compared to $25.8 million used in investing activities for the year ended December 31, 2022. The $140.0 million of net cash used in investing activities in the year ended December 31, 2023 was primarily related to a $60.0 million net change in short-term deposits, a $50.0 million investment in marketable securities and $23.2 million related to the acquisition of Revela.

Financing Activities

Net cash used in financing activities was $127.3 million for the year ended December 31, 2024, compared to $48.8 million used in financing activities for the year ended December 31, 2023. The $127.3 million of net cash used in financing activities was primarily related to $147.3 million purchase of treasury shares, partially offset by $19.0 million proceeds from exercise of options.

Net cash provided by financing activities was $48.8 million for the year ended December 31, 2023, compared to $0.2 million used in financing activities for the year ended December 31, 2022. The $48.8 million of net cash provided by financing activities was primarily related to net proceeds of $53.0 million from our initial public offering.

Contractual Obligations

The following table summarizes our contractual obligations as of December 31, 2024:

	Total	Less than 1 Year	1 - 3 Years	3 - 5 Years	More than 5 Years
Operating lease commitments	$ 29,803	$ 9,006	$ 10,559	$ 7,054	$ 3,184
Severance pay obligations[(1)]	2,254	—	—	—	—
Total contractual obligations	$ 32,057	$ 9,006	$ 10,559	$ 7,054	$ 3,184

(1) Severance pay obligations to our Israeli employees, as required under Israeli labor law, are payable only upon termination, retirement or death of the respective employee. See the section titled "Item 6.C. Directors, Senior Management and Employees—Board Practices—Employment and Consulting Agreements with Executive Officers." These obligations are partially funded through accounts maintained with financial institutions and recognized as an asset on our balance sheet. Of this amount, $0.5 million is unfunded.

Off-Balance Sheet Obligations

As of December 31, 2024, we had not entered into any off-balance sheet arrangements.

Capital Expenditures

Our capital expenditures amounted to approximately $3.3 million for the year ended December 31, 2024, approximately $2.1 million for the year ended December 31, 2023 and approximately $2.3 million for the year ended December 31, 2022. Our historical capital expenditures are primarily related to expenditures associated with our headquarters and other office expenses. We expect that cash from operating activities and financing activities will be used to meet our capital expenditure needs in the foreseeable future.

C. Research and Development, Patents and Licenses

We have made, and will continue to make, significant investments in research and development and technology in an effort to improve our product offerings and enhance our customer experience. We review and target our research and development activities on an ongoing basis based on the needs of our business.

D. Trend Information

For a discussion of the trends that affect our business, financial condition and results of operations, see the sections titled "Item 3.D. Key Information—Risk Factors" and "Item 5.A. Operating and Financial Review and Prospects—Operating Results."

E. Critical Accounting Estimates

We believe that the following accounting policies involve a high degree of judgment and complexity. Accordingly, these are the policies we believe are the most critical to aid in fully understanding and evaluating our financial condition and results of our operations. See Note 2 to our consolidated financial statements included elsewhere in this Annual Report for a description of our other significant accounting policies. The preparation of our financial statements in conformity with U.S. GAAP requires us to make estimates and judgments that affect the amounts reported in those financial statements and accompanying notes. Although we believe that the estimates we use are reasonable, due to the inherent uncertainty involved in making those estimates, actual results reported in future periods could differ from those estimates.

Revenue Recognition

Our primary source of revenue is from the sales of our products through our online direct-to-consumer model. We determine revenue recognition in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 606, Revenue from Contracts with Customers ("Topic 606"). To determine revenue recognition, we perform the following five step analysis:

- identify the contract(s) with a customer;
- identify the performance obligations of the contract(s);
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contract(s);
- and recognize revenue when (or as) we satisfy a performance obligation.

Under Topic 606, we recognize revenue when our customers obtain control of promised goods or services. Net revenue reflects the consideration that we expect to receive in exchange for those goods or services, net of promotional discounts and estimated returns. Shipping fees charged to customers are reported within net revenue. Sales and other taxes we collect concurrent with revenue-producing activities are excluded from revenue. We recognize revenue at the time control of the products passes to the customer, which is at the time of shipment. The Company also offers a "Try Before You Buy" program, which allows some of its customers to order certain products and pay for the products after the trial period ends. Under ASC 606 we recognize revenue for orders placed under the program when the trial period lapses. Our shipping and handling costs are fulfillment costs and such amounts are classified as part of cost of sale.

Internal Use Software Development Costs

We capitalize certain costs related to the development of our platform and other software applications. In accordance with authoritative guidance, we begin to capitalize our costs to develop software when preliminary development efforts are successfully completed, management has authorized and committed project funding, it is probable that the project will be completed and the software will be used as intended, and certain functional and quality standards have been met. We stop capitalizing these costs when the software is substantially complete and ready for its intended use, including the completion of all significant testing. These costs are amortized on a straight-line basis over the estimated useful life of the related asset, beginning with the time when it is ready for the intended use, generally estimated to be three to five years. Costs incurred prior to meeting these criteria together with costs incurred for training and maintenance are expensed as incurred and recorded within selling, general and administrative expenses in our consolidated statement of comprehensive income.

We exercise judgment in determining the point at which various projects may be capitalized, in assessing the ongoing value of the capitalized costs and in determining the estimated useful lives over which the costs are amortized. To the extent that we change the manner in which we develop and test new features and functionalities related to our platform, assess the ongoing value of capitalized assets or determine the estimated useful lives over which the costs are amortized, the amount of internal-use software development costs we capitalize and amortize could change in future periods.

Inventory

Inventory costs include costs incurred to bring inventory to its current condition, including materials, manufacturing costs, inbound freight, duties and other costs. We value our inventory at cost, using an average costing method. Net realizable value is estimated based upon assumptions made about future demand and market conditions. If we determine that the estimated net realizable value of our inventory is less than the carrying value of such inventory, a charge to cost of goods sold is recorded to reflect the lower of cost or net realizable value. If actual market conditions are less favorable than those we project, further adjustments may be required that would increase the cost of goods sold in the period in which such a determination was made.

Income Taxes

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and are recorded net on the face of the balance sheet. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. We recognize the effect of income tax positions only if those positions are more likely than not to be sustained. Recognized income tax positions are measured at the largest amount that is greater than 50% likely of being realized. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs.

Deferred tax assets are recognized to the extent it is believed that these assets are more likely than not to be realized. In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities (including the impact of available carryback and carryforward periods), projected future taxable income, and tax-planning strategies in making this assessment. Based upon the level of historical taxable income and projections for future taxable income over the periods in which the deferred tax assets are deductible, management believes it is more likely than not that we will realize the benefits of these deductible differences, net of the valuation allowance. The amount of the deferred tax asset considered realizable, however, could be reduced in the near term if estimates of future taxable income during the carryforward period are reduced.

Significant judgment is required in determining our uncertain tax positions. We continuously review issues raised in connection with all ongoing examinations and open tax years to evaluate the adequacy of our tax liabilities. We evaluate uncertain tax positions under a two-step approach. 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. We believe our recorded tax liabilities are adequate to cover all open tax years based on our assessment. This assessment relies on estimates and assumptions and involves significant judgments about future events. To the extent our views change, any adjustments in recognition or measurement are reflected in the period in which the change in judgment occurs. We record interest related to unrecognized tax benefits as tax expense.

ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

A. Executive Officers and Directors

Executive Officers and Directors

The following table sets forth the name, age and position of each of our executive officers and members of our board of directors as of the date of this Annual Report:

Name	Age	Position
Executive Officers		
Oran Holtzman	41	Co-Founder, Chief Executive Officer and Director
Shiran Holtzman-Erel	37	Co-Founder, Chief Product Officer and Director
Lindsay Drucker Mann	44	Global Chief Financial Officer
Niv Price	51	Chief Technology Officer
Non-Employee Directors		
Michael Farello	60	Director
Lilach Payorski	51	Director
Ohad Chereshniya	45	Director
Yehoshua (Shuki) Nir	55	Director

Executive Officers

Oran Holtzman is our co-founder and has served as our Chief Executive Officer and as a member of our board of directors since our inception. Mr. Holtzman holds a B.A. in Accounting and Business Management from The College of Management Academic Studies. We believe that Mr. Holtzman is qualified to serve on our board of directors because of his knowledge of our business, gained through his services as our co-founder and Chief Executive Officer.

Shiran Holtzman-Erel is our co-founder and has served as our Chief Product Officer since our inception and as a member of our board of directors since November 2022. Ms. Holtzman-Erel holds a B.A. in Accounting and Economics from Tel Aviv University. We believe that Ms. Holtzman-Erel is qualified to serve on our board of directors because of her knowledge of our business, gained through her services as our co-founder and Chief Product Officer.

Lindsay Drucker Mann has served as our Chief Financial Officer since September 2021. Prior to joining us, Ms. Drucker Mann served as a Managing Director and head of Consumer and Consumer Tech Equity Capital Markets within the Investment Banking Division of Goldman Sachs & Co. LLC, where she worked from February 2005 to September 2021. Ms. Drucker Mann holds a B.A. in Computer Science from Brown University.

Niv Price has served as our Chief Technology Officer since July 2021. Prior to joining us, Mr. Price co-founded and served as director and Chief Executive Office of Voyage81 LTD from April 2018 until our acquisition of Voyage81 LTD in July 2021. Mr. Price also served in the Intelligence Directorate of the Israeli Defense Forces from October 1995 to December 2016. Mr. Price holds an M.Sc. in Electrical Engineering from Tel Aviv University and an M.A. in Public Administration from Harvard University.

Non-Employee Directors

Michael Farello has served as a member of our board of directors since June 2017. Mr. Farello has served as Managing Partner of L Catterton since January 2006. Mr. Farello has also served on the board of directors of multiple companies over the years and currently serves on the board of directors of, among others, Vroom since July 2015 and Better Mortgage since September 2020. Mr. Farello holds a B.S. in Industrial Engineering from Stanford University and a Master of Business Administration from Harvard Business School.

Lilach Payorski has served as a member of our board of directors since March 2022; she chairs the Audit Committee and is classified as an external director under the Companies Law. Ms. Payorski currently serves as director and member of the audit and compensation committees of Kamada Ltd. and as director and member of the audit committee of Gauzy Ltd. Ms. Payorski also served as the chief financial officer of Stratasys Ltd., a developer and manufacturer of 3D printers and additive solutions, from January 2017 to February 2022. Prior to that, from December 2012 until December 2016, Ms. Payorski served as Senior Vice President, Corporate Finance at Stratasys Ltd. Ms. She previously held key finance management positions with PMC- Sierra Inc (NASDAQ: PMC), Checkpoint Software Technologies (NASDAQ:CHKP), WindRiver Systems (NASDAQ:WIND), and Ernst & Young. Payorski holds a B.A. in Accounting and Economics from Tel-Aviv University. Ms. Payorski also completed the Board of Directors and Senior Corporate Officers Program at LAHAV, School of Management, Tel Aviv University.

Ohad Chereshniya has served as a member of our board of directors since July 2023. Mr. Chereshniya currently serves as director of the audit committee of Itim Ensemble, an Israeli non-profit organization, and was Chief Financial Officer at Elementor Ltd. from January 2020 through January 2025. Mr. Chereshniya served as the Chief Financial Officer of Context Based 4casting Ltd. from July 2017 to December 2019. Prior to that, from June 2013 until May 2017, Mr. Chereshniya served as our Chief Financial Officer. Mr. Chereshniya holds an M.B.A. and a B.A. in Accounting from Tel Aviv University.

Yehoshua (Shuki) Nir has served as a member of our board of directors since July 2024. Mr. Nir is Chief Executive Officer of SolarEdge Technologies, Inc. He is also a director of Kornit Digital Ltd. and of Cardo Systems Ltd., and was formerly a director of ironSource Ltd. Mr. Nir has held strategic and leadership roles in various tech companies, and was also the co-founder and CEO of MindEcho, Inc. He holds an M.B.A, an L.L.B. and a B.A (Accounting) from the Tel Aviv University.

Family Relationships

Oran Holtzman and Shiran Holtzman-Erel, our co-founders and Chief Executive Officer and Chief Product Officer, respectively, are siblings.

B. Compensation

Compensation of Directors

Under the Companies Law, the compensation of our directors requires the approval of our compensation committee, the subsequent approval of the board of directors and, unless exempted under regulations promulgated under the Companies Law, the approval of the shareholders at a general meeting. If the compensation of our directors is inconsistent with our stated compensation policy, then those provisions that must be included in the compensation policy according to the Companies Law must have been considered by the compensation committee and board of directors, and shareholder approval will also be required, provided that:

- at least a majority of the shares held by all shareholders who are not controlling shareholders and do not have a personal interest in such matter, present and voting at such meeting, are voted in favor of the compensation package, excluding abstentions; or

- the total number of shares of non-controlling shareholders and shareholders who do not have a personal interest in such matter voting against the compensation package does not exceed 2% of the aggregate voting rights in the company.

Compensation of our directors is governed by the terms of our compensation policy as follows: (i) to the external directors (as defined below), in accordance with the Companies Regulations (Rules Regarding the Compensation and Expenses of an External Director), 5760-2000, as amended by the Companies Regulations (Relief for Public Companies Whose Securities are Traded on a Stock Exchange Outside of Israel), 5760-2000, as such regulations may be amended from time to time, which compensation may include share-based compensation, and (ii) to the non-employee directors, in accordance with the amounts determined in our compensation policy. Additionally, each of our external directors is entitled to coverage under our directors and officers liability insurance policies and under the letter of indemnification we provided to such directors.

Non-Employee Director and External Director Compensation Policy

We have adopted a non-employee director compensation policy that is applicable to each of our non-employee directors and, subject to the requirements of applicable Israeli law, external directors. Pursuant to this non-employee director compensation policy, each eligible non-employee director and external director will receive a mixture of annual retainer fee and a long-term equity award.

Pursuant to this policy, each eligible non-employee director and external director will receive an annual cash retainer of $50,000 that will be paid quarterly in arrears. The chairperson of the audit committee will receive an additional annual cash retainer of $20,000 and each other member of the audit committee will receive an additional annual cash retainer of $10,000, the chairperson of the compensation committee will receive an additional annual cash retainer of $15,000 and each other member of the compensation committee will receive an additional annual cash retainer of $7,500, and the chairperson of the nominating, governance and sustainability committee will receive an additional annual cash retainer of $10,000 and each other member of the nominating, governance and sustainability committee will receive an additional annual cash retainer of $5,000.

Also, pursuant to this policy, each eligible non-employee director, and, subject to the requirements of applicable Israeli law, external director, is entitled to a grant of an annual equity award of restricted stock units (“RSUs”) that has a grant date value of $185,000 (with prorated awards made to directors who join on a date other than an annual meeting following the first annual meeting after our initial public offering), which will generally vest in full on the earlier of the day before the next annual meeting or the first anniversary of the date of grant, in each case subject to the director’s continued service on the board of directors. In the event of a change of control (as defined in the 2023 Plan), all outstanding equity awards held by such directors pursuant to this policy will accelerate and vest in full.

Compensation of Senior Management and Other Employees

Compensation Policy Under the Companies Law

In general, under the Companies Law, a public company must have a compensation policy approved by its board of directors after receiving and considering the recommendations of the compensation committee. In addition, our compensation policy must be approved at least once every three years, first, by our board of directors, upon recommendation of our compensation committee, and second, by a simple majority of the ordinary shares present, in person or by proxy, and voting at a shareholders meeting (excluding abstentions), provided that either:

- such majority includes at least a majority of the shares held by shareholders who are not controlling shareholders and shareholders who do not have a personal interest in such compensation policy, present and voting at such meeting, excluding abstentions; or

- the total number of shares of non-controlling shareholders and shareholders who do not have a personal interest in the compensation policy and who vote against the policy, does not exceed 2% of the aggregate voting rights in the company.

Under special circumstances, the board of directors may approve the compensation policy despite the objection of the shareholders on the condition that the compensation committee and then the board of directors decide, on the basis of detailed grounds and after discussing again the compensation policy, that approval of the compensation policy, despite the objection of shareholders, is for the benefit of the company.

Our current compensation policy was approved in advance of our initial public offering and described in our prospectus for such offering. As a result, our compensation policy is deemed validly adopted in accordance with the Companies Law requirements described above and eligible for relief such that it will remain in effect for a term of five years from the date we became a public company.

The compensation policy must be based on certain considerations, include certain provisions, and reference certain matters as set forth in the Companies Law.

The compensation policy serves as the basis for decisions concerning the financial terms of employment or engagement of office holders, including exculpation, insurance, indemnification, or any monetary payment or obligation of payment in respect of employment or engagement. The compensation policy must be determined and later reevaluated according to certain factors, including: the advancement of the company's objectives, business plan and long-term strategy; the creation of appropriate incentives for office holders, while considering, among other things, the company's risk management policy; the size and the nature of the company's operations; and with respect to variable compensation, the contribution of the office holder towards the achievement of the company's long-term goals, and the maximization of its profits, all with a long-term objective and according to the position of the office holder. The compensation policy must furthermore consider the following additional factors:

- the education, skills, experience, expertise and accomplishments of the relevant office holder;

- the office holder's position and responsibilities;

- prior compensation agreements with the office holder;

- the ratio between the cost of the terms of employment of an office holder and the cost of the employment of other employees of the company, including employees employed through contractors who provide services to the company, in particular the ratio between such cost to the average and median salary of such employees of the company, as well as the impact of disparities between them on the work relationships in the company;

- if the terms of employment include variable components: the possibility of reducing variable components at the discretion of the board of directors and the possibility of setting a limit on the value of non-cash variable equity-based components; and

- if the terms of employment include severance compensation: the term of employment or office of the office holder, the terms of the office holder's compensation during such period, the company's performance during such period, the office holder's individual contribution to the achievement of the company goals, and the maximization of its profits and the circumstances under which he or she is leaving the company.

The compensation policy must also include, among other things:

- with regards to variable components:

- with the exception of office holders who report to the chief executive officer, a means of determining the variable components on the basis of long-term performance and measurable criteria; provided that the company may determine that an immaterial part of the variable components of the compensation package of an office holder shall be awarded based on non-measurable criteria, or if such amount is not higher than three months' salary per annum, taking into account such office holder's contribution to the company;

- the ratio between variable and fixed components, as well as the limit of the values of variable components at the time of their payment, or in the case of equity-based compensation, at the time of grant;

- a condition under which the office holder will return to the company, according to conditions to be set forth in the compensation policy, any amounts paid as part of the office holder's terms of employment; if such amounts were paid based on information later to be discovered to be wrong, and such information was restated in the company's financial statements;

- the minimum holding or vesting period of variable equity-based components to be set in the terms of office or employment, as applicable, while taking into consideration long-term incentives; and

- a limit to retirement grants.

Our compensation policy, which became effective immediately upon the closing of our initial public offering, is designed to promote retention and motivate our directors and executive officers, incentivize superior individual excellence and performance, align the interests of our directors and executive officers with our long-term performance and increase in the price of our shares, and provide a risk management tool. To that end, a portion of our executive officer compensation package is targeted to reflect our short- and long-term goals, as well as the executive officer's individual performance. On the other hand, our compensation policy includes measures designed to reduce the executive officer's incentives to take excessive risks, such as limits on the value of cash bonuses and minimum vesting periods for equity-based compensation.

Our compensation policy also addresses our executive officers' individual characteristics (such as their respective position, education, scope of responsibilities and contribution to the attainment of our goals) as the basis for compensation variation among our executive officers and considers the internal ratios between compensation of our executive officers and directors and other employees. Pursuant to our compensation policy, the compensation that may be granted to an executive officer may include: base salary, annual bonuses and other cash bonuses (such as a signing bonus and special bonuses with respect to any special achievements, such as outstanding personal achievement, outstanding personal effort or outstanding company performance), equity-based compensation, health and welfare and retirement benefits and termination arrangements. All cash bonuses are limited to a maximum amount linked to the executive officer's base salary. In some appropriate cases the compensation of our executive officers may consistent primarily of equity-based compensation.

An annual cash bonus may be awarded to an executive officer subject to attainment of pre-set periodic objectives and individual targets. The annual cash bonus that may be granted to our executive officers other than our Chief Executive Officer will be based on performance objectives and a discretionary evaluation of the executive officer's overall performance by our Chief Executive Officer (in lieu of the compensation committee) and may be subject to minimum thresholds. The annual cash bonus that may be granted to executive officers other than our Chief Executive Officer may alternatively be based entirely on a discretionary evaluation. Furthermore, our Chief Executive Officer will be entitled to approve performance objectives for executive officers who report to him. In some specific cases, the compensation of our executive officers may consist primarily of equity-based compensation. To the extent required under applicable law, the actual annual bonus paid to our officers will be approved by our compensation committee and our board of directors.

The measurable performance objectives of our Chief Executive Officer will be set and evaluated annually by our compensation committee and board of directors. A non-material portion of the Chief Executive Officer's annual cash bonus, as provided in our compensation policy, may be based on a discretionary evaluation of the Chief Executive Officer's overall performance by the compensation committee and the board of directors. However, for as long as our Chief Executive Officer will be our controlling shareholder he may not receive a discretionary bonus without the approval of our shareholders.

The equity-based compensation under our compensation policy for our executive officers (including members of our board of directors) is designed to enhance the alignment between the executive officers' interests with our long-term interests and those of our shareholders and to strengthen the retention and the motivation of executive officers in the long term. Our compensation policy provides for executive officer compensation in the form of share options, restricted shares and RSUs, in accordance with our equity incentive plan then in place. All equity-based awards granted to executive officers are subject to service-based vesting conditions in order to promote long-term retention of the awarded executive officers. The equity-based compensation will be granted from time to time and be individually determined and awarded according to the performance, educational background, prior business experience, qualifications, role and the personal responsibilities of the executive officer.

In addition, our compensation policy contains compensation recovery provisions which allow us under certain circumstances to recover excess cash bonuses, enables our Chief Executive Officer to approve immaterial changes to the terms of employment of executive officers who report directly to him (provided that the changes of the terms of employment are in accordance with our compensation policy) and allows us to exculpate, indemnify and insure our executive officers and directors to the maximum extent permitted by Israeli law, subject to certain limitations set forth therein.

Our compensation policy also provides for compensation to the members of our board of directors as follows: (i) to the external directors, in accordance with the Companies Regulations (Rules Regarding the Compensation and Expenses of an External Director), 5760-2000, as amended by the Companies Regulations (Relief for Public Companies Whose Securities are Traded on a Stock Exchange Outside of Israel), 5760-2000, as such regulations may be amended from time to time, which compensation may include share-based compensation, and (ii) to the non-employee directors, in accordance with the amounts determined in our compensation policy.

Our compensation policy is filed as an exhibit to this Annual Report.

Compensation of Our Chief Executive Officer

Under the Companies Law, the compensation of a public company's chief executive officer is required to be approved by: (i) the company's compensation committee, (ii) the company's board of directors and (iii) the company's shareholders (by a special majority vote as discussed above with respect to the approval of the compensation policy). However, if the shareholders of the company decline to approve the compensation arrangement with the chief executive officer, the compensation committee and board of directors, in special circumstances, may override the shareholders' decision if each of the compensation committee and the board of directors provide a detailed report for their decision and examine in their decision, among other factors, the objections of the shareholders at the shareholders meeting. The approval of each of the compensation committee and the board of directors should be in accordance with the company's stated compensation policy; however, in special circumstances, they may approve compensation terms for the company's chief executive officer that are inconsistent with such policy, provided that they have considered those provisions that must be included in the compensation policy according to the Companies Law and that shareholder approval was obtained (by a special majority vote as discussed above with respect to the approval of the compensation policy). In addition, the compensation committee may waive the shareholder approval requirement with regards to the approval of the engagement terms of a candidate for the chief executive officer position, if they determine that the compensation arrangement is consistent with the company's stated compensation policy and that the chief executive officer candidate did not have a prior business relationship with the company or a controlling shareholder of the company and that subjecting the approval of the engagement to a shareholder vote would impede the company's ability to employ the chief executive officer candidate. In the event that the chief executive officer candidate also serves as a member of the board of directors, his or her compensation terms as the chief executive officer will be approved in accordance with the rules applicable to approval of compensation of directors.

In addition, according to the Companies Law, with respect to the compensation of an office holder who is also considered a controlling shareholder (or such controlling shareholder's relative), approval is also required by (i) the company's compensation committee, (ii) the company's board of directors and (iii) the company's shareholders (by a special majority vote as discussed above with respect to the approval of the compensation policy). In addition, the Companies Law requires re-approval of such compensation in the same manner and with the same shareholder majority after a period of five years following its approval prior to the initial public offering of the company and thereafter every three years.

Compensation of Our Executive Officers other than the Chief Executive Officer

The Companies Law requires the approval of the compensation of a public company's office holders (other than the Chief Executive Officer) in the following order: (i) the compensation committee, (ii) the company's board of directors and (iii) if such compensation arrangement is inconsistent with the company's stated compensation policy, the company's shareholders (by a special majority vote as discussed above with respect to the approval of director compensation). However, if the shareholders of the company decline to approve a compensation arrangement with an office holder that is inconsistent with the company's stated compensation policy, the compensation committee and the board of directors may override the shareholders' decision if each of the compensation committee and the board of directors provide detailed reasons for their decision.

An amendment to an existing arrangement with an office holder (other than the Chief Executive Officer) requires only the approval of the compensation committee, if the compensation committee determines that the amendment is not material in comparison to the existing arrangement. However, according to regulations promulgated under the Companies Law, an amendment to an existing arrangement with an office holder (who is not a director) who is subordinate to the Chief Executive Officer will not require the approval of the compensation committee, if (i) the amendment is approved by the Chief Executive Officer, (ii) the company's compensation policy provides that a non-material amendment to the terms of service of an office holder (other than the Chief Executive Officer) may be approved by the Chief Executive Officer and (iii) the engagement terms are consistent with the company's compensation policy.

Aggregate Compensation of Executive Officers and Directors

The aggregate compensation recorded by us and our subsidiaries to our directors and executive officers identified in the section titled "Item 6.A. Executive Officers and Directors," including share-based compensation expenses recorded in our financial statements, for the year ended December 31, 2024, was approximately $16.2 million. This amount includes deferred or contingent compensation accrued for such year (and excludes deferred or contingent amounts accrued for during the year ended December 31, 2023 and paid during the year ended December 31, 2024). We did not have any amounts set aside or accrued to provide pension, severance, retirement or similar benefits or expenses to our directors and executive officers as of December 31, 2024. During the year ended December 31, 2024, our directors and executive officers were granted 361,233 restricted share units under our 2023 Incentive Award Plan.

We annually pay to each of our non-employee directors a cash retainer of $50,000 with an additional annual payment for service on board committees as follows: $10,000 (or $20,000 for the chairperson) per membership of the audit committee, $7,500 (or $15,000 for the chairperson) per membership of the compensation committee and $5,000 (or $10,000 for the chairperson) per membership of the nominating and corporate governance committee.

Covered Executives

The following is a summary of the salary expenses and social benefit costs of our five most highly compensated executive officers in 2024 (the "Covered Executives"). All amounts reported reflect the cost to the Company as recognized in our financial statements for the year ended December 31, 2024.

- Mr. Oran Holtzman, Co-Founder and Chief Executive Officer. Compensation expenses recorded in 2024 of $0.2 million in salary expenses and social benefits costs.

- Ms. Shiran Holtzman-Erel, Co-Founder and Chief Product Officer. Compensation expenses recorded in 2024 of $0.3 million in salary expenses and social benefits costs.

- Ms. Lindsay Drucker Mann, Global Chief Financial Officer. Compensation expenses recorded in 2024 of $0.7 million in salary expenses and social benefits costs.

- Mr. Dmitri Kaplun, Chief Executive Officer, IL Makiage. Compensation expenses recorded in 2024 of $0.9 million in salary expenses and social benefits costs.
- Mr, Niv Price, Chief Technology Officer. Compensation expenses recorded in 2024 of $0.2 million in salary expenses and social benefits costs.

The salary expenses summarized above include the gross salary paid to the Covered Executives, and the benefit costs include the social benefits paid by us on behalf of the Covered Executives, convalescence pay, contributions made by the company to an insurance policy, pension fund or 401(K) fund.

During 2024, we granted our directors and executive officers 361,233 RSUs and PSUs (restricted share units subject to certain performance conditions) under our 2023 Incentive Award Plan. The executive officers' equity grants were subject to a vesting schedule between one and four years from the date of grant, with the PSUs also being subject to predetermined Company performance criteria set by our compensation committee and board of directors. In connection with outstanding awards to our Covered Executives, we recorded equity-based compensation expenses in our financial statements for the year ended December 31, 2024 for Mr. Oran Holtzman, Ms. Shiran Holtzman-Erel, Ms. Lindsay Drucker Mann, Mr. Dmitri Kaplun and Mr. Niv Price of $2.7 million, $2.4 million, $2.0 million, $3.6 million and $0.6 million, respectively.

All equity-based compensation grants to our Covered Executives were made in accordance with our compensation policy and were approved by our compensation committee and board of directors. Assumptions and key variables used in the calculation of such amounts are described in Note 13 to our audited consolidated financial statements included elsewhere in this Annual Report.

During the year ended December 31, 2024, we also recorded a one-time bonus expense in respect of Mr. Niv Price, of $2.0 million.

Employment and Consulting Agreements with Executive Officers

We have entered into written employment agreements with each of our executive officers. These agreements provide for notice periods of varying duration for termination of the agreement by us or by the relevant executive officer, during which time the executive officer will continue to receive salary and benefits. These agreements also contain customary restrictive covenants related to non-competition, non-solicitation, confidentiality of information and assignment of inventions. However, the enforceability of the non-competition provisions may be limited under applicable law.

With respect to our Israeli employees, including our executive officers, Israeli labor laws govern the length of the workday, minimum wages for employees, procedures for hiring and dismissing employees, determination of severance pay, annual leave, sick days, advance notice of termination of employment, equal opportunity and anti-discrimination laws and other conditions of employment. Subject to certain exceptions, Israeli law generally requires severance pay upon the retirement, death or dismissal of an employee without due cause, and requires us and our employees to make payments to the National Insurance Institute, which is similar to the U.S. Social Security Administration. Pursuant to Section 14 of the Israeli Severance Pay Law, 5723-1963, our employees in Israel, including our executive officers and other key employees based in Israel, are entitled to monthly deposits made in their name with insurance companies, which payments relieve us from any of the aforementioned future severance payment obligations with respect to those employees. We may only utilize the insurance policies for the purpose of disbursement of severance pay. As a result, we do not recognize an asset nor liability for these employees.

Share Option Plans

2020 Equity Incentive Plan

The 2020 Equity Incentive Plan (the "2020 Plan"), was adopted by our board of directors on April 1, 2020. The 2020 Plan creates alignment between the compensation and benefits of the individuals and entities providing us or our affiliates services with our success and long-term shareholder value, while also creating a long-term retention vehicle. The 2020 Plan enabled us to grant equity-based awards consisting of options to purchase our Class A ordinary shares, restricted shares and RSUs, all of which are referred to as "awards." As of December 31, 2024, options to purchase 9,154,612 Class A ordinary shares were outstanding under the 2020 Plan. The 2020 Plan was replaced by the 2023 Plan on September 28, 2023, but awards outstanding as of that date will continue in full force and in accordance with the terms under which they were granted.

The below summary of the 2020 Plan material terms is qualified in its entirety by reference to the 2020 Plan, which is filed as an exhibit to this Annual Report.

Our board of directors, or a duly authorized committee of our board of directors, administers the 2020 Plan. The board of directors has the authority, subject to applicable law, to grant awards to participants, to interpret the terms of the 2020 Plan, to determine the terms and provisions of each award granted, including but not limited to the number of awards to be granted to each participant, provisions concerning the time and the extent to which the awards may be vested and/or exercised, the underlying shares sold and the nature and duration of restrictions as to the transferability of awards or shares underlying such awards, to amend, modify or supplement the terms of each outstanding award, to authorize conversion or substitution under the 2020 Plan of any or all awards and to cancel or suspend awards, to accelerate or defer the right of a participant to exercise in whole or in part any previously granted awards, to determine the effect of any increase or decrease of scope of engagement of a participant on the vesting schedule of previously granted awards, to authorize any person to execute on our behalf any instrument required to effectuate the grant of an award previously granted by the board of directors and to make all other determinations deemed necessary or advisable for the administration of the 2020 Plan.

The board of directors also has the authority to prescribe, amend and rescind rules and regulations relating to the 2020 Plan, including the form of award agreements and rules governing the grant of awards in jurisdictions in which we or any of our affiliates operate, or to terminate the 2020 Plan at any time before the date of expiration of its ten year term, provided that such termination may not materially affect the rights of participants to whom awards have already been granted.

The exercise period of an option under the 2020 Plan is ten years from the grant date unless otherwise determined by the board of directors.

In the event of termination of a participant’s employment or engagement, any outstanding awards or portions thereof that were not vested as of the date of termination will immediately expire, unless otherwise determined by the board of directors.

In the event of termination of a participant’s employment or engagement, any vested portion of an option award may be exercised on the earlier of (i) 90 days following the date of termination or (ii) 10 years from the grant date, unless otherwise provided by the board of directors. In the event of termination of a participant’s employment or engagement due to death or disability, all vested and exercisable options may be exercised by the participant’s legal guardian, the participant’s estate or by a person who acquired the right to exercise the option by bequest or inheritance, as applicable, on the earlier of (i) 12 months following the date of termination due to death or disability, as the case may be, or (ii) 10 years from the grant date, unless otherwise provided by the board of directors.

Notwithstanding any of the foregoing, if a participant’s employment or engagement is terminated for cause, any option or portion thereof that has not been exercised as of the date of termination will immediately expire.

In the event of an M&A transaction (as defined in the 2020 Plan) the board of directors may, at its sole discretion: (i) provide for an assumption or exchange of awards, (ii) provide for a cash-out of the awards for the net value, (iii) provide that all unvested awards and un-exercised vested options will expire or (iv) provide for accelerated vesting of outstanding awards. Any awards not assumed or substituted will expire immediately prior to the consummation of an M&A transaction.

Any award, amount or benefit received under the 2020 Plan is subject to potential cancellation, recoupment, rescission, payback or other similar action in accordance with any applicable clawback policy or any applicable law, as may be in effect from time to time.

If an award holder breaches any restrictive covenants set forth in an award agreement or any other agreement during or after the termination of engagement, the award holder will forfeit or repay back: (i) any and all outstanding awards, including vested or exercisable awards, (ii) any shares issued within the 12-month period immediately preceding the termination and thereafter (less any exercise price paid for such shares) and (iii) the profit realized from the exercise and sale of any award or share within the 12-month period immediately preceding the termination.

U.S. Sub-Plan to the 2020 Plan

The U.S. Sub-Plan to the 2020 Plan (the "U.S. Sub-Plan"), was adopted by our shareholders on April 1, 2020. The U.S. Sub-Plan is to be read as a continuation of the 2020 Plan and only modifies awards granted to our employees, consultants and directors who are U.S. residents, U.S. taxpayers or those persons who are or could be deemed to be U.S. taxpayers as determined by the board of directors. Incentive stock options ("ISOs") may be granted only to employees, and any person who does not qualify as an employee may be granted only a non-qualified stock option ("NSOs"). Awards granted pursuant to the U.S. Sub-Plan are exempt from or comply with Section 409A of the Internal Revenue Code.

The maximum aggregate number of shares that may be issued under the 2020 Plan pursuant to the exercise of ISOs may not exceed 2,883,701 Class A ordinary shares (subject to adjustment as provided in the 2020 Plan).

The board of directors determines the exercise price per share, provided that it is not less than the fair market value of a share on the grant date. In the case of an incentive stock option granted to a 10% stockholder within the meaning of Section 424 of the Internal Revenue Code, the exercise price per share may not be less than 110% of the fair market value of the share on the grant date. However, an option may be granted with an exercise price lower than the minimum exercise price set forth above if it is granted pursuant to an assumption or substitution for another option or restricted share unit in a manner qualifying under the provisions of Sections 424(a) and 409A of the Internal Revenue Code.

The post-termination option exercise period may not be extended with respect to any options held by a U.S. participant that would constitute an extension of the option pursuant to Internal Revenue Code Section 409A and subject the U.S. participant to penalties under Section 4999 of the Internal Revenue Code.

2023 Incentive Award Plan

The 2023 Incentive Award Plan (the "2023 Plan") was approved by our shareholders on September 28, 2023 and replaced our 2020 Plan. The 2023 Plan provides for the grant of cash and equity-based incentive awards to our and our subsidiaries' eligible employees, directors, office holders, service providers and consultants in order to attract, motivate and retain the talent for which we compete.

The below summary of the 2023 Plan material terms is qualified in its entirety by reference to the 2023 Plan, which is filed as an exhibit to this Annual Report.

Eligibility and Administration

The 2023 Plan is administered by our incentive awards committee (referred to as the plan administrator below). Subject to applicable law and criteria established by our board of directors, the plan administrator has the authority to make all determinations and interpretations under, prescribe all forms for use with, and adopt rules for the administration of, the 2023 Plan, subject to its express terms and conditions. The plan administrator also sets the terms and conditions of all awards under the 2023 Plan, including any vesting and vesting acceleration conditions and may modify award terms, establish subplans and/or adjust other terms and conditions of awards, subject to the share limits described below, in order to facilitate grants of awards subject to the laws and/or stock exchange rules of countries outside of the United States. Our board of directors may amend or terminate the 2023 Plan at any time; however, shareholder approval will be required for any amendment to the extent necessary to comply with applicable laws. No award may be granted under the 2023 Plan after the tenth anniversary of the earlier of (i) the date the board of directors adopted the 2023 Plan or (ii) the date our shareholders approved the 2023 Plan.

Limitation on Awards and Shares Available

The aggregate number of shares available for issuance under the 2023 Plan is equal to the sum of (1) 4,524,000 Class A ordinary shares plus (2) an annual increase on January 1 of each calendar year beginning in 2024 and ending on and including 2033, by an amount equal to the lesser of (a) 5% of the shares outstanding on the final day of the immediately preceding calendar year and (b) such smaller number of shares as determined by our board of directors. If all or any part of an award under the 2023 Plan or the 2020 Plan expires, lapses or is terminated, exchanged or settled for cash, surrendered, repurchased, cancelled without having been fully exercised or forfeited, any such unissued shares will be available for future grants under the 2023 Plan. No more than 10 times the number of Class A ordinary shares initially reserved under the 2023 Plan may be issued under the 2023 Plan upon the exercise of ISOs. Shares available under the 2023 Plan may be authorized but unissued shares, shares purchased on the open market or treasury shares. Awards granted under the 2023 Plan upon the assumption of, or in substitution for, outstanding equity awards previously granted by an entity in connection with a corporate transaction will not reduce the shares available for grant under the 2023 Plan. The total compensation granted to a non-employee director during any calendar year may not exceed $750,000, unless otherwise determined by the plan administrator.

Awards

The 2023 Plan provides for the grant of share options, including ISOs, restricted shares, RSUs, share appreciation rights ("SARs"), other share-based awards and cash awards. Certain awards granted to U.S. taxpayers under the 2023 Plan may be subject to Section 409A of the Code. Awards, other than cash awards, can be settled in our Class A ordinary shares or cash. Vesting conditions applicable to the awards described below may include continued service, performance and/or other conditions determined by the plan administrator.

Share options provide for the purchase of shares of our Class A ordinary shares in the future at an exercise price set on the grant date. ISOs, by contrast to the NSOs, may provide tax deferral beyond exercise and favorable capital gains tax treatment to their holders who are U.S. residents if certain holding period and other requirements of the Code are satisfied. The exercise price may not be less than the fair market value of the underlying share on the grant date (or 110% in the case of ISOs granted to certain significant shareholders), except with respect to certain substitute options granted in connection with a corporate transaction. The term of a share option may not be longer than ten years (or five years in the case of ISOs granted to certain significant shareholders).

SARs entitle their holder, upon exercise, to receive an amount equal to the appreciation of the shares subject to the award between the grant date and the exercise date. The exercise price of a SAR may not be less than the fair market value of the underlying share on the grant date (except with respect to certain substitute SARs granted in connection with a corporate transaction). The term of a SAR may not be longer than ten years.

Restricted shares are Class A ordinary shares that are generally non-transferable and forfeitable unless and until specified conditions are met. RSUs are contractual promises to deliver Class A ordinary shares in the future, which may also remain forfeitable unless and until specified conditions are met. Holders of restricted shares generally have all of the rights of a shareholder upon the issuance of restricted shares. RSU holders have no rights of a shareholder with respect to shares subject to RSUs unless and until such shares are delivered in settlement of the RSUs.

Performance awards include any of the foregoing awards that are granted subject to vesting and/or payment based on the attainment of specified performance goals or other criteria the plan administrator may determine, which may or may not be objectively determinable. Such performance goals also may be based solely by reference to the Company's performance or the performance of a Subsidiary, division, business segment or business unit of the Company or a Subsidiary, or based upon performance relative to performance of other companies or upon comparisons of any of the indicators of performance relative to performance of other companies.

Other share or cash-based awards are awards of cash, fully vested Class A ordinary shares and other awards denominated in, linked to, or derived from our Class A ordinary shares or value metrics related to our shares.

An award (other than share options or SARs) may provide for dividend or dividend equivalents. Dividend equivalents represent the right to receive the equivalent value of dividends paid on Class A ordinary shares and may be granted alone or in tandem with awards. Dividend equivalents may be paid currently or credited to an account for the participant, settled in cash or shares and subject to the same restrictions on transferability and forfeitability as the award with which the dividend equivalents are paid and subject to other terms and conditions. Dividend equivalents will only be paid out to the extent the underlying award vests, which payments will be made no later than March 15 of the calendar year following the calendar year in which the right to the dividend equivalent payment becomes nonforfeitable, unless otherwise determined by the plan administrator.

Certain Transactions and Adjustments

The plan administrator has broad discretion to take action under the 2023 Plan, as well as make adjustments to the terms and conditions of existing and future awards, to prevent the dilution or enlargement of intended benefits and facilitate necessary or desirable changes in the event of certain transactions and events affecting our Class A ordinary shares, such as share dividends, share splits, mergers, consolidations and other corporate transactions. In addition, in the event of an equity restructuring, the plan administrator will make equitable adjustments to the 2023 Plan and outstanding awards. In the event of a "change in control" (as defined in the 2023 Plan), to the extent that the outstanding awards are not continued, converted, assumed or replaced, then the plan administrator may provide that all such awards will terminate in exchange for cash or other consideration, or become fully vested and exercisable in connection with the transaction. Individual award agreements may provide for additional accelerated vesting and payment provisions.

Clawback Provisions, Transferability and Participant Payments

All awards are subject to the provisions of the clawback policy implemented by us to the extent set forth in such clawback policy and/or in the applicable award agreement. With limited exceptions for estate planning, domestic relations orders, certain beneficiary designations and the laws of descent and distribution, awards under the 2023 Plan are generally non-transferable, and are exercisable only by the participant. With regard to tax withholding, exercise price and purchase price obligations arising in connection with awards under the 2023 Plan, the plan administrator may, in its discretion, accept cash or checks, provide for net withholding of shares, allow shares of our shares that meet specified conditions to be repurchased, allow a "market sell order" or such other consideration as it deems suitable.

Israeli Sub-Plan to the 2023 Plan

The Israeli Sub-Plan to the 2023 Plan (the "Israeli Sub-Plan") is to be read as a continuation of the 2023 Plan and only modifies awards granted to participants who are tax residents of the State of Israel on the grant date of such award, and are engaged by us or by any of our Israeli resident subsidiaries (the "Israeli Participants"). In the event of any conflict between the provisions of the Israeli Sub-Plan and the 2023 Plan, the provisions set out in the Israeli Sub-Plan prevail to the extent necessary to comply with the requirements set by the Israeli law in general, and in particular, with the provisions of the Israeli Income Tax Ordinance (New Version) - 1961 (the "Ordinance"). The Israeli Sub-Plan is governed by, construed and enforced in accordance with the laws of the State of Israel.

The below summary of the Israeli Sub-Plan is qualified in its entirety by reference to the 2023 Plan, which is filed as an exhibit to this Annual Report.

Eligibility

The Israeli Sub-Plan applies to awards granted to our employees, directors or officers or to the employees, directors or officers of any of our Israeli resident subsidiaries (the "Approved Israeli Participants"), or to an Israeli Participant who is not an Approved Israeli Participant, including a consultant or any of our Controlling Shareholders within the meaning of Section 32(9) of the Ordinance (the "Unapproved Israeli Participants"). Only Approved Israeli Participants may be granted awards pursuant to Section 102(b) of the Ordinance, according to which the awards must be held in trust by a trustee for the benefit of the Approved Israeli Participant pursuant to Section 102(b) of the Ordinance (the "Trustee 102 Awards"). We have filed the 2023 Plan and the Israeli Sub-Plan with the Israel Tax Authority including our election to grant Capital Gain Awards (the "Election"). The Election obligates us to grant only Capital Gain Awards to all Israeli Participants who are granted Trustee 102 Awards, all in accordance with the provisions of Section 102(g) of the Ordinance. The Election does not prevent us from granting simultaneously awards pursuant to Section 102(c) of the Ordinance which are not held in trust by a trustee. Awards granted to Unapproved Israeli Participants are not subject to the trustee arrangement, and are instead subject to Section 3(i) or 2 of the Ordinance.

Trustee 102 Awards

The grant of a Trustee 102 Award is subject to compliance with all terms and conditions of Section 102 of the Ordinance, including the execution of an undertaking. Trustee 102 Awards, and any shares issued upon grant, vesting or exercise of the Trustee 102 Awards, will be held by a trustee appointed pursuant to Section 102 of the Ordinance. An Approved Israeli Participant may not sell or release from trust any shares received upon the grant, vesting or exercise of a Trustee 102 Award and/or any shares received following any realization of rights, including, without limitation, share dividends, under the 2023 Plan, at least until the lapse of the period of time required under Section 102 of the Ordinance, or any shorter period of time determined by the Israel Tax Authority (the "Holding Period"). Notwithstanding the foregoing, if any such sale or release occurs during the Holding Period, the sanctions under Section 102 of the Ordinance will apply to and will be borne by such Approved Israeli Participant. Any release of such Trustee 102 Awards or shares from trust, or any sale of the shares prior to the termination of the Holding Period, will result in taxation at the marginal tax rate, in addition to deductions of any appropriate income tax, social security, health tax contributions or other compulsory payments. The trustee may not release or sell any shares allocated or issued upon the grant, vesting or exercise of a Trustee 102 Award unless we, or, if applicable, our Israeli subsidiary and the trustee are satisfied that the full amounts of any tax due have been paid or will be paid.

Terms and Conditions

The terms and conditions and treatment of awards may vary for each Israeli Participant. The grant, vesting and exercise of awards granted to Israeli Participants are subject to various terms and conditions and, with respect to exercise, the method of exercise, as may be determined by our board of directors and, when applicable, by the trustee, in accordance with the requirements of Section 102 of the Ordinance. No award subject to the Israeli Sub-Plan or share issued thereunder is assignable, transferable or may be given as collateral during the lifetime of the Israeli Participant.

2023 Employee Share Purchase Plan

Our 2023 Employee Share Purchase Plan (the "ESPP") was adopted by our board of directors on June 22, 2023 and is designed to allow our and our designated subsidiary's employees to purchase Class A ordinary shares, at periodic intervals, with their accumulated payroll deductions. The ESPP consists of two components: a Section 423 component and a non-Section 423 component. As of December 31, 2024, no offerings have been made under the ESPP. We do not intend to make any offerings under the ESPP at this time.

The below summary of the ESPP material terms is qualified in its entirety by reference to the ESPP, which is filed as an exhibit to this Annual Report.

The plan administrator, which may be the compensation committee or the board of directors, may amend, suspend or terminate the ESPP at any time, with shareholder approval required for any amendment that increases the aggregate number or changes the type of shares that may be sold pursuant to rights under the ESPP, or changes class of eligible plan participants or as may otherwise be required under Section 423(b) of the Code.

The length of the offering periods under the ESPP is determined by the plan administrator and may be up to 27 months long. The ESPP permits participants to purchase shares through payroll deductions of up to a percentage of their eligible compensation. To the extent that we grant employees the right to make purchases under the ESPP, on the first day of each offering period, each participating employee will be granted an option to purchase on the purchase date of such offering period up to a number of the Company's Class A ordinary shares determined by dividing (1) the employee's payroll deductions accumulated prior to such exercise date and retained in the employee's account as of the exercise date by (2) the applicable purchase price. The applicable purchase price is based on a discount percentage of up to 15%, multiplied by the lesser of (1) the fair market value of an ordinary share on the purchase date, or (2) the fair market value of an ordinary share on the first day of an offering period. The plan administrator may establish a maximum number of shares that may be purchased by a participant during any offering period, which, in the absence of a contrary designation, is equal to 2,500 shares. In addition, under the Section 423 component, no employee is permitted to accrue the right to purchase shares under the ESPP at a rate in excess of $25,000 worth of shares during any calendar year during which such a purchase right is outstanding (based on the fair market value per share of our ordinary shares as of the first trading day of the offering period).

A participant is not permitted to transfer rights granted under the ESPP other than by will, the laws of descent and distribution or as otherwise provided under the ESPP.

In the event of certain transactions or events affecting our shares, such as any share dividend or other distribution, reorganization, merger, consolidation, or other corporate transaction, the plan administrator will make equitable adjustments to the ESPP and outstanding rights. In addition, in the event of the foregoing transactions or other events, the plan administrator may provide for (1) either the replacement of outstanding rights or termination of outstanding rights in exchange for cash, (2) the assumption or substitution of outstanding rights, (3) the adjustment in the number and type of shares subject to outstanding rights, (4) the use of participants' accumulated payroll deductions to purchase shares on a new purchase date prior to the next scheduled purchase date and termination of any rights under ongoing offering periods or (5) the termination of all outstanding rights.

C. Board Practices and Corporate Governance

Corporate Governance Practices

As an Israeli company, we are subject to various corporate governance requirements under the Companies Law, relating to matters such as external directors, the audit committee, the compensation committee, and an internal auditor.

We are a "foreign private issuer" (as such term is defined in Rule 405 under the Securities Act). As a foreign private issuer we are permitted to comply with Israeli corporate governance practices instead of certain requirements of the corporate governance rules of Nasdaq, provided that we disclose which requirements we are not following and the equivalent Israeli requirement. We currently rely, and intend to continue to rely, on this "foreign private issuer exemption" with respect to the following rules:

- the majority independent director requirement under Section 5605(b)(1) of Nasdaq listing rules;
  - The Companies Law mandates that the board must have at least two external directors but does not require that the board must have a majority of independent directors, as such term is defined in the Companies Law.
- the requirement under Section 5605(d) of Nasdaq listing rules that a compensation committee be comprised solely of independent directors;
  - The Companies Law requires that all external directors must be members and constitute the majority of the compensation committee. Furthermore, the Companies Law imposes certain independence obligations on its members, but, other than these specific requirements, does not mandate that all members be independent directors, as such term is defined in the Companies Law.
- the requirement under Section 5605(e) of Nasdaq listing rules that director nominees be selected or recommended for selection by either a majority of the independent directors or a nominations committee comprised solely of independent directors;
  - The Companies Law does not require that a board have a nominations committee so does not mandate that all members of the nominations committee be independent directors, as such term is defined in the Companies Law, except that any board committee authorized to exercise board power must include at least one external director.
- the requirement under Section 5620(c) of Nasdaq listing rules that a quorum for meetings of shareholders consist of at least 33-1/3% of the total outstanding voting rights of our shares.
  - Pursuant to our amended and restated articles of association, and as permitted under the Companies Law, the quorum required for a general meeting of shareholders consists of at least two shareholders present in person, by proxy or by other voting instrument in accordance with the Companies Law, who hold or represent at least 33-1/3% of the total outstanding voting rights; provided, however, that with respect to any general meeting of shareholders that was convened pursuant to a resolution adopted by the board of directors and if at the time of such general meeting we qualify to use the forms and rules of a "foreign private issuer," the requisite quorum will consist of two or more shareholders present in person, or by proxy, who hold or represent at least 25% of the total outstanding voting power (and if the meeting is adjourned for a lack of quorum, the quorum for such adjourned meeting will be, subject to certain exceptions, any number of shareholders).

We otherwise intend to comply with the rules generally applicable to U.S. domestic companies listed on Nasdaq. We may, however, in the future decide to use the "foreign private issuer exemption" and opt out of some or all of the other corporate governance rules.

Board of Directors

Under the Companies Law and our amended and restated articles of association, our business and affairs are managed under the direction of our board of directors. Our board of directors may exercise all powers and may take all actions that are not specifically granted to our shareholders. Our Chief Executive Officer (referred to as a "general manager" under the Companies Law) is responsible for our day-to-day management. Our Chief Executive Officer is appointed by, and serves at the discretion of, our board of directors, subject to the terms of the employment agreement that we have entered into with him. All other executive officers are appointed by the Chief Executive Officer, subject to applicable corporate approvals, and are subject to the terms of any applicable employment or consulting agreements that we may enter into with them.

Under our amended and restated articles of association, other than external directors (as defined below), for whom special election requirements apply under the Companies Law, as detailed below, the number of directors on our board of directors will be no less than three and no more than seven directors divided into three classes with staggered three-year terms. Each class of directors consists, as nearly as possible, of one-third of the total number of directors constituting the entire board of directors (other than the external directors). At each annual general meeting of our shareholders, the election or re-election of directors following the expiration of the term of office of the directors of that class of directors will be for a term of office that expires on the third annual general meeting following such election or re-election, such that each year the term of office of only one class of directors will expire.

Our directors who are not external directors are divided among the three classes as follows:

- the Class I directors are Michael Farello and Yehoshua (Shuki) Nir, and their terms expire at our annual general meeting of shareholders to be held in 2027;
- the Class II director is Shiran Holtzman-Erel, and her term expires at our annual meeting of shareholders to be held in 2025; and
- the Class III director is Oran Holtzman, and his term expires at our annual meeting of shareholders to be held in 2026.

Lilach Payorski and Ohad Chereshniya serve as our external directors and each have a term of three years. Lilach Payorski was initially appointed to our board of directors on March 1, 2022 and Ohad Chereshniya was initially appointed to our board of directors on July 18, 2023. Our shareholders subsequently ratified the appointment of Lilach Payorski and Ohad Chereshniya as our external directors on September 28, 2023. On November 13, 2024, our shareholders re-elected Lilach Payorski as an external director of the Company, for a period of three years commencing on March 1, 2025.

Our directors, aside from our external directors, will be appointed by a simple majority vote of holders of our ordinary shares, participating and voting at an annual general meeting of our shareholders (excluding abstentions). Holders of our Class A ordinary shares and Class B ordinary shares will vote together as a single class on the election of directors, with each Class A ordinary share entitled to one vote per share, and each Class B ordinary share entitled to 10 votes per share. However, (i) in the event of a contested election, the method of calculation of the votes and the manner in which the resolutions will be presented to our shareholders at the general meeting shall be determined by our board of directors in its discretion, and (ii) in the event that our board of directors does not or is unable to make a determination on such matter, then the directors will be elected by a plurality of the voting power represented at the general meeting in person or by proxy and voting on the election of directors. Each director, aside from our external directors, will hold office until the annual general meeting of our shareholders for the year in which such director's term expires, unless the tenure of such director expires earlier pursuant to the Companies Law or unless such director is removed from office as described below.

Under our amended and restated articles of association, the approval of the holders of at least 60% of the total voting power of our shareholders is generally required to remove any of our directors (other than the external directors) from office and any amendment to this provision requires the approval of at least 60% of the total voting power of our shareholders. In addition, vacancies on our board of directors may only be filled by a vote of a simple majority of the directors then in office. A director so appointed will hold office until the next annual general meeting of our shareholders for the class of directors in respect of which the vacancy was created, or in the case of a vacancy due to the number of directors being less than the maximum number of directors stated in our amended and restated articles of association, until the next annual general meeting of our shareholders for the class of directors to which such director has been assigned by our board of directors.

Chairperson of the Board

Our amended and restated articles of association provide that the chairperson of the board of directors is appointed by the members of the board of directors. Under the Companies Law, the chief executive officer of a public company, or a relative of the chief executive officer, may not serve as the chairperson of the board of directors, and the chairperson of the board of directors, or a relative of the chairperson, may not be vested with authorities of the chief executive officer, unless approved by a special majority of our shareholders. The shareholders' approval can be provided for a period of five years following an initial public offering, and subsequently, for additional periods of up to three years.

In addition, a person who is subordinated, directly or indirectly, to the chief executive officer may not serve as the chairperson of the board of directors; the chairperson of the board of directors may not be vested with authorities that are granted to persons who are subordinated to the chief executive officer; and the chairperson of the board of directors may not serve in any other position in the company or in a controlled subsidiary but may serve as a director or chairperson of a controlled subsidiary.

Mr. Holtzman, our Chief Executive Officer, is serving as chairperson of the board of directors for a period of five years following our initial public offering, as approved by our board of directors and shareholders prior to our initial public offering.

External Directors

Under the Companies Law, companies incorporated under the laws of the State of Israel that are "public companies," including companies with shares listed on Nasdaq and who have a controlling shareholder, are required to appoint at least two external directors, who must meet certain criteria to ensure that they are not affiliated with us or with any of our controlling shareholders. The definition of "external director" under the Companies Law and the definition of "independent director" under the Nasdaq rules overlap to some degree. However, since the definitions are not identical, it is possible for a director to qualify as one and not as the other.

As noted above, Lilach Payorski and Ohad Chereshniya serve as our external directors.

The provisions of the Companies Law set forth special approval requirements for the election of external directors. External directors must be elected by a majority vote of the shares present and voting at a meeting of shareholders, excluding abstentions, provided that either:

- such majority includes at least a majority of the shares held by all shareholders who are not controlling shareholders and do not have a personal interest in the election of the external director (other than a personal interest not deriving from a relationship with a controlling shareholder) that are voted at the meeting, excluding abstentions, to which we refer as a disinterested majority; or

- the total number of shares voted against the election of the external director, by non-controlling shareholders and by shareholders who do not have a personal interest in the election of the external director, does not exceed 2% of the aggregate voting rights in the company.

The term "controlling shareholder" as used in the Companies Law for purposes of all matters related to external directors and for certain other purposes (such as the requirements related to appointment to the audit committee or compensation committee, as described below), means a shareholder with the ability to direct the activities of the company, other than by virtue of being an office holder. A shareholder is presumed to be a controlling shareholder if the shareholder holds 50% or more of the voting rights in a company or has the right to appoint a majority of the directors of the company or its general manager. With respect to certain matters (various related party transactions), a controlling shareholder is deemed to include a shareholder that holds 25% or more of the voting rights in a public company if no other shareholder holds more than 50% of the voting rights in the company. For the purpose of determining the holding percentage stated above, two or more shareholders who have a personal interest in a transaction that is brought for the company's approval are deemed as joint holders.

The initial term of an external director is three years. Thereafter, an external director may be re-elected, subject to certain circumstances and conditions, by shareholders, to serve in that capacity for up to two additional three-year terms, provided that either:

(i) his or her service for each such additional term is recommended by one or more shareholders holding at least 1% of the company's voting rights and is approved at a shareholders meeting by a disinterested majority, where the total number of shares held by non-controlling, disinterested shareholders voting for such re-election exceeds 2% of the aggregate voting rights in the company, subject to additional restrictions set forth in the Companies Law with respect to affiliations of external director nominees;

(ii) the external director proposed his or her own nomination, and such nomination was approved in accordance with the requirements described in the paragraph above; or

(iii) his or her service for each such additional term is recommended by the board of directors and is approved at a meeting of shareholders by the same majority required for the initial election of an external director (as described above).

The term of office for external directors for Israeli companies traded on certain foreign stock exchanges, including Nasdaq, may be extended indefinitely in increments of additional three-year terms, in each case provided that the audit committee and the board of directors of the company confirm that, in light of the external director's expertise and special contribution to the work of the board of directors and its committees, the re-election for such additional period(s) is beneficial to the company, and provided that the external director is re-elected subject to the same shareholder vote requirements (as described above regarding the re-election of external directors). Prior to the approval of the re-election of the external director at a general meeting of shareholders, the company's shareholders must be informed of the term previously served by him or her and of the reasons why the board of directors and audit committee recommended the extension of his or her term.

External directors may be removed from office by a special general meeting of shareholders called by the board of directors, which approves such dismissal by the same shareholder vote percentage required for their election or by a court, in each case, only under limited circumstances where the external director ceased to meet the statutory qualifications for appointment or violated their duty of loyalty to the company. An external director may also be removed by order of an Israeli court if, following a request made by a director or shareholder of the company, the court finds that such external director has ceased to meet the statutory qualifications for his or her appointment as stipulated in the Companies Law or has violated his or her duty of loyalty to the company. In addition, when an external director becomes aware that he or she no longer meets the criteria to serve as an external director, he or she must inform the company and the service of such external director is automatically terminated.

If an external directorship becomes vacant and there are fewer than two external directors on the board of directors at the time, then the board of directors is required under the Companies Law to call a meeting of the shareholders as soon as practicable to appoint a replacement external director. Each committee of the board of directors that exercises the powers of the board of directors must include at least one external director, except that each of the audit committee and the compensation committee must include all external directors then serving on the board of directors. Under the Companies Law, external directors of a company are prohibited from receiving, directly or indirectly, any compensation from the company other than for their services as external directors pursuant to the Companies Law and the regulations promulgated thereunder. Compensation of an external director is determined prior to his or her appointment and may not be changed during his or her term subject to certain exceptions.

The Companies Law provides that a person is not qualified to be appointed as an external director if (i) the person is a relative of a controlling shareholder of the company, or (ii) that person or his or her relative, partner, employer, another person to whom he or she was directly or indirectly subordinate, or any entity under the person's control, has or had during the two years preceding the date of appointment as an external director: (a) any affiliation or other disqualifying relationship with the company, with any person or entity controlling the company or a relative of such person, or with any entity controlled by or under common control with the company; or (b) in the case of a company with no controlling shareholder or any shareholder holding 25% or more of its voting rights, had at the date of appointment as an external director any affiliation or other disqualifying relationship with a person then serving as chairman of the board or chief executive officer, a holder of 5% or more of the issued share capital or voting power in the company or the most senior financial officer.

The term "relative" is defined in the Companies Law as a spouse, sibling, parent, grandparent or descendant, a spouse's sibling, parent or descendant and the spouse of each of the foregoing persons. Under the Companies Law, the term "affiliation" and the similar types of disqualifying relationships include (subject to certain exceptions):

- an employment relationship;
- a business or professional relationship even if not maintained on a regular basis (excluding insignificant relationships);
- control; and
- service as an office holder, excluding service as a director in a private company prior to the initial public offering of its shares if such director was appointed as a director of the private company in order to serve as an external director following the initial public offering.

The term "office holder" is defined in the Companies Law as a director, general manager (i.e., chief executive officer), chief business manager, deputy general manager, vice general manager, any other person assuming the responsibilities of any of these positions regardless of that person's title, and any other manager directly subordinate to the general manager.

In addition, a person may not serve as an external director if that person's position or professional or other activities create, or may create, a conflict of interest with his or her responsibilities as a director or otherwise interfere with his or her ability to serve as an external director or if the person is an employee of the Israel Securities Authority or an Israeli stock exchange. A person may also not continue to serve as an external director if he or she received direct or indirect compensation from the company including amounts paid pursuant to indemnification or exculpation contracts or commitments and insurance coverage for his or her service as an external director, other than as permitted by the Companies Law and the regulations promulgated thereunder.

Following the termination of an external director's service on a board of directors, such former external director and his or her spouse and children may not be provided a direct or indirect benefit by the company, its controlling shareholder or any entity under its controlling shareholder's control. This includes engagement as an office holder of the company or a company controlled by its controlling shareholder or employment by, or provision of services to, any such company for consideration, either directly or indirectly, including through a corporation controlled by the former external director. This restriction extends for a period of two years with regard to the former external director and his or her spouse or child and for one year with respect to other relatives of the former external director.

If at the time at which an external director is appointed all members of the board of directors who are not controlling shareholders or relatives of controlling shareholders of the company are of the same gender, the external director to be appointed must be of the other gender. A director of one company may not be appointed as an external director of another company if a director of the other company is acting as an external director of the first company at such time.

According to the Companies Law and regulations promulgated thereunder, a person may be appointed as an external director only if he or she has professional qualifications or if he or she has accounting and financial expertise (each, as defined below), provided that at least one of the external directors must be determined by our board of directors to have accounting and financial expertise. However, if at least one of our unaffiliated directors (i) meets the independence requirements under the Exchange Act, (ii) meets the independence requirements of Nasdaq rules for membership on the audit committee and (iii) has accounting and financial expertise as defined under the Companies Law, then neither of our external directors is required to possess accounting and financial expertise as long as each possesses the requisite professional qualifications.

A director with accounting and financial expertise is a director who, due to his or her education, experience and skills, possesses an expertise in, and an understanding of, financial and accounting matters and financial statements, such that he or she is able to understand the financial statements of the company and initiate a discussion about the presentation of financial data. A director is deemed to have professional qualifications if he or she has any of the following: (i) an academic degree in economics, business management, accounting, law or public administration, (ii) an academic degree or has completed another form of higher education in the primary field of business of the company or in a field which is relevant to his or her position in the company or (iii) at least five years of experience serving in one of the following capacities or at least five years of cumulative experience serving in two or more of the following capacities: (a) a senior business management position in a company with a significant volume of business, (b) a senior position in the company's primary field of business or (c) a senior position in public administration or service. The board of directors is charged with determining whether a director possesses financial and accounting expertise or professional qualifications.

Controlled Company Status

Our co-founder and Chief Executive Officer, Mr. Holtzman, currently beneficially owns a majority of the voting power of our outstanding ordinary shares. As a result, we are a "controlled company" within the meaning of the corporate governance standards of Nasdaq. Under these rules, a listed company of which more than 50% of the voting power is held by an individual, group or another company is a "controlled company" and may, subject to the requirements of applicable Israeli law, elect not to comply with certain corporate governance requirements, including (i) the requirement that a majority of the board of directors be comprised of independent directors; (ii) the requirement that our compensation committee be comprised entirely of independent directors with a written charter addressing the committee's purpose and responsibilities; and (iii) the requirement that director nominees be selected, or recommended for the board of directors' selection, either by a majority vote of the board of directors' independent directors or a nominations committee comprised solely of independent directors. We currently rely on these exemptions, which overlap with exemptions available to "foreign private issuers." See the section titled "Item 6.C. Directors, Senior Management and Employees—Board Practices—Corporate Governance Practices" for more information.

We may in the future decide to use more exemptions available to "foreign private issuers" and opt out of some or all of Nasdaq's other corporate governance rules.

Committees of the Board

The board of directors operates through four committees: the Audit Committee, the Compensation Committee, the Nominating, Governance and Sustainability Committee and the Incentive Awards Committee.

Audit Committee

Companies Law Requirements

Under the Companies Law, the board of directors of a public company must appoint an audit committee. The audit committee must be comprised of at least three directors, including all of the external directors, one of whom must serve as chairperson of the committee. The audit committee may not include the (i) chairperson of the board; (ii) a controlling shareholder of the company; (iii) a relative of a controlling shareholder; (iv) a director employed by or providing services on a regular basis to the company, to a controlling shareholder, or to an entity controlled by a controlling shareholder; or (v) a director who derives most of his or her income from a controlling shareholder. In addition, under the Companies Law, the audit committee of a publicly traded company must consist of a majority of unaffiliated directors. In general, an "unaffiliated director" under the Companies Law is defined as either an external director or as a director who meets the following criteria:

- he or she meets the qualifications for being appointed as an external director, except for the requirement (i) that the director be an Israeli resident (which does not apply to companies such as ours whose securities have been offered outside of Israel or are listed for trading outside of Israel) and (ii) for accounting and financial expertise or professional qualifications; and

- he or she has not served as a director of the company for a period exceeding nine consecutive years. For this purpose, a break of less than two years in his or her service as a director shall not be deemed to interrupt the continuity of the service.

Each of our audit committee members currently meets the requirements to be qualified as an unaffiliated director under the Companies Law, thereby fulfilling the foregoing Israeli law requirement for the composition of the audit committee.

Listing Requirements

Under the corporate governance rules of Nasdaq, we are required to maintain an audit committee consisting of at least three independent directors, each of whom is financially literate and one of whom has accounting or related financial management expertise.

Our audit committee currently consists of Lilach Payorski, Ohad Chereshniya and Yehoshua (Shuki) Nir. Lilach Payorski currently serves as the chairperson of the audit committee. All members of our audit committee meet the requirements for financial literacy under the applicable rules and regulations of the SEC and the corporate governance rules of Nasdaq. Our board of directors has determined that Ohad Chereshniya and Lilach Payorski each qualifies as an audit committee financial expert as defined by the SEC rules and has the requisite financial experience as defined by the corporate governance rules of Nasdaq.

Rule 10A-3 of the Exchange Act and Nasdaq rules require that our audit committee be composed entirely of independent members within one year of the date of our initial public offering. Our board of directors has determined that each member of our audit committee is "independent" as such term is defined in Rule 10A-3(b)(1) under the Exchange Act, which is different from the general test for independence of board and committee members, as well as being independent under the corporate governance rules of Nasdaq.

Audit Committee Role

Our board of directors has adopted an audit committee charter setting forth the responsibilities of the audit committee, which are consistent with the Companies Law, the SEC rules and the corporate governance rules of Nasdaq and include:

- retaining and terminating our independent auditors, subject to ratification by the board of directors, and in the case of retention, subject to ratification by our shareholders;

- pre-approving audit and non-audit services to be provided by the independent auditors and related fees and terms;

- overseeing the accounting and financial reporting processes of the Company and audits of our financial statements, the effectiveness of our internal control over financial reporting, and making such reports as may be required of an audit committee under the rules and regulations promulgated under the Exchange Act;

- reviewing with management and our independent auditor our annual and quarterly financial statements prior to publication or filing (or submission, as the case may be) to the SEC;

- recommending to the board of directors the retention and termination of the internal auditor and the internal auditor's engagement fees and terms, in accordance with the Companies Law, approving the yearly or periodic work plan proposed by the internal auditor and examining whether the internal auditor was afforded all required resources to perform its role;

- reviewing with our general counsel and/or external counsel, as deemed necessary, legal, and regulatory matters that could have a material impact on the financial statements;

- identifying irregularities in our business administration by, among other things, consulting with the internal auditor or with the independent auditor, and suggesting corrective measures to the board of directors;

- reviewing policies and procedures with respect to transactions between us and officers and directors (other than transactions related to the compensation or terms of service of the officers and directors), or affiliates of officers or directors, or transactions that are not in the ordinary course of our business, and deciding whether to approve such acts and transactions if so required under the Companies Law; and

- establishing procedures for the handling of employees' complaints as to the management of our business and the protection to be provided to such employees.

Internal Auditor

Under the Companies Law, the board of directors of a public company is required to appoint an internal auditor based on the recommendation of the audit committee. The role of the internal auditor is, among other things, to examine whether the company's actions comply with applicable law and proper business procedure. Under the Companies Law, the internal auditor may not be an interested party or an office holder of the company, or a relative of any of the foregoing, nor may the internal auditor be the company's independent auditor or its representative. An "interested party" is defined in the Companies Law as: (i) a holder of 5% or more of the issued share capital or voting power in a company, (ii) any person or entity who has the right to designate one or more directors or to designate the Chief Executive Officer of the company, or (iii) any person who serves as a director or as a Chief Executive Officer of the company. We have appointed Sharon Cohen, a partner at Deloitte Israel, as our internal auditor.

Compensation Committee

Companies Law Requirements

Under the Companies Law, the board of directors of a public company must appoint a compensation committee. The compensation committee (subject to certain exceptions that do not apply to the Company) must be comprised of at least three directors, including all of the external directors who must constitute a majority of the members of the compensation committee. The chairperson of the compensation committee must be an external director. Each compensation committee member who is not an external director must be a director whose compensation is in accordance with the compensation requirements applicable to the external directors. The compensation committee is subject to the same restrictions under the Companies Law as the audit committee regarding who may not be a member. Our compensation committee fulfils the foregoing Israeli law requirements related to the composition of the compensation committee.

Listing Requirements

Under the corporate governance rules of Nasdaq, we are permitted to follow home country practice with respect to the composition of our compensation committee.

Our compensation committee consists of Ohad Chereshniya, Lilach Payorski and Michael Farello, with Ohad Chereshniya serving as chair. Our board of directors has determined that Ohad Chereshniya and Lilach Payorski are each independent under the corporate governance rules of Nasdaq, including the additional independence requirements applicable to the members of a compensation committee.

Compensation Committee Role

In accordance with the Companies Law, the roles of the compensation committee are, among others, as follows:

- making recommendations to the board of directors with respect to the approval of the compensation policy for office holders and to make recommendations to the board of directors, once every three years, regarding the approval of the extension of such compensation policy;
- reviewing the implementation of the compensation policy and periodically making recommendations to the board of directors with respect to any amendments or updates of the compensation policy;
- resolving whether or not to approve arrangements with office holders; and
- exempting, under certain circumstances, transactions with our Chief Executive Officer from the approval of our shareholders.

Our board of directors has adopted a compensation committee charter setting forth the responsibilities of the compensation committee, which are consistent with the corporate governance rules of Nasdaq and include among others:

- recommending to our board of directors for its approval of a compensation policy in accordance with the requirements of the Companies Law, incentive-based and equity-based compensation plans (insofar as these relate to office holders in the Company); overseeing the development and implementation of such policies and incentive-based and equity-based compensation plans; and recommending to our board of directors any amendments or modifications to such policies and plans that the committee deems appropriate, including as required under the Companies Law;

- reviewing and approving the employment and engagement terms of our office holders, including granting of stock options and other incentive-based awards and reviewing and approving corporate goals and objectives relevant to the compensation of our executive officers, including evaluating their performance in light of such goals and objectives; and

- approving and exempting certain transactions regarding office holders' compensation pursuant to the Companies Law.

Nominating, Governance and Sustainability Committee

Companies Law Requirements

The Companies Law does not require that a board have a nominations committee so does not mandate that all members of the nominations committee must be independent directors, except that any board committee authorized to exercise board power must include at least one external director.

Listing Requirements

Under the corporate governance rules of Nasdaq, we are permitted to follow home country practice with respect to the composition of our nominations committee.

Our nominating, governance and sustainability committee consists of Ohad Chereshniya, Lilach Payorski and Michael Farello, with Ohad Chereshniya serving as chair. Our board of directors has determined that Ohad Chereshniya and Lilach Payorski are each independent under the corporate governance rules of Nasdaq.

Nominating, Governance and Sustainability Committee Role

Our board of directors has adopted a nominating, governance and sustainability committee charter setting forth the responsibilities of the committee, which include:

- overseeing and assisting our board of directors in reviewing and recommending nominees for election as directors;

- assessing the performance of the members of our board of directors; and

- establishing and maintaining effective corporate governance policies and practices, including, but not limited to, developing and recommending to our board of directors a set of corporate governance guidelines applicable to our business.

Incentive Awards Committee

Our incentive awards committee consists of Oran Holtzman and Ohad Chereshniya, with Ohad Chereshniya serving as chair. Pursuant to a resolution of our board of directors, the incentive awards committee has been delegated with the authority, subject to applicable law, to:

- grant awards under the 2023 Plan subject to criteria determined by the board of directors and to approve the issuance of ordinary shares as a result of the exercise, vesting, settlement or conversion (as applicable) of such awards; and

- administer the 2023 Plan.

Exculpation, Insurance, and Indemnification of Office Holders

Under the Companies Law, a company may not exculpate an office holder from liability for a breach of the duty of loyalty. An Israeli company may exculpate an office holder in advance from liability, in whole or in part, for damages as a result of a breach of duty of care, but only if a provision authorizing such exculpation is included in its articles of association. Our amended and restated articles of association include such a provision. An Israeli company may not exculpate a director from liability arising out of a prohibited dividend or distribution to shareholders.

An Israeli company may indemnify an office holder in respect of the following liabilities and expenses incurred for acts performed as an office holder, either in advance of an event or following an event, provided a provision authorizing such indemnification is contained in its articles of association:

- a financial liability imposed on him or her in favor of another person pursuant to a judgment, including a settlement or arbitrator's award approved by a court. However, if an undertaking to indemnify an office holder with respect to such liability is provided in advance, then such an undertaking must be limited to events which, in the opinion of the board of directors, can be foreseen based on the company's activities when the undertaking to indemnify is given, and to an amount or according to criteria determined by the board of directors as reasonable under the circumstances, and such undertaking shall detail the abovementioned events and amount or criteria;

- reasonable litigation expenses, including legal fees, incurred by the office holder (1) as a result of an investigation or proceeding instituted against him or her by an authority authorized to conduct such investigation or proceeding, provided that (i) no indictment was filed against such office holder as a result of such investigation or proceeding; and (ii) no financial liability, such as a criminal penalty, was imposed upon him or her as a substitute for the criminal proceeding as a result of such investigation or proceeding or, if such financial liability was imposed, it was imposed with respect to an offense that does not require proof of criminal intent; and (2) in connection with a monetary sanction;

- reasonable litigation expenses, including legal fees, incurred by the office holder or imposed by a court in proceedings instituted against him or her by the company, on its behalf or by a third party or in connection with criminal proceedings in which the office holder was acquitted or as a result of a conviction for an offense that does not require proof of criminal intent; and

- expenses, including reasonable litigation expenses and legal fees, incurred by an office holder in relation to an administrative proceeding instituted against such office holder, or certain compensation payments made to an injured party imposed on an office holder by an administrative proceeding, pursuant to certain provisions of the Israeli Securities Law.

An Israeli company may insure an office holder against the following liabilities incurred for acts performed as an office holder if and to the extent provided in the company's articles of association:

- a breach of the duty of loyalty to the company, to the extent that the office holder acted in good faith and had a reasonable basis to believe that the act would not prejudice the company;

- a breach of the duty of care to the company or to a third party, to the extent such breach arises out of the negligent conduct of the office holder;

- a financial liability imposed on the office holder in favor of a third party;

- a financial liability imposed on the office holder in favor of a third party harmed by a breach in an administrative proceeding; and

- expenses, including reasonable litigation expenses and legal fees, incurred by the office holder as a result of an administrative proceeding instituted against him or her, pursuant to certain provisions of the Israeli Securities Law.

An Israeli company may not indemnify, exculpate or insure an office holder against any of the following:

- a breach of the duty of loyalty, except to the extent that the office holder acted in good faith and had a reasonable basis to believe that the act would not prejudice the company;
- a breach of the duty of care committed intentionally or recklessly, excluding a breach arising out of the negligent conduct of the office holder;
- an act or omission committed with intent to derive illegal personal benefit; or
- a civil or criminal fine, monetary sanction or forfeit levied against the office holder.

Under the Companies Law, exculpation, indemnification and insurance of office holders must be approved by the compensation committee and the board of directors (and, with respect to directors and the Chief Executive Officer, by the shareholders). However, under regulations promulgated under the Companies Law, the insurance of office holders does not require shareholder approval and may be approved by only the compensation committee if the engagement terms are determined in accordance with the company's compensation policy, which was approved by the shareholders by the same special majority required to approve a compensation policy, provided that the insurance policy is on market terms and the insurance policy is not likely to materially impact the company's profitability, assets or obligations.

Our amended and restated articles of association allow us to exculpate, indemnify and insure our office holders for any liability imposed on them as a consequence of an act (including any omission) which was performed by virtue of being an office holder. Our office holders are currently covered by a directors' and officers' liability insurance policy.

We have entered into agreements with certain of our directors and executive officers exculpating them in advance, to the fullest extent permitted by law, from liability to us for damages caused to us as a result of a breach of duty of care, and undertaking to indemnify them to the fullest extent permitted by law. This indemnification is limited to events determined as reasonably anticipated by the board of directors based on our activities, and to an amount determined by the board of directors as reasonable under the circumstances.

The maximum indemnification amount set forth in such agreements is limited to an amount equal to the higher of $25 million and 25% of our total shareholders' equity as reflected in our most recent consolidated financial statements prior to the date on which the indemnity payment is made. The maximum amount set forth in such agreements is in addition to any amount paid (if paid) under insurance and/or by a third party pursuant to an indemnification arrangement.

In the opinion of the SEC, indemnification of directors and office holders for liabilities arising under the Securities Act, however, is against public policy and therefore unenforceable.

There is no pending litigation or proceeding against any of our office holders as to which indemnification is being sought, nor are we aware of any pending or threatened litigation that may result in claims for indemnification by any office holder.

D. Employees

As of December 31, 2024, we had a corporate workforce of 489 individuals across our organization, compared to 342 individuals and 271 individuals as of December 31, 2023 and 2022, respectively. As of December 31, 2024, approximately 44% and 56% of this workforce was located in the United States and outside of the United States, respectively, compared to 41% and 59% and 40% and 60% as of December 31, 2023 and 2022, respectively. None of our employees are represented by labor unions, or works council or are subject to any collective bargaining agreements. Extension orders issued by the Israeli Ministry of Economy and Industry apply to us and affect matters such as cost of living adjustments to salaries, length of working hours and week, recuperation pay, travel expenses and pension rights. We have not experienced any work stoppages, and we believe that our employee relations are strong.

E. Share Ownership

Ownership of our ordinary shares by our directors and executive officers is set forth in the section titled "Item 7.A. Major Shareholders and Related Party Transactions—Major Shareholders" of this Annual Report.

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

Not applicable.

ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

A. Major Shareholders

The following table sets forth information with respect to the beneficial ownership of our ordinary shares as of December 31, 2024 by each person or group of affiliated persons known by us to own beneficially more than 5% of our outstanding ordinary shares, each of our executive officers and directors individually and all of our executive officers and directors as a group.

The number of ordinary shares beneficially owned by each entity, person, or director is determined in accordance with the SEC rules and the information is not necessarily indicative of beneficial ownership for any other purpose. Under such rules, beneficial ownership includes any ordinary shares over which a person has sole or shared voting power or investment power, or the right to receive economic benefit of ownership, as well as any ordinary shares subject to options, warrants or other rights that are currently exercisable or exercisable within 60 days. For purposes of the table below, we deem ordinary shares subject to options, RSUs, warrants or other rights that are currently exercisable or exercisable within 60 days of December 31, 2024 to be outstanding and to be beneficially owned by the person holding the options, RSUs, or warrants for the purposes of computing the ownership and percentage ownership of that person but we do not treat them as outstanding for the purpose of computing the percentage ownership of any other person.

The percentage of outstanding ordinary shares is computed on the basis of 44,281,291 Class A ordinary shares and 11,547,000 Class B ordinary shares outstanding as of December 31, 2024.

Neither our principal shareholders nor our directors and executive officers have different or special voting rights with respect to their ordinary shares, except that each Class A ordinary share is entitled to one vote per share and each Class B ordinary share is entitled to ten votes per share. See the section titled "Description of Share Capital and Articles of Association—Amended and Restated Articles of Association—Voting."

As of December 31, 2024, we had 29 holders of record of our Class A ordinary shares in the United States, holding, in the aggregate 37,299,661, or 84.2%, of our outstanding Class A ordinary shares. However, our U.S. holders of record include CEDE & CO., a nominee of The Depository Trust Company, which held 31,570,415 of our Class A ordinary shares as of December 31, 2024, and Equiniti Trust Company, LLC (f/k/a American Stock Transfer & Trust Company), which held 16,594 of our Class A ordinary shares pursuant to escrow arrangements related to the Revela Merger Agreement as of December 31, 2024. Accordingly, we believe that the shares held by CEDE & CO. and Equiniti Trust Company, LLC include Class A ordinary shares beneficially owned by U.S. holders and non-U.S. holders. There are no U.S. holders of record of our Class B ordinary shares.

Unless otherwise noted below, each shareholder's address is 110 Greene Street, New York, New York 10012.

A description of any material relationship that our principal shareholders have had with us or any of our affiliates within the past three years is included in the section titled "Item 7.B. Major Shareholders and Related Party Transactions—Related Party Transactions."

	Shares Beneficially Owned				
	Class A Ordinary Shares	%	Class B Ordinary Shares	%	% of Voting Power
Name of Beneficial Owner					
Principal Shareholders					
L Catterton[(1)]	4,037,472	9.1 %	—	—	2.5 %
Baillie Gifford & Co[(2)]	5,969,581	13.5 %	—	—	3.7 %
FMR LLC[(3)]	3,877,635	8.8 %	—	—	2.4 %
Directors and Executive Officers					
Oran Holtzman[(4)]	6,852,450	15.5 %	11,547,000	100 %	76.2 %
Shiran Holtzman-Erel	—	—	—	—	—
Lindsay Drucker Mann[(5)]	756,735	1.7 %	—	—	*
Shuki Nir	—	—	—	—	—
Niv Price[(6)]	72,936	*	—	—	*
Michael Farello[(7)]	57,143	*	—	—	*
Lilach Payorski[(8)]	5,912	*	—	—	*
Ohad Chereshniya[(9)]	2,956	*	—	—	*
All executive officers and directors as a group (8 persons)	7,748,132	17.5 %	11,547,000	100 %	76.8 %

* Indicates holdings of less than 1%

1) Based on a Schedule 13G filing made on November 18, 2024. Consists of Class A ordinary shares beneficially owned by LCGP3 Pro Makeup, L.P. CGP3 Managers, L.L.C. is the general partner of LCGP3 Pro Makeup, L.P. and the management of CGP3 Managers, L.L.C. is controlled by its managing members. Scott A. Dahnke and J. Michael Chu are the managing members of CGP3 Managers, L.L.C. and as such may be deemed to share voting control and investment power over such shares that are held by CGP3 Managers, L.L.C. The address of LCGP3 Pro Makeup, L.P. is 599 W. Putnam Avenue, Greenwich, CT 06830.
2) Based on information reported by Baillie Gifford & Co on Form 13F-HR filed with the SEC on January 31, 2025. Consists of Class A ordinary shares beneficially owned by Baillie Gifford & Co., Baillie Gifford Overseas LTD and Baillie Gifford Investment Management (Europe) Ltd. The address of Baillie Gifford & Co is Calton Square, 1 Greenside Row, Edinburgh EH1 3AN, Scotland, U.K.
3) Based on information reported by FMR LLC on Form 13F-HR filed with the SEC on February 13, 2025. Consists of Class A ordinary shares beneficially owned by Fidelity Management & Research Co. LLC, Fidelity Management Trust Co., Strategic Advisers LLC, Fidelity Institutional Asset Management Trust Co. and FIAM LLC. The address of FMR LLC is 245 Summer Street, Boston, MA 02210.
4) Based on a Schedule 13G filing made on February 12, 2024. Consists of 6,852,450 Class A ordinary shares and 11,547,000 Class B ordinary shares beneficially owned by Oran Shilo Investments LP ("Shilo"). Shilo is controlled by Oran Holtzman, our founder and Chief Executive Officer, and Mr. Holtzman has voting control and investment power over our shares that are held by Shilo.
5) Consists of 34,729 Class A ordinary shares and 722,006 underlying options exercisable within 60 days of December 31, 2024.
6) Consists of 72,936 Class A ordinary shares.
7) Consists of 57,143 Class A ordinary shares.
8) Consists of 5,912 Class A ordinary shares.
9) Consists of 2,956 Class A ordinary shares.

Significant Changes in Ownership

Our initial public offering on Nasdaq occurred on July 19, 2023. In connection with our initial public offering, the Company issued and sold 1,754,385 Class A ordinary shares, LCGP3 sold 5,068,969 Class A ordinary shares and Oran Holtzman sold 7,097,696 Class A ordinary shares.

During 2024, LCGP3 sold via (i) an underwritten secondary offering, (ii) a repurchase by the Company, and (iii) a brokered private sale a total of 9,102,885 Class A ordinary shares, reducing its holdings to 4,037,472 Class A ordinary shares.

According to Schedule 13G filings made with the SEC on November 4, 2024 and November 12, 2024, Baillie Gifford & Co and FMR LLC each respectively beneficially own greater than 5% of our Class A ordinary shares.

To our knowledge, and based on Section 13 filings with the SEC, other than as disclosed in the table above, there have been no other significant changes in the percentage ownership held by any major shareholder during the past three years.

Voting Rights

Information related to voting rights of certain of the major shareholders listed in the table above is set forth in the section titled "Item 10.B. Additional Information—Articles of Association" of this Annual Report.

Change in Control Arrangements

We are not aware of any arrangement that may at a subsequent date, result in a change of control of the Company.

B. Related Party Transactions

Approval of Related Party Transactions under Israeli Law

Fiduciary Duties of Directors and Executive Officers

The Companies Law codifies the fiduciary duties that office holders owe to a company consisting of a duty of care and a duty of loyalty. The duty of care requires an office holder to act with the level of care with which a reasonable office holder in the same position would have acted under the same circumstances. The duty of care includes, among other things, a duty to use reasonable means, in light of the circumstances, to obtain:

- information on the business advisability of a given action brought for his, her or its approval or performed by virtue of his, her or its position; and
- all other important information pertaining to such action.

The duty of loyalty requires that an office holder act in good faith and in the best interests of the company and includes, among other things, the duty to:

- refrain from any act involving a conflict of interest between the performance of his, her or its duties in the company and his, her or its other duties or personal affairs;
- refrain from any activity that is competitive with the business of the company;
- refrain from exploiting any business opportunity of the company for the purpose of gaining a personal advantage for himself, herself, or itself or others; and
- disclose to the company any information or documents relating to the company's affairs which the office holder received as a result of his, her, or its position as an office holder.

Under the Companies Law, a company may approve an act specified above which would otherwise constitute a breach of the office holder's fiduciary duty, provided that the office holder acted in good faith, neither the act nor its approval harms the company, and the office holder discloses his, her or its personal interest a sufficient time before the approval of such act. Any such approval is subject to the terms of the Companies Law setting forth, among other things, the appropriate bodies of the company required to provide such approval and the methods of obtaining such approval.

Disclosure of Personal Interests of an Office Holder and Approval of Certain Transactions

The Companies Law requires that an office holder promptly disclose to the board of directors any personal interest that such office holder may have and all related material information known to such office holder concerning any existing or proposed transaction with the company. A personal interest includes an interest of any person in an act or transaction of a company, including a personal interest of one's relative or of a corporate body in which such person or a relative of such person is a 5% or greater shareholder, director, or general manager or in which such person has the right to appoint at least one director or the general manager, but excluding a personal interest stemming solely from one's ownership of shares in the company. A personal interest includes the personal interest of a person for whom the office holder holds a voting proxy or the personal interest of the office holder with respect to the office holder's vote on behalf of a person for whom he or she holds a proxy even if such shareholder has no personal interest in the matter.

If it is determined that an office holder has a personal interest in a non-extraordinary transaction, meaning any transaction that is in the ordinary course of business, on market terms or that is not likely to have a material impact on the company's profitability, assets or liabilities, approval by the board of directors is required for the transaction, unless the company's articles of association provide for a different method of approval. Any such transaction may be approved by the board of directors only if it determines that the transaction is in the company's interest.

Approval first by the company's audit committee and subsequently by the board of directors is required for an extraordinary transaction (meaning any transaction that is not in the ordinary course of business, not on market terms or that is likely to have a material impact on the company's profitability, assets or liabilities) in which an office holder has a personal interest.

A director and any other office holder who has a personal interest in a transaction which is considered at a meeting of the board of directors or the audit committee may generally (unless it is with respect to a transaction which is not an extraordinary transaction) not be present at such a meeting or vote on that matter, unless a majority of the directors or members of the audit committee, as applicable, have a personal interest in the matter. If a majority of the members of the audit committee or the board of directors have a personal interest in the matter, then all of the directors may participate in the deliberations of the audit committee or board of directors, as applicable, with respect to such transaction and vote on the approval thereof and, in such case, shareholder approval is also required.

Certain disclosure and approval requirements apply under Israeli law to certain transactions with controlling shareholders, certain transactions in which a controlling shareholder has a personal interest, and certain arrangements regarding the terms of service or employment of a controlling shareholder. For these purposes, a controlling shareholder is any shareholder that has the ability to direct the company's actions, including any shareholder holding 25% or more of the voting rights if no other shareholder owns more than 50% of the voting rights in the company. Two or more shareholders with a personal interest in the approval of the same transaction are deemed to be one shareholder for these purposes.

For a description of the approvals required under Israeli law for compensation arrangements of officers and directors, see the section titled "Item 6.B. Directors, Senior Management and Employees—Compensation—Compensation of Directors."

Shareholder Duties

Pursuant to the Companies Law, a shareholder has a duty to act in good faith and in a customary manner toward the company and other shareholders and to refrain from abusing his or her power with respect to the company, including, among other things, in voting at a general meeting and at shareholder class meetings with respect to the following matters:

- an amendment to the company's articles of association;
- an increase of the company's authorized share capital;
- a merger; or
- interested party transactions that require shareholder approval.

In addition, a shareholder has a general duty to refrain from discriminating against other shareholders.

Certain shareholders also have a duty of fairness toward the company. These shareholders include any controlling shareholder, any shareholder who has the power to determine the outcome of a shareholder vote, and any shareholder who has the power to appoint or to prevent the appointment of an office holder of the company or exercise any other rights available to it under the company's articles of association with respect to the company. The Companies Law does not define the substance of this duty of fairness, except to state that the remedies generally available upon a breach of contract will also apply in the event of a breach of the duty of fairness.

Our policy is to enter into transactions with related parties on terms that, on the whole, are no more or less favorable than those available from unaffiliated third parties. Based on our experience in the business sectors in which we operate and the terms of our transactions with unaffiliated third parties, we believe that all of the transactions described below met this policy standard at the time they occurred.

Rights of Appointment

We are not a party to, and are not aware of, any voting agreements among our shareholders which are currently in effect.

Repurchase Agreement with LCGP3 Pro Makeup, L.P. ("LCGP3")

On November 12, 2024, we entered into an agreement for the repurchase of certain of its Class A ordinary shares owned by LCGP3 for a total consideration of approximately $100 million (the "Share Repurchase"). The Share Repurchase closed on November 18, 2024, at which time the Company repurchased from LCGP3 and retired approximately 2.35 million shares at a price per share of $42.501.

Registration and Resale of Class A Ordinary Shares of the Company by LCGP3

On March 15, 2024, we announced the pricing of an underwritten secondary offering (the "March Secondary Offering") of 4.78 million of our Class A ordinary shares by LCGP3 at a price to the public of $43.50 per share. We did not receive any proceeds in the March Secondary Offering. The March Secondary Offering was conducted pursuant to the registration rights agreement with LCGP3, as described below under "Registration Rights".

Nominee and Indemnity Agreement with Catterton Management Company, L.L.C. and Michael Farello

On November 27, 2023, we entered into a Nominee and Indemnity Agreement with Catterton Management Company, L.L.C. ("Catterton Management") as investment manager of LCGP3 and *L* Catterton Growth Partners III Offshore, L.P. and Michael Farello. Under the Nominee and Indemnity Agreement, Michael Farello agreed to hold any stock awards granted to him by us as compensation for his service as a member of our board of directors as nominee for Catterton Management and further agreed that any cash compensation granted to him by us for his service as a member of our board of directors be paid directly to Catterton Management. Each of LCGP3 and *L* Catterton Growth Partners III Offshore, L.P. indemnified us and Michael Farello in connection with any stock awards granted by us and held by Michael Farello as nominee for Catterton Management.

Indemnification and Expense Agreement with Catterton Management Company, L.L.C.

On June 2, 2017, we entered into an Indemnification and Expense Agreement with Catterton Management, pursuant to an investment in our ordinary shares on such date by LCGP3 Pro Makeup, L.P. ("LCGP3"), an entity affiliated with Catterton Management. Under the Indemnification and Expense Agreement, we undertook to pay all reasonable expenses incurred by or on behalf of Catterton Management or its affiliates in connection with any services provided to us by Catterton Management or its affiliates. We also undertook to provide certain indemnity protections to Catterton Management and others affiliated with Catterton Management against any and all claims, legal actions, liabilities or expenses incurred by them arising out of or relating to any claims made against LCGP3 as a result of being one of our shareholders or relating to operations of or services provided by Catterton Management or its affiliates to us, all subject to certain conditions provided in the agreement. The indemnification obligations pursuant to this agreement are uncapped.

No services were rendered and we did not pay Catterton Management any amounts under the Indemnification and Expense Agreement for the years ended December 31, 2024, 2023 and 2022, respectively. This agreement terminated in connection with the closing of our initial public offering.

Registration Rights

On June 2, 2017, we entered into a registration rights agreement with Oran Shilo Investments LP and Il Makiage Investments L.P., each of which is controlled by Oran Holtzman, our founder and Chief Executive Officer, and LCGP3 (together, the "RRA Investors"). As of December 31, 2024, there were 10,889,922 Class A ordinary shares and 11,547,000 Class B ordinary shares subject to the registration rights agreement. Our registration rights agreement entitles the RRA Investors to certain registration rights, as set forth below.

Form F-1 Demand Rights

Any RRA Investor may request that we register all or a portion of their shares. Following the receipt of such request, we may file such registration statement within 60 days but are entitled to refuse such registration under the terms of the registration rights agreement. We will not be required to effect more than two registrations on Form F-1 that have been declared effective. We have the right to defer such registration under certain circumstances.

Form F-3 Demand Rights

Any RRA Investor can make a request that we register their shares on Form F-3 within 45 days if we are qualified to file a registration statement on Form F-3. We will not be required to effect more than two registrations on Form F-3. We have the right to defer such registration under certain circumstances.

Company Registration

If we propose to register a public offering of our shares for cash under the Securities Act, we are required to promptly give notice of such registration to each RRA Investor and include the shares of any RRA Investor in our registration if such RRA Investor so requests within 20 days of receiving our notice. If our proposed registration involves an underwriting, the underwriters of such offering will have the right to limit the number of shares to be underwritten for reasons related to the marketing of the shares. We have the right to terminate or withdraw any such registration before its effective date, whether or not an RRA Investor has elected to include its shares in such registration.

Expenses and Indemnification

Ordinarily, other than underwriting discounts and commissions, we will be required to pay all expenses incurred by us related to any registration effected pursuant to the exercise of these registration rights. These expenses may include all registration, filing, and qualification fees, printers' and accounting fees, fees and disbursements of our counsel, and the reasonable fees and disbursements of one counsel for each of the RRA Investors. Additionally, we have agreed to indemnify RRA Investors for damages, and any legal or other expenses reasonably incurred, arising from or based upon any untrue statement of a material fact contained in any registration statement, an omission or alleged omission to state a material fact in any registration statement or necessary to make the statements therein not misleading, or any violation or alleged violation by the indemnifying party of securities laws, subject to certain exceptions.

Termination

The rights of the RRA Investors to request registration or inclusion of their shares in any Company registration statement will terminate on the third anniversary of our initial public offering.

Letter Agreement with Cosmofill Industries Ltd.

On August 2, 2017, we signed a letter agreement with Cosmofill, certain other entities controlled by Mr. Holtzman and LCGP3. Pursuant to this side letter, LCGP3 is provided with the unilateral right to initiate a merger of Cosmofill with us at no cost to us, and Cosmofill is obligated to bear sole responsibility for all costs or expenses associated with such merger.

Agreements with Niv Price

Stock Purchase Agreement

On July 9, 2021, we entered into a stock purchase agreement with the shareholders of Voyage81, including Niv Price, now our Chief Technology Officer, whereby we acquired all the shares of Voyage81 from such shareholders. In connection with the acquisition of Voyage81, we paid Mr. Price an aggregate of $3.3 million in exchange for his shares of Voyage81.

Holdback Agreement

On July 9, 2021, we entered into a holdback agreement (the "Holdback Agreement"), with Mr. Price as a condition for the consummation of the acquisition of Voyage81. Pursuant to the Holdback Agreement, we withheld from Mr. Price a portion of the consideration due to him on account of the sale of his holdings in Voyage81 and agreed to pay him such deferred consideration in two equal installments of $0.8 million on each of the second and third anniversary dates of the closing of the acquisition of shares under the stock purchase agreement. The first of such installment payments was made to Mr. Price on July 26, 2023, and the second installment payment was made to Mr. Price on July 26, 2024.

Agreements with Directors and Officers

Employment Agreements

We have entered into at-will employment agreements with each of our executive officers who works for us as an employee. These agreements each contain provisions regarding non-competition, confidentiality of information, and assignment of inventions. The enforceability of covenants not to compete is subject to limitations.

Incentive Plan with Respect to SpoiledChild

On October 4, 2020, we provided each of Oran Holtzman, our co-founder and Chief Executive Officer, and Shiran Holtzman-Erel, our co-founder and Chief Product Officer, with an incentive plan in connection with revenue earned from our SpoiledChild brand. During the years ended December 31, 2023 and 2022, we recognized expenses of $17.4 million and $12.6 million under this plan, respectively. No further amounts are payable thereunder. See the section titled "Item 6.B. Directors, Senior Management and Employees—Compensation—Aggregate Compensation of Executive Officers and Directors" for more information and the section titled "Management—Incentive Plan with Respect to SpoiledChild" in our final prospectus filed with the SEC pursuant to Rule 424(b)(4) on July 20, 2023, which is hereby incorporated by reference into this Annual Report.

Awards

We grant annual and other cash bonuses to our employees and certain members of senior management, as well as options to purchase our ordinary shares to our employees and RSUs to certain members of senior management and the board of directors. See the sections titled "Item 6.B. Directors, Senior Management and Employees—Compensation—Aggregate Compensation of Executive Officers and Directors," "Item 6.B. Directors, Senior Management and Employees—Compensation—Compensation of Senior Management and Other Employees—Compensation Policy Under the Companies Law" and "Item 6.B. Directors, Senior Management and Employees—Compensation—Share Option Plans" for more information on such awards.

Exculpation, Indemnification and Insurance

Our amended and restated articles of association permit us to exculpate, indemnify, and insure our directors and office holders to the fullest extent permitted by the Companies Law. We have entered into agreements with certain of our directors and office holders, exculpating them from a breach of their duty of care to us to the fullest extent permitted by law and undertaking to indemnify them to the fullest extent permitted by law, subject to certain exceptions. See the section titled "Item 6.C. Directors, Senior Management and Employees—Board Practices—Exculpation, Insurance, and Indemnification of Office Holders" for more information.

C. Interests of Experts and Counsel

Not applicable.

ITEM 8. FINANCIAL INFORMATION

A. Consolidated Statements and Other Financial Information

The financial statements of the Company are set forth in the section titled “Item 18. Financial Statements” of this Report.

Legal Proceedings

We are currently involved in, and may in the future from time to time become involved in, legal actions and proceedings arising in the ordinary course of our business. These include or may in future include actions, claims, suits, government investigations or other legal proceedings, including assertions by third parties relating to intellectual property infringement, breaches of contract or warranties, employment-related matters, securities laws, regulatory matters, data privacy and cybersecurity, commercial matters, competition, tax, pricing, discrimination and consumer protection.

In July 2024, a putative class action lawsuit titled Hoare v. Oddity Tech Ltd., et al., Case No. 1:24-cv-05037-RER, was brought by Oddity shareholder Brian Hoare in the United States District Court for the Eastern District of New York against the Company and certain of its current officers and directors. On August 22, 2024, the case was transferred to the United States District Court for the Southern District of New York, where it is currently pending as Case No. 1:24-cv-06571-MMG. On December 5, 2024, the District Court issued an order appointing Alex Gordon as Lead Plaintiff. On February 18, 2025, Lead Plaintiff and Brian Hoare filed an Amended Complaint on behalf of certain Oddity shareholders alleging that defendants made false or misleading statements and omissions of purportedly material facts, in violation of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder, and Sections 11 and 15 of the Securities Act of 1933 in connection with and following the Company’s initial public offering. The Amended Complaint seeks unspecified damages and an award of costs and expenses. The Company and its officers and directors believe they have meritorious defenses and plan to vigorously defend this action.

The results of any current or future legal proceedings, claims or government investigations are inherently unpredictable and subject to significant judgment to determine the likelihood and amount of loss related to such matters. Regardless of the final outcome, litigation can have an adverse impact on us due to defense and litigation costs, diversion of management resources, reputational harm and other factors. See the section titled “Item 3.D. Key Information—Risk Factors—Risks Related to Legal, Regulatory, and Tax Matters—Disputes and other legal or regulatory proceedings could adversely affect our financial results.”

Dividends and Dividend Policy

We have never declared or paid cash dividends on our ordinary shares. We do not currently anticipate paying any dividends on our ordinary shares and currently expect to retain all future earnings for use in the operation and expansion of our business. We may reevaluate our dividend policy in the future. The declaration, amount and payment of any future dividends on our ordinary shares will be at the sole discretion of our board of directors, which may take into account general and economic conditions, our financial condition and results of operations, our available cash and current and anticipated cash needs, capital requirements, contractual, legal, tax and regulatory restrictions and implications on the payment of dividends by us to our shareholders or by our subsidiaries to us, including restrictions under other indebtedness we may incur, and such other factors as our board of directors may deem relevant. If we elect to pay such dividends in the future, we may reduce or discontinue entirely the payment of such dividends at any time. In addition, the Companies Law imposes restrictions on our ability to declare and pay dividends. See the section titled “Item 10.B. Additional Information—Articles of Association—Dividend and Liquidation Rights” for more information.

Payment of dividends may be subject to Israeli withholding taxes. See the section titled “Item 10.E. Taxation—Israeli Tax Considerations” for additional information.

B. Significant Changes

Except as disclosed elsewhere in this Annual Report, we have not experienced any significant changes since the date of our audited consolidated financial statements included in this Annual Report.

ITEM 9. THE OFFER AND LISTING

A. Offer and Listing Details

Our Class A Ordinary Shares are listed on Nasdaq under the symbol "ODD".

B. Plan of Distribution

Not applicable.

C. Markets

Information related to markets is set forth in the section titled "Item 9.A. The Offer and Listing—Offer and Listing Details" of this Annual Report.

D. Selling Shareholders

Not applicable.

E. Dilution

Not applicable.

F. Expenses of the Issue

Not applicable.

ITEM 10. ADDITIONAL INFORMATION

A. Share Capital

Not applicable.

B. Articles of Association

The following is a description of the material terms of our amended and restated articles of association. The following descriptions of share capital and provisions of our amended and restated articles of association are summaries and are qualified by reference to our amended and restated articles of association, a copy of which is filed with the SEC as an exhibit to this Annual Report.

Share Capital

Our authorized share capital currently consists of 200,000,000 Class A ordinary shares and 40,000,000 Class B ordinary shares.

The rights of the holders of Class A ordinary shares and Class B ordinary shares are identical, except with respect to voting rights (as described below under the section titled "Voting Rights"), conversion rights, and transfer rights. Only our Class A ordinary shares are listed for trading on Nasdaq.

Our board of directors may determine the issue prices and terms for such shares or other securities, and may further determine any other provision relating to such issue of shares or securities. We may also, subject to applicable law, issue and redeem redeemable securities on such terms and in such manner as our board of directors shall determine.

As of December 31, 2024, there were issued and outstanding 44,281,291 Class A ordinary shares held by 39 holders of record and 11,547,000 Class B ordinary shares held by 1 holder of record (Oran Holtzman, who is our co-founder and Chief Executive Officer).

Registration Number and Purposes of the Company

We are registered with the Israeli Registrar of Companies. Our registration number is 51-493626-9. Our affairs are governed by our amended and restated articles of association, applicable Israeli law, and the Companies Law. Our purpose as set forth in our amended and restated articles of association is to carry on any business, and do any act, which is not prohibited by law.

Voting Rights

Each Class A ordinary share is entitled to one vote per share. Each Class B ordinary share is entitled to ten votes per share. Holders of our Class A ordinary shares and Class B ordinary shares will vote together as a single class on all matters (including the election of directors) submitted to a vote of shareholders except as otherwise provided in our amended and restated articles of association or as required by applicable law. Under our amended and restated articles of association and the Companies Law, the holders of our Class B ordinary shares will only vote as a separate class under certain circumstances, including, pursuant to the Companies Law, for the purpose of approving a merger if we are the non-surviving entity of the merger, and in the following circumstances prescribed by our amended and restated articles:

- on a proposal to convert the entire class of those shares into Class A ordinary shares on a one-for-one basis, which requires the affirmative vote of the holders of at least 60% of the outstanding Class B ordinary shares for approval;

- disproportionate distributions or recapitalizations that adversely impact the Class B ordinary shares; or

- differing treatment to the Class B ordinary shares in a merger or similar change of control transaction.

Conversion

Each Class B ordinary share is convertible at any time at the option of the holder into one Class A ordinary share. In addition, each Class B ordinary share will convert automatically on a one-for-one basis into a Class A ordinary share upon the sale or transfer of such Class B ordinary share, other than transfers to certain permitted transferees, as defined in our amended and restated articles of association. Permitted transferees include (1) in the case of an institutional, private equity, hedge, venture capital or other private investment fund, or any subsidiary of such a person, any partner, limited partner, retired partner, member or retired member of such holder, any affiliated fund, any fund which is controlled by or under common control with one or more general partners of such holder, any fund that is managed and governed by the same management company as such holder, any fund that controls such holder or any fund that is controlled by, under common control with, managed or advised by the same management company or registered investment advisor that controls, is under common control with, manages or advises the fund that controls such holder; (2) in the case of a mutual fund, pension fund, other pooled investment vehicle or an institutional client, to another mutual fund, pension fund, other pooled investment vehicle or an institutional client in connection with a merger, fund reorganization or otherwise for regulatory or fund management purposes; (3) in the case of a partnership, its limited partners, provided each has received their entitlement in the transferred company's shares on a pro-rata basis based on their limited partner's interest, and provided that such partnership or its ultimate controlling person maintains the exclusive ability to vote or control and direct the vote of the Class B ordinary shares; and (4) in the case of a natural person, an entity controlled (directly or indirectly) by a natural person, or a trust created by a natural person: (a) such natural person; (b) a family member and, solely in the context of a transfer of assets in connection with a divorce, a former spouse of such natural person (provided that such transfer is not in excess of 50% of the shares held by such a shareholder and subject to such former spouse signing an irrevocable proxy and power of attorney to such transferring shareholder with respect to such transferred shares in form and substance reasonably satisfactory to our board of directors); (c) any custodian, trustee (including a trustee of a voting trust), executor or other fiduciary for the account of such shareholder or natural person or any one or more family members of such natural person or any of such shareholder's permitted transferees or any trust contemplated by clause (d); (d) a trust whose sole beneficiary(ies) is the shareholder and/or its permitted transferees; (e) if the shareholder is a trust, any beneficiary(ies) of the trust; and (f) a company, corporation, partnership or limited liability company controlled by such natural person and/or its family members directly, or indirectly through one or more permitted transferees thereof; provided that, in the case of clauses (b) through (f), such natural person maintains the exclusive ability to vote the Class B ordinary shares.

In addition, all outstanding Class B ordinary shares will automatically convert on a one-for-one basis into a Class A ordinary shares upon the earliest of: (i) the date specified by the affirmative vote of the holders of at least 60% of the outstanding Class B ordinary shares, voting as a single class, (ii) 5:00 p.m. New York City time on a date fixed by our board of directors that is not less than 60 days nor more than 180 days following the date that Oran Shilo Investments LP, Il Makiage Investments L.P. and Oran Holtzman, together with their permitted transferees, cease to hold an aggregate of at least 33% of the number of Class B ordinary shares held by such holders at the time of initial issuance of the Class B ordinary shares; (iii) 5:00 p.m. New York City time on a date fixed by our board of directors that is not less than 60 days nor more than 180 days following the death of Oran Holtzman; and (iv) the seven-year anniversary of the closing date of our initial public offering.

Transfer of Shares

Our fully paid ordinary shares are issued in registered form and may be freely transferred under our amended and restated articles of association, unless the transfer is restricted or prohibited by another instrument, applicable law or, with respect to our Class A ordinary shares, the rules of Nasdaq.

Each Class B ordinary share will convert automatically on a one-for-one basis into a Class A ordinary share upon sale or transfer (other than transfers to certain permitted transferees).

The ownership or voting of our ordinary shares by non-residents of Israel is not restricted in any way by our amended and restated articles of association or the laws of the State of Israel, except that such restrictions may exist with respect to shareholders who are nationals of countries that are or have been in a state of war with Israel.

Election of Directors

Under our amended and restated articles of association, our board of directors must consist of not less than three but no more than seven directors.

Pursuant to our amended and restated articles of association, each of our directors, with the exception of external directors, will be appointed by a simple majority vote of holders of our ordinary shares, participating and voting at an annual general meeting of our shareholders. Holders of our Class A ordinary shares and Class B ordinary shares will vote together as a single class on the election of directors, with each Class A ordinary share entitled to one vote per share, and each Class B ordinary share entitled to ten votes per share. However, (i) in the event of a contested election, the method of calculation of the votes and the manner in which the resolutions will be presented to our shareholders at the general meeting shall be determined by our board of directors in its discretion, and (ii) in the event that our board of directors does not or is unable to make a determination on such matter, then the directors will be elected by a plurality of the voting power represented at the general meeting in person or by proxy and voting on the election of directors. In addition, our directors are divided into three classes, one class being elected each year at the annual general meeting of our shareholders, and shall serve on our board of directors until the third annual general meeting following such election or re-election or until they are removed by a vote of 60% of the total voting power of our shareholders at a general meeting of our shareholders or upon the occurrence of certain events, in accordance with the Companies Law and our amended and restated articles of association. In addition, our amended and restated articles of association provide that vacancies on our board of directors may be filled by a vote of a simple majority of directors then in office. Any director so appointed will hold office until the next annual general meeting of our shareholders for the election of the class of directors in respect of which the vacancy was created, or in the case of a vacancy due to the number of directors being less than the maximum number of directors stated in our amended and restated articles of association, until the next annual general meeting of our shareholders for the election of the class of directors to which such director was assigned by our board of directors.

Dividend and Liquidation Rights

We may declare a dividend to be paid to the holders of our ordinary shares in proportion to their respective shareholdings. Under the Companies Law, dividend distributions are determined by the board of directors and do not require the approval of the shareholders of a company unless the company's articles of association provide otherwise. Our amended and restated articles of association do not require shareholder approval of a dividend distribution and provide that dividend distributions may be determined by our board of directors.

Pursuant to the Companies Law, subject to certain exceptions with respect to the buyback of its ordinary shares by the Company, the distribution amount is limited to the greater of retained earnings or earnings generated over the previous two years, according to our then last reviewed or audited financial statements (less the amount of previously distributed dividends, if not reduced from the earnings), provided that the end of the period to which the financial statements relate is not more than six months prior to the date of the distribution. If we do not meet such criteria, then we may distribute dividends only with court approval. In each case, we are only permitted to distribute a dividend if our board of directors and, if applicable, the court determines that there is no reasonable concern that payment of the dividend will prevent us from satisfying our existing and foreseeable obligations as they become due.

In the event of our liquidation, after satisfaction of liabilities to creditors, our assets will be distributed to the holders of our ordinary shares in proportion to their shareholdings. This right, as well as the right to receive dividends, may be affected by the grant of preferential dividend or distribution rights to the holders of a class of shares with preferential rights that may be authorized in the future.

Registration Rights

The RRA Investors are entitled to certain registration rights. See the section titled "Item 7.B. Major Shareholders and Related Party Transactions—Related Party Transactions—Registration Rights."

Shareholder Meetings

Under Israeli law, we are required to hold an annual general meeting of our shareholders once every calendar year and no later than 15 months after the date of the previous annual general meeting. All meetings other than the annual general meeting of shareholders are referred to in our amended and restated articles of association as special general meetings. Our board of directors may call special general meetings of our shareholders whenever it sees fit, at such time and place, within or outside of Israel, as it may determine. In addition, the Companies Law provides that our board of directors is required to convene a special general meeting of our shareholders upon the written request of (i) any two or more of our directors, (ii) one-quarter or more of the serving members of our board of directors or (iii) one or more shareholders holding, in the aggregate, either (a) 10% or more of our outstanding issued shares and 1% or more of our outstanding voting power, or (b) 10% or more of our outstanding voting power (except that the 10% thresholds in (a) and (b) above would be 5% in each case had the Company been incorporated in the U.S. and applicable U.S. requirements called for less than 10%).

Under Israeli law, one or more shareholders holding at least 1% of the voting rights at the general meeting of the shareholders may request that the board of directors include a matter in the agenda of a general meeting of the shareholders to be convened in the future, provided that it is appropriate to discuss such a matter at the general meeting (except with respect to the election or removal of a director, in which case at least 5% of the voting rights is required to permit a shareholder to request that the board of directors include such matter on the agenda). Our amended and restated articles of association contain procedural guidelines and disclosure items with respect to the submission of shareholder proposals for general meetings.

Subject to the provisions of the Companies Law and the regulations promulgated thereunder, shareholders entitled to participate and vote at general meetings of shareholders are the shareholders of record on a date to be decided by the board of directors, which, as a company listed on an exchange outside Israel, may be between four and 60 days prior to the date of the meeting. Furthermore, the Companies Law requires that resolutions regarding the following matters must be passed at a general meeting of shareholders:

- amendments to our articles of association (in addition to the approval by our board of directors, as required pursuant to our amended and restated articles of association);
- appointment, terms of service, and termination of service of our auditors;
- appointment of directors, including external directors (if applicable);
- approval of certain related party transactions;
- increases or reductions of our authorized share capital;
- a merger; and
- the exercise of our board of directors' powers by a general meeting, if our board of directors is unable to exercise its powers and the exercise of any of its powers is required for our proper management.

The Companies Law requires that a notice of any annual general meeting or special general meeting be provided to shareholders at least 21 days prior to the meeting and if the agenda of the meeting includes, among other things, the appointment or removal of directors, the approval of transactions with office holders, or interested or related parties, an approval of a merger or as otherwise required under applicable law, notice must be provided at least 35 days prior to the meeting. Under the Companies Law and our amended and restated articles of association, shareholders are not permitted to take action by way of written consent in lieu of a meeting.

Quorum

Pursuant to our amended and restated articles of association, holders of our Class A ordinary shares have one vote for each Class A ordinary share held and holders of our Class B ordinary shares have ten votes for each Class B ordinary share held on all matters submitted to a vote before the shareholders at a general meeting of shareholders. The quorum required for our general meetings of shareholders consists of at least two shareholders present in person or by proxy who hold or represent between them at least 33-1/3% of the total outstanding voting rights, provided, however, that with respect to any general meeting that was convened pursuant to a resolution adopted by the board of directors and which at the time of such general meeting we qualify to use the forms and rules of a "foreign private issuer," the requisite quorum shall consist of two or more shareholders present in person or by proxy who hold or represent between them at least 25% of the total outstanding voting rights. The requisite quorum shall be present within half an hour of the time fixed for the commencement of the general meeting. A general meeting adjourned for lack of a quorum shall be adjourned either to the same day in the next week, at the same time and place, to such day and at such time and place as indicated in the notice to such meeting, or to such day and at such time and place as the chairperson of the meeting shall determine. At the reconvened meeting, any number of shareholders present in person or by proxy shall constitute a quorum, unless a meeting was called pursuant to a request by our shareholders, in which case the quorum required is one or more shareholders, present in person or by proxy and holding the number of shares required to call the meeting as described above.

Vote Requirements

Our amended and restated articles of association provide that all resolutions of our shareholders require a simple majority vote (based on the number of votes cast, with each Class B ordinary share entitled to ten votes and each Class A ordinary share entitled to one vote), unless otherwise required by the Companies Law or by our amended and restated articles of association. Under the Companies Law, certain actions require the approval of a special majority, including: (i) an extraordinary transaction with a controlling shareholder or in which the controlling shareholder has a personal interest, (ii) the terms of employment or other engagement of a controlling shareholder of the company or a controlling shareholder's relative (even if such terms are not extraordinary) and (iii) certain compensation-related matters described above under the section titled "Item 6.B. Directors, Senior Management and Employees—Compensation—Compensation of Senior Management and Other Employees—Compensation Policy Under the Companies Law." Under our amended and restated articles of association, the alteration of the rights, privileges, preferences, or obligations of any class of our shares requires the approval by a resolution of the general meeting of the holders of all shares as one class, without any required separate resolution of any class of shares, except that, without derogating from the section titled "Voting Rights," any amendment to the rights, privileges, preferences, or obligations of the Class A ordinary shares or the Class B ordinary shares requires a resolution by a majority of at least 60% of the total voting power of our shareholders.

Under our amended and restated articles of association, the approval of the holders of at least 60% of the total voting power of our shareholders is generally required to remove any of our directors from office, to amend the provision requiring the approval of at least 60% of the total voting power of our shareholders to remove any of our directors from office, or certain other provisions regarding amendment of certain rights of our Class A ordinary shares or Class B ordinary shares, our staggered board of directors, shareholder proposals, the size of our board of directors, matters relating to vacancies in our board of directors, and plurality voting in contested elections. Another exception to the simple majority vote requirement is a resolution for the voluntary winding up, or an approval of a scheme of arrangement or reorganization, of the company pursuant to Section 350 of the Companies Law, which requires the approval of holders holding at least 75% of the voting rights represented at the meeting and voting on the resolution.

Access to Corporate Records

Under the Companies Law, all shareholders generally have the right to review minutes of our general meetings, our shareholder register (including with respect to material shareholders), our articles of association, our financial statements, other documents as provided in the Companies Law, and any document we are required by law to file publicly with the Israeli Registrar of Companies or the Israeli Securities Authority. Any shareholder who specifies the purpose of its request may request to review any document in our possession that relates to an action or transaction with a related party which requires shareholder approval under the Companies Law. We may deny a request to review a document if we determine that the request was not made in good faith, that the document contains a trade secret or a patent, or that the document's disclosure may otherwise impair our interests.

Acquisitions under Israeli Law

Full Tender Offer

A person wishing to acquire shares of a public Israeli company who would, as a result, hold over 90% of the target company's voting rights or the target company's issued and outstanding share capital (or of a class thereof), is required by the Companies Law to make a tender offer to all of the company's shareholders for the purchase of all of the issued and outstanding shares of the company (or the applicable class). If (a) the shareholders who do not accept the offer hold less than 5% of the issued and outstanding share capital of the company (or the applicable class) and the shareholders who accept the offer constitute a majority of the offerees that do not have a personal interest in the acceptance of the tender offer or (b) the shareholders who did not accept the tender offer hold less than 2% of the issued and outstanding share capital of the company (or of the applicable class), all of the shares that the acquirer offered to purchase will be transferred to the acquirer by operation of law. A shareholder who had its shares so transferred may petition an Israeli court within six months from the date of acceptance of the full tender offer, regardless of whether such shareholder agreed to the offer, to determine whether the tender offer was for less than fair value and whether the fair value should be paid as determined by the court. However, an offeror may provide in the offer that a shareholder who accepted the offer will not be entitled to petition the court for appraisal rights as described in the preceding sentence, as long as the offeror and the company disclosed the information required by law in connection with the full tender offer. If the full tender offer was not accepted in accordance with any of the above alternatives, the acquirer may not acquire shares of the company that will increase its holdings to more than 90% of the company's voting rights or the company's issued and outstanding share capital (or of the applicable class) from shareholders who accepted the tender offer. Shares purchased in contradiction to the full tender offer rules under the Companies Law will have no rights and will become dormant shares.

Special Tender Offer

The Companies Law provides that an acquisition of shares of an Israeli public company must be made by means of a special tender offer if, as a result of the acquisition, the purchaser would become a holder of 25% or more of the voting rights in the company. This requirement does not apply if there is already another holder of 25% or more of the voting rights in the company. Similarly, the Companies Law provides that an acquisition of shares of an Israeli public company must be made by means of a special tender offer if, as a result of the acquisition, the purchaser would become a holder of more than 45% of the voting rights in the company, if there is no other shareholder of the company who holds more than 45% of the voting rights in the company. These requirements do not apply if (i) the acquisition occurs in the context of a private placement by the company that received shareholder approval as a private placement whose purpose is to give the purchaser 25% or more of the voting rights in the company, if there is no person who holds 25% or more of the voting rights in the company or as a private placement whose purpose is to give the purchaser 45% of the voting rights in the company, if there is no person who holds 45% of the voting rights in the company, (ii) the acquisition was from a shareholder holding 25% or more of the voting rights in the company and resulted in the purchaser becoming a holder of 25% or more of the voting rights in the company, or (iii) the acquisition was from a shareholder holding more than 45% of the voting rights in the company and resulted in the purchaser becoming a holder of more than 45% of the voting rights in the company. A special tender offer must be extended to all shareholders of a company. A special tender offer may be consummated only if (i) at least 5% of the voting power attached to the company's outstanding shares will be acquired by the offeror and (ii) the number of shares tendered in the offer exceeds the number of shares whose holders objected to the offer (excluding the purchaser, its controlling shareholders, holders of 25% or more of the voting rights in the company, and any person having a personal interest in the acceptance of the tender offer, or anyone on their behalf, including any such person's relatives and entities under their control).

In the event that a special tender offer is made, a company's board of directors is required to express its opinion on the advisability of the offer, or may abstain from expressing any opinion if it is unable to do so, provided that it gives the reasons for its abstention. The board of directors shall also disclose any personal interest that any of the directors has with respect to the special tender offer or in connection therewith. An office holder in a target company who, in his or her capacity as an office holder, performs an action the purpose of which is to cause the failure of an existing or foreseeable special tender offer or to impair the chances of its acceptance, is liable to the potential purchaser and shareholders for damages, unless such office holder acted in good faith and had reasonable grounds to believe he or she was acting for the benefit of the company. However, office holders of the target company may negotiate with the potential purchaser in order to improve the terms of the special tender offer, and may further negotiate with third parties in order to obtain a competing offer.

If a special tender offer is accepted, then shareholders who did not respond to or that had objected to the offer may accept the offer within four days of the last day set for the acceptance of the offer and they will be considered to have accepted the offer from the first day it was made.

In the event that a special tender offer is accepted, then the purchaser or any person or entity controlling it or under common control with the purchaser or such controlling person or entity at the time of the offer may not make a subsequent tender offer for the purchase of shares of the target company and may not enter into a merger with the target company for a period of one year from the date of the offer, unless the purchaser or such person or entity undertook to effect such an offer or merger in the initial special tender offer. Shares purchased in contradiction to the special tender offer rules under the Companies Law will have no rights and will become dormant shares.

Merger

The Companies Law permits merger transactions if approved by each party's board of directors and, unless certain conditions described under the Companies Law are met, a simple majority of the outstanding shares of each party to the merger that are represented and voting on the merger. The board of directors of a merging company is required pursuant to the Companies Law to discuss and determine whether in its opinion there exists a reasonable concern that as a result of a proposed merger, the surviving company will not be able to satisfy its obligations towards its creditors, such determination taking into account the financial status of the merging companies. If the board of directors determines that such a concern exists, it may not approve a proposed merger. Following the approval of the board of directors of each of the merging companies, the boards of directors must jointly prepare a merger proposal for submission to the Israeli Registrar of Companies.

For purposes of the shareholder vote of a merging company whose shares are held by the other merging company, or by a person or entity holding 25% or more of the voting rights at the general meeting of shareholders of the other merging company, or by a person or entity holding the right to appoint 25% or more of the directors of the other merging company, unless a court rules otherwise, the merger will not be deemed approved if a majority of the shares voted on the matter at the general meeting of shareholders (excluding abstentions) that are held by shareholders other than the other party to the merger, or by any person or entity who holds 25% or more of the voting rights of the other party or the right to appoint 25% or more of the directors of the other party, or any one on their behalf including their relatives or corporations controlled by any of them, vote against the merger. In addition, if the non-surviving entity of the merger has more than one class of shares, the merger must be approved by each class of shareholders. If the transaction would have been approved but for the separate approval of each class or the exclusion of the votes of certain shareholders as provided above, a court may still approve the merger upon the request of holders of at least 25% of the voting rights of a company, if the court holds that the merger is fair and reasonable, taking into account the valuation of the merging companies and the consideration offered to the shareholders. If a merger is with a company's controlling shareholder or if the controlling shareholder has a personal interest in the merger, then the merger is instead subject to the same special majority approval that governs all extraordinary transactions with controlling shareholders.

Under the Companies Law, each merging company must deliver to its secured creditors the merger proposal and inform its unsecured creditors of the merger proposal and its content. Upon the request of a creditor of either party to the proposed merger, the court may delay or prevent the merger if it concludes that there exists a reasonable concern that, as a result of the merger, the surviving company will be unable to satisfy the obligations of the merging company, and may further give instructions to secure the rights of creditors.

In addition, a merger may not be completed unless at least 50 days have passed from the date that a proposal for approval of the merger is filed with the Israeli Registrar of Companies and 30 days from the date that shareholder approval of both merging companies is obtained.

Anti-Takeover Measures

The Companies Law allows us to create and issue shares having rights different from those attached to our ordinary shares, including shares providing certain preferred rights with respect to voting, distributions, or other matters and shares having preemptive rights. As described above in the section titled "Voting Rights," our amended and restated Articles of Association provide for a dual-class share structure pursuant to which holders of our Class B ordinary shares have the ability to control the outcome of matters requiring shareholder approval, even if they own significantly less than a majority of all outstanding ordinary shares, including the election of directors and significant corporate transactions, such as a sale of our company or its assets. Current executives and employees will have the ability to exercise significant influence over those matters. No preferred shares are authorized under our amended and restated articles of association. In the future, if we do authorize, create and issue a specific class of preferred shares, such class of shares, depending on the specific rights that may be attached to it, may have the ability to frustrate or prevent a takeover or otherwise prevent our shareholders from realizing a potential premium over the market value of their ordinary shares. The authorization and designation of a class of preferred shares will require an amendment to our amended and restated articles of association, which requires the prior approval of the holders of a majority of the voting power attached to our issued and outstanding ordinary shares at a general meeting of our shareholders. The convening of the meeting, the shareholders entitled to participate and the vote required to be obtained at such a meeting will be subject to the requirements set forth in the Companies Law and our amended articles of association, as described above in the section titled "Shareholder Meetings." In addition, as disclosed in the section titled "Election of Directors" above, we have a classified board structure, which effectively limits the ability of any investor or potential investor or group of investors or potential investors to gain control of our board of directors.

Borrowing Powers

Pursuant to the Companies Law and our amended and restated articles of association, our board of directors may exercise all powers and take all actions that are not required under law or under our amended and restated articles of association to be exercised or taken by our shareholders, including the power to borrow money for company purposes.

Changes in Capital

Our amended and restated articles of association enable us to increase or reduce our share capital. Any such changes are subject to Israeli law and must be approved by a resolution duly passed by our shareholders at a general meeting of shareholders. In addition, transactions that have the effect of reducing capital, such as the declaration and payment of dividends in the absence of sufficient retained earnings or profits, require the approval of both our board of directors and an Israeli court.

Exclusive Forum

Our amended and restated articles of association provide that unless we consent in writing to the selection of an alternative forum, the federal district courts of the United States shall be the exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act. Section 22 of the Securities Act creates concurrent jurisdiction for federal and state courts over all such Securities Act actions. Accordingly, both U.S. state and federal courts have jurisdiction to entertain such claims. This choice of forum provision may limit a shareholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers, or other employees and may increase the costs associated with such lawsuits, which may discourage such lawsuits against us and our directors, officers, and employees. Alternatively, if a court were to find these provisions of our amended and restated articles of association inapplicable to, or unenforceable in respect of, one or more of the specified types of actions or proceedings, we may incur additional costs associated with resolving such matters in other jurisdictions, which could adversely affect our business and financial condition. Any person or entity purchasing or otherwise acquiring any interest in our share capital shall be deemed to have notice of and to have consented to the choice of forum provisions of our amended and restated articles of association described above. This provision would not apply to suits brought to enforce a duty or liability created by the Exchange Act or any other claim for which the U.S. federal courts have exclusive jurisdiction.

Our amended and restated articles of association also provide that unless we consent in writing to the selection of an alternative forum, the competent courts in Tel Aviv, Israel shall be the exclusive forum for any derivative action or proceeding brought on our behalf, any action asserting a breach of a fiduciary duty owed by any of our directors, officers, or other employees to us or our shareholders or any action asserting a claim arising pursuant to any provision of the Companies Law or the Israeli Securities Law or our articles of association.

Transfer Agent and Registrar

The transfer agent and registrar for our Class A ordinary shares and Class B ordinary shares is Equiniti Trust Company, LLC (f/k/a American Stock Transfer & Trust Company). Its address is 48 Wall Street, Floor 23, New York, NY 10005.

C. Material Contracts

Below are the material contracts to which the Company or its subsidiaries have been a party within the two years immediately preceding this Annual Report, other than material contracts entered into in the ordinary course of business.

See the section titled "Item 5.B. Operating and Financial Review and Prospects—Liquidity and Capital Resources—Indebtedness—2024 Credit Facilities".

See the following subsections of the section titled "Item 7.B. Major Shareholders and Related Party Transactions—Related Party Transactions":

- "—Repurchase Agreement with LCGP3 Pro Makeup, L.P. ("LCGP3")."
- "—Registration Rights."
- "—Agreements with Niv Price—Stock Purchase Agreement."
- "—Agreements with Niv Price—Holdback Agreement."

Revela Merger Agreement

On April 4, 2023, ODDITY Labs, LLC entered into an agreement and plan of mergers with Revela Inc., IM Pro Makeup NY L.P., IM Pro Makeup NY Merger Sub, Inc. and Evan Zhao, as representative (the "Revela Merger Agreement"). On May 12, 2023, the Company completed the acquisition of 100% of the shares of Revela, a U.S. biotechnology company. The aggregate purchase price amounted to $67.4 million and consisted of: (i) cash in the amount of $32.5 million, (ii) 701,591 Class A ordinary shares and (iii) 612,256 restricted Class A ordinary shares which are subject to certain performance milestones as specified in the Revela Merger Agreement. In addition, the transaction included additional consideration related to compensation for post-combination services.

D. Exchange Controls

There are currently no Israeli currency control restrictions on remittances of dividends on our ordinary shares, proceeds from the sale of the ordinary shares or interest or other payments to non-residents of Israel, except that such restrictions may exist with respect to shareholders who are deemed enemies of the State of Israel under Israeli law.

E. Taxation

The following description is not intended to constitute a complete analysis of all tax consequences relating to the acquisition, ownership, and disposition of our Class A ordinary shares. You should consult your own tax advisor concerning the tax consequences of your particular situation, as well as any tax consequences that may arise under the laws of any state, local, foreign or other taxing jurisdiction.

Israeli Tax Considerations

The following is a brief summary of the material Israeli tax laws applicable to us. This section also contains a discussion of material Israeli tax consequences concerning the ownership and disposition of our Class A ordinary shares. This summary does not discuss all the aspects of Israeli tax law that may be relevant to a particular investor in light of his or her personal investment circumstances or to some types of investors subject to special treatment under Israeli law. Examples of such investors include residents of Israel, partnerships, trusts or traders in securities who are subject to special tax regimes not covered in this discussion. To the extent that the discussion is based on new tax legislation that has not yet been subject to judicial or administrative interpretation, we cannot assure you that the appropriate tax authorities or the courts will accept the views expressed in this discussion. The discussion below is subject to change, including due to amendments under Israeli law or changes to the applicable judicial or administrative interpretations of Israeli law, which change could affect the tax consequences described below. The discussion should not be construed as legal or professional tax advice and does not cover all possible tax considerations.

General Corporate Tax Structure in Israel

Israeli companies are generally subject to corporate tax. The current corporate tax rate is 23%. However, the effective tax rate payable by a company that derives income from a Preferred Enterprise or a Preferred Technology Enterprise (as discussed below) may be considerably lower. Capital gains derived by an Israeli company are generally subject to the prevailing corporate tax rate.

Tax Benefits and Grants for Research and Development

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

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

The amount of such deductible expenses is reduced by the sum of any funds received through government grants for the finance of such scientific research and development projects. Under these research and development deduction rules, no deduction is allowed for any expense invested in an asset depreciable under the general depreciation rules of the Israeli Income Tax Ordinance (New Version), 5721-1961. Expenditures that do not qualify for this special deduction are deductible in equal amounts over three years.

From time to time we may apply to the Israel Innovation Authority (the “IIA”) for approval to allow a tax deduction for all research and development expenses during the year incurred. There can be no assurance that such request will be granted.

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

The Law for the Encouragement of Industry (Taxes), 5729-1969 (the “Industry Encouragement Law”), provides several tax benefits for “Industrial Companies.” We believe that we currently qualify as an Industrial Company within the meaning of the Industry Encouragement Law.

The Industry Encouragement Law defines an “Industrial Company” as an Israeli resident-company incorporated in Israel, of which 90% or more of its income in any tax year, other than income from certain government loans is derived from an “Industrial Enterprise” owned by it and located in Israel or in the “Area,” in accordance with the definition in section 3A of the Israeli Income Tax Ordinance (New Version) 5721-1961, or the Ordinance. An “Industrial Enterprise” is defined as an enterprise whose principal activity in a given tax year is industrial production.

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

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

Eligibility for benefits under the Industry Encouragement Law is not contingent upon approval of any governmental authority. There can be no assurance that we will continue to qualify as an Industrial Company or that the benefits described above will be available in the future.

Law for the Encouragement of Capital Investments, 5719-1959

The Law for the Encouragement of Capital Investments, 5719-1959 (the "Investment Law"), provides certain incentives for capital investment in a production facility (or other eligible assets). Generally, an investment program that is implemented in accordance with the provisions of the Investment Law is entitled to benefits. These benefits may include cash grants from the Israeli government and tax benefits, based upon, among other things, the geographic location in Israel of the facility in which the investment is made.

The Investment Law has been amended several times over the recent years, with the most significant changes effective as of January 1, 2011 (the "2011 Amendment," and as of January 1, 2017, the "2017 Amendment"). The 2011 Amendment introduced new benefits instead of the benefits granted in accordance with the provisions of the Investment Law prior to the 2011 Amendment. However, companies entitled to benefits under the Investment Law as in effect up to January 1, 2011 were entitled to choose to continue to enjoy such benefits, provided that certain conditions are met, or elect instead, irrevocably, to forgo such benefits and elect the benefits of the 2011 Amendment. The 2017 Amendment introduces new benefits for Technological Enterprises, alongside the existing tax benefits.

The Preferred Enterprise Incentives Regime—the 2011 Amendment

The 2011 Amendment introduced new benefits for income generated by a "Preferred Company" through its "Preferred Enterprise" (as such terms are defined in the Investment Law) as of January 1, 2011. The definition of a Preferred Company includes a company incorporated in Israel that is not fully owned by a governmental entity, and that has, among other things, Preferred Enterprise status and is controlled and managed from Israel. Pursuant to the 2011 Amendment, a Preferred Company is entitled to a reduced corporate tax rate of 16% with respect to its income derived by its Preferred Enterprise as of 2017, unless the Preferred Enterprise is located in a specified development zone, in which case the rate will be 7.5%. Income derived by a Preferred Company from a "Special Preferred Enterprise" (as such term is defined in the Investment Law) would be entitled, during a benefits period of 10 years, to further reduced tax rates of 8%, or 5% if the Special Preferred Enterprise is located in a certain development zone. Dividends distributed from income which is attributed to a "Preferred Enterprise" will be subject to Israeli tax at the following rates: (i) Israeli resident corporations—0% (although, if such dividends are subsequently distributed to individuals or a non-Israeli company, a tax rate of 20% or such lower rate as may be provided in an applicable tax treaty will apply), (ii) Israeli resident individuals—20% for 2014 and subsequent years, and (iii) non-Israeli residents (individuals and corporations)—20% for 2014 and subsequent years, subject to a reduced tax rate under the provisions of an applicable tax treaty. Claim of tax benefits afforded by an applicable tax treaty is subject to the receipt in advance of a valid certificate from the Israel Tax Authority allowing for a reduced tax rate.

The New Technological Enterprise Incentives Regime—the 2017 Amendment

The 2017 Amendment was enacted as part of the Economic Efficiency Law that was published on December 29, 2016, and is effective as of January 1, 2017. The 2017 Amendment provides new tax benefits for "Technology Enterprises," as described below, and is in addition to the other existing tax benefits programs under the Investment Law.

The 2017 Amendment provides that a technology company satisfying certain conditions will qualify as a “Preferred Technology Enterprise” and will thereby enjoy a reduced corporate tax rate of 12% on income that qualifies as “Preferred Technology Income,” as defined in the Investment Law. The tax rate is further reduced to 7.5% for a Preferred Technology Enterprise located in development zone “A.” In addition, a Preferred Technology Company will enjoy a reduced corporate tax rate of 12% on capital gain derived from the sale of certain “Benefitted Intangible Assets” (as defined in the Investment Law) to a related foreign company if the Benefitted Intangible Assets were acquired from a foreign company on or after January 1, 2017, for at least NIS 200 million, and the sale receives prior approval from the IIA.

The 2017 Amendment further provides that a technology company satisfying certain conditions will qualify as a “Special Preferred Technology Enterprise” and will thereby enjoy a reduced corporate tax rate of 6% on “Preferred Technology Income” regardless of the company’s geographic location within Israel. In addition, a Special Preferred Technology Enterprise will enjoy a reduced corporate tax rate of 6% on capital gain derived from the sale of certain “Benefitted Intangible Assets” to a related foreign company if the Benefitted Intangible Assets were either developed by the Special Preferred Technology Enterprise or acquired from a foreign company on or after January 1, 2017, and the sale received prior approval from the IIA. A Special Preferred Technology Enterprise that acquires Benefitted Intangible Assets from a foreign company for more than NIS 500 million will be eligible for these benefits for at least ten years, subject to certain approvals as specified in the Investment Law.

Dividends distributed from income which is attributed to a “Preferred Technology Enterprise” will be subject to Israeli tax at the following rates: (i) Israeli resident corporations—0% (although, if such dividends are subsequently distributed to individuals or a non-Israeli company, a tax rate of 20% or such lower rate as may be provided in an applicable tax treaty will apply), (ii) Israeli resident individuals—20% and potentially a 3% or 5% surtax, as discussed below, and (iii) non-Israeli residents (individuals and corporations)—20%, and for non-Israeli individuals, potentially a 3% or 5% surtax, as discussed below, subject to a reduced tax rate under the provisions of an applicable tax treaty. Claims of tax benefits afforded by an applicable tax treaty are subject to the receipt in advance of a valid certificate from the Israel Tax Authority allowing for a reduced tax rate. If such dividends are distributed to a foreign corporation or corporations (holding directly at least 90% in the Preferred Company which owns the Preferred Technological Enterprise or holding indirectly such 90% in the Preferred Company which owns the Preferred Technological Enterprise, subject to certain conditions) and other conditions are met, the applicable tax rate will be 4%, or such lower rate as may be provided in an applicable tax treaty.

We believe that we currently qualify as a Preferred Technology Enterprise under the 2017 Amendment.

Taxation of Non-Israeli Resident Shareholders

Capital Gains Tax

Israeli capital gains tax is imposed on the disposition of capital assets by a non-Israeli resident if those assets (i) are located in Israel, (ii) are shares or a right to shares in an Israeli resident corporation, or (iii) represent, directly or indirectly, rights to assets located in Israel, unless a tax treaty between Israel and the seller’s country of residence provides otherwise. Israeli tax law distinguishes between “Real Capital Gain” and “Inflationary Surplus.” Inflationary Surplus is a portion of the total capital gain which is equivalent to the increase in the relevant asset’s price that is attributable to the increase in the Israeli Consumer Price Index or, in certain circumstances, a foreign currency exchange rate, between the date of purchase and the date of disposition. Inflationary Surplus is currently not subject to tax in Israel. Real Capital Gain is the excess of the total capital gain over the Inflationary Surplus. Generally, Real Capital Gain accrued by individuals on the sale of our ordinary shares will be taxed at the rate of 25% and potentially a 3% or 5% surtax, as discussed below. However, if the shareholder is a “substantial shareholder” at the time of sale or at any time during the preceding 12-month period, such gain will be taxed at the rate of 30% and potentially a 3% or 5% surtax, as discussed below. A “substantial shareholder” is generally a person who alone or together with such person’s relative or another person who collaborates with such person regarding the material affairs of the company on a permanent basis, holds, directly or indirectly, at least 10% of any of the “means of control” of the corporation. “Means of control” generally include the right to vote, receive profits, nominate a director or an executive officer, receive assets upon liquidation, or order someone who holds any of the aforesaid rights how to act, regardless of the source of such right. Real Capital Gain derived by corporations will be generally subject to a corporate tax rate, currently at a rate of 23%.

A non-Israeli resident who derives capital gains from the sale of shares of an Israeli resident company that were purchased after the company was listed for trading on a stock exchange outside of Israel will be exempt from Israeli capital gains tax so long as the shares were not held through or attributable to a permanent establishment that the non-Israeli resident maintains in Israel. However, a non-Israeli "body of persons" (as defined in the Ordinance, which includes corporate entities, partnerships and other entities) will not be entitled to the foregoing exemption if Israeli residents (i) have a controlling interest of more than 25% in any of the means of control of such non-Israeli body of persons or (ii) are the beneficiaries of, or are entitled to, 25% or more of the revenues or profits of such non-Israeli body of persons, whether directly or indirectly.

In addition, such exemption is not applicable to a person whose gains from selling or disposing the shares are deemed to be business income.

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

Regardless of whether non-Israeli shareholders may be liable for Israeli capital gains tax on the sale of our ordinary shares, the payment of the consideration for such sale may be subject to withholding of Israeli tax at source and holders of our ordinary shares may be required to demonstrate that they are exempt from tax on their capital gains in order to avoid withholding at source at the time of sale. Specifically, the Israel Tax Authority may require shareholders who are not liable for Israeli capital gains tax on such a sale to sign declarations on forms specified by the Israel Tax Authority, provide documents (including, for example, a certificate of residency) or obtain a specific exemption from the Israel Tax Authority to confirm their status as non-Israeli residents (and, in the absence of such declarations or exemptions, the Israel Tax Authority may require the purchaser of the shares to withhold tax at source).

Taxation on Receipt of Dividends

Non-Israeli residents (whether individuals or corporations) are generally subject to Israeli income tax on the receipt of dividends paid on our ordinary shares at the rate of 25%, and for non-Israeli individuals, potentially a 3% or 5% surtax, as discussed below, which tax will be withheld at source, unless relief is provided in an applicable tax treaty between Israel and the shareholder's country of residence. However, if the shareholder who is a "substantial shareholder" at the time of receiving the dividend or at any time during the preceding 12-month period, the applicable tax rate will be 30%. Such dividends are generally subject to Israeli withholding tax at a rate of 25% so long as the shares are registered with a nominee company (whether the recipient is a substantial shareholder or not).

However, a reduced tax rate may be provided under the Investments Law, as described above, or under an applicable tax treaty. For example, under the United States-Israel Tax Treaty, the maximum rate of tax withheld at source in Israel on dividends paid to a holder of our ordinary shares who is a Treaty U.S. Resident is 25%. However, generally, the maximum rate of withholding tax on dividends that are paid to a United States corporation holding 10% or more of the outstanding voting capital throughout the tax year in which the dividend is distributed as well as during the previous tax year, is 12.5%, provided that not more than 25% of the gross income for such preceding year consists of certain types of dividends and interest. If dividends are distributed from income that was subject to reduced corporate tax rate under the Investments Law and the foregoing conditions are met, such dividends are subject to a withholding tax rate of 15% for a shareholder that is a United States corporation. If the dividend is attributable partly to income derived under the Investments Law and partly to other sources of income, the withholding rate will be a blended rate reflecting the relative portions of the two types of income. The aforementioned rates under the United States-Israel Tax Treaty will not apply if the dividend income was derived through or attributed to a permanent establishment of the Treaty U.S. Resident in Israel. Application for this reduced tax rate requires appropriate documentation presented to and specific instruction received from the Israel Tax Authority. We cannot assure you that we will designate the profits that we may distribute in a way that will reduce shareholders' tax liability.

A non-Israeli resident who receives dividends from which tax was duly withheld is generally exempt from the obligation to file tax returns in Israel with respect to such income, provided that (i) such income was not generated from business conducted in Israel by the taxpayer; (ii) the taxpayer has no other taxable sources of income in Israel with respect to which a tax return is required to be filed and (iii) the taxpayer is not liable to surtax (as further explained below).

Surtax

Individuals who are subject to income tax in Israel (whether any such individual is an Israeli resident or non-Israeli resident) are also subject to an additional surtax at a rate of 3% on annual income (including, but not limited to, income derived from dividends, interest and capital gains) exceeding NIS 721,560 for 2025, which amount is linked to the annual change in the Israeli consumer price index. If the individual's passive income (such as income derived from dividends, interest and capital gains) exceeds said threshold, the individual will be subject to an additional 2% surtax on the excess amount.

Estate and Gift Tax

Israeli law presently does not impose estate or gift taxes.

U.S. Federal Income Tax Considerations

The following summary describes certain United States federal income tax considerations generally applicable to United States Holders (as defined below) of our Class A ordinary shares. This summary deals only with our Class A ordinary shares held as capital assets within the meaning of Section 1221 of the Internal Revenue Code of 1986, as amended (the "Code"). This summary also does not address the tax consequences that may be relevant to holders in special tax situations including, without limitation, dealers in securities, traders that elect to use a mark-to-market method of accounting, holders that own our Class A ordinary shares as part of a "straddle," "hedge," "conversion transaction," or other integrated investment, banks or other financial institutions, individual retirement accounts and other tax-deferred accounts, insurance companies, tax-exempt organizations, United States expatriates, holders whose functional currency is not the U.S. dollar, holders subject to the alternative minimum tax, holders that acquired our Class A ordinary shares in a compensatory transaction, holders subject to special tax accounting rules as a result of any item of gross income with respect to our Class A ordinary shares being taken into account in an applicable financial statement, holders which are entities or arrangements treated as partnerships for United States federal income tax purposes or holders that actually or constructively through attribution own 10% or more of the total voting power or value of our outstanding shares.

This summary is based upon the Code, applicable United States Treasury regulations, administrative pronouncements and judicial decisions, in each case as in effect on the date hereof, all of which are subject to change (possibly with retroactive effect). No ruling will be requested from the Internal Revenue Service (the "IRS") regarding the tax consequences described herein, and there can be no assurance that the IRS will agree with the discussion set out below. This summary does not address any United States federal tax consequences other than United States federal income tax consequences (such as the estate and gift tax or the Medicare tax on net investment income).

As used herein, the term "United States Holder" means a beneficial owner of our Class A ordinary shares that is, for United States federal income tax purposes, (i) an individual who is a citizen or resident of the United States, (ii) a corporation or other entity taxable as a corporation created or organized under the laws of the United States or any state thereof or therein or the District of Columbia, (iii) an estate the income of which is subject to United States federal income taxation regardless of its source, or (iv) a trust (a) that is subject to the supervision of a court within the United States and the control of one or more United States persons as described in Section 7701(a)(30) of the Code, or (b) that has a valid election in effect under applicable United States Treasury regulations to be treated as a "United States person."

If an entity or arrangement treated as a partnership for United States federal income tax purposes acquires our Class A ordinary shares, the tax treatment of a partner in the partnership generally will depend upon the status of the partner and the activities of the partnership. Partners of a partnership considering an investment in our Class A ordinary shares should consult their tax advisors regarding the United States federal income tax consequences of acquiring, owning and disposing of our Class A ordinary shares.

THE SUMMARY OF UNITED STATES FEDERAL INCOME TAX CONSEQUENCES SET OUT BELOW IS FOR GENERAL INFORMATION ONLY. ALL PROSPECTIVE INVESTORS SHOULD CONSULT THEIR TAX ADVISORS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF OWNING AND DISPOSING OF OUR CLASS A ORDINARY SHARES, INCLUDING THE APPLICABILITY AND EFFECT OF STATE, LOCAL AND NON-U.S. TAX LAWS AND POSSIBLE CHANGES IN TAX LAW.

Dividends

Although we do not anticipate paying any dividends in the foreseeable future, if we do make any distributions, subject to the discussion below under "Passive Foreign Investment Company," the amount of dividends paid to a United States Holder with respect to our Class A ordinary shares before reduction for any Israeli taxes withheld therefrom generally will be included in the United States Holder's gross income as ordinary income from foreign sources to the extent paid out of our current or accumulated earnings and profits (as determined for United States federal income tax purposes). Distributions in excess of earnings and profits will be treated as a non-taxable return of capital to the extent of the United States Holder's adjusted tax basis in those Class A ordinary shares and thereafter as capital gains. However, we do not intend to calculate our earnings and profits under United States federal income tax principles. Therefore, United States Holders should expect that a distribution will generally be treated as a dividend even if that distribution would otherwise be treated as a non-taxable return of capital or as capital gain under the rules described above. If a dividend is paid in currency other than the U.S. dollar, the amount of dividend income will be the U.S. dollar amount calculated by reference to the exchange rate in effect on the date such distribution is included in the United States Holder's income, regardless of conversion and exchange gain or loss upon conversion.

Foreign withholding tax paid on dividends on our Class A ordinary shares at the rate applicable to a United States Holder (taking into account any applicable income tax treaty) will, subject to limitations and conditions, be treated as foreign income tax eligible for credit against such holder's United States federal income tax liability or, at such holder's election, eligible for deduction in computing such holder's United States federal taxable income. Dividends paid on our Class A ordinary shares generally will constitute "foreign source income" and "passive category income" for purposes of the foreign tax credit. However, if we are a "United States-owned foreign corporation," solely for foreign tax credit purposes, a portion of the dividends allocable to our United States source earnings and profits may be re-characterized as United States source. A "United States-owned foreign corporation" is any foreign corporation in which United States persons own, directly or indirectly, 50% or more (by vote or by value) of the stock. In general, United States-owned foreign corporations with less than 10% of earnings and profits attributable to sources within the United States are excepted from these rules. If we are treated as a "United States-owned foreign corporation," and if 10% or more of our earnings and profits are attributable to sources within the United States, a portion of the dividends paid on the Class A ordinary shares allocable to our United States source earnings and profits will be treated as United States source, and, as such, the ability of a United States Holder to claim a foreign tax credit for any Israeli withholding taxes payable in respect of our dividends may be limited. Certain Treasury regulations finalized in 2022 (the "2022 Regulations") further restrict the availability of any such credit based on the nature of the withholding tax imposed by the foreign jurisdiction. The IRS released Notice 2023-55 and Notice 2023-80, which together indicate that the U.S. Treasury Department and the IRS are considering amendments to the 2022 Regulations and provide relief from certain of their provisions for taxable years ending before the date that a notice or other guidance withdrawing or modifying the temporary relief is issued (or any later date specified in the relevant notice or other guidance). In order to qualify for this relief, you are required to apply Notice 2023-55 and Notice 2023-80 consistently to all foreign taxes paid during the relevant taxable year. The rules governing the treatment of foreign taxes imposed on a United States Holder and foreign tax credits are complex, and United States Holders should consult their tax advisors about the impact of these rules in their particular situation.

Dividends received by certain non-corporate United States Holders (including individuals) may be "qualified dividend income," which is taxed at the lower capital gains rate, provided that (i) either our Class A ordinary shares are readily tradable on an established securities market in the United States or we are eligible for benefits under a comprehensive United States income tax treaty that includes an exchange of information program and which the United States Treasury Department has determined is satisfactory for these purposes, (ii) we are neither a PFIC (as discussed below) nor treated as such with respect to the United States Holder for either the taxable year in which the dividend is paid or the preceding taxable year, and (iii) the United States Holder satisfies certain holding periods and other requirements. In this regard, shares generally are considered to be readily tradable on an established securities market in the United States if they are listed on Nasdaq, as our Class A ordinary shares are. United States Holders should consult their tax advisors regarding the availability of the reduced tax rate on dividends paid with respect to our Class A ordinary shares. The dividends will not be eligible for the dividends received deduction available to corporations in respect of dividends received from other United States corporations.

Disposition of Class A Ordinary Shares

Subject to the discussion below in the section titled "Passive Foreign Investment Company," a United States Holder generally will recognize capital gains or loss for United States federal income tax purposes on the sale or other taxable disposition of our Class A ordinary shares equal to the difference, if any, between the amount realized and the United States Holder's adjusted tax basis in those Class A ordinary shares. If any Israeli tax is imposed on the sale, exchange or other disposition of our Class A ordinary shares, a United States Holder's amount realized generally will include the gross amount of the proceeds before deduction of the Israeli tax. In general, capital gains recognized by a non-corporate United States Holder, including an individual, are subject to a lower rate under current law if such United States Holder held shares for more than one year. The deductibility of capital losses is subject to limitations. Any such gain or loss generally will be treated as United States source income or loss for purposes of the foreign tax credit limitation. The 2022 Regulations generally will preclude a United States Holder from claiming a foreign tax credit with respect to any non-U.S. tax imposed on gains from the sale or disposition of our Class A ordinary shares unless the tax is creditable under an applicable income tax treaty. However, IRS Notice 2023-55 and IRS Notice 2023-80 together provide temporary relief from certain of the provisions of the 2022 Regulations for taxable years ending before the date that a notice or other guidance withdrawing or modifying the temporary relief is issued (or any later date specified in the relevant notice or other guidance). In order to qualify for this relief, you are required to apply Notice 2023-55 and Notice 2023-80 consistently to all foreign taxes paid during the relevant taxable year. The applicability of these rules is complex and United States Holders should consult their tax advisors as to the foreign tax credit and other U.S. federal income tax implications if any Israeli taxes are imposed on a sale, exchange or other taxable disposition of the Class A ordinary shares in their particular circumstances, including whether such taxes are deductible and the applicability of the United States-Israel Tax Treaty.

Passive Foreign Investment Company

We would be a PFIC for any taxable year if, after the application of certain look-through rules, either: (i) 75% or more of our gross income for such year is "passive income" (as defined in the relevant provisions of the Code), or (ii) 50% or more of the value of our assets (generally determined on the basis of a quarterly average) during such year is attributable to assets that produce or are held for the production of passive income. For these purposes, cash and other assets readily convertible into cash or that do or could generate passive income are categorized as passive assets, and the value of goodwill and other unbooked intangible assets is generally taken into account. Passive income generally includes, among other things, rents, dividends, interest, royalties, gains from the disposition of passive assets, and gains from commodities and securities transactions. For purposes of this test, we will be treated as owning a proportionate share of the assets and earning a proportionate share of the income of any other corporation of which we own, directly or indirectly, at least 25% (by value) of the stock. Based on our market capitalization and the composition of our income, assets, and operations, we believe that we are not a PFIC for the year ended December 31, 2024, and do not expect to be a PFIC for United States federal income tax purposes for the current taxable year or in the foreseeable future. However, this is a factual determination that must be made annually after the close of each taxable year. Moreover, the aggregate value of our assets for purposes of the PFIC determination may be determined by reference to the trading value of our Class A ordinary shares, which could fluctuate significantly. In addition, it is possible that the IRS may take a contrary position with respect to our determination in any particular year, and therefore, there can be no assurance that we were not a PFIC for the year ended December 31, 2024, or will not be classified as a PFIC for the current taxable year or in the future. Certain adverse United States federal income tax consequences could apply to a United States Holder if we are treated as a PFIC for any taxable year during which such United States Holder holds our Class A ordinary shares. Under the PFIC rules, if we were considered a PFIC at any time that a United States Holder holds our Class A ordinary shares, we would continue to be treated as a PFIC with respect to such holder's investment unless (i) we cease to be a PFIC, and (ii) the United States Holder has made a "deemed sale" election under the PFIC rules.

If we are a PFIC for any taxable year that a United States Holder holds our Class A ordinary shares, unless the United States Holder makes certain elections, any gain recognized by the United States Holder on a sale or other disposition of our Class A ordinary shares would be allocated pro-rata over the United States Holder's holding period for the Class A ordinary shares. The amounts allocated to the taxable year of the sale or other disposition and to any year before we became a PFIC would be taxed as ordinary income. The amount allocated to each other taxable year would be subject to tax at the highest rate in effect for individuals or the highest rate in effect for corporations, as appropriate, for that taxable year, and an interest charge would be imposed. Further, to the extent that any distribution received by a United States Holder on our Class A ordinary shares exceeds 125% of the average of the annual distributions on the Class A ordinary shares received during the preceding three years or the United States Holder's holding period, whichever is shorter, that distribution would be subject to taxation in the same manner as gain on the sale or other disposition of our Class A ordinary shares if we were a PFIC, described above. If we are treated as a PFIC with respect to a United States Holder for any taxable year, the United States Holder will be deemed to own equity in any of the entities in which we hold equity that also are PFICs. Certain elections may be available that would result in alternative treatments (such as mark-to-market treatment) of the Class A ordinary shares. In addition, a timely election to treat us as a qualified electing fund under the Code would result in an alternative treatment. However, we do not intend to prepare or provide the information that would enable United States Holders to make a qualified electing fund election. If we are considered a PFIC, a United States Holder also will be subject to annual information reporting requirements. United States Holders should consult their tax advisors about the potential application of the PFIC rules to an investment in the Class A ordinary shares.

Information Reporting and Backup Withholding

Distributions on and proceeds paid from the sale or other taxable disposition of our Class A ordinary shares may be subject to information reporting to the IRS. In addition, a United States Holder (other than an exempt holder who establishes its exempt status if required) may be subject to backup withholding on dividend payments and proceeds from the sale or other taxable disposition of our Class A ordinary shares paid within the United States or through certain U.S.-related financial intermediaries.

Backup withholding will not apply, however, to a United States Holder who furnishes a correct taxpayer identification number, makes other required certification and otherwise complies with the applicable requirements of the backup withholding rules. Backup withholding is not an additional tax. Rather, any amount withheld under the backup withholding rules will be creditable or refundable against the United States Holder's United States federal income tax liability, provided the required information is timely furnished to the IRS.

Foreign Financial Asset Reporting

Certain United States Holders are required to report their holdings of certain foreign financial assets, including equity of foreign entities, if the aggregate value of all of these assets exceeds certain threshold amounts. Our Class A ordinary shares are expected to constitute foreign financial assets subject to these requirements unless the Class A ordinary shares are held in an account at certain financial institutions. United States Holders should consult their tax advisors regarding the application of these reporting requirements.

F. Dividends and Paying Agents

Not applicable.

G. Statement by Experts

Not applicable.

H. Documents on Display

We are subject to certain of the informational filing requirements of the Exchange Act. As a foreign private issuer, we are not subject to all of the disclosure requirements applicable to public companies organized within the United States. For example, we are exempt from certain rules under the Exchange Act that regulate disclosure obligations and procedural requirements related to the solicitation of proxies, consents or authorizations applicable to a security registered under the Exchange Act, including the U.S. proxy rules under Section 14 of the Exchange Act. In addition, our officers and directors are exempt from the reporting and "short-swing" profit recovery provisions of Section 16 of the Exchange Act and related rules with respect to their purchases and sales of our securities. Moreover, while we expect to submit quarterly interim consolidated financial data to the SEC under cover of the SEC's Form 6-K, we are not required to file periodic reports and financial statements with the SEC as frequently or as promptly as U.S. public companies and are not required to file quarterly reports on Form 10-Q or current reports on Form 8-K under the Exchange Act.

The SEC maintains a website at http://www.sec.gov that contains reports and other information that we file with or furnish electronically with the SEC.

I. Subsidiary Information

For a list of our subsidiaries, see the section titled "Item 4.C. Information on the Company—Organizational Structure."

J. Annual Report to Security Holders

Not applicable.

ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to market risks in the ordinary course of our business. Market risk represents the risk of loss that may impact our financial position due to adverse changes in financial market prices and rates. Our market risk exposure is primarily the result of fluctuations in foreign currency, interest rates and credit risk.

Foreign Currency Exchange Risk

Our consolidated financial statements are presented in U.S. dollars, and our functional currency is the U.S. dollar. Since the majority of our sales are denominated in U.S. dollars, our revenue is not currently subject to significant foreign currency risk. However, a portion of our operating costs, consisting principally of personnel-related costs, are denominated in NIS. In addition, some of our foreign operating expenses are denominated in the currencies of the countries and territories in which our third-party vendors are located and may be subject to fluctuations due to changes in foreign currency exchange rates. Fluctuations in foreign currency exchange rates, in particular with respect to the NIS, may cause us to recognize transaction gains and losses in our results of operations.

Interest Rate Risk

At December 31, 2024, we had no outstanding borrowings under our credit facilities. However, if we borrow under our credit facilities, the borrowings will bear interest at a variable rate under the terms of the credit facilities; therefore, we may be exposed to market risks relating to changes in interest rates on such borrowings. We do not enter into investments for trading or speculative purposes and have not used any derivative financial instruments to manage our interest rate risk exposure.

Our investments in marketable securities are subject to changes in interest rates, which may affect our interest income and fair market value of our investments. To minimize this risk, our marketable securities consist of investments in government and corporate debentures, and our investment policy, approved by our board of directors, sets forth credit quality standards.

Credit Risk

We are exposed to credit risk as a result of our operating and investing activities. With respect to our operating activities, our exposure to credit risk arises from the online commerce environment, credit card fraud and the interpretation of state and local laws and regulations in regards to the collection and remittance of sales and use taxes. However, we are not exposed to increased credit risk from our operations because we do not have significant vendor concentrations. With respect to our investing activities, our marketable securities consist of investments in government and corporate debentures. Our investment policy, approved by our board of directors, limits the amount that we may invest in any one type of investment or issuer and sets forth credit quality standards, thereby reducing credit risk concentrations.

ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES

A. Debt Securities

Not applicable.

B. Warrants and Rights

Not applicable.

C. Other Securities

Not applicable.

D. American Depositary Shares

Not applicable.

PART II

ITEM 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES

Not applicable.

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

Use of Proceeds

Our initial public offering of our Class A ordinary shares on Nasdaq occurred on July 19, 2023. The shares offered and sold in the initial public offering were registered under the Securities Act pursuant to our registration statement on Form F-1 (File No. 333-272890), which was declared effective by the SEC on July 18, 2023.

The IPO generated net proceeds to us of approximately $50.3 million after deducting underwriting discounts and commissions and estimated offering expenses payable by us. For the period from the effective date of the registration statement for our initial public offering to December 31, 2024, we did not use any of such proceeds. As of the date of this Annual Report, there have been no material changes in the use of proceeds as disclosed in the registration statement for our initial public offering.

ITEM 15. CONTROLS AND PROCEDURES

A. Disclosure Controls and Procedures

As of December 31, 2024, we performed an evaluation under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation 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 (the “Exchange Act”)). Our management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and our management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures are effective as of December 31, 2024, to provide reasonable assurance that the information required to be disclosed in filings and submissions under the Exchange Act, is recorded, processed, summarized and reported within the time periods specified by the Securities and Exchange Commission’s rules and forms, and that such information related to us and our consolidated subsidiaries is accumulated and communicated to management, including the Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions about required disclosure.

B. Management’s Annual Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

Our management recognizes that there are inherent limitations in the effectiveness of any system of internal control over financial reporting, including the possibility of human error and the circumvention or override of internal control.

Accordingly, even effective internal control over financial reporting can provide only reasonable assurance with respect to financial statement preparation, and may not prevent or detect all misstatements. Further, because of changes in conditions, the effectiveness of internal control over financial reporting may vary over time.

Our management assessed the effectiveness of our internal control over financial reporting as of December 31, 2024. In conducting its assessment of internal control over financial reporting, management used the framework and criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) (the 2013 Framework) as of the end of the period covered by this report. Based on that evaluation, our management has concluded that our internal control over financial reporting was effective as of December 31, 2024.

Our financial statements and internal control over financial reporting have been audited by Kost Forer Gabbay & Kasierer (A Member of EY Global), an independent registered public accounting firm, which has issued an attestation report on our internal control over financial reporting included elsewhere in this Annual Report.

C. Attestation Report of the Registered Public Accounting Firm

The attestation report of EY is included with our consolidated financial statements included elsewhere in this Annual Report and is incorporated herein by reference.

D. Changes in Internal Control Over Financial Reporting

During the period covered by this Annual Report, no changes in our internal control over financial reporting have occurred that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 16. [RESERVED]

ITEM 16A. AUDIT COMMITTEE FINANCIAL EXPERT

Information related to members of our audit committee is set forth under the section titled "Item 6.C. Directors, Senior Management and Employees—Board Practices—Audit Committee."

ITEM 16B. CODE OF ETHICS

We have adopted a Code of Business Conduct and Ethics applicable to our directors, officers and employees, including our principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions. Our Code of Business Conduct and Ethics is posted on our website at https://investors.oddity.com. The information contained on our website is not a part of this Annual Report.

We intend to post on our website all disclosures that are required by the rules and regulations of the SEC or by applicable Nasdaq listing rules concerning any amendments to, or waivers of, any provision of our Code of Business Conduct and Ethics.

ITEM 16C. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The following table sets forth the aggregate fees by categories specified below in connection with certain professional services rendered by EY.

	For the Year Ended December 31, 2024	For the Year Ended December 31, 2023
Audit Fees	1,208	1,398
Tax Fees	171	239
All Other Fees	59	—
Total	$ 1,438	$ 1,637

Audit Fees

Audit fees for the years ended December 31, 2024 and 2023 include fees for audit of our financial statements, review of our quarterly financial results, audit services provided in connection with statutory filings, services provided in connection with comfort letters and consents, and review of documents filed with the SEC, including services provided in connection with our initial public offering.

Tax Fees

Tax fees for the years ended December 31, 2024 and 2023 were related to tax compliance, tax planning, ongoing tax advisory, tax advice on actual or contemplated transactions and tax consulting associated with international transfer pricing.

All Other Fees

All other fees in the year ended December 31, 2024 were related to services in connection with non-audit compliance and review work. EY did not provide any other products or services for fees in the year ended December 31, 2023.

Audit Committee Pre-Approval Policies and Procedures

Our audit committee has the authority to review and pre-approve all audit services and permissible non-audit services provided to us that are performed by EY. Engagements for proposed services either may be separately pre-approved by the audit committee or entered into pursuant to pre-approval policies established by the audit committee. All of the above-listed services provided by EY were pre-approved by our audit committee.

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

Our audit committee currently consists of Lilach Payorski, Ohad Chereshniya and Yehoshua (Shuki) Nir. All members of our audit committee meet the requirements for financial literacy under the applicable rules and regulations of the SEC and the corporate governance rules of Nasdaq. Our board of directors has determined that Ohad Chereshniya and Lilach Payorski each qualifies as an audit committee financial expert as defined by the SEC rules and that each is "independent" as such term is defined in Rule 10A-3(b)(1) under the Exchange Act. With the resignation of Michael Farello from the audit committee effective July 16, 2024, we have a fully independent audit committee and no longer rely on the previously applicable exemption from Rule 10A-3 of the Exchange Act and the Nasdaq listing standards.

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

The following table presents repurchases of our Class A ordinary shares made by us during the fiscal year ended December 31, 2024.

	Number of Class A Ordinary Shares purchased	Average price paid per Class A Ordinary Share	Total number of Class A Ordinary Shares purchased as part of our publicly announced programs	Maximum dollar value of Class A Ordinary Shares yet to be purchased under the programs(1)
Jan-24	—	$ —	—	$ —
Feb-24	—	—	—	—
Mar-24	—	—	—	—
Apr-24	—	—	—	—
May-24	—	—	—	—
Jun-24	250,000	41.43	250,000	139,644
Jul-24	—	—	—	139,644
Aug-24	701,642	37.68	701,642	113,203
Sep-24	301,892	34.74	301,892	102,716
Oct-24	—	—	—	102,716
Nov-24	2,352,885 (2)	42.50	—	102,716
Dec-24	—	—	—	102,716
Total	**3,606,419**	**40.84**	**1,253,534**	**102,716**

1) On June 7, 2024, we announced that our board of directors had approved a share buyback program authorizing the repurchase on the open market of a maximum of $150 million of our Class A ordinary shares (the "Buyback Plan"), subject to market conditions, legal and regulatory constraints, the terms of the Buyback Plan, and other strategic priorities. The Buyback Plan will expire on June 30, 2027 or once the allocated funds have been fully deployed, subject to any future modifications by our board of directors.

2) On November 12, 2024, we entered into the Share Repurchase with LCGP3. The Share Repurchase closed on November 18, 2024, at which time the Company repurchased from LCGP3 and retired approximately 2.35 million shares at a price per share of $42.501.

ITEM 16F. CHANGE IN REGISTRANT'S CERTIFYING ACCOUNTANT

Not applicable.

ITEM 16G. CORPORATE GOVERNANCE

Oddity is considered a "foreign private issuer" under the securities laws of the U.S. and the rules of Nasdaq. Under the applicable securities laws of the U.S., "foreign private issuers" are subject to different disclosure requirements than U.S. domiciled issuers. Under Nasdaq's rules, a "foreign private issuer" is subject to less stringent corporate governance and compliance requirements and subject to certain exceptions, Nasdaq permits a "foreign private issuer" to follow its home country's practice in lieu of the listing requirements of Nasdaq. Oddity relies on the "foreign private issuer exemption" with respect to Nasdaq rules for shareholder meeting quorums and the number of independent directors on our board of directors and committees thereof. See the section titled "Item 6.C. Directors, Senior Management and Employees—Board Practices—Corporate Governance Practices" for more information. We otherwise intend to comply with the rules generally applicable to U.S. domestic companies listed on Nasdaq. We may, however, in the future decide to use more of the exemptions available to "foreign private issuers" and opt out of some or all of the other corporate governance rules applicable to U.S. domestic companies listed on Nasdaq, including, for example, exemption from Nasdaq Listing Rule 5635(d), which in certain circumstances requires an issuer to obtain shareholder approval prior to the issuance (or potential issuance) of securities equaling 20% or more of the issuer's outstanding ordinary shares or 20% or more of the outstanding voting power. Accordingly, if, in the future, we choose to follow this or other home country practices, Oddity's shareholders may not receive the same protections afforded to shareholders of companies that are subject to all of Nasdaq's corporate governance requirements.

Oddity intends to take all actions necessary for it to maintain compliance as a foreign private issuer under the applicable corporate governance requirements of the Sarbanes-Oxley Act of 2002, the rules adopted by the SEC and the Nasdaq corporate governance rules and listing standards.

Because Oddity is a foreign private issuer, its directors and senior management are not subject to short-swing profit and insider trading reporting obligations under Section 16 of the Exchange Act. They are, however, subject to the obligations to report changes in share ownership under Section 13 of the Exchange Act and related SEC rules.

ITEM 16H. MINE SAFETY DISCLOSURE

Not applicable.

ITEM 16I. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable.

ITEM 16J. INSIDER TRADING POLICIES

We have adopted an insider trading compliance policy (the "Insider Trading Policy") that governs the trading in our securities by our directors, officers and certain other covered persons, and which is reasonably designed to promote compliance with applicable insider trading laws, rules and regulations, and Nasdaq listing standards. A copy of the Insider Trading Policy is filed as an exhibit to this Annual Report.

ITEM 16K. CYBERSECURITY

Cybersecurity Risk Management and Strategy

We recognize the importance of assessing, identifying, and managing material risks associated with cybersecurity threats, as such term is defined in Item 106(a) of Regulation S-K. These risks include, among other things: operational risks, intellectual property theft, fraud, extortion, harm to our employees, customers or third-party vendors and service providers and violation of data privacy or security laws.

Identifying and assessing cybersecurity risk is integrated into our overall risk management systems and processes. Cybersecurity risks related to our business, technical operations, privacy and compliance issues are identified and addressed through our cybersecurity risk management program, which includes third-party assessments, internal IT audits conducted by our Audit Committee and IT security, governance, risk and compliance reviews.

We have implemented a multi-layered cybersecurity approach which includes three primary elements: perimeter and intra-network defense, proactive monitoring and security training. We have in place safety and security measures designed to protect our systems against cybersecurity incidents. Our measures for assessing, identifying and managing material risks from cybersecurity threats and security incidents include:

- Our information is encrypted and securely stored in the cloud, following Amazon's Well Architected framework, and adhering to recognized security and privacy standards like the NIST-CSF, GDPR and CPRA.
- We employ advanced tools and services for data protection, including WAF, CSPM, CWP, ZT, and EDR, among others.
- We conduct periodic internal and external assessments, such as penetration testing and vulnerability scans.
- We implement system safeguards, including email filtering and access control.
- We ensure continuous threat surveillance and have incident response plans in place for prompt identification, reporting, and resolution, all managed by our 24/7 Security Operations Center.
- We provide comprehensive cybersecurity and privacy training to our employees regularly.
- We monitor our compliance with data protection regulations.
- We maintain policies for handling third-party data.
- We regularly update and review our internal cybersecurity policies.

We have also implemented incident response and breach management policies and procedures. Such incident response processes are overseen by leaders from our Information Security, Product Security, Compliance and Legal teams regarding matters of cybersecurity. As part of these processes, we engage external auditors and consultants to assess our internal cybersecurity programs and compliance with applicable practices and standards.

Our risk management program also assesses third-party cybersecurity risks and threats. We perform third-party risk assessments to identify and mitigate risks from third parties such as vendors, suppliers, and other business partners associated with our use of third-party service providers. Such cybersecurity risks are evaluated when selecting and overseeing applicable third-party service providers and potential fourth-party risks that may handle and/or process our employee, business or customer data. Our evaluations include security questionnaires and legal review and oversight of contracts, including, but not limited to, contractual clauses related to cybersecurity and data privacy. In addition to new vendor onboarding, we have procedures in place to perform risk management during third-party cybersecurity compromise incidents to identify and mitigate risks to us from third-party incidents. Although we have continued to invest in our due diligence, onboarding, and monitoring capabilities over critical third parties with whom we do business, including our third-party vendors and service providers, our control over the security posture of, and ability to monitor the cybersecurity practices of, such third parties remains limited, and there can be no assurance that we can prevent, mitigate, or remediate the risk of any compromise or failure in the cybersecurity infrastructure owned or controlled by such third parties. When we do become aware that a third-party vendor or service provider has experienced such compromise or failure, we attempt to mitigate our risk, including by terminating such third party's connection to our information systems and networks where appropriate.

For a description of how risks from cybersecurity threats and security incidents could materially affect us, including our business strategy, results of operations or financial condition, see the sections titled "Item 3.D. Key Information—Risk Factors—Risks Related to Data Privacy and Security, Information Technology, and Intellectual Property—We rely significantly on the use of information technology, including technology provided by third-party service providers. Any failure, error, defect, inadequacy, interruption, or data breach or other security incident of our information technology systems, or those of our third-party service providers, could have an adverse effect on our business, reputation, financial condition, and results of operations" and "Item 3.D. Key Information—Risk Factors—Risks Related to Data Privacy and Security, Information Technology, and Intellectual Property—If sensitive or personal information about our customers is disclosed, or if we or our third-party service providers are subject to real or perceived cyberattacks or other security incidents, our customers may curtail use of our website, we may be exposed to liability and our reputation could suffer," which are incorporated by reference into this Item 16.K.

Cybersecurity Governance

Cybersecurity is an important part of our risk management processes and an area of focus for our board of directors and management. Our Audit Committee is responsible for the oversight of risks from cybersecurity threats and responses to incidents, should they arise. Members of the Audit Committee receive updates on a quarterly basis from senior management, including leaders from our Information Security, Technology and Legal teams, collectively known as the Security and Privacy Committee, regarding matters of cybersecurity. The Chief Technology Officer communicates this information to the Audit Committee on behalf of the Security and Privacy Committee. This includes existing and new cybersecurity risks, status on how management is addressing and/or mitigating those risks, cybersecurity and data privacy incidents (if any) and status on key information security initiatives.

Our cybersecurity risk management and strategy processes are overseen by leaders from our Information Security, Technology and Legal teams. These individuals are informed about, and monitor the prevention, mitigation, detection and remediation of cybersecurity incidents through their management of, and participation in, the cybersecurity risk management and strategy processes described above, including the operation of our incident response plan, and report to the Audit Committee on any appropriate items. The key management committee responsible for assessing and managing material risks from cybersecurity threats is the Security and Privacy Committee, which includes among others, Niv Price (Chief Technology Officer) and Dr. Omer Shwartz (Vice President of Information Security). Before joining Oddity, Mr. Price co-founded and served as director and Chief Executive Office of Voyage81 and prior to that served for over 20 years in the Intelligence Directorate of the Israeli Defense Forces in various technological and managerial positions. Mr. Price holds an M.Sc. in Electrical Engineering from Tel Aviv University and a Masters in Public Administration from Harvard University. Dr. Shwartz holds a PhD in Information Systems Engineering and Cybersecurity and has over 13 years of industry experience.

Upon receiving an alert regarding a potential cybersecurity threat or incident in the Security Operations Center, the Vice President of Information Security is notified to coordinate the investigation and disseminate the information to the appropriate teams. Based on the alert's severity, the Vice President may either monitor its resolution closely or escalate the situation by declaring a security incident and activating the incident response protocol, including appropriate escalation to senior management and the Audit Committee as appropriate. Despite our efforts to improve prevent, detect, mitigate, and remediate cybersecurity incidents, complete protection in the field of cybersecurity cannot be guaranteed and we can make no assurances that we have not experienced an undetected cybersecurity incident, including an incident that may have been material. For more information, see "Item 3.D. Key Information—Risk Factors—Risks Related to Data Privacy and Security, Information Technology, and Intellectual Property—If sensitive or personal information about our customers is disclosed, or if we or our third-party service providers are subject to real or perceived cyberattacks or other security incidents, our customers may curtail use of our website, we may be exposed to liability and our reputation could suffer."

PART III

ITEM 17. FINANCIAL STATEMENTS

We have elected to provide financial statements pursuant to Item 18 of this Report.

ITEM 18. FINANCIAL STATEMENTS

The Company's financial statements are filed as part of this Report beginning on page F-1.

ITEM 19. EXHIBITS

EXHIBIT INDEX

Exhibit No.	Description
1.1	Amended and Restated Articles of Association of Oddity Tech Ltd. (incorporated by reference to Exhibit 1.1 to the Form 20-F filed on March 6, 2024 (File no. 001-41745)).
2.1	Specimen Oddity Tech Ltd. Class A Ordinary Share Certificate (incorporated by reference to Exhibit 4.1 to the Form F-1 filed on June 23, 2023 (File no. 333-272890)).
2.2*	Description of Securities.
4.1	Registration Rights Agreement, dated June 2, 2017, by and among Il Makiage Cosmetics (2013) Ltd. and LCGP3 PRO MAKEUP, L.P., Oran Shilo Investments LP and Il Makiage Investments L.P. (incorporated by reference to Exhibit 4.2 to the Form F-1 filed on July 10, 2023 (File no. 333-272890)).
4.2	Form of Indemnification Agreement (incorporated by reference to Exhibit 10.1 to the Form F-1 filed on June 23, 2023 (File no. 333-272890)).
4.3†	Il Makiage Cosmetics (2013) Ltd. 2020 Equity Incentive Plan (incorporated by reference to Exhibit 10.2 to the Form F-1 filed on June 23, 2023 (File no. 333-272890)).
4.4†	United States Sub-Plan to the Il Makiage Cosmetics (2013) Ltd. 2020 Equity Incentive Plan (incorporated by reference to Exhibit 10.3 to the Form F-1 filed on June 23, 2023 (File no. 333-272890)).
4.5†	2023 Incentive Award Plan (incorporated by reference to Exhibit 10.4 to the Form F-1/A filed on July 10, 2023 (File no. 333-272890)).
4.6†	Form of Share Option Grant Notice (incorporated by reference to Exhibit 10.5 to the Form F-1 filed on June 23, 2023 (File no. 333-272890)).
4.7†	Form of Restricted Share Unit Grant Notice (incorporated by reference to Exhibit 10.6 to the Form F-1 filed on June 23, 2023 (File no. 333-272890)).
4.8†	2023 Employee Share Purchase Plan (incorporated by reference to Exhibit 10.7 to the Form F-1/A filed on July 10, 2023 (File no. 333-272890)).
4.9†	Non-Employee Director Compensation Policy (incorporated by reference to Exhibit 10.8 to the Form F-1 filed on June 23, 2023 (File no. 333-272890)).
4.10†	Compensation Policy for Directors and Officers (incorporated by reference to Exhibit 10.9 to the Form F-1 filed on June 23, 2023 (File no. 333-272890)).
4.11	Holdback Agreement, dated July 29, 2021, by and among Il Makiage Cosmetics (2013) Ltd. and Niv Price (incorporated by reference to Exhibit 10.10 to the Form F-1 filed on June 23, 2023 (File no. 333-272890)).
4.12Ù#	Share Purchase Agreement, dated July 9, 2021, by and among Il Makiage Cosmetics (2013) Ltd., Voyage81 Ltd., the Shareholders of Voyage81 Ltd., and Nate Jaret, as the Shareholder Representative (incorporated by reference to Exhibit 10.11 to the Form F-1 filed on June 23, 2023 (File no. 333-272890)).
4.13#	Agreement and Plan of Mergers, dated April 4, 2023, by and among ODDITY Labs, LLC, Revela Inc., IM Pro Makeup NY L.P., IM Pro Makeup NY Merger Sub, Inc. and Evan Zhao, as representative (incorporated by reference to Exhibit 10.12 to the Form F-1 filed on June 23, 2023 (File no. 333-272890)).
4.14†	Nominee and Indemnity Agreement, dated November 27, 2023, by and among ODDITY Tech Ltd., Catterton Management Company, L.L.C. and Michael Farello (incorporated by reference to Exhibit 4.14 to the Form 20-F filed on March 6, 2024 (File no. 001-41745)).
4.15*	Repurchase Agreement, dated November 12, 2024, by and among ODDITY Tech Ltd. and LCGP3 Pro Makeup, L.P.

4.16*	English Translation of Letter of Approval for 2025 Credit Facility, dated January 30, 2025, by and among Oddity Tech Ltd. and Bank Leumi.
4.17*	Letter of Approval for 2025 Credit Facility, dated January 30, 2025, by and among Oddity Tech Ltd. and Bank Hapoalim.
4.18*	Addendum to Letter of Approval for 2025 Credit Facility, dated January 30, 2025, by and among Oddity Tech Ltd. and Bank Hapoalim.
4.19*	English Translation of Credit Agreement for 2025 Credit Facility, dated January 30, 2025, by and among Oddity Tech Ltd. and Bank Discount.
8.1*	List of subsidiaries of Oddity Tech Ltd.
11.1*	Insider Trading Compliance Policy and Procedures
12.1*	Rule 13a-14(a)/15d-14(a) - Section 302 - Certification of Chief Executive Officer.
12.2*	Rule 13a-14(a)/15d-14(a) - Section 302 - Certification of Chief Financial Officer.
13.1*	18 U.S.C. SECTION 1350 - Section 906 - Certification of Chief Executive Officer.
13.2*	18 U.S.C. SECTION 1350 - Section 906 - Certification of Chief Financial Officer.
15.1*	Consent of Kost Forer Gabbay & Kasierer, an independent registered public accounting firm.
97.1	Policy for Recovery of Erroneously Awarded Compensation (incorporated by reference to Exhibit 97.1 to the Form 20-F filed on March 6, 2024 (File no. 001-41745)).
101.INS	Inline XBRL Instance Document.
101.SCH	XBRL Taxonomy Extension Schema Document.
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.
104	Cover Page Interactive Data File (embedded within the Inline XBRL document).

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* Filed herewith.

† Indicates a management contract or compensatory plan.

Ù Certain portions of this exhibit (indicated by “[***]”) have been omitted in accordance with Instruction 4(a) of Item 19—Exhibits of Form 20-F because the omitted information is both not material and is the type that the Registrant treats as private or confidential. The Registrant undertakes to furnish supplemental unredacted copies of the exhibit upon request by the SEC.

\# Schedules have been omitted in accordance with the Instructions to Item 19—Exhibits of Form 20-F. The Registrant undertakes to furnish supplemental copies of any of the omitted schedules upon request by the SEC.

SIGNATURES

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

ODDITY TECH LTD.

February 25, 2025	By: /s/ Oran Holtzman
	Name: Oran Holtzman
	Title: Chief Executive Officer

ODDITY TECH LTD. AND ITS SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2024

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and the Board of Directors of

ODDITY TECH LTD.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Oddity Tech Ltd. and its subsidiaries (the Company) as of December 31, 2024 and 2023, the related consolidated statements of income, comprehensive income, Redeemable A shares and shareholders' equity and cash flows for each of the three years in the period ended December 31, 2024, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2024 and 2023, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2024, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2024, based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated February 25, 2025, expressed an unqualified opinion thereon.

Basis for Opinion

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

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud.

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

Critical Audit Matter

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

Revenue transactions associated with the Try Before You Buy ("TBYB") program

Description of the Matter	As discussed in Note 2 to the consolidated financial statements, the Company offers a Try Before You Buy (TBYB) program, which allows its customers to order certain products and pay for the products after the trial period ends. Under ASC 606, the Company recognizes revenue for TBYB program orders once the trial period lapses. The revenue recognition process for identifying these transactions involves manual adjustments to ensure the accuracy and completeness of recorded revenue. We identified manual revenue adjustments as a critical audit matter due to the substantial reliance on a manually compiled database using end-user computing applications. Auditing these transactions required significant effort to identify potential errors inherent in the process by validating the completeness and accuracy of the system-generated data used as inputs for the calculations.
How We Addressed the Matter in Our Audit	We obtained an understanding, evaluated the design, and tested the operating effectiveness of controls over the Company's process to calculate the manual adjustments, including the review of the results of calculations and assessment of completeness and accuracy of the underlying data. To evaluate the Company's calculations for the manual adjustments, we engaged IT audit specialists to identify and review key reports used in the calculations. We validated completeness of the reports used and performed detailed testing of a sample of transaction-level documents to ensure accuracy. Additionally, we used technological tools to recalculate the manual adjustments and compared our recalculation to the Company's recorded revenue.

/s/ KOST FORER GABBAY & KASIERER
A Member of EY Global

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

Tel-Aviv, Israel
February 25, 2025

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and the Board of Directors of

ODDITY TECH LTD.

Opinion on Internal Control over Financial Reporting

We have audited Oddity Tech Ltd. and its subsidiaries' internal control over financial reporting as of December 31, 2024, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, Oddity Tech Ltd. and its subsidiaries (the Company) maintained, in all material respects, effective internal control over financial reporting as of December 31, 2024, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of December 31, 2024 and 2023, the related consolidated statements of income, comprehensive income, Redeemable A shares and shareholders' equity and cash flows for each of the three years in the period ended December 31, 2024, and the related notes, and our report dated February 25, 2025, expressed an unqualified opinion thereon.

Basis for Opinion

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

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

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

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

/s/ KOST FORER GABBAY & KASIERER
A Member of EY Global
Tel-Aviv, Israel
February 25, 2025

CONSOLIDATED BALANCE SHEETS

U.S. dollar in thousands

	December 31,	
	2024	2023
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 50,340	$ 36,538
Short-term deposits	48,000	78,000
Marketable securities	1,880	1,108
Trade receivables	9,188	9,916
Inventories	99,810	84,106
Prepaid expenses and other current assets	14,151	14,144
Total current assets	223,369	223,812
LONG-TERM ASSETS:		
Marketable securities	68,831	50,507
Property, plant and equipment, net	9,817	9,245
Deferred tax asset, net	8,786	3,924
Intangible assets, net	36,458	36,001
Goodwill	64,904	64,904
Operating lease right-of-use assets	23,567	13,557
Other assets	3,150	2,956
Total long-term assets	215,513	181,094
Total assets	$ 438,882	$ 404,906

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

CONSOLIDATED BALANCE SHEETS

U.S. dollar in thousands (except for number of shares and par value)

	December 31,	
	2024	2023
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Trade payables	$ 79,130	$ 56,185
Other accounts payable and accrued expenses	38,566	49,325
Operating lease liabilities, current	7,106	3,802
Total current liabilities	124,802	109,312
LONG-TERM LIABILITIES:		
Operating lease liabilities, non-current	15,604	8,712
Other long-term liabilities	16,172	3,775
Total liabilities	156,578	121,799
CONTINGENCIES (Note 11)		
SHAREHOLDERS' EQUITY:		
Class A Ordinary shares of NIS 0.001 par value each – Authorized: 200,000,000 shares at December 31, 2024 and 2023; Issued and outstanding: 44,281,291 and 45,319,675 shares at December 31, 2024 and 2023, respectively	14	14
Class B Ordinary shares of NIS 0.001 par value each – Authorized: 40,000,000 and 40,000,000 shares at December 31, 2024 and 2023 respectively; Issued and outstanding: 11,547,000 shares at December 31, 2024 and 2023	3	3
Additional paid-in capital	76,912	178,910
Accumulated other comprehensive income	2,106	2,402
Retained earnings	203,269	101,778
Total shareholders' equity	282,304	283,107
Total liabilities and shareholders' equity	$ 438,882	$ 404,906

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

CONSOLIDATED STATEMENTS OF INCOME

U.S. dollar in thousands (except per share data)

	Year ended December 31,		
	2024	2023	2022
Net revenue	$ 647,040	$ 508,685	$ 324,520
Cost of revenue	178,718	150,456	106,470
Gross profit	468,322	358,229	218,050
Selling, general and administrative	352,722	283,911	190,385
Operating income	115,600	74,318	27,665
Financial income, net	(12,306)	(4,283)	(1,247)
Income before taxes on income	127,906	78,601	28,912
Taxes on income	26,415	20,067	7,184
Net income	$ 101,491	$ 58,534	$ 21,728
Earnings per share attributable to Class A and Class B Ordinary and Redeemable A shareholders:			
Basic (**)	$ 1.77	$ 1.06	$ 0.41
Diluted (**)	$ 1.64	$ 1.00	$ 0.39

(**) The results have been adjusted for the issuance of Class B ordinary shares and additional Redeemable A shares and for the share split effected by way of issuance of bonus shares (Note 13).

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

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

U.S. dollar in thousands

	Year ended December 31,		
	2024	2023	2022
Net income	$ 101,491	$ 58,534	$ 21,728
Other comprehensive income:			
Change in unrealized gains on marketable securities:			
Unrealized (loss) gains arising during the period, net of tax	(590)	664	—
Gains reclassified into earnings, net of tax	294	—	—
Other comprehensive income, net of tax	(296)	664	—
Comprehensive income	$ 101,195	$ 59,198	$ 21,728

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

STATEMENTS OF REDEEMABLE A SHARES AND SHAREHOLDERS' EQUITY

U.S. dollars in thousands (except for number of shares)

	Redeemable A shares (**)		Class A Ordinary shares (**)		Class B Ordinary shares (**)		Additional paid-in capital	Retained earnings	Accumulated other comprehensive income	Total shareholders' equity
	Shares	Amount	Shares	Amount	Shares	Amount				
Balance as of January 1, 2022	983,861	$ 12,275	26,131,795	$ 8	26,131,795	$ 8	$ 45,379	$ 21,516	$ 1,738	$ 68,649
Conversion of Class B Ordinary shares to Class A Ordinary shares.	—	—	12,166,519	4	(12,166,519)	(4)	—	—	—	—
Share based compensation	—	—	—	—	—	—	8,253	—	—	8,253
Exercise of options and vesting of RSUs	—	—	86,263	(*)	57,273	(*)	75	—	—	75
Net income	—	—	—	—	—	—	—	21,728	—	21,728
Balance as of December 31, 2022	983,861	$ 12,275	38,384,577	$ 12	14,022,549	$ 4	$ 53,707	$ 43,244	$ 1,738	$ 98,705
Issuance of Class A Ordinary shares in connection with business combination	—	—	1,313,847	(*)	—	—	34,895	—	—	34,895
Issuance of Class A Ordinary shares in connection with Initial Public Offering, net	—	—	1,754,385	1	—	—	50,298	—	—	50,299
Issuance of Class A Ordinary shares in connection with digital securities conversion	—	—	23,142	(*)	—	—	810	—	—	810
Conversion of Redeemable A shares	(983,861)	(12,275)	983,861	(*)	—	—	12,275	—	—	12,275
Conversion of Class B Ordinary shares to Class A Ordinary shares.	—	—	2,503,183	1	(2,503,183)	(1)	—	—	—	—
Exercise of options and vesting of RSUs	—	—	356,680	(*)	27,634	(*)	1,747	—	—	1,747
Share based compensation	—	—	—	—	—	—	25,178	—	—	25,178
Other comprehensive income	—	—	—	—	—	—	—	—	664	664
Net income	—	—	—	—	—	—	—	58,534	—	58,534
Balance as of December 31, 2023	—	$ —	45,319,675	$ 14	11,547,000	$ 3	$ 178,910	$ 101,778	$ 2,402	$ 283,107
Repurchase and retirement of common stock	—	—	(3,606,419)	(1)	—	—	(147,282)	—	—	(147,283)
Exercise of options and vesting of RSUs	—	—	2,568,035	1	—	—	19,008	—	—	19,009
Share based compensation	—	—	—	—	—	—	26,276	—	—	26,276
Other comprehensive income	—	—	—	—	—	—	—	—	(296)	(296)
Net income	—	—	—	—	—	—	—	101,491	—	101,491
Balance as of December 31, 2024	—	$ —	44,281,291	$ 14	11,547,000	$ 3	$ 76,912	$ 203,269	$ 2,106	$ 282,304

(*) Represents an amount lower than $1.

(**) Adjusted for the issuance of Class B and additional Redeemable A shares and for the share split effected by way of issuance of bonus shares (Note 13).

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

U.S. dollars in thousands

	Year ended December 31,		
	2024	2023	2022
Cash flows from operating activities:			
Net income	$ 101,491	$ 58,534	$ 21,728
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	9,827	8,605	4,408
Share-based compensation	25,022	24,111	6,697
Accretion of discount of marketable securities, net	(1,304)	(547)	—
Deferred income taxes	(4,350)	(1,256)	(1,515)
Decrease (increase) in trade receivable	728	(2,340)	(2,435)
Increase in prepaid expenses and other receivables	(1,857)	(4,299)	(1,802)
Increase in inventories	(15,704)	(13,599)	(18,773)
Increase in trade payables	23,248	9,278	7,788
Increase in other accounts payable and accrued expenses and other long - term liabilities	2	8,654	23,651
Change in operating lease right-of-use assets	6,300	4,618	5,009
Change in operating lease liability	(5,712)	(4,349)	(6,321)
Other	73	45	597
Net cash provided by operating activities	137,764	87,455	39,032
Cash flows from investing activities:			
Purchase of property, plant and equipment	(3,270)	(2,101)	(2,347)
Capitalization of software development costs	(4,733)	(3,518)	(5,051)
Investment in marketable securities	(59,710)	(50,012)	—
Proceeds from sales of marketable securities	36,277	—	—
Proceeds from maturities of marketable securities	4,939	—	—
Proceeds from maturities of short-term deposits	87,189	38,000	—
Investment in short-term deposits	(57,189)	(98,000)	(18,000)
Acquisition of businesses, net of cash acquired	—	(23,173)	—
Other investing activities	(2,151)	(1,187)	(382)
Net cash provided by (used in) investing activities	1,352	(139,991)	(25,780)
Cash flows from financing activities:			
Repurchase and retirement of common stock	(147,283)	—	—
Repayment of loans and borrowings	—	(4,313)	(362)
Proceeds from Initial Public Offering, net of issuance costs	(303)	53,006	(607)
Proceeds from issuance of digital securities	—	—	648
Proceeds from exercise of options	19,009	1,747	75
Tax withholding in connection with employees' exercises of share options and vested RSUs	2,907	—	—
Other financing activities	(1,629)	(1,629)	—
Net cash (used in) provided by financing activities	(127,299)	48,811	(246)
Effect of exchange rate fluctuations on cash and cash equivalents	(236)	(623)	(781)
Net increase (decrease) in cash, cash equivalents and restricted cash	11,581	(4,348)	12,225
Cash, cash equivalents and restricted cash at the beginning of the year	38,766	43,114	30,889
Cash, cash equivalents and restricted cash at the end of the year	$ 50,347	$ 38,766	$ 43,114
Components of cash, cash equivalents, and restricted cash:			
Cash and cash equivalents	$ 50,340	$ 36,538	$ 40,955
Restricted cash included within prepaid expenses and other current assets	7	2,228	2,159
Total cash, cash equivalents and restricted cash	$ 50,347	$ 38,766	$ 43,114
Supplemental disclosure of cash flow information:			
Cash paid during the year for interest	$ —	$ (73)	$ (210)
Cash paid during the year for income tax	$ (35,698)	$ (11,228)	$ (1,945)
Supplemental disclosures of non-cash investing and financing activities:			
Offering costs accrued but not yet paid	$ —	$ 2,100	$ —
Issuance of shares in connection with business combination	$ —	$ 34,895	$ —
Conversion of Redeemable A shares and digital securities into Class A Ordinary shares upon Initial Public Offering	$ —	$ 13,085	$ —
Non-cash compensation capitalized as part of capitalization of software development costs	$ 1,254	$ 1,067	$ 1,577
Lease liabilities arising from obtaining right-of-use assets	$ 15,908	$ 4,667	$ 1,079

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

NOTE 1: - GENERAL

Oddity Tech Ltd., an Israeli corporation, together with its subsidiaries (the "Company") is a consumer-tech company which builds and scales digital-first brands designed to disrupt the offline-dominated beauty and wellness industries. The Company leverages data science, machine learning and computer vision capabilities to identify consumer needs and develop solutions in the form of beauty, wellness and tech products.

NOTE 2: - SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States ("U.S. GAAP").

a. Basis of presentation and principles of consolidation:

These consolidated financial statements have been prepared in accordance with U.S. GAAP as set forth in the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC"). The consolidated financial statements include accounts of the Company's wholly owned subsidiaries which the Company controls. All intercompany account balances and transactions are eliminated upon consolidation.

b. Use of estimates:

The preparation of the consolidated financial statements in conformity with U.S. 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 were made.

These estimates, judgments and assumptions can affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities as of the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

c. Financial statements in U.S. dollars:

The functional currency for the Company and its subsidiaries is determined based on the primary economic environment in which the companies operate is the U.S. dollar (the "functional currency"). Accordingly, transactions denominated in currencies other than the functional currency are re-measured to the functional currency in accordance with ASC No. 830, "Foreign Currency Matters". All transaction gains and losses from the re-measured monetary balance sheet items are reflected in the statements of income as financial income or expenses, as appropriate.

d. Cash equivalents:

Cash equivalents are short-term unrestricted highly liquid investments that are readily convertible into cash, with original maturities of three months or less at investment.

NOTE 2: - SIGNIFICANT ACCOUNTING POLICIES (Cont.)

e. Restricted cash:

Restricted cash consists of deposits used as security for the Company's credit facilities, credit cards and lease agreements. As of December 31, 2023, restricted cash amounted $2,228 and is included within prepaid expenses and other current assets. Restricted cash as of December 31, 2024 is immaterial.

f. Short-term deposits:

Short-term deposits are deposits with an original maturity of more than three months but less than one year from the date of purchase. Accrued interest on deposits is classified as other current assets. As of December 31, 2024 and 2023, the majority of the Company's bank deposits were denominated in U.S. dollars and bore interest at weighted-average interest rates of 5.9% and 6.7%, respectively.

g. Trade receivables:

The Company records trade receivables for amounts invoiced. The Company makes estimates of expected credit losses based upon its assessment of various factors, including historical experience, the age of the trade receivable balances, 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 consolidated statements of income. For the years ended December 31, 2024, 2023 and 2022 credit losses were immaterial.

h. Marketable securities:

The Company accounts for investments in marketable debt securities in accordance with ASC No. 320, "Investments - Debt Securities". The Company determines the appropriate classification of its investments at the time of purchase and reevaluates such designation at each balance sheet date. The Company classifies all of its debt marketable securities as available-for-sale as the Company may sell these securities at any time for use in its current operations or for other purposes, even prior to maturity. Available-for-sale securities are carried at fair value, with the unrealized gains and losses, net of tax, reported in accumulated other comprehensive income (loss) in shareholders' equity.

Realized gains and losses on sale of investments are included in financial income, net and are derived using the specific identification method for determining the cost of securities sold. The amortized cost of debt securities is adjusted for amortization of premiums and accretion of discounts to maturity. Such amortization together with interest on securities is included in financial income, net.

For debt securities in an unrealized loss position, the Company determines whether a credit loss exists. The credit loss is estimated by considering available information relevant to the collectability of the security and information about past events, current conditions, and reasonable and supportable forecasts. Any credit loss is recorded as a charge to financial income, net, not to exceed the amount of the unrealized loss. Unrealized losses other than the credit loss are recognized in OCI. If the Company has an intent to sell, or if it is more likely than not that it will be required to sell a debt security in an unrealized loss position before recovery of its amortized cost basis, the Company will write down the security to its fair value and record the corresponding charge as a component of financial income, net.

NOTE 2: - SIGNIFICANT ACCOUNTING POLICIES (Cont.)

The Company classifies its marketable securities as either short-term or long-term based on each instrument's underlying contractual maturity date as well as the intended time of realization. Marketable securities with maturities of 12 months or less are classified as short-term and marketable securities with maturities greater than 12 months are classified as long-term.

The Company did not recognize an allowance for credit losses on marketable securities as the expected losses were not material for the years ended December 31, 2024 and 2023.

i. Fair value of financial instruments:

Fair value is defined as the amount that would be received for selling an asset or paid to transfer a liability in an orderly transaction between market participants and requires that assets and liabilities carried at fair value are classified and disclosed in the following three categories:

Level 1- Unadjusted quoted prices in active markets for identical assets or liabilities accessible to the reporting entity at measurement date.

Level 2- Other than quoted prices included in Level 1 inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3- Unobservable inputs for the asset or liability used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at measurement date.

The carrying amounts of cash and cash equivalents, restricted cash, short-term deposits, trade receivables, prepaid expenses and other current assets, trade payables and other accounts payable approximate their fair value due to the short-term maturity of such instruments.

j. Inventories:

Inventory costs include costs incurred to bring inventory to its current condition, including materials, manufacturing costs, inbound freight, duties and other costs. The Company values its inventory at cost, using an average costing method. Net realizable value is estimated based upon assumptions made about future demand and market conditions. If the Company determines that the estimated net realizable value of its inventory is less than the carrying value of such inventory, a charge to cost of revenue is recorded to reflect the lower of cost or net realizable value. If actual market conditions are less favorable than those projected by the Company, further adjustments may be required that would increase the cost of revenue in the period in which such a determination was made.

The Company purchases components from a variety of suppliers and uses several contract manufacturers to provide manufacturing services for its products. During the normal course of business, in order to manage manufacturing lead times and help ensure adequate supply, the Company enters into agreements with contract manufacturers and suppliers for certain components. The Company has certain non - cancellable purchase commitments arising from these agreements. These commitments are based on forecasted customer demand. If it reduces these commitments, the Company may incur additional costs.

NOTE 2: - SIGNIFICANT ACCOUNTING POLICIES (Cont.)

k. Property, plant and equipment:

Property, plant and equipment are stated at cost, net of accumulated depreciation. When assets are retired or otherwise disposed of, the cost and accumulated depreciation are removed from the accounts and any resulting gain or loss is reflected in the consolidated statements of income in the period realized. Maintenance and repairs are expensed as incurred.

Property, plant and equipment items are depreciated on a straight-line basis over the estimated useful lives of the assets, as follows:

	Years
Computers and electronic equipment	3 – 7
Office furniture and equipment	7 – 15
Molds and others	7
Leasehold improvements	Shorter of lease term or estimated useful life

l. Impairment of long-lived assets and intangible assets subject to amortization, including right-of-use (“ROU”) lease asset:

Long-lived assets held and used by the Company are reviewed for impairment in accordance with ASC 360, “Property, Plant and Equipment” whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to the future undiscounted cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment is measured as the amount of which the carrying amount of the assets exceeds the fair value of the assets. During the years ended December 31, 2024, 2023 and 2022, no impairment was identified.

m. Business combination:

The Company applies the provisions of ASC 805, “Business Combination” and allocates the fair value of purchase consideration to the tangible assets acquired, liabilities assumed, and intangible assets acquired based on their estimated fair values. The excess of the fair value of purchase consideration over the fair values of these identifiable assets and liabilities is recorded as goodwill.

When determining the fair values of assets acquired and liabilities assumed, management makes significant estimates and assumptions, especially with respect to intangible assets.

Significant estimates in valuing certain intangible assets include but are not limited to future expected cash flows from acquired technology from a market participant perspective, useful lives and discount rates. Management’s estimates of fair value are based upon assumptions believed to be reasonable, but which are inherently uncertain and unpredictable and, as a result, actual results may differ from estimates. Acquisition-related expenses are recognized separately from the business combination and are expensed as incurred (see also Note 3).

NOTE 2: - SIGNIFICANT ACCOUNTING POLICIES (Cont.)

n. Goodwill:

Goodwill reflects the excess of the consideration transferred, including the fair value of any contingent consideration, over the assigned fair values of the identifiable net assets acquired at the acquisition date. Goodwill is not amortized, and is tested for impairment at least on an annual basis. The Company operates as one reporting unit. The Company tests goodwill for impairment annually in the fourth quarter and whenever events or changes in circumstances indicate the carrying amount of goodwill may not be recoverable. When testing goodwill for impairment, the Company may first perform a qualitative assessment. If the Company determines it is not more likely than not that the reporting unit's fair value is less than its carrying amount, then no further analysis is necessary. If the Company determines that it is more likely than not that the reporting unit's fair value is less than its carrying amount, then the quantitative impairment test will be performed.

The Company may elect to bypass the qualitative assessment and proceed directly to performing a quantitative analysis. Under the quantitative impairment test, if the carrying amount of the Company's reporting unit exceeds its fair value, the Company will recognize an impairment loss in an amount equal to that excess but limited to the total amount of goodwill.

During the years ended December 31, 2024, 2023 and 2022, no impairment of goodwill has been identified.

o. Internal-use software costs:

The Company capitalizes certain costs associated with the development of its online platforms and its proprietary technology after the preliminary project stage is complete and until the software is ready for its intended use. Costs incurred during the preliminary project stage or costs incurred for data conversion activities, training, maintenance, and general and administrative or overhead costs are expensed as incurred. Capitalization begins when the preliminary project stage is complete, management authorizes and commits to the funding of the software project with the required authority, it is probable the project will be completed, the software will be used to perform the functions intended and certain functional and quality standards have been met.

Qualified costs incurred during the operating stage of the Company's software applications relating to upgrades and enhancements are capitalized to the extent it is probable that they will result in added functionality, while costs that cannot be separated between maintenance and minor upgrades and enhancements to websites and internal use software are expensed as incurred. Capitalized website and software development costs are amortized on a straight-line basis over their estimated useful life beginning with the time when it is ready for intended use. Amortization expenses are included under selling, general and administrative expenses in the consolidated statements of income. Management evaluates the useful lives of these assets on an annual basis and tests for impairment whenever events or changes in circumstances occur that could impact the recoverability of these assets.

During the years ended December 31, 2024, 2023 and 2022, the Company capitalized $5,987, $4,585 and $6,628 of website and software development costs, respectively.

NOTE 2: - SIGNIFICANT ACCOUNTING POLICIES (Cont.)

p. Intangible assets:

Intangible assets are amortized over their estimated useful lives using the straight-line method, at the following annual period ranges:

	Years
Internal-used software	3 – 5
Technology	3 – 10
Other intangibles	5 – 20

q. Concentration of credit risk:

The Company is subject to certain risks, including exposure to risks associated with the online commerce environment, credit card fraud, as well as the interpretation of state and local laws and regulations in regard to the collection and remittance of sales and use taxes. The Company does not have significant vendor concentrations.

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash and cash equivalents, restricted cash, short-term deposits, marketable securities and trade receivables.

The Company's cash and cash equivalents, restricted cash and short-term deposits are invested in major banks in the United States 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. The Company places its cash and cash equivalents, restricted cash and short-term deposits with financial institutions with high-quality credit ratings and has not experienced any losses in such accounts.

The Company's marketable securities consist of investments in government and corporate debentures. The Company's investment policy, approved by the Board of Directors, limits the amount that the Company may invest in any one type of investment or issuer, thereby reducing credit risk concentrations.

The Company's trade receivables are derived mainly from sales to customers in the United States, Canada, the UK, Europe, Australia and Israel. The Company's sales are primarily based on credit card transactions and therefore bear minimal credit risk.

The Company performs ongoing credit evaluations of its customers and records allowance for credit losses accounts to the extent that the amount is not collectible. For each of the years ended December 31, 2024, 2023 and 2022 there was no individual customer that accounted for 10% or more of the Company's revenue.

r. Severance pay:

Israeli parent:

Severance liability is calculated (pursuant to Israeli severance pay law for all Israeli employees) based on the most recent salary of each employee multiplied by the number of years of employment as of the balance sheet date.

The Company makes monthly deposits with certain insurance companies and pension funds on behalf of each employee. The value of these deposits was recorded as an asset in the Company's balance sheet. The deposited funds made for those employees include profits accumulated up to the balance sheet date. The deposited funds could be withdrawn only upon the fulfillment of the obligation pursuant to Israel's Severance Pay Law or labor agreements. The value of the deposited funds was based on the cash surrendered value of these deposits and include profits.

NOTE 2: - SIGNIFICANT ACCOUNTING POLICIES (Cont.)

The Company's liability for severance pay is partially covered by the provisions of Section 14 of the Severance Pay Law ("Section 14"). Under Section 14 employees are entitled to monthly deposits, at a rate of 8.33% of their monthly salary, deposited on their behalf to their insurance funds.

Payments in accordance with Section 14 release the Company from any future severance payments in respect of those employees. As a result, the Company does not recognize any liability for severance pay due to these employees and the deposits under Section 14 are not recorded as an asset in the Company's consolidated balance sheets.

During the years ended December 31, 2024, 2023 and 2022, severance expenses were immaterial.

s. Defined benefit plan:

U.S. subsidiary:

The U.S. subsidiary has a defined benefit plan (the "Benefit Plan") under the provisions of Section 401(k) of the Internal Revenue Code (the "Code"), which covers eligible U.S. employees as they are defined in the Benefit Plan. Participants may elect to contribute up to a maximum amount as prescribed by the Code. The U.S. subsidiary, at its discretion, makes matching contributions of up to 4% of the participant's compensation. During the years ended December 31, 2024, 2023 and 2022, the expenses were immaterial.

t. Leases:

Leases are classified as either finance leases or operating leases. A lease is classified as a finance lease if any one of the following criteria are met: the lease transfers ownership of the asset by the end of the lease term, the lease contains an option to purchase the asset that is reasonably certain to be exercised, the lease term is for a major part of the remaining useful life of the asset, the present value of the lease payments equals or exceeds substantially all of the fair value of the asset, or the underlying asset is of such a specialized nature that it is expected to have no alternative use to the lessor at the end of the lease term.

A lease is classified as an operating lease if it does not meet any one of these criteria. Since all the Company's lease contracts do not meet any of the criteria above, the Company concluded that all its lease contracts should be classified as operating leases.

Under Topic 842, the Company determined if an arrangement is a lease at inception. ROU assets and lease liabilities are recognized at commencement date based on the present value of remaining lease payments over the lease term. For this purpose, the Company considered only payments that are fixed and determinable at the time of commencement. As most of the Company's leases do not provide an implicit rate, the Company used its incremental borrowing rate based on the information available at commencement date in determining the present value of lease payments. The ROU asset also includes any lease payments made prior to commencement and is recorded net of any lease incentives received. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Company will exercise such options. Variable lease costs are expensed as incurred on the consolidated statements of income.

Operating leases are included in operating lease ROU assets, operating lease liabilities, current, and operating lease liabilities, non-current on the consolidated balance sheets.

NOTE 2: - SIGNIFICANT ACCOUNTING POLICIES (Cont.)

u. Revenue recognition:

The Company recognizes revenue in accordance with ASC No. 606, "Revenue from Contracts with Customers" ("ASC 606"). Under ASC 606, the Company recognizes revenue when its customers obtain control of promised goods or services in an amount that reflects the consideration that the Company expects to receive in exchange for those goods or services. Payment terms are short - term in nature.

The Company determines revenue recognition through the following steps:

1. Identification of the contract, or contracts, with a customer;
2. Identification of the performance obligations in the contract;
3. Determination of the transaction price;
4. Allocation of the transaction price to the performance obligations in the contract; and
5. Recognition of revenue when, or as, the performance obligations are satisfied.

The Company derives its revenue primarily from the sale of beauty and wellness products through its online direct-to-consumer model based on its proprietary technology. Revenue is recognized when the control of the products is transferred to the customer, which is when the products are shipped to the customer. The Company also offers a "Try Before You Buy" program, which allows some of its customers to order certain products and pay for the products after the trial period ends. Under ASC 606 the Company recognizes revenue for orders placed under the program when the trial period lapses.

The Company recognizes revenue in an amount that reflects the consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer. Sales and other taxes the Company collects concurrent with revenue-producing activities are excluded from revenue. Shipping fees charged to customers are reported within revenue when the related performance obligation is satisfied.

The Company accounts for shipping and handling costs as fulfillment costs which are classified as part of cost of revenue. The Company elected to not disclose information about remaining performance obligations that have original expected durations of one year or less. The Company has elected to apply the practical expedient such that it does not evaluate payment terms of one year or less for the existence of a significant financing component.

The Company records a reserve for estimated product returns in each reporting period. This reserve is calculated using historical return trends and is recorded within other accounts payable and accrued expenses. Any difference between the actual returns and previous estimates is adjusted in the period in which such returns occur. The sales refund reserve as of December 31, 2024, 2023 and 2022, was immaterial.

Deferred revenue is recorded when payments are received or due in advance of shipping the products and is recognized when the products are shipped. Deferred revenue primarily relates to prepayments of prepaid annual plans. Deferred revenue is expected to be recognized within the twelve-month period when the performance obligation is satisfied.

v. Cost of revenue:

Cost of revenue consists principally of the costs to procure the Company's products, including the amounts invoiced by third-party contract manufacturers and suppliers for inventory, as well as inbound and outbound shipping costs, duties and other related costs and inventory write-offs. Cost of revenue also includes third-party fulfillment costs, warehousing, depreciation and amortization and packaging costs.

NOTE 2: - SIGNIFICANT ACCOUNTING POLICIES (Cont.)

w. Operating expenses:

Selling, general and administrative expenses primarily consist of marketing and advertising expenses, employee-related costs including salaries, benefits and share-based compensation, rent, software and product research and development costs, depreciation and amortization expense, professional fees, payment processing fees and other general expenses.

Advertising costs are expensed as incurred and were $164,370, $125,625 and $92,048 for the years ended December 31, 2024, 2023 and 2022, respectively.

x. Accounting for share-based compensation:

The Company accounts for share-based compensation in accordance with ASC No. 718, "Compensation - Stock Compensation" ("ASC 718") which requires companies to estimate the fair value of equity-based payment awards on the grant date using an option-pricing model. The Company recognizes forfeitures of awards as they occur.

For stock options awards which are subject to service conditions, the Company selected the Black-Scholes option pricing model as the most appropriate model for determining the fair value of the options. For restricted stock units and performance stock units the Company determines the fair value of the awards based on the closing market value of the underlying shares at the date of grant. For stock awards subject to market conditions, the fair value of such awards is estimated on the grant date using Monte Carlo simulation.

The Company recognizes compensation expenses for the value of its awards granted based on the straight-line attribution method over the requisite service period of each of the awards. For performance-based awards, stock-based compensation expense is recognized using the accelerated method when the achievement of each individual performance milestone becomes probable. For stock awards with a vesting schedule based on time vesting and market conditions, stock-based compensation expense are recognized using the accelerated method.

y. Income taxes:

The Company accounts for income taxes in accordance with ASC 740, "Income Taxes" ("ASC 740"). ASC 740 prescribes the use of the liability method whereby deferred tax assets and liabilities are recognized for the future tax consequences attributable to the differences between the financial statements carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. The Company provides a valuation allowance, if necessary, to reduce deferred tax assets to their estimated realizable value, if it is more likely than not that a portion or all of the deferred tax assets will not be realized.

NOTE 2: - SIGNIFICANT ACCOUNTING POLICIES (Cont.)

The Company accounts for uncertain tax positions in accordance with ASC 740-10. ASC 740-10 contains a two-step approach to recognizing and measuring 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 probability) likely to be realized upon ultimate settlement.

The Company establishes reserves for uncertain tax positions based on the evaluation of whether or not the Company's uncertain tax position is "more likely than not" to be sustained upon examination. The Company records interest and penalties pertaining to its uncertain tax positions in the financial statements as income tax expense.

z. Basic and diluted earnings per share:

The Company computes earnings per share using the two-class method. Basic earnings per share is computed using the weighted-average number of shares outstanding during the period. Diluted earnings per share is computed using the weighted-average number of shares and the effect of potentially dilutive securities outstanding during the period. Potentially dilutive securities consist of share-based compensation awards. The dilutive effect of share-based compensation awards is reflected in diluted earnings per share by application of the treasury stock method.

The distribution rights of Class A and Class B ordinary shares and Redeemable A shares are identical. As a result, the undistributed earnings are allocated based on the contractual participation rights of Class A and Class B ordinary shares and Redeemable A shares as if the earnings for the year had been distributed. As the dividend rights are identical, the undistributed earnings are allocated on a proportionate basis.

aa. Comprehensive income:

The Company accounts for comprehensive income in accordance with ASC No. 220, "Comprehensive Income". Other comprehensive income consists of unrealized net gains and losses on marketable securities and foreign currency translation adjustments that have been excluded from the determination of net income.

ab. Stock buy-back

The Company repurchases its common stock from time to time pursuant to a board-authorized share repurchase program. Stock repurchases are accounted under ASC 505-30, Treasury Stock. The Company's policy is to retire all stock repurchased immediately after the transaction is completed. The Company records the amounts repurchased in excess of par value as a reduction to additional paid in capital.

NOTE 2: - SIGNIFICANT ACCOUNTING POLICIES (Cont.)

ac. Recently issued and recently adopted accounting pronouncements:

In November 2023, the FASB issued ASU 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures, which requires public entities to disclose information about their reportable segments' significant expenses and other segment items on an interim and annual basis. Public entities with a single reportable segment are required to apply the disclosure requirements in ASU 2023-07, as well as all existing segment disclosures and reconciliation requirements in ASC 280 on an interim and annual basis. The Company adopted ASU 2023-07 during the year ended December 31, 2024 on a retrospective basis which resulted in updated segment disclosures. See Note 15.

In December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures ("ASU 2023-09"). ASU 2023-09 is intended to improve transparency of income tax disclosure by requiring income tax disclosures to contain consistent categories and greater disaggregation of information in the rate reconciliation and income taxes paid disaggregated by jurisdiction. This standard affects the disclosure of income taxes not the accounting for income taxes. This standard is effective for the Company for the annual period beginning after December 15, 2025, with early adoption permitted. The Company is currently evaluating the impact of the adoption of ASU 2023-09.

In November 2024, the FASB ASU 2024-03, *Income Statement—Reporting Comprehensive Income*—Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses ("ASU 2024-03"). which enhances the disclosures required for expense disaggregation in the Company's annual and interim consolidated financial statements. ASU 2024-03 is effective for the Company for annual reporting periods beginning after December 15, 2026, and interim reporting periods beginning after December 15, 2027. Early adoption is permitted. The Company is currently assessing the impact of the adoption of this standard on its consolidated financial statements disclosures.

NOTE 3: - ACQUISITIONS

On May 12, 2023, the Company completed the acquisition of 100% of the shares of Revela Inc. ("Revela"), a U.S. biotechnology company, in order to merge its technology into the Company's product development process.

The consideration transferred included (i) cash consideration of $32,514, (ii) 701,591 of the Company's Class A Ordinary shares (valued at closing at $19,042) and (iii) equity classified contingent consideration of 612,256 Class A Ordinary shares which are subject to certain performance milestones and restrictions as specified in the agreement (valued at closing at $15,853). The total consideration transferred in respect of the acquisition was $67,409. In addition, the transaction includes additional consideration related to compensation for post-combination services.

The results of Revela's operations have been included in the consolidated financial statements since May 12, 2023. Pro forma results of operations related to this acquisition have not been prepared because they are not material to the Company's consolidated statements of income.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
U.S. dollars in thousands (except share and per share data)

NOTE 3: - ACQUISITIONS (Cont.)

The Company accounted for the transaction using the acquisition method, which requires, among other things, that the assets acquired, and liabilities assumed, in a business combination be recognized at their respective estimated fair values as of the acquisition date. The following table summarizes the fair values of the assets acquired and liabilities assumed:

Assets (including receivables, property and equipment and other)	$ 9,418
Deferred tax liability, net	(1,251)
Intangible assets:	
Technology	10,575
Goodwill	48,667
Total purchase price	$ 67,409

The acquired technology was valued using the multi-period excess earnings method under the income approach. This method reflects the present value of the projected cash flows that are expected to be generated by the acquired technology after making adjustments for the cash flow contributions of other assets, which are also known as contributory asset charges.

The weighted-average useful life for the Technology purchased is 8 years.

Goodwill generated from the above business combinations is attributed to synergies between the Company’s and the acquired business and is not deductible for income tax purposes. The acquisition- related costs were immaterial.

NOTE 4: - CASH AND CASH EQUIVALENTS, RESTRICTED CASH, SHORT-TERM DEPOSITS AND MARKETABLE SECURITIES

	December 31,	
	2024	2023
Cash, cash equivalents and restricted cash:		
Cash	$ 31,122	$ 25,594
Short-term deposits	1,400	—
Restricted cash (included within prepaid expenses and other current assets)	7	2,228
Money market funds	17,818	10,944
Total cash, cash equivalents and restricted cash	50,347	38,766
Short-term deposits	48,000	78,000
Marketable securities	70,711	51,615
Total cash and cash equivalents, restricted cash, short-term deposits and marketable securities	$ 169,058	$ 168,381

NOTE 4: - CASH AND CASH EQUIVALENTS, RESTRICTED CASH, SHORT-TERM DEPOSITS AND MARKETABLE SECURITIES (Cont.)

The following table classifies the Company's marketable securities by contractual maturities as of December 31, 2024:

	Amortized Cost	Fair Value
Contractual maturity year:		
Within one year	$ 1,892	$ 1,880
After one year through five years	68,340	68,831
Total	$ 70,232	$ 70,711

As of December 31, 2024 and 2023, interest receivable is immaterial and is included within prepaid expenses and other current assets on the consolidated balance sheets.

As of December 31, 2024 and 2023, no continuous unrealized losses for 12 months or greater were identified.

As of December 31, 2024, the amortized cost and fair value of marketable securities were as follows:

	December 31, 2024			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Government bonds	$ 8,939	$ 24	$ (72)	$ 8,892
Corporate bonds	61,293	914	(387)	61,819
Total	$ 70,232	$ 938	$ (459)	$ 70,711

As of December 31, 2023, the amortized cost and fair value of marketable securities were as follows:

	December 31, 2023			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Government bonds	$ 8,367	$ 37	$ (49)	$ 8,355
Corporate bonds	42,385	999	(124)	43,260
Total	$ 50,752	$ 1,036	$ (173)	$ 51,615

NOTE 5: - FAIR VALUE MEASUREMENT

In accordance with ASC No. 820, the Company measures its money market funds, short-term deposits and marketable securities contracts at fair value. Money market funds and marketable securities are classified within Level 1 or Level 2. This is because these assets are valued using quoted market prices or alternative pricing sources and models utilizing market observable inputs.

The following tables set forth the fair value of the Company's financial assets measured at fair value as of:

	December 31,					
	2024			2023		
	Level 1	Level 2	Total	Level 1	Level 2	Total
Cash equivalents						
Money market funds	$17,818	—	$17,818	$10,944	—	$10,944
Marketable securities	16,811	53,900	70,711	10,585	41,030	51,615
Total	$34,629	$53,900	$88,529	$21,529	$41,030	$62,559

NOTE 6: - INVENTORIES

	December 31,	
	2024	2023
Raw materials and work in progress	$ 30,847	$ 26,703
Finished goods	68,963	57,403
Total	$ 99,810	$ 84,106

NOTE 7: - PROPERTY, PLANT AND EQUIPMENT

	December 31,	
	2024	2023
Cost:		
Computers, software and electronic equipment	$ 6,086	$ 4,101
Office, furniture and equipment	2,225	1,854
Molds and others	3,231	2,778
Leasehold improvements	17,045	16,584
	28,587	25,317
Less - accumulated depreciation	(18,770)	(16,072)
Property, plant and equipment, net	$ 9,817	$ 9,245

Depreciation and amortization expenses for the years ended December 31, 2024, 2023 and 2022 amounted to $2,698, $2,458 and $2,535, respectively.

NOTE 8: - GOODWILL AND OTHER INTANGIBLE ASSETS, NET

a. Goodwill:

	2024	2023
Balance as of January 1,	$ 64,904	$ 16,237
Acquisition	—	48,667
Balance as of December 31,	$ 64,904	$ 64,904

b. Other intangible assets, net:

	December 31, 2024		
	Gross carrying amount	Accumulated amortization	Net carrying amount
Internal-used software	$ 26,284	$ (9,544)	$ 16,740
Technology	23,153	(6,390)	16,763
Other intangibles	4,397	(1,442)	2,955
Total intangible assets	$ 53,834	$ (17,376)	$ 36,458

	December 31, 2023		
	Gross carrying amount	Accumulated amortization	Net carrying amount
Internal-used software	$ 20,297	$ (6,078)	$ 14,219
Technology	23,153	(3,145)	20,008
Other intangibles	2,798	(1,024)	1,774
Total intangible assets	$ 46,248	$ (10,247)	$ 36,001

c. Amortization expenses for the years ended December 31, 2024, 2023 and 2022 amounted to $7,129, $6,147 and $1,873 respectively.

d. The estimated future amortization expense of other intangible assets as of December 31, 2024 is as follows:

2025	$ 8,408
2026	8,332
2027	7,096
2028	5,716
2029	3,192
Thereafter	3,714
	$ 36,458

NOTE 9: - OTHER ACCOUNTS PAYABLE AND ACCRUED EXPENSES

	December 31,	
	2024	2023
Employees and related accruals	$ 10,721	$ 6,388
Government authorities	6,446	24,743
Deferred revenue	18,945	13,920
Other	2,454	4,274
Total	$ 38,566	$ 49,325

NOTE 10: - CREDIT LINE

2024 Facility Agreements:

During January 2024, the Company entered into two separate credit facility agreements with two banks (the “2024 Facility Agreements”), pursuant to which the Company may withdraw an aggregate amount of up to $100,000.

Borrowings under the 2024 Facility Agreements will accrue interest at a percentage rate per annum as specified in the Facility Agreements. An additional commitment fee of 0.32% will apply to any unused credit. The obligations of the Company under the 2024 Facility Agreements benefit from a negative pledge by the Company and are guaranteed by certain of the Company’s subsidiaries.

As of December 31, 2024, the Company did not withdraw any amounts in respect of the 2024 Facility Agreements.

The 2024 Facility Agreements ended and were and replaced with the 2025 Facility Agreements – refer to Note 19.

NOTE 11: - CONTINGENCIES

Litigation:

The Company, certain of its directors and officers, and the IPO underwriters, are the defendants in a putative class action lawsuit in the United States Southern District of New York. An amended complaint was filed on February 18, 2025, alleging certain violations of the Securities Act of 1933 and the Securities Exchange Act of 1934 in connection with and following the Company’s initial public offering. The Company and its officers and directors believe they have meritorious defenses and plan to vigorously defend this action.

From time to time, the Company is party to various legal proceedings, claims and litigation that arise in the normal course of business. In the opinion of management, the ultimate outcome of these matters will not have a material adverse effect on the Company’s financial position, results of operations or cash flows. Accruals for loss contingencies are recorded when a loss is probable, and the amount of such loss can be reasonably estimated.

NOTE 12: - LEASES

The Company has entered into various non-cancelable operating lease agreements for certain office spaces, stores and motor vehicles. The leases have remaining lease terms of up to 5 years, some of which may include options to extend the leases for up to an additional 5 years. The Company does not assume renewals in its determination of the lease term unless the renewals are considered as reasonably assured.

NOTE 12: - LEASES (Cont.)

The components of operating lease cost recorded under operating expenses were as follows:

	December 31,	
	2024	2023
Fixed cost and variable cost that depend on index	$ 7,806	$ 5,216
Short-term lease cost	900	1,063
	$ 8,706	$ 6,279

Supplemental balance sheet information related to operating leases is as follows:

	December 31,	
	2024	2023
Operating lease ROU assets	$ 23,567	$ 13,557
Operating lease liabilities, current	7,106	3,802
Operating lease liabilities, non-current	15,604	8,712
Weighted-average remaining lease term (in years)	4.50	4.47
Weighted-average discount rate	4.52 %	3.30 %

Future minimum lease payments under non-cancelable operating lease agreements as of December 31, 2024, were as follows:

2025	$ 7,947
2026	5,434
2027	3,288
2028	2,926
2029	2,599
Thereafter	2,619
Total undiscounted lease payments	24,813
Less: imputed interest	(2,103)
Present value of lease liabilities	$ 22,710

NOTE 13: - SHAREHOLDERS' EQUITY

a. Ordinary shares:

In February 2022, the Company amended its articles of association to include a dual class ordinary share structure pursuant to which the Company will have two classes of ordinary shares outstanding: Class A Ordinary shares and Class B Ordinary shares. The rights of the holders of Class A Ordinary shares and Class B Ordinary shares are identical, except with respect to voting rights, conversion rights, and transfer rights. Immediately after the effectiveness of the dual class structure, the Company issued and distributed Class B Ordinary shares to the holders of Class A Ordinary shares on a one-for-one ratio, such that each holder of one Class A Ordinary share received one Class B Ordinary share. In addition, Redeemable A shareholders received additional Redeemable A shares on a one-for-one ratio. Holders of the Class A Ordinary shares and Class B Ordinary shares will vote together as a single class on all matters submitted to a vote of shareholders except as otherwise provided in the Company's amended and restated articles of association or as required by applicable law.

NOTE 13: - SHAREHOLDERS' EQUITY (Cont.)

During 2023, a total of 2,503,183 Class B Ordinary shares were converted to Class A Ordinary shares. No shares were converted during 2024.

On July 7, 2023, a 15.396 forward share split of the Company's then-outstanding ordinary shares was effected by way of issuance of 14.396 bonus shares on each one outstanding ordinary share. All information related to the Company's Class A and Class B Ordinary shares, Redeemable A shares, share options and restricted share units, including in notes 13 and 14, have been retroactively adjusted to give effect to the issuance of bonus shares for all periods presented.

1. Class A Ordinary shares:

   Confer upon their holders voting rights, rights to receive dividends and certain other rights as described in the Company's articles of association and under the applicable law.

2. Class B Ordinary shares:

   Confer upon their holders identical rights as Class A Ordinary shares, except with respect to voting rights, conversion rights, and transfer rights. Each holder of Class B Ordinary shares shall be entitled to ten votes for each Class B Ordinary share. Each Class B Ordinary share is convertible at any time at the option of the holder into one Class A Ordinary share. In addition, each Class B Ordinary share will convert automatically on a one-for-one basis into a Class A Ordinary share upon the sale or transfer of such Class B Ordinary share, other than excluded transfers as further described in the Company's amended and restated articles of association.

b. Redeemable A shares:

Redeemable A shares confer upon their holders rights to receive dividends and certain other rights as described in the Company's articles of association and under the applicable law with no voting rights. The holder of such shares has a redemption right in the case that the Company does not consummate a Deemed Liquidation Event (as defined in the Company's articles of association) prior to the second anniversary of the date of the issuance of the Redeemable A shares for an aggregated redemption value of $12,000.

The deemed liquidation preference provisions of the Redeemable A shares are considered contingent redemption provisions that are not solely within the Company's control.

During the year ended December 31, 2023, the Company did not adjust the carrying values of the redeemable shares to the deemed liquidation values of such shares since the Redeemable A shares carrying amount exceeds the redemption value. On July 19, 2023, in connection with the IPO, the conversion conditions of Redeemable A shares were met and all Redeemable A shares were converted to 983,861 Class A Ordinary shares.

c. Initial Public Offering:

On July 19, 2023, the Company completed its IPO, in which it issued 1,754,385 shares of its Class A Ordinary shares at an offering price of $35.00 per share. The Company raised net proceeds of $50,299 after deducting underwriting discounts and commissions and other issuance costs.

Immediately prior to the closing of the IPO, all the outstanding Redeemable A shares and the digital securities were automatically converted into Class A Ordinary shares.

NOTE 13: - SHAREHOLDERS' EQUITY (Cont.)

d. Share - based compensation:

On April 1, 2020, the Company's board of directors adopted the IL Makiage Cosmetics (2013) Ltd. 2020 Equity Incentive Plan (the "2020 Plan").

The 2020 Plan provides for the grant of share options, share awards and restricted shares to the Company's and its affiliates' respective employees, non-employee directors and consultants.

The options generally vest over four years and have 5-10 years contractual terms. Following the IPO, the Company ceased granting new awards under the 2020 Plan.

Prior to the IPO, all holders of options and RSUs, which were exercisable for one Class A and one Class B Ordinary shares, notified the Company that they wished to convert their right for Class B Ordinary shares to Class A Ordinary shares. In addition, adjustments resulting from the issuances of the bonus shares were made to the number of the outstanding options and RSUs and their exercise price in accordance with the terms of the Company's 2020 Plan and the award agreements. All other terms of such options and RSUs have remained without change and as set forth in the award agreement of each respective option or RSU holder. Awards granted under the 2020 plan after February 2022 are exercisable only to Class A Ordinary shares.

On June 22, 2023, the Company's board of directors adopted the 2023 Incentive Award Plan (the "2023 Plan").

The 2023 Plan provides for the grant of share options, share awards and restricted shares to the Company's and its affiliates' respective employees, non-employee directors and consultants. The options generally vest over four years and have 5-10 years contractual terms. Any option that is forfeited or canceled before expiration becomes available for future grants under the 2023 Plan. As of December 31, 2024, the number of Ordinary shares reserved and available for grant and issuance pursuant to the 2023 Plan was 4,307,070.

Share Options

A summary of the Company's stock options that are exercisable for Class A Ordinary shares is as follows:

	Number of options	Weighted average exercise price	Weighted average remaining contractual terms (in years)	Aggregate intrinsic value
Outstanding at beginning of year	11,826,547	$ 19.58	4.68	$318,680
Granted	23,009	$ 8.84		
Exercised	(2,261,516)	$ 8.39		
Forfeited	(745,319)	$ 27.17		
Outstanding at end of year	8,842,721	$ 21.78	3.81	$186,567
Exercisable at end of year	2,803,019	$ 10.41	3.54	$ 91,018

The weighted-average grant date fair value of options granted during the years ended December 31, 2024, 2023 and 2022 was $34.97, $8.59 and $14.47, respectively.

NOTE 13: - SHAREHOLDERS' EQUITY (Cont.)

As of December 31, 2024, there were $29,348 of total unrecognized compensation costs related to non-vested options granted under the 2020 Plan and 2023 Plan. This expense is expected to be recognized over a period of approximately 4 years.

The weighted-average assumptions used in the Black-Scholes model for the fair value of stock options granted during the years ended December 31, 2024, 2023 and 2022 are as follows:

	Year ended December 31,		
	2024	2023	2022
Risk-free interest rate	4.06%-4.60%	3.60%-3.89%	1.35%-4.13%
Expected term (in years)	3.23-3.96	3.31-4.00	3.31-3.61
Expected volatility	40.0%-42.5%	40.0%	40.0%
Expected dividend yield	0%	0%	0%

The risk-free interest rate is based on the U.S. Treasury yield for notes with maturities approximating each grant's expected life.

The expected term is determined based on the simplified method permitted by Staff Accounting Bulletin No. 110, which is the average of the vesting period and the contractual term of the options, as there is insufficient exercise historical data.

As there is insufficient historical data for the Company, the expected volatility determination was based on comparable companies' share volatility as defined in ASC 718.

The expected dividend yield assumption is based on the Company's historical experience and expectation of no future dividend payouts. The Company has historically not paid cash dividends and has no foreseeable plans to pay cash dividends in the future.

Commencing July 19, 2023, the Company's shares are publicly traded and the fair value of ordinary shares underlying the options is based on the market value of the shares. Prior to the IPO, the fair value of the shares has been determined by management.

Restricted Share Units

The following table summarizes the activities for unvested RSUs that settle upon vesting into one Class A Ordinary share for the year ended December 31, 2024:

	Number of RSUs	Number of PSUs (*)	Total
Outstanding as of January 1, 2024	835,180	364,758	1,199,938
Granted	480,555	325,702	806,257
Vested	(306,519)	—	(306,519)
Forfeited	(284,964)	(144,214)	(429,178)
Outstanding as of December 31, 2024	724,252	546,246	1,270,498

(*) restricted share units which are subject to certain performance conditions.

NOTE 13: - SHAREHOLDERS' EQUITY (Cont.)

The weighted average fair values at the grant date of RSUs and PSUs granted for the year ended December 31, 2024, were $33.14.

As of December 31, 2024, there were $32,390 of total unrecognized compensation costs related to RSUs granted under the 2020 Plan and 2023 Plan. This expense is expected to be recognized over a period of approximately 4 years.

e. Employee Share Purchase Plan:

Immediately prior to the IPO, the Company adopted the 2023 Employee Share Purchase Plan (the "ESPP"). As of December 31, 2024 and 2023, a total of 1,131,000 shares were reserved for issuance under the ESPP. No grants were granted under this plan as of December 31, 2024.

NOTE 14: - EARNINGS PER SHARE

The Company computes earnings per share of Class A Ordinary, Class B Ordinary and Redeemable A shares using the two-class method. Basic earnings per share is computed using the weighted-average number of shares outstanding during the period. Diluted earnings per share is computed using the weighted-average number of shares and the effect of potentially dilutive securities outstanding during the period. Potentially dilutive securities consist of employee stock options and restricted stock units. The dilutive effect of outstanding employee stock options and restricted stock units is reflected in diluted earnings per share by application of the treasury stock method.

The rights, including the liquidation and dividend rights, of the holders of the Company's Class A Ordinary, Class B Ordinary and Redeemable A shares are identical, except with respect to voting. As a result, the undistributed earnings for each year are allocated based on the contractual participation rights of the Class A Ordinary, Class B Ordinary and Redeemable A shares as if the earnings for the year had been distributed.

In the years ended December 31, 2024, 2023 and 2022, the earnings per share amounts are the same for Class A Ordinary, Class B Ordinary and Redeemable A shares because the holders of each class are entitled to equal per share dividends or distributions in liquidation in accordance with the Company's articles of association.

NOTE 14: - EARNINGS PER SHARE (Cont.)

The following tables set forth the computation of basic and diluted earnings per share attributable to Class A Ordinary, Class B Ordinary and Redeemable A shares (described above):

	Year ended December 31, 2024	
	Class A Ordinary shares (*)	Class B Ordinary shares
Basic earnings per share:		
Numerator:		
Allocation of undistributed earnings	$ 81,057	$ 20,434
Denominator:		
Number of shares used in per share computation	45,805,237	11,547,000
Basic earnings per share	$ 1.77	$ 1.77
Diluted earnings per share:		
Numerator:		
Allocation of undistributed earnings for basic computation	$ 81,057	$ 20,434
Reallocation of undistributed earnings	1,462	(1,462)
Allocation of undistributed earnings	$ 82,519	$ 18,972
Denominator:		
Number of shares used in basic computation	45,805,237	11,547,000
Weighted-average effect of dilutive securities:		
Employee stock options and RSUs	4,420,786	—
Number of shares used in per share computation	50,226,023	11,547,000
Diluted earnings per share	$ 1.64	$ 1.64

(*) Includes 313,529 Class A Ordinary shares subject to certain restrictions issued in connection with the Revela acquisition (refer to Note 3)

	Year ended December 31, 2023		
	Class A Ordinary shares(*)	Class B Ordinary shares	Redeemable A shares
Basic earnings per share:			
Numerator:			
Allocation of undistributed earnings	$ 44,434	$ 13,530	$ 570
Denominator:			
Number of shares used in per share computation	41,922,656	12,764,081	537,880
Basic earnings per share	$ 1.06	$ 1.06	$ 1.06
Diluted earnings per share:			
Numerator:			
Allocation of undistributed earnings for basic computation	$ 44,434	$ 13,530	$ 570
Reallocation of undistributed earnings	60	(27)	(33)
Allocation of undistributed earnings	$ 44,494	$ 13,503	$ 537
Denominator:			
Number of shares used in basic computation	41,922,656	12,764,081	537,880
Weighted-average effect of dilutive securities:			
Employee stock options and RSUs	2,695,094	775,382	—
Number of shares used in per share computation	44,617,750	13,539,463	537,880
Diluted earnings per share	$ 1.00	$ 1.00	$ 1.00

(*) Includes 391,911 Class A Ordinary shares subject to certain restrictions issued in connection with the Revela acquisition (refer to Note 3)

NOTE 14: - EARNINGS PER SHARE (Cont.)

	Year ended December 31, 2022		
	Class A Ordinary shares	Class B Ordinary shares	Redeemable A shares
Basic earnings per share:			
Numerator:			
Allocation of undistributed earnings	$ 14,563	$ 6,764	$ 401
Denominator:			
Number of shares used in per share computation	35,734,097	16,596,104	983,861
Basic earnings per share	$ 0.41	$ 0.41	$ 0.41
Diluted earnings per share:			
Numerator:			
Allocation of undistributed earnings for basic computation	$ 14,563	$ 6,764	$ 401
Reallocation of undistributed earnings	(198)	220	(22)
Allocation of undistributed earnings	$ 14,365	$ 6,984	$ 379
Denominator:			
Number of shares used in basic computation	35,734,097	16,596,104	983,861
Weighted-average effect of dilutive securities:			
Employee stock options and RSUs	1,520,745	1,514,128	—
Number of shares used in per share computation	37,254,842	18,110,232	—
Diluted earnings per share	$ 0.39	$ 0.39	$ 0.39

An aggregate of 11,194, 182,823 and 414,993 employee stock options to purchase the Company's Ordinary shares were excluded from the calculation during 2024, 2023 and 2022, respectively, because the effect of including them would be anti-dilutive. The basic and diluted earnings per share were adjusted to reflect the issuance of Class B Ordinary shares and additional Redeemable A shares (Note 13) and for the issuance of 14.396-for-1 Bonus shares (described above).

NOTE 15: - SEGMENT AND GEOGRAPHIC INFORMATION

The Company operates as one operating segment. The Company's chief operating decision maker ("CODM") is its Chief Executive Officer and Chairman of the board of directors, who reviews financial information presented on a consolidated basis. The CODM uses consolidated net income to assess financial performance and allocate resources.

	Year ended December 31,		
	2024	2023	2022
Net revenue	$647,040	$508,685	$324,520
Less:			
Cost of revenue	178,718	150,456	106,470
Marketing	163,624	125,076	91,544
Other segment items [1]	189,098	158,835	98,841
Financial income, net	(12,306)	(4,283)	(1,247)
Taxes on income	26,415	20,067	7,184
Net income	$101,491	$ 58,534	$ 21,728

[1] Other segment items primarily consist of all remaining costs necessary for the operation of the business, including, employees related expenses, share based compensation, depreciation and amortization, professional services and other administrative expenses. These expenses are classified as selling, general and administrative expenses reported in the consolidated statements.

NOTE 15: - SEGMENT AND GEOGRAPHIC INFORMATION (Cont.)

Revenues from sales to customers:

	Year ended December 31,		
	2024	2023	2022
United States	$ 546,790	$ 414,105	$ 241,123
Others	100,250	94,580	83,397
Total net revenue	$ 647,040	$ 508,685	$ 324,520

Total revenue is attributed to geographic areas based on the location of the end customer.

The following table summarizes long-lived assets by geographic area, which consist of property, plant and equipment, net and right-of-use assets:

	December 31,	
	2024	2023
Israel	$ 18,423	$ 17,601
United States	14,961	5,201
Total long-lived assets	$ 33,384	$ 22,802

NOTE 16: - FINANCIAL INCOME, NET

	Year ended December 31,		
	2024	2023	2022
Bank charges and other financial expenses	$ (99)	$ (76)	$ (1)
Exchange rate gain (loss), net	23	(1,550)	1,151
Accretion of discount of marketable securities, net	1,304	547	—
Interest income, net	11,078	5,362	97
	$ 12,306	$ 4,283	$ 1,247

NOTE 17: - TAXES ON INCOME

a. Tax rates applicable to the Company:

Israeli parent and Israeli subsidiaries:

The tax rate applicable to the Israeli companies in 2024, 2023 and 2022 is 23%.

Applicable benefits to the Company:

1. “Preferred Technology Enterprises” (“PTE”) granting a 12% tax rate in central Israel on qualified income deriving from Benefited Intellectual Property, subject to a number of conditions being fulfilled, including a minimal amount or ratio of annual R&D expenditure and R&D employees, as well as having at least 25% of annual income derived from exports to large markets.

NOTE 17: - TAXES ON INCOME (Cont.)

2. A withholding tax rate of 20% for dividends paid from PTE income (with an exemption from such withholding tax applying to dividends paid to an Israeli company). Such rate may be reduced to 4% on dividends paid to a foreign resident company, subject to certain conditions regarding percentage of foreign ownership of the distributing entity.

The Company elected to apply the PTE regime starting in 2022 for its qualified income and believes it meets the required conditions.

Income taxes on non-Israeli subsidiaries:

Non-Israeli subsidiaries are taxed according to the tax laws in their respective countries of residence.

The Company does not provide deferred tax liabilities when it intends to reinvest earnings of foreign subsidiaries indefinitely or, if distributed, no tax liability will be imposed. Undistributed earnings of foreign subsidiaries that are not distributed amounted to $37,278 and unrecognized deferred tax liability related to such earnings amounted to $8,574 as of December 31, 2024.

b. Deferred income taxes:

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes.

	December 31,	
	2024	2023
Deferred tax assets:		
Research and development costs	$ 3,107	$ 333
Depreciation and amortization	537	534
Employees and other accruals	1,863	1,989
Operating lease liabilities	5,347	2,870
Share-based compensation	4,718	2,922
Net operating losses	1,616	1,958
Deferred tax assets	17,188	10,606
Valuation allowance	(839)	(861)
Net deferred tax assets	16,349	9,745
Deferred tax liabilities:		
Property and equipment	(292)	(281)
Marketable securities	(110)	(198)
Operating lease right-of-use assets	(5,445)	(3,100)
Intangible assets	(3,112)	(3,698)
Total deferred tax liabilities	(8,959)	(7,277)
Total deferred tax assets, net	$ 7,390	$ 2,468

NOTE 17: - TAXES ON INCOME (Cont.)

c. A reconciliation of the Company's effective tax rate to the statutory tax rate in Israel is as follows:

	Year ended December 31, 2024	2023	2022
Income before taxes on income, as reported in the consolidated statements of income	$127,906	$ 78,601	$ 28,912
Statutory tax rate in Israel	23 %	23 %	23 %
Theoretical taxes on income	$ 29,418	$ 18,078	$ 6,650
Stock-based compensation	(2,627)	—	—
Foreign currency measurement differences (*)	—	—	662
Preferred Technological Enterprise tax (**)	(10,403)	(5,695)	(1,996)
Subsidiaries taxed at different tax rate	145	(74)	418
Non-deductible expenses	2,440	5,871	732
Uncertain tax positions	7,820	2,015	858
Other	(378)	(128)	(140)
Actual tax expenses	$ 26,415	$ 20,067	$ 7,184

(*) Results for tax purposes are measured under the "Measurement of results for tax purposes under the Income Tax (Inflationary Adjustments) Law, 1985", in terms of earnings in NIS. As explained in Note 2c, the financial statements are measured in U.S. dollars. The difference between the annual changes in the NIS/dollar exchange rate causes a difference between taxable income and the income before taxes shown in the financial statements. In accordance with ASC 740-10-25-3(F), the Company has not provided deferred income taxes in respect of the difference between the functional currency and the tax bases of assets and liabilities.

		Year ended December 31, 2024	2023	2022
(**)	Basic earnings per share amounts of the benefit resulting from the Technological Preferred or Preferred Enterprise status, adjusted for the issuance of bonus shares as described in Note 13	$ 0.18	$ 0.10	$ 0.04
	Diluted earnings per share amounts of the benefit resulting from the Technological Preferred or Preferred Enterprise status, adjusted for the issuance of bonus shares as described in Note 13	$ 0.17	$ 0.10	$ 0.04

d. Income before taxes on income is comprised as follows:

	Year ended December 31, 2024	2023	2022
Domestic (Israel)	$107,385	$ 63,895	$ 22,205
Foreign	20,521	14,706	6,707
Total	$127,906	$ 78,601	$ 28,912

NOTE 17: - TAXES ON INCOME (Cont.)

e. Actual tax expenses are comprised as follow:

	Year ended December 31,		
	2024	2023	2022
Current:			
Domestic (Israel)	$ 26,016	$ 12,672	$ 4,528
Foreign	4,749	8,651	4,171
Total current income tax expense	$ 30,765	$ 21,323	$ 8,699
Deferred:			
Domestic	(2,883)	391	(181)
Foreign	(1,467)	(1,647)	(1,334)
Total deferred income tax expense	(4,350)	(1,256)	(1,515)
Total taxes on income	$ 26,415	$ 20,067	$ 7,184

f. A reconciliation of the beginning and ending balances of the total amounts of unrecognized tax benefits are as follows:

	2024	2023
Uncertain tax positions, beginning of year	$ 4,228	$ 1,782
Decrease related to previous years' tax positions	(41)	(385)
Increases in tax positions for current year	8,332	2,831
Uncertain tax positions, end of year	$ 12,519	$ 4,228

The Company currently does not expect uncertain tax positions to change significantly over the next 12 months, except in the case of settlements with tax authorities, the likelihood and timing of which is difficult to estimate.

Substantially all the balance of unrecognized tax benefits, if recognized, would reduce the Company's annual effective tax rate.

The Company adjusts the unrecognized tax benefit liability and income tax expense in the period in which the uncertain tax position is effectively settled, the statute of limitations expires or when new information is available.

During the years ended December 31, 2024, 2023 and 2022, interest expense related to uncertain tax positions was immaterial. As of December 31, 2024 and 2023, accrued interest liability related to uncertain tax positions was immaterial and is included within income tax accrual on the balance sheets. The Company did not accrue penalties during the years ended December 31, 2024 and 2023.

The Company believes that it has adequately provided for any reasonably foreseeable outcomes related to tax audits and settlement. The final tax outcome of its tax audits could be different from that which is reflected in the Company's income tax provisions and accruals. Such differences could have a material effect on the Company's income tax provision and net income in the period in which such determination is made.

The Company believes it had adequately provided for all of its uncertain tax positions, including those items currently under dispute.

As of December 31, 2024, the Company had open tax years for the periods between 2021 and 2024 in Israel and for the periods between 2021 and 2024 for the U.S. subsidiaries.

NOTE 18: - RELATED PARTY TRANSACTIONS

On October 4, 2020, the Company provided its co-founders, the Chief Executive Officer and Chief Product Officer (the "Co-founders"), with an incentive plan (the "Incentive Plan") in connection with certain revenue thresholds over an agreed period. Under the Incentive Plan, the Chief Executive Officer and Chief Product Officer are eligible to earn up to $20,000 and $10,000 of incremental incentive bonuses respectively, subject to certain revenue thresholds and other conditions. During the years ended December 31, 2023 and 2022, the Company recognized an expense of $17,357 and $12,643, respectively.

On June 22, 2023, the Board of Directors granted the Company's co-founders option awards to purchase 2,327,428 Class A Ordinary shares, at an exercise price of $27.74 per share. These awards vest upon the satisfaction of both time-based and market-based vesting conditions. During the years ended December 31, 2024, and 2023 the Company recognized an expense of $5,034 and $2,481 in respect of this grant, respectively.

On November 13, 2024, the Company entered into a transaction with one of its shareholders, a fund managed by L Catterton ("L Catterton") to repurchase approximately 2.35 million Class A Ordinary shares of the Company for a total cash consideration of approximately $100,000, at a purchase price of $42.501 per share which approximates the fair value of the share as of the transaction date.

NOTE 19: - SUBSEQUENT EVENTS

2025 Facility Agreements:

On January 30, 2025, the Company entered into three separate credit facility agreements with three banks (the "2025 Facility Agreements"), pursuant to which the Company may withdraw an aggregate amount of up to $200,000. Borrowings under the 2025 Facility Agreements will accrue interest as specified in the agreements. The obligations of the Company under the 2025 Facility Agreements benefit from a negative pledge by the Company and are guaranteed by certain of the Company's subsidiaries.

The 2025 Facility Agreements also contain customary affirmative and negative covenants, as well as certain financial covenants. The 2025 Facility Agreements replace the Company's previous $100,000 credit line provided under the 2024 Facility Agreements (refer to Note 10).

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Exhibit 2.2

DESCRIPTION OF SECURITIES REGISTERED UNDER SECTION 12 OF THE SECURITIES EXCHANGE ACT OF 1934 (THE "EXCHANGE ACT")

The following description of the material terms of our Class A ordinary shares is not intended to be a complete summary of the rights and preferences of such securities. Please refer to our amended and restated articles of association, which have been filed as an exhibit to our Annual Report on Form 20-F, for a complete description of the rights and preferences of our securities.

General

Our authorized share capital currently consists of 200,000,000 Class A ordinary shares, par value NIS 0.001 and 40,000,000 Class B ordinary shares, par value NIS 0.001. Only our Class A ordinary shares are registered under the Exchange Act.

As of December 31, 2024, there were issued and outstanding 44,281,291 Class A ordinary shares.

Transfer and Ownership Restrictions

Our fully paid ordinary shares are issued in registered form and may be freely transferred under our amended and restated articles of association, unless the transfer is restricted or prohibited by another instrument, applicable law or, with respect to our Class A ordinary shares, the rules of Nasdaq.

As of December 31, 2024, there were issued and outstanding 11,547,000 Class B ordinary shares. Each Class B ordinary share will convert automatically on a one-for-one basis into a Class A ordinary share upon sale or transfer (other than transfers to certain permitted transferees).

The ownership or voting of our ordinary shares by non-residents of Israel is not restricted in any way by our amended and restated articles of association or the laws of the State of Israel, except for ownership by nationals of some countries that are, have been, or will be, in a state of war with Israel.

The rights of the holders of Class A ordinary shares and Class B ordinary shares are identical, except with respect to voting rights (as described below under the section titled "Voting Rights"), conversion rights, and transfer rights.

Terms of Securities

Our board of directors may determine the issue prices and terms for our shares or other securities, and may further determine any other provision relating to such issue of shares or securities. We may also, subject to applicable law, issue and redeem redeemable securities on such terms and in such manner as our board of directors shall determine.

Dividend and Liquidation Rights

We may declare a dividend to be paid to the holders of our ordinary shares in proportion to their respective shareholdings. Under the Companies Law, dividend distributions are determined by the board of directors and do not require the approval of the shareholders of a company unless the company's articles of association provide otherwise. Our amended and restated articles of association do not require shareholder approval of a dividend distribution and provide that dividend distributions may be determined by our board of directors.

Pursuant to the Companies Law, subject to certain exceptions with respect to the buyback of our ordinary shares, the distribution amount is limited to the greater of retained earnings or earnings generated over the previous two years, according to our then last reviewed or audited financial statements (less the amount of previously distributed dividends, if not reduced from the earnings), provided that the end of the period to which the financial statements relate is not more than six months prior to the date of the distribution. If we do not meet such criteria, then, subject to certain exceptions with respect to the buyback of our ordinary shares, we may distribute dividends only with court approval. In each case, we are only permitted to distribute a dividend if our board of directors and, if applicable, the court determines that there is no reasonable concern that payment of the dividend will prevent us from satisfying our existing and foreseeable obligations as they become due.

In the event of our liquidation, after satisfaction of liabilities to creditors, our assets will be distributed to the holders of our ordinary shares in proportion to their shareholdings. This right, as well as the right to receive dividends, may be affected by the grant of preferential dividend or distribution rights to the holders of a class of shares with preferential rights that may be authorized in the future.

Voting Rights

Each Class A ordinary share is entitled to one vote per share. Each Class B ordinary share is entitled to ten votes per share. Holders of our Class A ordinary shares and Class B ordinary shares will vote together as a single class on all matters (including the election of directors) submitted to a vote of shareholders except as otherwise provided in our amended and restated articles of association or as required by applicable law. Under our amended and restated articles of association and the Companies Law, the holders of our Class A ordinary shares and Class B ordinary shares will only vote as separate classes under certain circumstances, including, pursuant to the Companies Law, for the purpose of approving a merger if we are the non-surviving entity of the merger, and in the following circumstances prescribed by our amended and restated articles:

- on a proposal to convert the entire class of Class B ordinary shares into Class A ordinary shares on a one-for-one basis, which requires the affirmative vote of the holders of at least 60% of the outstanding Class B ordinary shares for approval;
- distributions or recapitalizations that treat Class B ordinary shares and Class A ordinary shares differently; or
- a merger or similar change of control transaction that treats Class B ordinary shares and Class A ordinary shares differently.

Election of Directors

Under our amended and restated articles of association, our board of directors must consist of not less than three but no more than seven directors.

Pursuant to our amended and restated articles of association, each of our directors, with the exception of external directors, will be appointed by a simple majority vote of holders of our ordinary shares, participating and voting at an annual general meeting of our shareholders. Holders of our Class A ordinary shares and Class B ordinary shares will vote together as a single class on the election of directors, with each Class A ordinary share entitled to one vote per share, and each Class B ordinary share entitled to ten votes per share. However, (i) in the event of a contested election, the method of calculation of the votes and the manner in which the resolutions will be presented to our shareholders at the general meeting shall be determined by our board of directors in its discretion, and (ii) in the event that our board of directors does not or is unable to make a determination on such matter, then the directors will be elected by a plurality of the voting power represented at the general meeting in person or by proxy and voting on the election of directors. In addition, our directors are divided into three classes, one class being elected each year at the annual general meeting of our shareholders, and shall serve on our board of directors until the third annual general meeting following such election or re-election or until they are removed by a vote of 60% of the total voting power of our shareholders at a general meeting of our shareholders or upon the occurrence of certain events, in accordance with the Companies Law and our amended and restated articles of association. In addition, our amended and restated articles of association provide that vacancies on our board of directors may be filled by a vote of a simple majority of directors then in office. Any director so appointed will hold office until the next annual general meeting of our shareholders for the election of the class of directors in respect of which the vacancy was created, or in the case of a vacancy due to the number of directors being less than the maximum number of directors stated in our amended and restated articles of association, until the next annual general meeting of our shareholders for the election of the class of directors to which such director was assigned by our board of directors.

Vote Requirements

Our amended and restated articles of association provide that all resolutions of our shareholders require a simple majority vote (based on the number of votes cast, with each Class B ordinary share entitled to ten votes and each Class A ordinary share entitled to one vote), unless otherwise required by the Companies Law or by our amended and restated articles of association. Under the Companies Law, certain actions require the approval of a special majority, including: (i) an extraordinary transaction with a controlling shareholder or in which the controlling shareholder has a personal interest, (ii) the terms of employment or other engagement of a controlling shareholder of the company or a controlling shareholder's relative (even if such terms are not extraordinary) and (iii) certain compensation-related matters described under the section of our Annual Report titled "Item 6.B. Directors, Senior Management and Employees—Compensation—Compensation of Directors and Executive Officers—Compensation Policy Under the Companies Law." Under our amended and restated articles of association, the alteration of the rights, privileges, preferences, or obligations of any class of our shares requires the approval by a resolution of the general meeting of the holders of all shares as one class, without any required separate resolution of any class of shares, except that, without derogating from the section titled "Voting Rights", any amendment to the rights, privileges, preferences, or obligations of the Class A ordinary shares or the Class B ordinary shares requires a resolution by a majority of at least 60% of the total voting power of our shareholders.

Under our amended and restated articles of association, the approval of the holders of at least 60% of the total voting power of our shareholders is generally required to remove any of our directors from office, to amend the provision requiring the approval of at least 60% of the total voting power of our shareholders to remove any of our directors from office, or certain other provisions regarding amendment of certain rights of our Class A ordinary shares or Class B ordinary shares, our staggered board of directors, shareholder proposals, the size of our board of directors, matters relating to vacancies in our board of directors, and plurality voting in contested elections. Another exception to the simple majority vote requirement is a resolution for the voluntary winding up, or an approval of a scheme of arrangement or reorganization, of the company pursuant to Section 350 of the Companies Law, which requires the approval of holders holding at least 75% of the voting rights represented at the meeting and voting on the resolution.

Acquisitions under Israeli Law

Full Tender Offer

A person wishing to acquire shares of a public Israeli company who would, as a result, hold over 90% of the target company's voting rights or the target company's issued and outstanding share capital (or of a class thereof), is required by the Companies Law to make a tender offer to all of the company's shareholders for the purchase of all of the issued and outstanding shares of the company (or the applicable class). If (a) the shareholders who do not accept the offer hold less than 5% of the issued and outstanding share capital of the company (or the applicable class) and the shareholders who accept the offer constitute a majority of the offerees that do not have a personal interest in the acceptance of the tender offer or (b) the shareholders who did not accept the tender offer hold less than 2% of the issued and outstanding share capital of the company (or of the applicable class), all of the shares that the acquirer offered to purchase will be transferred to the acquirer by operation of law. A shareholder who had its shares so transferred may petition an Israeli court within six months from the date of acceptance of the full tender offer, regardless of whether such shareholder agreed to the offer, to determine whether the tender offer was for less than fair value and whether the fair value should be paid as determined by the court. However, an offeror may provide in the offer that a shareholder who accepted the offer will not be entitled to petition the court for appraisal rights as described in the preceding sentence, as long as the offeror and the company disclosed the information required by law in connection with the full tender offer. If the full tender offer was not accepted in accordance with any of the above alternatives, the acquirer may not acquire shares of the company that will increase its holdings to more than 90% of the company's voting rights or the company's issued and outstanding share capital (or of the applicable class) from shareholders who accepted the tender offer. Shares purchased in contradiction to the full tender offer rules under the Companies Law will have no rights and will become dormant shares.

Special Tender Offer

The Companies Law provides that an acquisition of shares of an Israeli public company must be made by means of a special tender offer if, as a result of the acquisition, the purchaser would become a holder of 25% or more of the voting rights in the company. This requirement does not apply if there is already another holder of 25% or more of the voting rights in the company. Similarly, the Companies Law provides that an acquisition of shares of an Israeli public company must be made by means of a special tender offer if, as a result of the acquisition, the purchaser would become a holder of more than 45% of the voting rights in the company, if there is no other shareholder of the company who holds more than 45% of the voting rights in the company. These requirements do not apply if (i) the acquisition occurs in the context of a private placement by the company that received shareholder approval as a private placement whose purpose is to give the purchaser 25% or more of the voting rights in the company, if there is no person who holds 25% or more of the voting rights in the company or as a private placement whose purpose is to give the purchaser 45% of the voting rights in the company, if there is no person who holds 45% of the voting rights in the company, (ii) the acquisition was from a shareholder holding 25% or more of the voting rights in the company and resulted in the purchaser becoming a holder of 25% or more of the voting rights in the company, or (iii) the acquisition was from a shareholder holding more than 45% of the voting rights in the company and resulted in the purchaser becoming a holder of more than 45% of the voting rights in the company. A special tender offer must be extended to all shareholders of a company. A special tender offer may be consummated only if (i) at least 5% of the voting power attached to the company's outstanding shares will be acquired by the offeror and (ii) the number of shares tendered in the offer exceeds the number of shares whose holders objected to the offer (excluding the purchaser, its controlling shareholders, holders of 25% or more of the voting rights in the company, and any person having a personal interest in the acceptance of the tender offer, or anyone on their behalf, including any such person's relatives and entities under their control).

In the event that a special tender offer is made, a company's board of directors is required to express its opinion on the advisability of the offer, or may abstain from expressing any opinion if it is unable to do so, provided that it gives the reasons for its abstention. The board of directors shall also disclose any personal interest that any of the directors has with respect to the special tender offer or in connection therewith. An office holder in a target company who, in his or her capacity as an office holder, performs an action the purpose of which is to cause the failure of an existing or foreseeable special tender offer or to impair the chances of its acceptance, is liable to the potential purchaser and shareholders for damages, unless such office holder acted in good faith and had reasonable grounds to believe he or she was acting for the benefit of the company. However, office holders of the target company may negotiate with the potential purchaser in order to improve the terms of the special tender offer, and may further negotiate with third parties in order to obtain a competing offer.

If a special tender offer is accepted, then shareholders who did not respond to or that had objected to the offer may accept the offer within four days of the last day set for the acceptance of the offer and they will be considered to have accepted the offer from the first day it was made.

In the event that a special tender offer is accepted, then the purchaser or any person or entity controlling it or under common control with the purchaser or such controlling person or entity at the time of the offer may not make a subsequent tender offer for the purchase of shares of the target company and may not enter into a merger with the target company for a period of one year from the date of the offer, unless the purchaser or such person or entity undertook to effect such an offer or merger in the initial special tender offer. Shares purchased in contradiction to the special tender offer rules under the Companies Law will have no rights and will become dormant shares.

Merger

The Companies Law permits merger transactions if approved by each party's board of directors and, unless certain conditions described under the Companies Law are met, a simple majority of the outstanding shares of each party to the merger that are represented and voting on the merger. The board of directors of a merging company is required pursuant to the Companies Law to discuss and determine whether in its opinion there exists a reasonable concern that as a result of a proposed merger, the surviving company will not be able to satisfy its obligations towards its creditors, such determination taking into account the financial status of the merging companies. If the board of directors determines that such a concern exists, it may not approve a proposed merger. Following the approval of the board of directors of each of the merging companies, the boards of directors must jointly prepare a merger proposal for submission to the Israeli Registrar of Companies.

For purposes of the shareholder vote of a merging company whose shares are held by the other merging company, or by a person or entity holding 25% or more of the voting rights at the general meeting of shareholders of the other merging company, or by a person or entity holding the right to appoint 25% or more of the directors of the other merging company, unless a court rules otherwise, the merger will not be deemed approved if a majority of the shares voted on the matter at the general meeting of shareholders (excluding abstentions) that are held by shareholders other than the other party to the merger, or by any person or entity who holds 25% or more of the voting rights of the other party or the right to appoint 25% or more of the directors of the other party, or any one on their behalf including their relatives or corporations controlled by any of them, vote against the merger. In addition, if the non-surviving entity of the merger has more than one class of shares, the merger must be approved by each class of shareholders. If the transaction would have been approved but for the separate approval of each class or the exclusion of the votes of certain shareholders as provided above, a court may still approve the merger upon the request of holders of at least 25% of the voting rights of a company, if the court holds that the merger is fair and reasonable, taking into account the valuation of the merging companies and the consideration offered to the shareholders. If a merger is with a company's controlling shareholder or if the controlling shareholder has a personal interest in the merger, then the merger is instead subject to the same special majority approval that governs all extraordinary transactions with controlling shareholders.

Under the Companies Law, each merging company must deliver to its secured creditors the merger proposal and inform its unsecured creditors of the merger proposal and its content. Upon the request of a creditor of either party to the proposed merger, the court may delay or prevent the merger if it concludes that there exists a reasonable concern that, as a result of the merger, the surviving company will be unable to satisfy the obligations of the merging company, and may further give instructions to secure the rights of creditors.

In addition, a merger may not be completed unless at least 50 days have passed from the date that a proposal for approval of the merger is filed with the Israeli Registrar of Companies and 30 days from the date that shareholder approval of both merging companies is obtained.

Anti-Takeover Measures

The Companies Law allows us to create and issue shares having rights different from those attached to our ordinary shares, including shares providing certain preferred rights with respect to voting, distributions, or other matters and shares having preemptive rights. As described above in the section titled "Voting Rights," our amended and restated Articles of Association provide for a dual-class share structure pursuant to which holders of our Class B ordinary shares have the ability to control the outcome of matters requiring shareholder approval, even if they own significantly less than a majority of all outstanding ordinary shares, including the election of directors and significant corporate transactions, such as a sale of our company or its assets. Current executives and employees will have the ability to exercise significant influence over those matters. No preferred shares are authorized under our amended and restated articles of association. In the future, if we do authorize, create and issue a specific class of preferred shares, such class of shares, depending on the specific rights that may be attached to it, may have the ability to frustrate or prevent a takeover or otherwise prevent our shareholders from realizing a potential premium over the market value of their ordinary shares. The authorization and designation of a class of preferred shares will require an amendment to our amended and restated articles of association, which requires the prior approval of the holders of a majority of the voting power attached to our issued and outstanding ordinary shares at a general meeting of our shareholders. The convening of the meeting, the shareholders entitled to participate and the vote required to be obtained at such a meeting will be subject to the requirements set forth in the Companies Law and our amended articles of association. In addition, as disclosed in the section titled "Election of Directors" above, we have a classified board structure, which effectively limits the ability of any investor or potential investor or group of investors or potential investors to gain control of our board of directors.

Changes in Capital

Our amended and restated articles of association enable us to increase or reduce our share capital. Any such changes are subject to Israeli law and must be approved by a resolution duly passed by our shareholders at a general meeting of shareholders. In addition, transactions that have the effect of reducing capital, such as the declaration and payment of dividends in the absence of sufficient retained earnings or profits, require the approval of both our board of directors and an Israeli court.

Exclusive Forum

Our amended and restated articles of association provide that unless we consent in writing to the selection of an alternative forum, the federal district courts of the United States shall be the exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act. Section 22 of the Securities Act creates concurrent jurisdiction for federal and state courts over all such Securities Act actions. Accordingly, both U.S. state and federal courts have jurisdiction to entertain such claims. This choice of forum provision may limit a shareholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers, or other employees and may increase the costs associated with such lawsuits, which may discourage such lawsuits against us and our directors, officers, and employees. Alternatively, if a court were to find these provisions of our amended and restated articles of association inapplicable to, or unenforceable in respect of, one or more of the specified types of actions or proceedings, we may incur additional costs associated with resolving such matters in other jurisdictions, which could adversely affect our business and financial condition. Any person or entity purchasing or otherwise acquiring any interest in our share capital shall be deemed to have notice of and to have consented to the choice of forum provisions of our amended and restated articles of association described above. This provision would not apply to suits brought to enforce a duty or liability created by the Exchange Act or any other claim for which the U.S. federal courts have exclusive jurisdiction.

Our amended and restated articles of association also provide that unless we consent in writing to the selection of an alternative forum, the competent courts in Tel Aviv, Israel shall be the exclusive forum for any derivative action or proceeding brought on our behalf, any action asserting a breach of a fiduciary duty owed by any of our directors, officers, or other employees to us or our shareholders or any action asserting a claim arising pursuant to any provision of the Companies Law or the Israeli Securities Law or our articles of association.

Exhibit 4.15

REPURCHASE AGREEMENT

This REPURCHASE AGREEMENT (this "Agreement") is entered into as of November 12, 2024, by and among ODDITY Tech Ltd., a company organized under the laws of the State of Israel (the "Company"), and LCGP3 Pro Makeup, L.P., a Delaware limited partnership (the "Seller").

Background

WHEREAS, the Seller intends to sell and transfer Class A ordinary shares, par value NIS 0.001 per share, of the Company in a block trade to a broker executed in reliance on Section 4(a)(1) of the Securities Act of 1933, as amended, and Rule 144 promulgated thereunder (such shares, the "144 Shares", and such transaction, the "144 Block Trade"); and

WHEREAS, the Seller desires to sell and transfer to the Company, and the Company desires to purchase from the Seller, at the price and upon the terms and conditions set forth in this Agreement, the number of Class A ordinary shares, par value NIS 0.001 per share, of the Company that may be purchased for a purchase price of $100,000,000 at the per share purchase price set forth below (such number of shares, subject to the rounding as set forth in Section 1(a), the "Purchased Shares", and such transaction, the "Share Repurchase").

THEREFORE, in consideration of the mutual covenants, representations, warranties and other agreements contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the undersigned hereby agree as follows:

Agreement

1. Repurchase.

(a) Subject to the satisfaction or waiver of the conditions set forth in paragraph 1(b) and 1(c) below, the closing of the Share Repurchase (the "Closing") shall take place at 10:00 AM Eastern time, on November 14, 2024, or such other time and date as is agreed to in writing by the Company and the Seller (such date, the "Closing Date"). At the Closing, the Seller hereby agrees to transfer, assign, sell, convey and deliver to the Company all of its right, title and interest in and to the Purchased Shares, free and clear of all liens, encumbrances or other security interests (other than (i) transfer restrictions under applicable securities laws and (ii) those arising from acts of the Company), and the Company hereby agrees to purchase and acquire from the Seller the Purchased Shares, in each case for a price per Purchased Share equal to the lesser of (i) the price per share received by the Seller for the sale of the 144 Shares in the 144 Block Trade and (ii) $49.00 (as applicable, the "Per Share Purchase Price"). The number of Purchased Shares shall be rounded down to the nearest whole share, so as to result in a purchase price below but as near as possible to $100,000,000.

(b) The obligation of the Company to purchase the Purchased Shares from the Seller for the Purchase Price (as defined below) shall be subject to (i) the consummation of the 144 Block Trade, (ii) the representations and warranties of the Seller set forth herein being true and correct in all material respects as of the Closing, (iii) the transactions contemplated hereby not having been restrained, enjoined or otherwise prohibited or made illegal by any applicable laws, statutes, ordinances, rules, regulations, judgments, injunctions, orders or decrees (each, a "Law") or any nation or government, any state or other political subdivision thereof, any entity, authority or body exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, any court, tribunal or arbitrator and any self-regulatory organization (each, a "Governmental Authority") and (iv) the parties entering into an indemnity agreement satisfactory to the parties.

(c) The obligation of the Seller to sell the Purchased Shares to the Company for the Purchase Price shall be subject to (i) the consummation of the 144 Block Trade, (ii) the representations and warranties of the Company set forth herein being true and correct in all material respects as of the Closing, (iii) the transactions contemplated hereby not having been restrained, enjoined or otherwise prohibited or made illegal by any applicable Law or Governmental Authority and (iv) the parties entering into an indemnity agreement satisfactory to the parties.

(d) At the Closing, the Seller shall deliver, or cause to be delivered, all of its right, title and interest in and to the Purchased Shares to the Company's account at Equiniti Trust Company, LLC via the Depository Trust Company's Deposit and Withdrawal at Custodian ("DWAC") service (or by way of any other appropriate method agreed in writing by the Company and the Seller), together, in each case, with any other documentation reasonably requested by the Company and reasonably necessary to transfer to the Company the right, title and interest in and to the Purchased Shares. On the Closing Date and substantially concurrently with receipt of the Purchased Shares, the Company shall pay to the Seller by wire transfer of immediately available funds to an account or accounts specified prior to the Closing Date by the Seller in writing, an amount of U.S. dollars equal to $100,000,000, subject to rounding as set forth in Section 1(a) (the "Purchase Price").

2. Company Representations. In connection with the transactions contemplated hereby, the Company represents and warrants as of the date hereof and as of the Closing Date to the Seller that:

(a) The Company has been duly organized and validly exists as a company organized under the laws of the State of Israel. The Company has the requisite organizational power and authority to execute, deliver and perform its obligations under this Agreement and to consummate the transactions contemplated hereby.

(b) All consents, approvals, authorizations and orders necessary for the execution and delivery by the Company of this Agreement and for the purchase of the Purchased Shares hereunder have been obtained, except for such consents, approvals, authorizations and orders as would not, individually or in the aggregate, have a material adverse effect on the ability of the Company to consummate the transactions contemplated by this Agreement (a "Company Material Adverse Effect").

(c) This Agreement has been duly executed and delivered by the Company and constitutes a valid and binding agreement of the Company enforceable in accordance with its terms, except to the extent that enforcement thereof may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent transfer and other similar laws affecting creditors' rights generally from time to time in effect and to general principles of equity, including, without limitation, concepts of materiality, reasonableness, good faith and fair dealing, regardless of whether considered in a proceeding in equity or at law.

(d) The execution, delivery and performance by the Company of this Agreement and the consummation of the transactions contemplated hereby will not contravene (i) the articles of association of the Company, (ii) any agreement or other instrument binding upon the Company or (iii) any provision of applicable law or any judgment, order or decree of any governmental body, agency or court having jurisdiction over the Company, except, in the cases of clauses (ii) and (iii) above, for any such contravention as would not, individually or in the aggregate, have a Company Material Adverse Effect.

(e) No broker, finder or similar agent has been employed by or on behalf of the Company, and no person or entity with which the Company has had any dealings or communications of any kind is entitled to any brokerage commission, finder's fee or any similar compensation, in each case in connection with this Agreement or the transactions contemplated hereby.

(f) Except for the representations and warranties made by the Seller in Section 3, neither the Seller nor any other person makes any express or implied representation or warranty to the Company or any of its representatives. In particular, without limiting the foregoing disclaimer, the Company hereby agrees and acknowledges that neither the Seller nor any other person makes or has made any representation or warranty to the Company or any of its representatives, and neither the Company nor any of its representatives has relied on any representation or warranties in connection with this Agreement and the transactions contemplated hereby, in each case except for the representations and warranties made by the Seller in Section 3.

3. Representations of the Seller. In connection with the transactions contemplated hereby, the Seller represents and warrants as of the date hereof and as of the Closing Date to the Company that:

(a) The Seller has been duly organized and is validly existing as a limited partnership under the laws of the State of Delaware, with the requisite power and authority to execute, deliver and perform its obligations under this Agreement and to consummate the transactions contemplated hereby.

(b) All consents, approvals, authorizations and orders necessary for the execution and delivery by the Seller of this Agreement and for the sale and delivery of the Purchased Shares hereunder have been obtained, except for such consents, approvals, authorizations and orders as would not, individually or in the aggregate, have a material adverse effect on the ability of the Seller to consummate the transactions contemplated by this Agreement (a "Seller Material Adverse Effect").

(c) This Agreement has been duly executed and delivered by the Seller and constitutes a valid and binding agreement of the Seller, enforceable in accordance with its terms, except to the extent that enforcement thereof may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent transfer and other similar laws affecting creditors' rights generally from time to time in effect and to general principles of equity, including, without limitation, concepts of materiality, reasonableness, good faith and fair dealing, regardless of whether considered in a proceeding in equity or at law.

(d) The sale of the Purchased Shares by the Seller hereunder, the compliance by the Seller with the provisions of this Agreement and the consummation of the transactions contemplated herein will not contravene (i) the limited partnership agreement of the Seller, (ii) any agreement or other instrument binding upon the Seller or (iii) any provision of applicable law or any judgment, order or decree of any governmental body, agency or court having jurisdiction over the Seller, except, in the cases of clauses (ii) and (iii) above, for such contravention as would not, individually or in the aggregate, have a Seller Material Adverse Effect.

(e) As of the date hereof and until immediately prior to the delivery of the Purchased Shares to the Company at the Closing, the Seller holds and will hold good and valid title to the Purchased Shares free and clear of all liens, encumbrances or other security interests (other than (i) transfer restrictions under applicable securities laws and (ii) those arising from acts of the Company) with full dispositive power to perform its obligations hereunder; and, upon delivery of the Purchased Shares and payment therefor pursuant hereto, assuming that the Company has no notice of any adverse claims within the meaning of Section 8-105 of the New York Uniform Commercial Code as in effect in the state of New York from time to time (the "UCC"), the Company will acquire a valid security entitlement (within the meaning of Section 8-102(a)(17) of the UCC) to the Purchased Shares, and no action (whether framed in conversion, replevin, constructive trust, equitable lien or other theory) based on an adverse claim (within the meaning of Section 8-105 of the UCC) to such security entitlement may be asserted against the Company.

(f) The Seller has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of the Share Repurchase. The Seller has had full access to such information concerning the Company and the Share Repurchase as it has requested. The Seller has received all information that it believes is necessary or appropriate in connection with the Share Repurchase. The Seller is an informed and sophisticated party and has engaged, to the extent the Seller deems appropriate, expert advisors experienced in the evaluation of transactions of the type contemplated hereby. The Seller acknowledges that it has not relied upon any express or implied representations or warranties of any nature made by or on behalf of the Company, whether or not any such representations, warranties or statements were made in writing or orally, except as expressly set forth for the benefit of the Seller in this Agreement.

(g) No broker, finder or similar agent has been employed by or on behalf of the Seller, and no person or entity with which the Seller has had any dealings or communications of any kind is entitled to any brokerage commission, finder's fee or any similar compensation, in each case in connection with this Agreement or the transactions contemplated hereby.

(h) Except for the representations and warranties made by the Company in Section 2, neither the Company nor any other person makes any express or implied representation or warranty to the Seller or any of its representatives. In particular, without limiting the foregoing disclaimer, the Seller hereby agrees and acknowledges that neither the Company nor any other person makes or has made any representation or warranty to the Seller or any of its representatives, and neither the Seller nor any of its representatives has relied on any representation or warranties in connection with this Agreement and the transactions contemplated hereby, in each case except for the representations and warranties made by the Company in Section 2.

4. Termination. This Agreement may be terminated by a written instrument duly executed by the Company and the Seller. This Agreement shall automatically terminate and be of no further force and effect if the 144 Block Trade is not consummated on or prior to November 15, 2024.

5. Miscellaneous.

(a) *Survival of Representations and Warranties*. All representations and warranties contained herein shall survive the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby.

(b) *Counterparts*. This Agreement may be executed by any one or more of the parties hereto in any number of counterparts, each of which shall be deemed to be an original, but all such counterparts shall together constitute one and the same instrument. Counterparts may be delivered via facsimile, electronic mail (including any electronic signature covered by the U.S. federal ESIGN Act of 2000, Uniform Electronic Transactions Act, the Electronic Signatures and Records Act or other applicable law, e.g., www.docusign.com) or other transmission method and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes.

(c) *Severability*. Whenever possible, each provision of this Agreement will be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement is held to be invalid, illegal or unenforceable in any respect under any applicable law or rule in any jurisdiction, such invalidity, illegality or unenforceability will not affect any other provision or any other jurisdiction, but this Agreement will be reformed, construed and enforced in such jurisdiction as if such invalid, illegal or unenforceable provision had never been contained herein.

(d) *Complete Agreement*. This Agreement and any other agreements ancillary hereto and executed and delivered on the date hereof or on the Closing Date embody the complete agreement and understanding between the parties and supersede and preempt any prior understandings, agreements, or representations by or among the parties, written or oral, which may have related to the subject matter hereof in any way.

(e) *Assignment; Successors and Assigns*. Neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned, in whole or in part, by any of the parties without the prior written consent of the other parties. Subject to the preceding sentence, this Agreement shall bind and inure to the benefit of and be enforceable by the Seller and the Company and their respective successors and permitted assigns. Any purported assignment not permitted under this paragraph shall be null and void.

(f) *No Third Party Beneficiaries or Other Rights.* This Agreement is for the sole benefit of the parties and their successors and permitted assigns and nothing herein express or implied shall give or shall be construed to confer any legal or equitable rights or remedies to any person other than the parties to this Agreement and their successors and permitted assigns.

(g) *Governing Law; Jurisdiction*. This Agreement and any claim, controversy or dispute arising out of or related to this Agreement (whether in contract, tort or otherwise) will be governed by and construed in accordance with the laws of the State of New York. EACH OF THE PARTIES TO THIS AGREEMENT IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY AND ALL RIGHTS TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. Each of the Company and the Seller agrees that any suit, action or proceeding arising out of or based upon this Agreement or the transactions contemplated hereby may be instituted and maintained only in any state or U.S. federal court in The City of New York and County of New York (and any appellate court therefrom), and waives any objection which it may now or hereafter have to the laying of venue of any such proceeding, and irrevocably submits to the exclusive jurisdiction of such courts in any suit, action or proceeding.

(h) *Remedies*. The parties hereto agree and acknowledge that money damages may not be an adequate remedy for any breach of the provisions of this Agreement, that any breach of the provisions of this Agreement may cause the other parties irreparable harm, and that any party may in its sole discretion apply to any court of law or equity of competent jurisdiction (without posting any bond or deposit) for specific performance or other injunctive relief in order to enforce, or prevent any violations of, the provisions of this Agreement.

(i) *Costs and Expenses*. Each party hereto shall pay their own respective costs and expenses incurred in connection with the negotiation, preparation, execution and performance of this Agreement.

(j) *Amendment and Waiver*. The provisions of this Agreement may be amended, modified or waived only by a writing executed by the parties hereto. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provisions of this Agreement, nor shall any waiver constitute a continuing waiver. Moreover, no failure by any party to insist upon strict performance of any of the provisions of this Agreement or to exercise any right or remedy arising out of a breach thereof shall constitute a waiver of any other provisions or any other breaches of this Agreement.

(k) *Further Assurances*. Each of the Company and the Seller shall execute and deliver such additional documents and instruments and shall take such further action as may be reasonably requested by the other party hereto and reasonably necessary or appropriate to effectuate fully the provisions of this Agreement.

[*Signatures appear on the following pages*]

IN WITNESS WHEREOF, the parties hereto have executed this Repurchase Agreement on the date first written above.

ODDITY TECH LTD.

By: /s/ Oran Holtzman
Name: Oran Holtzman
Title: CEO

LCGP3 PRO MAKEUP, L.P.

By: /s/ Michael Farello
Name: Michael Farello
Title: Authorized Person

[Signature Page to Repurchase Agreement]

Exhibit 4.16

To Date: January 30, 2025

Oddity Tech Ltd. (the "Company")

Dear Sir/Madam,

At your request, we are pleased to inform you that Bank Leumi Le-Israel Ltd. (the "**Bank**") is willing, in principle, to extend to you a foreign currency credit facility of up to $30,000,000 (thirty million US dollars) (the "**Credit Facility**") for your ongoing operations and/or short-term bridge financing, all subject to the terms and conditions outlined in this letter:

1. Credit Facility

1.1. The Credit Facility will be provided as short-term credits up to a total amount not exceeding $30,000,000 (thirty million US dollars), with the final date for utilizing such credits being no later than January 29, 2026 ("**Final Utilization Date**").

"**Short-Term Credits**" mean credits whose final repayment date falls within 29 (twenty-nine) days from the date of their provision, and in any case, no later than the Final Utilization Date.

1.2. The Credit Facility will bear a variable annual interest rate of Daily Simple SOFR plus a margin of 2.6%.

It should be clarified that the definition of the variable interest rate (Daily Simple SOFR plus the interest margin) and/or its rate will change in accordance with any changes that may occur in such interest rate, as detailed in the definition of such interest rate within the loan documents that will be signed when each credit is **actually extended**.

1.3. The remaining terms of each credit, including the definition of the interest rate described in this letter as mentioned above, the interest calculation period, the credit period (provided that in any event it is a Short-Term Credit, as defined above), and the interest payment dates, will be as agreed in writing between the Bank and you before it is extended.

1.4. It is hereby clarified that the Credit Facility also includes credit of any kind and type that the Bank has actually extended to you in any account prior to the signing of this letter, and/or any credit facility agreed upon between the Bank and you prior to the signing date of this letter.

1.5. Deleted.

2. **<u>Additional terms and conditions for the provision of the Credits:</u>**

In addition to the foregoing, the provision of all or part of the credits and their continued management shall be conditional upon the fulfillment of all the following additional conditions:

2.1. You shall sign and provide us, immediately upon our demand, with all the documents and the certifications that may be required at our discretion, in the forms acceptable to us for the purpose of extending the Credit Facility and establishing the undertakings set forth above.

2.2. No event shall occur which entitles the Bank, under any document signed and/or to be signed by you, including and without derogating from the generality of the aforementioned, under the provisions of the General Terms Agreement for the Provision of Credits in Foreign Exchange and in Israeli Currency – as customary in the Bank – to require immediate repayment of all or part of your debts and obligations towards the Bank, whether the occurrence or non-occurrence of the such event is dependent on you or not.

2.3. You, your controlling shareholders, any entity that is or will be part of your group, and anyone acting on your behalf, shall not appear on any of the following sanctions lists:

2.3.1. Israel's Ministry of Defense Designations Lists

2.3.2. The European Union

2.3.3. The USA (OFAC)

2.3.4. The UN

2.3.5. The UK

You shall not incorporate under the laws of a state nor shall bear citizenship nor be residents of a state that appears on these lists.

Any such listing shall constitute grounds for cancellation of the Bank's consent to extend the Credit Facility and/or to call for its immediate repayment and to limit the activity in your accounts.

2.4. No change shall occur, in the Bank's view, that prevents, prohibits or limits the Bank's abilities to extend the credits, including a change in the local or the international money market, or a change arises from a demand, directive or request that was issued or referred by the Bank of Israel or by another competent authority, whether the such directive, demand or request shall arise from a change in the law or whether it arises from an agreement concluded or that shall be concluded from time to time between the Bank and the Bank of Israel or any other competent authority, nor, in the Bank's view, shall there be any legal impediment to the provision of all or part of the Credit Facility, under any Provision of Law.

In this Letter, "**Provision of Law**" means – any provision of law and legislation as well as the provisions of the Bank of Israel and of any other competent authority, whether they are of legal validity or not, and including agreements between the Bank of Israel or another competent authority, as stated above.

2.5. Solely for the avoidance of doubt, it is hereby clarified that the continued management of the credits is subject to all the Bank's rights and subject to all your undertakings under all the documents that were signed and will be signed by you and/or under any law, and nothing stated in this Letter shall derogate in any manner, from the Bank's rights and/or your undertakings under any other document to be signed by you for the Bank.

3. Our proposal to extend the Credit Facility under this Letter shall come into effect by February 1, 2025, inclusive, which you shall confirm by signing on the margins of this Letter your consent to all the terms and conditions set forth above and shall provide us with a copy of this Letter, approved by you.

4. <u>Commissions</u>

An additional condition for this Letter to come into effect is that you pay us the following commissions:

4.1. <u>Credit Allocation Commission</u>

Throughout the entire duration of the period in which the Credit Facility shall be in effect, you shall pay us a credit allocation commission that shall amount to a rate of 0.29% per annum, which shall be calculated on the unutilized balance of the Credit Facility. A check of the total amount of the unutilized Credit Facility will be conducted on a daily basis and the payment of the corresponding commission shall be made retroactively at the end of each calendar month, commencing from the date in which the Credit Facility will come into effect.

4.2. Handling fees for credit documents are pursuant to the Bank's fee schedule.

5. The Company's rights under this Letter are not transferable or assignable in any manner to any third party. Presentation of this Letter of ours or any part of its content to any entity shall be done only after obtaining our prior written consent.

Sincerely,

Bank Leumi Le-Israel Ltd.

To
Bank Leumi Le-Israel Ltd.

Date: January 30, 2025

Dear Sir/Madam,

We agree to what has been set forth in your Letter above and undertake to act according to it. Please charge our account with you for the commission(s) mentioned in Section 4 above, whether our account is credit or debit, or whether it becomes debit as a result of this charge.

/s/ Noa Frig Ben-David
Oddity Tech Ltd.

I the undersigned, Yehoshua Gurtler the attorney of Oddity Tech Ltd. (the "**Corporation**") hereby certify that the above confirmation was signed before me as required by law by Messrs. Noa Frig Ben-David who are authorized, pursuant to the provisions of the Corporation's documents of incorporation, to sign in its name on such confirmation and that the above shall bind the Corporation.

/s/ Yehoshua Gurtler
Signature and stamp

To

For Bank Use			Name of Customer	Identification No.	Branch	Account No.	CF-70 - Corporations (Document Category - For Internal Use)	+7
	1.		ODDITY TECH LTD	514936269	* * *	* * *		
	2.							
	3.							

Letter of Approval of Credit Facility Drawn Up on 15/01/2025

1. **General**

Pursuant to your application, we hereby notify you that Bank Hapoalim B.M. (hereinafter: the **"Bank"**) has agreed to allocate to you a credit facility in the accounts that are specified at the top of this Letter (hereinafter, jointly and severally: the **"Facility Accounts"**) in the amount, for the term, and on the terms and conditions that are each specified in this Letter below (hereinafter: the **"Credit Facility"**) and that you will be able to utilize the Credit Facility for the types of credit and on the terms that are specified in this Letter.

2. **Amount of the Facility**

2.1 The amount of the Credit Facility is (select one of the following) :☐ NIS / ☒ US$ 140,000,000 (hereinafter: the **"Facility Amount"**).

2.2 The type of currency in which the Facility Amount stated in Section 2.1 above and the Utilization Balance stated in Section 5 below is denominated does not necessarily constitute the type of currency in which you will be allowed to utilize the Credit Facility.

2.3 For as long as the Bank has not notified you otherwise, you will only be allowed to utilize the Credit Facility in the following currencies (select **one or more** of the following): ☒ New Israeli Shekels / ☒ The following foreign currencies only: us$.

2.4 The Bank may allow you from time to time to utilize the Credit Facility with additional currencies at its discretion (hereinafter: the **"Facility Utilization Currencies"**).

3. **Term of the Credit Facility (select one of the following):**

3.1 ☐ Renewable Credit Facility:[1]

3.1.1 The Credit Facility will be in effect from (hereinafter: the **"Facility Start Date"**) until (inclusive). Thereafter, the Credit Facility will be renewed for additional terms of (select **one** of the following) ☐ one month / ☐ three months / ☐ six months / ☐ 12 months each (hereinafter: respectively: the **"Facility Renewal Date"** and **"Additional Term"**) unless you have notified the Bank in writing at any time that you do not wish the Credit Facility to be renewed or the Bank has notified you in writing of non-renewal at least thirty (30) days before the Facility Renewal Date (the last date of the first term of the Credit Facility and the last date of each Additional Term will be referred to hereinafter, as the case may be: the **"Facility End Date"**). The renewal of the Credit Facility will be on such terms as are in effect at the time of each such renewal or on such other terms as the Bank may notify you of writing at least thirty (30) days before the relevant Facility Renewal Date.

3.1.2 Notwithstanding the foregoing, the Bank may renew the Credit Facility for Additional Terms that are shorter or longer than the term stated above (but that are for no longer than one year) each time and, in such a case, the terms: "Facility Renewal Date" and "Additional Term" will have the relevant respective meanings, as the case may be. The Bank will notify us in writing of the renewal of the Credit Facility for such shorter or longer Additional Term.

3.2 ☒ Fixed Term Credit Facility

The Credit Facility will be in effect from (hereinafter: the **"Facility Start Date"**) until 31/12/2025 (inclusive) (hereinafter: the **"Facility End Date"**).

4. **Types of Credit for utilization under the Credit Facility**

4.1 Types of Credit that can be utilized under the Credit Facility and the interest rates applying to them (select **one**

[1] Unless expressly stated otherwise by the Bank, that stated in Section 3 with respect to the initial term of the Credit Facility and the additional terms, if any, overrides anything stated or displayed on this matter in any of the current reports and information screens that are displayed in any of the service channels to which the account is attached.

or more of the following):[2]

The types of credit that can be utilized under the Credit Facility and the nominal rates of interest applying to them (assuming no arrears in repayment of the Credit),[3] subject, *inter alia*, to the payment of fees and expenses as customary at the Bank, all as will be set forth, in accordance with any law, in the Credit Documents for the Credit that will be utilized on account of the Credit Facility are as follows (check the relevant boxes):

4.1.1 ☒ Short-term loans in Israeli currency (including "check discounting" loans and excluding "rollover loans"), whose term does not exceed 12 months,[4] with a variable nominal annual interest rate that does not exceed Prime (the Bank of Israel interest rate + 1.5 percentage points) plus percentage points on a per annum basis.

4.1.2 ☒ Short-term rollover loans in Israeli currency, with a variable interest rate and on additional terms as set forth in the addendum to this Letter headed "Addendum to Letter of Approval of Credit Facility - Terms for Utilization of Rollover Loans" (CF70(6)).

4.1.3 ☐ Foreign currency variable daily interest rate loans at the rates as set forth in **Appendix 4.1.3** to this Letter.

4.1.4 ☐ Foreign currency variable periodic interest rate loans at the rates set forth in **Appendix 4.1.4** to this Letter.

4.1.5 ☐ For Large Businesses - Short-term overdraft facilities in Israeli currency with a variable nominal annual interest rate that does not exceed Prime (the Bank of Israel interest rate + 1.5 percentage points) plus percentage points on a per annum basis.

4.2 Additional types of Credit that can be utilized under the Credit Facility subject to future agreement on their terms

In addition to that stated in Section 4.1 above and without derogating from that stated therein, additional types of Credit that can, in principle, be utilized under the Credit Facility in accordance with their terms are as follows. However, since it is not possible to determine all of the terms that will apply in connection with the utilization on the date of the drawing up of this Letter, it is clarified that utilization of the following types of Credit under the Credit Facility is also subject, *inter alia*, to our reaching agreement as to all of the terms in connection with the utilization of each such Credit each time you request to utilize such Credit on account of the Credit Facility taking into account the standard terms of the Bank at each relevant date with respect to you in connection with advancing Credit of the type sought and taking into account its characteristics (check the relevant boxes):

4.2.1 ☐ Short-term variable interest rate loans in Israeli currency, whose terms exceed months[5] but do not exceed one year.

4.2.2 ☐ Short-term fixed interest rate loans in Israeli currency.

4.2.3 ☐ Long-term variable interest rate loans for a term that does not exceed years in Israeli currency.

4.2.4 ☐ Long-term fixed interest rate loans for a term that does not exceed years in Israeli currency.

4.2.5 ☒ Short-term variable interest rate loans in the following foreign currencies: us$.

4.2.6 ☒ Short-term fixed interest rate loans in the following foreign currencies: us$.

4.2.7 ☐ Long-term variable interest rate loans for a term that does not exceed years in the following foreign currencies .

4.2.8 ☐ Long-term fixed interest rate loans for a term that does not exceed years in the following foreign currencies .

4.2.9 ☒ For Large Businesses - Short-term variable interest rate overdraft facilities in the following foreign currencies: us$.

4.2.10 ☒ Bank guarantees that are categorized as financial bank guarantees for a term that does not exceed 1 years in Israeli currency.

4.2.11 ☒ Bank guarantees that are not categorized as financial bank guarantees for a term that does not exceed 1 years in Israeli currency.

4.2.12 ☐ Bank guarantees that are categorized as financial bank guarantees for a term that does not exceed years in the following foreign currencies: .

4.2.13 ☐ Bank guarantees that are not categorized as financial bank guarantees for a term that does not exceed years in the following foreign currencies: .

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[2] On-call credit loans can not be utilized on account of the Credit Facility.

[3] The rate of default interest that will apply to any of the Credit Amounts will not exceed the maximum rate permitted by law.

[4] Fill in with a term that does not exceed 12 months.

[5] Fill in with a term that does not exceed 3 months.

4.2.14 ☐ Documentary credit for a term that does not exceed years in Israeli currency.

4.2.15 ☐ Documentary credit for a term that does not exceed years in the following foreign currencies:

5. **Balance for utilization on account of the Credit Facility**

5.1 For the purpose of calculating the amounts remaining for utilization on account of the Credit Facility, on each relevant calculation date, the aggregate amount of the Credit of the types specified in Section 4 above (including the various types of current accounts), including Credit of the types stated that has been, or will be, advanced to you in the Facility Accounts, whether such Credit has been advanced to you under the Credit Facility or not under the Credit Facility, as set forth below, will be deducted from the amount of the Credit Facility:

5.1.1 All of the balances of the amounts of the Credit of the types stated in Section 4 above (that are not on account of an overdraft facility) that have been utilized on account of the Credit Facility and the amounts of interest that have accrued but have not yet been charged and that have not yet been repaid by the relevant calculation date; and

5.1.2 If overdraft facilities are included among the types of Credit that are specified in Section 4 above, the higher of the following two:

5.1.2.1 The amounts of the overdraft facilities that are in effect; and

5.1.2.2 The amounts of the debit balances on the current account (including unapproved debit balances in the Facility Accounts on which there are approved overdraft facilities);

and this applies even if the agreed repayment date of any of such Credit Amounts has not yet arrived.

(The Facility Amount, less all of the amounts stated in this Section 5.1 above, will be referred to hereinabove and hereinafter as of each relevant calculation date as the **"Utilization Balance"**).

5.2 Foreign currency amounts

If an amount of Credit that has been utilized in the Facility Account is denominated in any foreign currency, then, for the purpose of calculating the Utilization Balance, the Facility Amount and the amount of each tranche of Credit that has been utilized on account thereof in any such foreign currency will be calculated in New Israeli Shekels at the Representative Rate of the relevant foreign currency. In addition, if the Facility Amount is denominated in U.S. dollars, after the conversion stated in this Section 5.2 above has been made, the total of all of the amounts calculated in New Israeli Shekels, as stated, plus the amount of each tranche of Credit that has been utilized on account of the Credit Facility in New Israeli Shekels will be calculated in U.S. dollars at the Representative Rate of the U.S. dollar.

As of the last business day before the date of this Letter, the amount that has been utilized on account of the Facility (the Facility Amount less the Utilization Balance as calculated in accordance with Section 5.1 above) is (select **one** of the following):

☐ NIS / ☐ US$

6. **Restrictions on the utilization of the Utilization Balance for the different types of Credit**

With respect to the types of Credit specified below, the following restrictions will apply in connection with the utilization of the Utilization Balance (check **one or more** of the following and complete, as necessary):

6.1 ☐ With respect to the following types of Credit: in aggregate, the maximum amount that may be utilized on account of the Credit Facility will not exceed the lower of (select **one** of the following):[6] ☐NIS or the Utilization Balance / ☐ US$ or the Utilization Balance.

6.2 ☐ With respect to the following types of Credit: in aggregate, the maximum amount that may be utilized on account of the Credit Facility will not exceed the lower of (select **one** of the following):[6] ☐NIS or the Utilization Balance / ☐ US$ or the Utilization Balance.

7. **Conditions precedent to the utilization of the Credit Facility**

The utilization of the Credit Facility on each relevant date will be conditional upon the satisfaction of all of the following conditions:

7.1 There will be no restriction or impediment by law (including any order, direction or instruction of any competent authority or body), pursuant to your documents of incorporation or any other agreement with respect to the provision of the Credit, the repayment of the Credit Amounts or the securities for it, their creation, their validity, the rights under them or their realization, and no approvals, agreements or permits from any entity or the taking of any other steps by you or by any third party for this purpose are required.

7.2 You will not be in breach of any of your undertakings under this Letter, and none of the cases in which the Bank

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[6] Check this optional section if it is desired to restrict the utilization amount of a particular type of credit on account of the Credit Facility.

may cancel the Credit Facility or reduce its amount, as specified in Section 9 below, applies.

7.3 All of the documents and approvals that may be required by the Bank in connection with the Credit, the securities for it and the Credit Documents will be provided to the Bank, and you will sign all such documents in favor of the Bank in the standard form and on the standard terms and conditions of the Bank and as may be agreed in writing between the Bank and you.

7.4 The Facility Amount will not be exceeded as a result of honoring your application to utilize Credit of any sort on account of the Credit Facility (whether fully or partially).

7.5 According to the calculations of the Bank, none of the restrictions prescribed under the Directives of the Supervisor of Banks - Proper Banking Conduct (including Directive 313 on single borrowers/borrower groups, or any other restriction in this regard) will be breached. If this condition precedent is not satisfied and it is not possible to advance the full amount of the Credit from the Credit Facility, the terms of the Credit Facility will be adjusted by written agreement between the Bank and you.

7.6 ☐ Without derogating from that stated in Sections 7.1-7.5 above, any advance of the Credit is conditional upon full and eligible security being provided to the Bank for the purpose of reducing the credit risk, such that, according to the calculations of the Bank, it will not be necessary at any time whatsoever to allot supervisory capital in respect of any credit risk in connection with the Credit Facility and the Credit (including in accordance with Proper Banking Conduct Directive 203 on the standard approach to credit risk).[7]

7.7 ☐ Without derogating from that stated in Section 7 above and if the details of a number of customers are stated at the beginning of this Letter, utilization of the Credit Facility on any relevant date will also be conditional upon the existence of mutual guarantees by you in favor the Bank without limitation as to their amount as security for repayment of all of the debts and obligations of each of you to the Bank, in every case in the standard form and on the standard terms and conditions of the Bank.[8]

8. **Multiple holders**

If the details of a number of customers are stated in the preamble to this Letter, the provisions of this Section 8 below will apply in connection with the Credit Facility:

8.1 Provision of information and waiver of confidentiality - by signing at the foot of this Letter, each of you: waives his right to banking confidentiality (if he has such right by law or agreement or otherwise) with respect to this Letter, including, with respect to the Credit Facility and the Credit that any of you has utilized or will utilize on account of the Credit Facility; agrees that the Bank may (but is not obligated to) provide to all or any of you any information in connection with any of the above through any means of communications that the Bank deems fit; undertakes not to make any allegation, demand or claim against the Bank, its employees or any party on its behalf in connection with the provision of information, as aforesaid, to any of you for any reason; and undertakes to bear liability for any damage or loss that may be caused to any of you as a result of the provision of any information, as aforesaid, by the Bank to any of you.

8.2 If not all of the Facility Accounts are held jointly for all of you with joint and several liability, then, by signing at the foot of this Letter, each of you: agrees that each of you may utilize the Credit Facility in accordance with the terms and conditions of this Letter and in accordance with the set of authorizations and other terms and conditions of management of the relevant Facility Account without requiring the receipt of additional approval from any of you who is not a joint holder of that account; agrees that, in the case of utilization of all or part of the Facility Amount, by any of you, as stated, the other holders of the Facility Accounts may utilize the remaining amount for utilization on account of the Credit Facility, as stated in Section 5.1 above, if any, and waives any allegation, demand or claim against the Bank in connection with this.

8.3 By signing at the foot of this Letter, each of you undertakes that he will be liable to the Bank, as a complete, absolute and irrevocable undertaking, for the full and exact repayment of all of the amounts that are, or will be, due to the Bank from him in respect of, and in connection with, all of the Credit that is utilized by him from the Credit Facility, in accordance with the terms of the Credit Documents that have been signed by him in favor of the Bank.

9. **Cancellation of the Credit Facility or reduction of its amount**

9.1 The Bank may, immediately and without giving prior notice, cancel the Credit Facility or reduce the Facility Amount (including by setting the Facility Amount as being equal to the amounts that have been utilized on account of the Credit Facility as of that date) in any case where there is a risk to the ability of the Bank to collect

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[7] This optional section should be checked if it is not wished for capital to be allotted in respect of the credit risk of the facility since, according to this section, a condition of the utilization of the facility is that no capital will be allotted in respect of the utilization.

[8] This optional section should be checked if there are multiple customers and it is wished to make the utilization of the Credit Facility conditional upon the existence of mutual guarantees of the customers to which the joint Credit Facility is being given.

all or part the amounts of the Credit due to an adverse change in your solvency; or upon the creation of other conditions in accordance with that stated under the Credit Documents that require the immediate cancellation of the Credit Facility or of a line of one of the types of credit included in it, or an immediate reduction in their amount; or if any event occurs in accordance with that stated in the Credit Documents that gives the Bank a right to accelerate the repayment of any amount of the Credit Amounts (even if the Bank does not exercise the right and without taking into account the length of any warning, cure or waiting periods that have been agreed upon in writing); or in other cases that are permitted in accordance with any law.

9.2 In the case of cancellation of the Credit Facility or a reduction in the Facility Amount, as stated above, the Bank will send you a notice of this simultaneously with cancelling the Credit Facility or reducing the Facility Amount, as stated.

9.3 It is clarified that nothing stated in this Letter derogates from any of the rights of the Bank to demand immediate repayment by you of all or part the Credit Amounts to the Bank in accordance with the terms and conditions provided in any of the Credit Documents under which any such Credit has been or will be advanced to you.

10. **<u>Prohibition against exceeding the Facility Amount</u>**

By signing at the foot of this Letter, you hereby undertake to manage the Facility Accounts such that the Facility Amount will not be exceeded at any time. Without derogating from the provisions of this Letter, the amount of any excess over the Facility Amount, if any is created, will be repaid by you immediately upon its creation, without a requirement for any notice or demand to be sent by the Bank to do so. Without derogating from your undertaking stated above, or the terms and conditions of any of the Credit Documents and subject to every law, the Bank may act in accordance with all of its rights in accordance with the Credit Documents with respect to any excess over the amount of the Facility, if any is created and is not repaid by you immediately upon its creation.

11. **<u>Fees and expenses</u>**

In connection with the Credit Facility, you will pay Bank the fees specified in this Section 11 below, which will be charged to the New Israeli Shekels current account with account number at the ( ) branch of the Bank. That stated below, does not include details of the fees in respect of, or in connection with, the management of the Facility Accounts and the provision of any credit in these accounts on account of the Credit Facility, which will be specified in the other Credit Documents (check the appropriate boxes):

11.1 ☒ <u>Fees for Handling of Credit and Securities - preparation of documents (for a Large Business)</u>.

11.1.1 Service in respect of which the fee is collected - Handling of the allocation of the Credit Facility.

11.1.2 Amount of the fee - NIS 0.

11.1.3 Rate of the fee and its method of calculation - % of the Facility Amount (select one of the following):

☐ In accordance with that provided in the Fee List of the Bank, whatever it may be on the Credit Facility Start Date. It is clarified that, in any event, the amount of the handling fee that is presented above will not be less than the minimum amount provided in the Fee List of the Bank, if any, and will not exceed the maximum amount provided in the Fee List of the Bank, if any. If the Facility Amount is denominated in U.S. dollars, then, for the purpose of determining the amount of the handling fee, the Facility Amount will be calculated in New Israeli Shekels in accordance with the Buying Rate Prevailing at the Bank for U.S. dollars (but without deducting the conversion fee or any tax, levy or mandatory or other payments and the like) whatever it may be on the Credit Facility Start Date. The amount of the handling fee that is presented above may vary if there is a change in the Fee List of the Bank or in the exchange rate mentioned below between the date of drawing up this Letter and the Facility Start Date and, if the Facility Amount is denominated in U.S. dollars, if there is a change in the exchange rate referred to above.

☒ As agreed between us and the Bank. If the Facility Amount is denominated in U.S. dollars, then, for the purpose of determining the amount of the fee referred to above, the Facility Amount will be calculated in New Israeli Shekels in accordance with the Buying Rate Prevailing at the Bank for U.S. dollars (but without deducting the conversion fee or any tax, levy or mandatory or other payments and the like) whatever it may be on the Credit Facility Start Date. The amount of the handling fee that is presented above may vary if the Facility Amount is denominated in U.S. dollars if there is a change in the exchange rate referred to above.

11.1.4 Date of collection of the fee - On the Credit Facility Start Date unless stated otherwise.

11.2 ☒ <u>Allocation of credit - Large Business (select **one** of the following)</u>:

11.2.1 ☐ Fee in respect of the allocation of a credit facility

11.2.1.1 In respect of the allocation of the Credit Facility for the term commencing on the Facility Start Date or

the Facility Renewal Date, as the case may be, until the Facility End Date, you will pay the Bank an "allocation of credit - large business" fee (hereinafter: the **"Fee"**).

11.2.1.2 The Fee will be in the annual amount of % of the Facility Amount, which is (select **one** of the following):

☐ As provided in the fee list of the Bank as of the date of the drawing up of this Letter (this percentage and also the amount of the Fee that is derived from it may be changed from time to time, *inter alia*, if there is a change in the fee list of the Bank).

☐ As agreed between you and the Bank (not less than the minimum amount and not more than the maximum amount provided in the fee list of the Bank, if any such amounts are provided).

11.2.1.3 The annual amount of the Fee will be calculated as the product of the Revalued Facility Amount and the annual amount of the Fee specified above. As of the date of the drawing up of this Letter, the amount of the Fee is NIS per year (hereinafter: the **"Fee Amount"**).

11.2.1.4 If the Facility Amount is denominated in U.S. dollars, then, for the purpose of calculating the Fee Amount, the Revalued Facility Amount will be calculated in New Israeli Shekels each day during the term in respect of which the Fee is being paid in accordance with the Representative Rate of the U.S. dollar and in accordance with the Representative Rate of each of the other currencies in which the Credit Facility may be utilized in which the Overdraft Facility Amounts have been advanced as of the date of the relevant calculation. The Fee Amount may be changed, *inter alia*, if there is a change in the Representative Rate of the U.S. dollar or the Representative Rate of any of the other currencies in which the Facility may be utilized, as stated above.

11.2.1.5 The Fee Amount will be paid by you proximate to the beginning of (select **one** of the following):

☐ Each calendar month, in respect of the previous month.

☐ Each calendar quarter, in respect of the previous quarter.

11.2.2 ☒ <u>Fee in respect of the non-utilization of the Credit Facility</u>:

11.2.2.1 In respect of each day of the term commencing with the Facility Start Date or the Facility Renewal Date, as the case may be, until the Facility End Date on which the all or part of the Credit Facility is not utilized (hereinafter: a **"Non-Utilization Day"**), you will pay the Bank an "allocation of credit - large business" fee (hereinafter: the **"Fee"**).

11.2.2.2 The Fee will be in the annual amount of 0.29 %, which is (select **one** of the following):

☐ As provided in the fee list of the Bank as of the date of the drawing up of this Letter (this percentage and also the amount of the Fee that is derived from it may be changed from time to time, *inter alia*, if there is a change in the fee list of the Bank).

☒ As agreed between you and the Bank (not less than the minimum amount and not more than the maximum amount provided in the fee list of the Bank, if any such amounts are provided).

11.2.2.3 The amount of the fee for each Non-Utilization Day will be calculated as the product of the Unutilized Daily Balance, whatever that may be on the relevant day, and the annual percentage of the Fee specified above divided by the complete number of days in the calendar year in which the calculation is being made (365 or 366, as the case may be). As of the date of the drawing up of this Letter, the maximum amount of the Fee (on the assumption that the Credit Facility is not utilized at all for a year) is NIS per year (hereinafter: the **"Fee Amount"**).

11.2.2.4 If the Facility Amount is denominated in U.S. dollars or the amount of credit that is utilized on account thereof is denominated in U.S. dollars or any other foreign currency, then, for the purpose of calculating the Fee Amount, the Revalued Facility Amount and the Unutilized Daily Balance will be calculated in New Israeli Shekels each day during the term in respect of which the Fee is being paid in accordance with the Representative Rate of the U.S. dollar and in accordance with the Representative Rate of each of the other currencies in which the Credit Facility may be utilized in which the Overdraft Facility Amounts or the amounts of credit of other types that have been utilized on account of the Credit Facility have been advanced as of the date of the relevant calculation. The Fee Amount may be changed, *inter alia*, if there is a change in the Representative Rate of the U.S. dollar or the Representative Rate of any of the other currencies in which the Facility may be utilized, as stated above.

11.2.2.5 The Fee Amount will be paid by you on the first business day of (select **one** of the following):

☐ Each calendar month, in respect of the previous month.

☒ Each calendar quarter, in respect of the previous quarter.

(hereinafter: the **"Fee Payment Dates"**).

11.3 ☐ <u>Allocation of credit - small business</u>

11.3.1 Except where the Facility Amount is denominated in U.S. dollars, in respect of the allocation of the

Credit Facility for the term commencing on the Facility Start Date or the Facility Renewal Date, as the case may be, until the Facility End Date, you will pay the Bank an "allocation of credit - small business" fee (hereinafter: the **"Fee"**).

11.3.2 The Fee will be in the annual amount of % of the Facility Amount, which is (select **one** of the following):

☐ As provided in the small businesses fee list of the Bank as of the date of the drawing up of this Letter (this percentage and also the amount of the Fee that is derived from it may be changed from time to time, *inter alia*, if there is a change in the small businesses fee list of the Bank).

☐ As agreed between you and the Bank (not less than the minimum amount and not more than the maximum amount provided in the fee list of the Bank, if any such amounts are provided).

11.3.3 Method of calculation of the Fee - The amount of the Fee will be calculated on each of the Fee Payment Dates, as set forth below, in respect of the period from the relevant Fee Payment Date (including that date) to the next Fee Payment Date (not including that date) or until the Facility End Date, whichever is earlier, as the product of the Revalued Facility Amount and the annual amount of the Fee specified above. As of the date of the drawing up of this Letter, the annual amount of the Fee is NIS per year (hereinafter: the **"Fee Amount"**).

11.3.4 Fee Payment Date - The amount of the Fee will be paid by you (select **one** of the following):

☐ On the Facility Start Date and, thereafter, on the first business day of each calendar month.

☐ On the Facility Start Date and, thereafter, on the first business day of each calendar quarter. (hereinafter: the **"Fee Payment Dates"**)

If the Fee is debited from the account in advance in respect of a period during which the Facility will not be in effect, the account will be credited with the *pro rata* amount in respect of such period.

11.3.5 Small Business that is reclassified as a Large Business

As of the date of the drawing up of this Application, for the purpose of managing the account and in accordance with the information provided by you to the Bank, you are defined in the books of the Bank as a Small Business. If your definition in the books of the Bank is changed at any time for the purpose of managing the account from a Small Business to a Large Business (hereinafter, respectively: the **"Updated Classification"** and the **"Update Date"**), then, from the Update Date and for as long as the Updated Classification applies to you:

11.3.5.1 If it is provided in Section 11.3.2 above that the Fee will be collected as provided in the small businesses fee list of the Bank, then, from the Update Date and for as long as the Updated Classification applies to you, the amount of the fee specified in section 11.3.2 above will be changed and will be as provided in the large business fee list of the Bank (this percentage and also the amount of the Fee that is derived from it may be changed from time to time, *inter alia*, if there is a change in the large businesses fee list of the Bank). As of the date of the drawing up of this Letter, the annual amount of the allocation of credit - large business fee is . The annual amount of the Fee will be calculated as the product of the Revalued Facility Amount and the annual amount of the Fee specified in this Section

11.3.5.1 above. As of the date of the drawing up of this Letter, the amount of the allocation of credit - large business fee is NIS per year.

11.3.5.2 If it is provided in Section 11.3.2 above that the fee will be collected in accordance with that which is agreed between you and the Bank, the amount of the Fee that is specified in Section

11.3.2 above will not change.

Additionally, the Fee Amount stated in this section will be paid by you proximate to the beginning of (select **one** of the following):

☐ Each calendar month, in respect of the previous month.

☐ Each calendar quarter, in respect of the previous quarter.

12. **General**

12.1 In any case in which the Bank may perform any act pursuant to this Letter, it is not required to do so.

12.2 This Letter will enter into effect subject to its signature by you in the form specified at its foot, and its return to the Bank by no later than the Facility Start Date.

12.3 This Letter and the other Credit Documents will complement each other and will be interpreted as being supplemental to each other. If a discrepancy is discovered between the terms and conditions stated in this Letter

and those in the other Credit Documents in respect of any of the matters addressed in this Letter, the provisions of this Letter will control, unless explicitly provided otherwise.

12.4 The rights of the Bank pursuant to this Letter stand alone and are independent of each other and are further and in addition to, and do not derogate from, any right that the Bank has or will have by law or pursuant to the other Credit Documents.

12.5 This Letter is addressed to you alone and does not create any undertaking of the Bank in favor of any third party. Your rights under this Letter may not be assigned or transferred in any way.

13. **Interpretation and definitions**

13.1 The section headings in this letter are provided for the sake of convenience only and may not be used for the purpose of the interpretation of this Letter.

13.2 The appendices to this Letter constitute an integral part hereof and are equally as binding as the rest of its terms.

13.3 The following terms will have the meaning set forth against them:

13.3.1 **"Credit"** - Each of the types of credit that are specified in Section 4 above that is utilized by you on account of the Credit Facility in the Facility Accounts.

13.3.2 **"Representative Rate"** - As of each relevant calculation date - the representative exchange rate for the relevant foreign currency most recently published by the Bank of Israel before the day on which the calculation is made or, if the Bank of Israel does not publish the representative exchange rate for the relevant foreign currency on the customary date, another exchange rate for that foreign currency that is most recently published by a competent authority before the date on which the calculation is made and which will be determined by the Bank to be the representative rate for that foreign currency for all of the customers of the Bank.

13.3.3 **"Average Rate"** - The accounting average between the Selling Rate Prevailing at the Bank (excluding any discounts and benefits and not including any conversion fee, tax, levy, mandatory or other payments and the like) of any foreign currency and the Buying Rate Prevailing at the Bank (excluding any discounts and benefits and not including any withholding tax, levy, mandatory or other payments and the like) of the same foreign currency.

13.3.4 **"Fee Rules"** - The Banking Rules (Service to the Customer) (Fees), 5768-2008

13.3.5 **"Credit Documents"** - This Letter, the documents for the opening of the Facility Accounts, all of the other documents that you have signed or will sign in connection with the Credit and any other document that is intended to amend or replace any such documents or that is expressly provided to constitute part of any of them.

13.3.6 **"Credit Amounts"** - Any amount that you owe or will owe to the Bank in respect of, or in connection with, the Credit Facility and the Credit, including amounts of principal, interest, default interest, fees, expenses, linkage differentials and any other amount pursuant to any of the Credit Documents.

13.3.7 **"Overdraft Facility Amounts"** - If overdraft facilities are part of the types of Credit that are included in the types of Credit that may be utilized, as stated in Section 4 above, the aggregate amount of all of the overdraft facilities of the type that you may utilize on account of the Credit Facility that have been allocated to you in the Facility Accounts, if any, and that are in effect on the relevant date for calculating the fee referred to in Section 11.2 above.

13.3.8 **"Unutilized Daily Balance"** - The Revalued Facility Amount less all of the balances of the Credit Amounts that are not on account of a Credit Facility allocated in a current account that have been made available to you on account of the facility in any of the Facility Accounts and that have not yet been repaid by the relevant calculation date (even if the agreed repayment date of any such Credit Amounts has not yet arrived).

13.3.9 **"Revalued Facility Amount"** - The Facility Amount less the Overdraft Facility Amounts that are in effect on the relevant calculation date.

13.3.10 **"Large Business"** - A corporation that is not a Small Business.

13.3.11 **"Small Business"** - As this term is defined in the Fee Rules.

13.3.12 **"Selling Rate Prevailing at the Bank"** - The exchange rate for "transfers/checks/cash - selling" that is published from time to time by the Bank on the Branch Board and on the website of the Bank and that relates to the purchase of relevant foreign currency by us from the Bank on any relevant date plus the conversion fee, any tax, levy or mandatory or other payments.

13.3.13 **"Buying Rate Prevailing at the Bank"** - The exchange rate for "transfers/checks - buying" that is published from time to time by the Bank on the Branch Board and on the website of the Bank and that relates, as the case may be, to the sale of foreign currency by us to the Bank on any relevant date less

the conversion fee, any tax, levy or mandatory or other payments and the like.

14. **Additional terms:**

Sincerely yours,

Bank Hapoalim B.M.

To
Bank Hapoalim B.M.
We, the undersigned, agree to that stated in this Letter above and undertake to act accordingly. We confirm that the Bank provided us with a copy of this Letter and gave us a reasonable opportunity to review it before we signed it.

Name	Identification No.	Date	Signature
Noa Frig	* * *	30/1/25	/s/ Noa Frig Ben-David

To

		Name of Customer	Identification No.	Branch	Account No.		
	1.	**ODDITY TECH LTD**	**514936269**	* * *	* * *	**CF-70(6)** (Document Category - For Internal Use)	+ 7
	2.						
	3.						
	4.						

Addendum to Letter of Approval of Binding Credit Facility - Terms for Utilization of Rollover Loans Drawn Up on 15/01/2025

Whereas Pursuant to your application, Bank Hapoalim B.M. (hereinafter: the **"Bank"**) has allocated to you a credit facility in the Accounts that are specified at the top of this Addendum (hereinafter, jointly and severally: the **"Facility Accounts"**) in the amount, for the term and on the terms and conditions that are each specified in the "Letter of Approval of Binding Credit Facility Drawn Up on 15/01/2025," as amended from time to time, that was signed by you and the Bank for this purpose (hereinafter, respectively: the **"Facilities Approval Letter"** and the **"Credit Facility"**); and

Whereas Pursuant to the terms and conditions of the Facilities Approval Letter, you may utilize the Credit Facility in full or in part, in every case as provided in the Facilities Approval Letter, including by taking out short-term rollover loans in Israeli currency (hereinafter: the **"Rollover Loans"**); and

Whereas The parties wish to amend the Facilities Approval Letter, but only partially, as provided in this Addendum below in order to regulate the manner and terms and conditions of utilization of the Rollover Loans on account of the Credit Facility on the terms that are specified in this Addendum.

Therefore, the parties hereby agree to amend the Facilities Approval Letter, as follows:

1. **Utilization of Rollover Facilities on account of the Credit Facility**

1.1 During the term from the Facility Start Date to the Facility End Date (hereinafter: the **"Facility Term"**), you may request the Bank to advance on account of the Credit Facility short-term rollover loans in Israeli currency whose final renewal date will be no later than the Facility End Date, in each case in the amounts and for the term pursuant to the general terms and conditions that are set forth in the account opening documents, and in the general terms and conditions in connection with loans or in connection with rollover loans in New Israeli Shekels that have been signed by you in connection with the Account (hereinafter, collectively, and as the case may be: the **"General Terms and Conditions"**) and the special terms and conditions that are set forth under this Addendum.

1.2 For this purpose, you may, from time to time, submit an application with the Bank to drawdown credit on account of the Credit Facility in writing or orally in such manner as is accepted by the Bank on each relevant date. Such drawdown application will be further to this Addendum and the other Credit Documents and will be supplementary to them (hereinafter: the **"Drawdown Application"**). Each Drawdown Application will specify, *inter alia*, the principal amount of the loan that is requested, the purpose of the loan that is requested and in respect of which of the Facility Accounts the advance of the loan is requested. The Bank will credit the principal amount of the rollover loan to the New Israeli Shekels current account that is held within the relevant Facility Account (hereinafter, as the case may be: the **"Current Account"**).

1.3 The date of the grant of any loan that is advanced to you further to the Drawdown Application (hereinafter, as the case may be: the **"Loan"**), will be the date in respect of which the relevant Current Account is credited with the principal amount of the Loan (hereinafter: the **"Loan Grant Date"**). From the Loan Grant Date, all of the terms and provisions of the Credit Documents will apply to the Loan, including with respect to the calculation of the interest in respect of, and in connection with, the Loan.

1.4 <u>Renewal of the Loan</u>

1.4.1 Each Drawdown Application will also automatically constitute your application:

1.4.1.1 For the Bank to advance to you within the Account on the end date of the relevant Loan (hereinafter: the **"Existing Loan"**) an additional loan of identical amount to the principal amount of the Existing Loan (hereinafter: the **"Requested Rollover Loan"**), such that all of the following terms will apply to the Requested Rollover Loan:

1.4.1.1.1 The Requested Rollover Loan will be advanced to you for a term of a month on the same terms by which the Existing Loan was advanced to you, *mutatis mutandis*.

1.4.1.1.2 The principal amount of the Requested Rollover Loan will be used solely for the purpose of repaying the principal amount of the Existing Loan at the end of the term of the Existing Loan (hereinafter: the **"Loan Renewal"**).

1.4.1.1.3 Subject to the foregoing, if the Bank credits the principal amount of the additional loan requested to the Current Account, all of the provisions of the Credit Documents and the relevant account opening documents and all of the provisions of this Addendum regarding the Existing Loan will apply to the additional Loan that has been advanced within the Account, as aforesaid (hereinafter: the **"Additional Loan"**), *mutatis mutandis*.

1.4.1.2 For the Bank to also effect a Loan Renewal with respect to the Additional Loan at the end of the term of such Additional Loan and to advance an additional loan to you in place of the repaid Loan, such that all of the terms that applied to the repaid Loan will apply to the Additional Loan, *mutatis mutandis*.

1.4.1.3 For the Bank to continue effecting Loan Renewals with respect to each Additional Loan, such that the principal amount of each new Additional Loan that is advanced to you within the Account will be used to repay the principal amount of the relevant previous rollover loan and so on.

1.4.1.4 In each case of a Loan Renewal, for the Bank to advance a new loan to you within the Account in an amount equal to the principal amount of the Loan that is being repaid.

1.4.2 By submitting a Drawdown Application, you undertake to repay, at the end of the term of the Existing Loan or at the end of the term of the Additional Loan, as the case may be, the interest that has accrued on the Existing Loan or the Additional Loan, as the case may be, pursuant to the terms of the Credit Documents.

1.4.3 If you notify the Bank in writing on any date - provided that the notice is received by the Bank before the Loan Renewal with respect to the Existing Loan or with respect to the Additional Loan is effected - that you do not want the Loan Renewal, as aforesaid, the Bank will not effect the Loan Renewal.

1.4.4 Without derogating from the rights of the Bank under the account opening documents and the Credit Documents or under any law, the Bank is entitled not to effect a Loan Renewal with respect to the Existing Loan or with respect to the Additional Loan if, pursuant to the provisions of the Credit Documents, any event has occurred that gives the Bank the right to accelerate any of the Credit Amounts (even if the Bank does not exercise such right and without taking into account any notice, grace or waiting period that may have been agreed in writing) or in other cases permitted by law, subject to giving at least seven (7) days' written notice before the end of the term of the Existing Loan or the end of the term of the Additional Loan, as the case may be, that is nearest to the date of the sending of such notice (or on such shorter period as may be determined by the Bank subject the provisions of any law).

1.4.5 If the Bank does not effect a Loan Renewal, as aforesaid, you undertake to pay to the Bank all of the amounts of such non-renewed Loan on the dates prescribed in the Repayment Schedule with respect thereto.

1.4.6 The rights of the Bank pursuant to this section above stand alone and are independent of each other and are in addition to any right that the Bank has or will have by law and/or agreement, including the section of the Credit Documents entitled "immediate repayment."

2. **Debiting the Account**

You undertake to repay all of the amounts of any Loan that may be advanced to you on account of the Credit Facility on the agreed repayment dates, as set forth in the Repayment Schedule, as defined below, and pursuant to the rest of the terms that are set forth in the Credit Documents and, for this purpose, you hereby instruct the Bank to debit the Current Account for all of the loan amounts.

3. **Repayment of principal and interest**

You hereby undertake to repay the principal of the Loan and the Interest (as defined below) in the manner and on the dates set forth below and in the Repayment Schedule:

3.1 With respect to the Existing Loan - In one installment at the end of the term of the relevant Existing Loan.

3.2 With respect to each Additional Loan, if any - In one installment in the month following, and on the same day of the month as, the repayment of the principal of the Existing Loan or the previous Additional Loan or the last day of the following calendar month, as the case may be.

4. **Interest**

The principal of each Loan will bear interest, in accordance with the calculations of the Bank, which will be charged, from the Loan Grant Date, on the dates that will be set forth in the Repayment Schedule. The interest on the principal is as follows (hereinabove and hereinafter: the **"Interest"**). Unless expressly stated otherwise, the data presented below are correct as of the date of the execution of this Addendum.

4.1 The nominal annual rate of the Interest - 6.1 %.

4.2 The adjusted annual rate of the Interest - 6.273 %.

4.3 The type of Interest - variable, as follows:

4.3.1 The base interest rate - Prime - being, calculated annually: 6 %.

4.3.2 The risk supplement - 0.1 percentage points.

4.3.3 The formula for the rate of the Interest - Prime plus the above-mentioned risk supplement, calculated annually.

4.3.4 The initial rate of the Interest - The initial rate of the Interest will be determined in accordance with Prime, whatever that may be on the relevant Loan Grant Date.

4.3.5 Interest update dates - The Interest will be updated from time to time, whenever there is a change to Prime, including prior to the relevant Loan Grant Date.

4.3.6 Interest at a negative rate - If the Interest, as calculated by the Bank in respect of any period, is a negative rate, no payment will be made to you in respect of any of the amounts of the Loan in respect of which Interest has been calculated at a negative rate, as aforesaid.

5. **Interest calculation period**

In this Addendum, "Interest Calculation Period" means the whole term of the Loan.

6. **Interest calculation method**

The Interest will be calculated as the product of the principal amount of the Loan and the rate of the Interest, as set forth in this Addendum above in the section entitled "Interest," taking into account the rates of Interest that apply during the term of the Loan, as the case may be, and the precise number of days during the period from the Loan Grant Date (including that date) until the end date of the term of the Loan (not including that date), as set forth in the Repayment Schedule, divided by the complete number of days in the calendar year in which the whole such period falls (365 or 366, as the case may be) and, in the case of an Interest Calculation Period that falls across more than one calendar year, divided by the number of days calculated in accordance with the Weighted Days Basis.

7. **Default interest**

7.1 Subject to every law and notwithstanding that stated under the General Terms and Conditions regarding the rate of default interest, it is agreed that, if for any reason, including the non-execution of the Debit Instruction, any of the amounts of the Loan is not repaid on one of the following dates - on its agreed repayment date or - if no repayment date for that amount has been prescribed - on the date on which you are requested to repay it (hereinafter, respectively: the **"Arrears Start Date"** and the **"Arrears Amount"**), the Arrears Amount will bear interest in respect of the period from the Arrears Start Date until the date of its actual repayment, as follows (hereinafter: the **"Default Interest"**). The Default Interest will be paid by you in New Israeli Shekels. Unless expressly stated otherwise, the data presented below are correct as of the date of the execution of this Addendum.

7.2 The rate of the Default Interest and its method of calculation

The rate of the Default Interest will be a variable rate, which will be updated from time to time and calculated as follows:

7.2.1 The base default interest rate - The Bank of Israel interest rate: 4.5 % per annum.

7.2.2 The additional interest component in respect of the arrears in repayment of the Arrears Amounts - Interest at a nominal rate (in percentage points) that is equal to the difference between the nominal annual rate of the Default Interest, as provided in this Section below and the annual nominal rate of the Interest as provided in Section 7.1 above (hereinafter: the **"Arrears Component of the Interest"**).

7.2.3 The formula for calculating the rate of the Default Interest - The Interest, as provided in Section 7.1 above, plus the Arrears Component of the Interest, calculated annually.

7.2.4 The nominal annual rate of the Default Interest - 22.2 % (this rate is equal to the base default interest rate provided above plus 14 percentage points, whereby the result of this calculation will be multiplied by 1.2).

7.2.5 The adjusted annual rate of the Default Interest - 24.12 %.

7.2.6 The dates for updating the Default Interest - The rate of Default Interest provided above will be updated from time to time if there is a change in the Bank of Israel interest rate.

7.3 The method of calculation of the Default Interest

The daily amount of Default Interest will be calculated by the Bank as the product of the daily balance of the whole Arrears Amount and the annual rate of the Default Interest starting from the relevant date divided by the complete number of days in the relevant year (365 or 366, as the case may be). The amounts of the daily Default Interest, as aforesaid, will accrue in accordance with the calculations of the Bank and will be charged to the Loan Account at the end of each period of a Quarter on the first day of the following Quarter. The amounts of the daily Default Interest that have accrued, as aforesaid, will also bear interest at the rate of the Default Interest, which will also be calculated in the same manner by which the Default Interest is calculated with respect to the principal amount that is in arrears, as aforesaid, until the date of the final and absolute repayment of all of the Arrears Amounts. The first or last period in which Default Interest is charged to the Loan Account may be shorter than the other periods in which Default Interest is charged to such Loan Account.

7.4 Reduced default interest

The Bank may calculate interest in respect of any of the Arrears Amounts at a rate that is lower than the rate of Default Interest provided in this section above in respect of all or some of the period of the arrears in repayment of all or some of

the Arrears Amounts, in every case at the discretion of the Bank (hereinafter: the **“Reduced Default Interest”**). It is clarified that the calculation of Reduced Default Interest in respect of any amount and any period will not require the Bank to continue calculating Reduced Default Interest in respect of any additional amount or any additional period, and the Bank may, at any time, revert to charging interest in respect of any Arrears Amounts at the rate of Default Interest provided under this section above, at its discretion, for any reason and without being required to give prior notice of this.

8. **Linkage differentials**

No part of the principal amounts of the Loan, the Arrears Amount and any interest will be linked.

9. **Change of dates**

Subject to every law, if the agreed repayment date of any of the amounts of the Loan falls on a day that is not a banking business day in Israel, the agreed repayment of that amount will be deferred to the next banking business day in Israel, and such amount will continue to bear Interest at the rate of Interest also in respect of the period during which the repayment date has been deferred, as aforesaid.

10. **Production of Financial Statements**

You undertake to produce Financial Statements to the Bank, at your expense, at the frequency and regularity that the Bank may instruct you from time to time. A condition precedent to the advance of the Loan and its continued advance is the production of Financial Statements to the Bank, *inter alia*, as required pursuant to the directives of the Bank of Israel or those of another competent authority or pursuant to any law. In addition, you undertake, at the demand of the Bank from time to time, to make available to the Bank or its representative for inspection during customary working hours, any Financial Statement, accounting book, card(s) or ledger, film, books, reference documents and other documents and any information in connection with our financial and operational state or the state of your business, as may be requested by the Bank from time to time.

11. **Failure to pay on time**

In the event of the non-payment on time of any of the amounts that you owe to the Bank pursuant to the Credit Documents, the Bank may take any of the steps that it is allowed to take pursuant to that stated in the Credit Documents and by law, including to demand the exercise of any other remedies to which it is entitled by virtue of the Contracts Law (Remedies for Breach of Contract), 5731-1970, and any other Israeli or foreign law that may replace or supplement it and that may confer any rights on the Bank in the case of breach of a contract that has been signed between the Bank and any counter-party, as the case may be.

12. **Charging payments**

Subject to every law, on the date of payment of any amount that is required to be paid to the Bank as repayment for any of the amounts of the Loan, such repayment amount will be attributed in the following order:

12.1 First, subject to that stated under the General Terms and Conditions in the section entitled “fees and expenses,” for payment of the expenses connected with legal proceedings for the repayment of any amount in connection with the expenses of the Bank in connection with the collection of the amounts of the Loan, including the expenses and fees of an office holder, as may be determined by the Bank or the court or the Execution Office, as the case may be, if any.

12.2 Thereafter, as repayment of all of the amounts of the Arrears Component of the Interest, if any, and the linkage differentials or rate differentials, as the case may be, in respect thereof, if any.

12.3 Thereafter, as repayment of all of the amounts in connection with the fees of the Bank, including fees in respect of the early repayment of any of the amounts of the Loan, if any.

12.4 Thereafter, as repayment of the whole balance of the Arrears Amounts, if any (including the balance of the amounts of Arrears Interest that are not in respect of the Arrears Component of the Interest) and the linkage differentials or rate differentials, as the case may be, in respect thereof, if any.

12.5 Thereafter, as repayment of all of the amounts of Interest in connection with the amounts of the Loan (that are not Arrears Amounts) and the linkage differentials or rate differentials, as the case may be, in respect thereof, if any.

12.6 Thereafter, as repayment for any other payment that has not been specified in this section above or below and that you have undertaken or will undertake to pay to the Bank in respect of, or in connection with, the Loan pursuant to the Credit Documents or pursuant to any other document that has been or will be signed by you or under any law.

12.7 Finally, as repayment for the principal amount of the Loan (that is not an Arrears Amount) and the linkage differentials or rate differentials, as the case may be, in respect thereof, if any.

13. **Early repayment**

The information that is set forth in this Section below is provided to you in accordance with the provisions of Proper Banking Conduct Directive No. 454 issued by the Supervisor of Banks (hereinafter: the **“Directive”**). This Section contains an explanation of the terms and conditions for the repayment of any amounts in connection with the Rollover Loan that is made for any reason before the original date scheduled for their repayment in accordance with the terms and conditions of the Rollover Loan (hereinafter: **“Early Repayment”**).

13.1 Application for Early Repayment - You may apply to the Bank to make an Early Repayment of all or part of the Rollover Loan at any time. The Bank is entitled not to allow you to make an Early Repayment of the Rollover Loan in full or in part on reasonable grounds, in every case, subject to any law.

13.2 Type of Loan - The Rollover Loan is a loan in New Israeli Shekels bearing a variable interest rate and is not linked to an index.

13.3 In the event of any Early Repayment, you will be exempt from paying the Bank any early repayment fees.

14. **Repayment Schedule**

Details of the term of the Loan, the amounts of the installments for repayment of the Loan and the dates of repayment of the principal of the Loan and the Interest, will be included in a repayment schedule that will be sent to you by the Bank shortly after the Loan Grant Date (hereinabove and hereinafter: the **"Repayment Schedule"**). The Repayment Schedule will constitute an integral part of this Addendum. If the Repayment Schedule does not reach you within 30 days of the Loan Grant Date, you undertake to notify the Bank of this in writing.

15. **Fees and expenses**

In addition to the foregoing, you undertake to pay to the Bank, in connection with every Loan that is advanced to you on account of the Credit Facility, a fee for handling the credit and securities in respect of non-housing loans (small businesses)/fees for handling credit and securities, preparation of documents (large businesses), which will be collected from you on the relevant Loan Grant Date in accordance with the fee list or as has been, or will be, agreed between you and the Bank (if at all) and, in every case, subject to every law and the directives of the Bank of Israel. The amount and percentage of the fee, as derived from the amount of the relevant Loan that will be advanced to you on account of the Facility, will be provided to you during the Drawdown Application submission process.

16. **Interpretation and definitions**

16.1 The preamble to this Addendum constitutes an integral part hereof.

16.2 The section headings in this Addendum are provided for the sake of convenience only and may not be used for the purpose of the interpretation of this Addendum.

16.3 In any case in which the Bank may perform any act pursuant to this Addendum, it is not required to do so.

16.4 This Addendum will enter into effect subject to its Signature by you in the form specified at its foot.

16.5 This Addendum and the other Credit Documents will complement each other and will be interpreted as being supplemental to each other. If a discrepancy is discovered between the terms and conditions stated in this Addendum and those in the other Credit Documents in respect of any of the matters addressed in this Addendum, the provisions of this Addendum will control, unless explicitly provided otherwise.

16.6 The rights of the Bank pursuant to this Addendum stand alone and are independent of each other and are further and in addition to, and do not derogate from, any right that the Bank has or will have by law or pursuant to the other Credit Documents.

16.7 This Addendum is addressed to you alone and does not create any undertaking of the Bank in favor of any third party. Your rights under this Addendum may not be assigned or transferred in any way.

16.8 In this Addendum, the male gender includes the female gender and *vice versa*. The plural includes the singular and *vice versa*.

16.9 Unless expressly stated otherwise, wherever any law is mentioned in this Addendum, the version of the law in the form it is in from time to time on each relevant date is intended.

16.10 The provisions regarding the early repayment of loans that are set forth in the General Terms and Conditions will also apply with respect to this Addendum where the Bank accelerates all or some of the Credit Amounts pursuant to the provisions that are set forth in the General Terms and Conditions.

16.11 This Addendum constitutes an integral part of the Facilities Approval Letter and all of the other details and terms and conditions of the Facilities Approval Letter remain in full effect.

16.12 All of the terms in this Addendum will have the meaning given to them in the Facilities Approval Letter unless expressly provided otherwise in this Addendum.

16.13 The following terms will have the meaning set forth against them:

16.13.1 **"Credit"** - The credit that is utilized by you on account of the Credit Facility in the Facility Accounts.

16.13.2 **"Weighted Days Basis" -** A basis for ascertaining the days for calculating the annual Interest (where the period for calculating the Interest is spread across two (2) calendar years, each of which years has a different number of days (365 and 366) that is calculated as follows: the number of days out of the relevant Interest Calculation Period that fall in a 365-day year multiplied by 365 plus the number of days out of such Interest Calculation Period that fall in a 366-day year multiplied by 366, whereby the result of this calculation is divided by the total number of days included in such Interest Calculation Period.

16.13.3 **"Financial Statements"** - Periodic financial statements that are prepared in the format and on the dates that are prescribed pursuant to any law and pursuant to generally accepted accounting principles that you or any subsidiary of yours or any guarantor for repayment of any amount of the loan amounts are, or will be, required to prepare pursuant to any law.

16.13.4 **“Account”** - The bank account whose number is stated at the top of this Addendum or is in accordance with any other number that may be determined by the Bank from time to time that is, or will be, held for us by the Bank at the account branch.

16.13.5 **“Signature”** - A signature on a written document and, subject to the approval of the Bank, the provision of agreement or approval in any way, including through any means of communication and the verb “to sign” and its conjugations will be interpreted accordingly.

16.13.6 **“Loan Account”** - The loan Sub-Account that is held within the Account.

16.13.7 **“Credit Documents”** - This Addendum, the documents for the opening of the Facility Accounts, all of the other documents that you have signed or will sign in connection with the Credit, and any other document that is intended to amend or replace any such documents or that is expressly provided to constitute part of any of them.

16.13.8 **“Credit Amounts”** - Any amount that you owe or will owe to the Bank in respect of, or in connection with, the Credit Facility and the Credit, including amounts of principal, interest, default interest, fees, expenses, linkage differentials and any other amount pursuant to any of the Credit Documents.

16.13.9 **“Prime”** or **“Prime Interest Rate”** - The interest rate defined by the Bank as its prime interest rate that is updated by the Bank from time to time.

16.13.10 **“Quarter”** - A period of three calendar months, where the first quarter begins on the first day of the calendar month following the date on which the Loan is granted and the rest of the quarters begin respectively on the first day of the calendar month following the end of the previous quarter.

16.13.11 **“Bank of Israel Interest Rate”** - The interest rate, whatever it may be from time to time, at which the Bank of Israel lends money to the banking corporations or borrows money from them. Such interest rate is determined by the monetary committee of the Bank of Israel and published by it.

16.13.12 **“Term of the Loan”** - A term, as set forth in the Repayment Schedule, that begins on the date of the grant of the Loan and that ends on the agreed final repayment date on account of the loan amounts.

16.13.13 **“Sub-Account”** - A current account or deposit account or savings account or loan account or other account that is, or will be, held at the Bank under that account.

Sincerely yours,

Bank Hapoalim B.M.

To

Bank Hapoalim B.M.

We agree to everything stated above and undertake to act accordingly.

30/1/25	/s/ Noa Frig Ben-David
Date	Signature and Stamp of the Corporation

Date	Signature and Stamp of the Corporation
Date	Signature and Stamp of the Corporation
Date	Signature and Stamp of the Corporation

Credit Agreement

Which was prepared and signed on the 30th day of the month of January in the year 2025

By:	**Bank Discount of Israel Ltd.** (hereinafter: the "**Bank**")	on the one hand;
And Between:	**Oddity Tech Ltd.** **C/N 514936269** (hereinafter: "**the Company**")	on the other hand;

In continuation to General Terms for Managing Current Loan Account no. * * * in the main branch Tel Aviv * * * in the Bank (hereinafter: the "**Company's Account**") that were signed by the Company, the Undertaking Letter that was signed by the Company on January 30, 2025 as amended/will be amended from time to time (hereinafter: the "**Undertaking Letter**") and to any other document that was signed and/or will be signed by the Company in connection with loans, credits, guarantees and/or banking services that the Company received and/or will receive from the Bank (hereinafter together: the "**Credit Documents**") and in reference to the Company's request to receive credit facilities, it is agreed that, in addition to the Credit Documents, also all the terms set forth in this Agreement shall apply to the Credit Facilities (as such term is defined below), which shall constitute an integral part from the Credit Documents.

1. **Obligations, Representations and Warranties**

The Company hereby represents and warrants to the Bank as follows:

1.1 The Company is a public company that was duly incorporated and registered in Israel and is active and existing.

1.2 The Company has the legal powers, authority and rights to enter into this Agreement and to comply with all its provisions and conditions, and there is no impediment under any agreement and/or under any law, including under its articles of incorporation, to its entering into this Agreement and fulfilling all its obligations thereunder.

1.3 The Company has obtained all the necessary consents, authorizations and approvals under its articles of incorporation, in connection with its signing of this Agreement, as well as for the purpose of performing its obligations thereunder and there is no need to obtain any additional consents and/or approvals whatsoever for this purpose.

1.4 All the Company's obligations under and/or within the framework of and/or in connection with this Agreement are legal, valid, binding and enforceable against it in accordance with their terms.

1.5 The signing of this Agreement and the performance of the Company's obligations thereunder do not contradict and/or violate any agreement to which the Company is a party to and/or any obligations of the Company towards third parties and/or grant to any person or entity any right and/or cause to demand immediate repayment of the Company's debts and obligations.

2. Credit Facility

2.1. It is agreed that, subject to all the conditions set forth in this Agreement and the Credit Documents, the Bank will provide the Company with a Credit Facility for the purpose of financing current operations in the ordinary course of the Company's business, in a total amount not exceeding $30,000,000 (thirty million US dollars) which will be in effect until one year from the date of signing this Agreement (hereinafter: the " **Determining Date**") and will be available for utilization for the purpose of providing short-term credit to the Company, whereby the last date for its utilization will be no later than the Determining Date (the "**Credit Facility**").

"**Short-Term Credit**" means short-term credits whose final repayment date shall be no later than 12 months from the date of their provision.

2.2. **Commitment Period** - The Company shall be entitled to utilize the Credit Facility up to and no later than the Determining Date. For the avoidance of doubt, it is clarified that, as of the Determining Date, the balance of the Credit Facility that has not been utilized by the Company will be cancelled and that all credit amounts that will be provided to the Company under the Credit Facility shall be repaid in full up to and no later than the Determining Date, except for credits whose final repayment date falls after the Determining Date, which will continue to be amortized as usual in accordance with their terms.

2.3. Utilization of the Credit Facility

2.3.1. The provision of short-term credit from the Credit Facility is subject to the Company providing a withdrawal notice to the Bank. The withdrawal notice will specify the type of credit the Company wishes to draw, the amount of credit and its term (hereinafter: the " **Utilized Amounts**"). The requested withdrawal date will be a business day.

Notwithstanding the foregoing, the Company shall be entitled to notify the Bank (subject to the existence of an available Credit Facility and subject to the provisions of Section 2.3.4 below) of an automatic and daily renewal of daily credit for short-term loans ON CALL, not by way of a withdrawal notice as mentioned above, until further notice from the Company.

2.3.2. Interest Rates:

Each loan provided under the Credit Facility will bear interest at an annual rate equal to the SOFR rate plus 3.1% (SOFR + 3.1%).

"**SOFR**" means, for each business day, the overnight interest rate for that business day determined by the Federal Reserve Bank of New York (or any other body responsible for determining this interest rate) (hereinafter: the " **SOFR Rate Determining Body**") in accordance with the relevant money market (the market for overnight cash borrowing collateralized by US Government Securities) and which is published by the SOFR Rate Determining Body at 08:00 a.m. New York time, all as presented by Bloomberg and/or Thomson Reuters.

The provision of credit from the Credit Facility is subject to the Company signing all the necessary documents at the Bank's discretion for the purpose of providing the credit, including, but not limited to, a loan application. It is clarified that, except as specified in this Agreement, the remaining terms of the Utilized Amounts will be as customary at the Bank for Utilized Amounts of the same type at the time of providing the Utilized Amounts.

2.3.3. Utilization of the Credit Facility will be subject to the fulfillment of all the conditions listed below, to the Bank's satisfaction: (a) the Company is not in breach of any of the terms of the Credit Documents; (b) no event has occurred that entitles the Bank under the Credit Documents to call for the immediate repayment of the Company's debts and obligations to the Bank, in whole or in part; (c) all the Credit Documents are valid, binding on the Company vis-à-vis the Bank and enforceable without limitation, in accordance with their terms; and (d) in the Bank's opinion, no change has occurred that prevents, prohibits or restricts the Bank's ability to provide the credit in question, in whole or in part, including a change in the local or international money market, or a change resulting from a demand, directive or request that was issued or referred by the Bank of Israel or by another competent authority, whether the aforementioned demand, directive or request arises from a change in the law or from an agreement made or to be made from time to time between the Bank and the Bank of Israel or another competent authority, and also, in the Bank's opinion, no legal impediment to the provision of the credit in question, in whole or in part, arises under any Legal Provision.

"Legal Provision" in this document means - any provision of law and legislation, as well as instructions of the Bank of Israel and any other competent authority, whether having legal validity or not, including agreements between the Bank of Israel or another competent authority, as stated above.

2.3.4. For the avoidance of doubt, it is agreed that the continued management of the credits is subject to all the Bank's rights and subject to all the Company's obligations under the Credit Documents and/or under any law and nothing in this Agreement shall derogate, in any way, from the Bank's rights and/or the customers' obligations under any other document.

3. **Commissions**

3.1. **General** -The Company shall pay the Bank the expenses and charges as detailed in the Credit Documents and in addition, as detailed below.

3.2. **Non -Utilization Fee of Credit Facility** - The Company shall pay the Bank a non-utilization fee at an annual rate of 0.29% of the amount of the Credit Facility that is not utilized throughout the period from the date of this Agreement until the Determining Date. The fee will be paid at the end of each quarter or on the Determining Date, as the case may be, for the quarter that ended or the period that elapsed from the end of the last quarter until the Determining Date, as the case may be (and in respect of the first quarter - for the relative period until the end of the quarter in which the Credit Facility was provided), and according to a daily calculation that will be carried out by the Bank in accordance with the Bank's records of the actual utilizations made on that day, all in a cumulative basis, calculated quarterly.

It is hereby agreed that in addition to the fees detailed in this Section 3 above, additional fees will apply to the credits under this Agreement, including fees that are collected on an ongoing basis, such as a line fee and other similar payments.

4. Cancellation/Reduction of the Credit Facility

In addition to any of the cases in which any Event of Default occurs that constitutes grounds for call the credits, in whole or in part, for an immediate repayment in accordance with any of the Credit Documents, including under the General Terms and Conditions Letter, and in addition to them, it is agreed that in any case in which it transpires that a representation and/or warranties of the Company under this Agreement, in whole or in part, are not correct and/or if the Company breaches any obligation and/or other condition of the conditions and obligations set forth in this Agreement above, in whole or in part, then in addition to any other remedy to which the Bank will be entitled under any law and/or under any other provision included or to be included in the Credit Documents (including the realization of the collateral and guarantees and the offsetting of the realized proceeds against the debts and/or credits) - the Bank will be entitled not to provide and/or to terminate any credit facility that it has provided or will provide to the Company (including the Credit Facility), as well as to call all the debts and credits, in whole or in part, for immediate repayment (whether the repayment date of the such amounts has arrived or not) and to collect them from the Company together with interest, default interest, fees and any amount that will be sufficient to cover the losses and/or expenses that will be incurred by the Bank due to such immediate repayment.

5. Miscellaneous

5.1. This Agreement constitutes and shall always constitute an integral part of the Credit Documents, in such a way that they should be read together, in continuation and in one sequence and as one whole, as being part of their conditions, and as complementing and supplementing each other.

5.2. It is hereby clarified that in any event of an explicit contradiction between the provisions of the Credit Documents and/or the Account Opening Conditions Booklet and the provisions of this Agreement, the provisions of this Agreement shall apply.

5.3. Any breach of this Agreement, which is not remedied within 10 days from the date the Company becomes aware of the occurrence of the breach, will be and will be considered as a breach of the Credit Documents and an additional Event of Default that will entitle the Bank the right to call for the immediate repayment of the credit along with all consequences resulting therefrom.

5.4. The Bank's waiver to the Company of any breach or non-fulfillment of one or more of the obligations towards the Bank, whether that obligation is included or will be included in any other document, shall not be considered as a justification or excuse for an additional breach or non-fulfillment of any such condition or obligation and the Bank's failure to exercise any right granted to the Bank under this document and/or any other document and/or under any law, shall not be construed as a waiver of such right.

5.5. The addresses of the parties for the purposes of this Agreement shall be as specified in the Credit Documents, unless notice is received by either party from the other party regarding the determination of another address in Israel and the Bank confirms receipt of the notice in writing.

5.6. This Agreement shall be governed by the laws of the State of Israel, without the rules of private international law, and shall be interpreted and implemented in accordance with the laws of the State of Israel.

5.7. The sole and exclusive place of jurisdiction for the purposes of this Agreement shall be the competent courts in the city of Tel Aviv-Yafo, Israel.

5.8. The appendices to this Agreement constitute an integral part thereof.

In witness whereof;

___________	/s/ Noa Frig Ben-David
Bank Discount of Israel Ltd.	**Oddity Tech Ltd.**

To

Bank Discount of Israel Ltd. (hereinafter: "**the Bank**")

To Whom It May Concern,

At a meeting of the Board of Directors of ODDITY Tech Ltd., C/N 514936269 (hereinafter: the " **Company**") held at its registered office on January 30, 2025, the following was resolved:

1. To sign vis-à-vis the Bank the attached document titled: "Credit Agreement".

2. To authorize Mrs. Noa Frig Ben-David to sign on behalf of the Company the aforementioned document.

We hereby confirm that the aforementioned resolutions are in accordance with the Company's up-to-date articles of incorporation, were recorded in the minute book and signed by the Chairman, and that all the necessary resolutions and approvals were obtained for this transaction, including in accordance with Part Six of the Companies Law, 5759-1999 (to the extent required).

/s/ Oran Holtzman
Chairman of the Meeting

To

Bank Discount of Israel Ltd.

I, the undersigned, acting as legal counsel for the aforementioned Company, hereby certify to Bank Discount of Israel Ltd. (hereinafter: the " **Bank**") as follows:

1. The resolutions adopted and mentioned in the aforementioned minutes are in accordance with the Company's articles of incorporation, were recorded in the minute book and signed by the Chairman.

2. All approvals (including in accordance with Part Six of the Companies Law, 5759-1999, to the extent required), resolutions and all necessary legal actions have been duly obtained and carried out, including by the Company's competent bodies, in such a way that renders the aforementioned resolutions binding upon the Company in all respects vis-à-vis the Bank.

3. Mrs. Noa Frig Ben-David is duly authorized and her signature at the bottom of the Company's seal binds the Company, for all intents and purposes.

4. In addition, I hereby confirm to you that as of the date written at the bottom of this letter, to the best of my knowledge: there is no pending application against the Company for the appointment of a temporary or permanent receiver, no order has been issued against it for the appointment of a temporary or permanent receiver and/or any application for the issuance of a temporary or permanent winding-up order, no temporary or permanent winding-up order has been issued against the Company, and there is no judgment or order against the Company that has not been executed and fully paid as stated therein. Furthermore, no lien and/or charge of any kind encumbers the Company's assets, in whole or in part, except as detailed in the Company's extract at the Companies Registrar attached as Appendix A.

Date: January 30, 2025 Attorney: /s/ Yehoshua Gurtler

Exhibit 8.1

Subsidiaries of Oddity Tech Ltd.

Legal Name	U.S. State or Other Jurisdiction of Incorporation or Organization
Il MAKIAGE BEAUTY IL LTD	Israel
IL MAKIAGE GB LTD	United Kingdom
I.M. GLOBAL RETAIL LIMITED PARTNERSHIP	Israel
IM INDUSTRIES INC.	New Jersey
IM RETAIL MANAGEMENT LTD	Israel
IM PRO MAKEUP NY LP	New York
MISS BEAUTY LTD	Israel
NEOWIZE INC	Delaware
NEOWIZE LTD	Israel
ODDITY LABS, LLC	Delaware
ODDITY TECH US INC.	New York
SPOILEDCHILD INC.	Delaware
VOYAGE81 LTD	Israel

ODDITY TECH LTD.

INSIDER TRADING COMPLIANCE POLICY AND PROCEDURES

I. Summary

U.S. federal and state securities laws prohibit trading in the securities of a company while in possession of material nonpublic information and in breach of a duty of trust or confidence. These laws also prohibit anyone who is aware of material nonpublic information from providing this information to others who may trade. Violating such laws can undermine investor trust, harm the reputation and integrity of the company's reputation, and result in your dismissal from ODDITY Tech Ltd. (together with its subsidiaries, the "Company") or even serious criminal and civil charges against the individual and the Company. The Company reserves the right to take whatever disciplinary or other measure(s) it determines in its sole discretion to be appropriate in any particular situation, including disclosure of wrongdoing to governmental authorities.

Persons Covered and Administration of Policy

This Insider Trading Compliance Policy and Procedures (this "Policy") applies to all officers, directors and employees of the Company. For purposes of this Policy, "officers" refer to those individuals who meet the definition of "officer" under Section 16 of the Securities Exchange Act of 1934 (as amended, the "Exchange Act"). Individuals subject to this Policy are responsible for ensuring that members of their household comply with this Policy. This Policy also applies to any entities controlled by individuals subject to the Policy, including any corporations, limited liability companies, partnerships or trusts, and transactions by these entities should be treated for the purposes of this Policy as if they were for the individual's own account. The Company may determine that this Policy applies to additional persons with access to material nonpublic information, such as contractors or consultants. Officers, directors and employees, together with any other person designated as being subject to this Policy by the General Counsel or his or her designee (the "Compliance Officer"), are referred to collectively as "Covered Persons".

Questions regarding the Policy should be directed to the Compliance Officer, who is responsible for the administration of this Policy.

II. Policy Statement

No Covered Person shall purchase or sell any type of security while in possession of material nonpublic information relating to the security or the issuer of such security in breach of a duty of trust or confidence, whether the issuer of such security is the Company or any other company.

In addition, if a Covered Person is in possession of material nonpublic information about other publicly-traded companies, such as suppliers, customers, competitors or potential acquisition targets, the Covered Person may not trade in such other companies' securities until the information becomes public or is no longer material. Further, no Covered Person shall purchase or sell any security of any other company, including another company in the Company's industry, while in possession of material nonpublic information if such information is obtained in the course of a Covered Person's employment or service with the company.

In addition, Covered Persons shall not directly or indirectly communicate material nonpublic information to anyone outside the Company (except in accordance with the Company's policies regarding confidential information) or to anyone within the Company other than on a "need-to- know" basis.

"Securities" includes shares, bonds, notes, debentures, options, warrants, equity and other convertible securities, as well as derivative instruments, including digital assets and tokens.

"Purchase" and *"sale"* are defined broadly under the federal securities law. *"Purchase"* includes not only the actual purchase of a security, but also any contract to purchase or otherwise acquire a security. *"Sale"* includes not only the actual sale of a security, but also any contract to sell or otherwise dispose of a security. These definitions extend to a broad range of transactions, including conventional cash-for-shares transactions, conversions, the exercise of options, transfers, gifts, and acquisitions and exercises of warrants or puts, calls, pledging and margin loans, or other derivative securities.

The laws and regulations concerning insider trading are complex, and Covered Persons are encouraged to seek guidance from the Compliance Officer prior to considering a transaction in Company securities.

III. Blackout Periods

No director, officer, or employee listed on Schedule I, as amended from time to time, (as well as any individual or entity covered by this Policy by virtue of their relationship to such director, officer or employee) shall purchase or sell any security of the Company during the period beginning on the 15th calendar day of the last month of any fiscal quarter of the Company and ending after completion of the second full trading day after the public release of earnings data for such fiscal quarter or during any other trading suspension period declared by the Company, such period, a "blackout period." A "trading day" is a day on which U.S. national stock exchanges are open for trading. If, for example, the Company were to make an announcement on Monday *prior* to 9:30 a.m. Eastern Time, then the blackout period would terminate *after* the close of trading on Tuesday. If an announcement were made on Monday after 9:30 a.m. Eastern Time, then the blackout period would terminate after the close of trading on Wednesday. If you have any question as to whether information is publicly available, please direct an inquiry to the Compliance Officer.

These prohibitions do not apply to:

- purchases of the Company's securities from the Company or sales of the Company's securities to the Company;

- exercises of options or other equity awards or the surrender of shares to the Company in payment of the exercise price or in satisfaction of any tax withholding obligations in a manner permitted by the applicable equity award agreement, or vesting of equity-based awards, in each case, that do not involve a market sale of the Company's securities (the "cashless exercise" of a Company option or other equity award through a broker does involve a market sale of the Company's securities, and therefore would not qualify under this exception);

- *bona fide* gifts of the Company's securities (for the avoidance of doubt, if the recipient of a gift is subject to this Policy, the recipient would still need to comply with this Policy as to all securities the recipient owns, including the gifted securities), unless the individual making the gift knows, or is reckless in not knowing, the recipient intends to sell the securities while the donor is in possession of material nonpublic information about the Company; or

- purchases or sales of the Company's securities made pursuant to a plan adopted to comply with the Exchange Act Rule 10b5-1 ("Rule 10b5-1).

Exceptions to the blackout period policy may be approved by the Compliance Officer or, in the case of exceptions for officers and directors, the Board of Directors.

The Compliance Officer may recommend that directors, officers, employees or others suspend trading in Company securities because of developments that have not yet been disclosed to the public. Subject to the exceptions noted above, all of those individuals affected should not trade in the Company's securities while the suspension is in effect, and should not disclose to others that the Company has suspended trading.

Preclearance of Trades by Directors, Officers and Employees

All transactions in the Company's securities by directors, officers, and employees listed on Schedule II (each, a "Preclearance Person") must be precleared by the Compliance Officer or the Chief Financial Officer for transactions by the Compliance Officer. Preclearance should not be understood to represent legal advice by the Company that a proposed transaction complies with the law.

A request for preclearance must be in writing, should be made at least two business days in advance of the proposed transaction, and should include the identity of the Preclearance Person, a description of the proposed transaction, the proposed date of the transaction, and the number of shares or other securities to be involved. In addition, the Preclearance Person must execute a certification that he or she is not aware of material nonpublic information about the Company. The Compliance Officer, or the Chief Financial Officer for transactions by the Compliance Officer, shall have sole discretion to decide whether to clear any contemplated transaction. All trades that are precleared must be effected within five business days of receipt of the preclearance. A precleared trade (or any portion of a precleared trade) that has not been effected during the five business day period must be submitted for preclearance determination again prior to execution.

Notwithstanding receipt of preclearance, if the Preclearance Person becomes aware of material nonpublic information or becomes subject to a blackout period before the transaction is effected, the transaction may not be completed. Transactions under a previously established Rule 10b5-1 Trading Plan that has not been preapproved in accordance with this Policy are not subject to further preclearance.

None of the Company, the Compliance Officer, or the Company's other employees will have any liability for any delay in reviewing, or refusal of, a request for preclearance.

Material Nonpublic Information

Information is considered "material" if there is a substantial likelihood that a reasonable investor would consider it important in making a decision to buy, sell, or hold a security, or if the information is likely to have a significant effect on the market price of the security. Material information can be positive or negative, and can relate to virtually any aspect of a company's business or to any type of security, debt, or equity. Also, information that something is likely to happen in the future—or even just that it may happen—could be deemed material.

Examples of material information may include (but are not limited to) information about:

- corporate earnings or earnings forecasts;
- possible mergers, acquisitions, tender offers, or dispositions;
- major new products or product developments;
- important business developments, such as developments regarding strategic collaborations;
- management or control changes;
- significant financing developments including pending public sales or offerings of debt or equity securities;
- defaults on borrowings;
- bankruptcies;
- cybersecurity or data security incidents; and
- significant litigation or regulatory actions.

Information is “nonpublic” if it is not available to the general public. In order for information to be considered “public,” it must be widely disseminated in a manner that makes it generally available to investors in a Regulation FD-compliant method, such as through a press release, a filing with the U.S. Securities and Exchange Commission (the “SEC”) or a Regulation FD- compliant conference call. The Compliance Officer shall have sole discretion to decide whether information is public for purposes of this Policy.

The circulation of rumors, even if accurate and reported in the media, does not constitute public dissemination. In addition, even after a public announcement, a reasonable period of time may need to lapse in order for the market to react to the information. Generally, the passage of two full trading days following release of the information to the public, is a reasonable waiting period before such information is deemed to be public.

Post-Termination Transactions

If an individual is in possession of material nonpublic information when the individual’s service terminates, the individual may not trade in the Company’s securities until that information has become public or is no longer material.

IV. Prohibited Transactions

The Company has determined that there is a heightened legal risk and/or the appearance of improper or inappropriate conduct if persons subject to this Policy engage in certain types of transactions. Therefore, Covered Persons shall comply with the following policies with respect to certain transactions in the Company’s securities.

A. Short Sales

Short sales of the Company’s securities are prohibited by this Policy. Short sales of the Company’s securities, or sales of shares that the insider does not own at the time of sale, or sales of shares against which the insider does not deliver the shares within 20 days after the sale, evidence an expectation on the part of the seller that the securities will decline in value, and therefore signal to the market that the seller has no confidence in the Company or its short-term prospects. In addition, Section 16(c) of the Exchange Act prohibits Section 16 reporting persons (i.e., directors, officers, and the Company’s 10% stockholders) from making short sales of the Company’s equity securities.

B. Options

Transactions in puts, calls, or other derivative securities involving the Company’s equity securities, on an exchange, on an over-the-counter market, or in any other organized market, are prohibited by this Policy. A transaction in options is, in effect, a bet on the short-term movement of the Company’s shares and therefore creates the appearance that a Covered Person is trading based on material nonpublic information. Transactions in options, whether traded on an exchange, on an over-the-counter market, or any other organized market, also may focus a Covered Person’s attention on short-term performance at the expense of the Company’s longterm objectives.

C. Hedging Transactions

Hedging transactions involving the Company's securities, such as prepaid variable forward contracts, equity swaps, collars and exchange funds, or other transactions that hedge or offset, or are designed to hedge or offset, any decrease in the market value of the Company's equity securities, are prohibited by this Policy. Such transactions allow the Covered Person to continue to own the covered securities, but without the full risks and rewards of ownership. When that occurs, the Covered Person may no longer have the same objectives as the Company's other stockholders.

D. Margin Accounts and Pledging

Individuals are prohibited from pledging Company securities as collateral for a loan, purchasing Company securities on margin (i.e. borrowing money to purchase the securities) or placing Company securities in a margin account; except that directors and executive officers are permitted to pledge the Company securities as collateral for a loan, subject to obtaining preapproval of the Board of Directors or, to the extent the amount pledged does not exceed 25% of the value of the number of vested and outstanding shares of common stock beneficially owned by the director or executive officer, subject only to a written pre-clearance by the General Counsel or Chief Financial Officer. This prohibition does not apply to cashless exercises of options under the Company's equity plans, nor to situations approved in advance by the Compliance Officer.

E. Partnership Distributions

Nothing in this Policy is intended to limit the ability of an investment fund, venture capital partnership or other similar entity with which a director is affiliated to distribute Company securities to its partners, members, or other similar persons. It is the responsibility of each affected director and the affiliated entity, in consultation with their own counsel (as appropriate), to determine the timing of any distributions, based on all relevant facts and circumstances, and applicable securities laws.

V. Rule 10b5-1 Trading Plans and Rule 144

The trading restrictions set forth in this Policy, other than those transactions described under "Prohibited Transactions," do not apply to transactions under a previously established contract, plan or instruction to trade in the Company's securities entered into in accordance with Rule 10b5-1 (a "Trading Plan") that:

- has been submitted to and preapproved by the Compliance Officer;
- includes a "Cooling Off Period" for
  - Section 16 reporting persons that extends to the later of 90 days after adoption or modification of a Trading Plan or two business days after filing the Form 10-K or Form 10-Q covering the fiscal quarter in which the Trading Plan was adopted, up to a maximum of 120 days; and

- o employees and any other persons, other than the Company, that extends 30 days after adoption or modification of a Trading Plan;

- for Section 16 reporting persons, includes a representation in the Trading Plan that the Section 16 reporting person is (1) not aware of any material nonpublic information about the Company or its securities; and (2) adopting the Trading Plan in good faith and not as part of a plan or scheme to evade Rule 10b-5;

- has been entered into in good faith at a time when the individual was not in possession of material nonpublic information about the Company and not otherwise in a blackout period, and the person who entered into the Trading Plan has acted in good faith with respect to the Trading Plan;

- either (1) specifies the amounts, prices, and dates of all transactions under the Trading Plan; (2) provides a written formula, algorithm, or computer program for determining the amount, price, and date of the transactions, and (3) prohibits the individual from exercising any subsequent influence over the transactions; and

- complies with all other applicable requirements of Rule 10b5-1.

The Compliance Officer may impose such other conditions on the implementation and operating of the Trading Plan as the Compliance Officer deems necessary or advisable. Individuals may not adopt more than one Trading Plan at a time except under the limited circumstances permitted by Rule 10b5-1 and subject to preapproval by the Compliance Officer.

An individual may only modify a Trading Plan outside of a blackout period and, in any event, when the individual does not possess material nonpublic information. Modifications to and terminations of a Trading Plan are subject to preapproval by the Compliance Officer and modifications of a Trading Plan that change the amount, price, or timing of the purchase or sale of the securities underlying a Trading Plan will trigger a new Cooling-Off period.

The Company reserves the right to publicly disclose, announce, or respond to inquiries from the media regarding the adoption, modification, or termination of a Trading Plan and non-Rule 10b5- 1 trading arrangements, or the execution of transactions made under a Trading Plan. The Company also reserves the right, from time to time, to suspend, discontinue, or otherwise prohibit transactions under a Trading Plan if the Compliance Officer or the Board of Directors, in its discretion, determines that such suspension, discontinuation, or other prohibition is in the best interests of the Company.

Compliance of a Trading Plan with the terms of Rule 10b5-1 and the execution of transactions pursuant to the Trading Plan are the sole responsibility of the person initiating the Trading Plan, and none of the Company, the Compliance Officer, or the Company's other employees assumes any liability for any delay in reviewing and/or refusing to approve a Trading Plan submitted for approval nor the legality or consequences relating to a person entering into, informing the Company of, or trading under, a Trading Plan.

Interpretation, Amendment, and Implementation of this Policy

The Compliance Officer shall have the authority to interpret and update this Policy and all related policies and procedures. In particular, such interpretations and updates of this Policy, as authorized by the Compliance Officer, may include amendments to or departures from the terms of this Policy, to the extent consistent with the general purpose of this Policy and applicable securities laws.

Actions taken by the Company, the Compliance Officer, or any other Company personnel do not constitute legal advice, nor do they insulate you from the consequences of noncompliance with this Policy or with securities laws.

VI. Certification of Compliance

All directors, officers, employees and others subject to this Policy may be asked periodically to certify their compliance with the terms and provisions of this Policy.

Schedule I

Individuals Subject to Quarterly Trading Blackouts

All employees, including directors and executive officers.

Schedule II

Individuals Subject to Preclearance Requirement

All directors and executive officers.

Certification of Compliance

Return by [________________]

To: Yehoshua Gurtler, General Counsel

From: ____

Re: Insider Trading Compliance Policy of ODDITY Tech Ltd.

I have received, reviewed, and understand the above-referenced Insider Trading Compliance Policy and undertake, as a condition to my present and continued employment (or, if I am not an employee, affiliation with) ODDITY Tech Ltd., to comply fully with the policies and procedures contained therein.

I hereby certify, to the best of my knowledge, that during the calendar year ending December 31, 20[__], I have complied fully with all policies and procedures set forth in the above-referenced Insider Trading Compliance Policy.

____________________________	____________________________
Signature	Date

____
Title

Exhibit 12.1

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

I, Oran Holtzman, certify that:

1. I have reviewed this annual report on Form 20-F of Oddity Tech Ltd.;

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 company as of, and for, the periods presented in this report;

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

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

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

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

   (d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and

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

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

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

Date: February 25, 2025

By: /s/ Oran Holtzman
Name: Oran Holtzman
Title: Chief Executive Officer

Exhibit 12.2

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

I, Lindsay Drucker Mann, certify that:

1. I have reviewed this annual report on Form 20-F of Oddity Tech Ltd.;

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 company as of, and for, the periods presented in this report;

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

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

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

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

   (d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and

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

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

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

Date: February 25, 2025

By: /s/ Lindsay Drucker Mann
Name: Lindsay Drucker Mann
Title: Global Chief Financial Officer

Exhibit 13.1

CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Oddity Tech Ltd. (the "Company") on Form 20-F for the year ended December 31, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Oran Holtzman, Chief Executive Officer of the Company, 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:

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

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

Date: February 25, 2025

By: /s/ Oran Holtzman
Name: Oran Holtzman
Title: Chief Executive Officer

Exhibit 13.2

CERTIFICATION OF THE CHIEF FINANCIAL OFFICER PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Oddity Tech Ltd. (the "Company") on Form 20-F for the year ended December 31, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Lindsay Drucker Mann, Global Chief Financial Officer of the Company, 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:

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

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

Date: February 25, 2025

By: /s/ Lindsay Drucker Mann
Name: Lindsay Drucker Mann
Title: Global Chief Financial Officer

Exhibit 15.1

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the Registration Statement (Form S-8 No. 333-274796) pertaining to the IL Makiage Cosmetics (2013) Ltd. - 2020 Equity Incentive Plan, ODDITY Tech Ltd. 2023 Incentive Award Plan, and ODDITY Tech Ltd. 2023 Employee Share Purchase Plan of ODDITY Tech Ltd. of our reports dated February 25, 2025, with respect to the consolidated financial statements of ODDITY Tech Ltd., and the effectiveness of internal control over financial reporting of ODDITY Tech Ltd., included in this Annual Report (Form 20-F) for the year ended December 31, 2024.

/s/ KOST FORER GABBAY & KASIERER
KOST FORER GABBAY & KASIERER
A Member of EY Global

Tel Aviv, Israel
February 25, 2025