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

**FORM 6-K
Report of Foreign Private Issuer**

**Pursuant to Rule 13a-16 or 15d-16
under the Securities Exchange Act of 1934**

For the month of December 2019 (Report No. 2)

Commission File Number: 000-51694

Perion Network Ltd.
(Translation of registrant's name into English)

**1 Azrieli Center, Building A, 4th Floor
26 HaRokmim Street, Holon, Israel 5885849**
(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F ☒ Form 40-F ☐

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): N/A

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): N/A

Explanatory Note

Perion Network Ltd. (the “**Company**”) hereby furnishes the following documents:

- i. Notice and Proxy Statement with respect to the Company’s Annual General Meeting of Shareholders to be held on February 6, 2020, describing the proposal to be voted upon at the meeting, the procedure for voting in person or by proxy at the meeting and various other details related to the meeting; and
- ii. a Proxy Card whereby holders of Company’s shares may vote at the meeting without attending in person.

This Report on Form 6-K is incorporated by reference into the Registrant’s registration statements on Form S-8 (File Nos. 333-208278, 333-203641, 333-193145, 333-192376, 333-188714, 333-171781, 333-152010, 333-133968 and 333-216494).

Signature

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

PERION NETWORK LTD.

By: /s/ Maoz Sigron

Name: Maoz Sigron

Title: Chief Financial Officer

Date: December 26, 2019

Exhibit Index

<u>Exhibit</u>	<u>Description</u>
<u>99.1</u>	<u>Notice and Proxy statement for the Annual General Meeting of Shareholders of the Company to be held on February 6, 2020.</u>
<u>99.2</u>	<u>Proxy card for the Annual General Meeting of Shareholders of the Company to be held on February 6, 2020.</u>



NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS
to be held on February 6, 2020

Notice is hereby given to the holders of ordinary shares, par value NIS 0.03 per share (the “**Ordinary Shares**”), of Perion Network Ltd., that our Annual General Meeting of Shareholders will be held at the offices of the Company located at 1 Azrieli Center, Building A, 4th Floor, 26 HaRokmim Street, Holon, Israel 5885849 on Thursday, February 6, 2020, at 4:00 p.m. (Israel time), as it may be adjourned from time to time (the “**Meeting**”), for the following purposes:

1. To approve the re-election of each of Mr. Eyal Kaplan and Mr. Dror Erez to serve as a director of the Company until our third annual general meeting of shareholders following this meeting;
2. To approve the compensation policy for the Company’s officers and directors;
3. To approve an amendment to the compensation terms of Company’s non-executive directors;
4. To approve the compensation terms of Mr. Eyal Kaplan, the chairman of the Company’s board of directors;
5. To approve an amendment to the terms of employment of Mr. Doron Gerstel, the Company’s Chief Executive Officer; and
6. To approve and ratify the reappointment of Kost Forer Gabbay & Kasierer, a member of Ernst & Young Global, as our independent public auditors for the year ending on December 31, 2019, and their service until the next annual general meeting of shareholders, and to authorize our board of directors, upon recommendation of the audit committee, to determine the compensation of said independent auditors.

In addition, the shareholders will be requested to review at the Meeting the Company’s audited consolidated financial statements for the year ended December 31, 2018, and to transact such other business as may properly come before the Meeting.

Currently, we are not aware of any other matters that will come before the Meeting. If any other business is properly brought before the Meeting, the persons named as proxies may vote in respect thereof in accordance with their best judgment.

Pursuant to our Articles of Association, the quorum required for an ordinary meeting of shareholders, such as the Meeting, consists of at least two shareholders present in person or by proxy, holding in the aggregate 33 1/3% of the voting rights in our issued share capital.

Throughout this Notice of Annual General Meeting of Shareholders and the enclosed Proxy Statement, we use terms such as the “**Company**”, “**Perion**”, “**we**”, “**us**”, “**our**” and “**our company**” to refer to Perion Network Ltd. and terms such as “**shareholders**”, “**you**” and “**your**” to refer to our shareholders.

The approval of each of the Proposals requires the affirmative vote of our shareholders holding at least a majority of our Ordinary Shares present, in person or by proxy, and voting on the matter.

The approval of Proposal No. 2 is also subject to the fulfillment of one of the following additional voting requirements: (i) the majority of the Shares that are voted at the Meeting in favor of a Proposal, excluding abstentions, includes a majority of the votes of shareholders who are not controlling shareholders or do not have a personal interest in the approval of the Proposal; or (ii) the total number of Shares of the shareholders mentioned in clause (i) above that are voted against the Proposal does not exceed two percent (2%) of the total voting rights in the Company.

For this purpose, a “**controlling shareholder**” is any shareholder that has the ability to direct the Company’s activities (other than by means of being a director or office holder of the Company); for the purpose of a holding, two or more persons holding voting rights in the Company each of which has a personal interest in the approval of the transaction being brought for approval of the company shall be considered to be joint holders. A person is presumed to be a controlling shareholder if it holds or controls, by himself or together with others, one half or more of any one of the “means of control” of a company. “**Means of control**” is defined as any one of the following: (i) the right to vote at a general meeting of a company, or (ii) the right to appoint directors of a company or its chief executive officer. A “**personal interest**” of a shareholder in an action or transaction of a company includes a personal interest of any of the shareholder’s relatives (i.e. spouse, brother or sister, parent, grandparent, child as well as child, brother, sister or parent of such shareholder’s spouse or the spouse of any of the above) or an interest of a company with respect to which the shareholder or the shareholder’s relative (as defined above) holds 5% or more of such company’s issued shares or voting rights, in which any such person has the right to appoint a director or the chief executive officer or in which any such person serves as director or the chief executive officer, including the personal interest of a person voting pursuant to a proxy which the proxy grantor has a personal interest, whether or not the person voting pursuant to such proxy has discretion with regards to the vote; and excludes an interest arising solely from the ownership of ordinary shares of a company.

If you do not state whether you are a controlling shareholder or have personal interest your Shares will not be voted for Proposal No. 2.

These proposals and information regarding voting are described more fully in the enclosed proxy statement relating to the Meeting (the “**Proxy Statement**”), which we urge you to read in its entirety. The Proxy Statement and the proxy card will be mailed on or about January 10, 2020, to the shareholders of record. Such proxy statement will also be furnished to the U.S. Securities and Exchange Commission (the “**SEC**”) under cover of a Form 6-K and will be available on the Company’s investor relations website at <https://www.perion.com/ir-info/> and on the SEC’s website at www.sec.gov.

Shareholders Entitled to Vote

Only shareholders of record at the close of business on December 31, 2019 (the “**Record Date**”), will be entitled to notice of, to participate in, and to vote at, the Meeting.

Proxies

Shareholders may vote their shares by personally attending the Meeting or by appointing “proxies” to vote on their behalf at the Meeting. Whether or not you intend to attend the Meeting in person, please take the time to vote your shares by completing, signing and promptly mailing the enclosed proxy card to the Company’s transfer agent, in the enclosed, postage-paid envelope. A duly executed proxy card must be received by the Company no later than the close of business on February 5, 2020, in order to be counted in the vote to be held in the Meeting. You may also present the proxy card to the chairperson at the Meeting. Your returned proxy may be revoked at any time prior to its exercise by giving a written notice to the Company’s transfer agent of such revocation, sending a duly executed proxy card bearing a later date no later than the close of business on February 5, 2020, requesting the return of the proxy card at the Meeting, delivering a later dated proxy card to the chairperson at the Meeting, or, if you are the record holder of the Ordinary Shares, voting in person at the Meeting. If you attend the Meeting and you are the record holder of the shares, you may vote in person, whether or not you have already executed and returned your proxy card. If your shares are held in “street name”, meaning in the name of a bank, broker or other record holder, you must either direct the record holder of your shares on how to vote your shares or obtain a legal proxy from the record holder to vote the shares at the Meeting on behalf of the record holder as well as a statement from such record holder that it did not vote such shares.

If your shares are held through a member of the Tel Aviv Stock Exchange Ltd. (“**TASE**”), and you intend to vote your shares at the Meeting in person or by proxy, you must present at the Meeting or deliver to us a confirmation of ownership (*ishur baalut*) issued by the applicable TASE member, confirming your ownership of our Ordinary Shares as of the Record Date, as required by the Israeli Companies Regulations (Proof of Ownership of Shares for Voting at General Meeting), 5760-2000. Alternatively, you may vote electronically via the electronic voting system of the Israel Securities Authority (“**ISA**”), up to six hours before the time fixed for the Meeting. You should receive instructions about electronic voting from the TASE member through which you hold your shares.

A shareholder whose Ordinary Shares are registered with a TASE member and are not registered on the Company’s shareholder’s register is entitled to receive from the TASE member who holds the Ordinary Shares on the shareholder’s behalf, by e-mail, for no charge, a link to the text of proxy card and to the position statements posted on the Israel Securities Authority website unless the shareholder notified that he or she is not so interested; provided, that the notice was provided with respect to a particular securities account, prior to the Record Date.

Joint holders of shares should note that, pursuant to our Articles of Association, the vote of the senior of joint holders of any share who votes such share, whether in person or by proxy, will be accepted to the exclusion of the vote(s) of the other registered holder(s) of such share, with seniority determined by the order in which the names of the joint holders appear in our Register of Shareholders. For the appointment of a proxy to vote shares held by joint holders to be valid, the signature of the senior of the joint holders must appear on the proxy card.

Please review the accompanying Proxy Statement for more complete information regarding the Meeting and the matters proposed for your consideration at the Meeting. If you have questions about the Meeting, the proposals or how to submit your proxy, or if you need any additional copies of the Proxy Statement or the enclosed proxy card or voting instructions, please contact Mr. Alon Gorgani, the Company's VP of Legal and General Counsel, at +972-73-398-1571.

Position Statements

In accordance with the Israeli Companies Law 5759-1999, and the regulations promulgated thereunder (the "**Companies Law**"), a shareholder may submit a written position statement in English to us, expressing its position on any of the Proposals, no later than January 27, 2020 at the following address: Perion Network Ltd., 1 Azrieli Center, Building A, 4th Floor, 26 HaRokmim Street, Holon, Israel 5885849, Attn: Mr. Alon Gorgani, the Company's VP of Legal and General Counsel. Any position statement timely received will be furnished to the SEC on Form 6-K and the MAGNA on-line system of the ISA and will be available to the public on the websites of the SEC and the ISA.

Shareholders Proposals

Any shareholder of the Company who intends to present a proposal at the Annual General Meeting of Shareholders must satisfy the requirements of the Companies Law. Under the Companies Law, only shareholders who hold at least 1% of the company's outstanding voting rights are entitled to request that the board of directors include a proposal in a shareholders meeting, provided that such proposal is appropriate for consideration by shareholders at such meeting. Such shareholders may present proposals for consideration at the Meeting by submitting their proposals in writing to our VP of Legal and General Counsel at the following address: 1 Azrieli Center, Building A, 4th Floor, 26 HaRokmim Street, Holon, Israel 5885849, Attention: VP of Legal and General Counsel, or by facsimile to +972-3-398-2062. For a shareholder proposal to be considered for inclusion in the Meeting, our VP of Legal and General Counsel must receive the written proposal no later than January 2, 2020.

YOUR VOTE IS VERY IMPORTANT TO US. THE BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE "FOR" THE AFOREMENTIONED PROPOSALS AS INDICATED BY THE BOARD OF DIRECTORS HEREIN.

By Order of the board of directors,

Eyal Kaplan
Chairman of the Board of Directors

Date: December 26, 2019

PROXY STATEMENT

Perion Network Ltd.

1 Azrieli Center, Building A, 4th Floor
26 HaRokmim Street
Holon 5885849
Israel

ANNUAL GENERAL MEETING OF SHAREHOLDERS

to be held on February 6, 2020

This Proxy Statement is being furnished to the holders of ordinary shares, par value NIS 0.03 per share (the “**Ordinary Shares**”), of Perion Network Ltd. (“**Perion**” or the “**Company**”) in connection with the solicitation by our board of directors for use at our Annual General Meeting of Shareholders, or at any adjournment thereof (the “**Meeting**”), pursuant to the accompanying Notice of Annual General Meeting of Shareholders. The Meeting will be held at the offices of the Company located at 1 Azrieli Center, Building A, 4th Floor, 26 HaRokmim Street, Holon, Israel 5885849 on Thursday, February 6, 2020, at 4:00 p.m. (Israel time), or at any adjournment thereof.

The agenda of the Meeting will be as follows:

1. To approve the re-election of each of Mr. Eyal Kaplan and Mr. Dror Erez to serve as a director of the Company until our third annual general meeting of shareholders following this meeting;
2. To approve the compensation policy for the Company’s officers and directors;
3. To approve an amendment to the compensation terms of Company’s non-executive directors;
4. To approve the compensation terms of Mr. Eyal Kaplan, the chairman of the Company’s board of directors;
5. To approve an amendment to the terms of employment of Mr. Doron Gerstel, Company’s Chief Executive Officer; and
6. To approve and ratify the reappointment of Kost Forer Gabbay & Kasierer, a member of Ernst & Young Global, as our independent public auditors for the year ending on December 31, 2019, and their service until the next annual general meeting of shareholders, and to authorize our board of directors, upon recommendation of the audit committee, to determine the compensation of said independent auditors.

In addition, the shareholders will be requested to review at the Meeting the Company’s audited consolidated financial statements for the year ended December 31, 2018, and to transact such other business as may properly come before the Meeting.

Currently, we are not aware of any other matters that will come before the Meeting. If any other business is properly brought before the Meeting, the persons named as proxies may vote in respect thereof in accordance with their best judgment.

Shareholders Entitled to Vote

Only shareholders of record at the close of business on December 31, 2019 (the “**Record Date**”), are entitled to receive notice of, and to vote at, the Meeting. In addition, shareholders who, as of the Record Date, held Ordinary Shares through a bank, broker or other nominee which is a shareholder of record of the Company at the close of business on the Record Date, or which appears in the participant list of a securities depository on that date, are considered to be beneficial owners of shares held in “street name.” These proxy materials are being forwarded to beneficial owners by the bank, broker or other nominee that is considered the holder of record with respect to our Ordinary Shares. Beneficial owners have the right to direct how their shares should be voted and are also invited to attend the Meeting, but may not actually vote their shares in person at the Meeting unless they first obtain a signed proxy from the record holder (that is, their bank, broker or other nominee) giving them the right to vote the shares.

Joint holders of shares should note that, pursuant to our Articles of Association, the vote of the senior of joint holders of any share who votes such share, whether in person or by proxy, will be accepted to the exclusion of the vote(s) of the other registered holder(s) of such share, with seniority determined by the order in which the names of the joint holders appear in our Register of Shareholders. For the appointment of a proxy to vote shares held by joint holders to be valid, the signature of the senior of the joint holders must appear on the proxy card.

How Can You Vote

You can vote your shares by attending the Meeting. If you do not plan to attend the Meeting, the method of voting will differ for shares held as a record holder and shares held in “street name” (through a broker, trustee or nominee). Record holders of shares will receive proxy cards. Holders of shares in “street name” will receive either proxy cards or voting instruction cards directly from their bank, broker or nominee in order to instruct their banks, brokers or other nominees on how to vote.

If your shares are held through a member of the Tel Aviv Stock Exchange Ltd. (“TASE”), and you intend to vote your shares at the Meeting in person or by proxy, you must present at the Meeting or deliver to us a confirmation of ownership (*ishur baalut*) issued by the applicable TASE member, confirming your ownership of our Ordinary Shares as of the Record Date, as required by the Israeli Companies Regulations (Proof of Ownership of Shares for Voting at General Meeting), 5760-2000. Alternatively, you may vote electronically via the electronic voting system of the Israel Securities Authority (“ISA”), up to six hours before the time fixed for the Meeting. You should receive instructions about electronic voting from the TASE member through which you hold your shares.

A shareholder, whose Ordinary Shares are registered with a TASE member and are not registered on the Company’s shareholder’s register is entitled to receive from the TASE member who holds the Ordinary Shares on the shareholder’s behalf, by e-mail, for no charge, a link to the text of proxy card and to the position statements posted on the Israel Securities Authority website, unless the shareholder notified that he or she is not so interested; provided, that the notice was provided with respect to a particular securities account, prior to the Record Date.

Shareholders of Record

If you are a shareholder of record (that is, you hold a share certificate that is registered in your name or you are listed as a shareholder in the Company’s share register), you can submit your vote by completing, signing and submitting a proxy card, which has or will be sent to you and which will be available on the SEC website at www.sec.gov and on the MAGNA on-line system of the ISA at www.magna.isa.gov.il.

Please follow the instructions on the proxy card. If you provide specific instructions (by marking a box) with regard to the proposals, your shares will be voted as you instruct. If you sign and return your proxy card without giving specific instructions, your shares will be voted in accordance with the recommendations of the board of directors, except if otherwise provided on the proxy card. The persons named as proxies in the enclosed proxy card will furthermore vote in accordance with the recommendations of the board of directors on any other matters that may properly come before the Meeting.

Shareholders Holding in “Street Name”

If you hold Ordinary Shares in “street name,” that is, you are an underlying beneficial holder who holds Ordinary Shares through a bank, broker or other nominee, the voting process will be based on your directing the bank, broker or other nominee to vote the Ordinary Shares in accordance with the voting instructions on your voting instruction card. Because a beneficial owner is not a shareholder of record, you may not vote those shares directly at the Meeting unless you obtain a “legal proxy” from the bank, broker or nominee that holds your shares, giving you the right to vote the shares at the Meeting.

Please follow the instructions on the proxy card or voting instruction card received from your bank, broker or nominee. You may also be able to submit voting instructions to a bank, broker or nominee by phone or via the Internet if your voting instruction card describes such voting methods. Please be certain to have your control number from your voting instruction card ready for use in providing your voting instructions.

It is important for a shareholder that holds Ordinary Shares through a bank or broker to instruct its bank or broker how to vote its shares if the shareholder wants its shares to count for the proposal.

Revocation of Proxies

Any shareholder returning the accompanying proxy card may revoke such proxy card at any time prior to its exercise by: giving a written notice to the Company’s transfer agent of such revocation, sending a duly executed proxy card bearing a later date no later than the close of business on February 5, 2020, requesting the return of the proxy card at the Meeting, delivering a later dated proxy card to the chairperson at the Meeting, or, if such shareholder is the record holder of the Ordinary Shares, voting in person at the Meeting.

Position Statements

In accordance with the Israeli Companies Law 5759-1999, and the regulations promulgated thereunder (the “**Companies Law**”), a shareholder may submit a written position statement in English to us, expressing its position on any of the Proposals, no later than January 27, 2020, at the following address: Perion Network Ltd., 1 Azrieli Center, Building A, 4th Floor, 26 HaRokmim Street, Holon, Israel 5885849, attn: Mr. Alon Gorgani, the Company’s VP of Legal and General Counsel. Any position statement timely received will be furnished with the SEC on Form 6-K and the MAGNA on-line system of the ISA and will be available to the public on the websites of the SEC and the ISA.

Shareholders Proposals

Any shareholder of the Company who intends to present a proposal at the Meeting must satisfy the requirements of the Companies Law. Under the Companies Law, only shareholders who hold at least 1% of the company’s outstanding voting rights are entitled to request that the board of directors include a proposal in a shareholders meeting, provided that such proposal is appropriate for consideration by shareholders at such meeting. Such shareholders may present proposals for consideration at the Meeting by submitting their proposals in writing to our VP of Legal and General Counsel at the following address: 1 Azrieli Center, Building A, 4th Floor, 26 HaRokmim Street, Holon, Israel 5885849, Attention: VP of Legal and General Counsel, or by facsimile to +972-3-398-2062. For a shareholder proposal to be considered for inclusion in the Meeting, our VP of Legal and General Counsel must receive the written proposal no later than January 2, 2020.

Quorum and Voting Requirements

As of December 23, 2019, we had 26,230,237 issued and outstanding Ordinary Shares (such amount excludes 115,339 Ordinary Shares held by the Company). Each Ordinary Share is entitled to one vote on each matter to be voted on at the Meeting.

Two or more shareholders present, personally or by proxy, holding in the aggregate at least 33 1/3% of the voting rights in our issued share capital will constitute a quorum for the Meeting. If within 30 minutes from the time appointed for the Meeting a quorum is not present, the Meeting, if convened upon the request of the shareholders, shall be dissolved. If the Meeting is not convened upon the request of a shareholder it shall stand adjourned to the same day in the next week at the same place and time, or to such day and such time and place as the chairperson may determine with the consent of the holders of a majority of the voting power represented at the Meeting in person or by proxy and voting on the question of adjournment. No business shall be transacted at any adjourned meeting except business that might lawfully have been transacted at the meeting as originally called. If at the adjourned date of the Meeting a legal quorum is not present after 30 minutes from the time specified for the commencement thereof, then the Meeting shall take place regardless of the number of members present and in such event the required quorum shall consist of any number of shareholders present in person or by proxy.

On all matters considered at the Meeting, abstentions and broker non-votes will be treated as neither a vote “FOR” nor “AGAINST” the matter, although they will be counted in determining whether a quorum is present. “Broker non-votes” are shares held by brokers or other nominees which are present in person or represented by proxy, but which are not voted on a particular matter because instructions have not been received from the beneficial owner. Brokers that hold shares in “street name” for clients typically have authority to vote on “routine” proposals even when they have not received instructions from beneficial owners. Absent specific instructions from the beneficial owner of the shares, however, brokers are not allowed to exercise their voting discretion with respect to any proposals that are considered non-routine. The only item on the Meeting agenda that may be considered routine is Proposal No. 6 relating to the reappointment of our independent registered public accounting firm for the fiscal year ending December 31, 2019; however, we cannot be certain whether this will be treated as a routine matter since our proxy statement is prepared in compliance with the Companies Law, rather than the rules applicable to domestic U.S. reporting companies. If you hold your shares in “street name” and do not provide your broker with specific instructions regarding how to vote on the Proposal, your broker will not be permitted to vote your shares on the Proposal, resulting in a “broker non-vote.” Therefore, it is important for a shareholder that holds Ordinary Shares through a bank or broker to instruct its bank or broker how to vote its shares, if the shareholder wants its shares to count for all proposals.

The approval of each of the Proposals requires the affirmative vote of our shareholders holding at least a majority of the Company’s Ordinary Shares present, in person or by proxy, and voting on the matter.

The approval of Proposal No. 2 is also subject to the fulfillment of one of the following additional voting requirements: (i) the majority of the Shares that are voted at the Meeting in favor of the Proposal, excluding abstentions, includes a majority of the votes of shareholders who are not controlling shareholders or do not have a personal interest in the approval of the Proposal; or (ii) the total number of Shares of the shareholders mentioned in clause (i) above that are voted against the Proposal does not exceed two percent (2%) of the total voting rights in the Company.

For this purpose, a “**controlling shareholder**” is any shareholder that has the ability to direct the Company’s activities (other than by means of being a director or office holder of the Company); for the purpose of a holding, two or more persons holding voting rights in the Company each of which has a personal interest in the approval of the transaction being brought for approval of the company shall be considered to be joint holders. A person is presumed to be a controlling shareholder if it holds or controls, by himself or together with others, one half or more of any one of the “means of control” of a company. “**Means of control**” is defined as any one of the following: (i) the right to vote at a general meeting of a company, or (ii) the right to appoint directors of a company or its chief executive officer. A “**personal interest**” of a shareholder in an action or transaction of a company includes a personal interest of any of the shareholder’s relatives (i.e. spouse, brother or sister, parent, grandparent, child as well as child, brother, sister or parent of such shareholder’s spouse or the spouse of any of the above) or an interest of a company with respect to which the shareholder or the shareholder’s relative (as defined above) holds 5% or more of such company’s issued shares or voting rights, in which any such person has the right to appoint a director or the chief executive officer or in which any such person serves as director or the chief executive officer, including the personal interest of a person voting pursuant to a proxy which the proxy grantor has a personal interest, whether or not the person voting pursuant to such proxy has discretion with regards to the vote; and excludes an interest arising solely from the ownership of ordinary shares of a company.

If you do not state whether you are a controlling shareholder or have personal interest your Shares will not be voted for Proposal No. 2.

Expenses and Solicitation

Proxies will be solicited by mail and may also be solicited in person, by telephone or electronic communication, by our directors, officers and employees. We expect to mail this proxy statement and the accompanying proxy card to shareholders on or about January 10, 2019. This proxy statement and the accompanying proxy card are also available to the public through one the following websites www.magna.isa.gov.il, maya.tase.co.il or www.sec.gov.

We will bear the cost of soliciting proxies from our shareholders. We will reimburse brokerage houses and other custodians, nominees and fiduciaries for their expenses in connection with the sending of proxies and proxy material to the beneficial owners of our shares.

Reporting Requirements

This Proxy Statement provides you with detailed information about the matters on which you are requested to vote your shares. We are subject to the information reporting requirements of the Securities Exchange Act of 1934, as amended (the “**Exchange Act**”), applicable to foreign private issuers. We fulfill these requirements by filing reports with the SEC. Our filings with the SEC may be inspected without charge at the SEC’s Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. Information on the operation of the Public Reference Room can be obtained by calling the SEC at 1-800-SEC-0330. Our filings are also available to the public on the SEC’s website at www.sec.gov and on the website of the ISA, at: www.magna.isa.gov.il and on the TASE’s website at maya.tase.co.il. We encourage you to read the entire Proxy Statement carefully.

As a foreign private issuer, we are exempt from the rules under the Exchange Act related to the furnishing and content of proxy statements. The circulation of this Notice of 2019 Annual General Meeting of Shareholders and Proxy Statement should not be taken as an admission that we are subject to the proxy rules under the Exchange Act.

Should changes be made to any proposal after the publication of this Proxy Statement, we will communicate the changes to our shareholders through the filing with the SEC and ISA of a Form 6-K.

Changes in Share Capital

On August 26, 2018, further to the approval of the Special General Meeting of August 2, 2018, the Company executed a 3-to-1 reverse share split of the Company’s ordinary shares, such that each three ordinary shares, par value NIS 0.01 per share, have been consolidated into one ordinary share, par value NIS 0.03. Unless otherwise indicated, all of the shares numbers and the option numbers in this proxy statement have been adjusted, on a retroactive basis, to reflect this 3-to-1 reverse share split.

BENEFICIAL OWNERSHIP OF SECURITIES BY CERTAIN BENEFICIAL OWNERS

The following table sets forth information with respect to the beneficial ownership of our shares as of December 23, 2019, by each person or entity known by us to beneficially own 5% or more of our outstanding Ordinary Shares;

Beneficial ownership of shares is determined in accordance with the Exchange Act and the rules promulgated thereunder, and generally includes any shares over which a person exercises sole or shared voting or investment power. Ordinary Shares that are issuable pursuant to an outstanding right within 60 days of a specified date are deemed to be outstanding and beneficially owned by the person holding the right for the purpose of computing the percentage ownership of that person, but are not treated as outstanding for the purpose of computing the percentage ownership of any other person.

For the purpose of calculating the percentage of shares beneficially owned by any shareholder, this table lists the applicable percentage ownership based on 26,230,237 Ordinary Shares issued and outstanding as of December 23, 2019 (such amount excludes 115,339 Ordinary Shares held by the Company).

Except as indicated in the footnotes to this table, to our knowledge, each shareholder in the table have voting and investment power for the shares shown as beneficially owned by such shareholder, except to the extent the power is shared by spouses under community property law. Our major shareholders do not have different voting rights than our other shareholders.

Name of Beneficial Owner	Shares Beneficially Owned	
	Number	Percentage
Benchmark Israel II, L.P. ⁽¹⁾	3,096,296	11.80%
Zack and Orli Rinat ⁽²⁾	2,161,449	8.24%
EA2K Ltd. ⁽³⁾	1,800,000	6.86%
J.P. Morgan Investment Management Inc. ⁽⁴⁾	1,401,022	5.34%

(1) Based solely upon, and qualified in its entirety with reference to, a Schedule 13G/A filed with the SEC on February 11, 2019, by Benchmark Israel II, L.P. (“**BI II**”) and affiliates. BCPI Partners II, L.P. (“**BCPI-P**”), the general partner of BI II, may be deemed to have sole power to vote and dispose of the 3,096,296 Ordinary Shares directly held by BI II. BCPI Corporation II (“**BCPI-C**”), the general partner of BCPI-P, may be deemed to have sole power to vote and dispose of the shares directly held by BI II. Michael A. Eisenberg and Arad Naveh, the directors of BCPI-C, may be deemed to have shared power to vote and dispose of the shares directly held by BI II. 94,294 Ordinary Shares are held in nominee form for the benefit of persons associated with BCPI-C. BCPI-P may be deemed to have sole power to vote and dispose of these shares, BCPI-C may be deemed to have sole power to vote and dispose of these shares and Messrs. Eisenberg and Naveh may be deemed to have shared power to vote and dispose of these shares. The Address of BI II is 2965 Woodside Road Woodside, California 94062.

(2) Based solely upon, and qualified in its entirety with reference to, a Schedule 13G filed with the SEC on January 16, 2014, by Zack and Orli Rinat. The Ordinary Shares are held by Zack Rinat and Orli Rinat as community property. The address of Zack and Orli Rinat is 26319 Esperanza Drive Los Altos Hills, CA.

(3) Based solely upon, and qualified in its entirety with reference to, a Schedule 13G/A filed with the SEC on January 30, 2019, by EA2K Ltd. (“**EA2K**”). Baruch Erlich controls EA2K, and by reason of such control may be deemed to have shared power to vote and dispose of the 1,800,000 Ordinary Shares directly held by EA2K. The Address of each of EA2K and Baruch Erlich is 12 Mevo Habustan St. Har Adar 90836, Israel.

(4) Based solely upon, and qualified in its entirety with reference to, a Schedule 13G/A filed with the SEC on December 11, 2017, by JPMIM, DGF, and Condor. Consists of 1,401,022 Ordinary Shares directly held by Project Condor LLC (“**Condor**”). PEG Digital Growth Fund L.P. (“**DGF**”) owns 98.75% of the membership interests of Condor. As the holder of the majority of the membership interests of Condor, DGF manages Condor and has shared voting or dispositive power over the 1,401,022 Ordinary Shares held by Condor. J.P. Morgan Investment Management Inc. (“**JPMIM**”) serves as investment advisor to DGF. The address for JPMIM, DGF and Condor is 320 Park Avenue, New York, New York 1002.

COMPENSATION OF EXECUTIVE OFFICERS AND DIRECTORS

For information relating to the compensation of our five most highly compensated office holders with respect to the year ended December 31, 2018, please see “Item 6. Directors, Senior Management and Employees – B. Compensation” in our Annual Report on Form 20-F, which was filed with the SEC on March 19, 2019.

CORPORATE GOVERNANCE

Board of Directors

The following table sets forth information about our directors as of December 26, 2019:

Name	Age	Position
Eyal Kaplan ^{*(1)(2)}	60	Chairman of the board of directors
Doron Gerstel	59	Chief Executive Officer and Director
Dror Erez ⁽¹⁾	50	Director
Sarit Firon ^{*(1)(3)(4)}	53	Director
Michael Vorhaus ^{*(2) (4)}	62	Director
Rami Schwartz ^{*(3)(4)}	61	Director
Joy Marcus ^{*(2)(3)}	58	Director

* Independent director under the Nasdaq Listing Rules.

(1) Member of the investment committee.

(2) Member of our nominating and governance committee.

(3) Member of our compensation committee.

(4) Member of our audit committee.

Our board of directors currently consists of seven directors. Our directors are elected in three staggered classes by the vote of a majority of the Ordinary Shares present and entitled to vote at meetings of our shareholders at which directors are elected. The members of only one staggered class will be elected at each annual meeting for a three-year term, so that the regular term of only one class of directors expires annually.

Effective as of August 26, 2019, our board of directors adopted the exemption under the Israeli Companies Regulations (Reliefs for Public Companies whose Shares are Listed on a Stock Exchange Outside of Israel), 2000, or the Regulation, our director in office who was elected and classified as external directors, Ms. Sarit Firon, is no longer classified as such under the Companies Law. The transition rules set forth under the Regulation provide that such directors have the right to remain in office as company's directors at their option after the exemption under the Regulation is adopted until the earlier of such directors' original end of term of office or the second annual meeting of shareholders after the adoption of the exemption under the Regulation. Ms. Sarit Firon's term of office expires in January 2020, accordingly our board of directors has re-appointed Ms. Firon with the term of office that expires as of our 2021 annual meeting of shareholders. Therefore, Ms. Sarit Firon is not standing for election at the Meeting.

BOARD COMMITTEES

Our audit committee currently consists of Ms. Sarit Firon (chair), Mr. Michael Vorhaus, and Mr. Rami Schwartz; our compensation committee consists of Ms. Sarit Firon (chair), Mr. Rami Schwartz, and Ms. Joy Marcus; our nominating and governance committee consists of Mr. Michael Vorhaus (chair), Mr. Eyal Kaplan, and Ms. Joy Marcus; and our investment committee consists of Mr. Eyal Kaplan (chair), Ms. Sarit Firon and Mr. Dror Erez.

DIRECTOR INDEPENDENCE

Our board of directors has determined that each of our directors, other than Messrs. Doron Gerstel and Dror Erez, satisfies the independent director requirements under the Nasdaq Listing Rules. As such, a majority of our board of directors is comprised of 'independent directors', as such term is defined in the Nasdaq Listing Rules.

Our board of directors has further determined that each member of our audit committee is 'independent' as such term is defined in Rule 10A-3 under the Exchange Act, and that each member of our audit committee and compensation committee satisfies the additional requirements applicable under the Nasdaq Listing Rules to members of audit committees and compensation committees, respectively.

Our board of directors has determined that Ms. Sarit Firon, who serves as a chairperson of our audit committee, qualifies as an “audit committee financial expert”, as defined by applicable rules of the SEC and has the requisite financial experience as defined by Nasdaq Listing Rules.

BIOGRAPHICAL INFORMATION CONCERNING OUR DIRECTORS

Biographical information concerning each of our continuing directors who are not standing for re-election at the Meeting is set forth below and biographical information concerning Mr. Eyal Kaplan, and Mr. Dror Erez, the nominees for re-election, is set forth below under Proposal 1.

Continuing Directors

Doron Gerstel has been a director of the Company since May 2018, and the Chief Executive Officer of the Company since April 2017. In his previous role as CEO of Panaya Ltd., Mr. Gerstel led a company turnaround that saw an increase in annual revenue and the company’s acquisition by Infosys Limited. Mr. Gerstel has also held CEO positions at Nolio Ltd., Syneron Medical Ltd. and Zend Technologies Ltd. Mr. Gerstel holds a BSc. in Economics and Management from the Technion Institute of Technology in Haifa, and an MBA from Tel Aviv University.

Sarit Firon has been an external director of the Company since January 2017. Since November 2014, Ms. Firon has been a managing partner of Cerca Partners, an Israeli venture capital fund. She has served at Extreme Reality Ltd., as its chief executive officer from December 2012 to November 2014 and as a director since December 2014. From November 2011 to November 2012, Ms. Firon was the Chief Financial Officer of Kenshoo Ltd. From November 2007 to October 2011, Ms. Firon was the Chief Financial Officer of MediaMind Technologies Inc., a Nasdaq-listed company which was acquired by DG, Inc. in August 2011. From May 2005 to June 2007, Ms. Firon was the Chief Financial Officer of OliveSoftware and from January 2000 to October 2004, she was the CFO of P-Cube, a private company which was acquired in October 2004 by Cisco Systems, Inc. (NASDAQ:CSCO). From October 2004 to January 2005, Ms. Firon was employed by Cisco to be responsible for the post-merger integration of P-Cube. From January 1995 to December 1999, Ms. Firon served in various positions at Radcom Ltd. (NASDAQ: RDCM), including as its Chief Financial Officer from September 1997 to December 1999. Since July 2015, she has served as Chairperson of the Board of myThings Israel Ltd. Since June 2014, Ms. Firon has served as a director of Mediwound Ltd. (NASDAQ: MDWD), and since June 2012, Ms. Firon has served as a director of Datorama Ltd. From October 2000 to December 2006, Ms. Firon served as a director of MetaLink Ltd. (OTCMKTS:MTLK). Ms. Firon holds a B.A. in Accounting and Economics from Tel-Aviv University, Israel.

Michael Vorhaus has been a director of the Company since April 2015. Starting December of 2018, Mr. Vorhaus has founded Vorhaus Advisors and is CEO of the firm. From 1994 to November 2018, he was in a variety of positions at Frank N. Magid Associates, Inc., a research-based strategic consulting firm. From 1994 to 2008, he served as its Senior Vice President and Managing Director and from 2008 to 2018 he served as the President of Magid Advisor, a unit of Magid Associates. From 2013 to 2014, Mr. Vorhaus served as a director of Grow Mobile. In 1987, he founded Vorhaus Investments. Mr. Vorhaus holds a B.A. in Psychology from Wesleyan University and completed the Management Development Program at the University of California, Berkeley’s Haas School of Business.

Rami Schwartz has been a director of the Company since January 2019. Mr. Schwartz has joined The Portland Trust as Managing Director of the Tel Aviv office in April 2018. Mr. Schwartz also serves as an advisory board member of AlgoSec. Previously, Mr. Schwartz was the President of the Amdocs Products and Amdocs Delivery groups for 7 years. Prior to joining Amdocs, Mr. Schwartz was the Chairman of Olive Software (acquired by ESW Capital), and Comply, the co-founder and CEO of Zizio and DigiHOO, and an EIR at Cedar Fund. Mr. Schwartz was CEO and director of Exanet (acquired by Dell) and General Manager of Precise Software (acquired by Veritas software) and an EIR at Cedar Fund. Mr. Schwartz holds a B.Sc. in excellence, in Mathematics and Computer Science from the Hebrew University in Jerusalem.

Joy Marcus has a wealth of experience in the media industry, including EVP and GM Digital Video at Condé Nast Entertainment, CEO of Bloglovin’ (now Activate), SVP Global Marketing Solutions at Time Warner (now WarnerMedia), VP International at Viacom and GM North America for DailyMotion. She sits on the Boards of digital media companies Anyclip and Qwire, and the nonprofits New York Tech Alliance and Hoops4Hope. Joy is currently a full time Lecturer on Entrepreneurship at Princeton University, and is serving as a Venture Partner at VC firm JVP, focusing on digital media, advertising and consumer investments. Joy graduated with Magna Cum Laude from Princeton University and has a JD from NYU Law School.

PROPOSAL ONE

RE-ELECTION OF MR. EYAL KAPLAN, AND MR. DROR EREZ, TO SERVE AS A DIRECTORS OF THE COMPANY

At the Meeting, you will be asked to elect Mr. Eyal Kaplan, our Chairman, and Mr. Dror Erez, to our board of directors (the “**Board**”) to serve until our third annual general meeting of shareholders following this Meeting or their earlier resignation or removal, as applicable. Mr. Eyal Kaplan, qualifies as an “independent director” under the Nasdaq Listing Rules and complies with all requirements under the Companies Law for serving as a director and chairman of our Board. The other directors of the Company will continue to serve as directors in accordance with the terms of our Articles of Association and applicable law.

The nomination of Mr. Eyal Kaplan and Mr. Dror Erez has been approved by our nominating and governance committee and the Board, following consideration of various factors, such as their expertise and relevant experience given the Company’s business, and the impact and their respective contributions to the Board and its committees during their time in office. Please see Proposal 3 below for the compensation we propose to pay to each of Mr. Eyal Kaplan and Mr. Dror Erez. The Company is not aware of any reason why Mr. Eyal Kaplan and Mr. Dror Erez, if elected, should be unable to serve as a director.

A brief biography for each of Mr. Eyal Kaplan and Mr. Dror Erez, is set forth below:

Eyal Kaplan has been the chairman of the Board since May 2018. Mr. Kaplan is also the Chairman of Expand Investments, an advisory and consulting firm focusing on growth-through-innovation and corporate strategies. Prior to that, he was Managing General Partner with Walden Israel, a venture capital firm, during which time he was Director and Chairman of numerous portfolio companies. In 1990 he co-founded Geotek Communications, an international wireless communications company, and served as senior vice president with broad strategic, managerial and operational responsibilities until 1995. Mr. Kaplan has been a member of the Technion (Israel Institute of Technology) Council (executive board) since January 2014, where he chairs the Finance Committee and is a member of the Endowment Investment Committee. Since 2012 he has been a member of the Technion Board of Governors, a body of some 300 high-profile visionaries and decision makers with outstanding achievements in the fields of science, technology, economy, industry, culture and society. From 2007 to 2012, Mr. Kaplan was a member of the Advisory Committee of Caesarea Center for Capital Markets & Risk Management, and from 2005 to 2014, he was a member of the Advisory Committee of the Global Consulting Practicum at the Wharton School of the University of Pennsylvania. Mr. Kaplan holds an MBA from the Wharton School of the University of Pennsylvania, a Master of Arts in International Studies from the Lauder Institute of the University of Pennsylvania, and a Bachelor of Science degree (with Honors) in economics and management from the Technion - Israel Institute of Technology.

Dror Erez has been a director of the Company since January 2014. In 2005, Mr. Erez co-founded Conduit and has served as its Chief Technology Officer until January 2014, when he became Conduit's President and in May, 2018 became Conduit’s chairman of the board of directors for a year. Mr. Erez is still a member of the Conduit board of directors. Mr. Erez is now advising for startups on strategy, product and technology. Prior to founding Conduit, he served in various executive roles in private technology companies. Mr. Erez holds a B.A. in Physics and Computer Science from Bar Ilan University.

At the Meeting, it is proposed that the following resolution be adopted:

“**RESOLVED**, to re-elect Mr. Eyal Kaplan and Mr. Dror Erez, to serve as a director of the Company for a period commencing on the date of the Meeting and until the third annual general meeting of the shareholders of the Company following the Meeting or their earlier resignation or removal, as applicable.”

Our board of directors recommends a vote “FOR” approval of the proposed resolution.

PROPOSAL TWO

APPROVAL OF A COMPENSATION POLICY FOR THE COMPANY'S OFFICERS AND DIRECTORS

As required by the Companies Law, the Company has adopted a compensation policy (the “**Compensation Policy**”) which sets forth the terms of office and employment of its office holders, including the grant of any benefit, other payment or undertaking to provide payment, such as salary, bonus, equity awards, severance and other compensation, exemption from liability, insurance or indemnification, and any payment or other benefit in connection with termination of services. The term “office holder,” as defined in the Companies Law, includes directors, executive officers and any manager directly subordinate to the chief executive officer.

Our current Compensation Policy adopted on November 18, 2013, and amended on March 23, 2017 and February 15, 2018.

Pursuant to the Companies Law, our Compensation Policy must be reviewed from time to time by our compensation committee of the Board (the “**Compensation Committee**”) and the Board, to ensure its alignment with the Company's compensation philosophy and to consider its appropriateness for the Company. The Compensation Policy must generally be re-approved once every three years by the Board, after considering the recommendations of the Compensation Committee, and by the Company's shareholders.

At the Meeting, you will be asked to approve, following the recommendation of our Compensation Committee and approval of the Board, adopting a new Compensation Policy (the “**Amended Compensation Policy**”), in the form attached to this Proxy Statement as **Exhibit A**.

The Amended Compensation Policy, if approved by our shareholders, will become effective immediately following the Meeting, for a period of three years. If the Amended Compensation Policy will not be approved by our shareholders, our current Compensation Policy will remain in full force and effect until the earlier of its expiration or the adoption of a new compensation policy. To the extent not approved by our shareholders at the Meeting, our Compensation Committee and Board may nonetheless approve the Amended Compensation Policy, following re-discussion of the matter and for specified reasons, provided such approval is in the best interests of the Company.

When reviewing and approving the Amended Compensation Policy, the Compensation Committee and the Board, with the advice and assistance of management and legal advisors, reviewed various data and information they deemed relevant, including peer group comparison, and considered numerous factors, including the relevant matters and provisions set forth in the Companies Law and regulations applicable to companies such as ours, market practices, competitive markets and the best interest of the Company and our shareholders. The Amended Compensation Policy is intended to present an accurate understanding of our compensation practices, better define its boundaries, simplify the administration of the policy, provide greater transparency and enhance controls around special payments as well as enable clawback of certain cash and equity compensation, thus further aligning the incentive plans of our officeholders with that of our shareholders. Our compensation committee and Board reviewed a comprehensive benchmark analysis of compensation policies' terms of peer companies. The peer group was constructed with careful consideration and represents an appropriate comparison pool based on the peer companies' industry, size, revenues and maturity stage and was approved by our compensation committee.

Similar to our current Compensation Policy, the Amended Compensation Policy continues to link pay to performance and to align our executive officers' interests with those of the Company and of our shareholders. It allows us to provide meaningful incentives that reflect both the Company's short and long-term goals and performance, as well as the executive officers' individual performance and impact on shareholder value, while providing compensation that is competitive in the global marketplace in which we recruit talent and is designed to reduce incentives for our executive officers to take excessive risks.

The Amended Compensation Policy continues to emphasize each executive officer's individual characteristics (such as his or her respective position, education, scope of responsibilities and contribution to the attainment of our goals) as the basis for compensation variation among executive officers, taking into account the internal ratios between compensation of our executive officers and directors and other employees of the Company. Pursuant to the Amended Compensation Policy, the compensation that may be granted to an executive officer may include: base salary, annual bonuses and other cash bonuses (such as relocation/repatriation, signing and special bonuses), as well as equity-based compensation, retirement and termination of employment benefits and other benefits. The cash bonuses that may be granted under the Amended Compensation Policy are limited to a maximum amount linked to the executive officer's base salary.

Under the Amended Compensation Policy, an annual cash bonus that will be awarded to executive officers (other than the CEO) will be based on performance objectives and a discretionary evaluation of the executive officer's (other than the CEO) overall performance and subject to minimum thresholds. The Compensation Committee and the Board will determine any applicable minimum thresholds that must be met for entitlement to the annual cash bonus (all or any portion thereof) and the formula for calculating any annual cash bonus payout.

The Amended Compensation Policy provides that the annual bonus awarded to the Company's CEO will be based on measurable objectives of the Company, subject to a minimum threshold. The measurable objectives will be determined annually by the Compensation Committee and the Board at the commencement of each fiscal year, or upon engagement, in case of newly hired CEO, or in other special circumstances as set forth in the Amended Compensation Policy.

Similar to our current Compensation Policy, the equity-based compensation under the Amended Compensation Policy for our executive officers is consistent with the underlying objectives in determining the base salary and the annual cash bonus and designed to enhance the alignment between the executive officers' interests with the long term interests of the Company and its shareholders and to promote our retention efforts. Equity-based awards may be granted from time to time in the form of options and/or other equity-based awards, such as RSUs, in accordance with the Company's Equity Incentive Plan as amended, formerly known as the 2003 Israeli Share Option Plan (the "**Incentive Plan**") as may be updated from time to time, will be structured to vest over several years in order to align such executive officers incentives with longer-term strategic plans of the Company, and will be individually determined and awarded according to the performance, educational background, prior business experience, qualifications, role and the personal responsibilities of the relevant executive officer.

Similar to our current Compensation Policy, the Amended Compensation Policy contains compensation recovery provisions in the event of accounting restatement, which would allow the Company, under certain conditions, to recover bonuses or performance-based equity paid in excess of what would have been paid under the financial statements, as restated. The Amended Compensation Policy also contains provisions that would enable our CEO to approve any immaterial change in the terms of employment of other executive officers (provided that the changes of the terms of employment are in accordance the Amended Compensation Policy) and would allow the Company to exculpate, indemnify and insure our executive officers and directors subject to certain updated limitations set forth in the Amended Compensation Policy.

The Amended Compensation Policy also governs the compensation of our Board members and provides that our chairman and non-employee directors will be entitled to an annual cash fee retainer, up to the limits set forth in the Amended Compensation Policy. In special circumstances, such as in the case of a professional director, an expert director or a director who makes a unique contribution to the Company, such director's compensation may be different than the compensation of all other directors and may be greater than the maximal cash fee retainer amount allowed in the Amended Compensation Policy, subject to the approval of the Company's shareholders as required under the Companies Law.

Under the Amended Compensation Policy, our Board members may also be awarded annual equity-based compensation up to the limits set forth in the Amended Compensation Policy, as shall be determined from time to time and approved by the Compensation Committee, the Board and the Company's shareholders, which will be subject to a vesting schedule over several years. In addition, our directors will be entitled to reimbursement of expenses incurred in the performance of their duties to the Company.

The foregoing overview is qualified in its entirety by reference to the full text of the Amended Compensation Policy, which is attached as **Exhibit A** hereto.

At the Meeting, it is proposed that the following resolution be adopted:

"RESOLVED, to approve the compensation policy for the Company's officers and directors, as detailed in the Proxy Statement, dated December 26, 2019."

Our board of directors recommends a vote "FOR" approval of the proposed resolution.

PROPOSAL THREE

APPROVAL OF AN AMENDMENT TO COMPENSATION TERMS OF COMPANY'S NON-EXECUTIVE DIRECTORS

At the Meeting, you will be asked to approve an amendment to the compensation terms of each of our non-executive directors who serve on our Board from time to time, all in accordance with the terms set forth below.

Under the Companies Law, the compensation of directors must comply with the company's compensation policy and requires the approval of the company's compensation committee, the board of directors and shareholders, in that order. The Compensation Committee and the Board have reviewed, discussed and approved the proposed changes as detailed hereunder, in light of our Amended Compensation Policy, and determined that these changes are in line with the terms and conditions of the Amended Compensation Policy.

Each of our non-executive directors (other than the chairperson) is currently entitled to a cash retainer of \$50,000 per year. In addition, each of our non-executive directors also receives, an annual grant of options to purchase 8,333 Ordinary Shares under the Incentive Plan, subject to a three-year vesting schedule and a five-year term, and to reimbursement of travel expenses in accordance with our travel reimbursement policy for directors.

Our Compensation Committee and Board have approved, subject to the approval of the Company's shareholders, to adjust the annual grant to our non-executive directors (other than the chairperson if compensated under a separate arrangement) of options to 15,000 Ordinary Shares. Such grant shall be made initially upon the initial election or appointment of a non-executive director and on each anniversary of such date. With respect to our incumbent non-executive directors, the initial grant, in accordance with this Proposal, will be made, with respect to directors nominated for re-election at the Meeting (other than the chairperson as provided above) or appointed in 2019, upon the conclusion of the Meeting, and, with respect to each other non-executive director in office, on the later of the first anniversary of the most recent grant to such director and the date of this Meeting.

Each option will be exercisable for a term of five years at an exercise price per share equal to the average stock market price of the 90 days prior to the date of grant (and not less than the closing share price on the date of grant in the case of U.S. grantees). The options shall vest on a quarterly basis, in equal tranches, during the year following the grant. Following termination or expiration of the applicable director's service with the Company, provided that the termination or expiration is not for "cause" and is not a result of the director's resignation, the options would retain their original expiration dates and, with respect to each grant, the upcoming tranche of options that are scheduled to vest immediately subsequent to the termination date, if any, will automatically vest and become exercisable.

All unvested options held by a director in office will automatically vest and become exercisable upon a change of control of the Company, which is defined for this purpose as (i) a merger, acquisition or reorganization of the Company with one or more other entities in which the Company is not the surviving entity, (ii) a sale of all or substantially all of the assets of the Company; (iii) a transaction or a series of related transactions as a result of which more than 50% of the outstanding shares or the voting rights of the Company are beneficially owned by one person or group (as defined in the SEC rules) ("**Change of Control**").

At the Meeting, it is proposed that the following resolution be adopted:

"RESOLVED, to approve the amendment of compensation terms of the Company's non-executive directors (other than the chairperson if compensated under a separate arrangement), as detailed in the Proxy Statement, dated December 26, 2019."

Our board of directors recommends a vote "FOR" approval of the proposed resolution.

PROPOSAL FOUR

APPROVAL OF THE COMPENSATION TERMS OF MR. EYAL KAPLAN, THE CHAIRMAN OF THE COMPANY'S BOARD OF DIRECTORS

At the meeting, shareholders will be asked to approve the compensation terms of Mr. Eyal Kaplan, the Chairman of our Board.

Mr. Kaplan was appointed as the Chairman of the Board on May 9, 2018. As approved by the Company's shareholders on August 2, 2018, Mr. Kaplan current compensation package includes an annual fee in the amount of US\$ 100,000 plus VAT, payable in four quarterly payments and reimbursement of out-of-pocket expenses incurred in connection with Mr. Kaplan's services as chairman. In addition, Mr. Kaplan was granted in May 2018 a one-time grant of options to purchase 66,666 Ordinary Shares, with a 3-year vesting schedule.

Based on the Company's policies and procedures, Mr. Kaplan covered by our D&O insurance and granted an indemnification letter. Mr. Kaplan's agreement also includes customary non-disclosure, non-compete, and ownership assignment of intellectual property undertakings.

Subject to the approval of the shareholders and the continued engagement as our chairman of the Board, it is proposed to award Mr. Kaplan a one-time grant of options to purchase 90,000 Ordinary Shares with a 3-year vesting schedule (the options will vest quarterly in equal tranches over a three-year period), commencing on May 9, 2021, at an exercise price per share equal to the average stock market price of the 90 days prior to the Meeting, as reported by the Nasdaq Stock Market. The options will be subject to the terms and conditions of the Incentive Plan and the option agreement pursuant to the Incentive Plan, which Mr. Kaplan will be required to sign as a condition to receiving the Options.

Upon removal of Mr. Kaplan from office either by a vote of the Board or by a vote of the Company's shareholders, either (i) as a direct result of the negotiation of a Change of Control of the Company; or (ii) within six months following a Change of Control event (for the avoidance of doubt, in both (i) and (ii), other than for Cause – as such term defined in the Incentive Plan) all unvested Options shall automatically be accelerated and become fully vested on the effective date of any such event described in either (i) or (ii).

Subject to the approval of the shareholders, excluding the option-grant amendment as detailed above, all other provisions of Mr. Kaplan's services agreement shall remain in full force and effect. The date of termination of Mr. Kaplan's services agreement to be effective as of May 9, 2021, will be updated such that the agreement will automatically terminate on the date Mr. Kaplan will no longer serve as the chairman of our Board.

Mr. Kaplan's proposed award is consistent with the Compensation Policy and the Amended Compensation Policy and was approved by our compensation committee and the Board in light of Mr. Kaplan's extensive experience, skills and contribution to the Company.

At the Meeting, it is proposed that the following resolution be adopted:

"RESOLVED, to approve the compensation terms of the chairman of the Company's board of directors, Mr. Eyal Kaplan, as detailed in the Proxy Statement, dated December 26, 2019."

Our board of directors recommends a vote "FOR" approval of the proposed resolution.

PROPOSAL FIVE

APPROVAL OF AN AMENDMENT TO THE TERMS OF EMPLOYMENT OF MR. DORON GERSTEL, THE COMPANY'S CHIEF EXECUTIVE OFFICER

Mr. Doron Gerstel serves as our Chief Executive Officer from April 2017 and as a director of the Company since May 2018. As the Chief Executive Officer of the Company, Mr. Gerstel's leadership, extensive experience and command of the business have been critical to its success, and he has been a pillar in the development of the Company's technology and the execution of its strategy.

Mr. Gerstel's monthly base salary is NIS 95,000; since January 15, 2019, following the approval of a time-limited increase of the base monthly by the extraordinary general meeting of our shareholders held on April 11, 2019, Mr. Gerstel's base monthly has been NIS 131,270, valid until April 11, 2020.

Mr. Gerstel is entitled for annual bonus of up to 12 monthly base salaries, subject to performance matrix to be approved by the Company's compensation committee and Board on an annual basis, while up to 25% of such annual bonus may be discretionary and not subject to measurable performance indexes and for other customary benefits.

Mr. Gerstel is not compensated for his role as director.

Subject to the approval of the shareholders, it is proposed that the monthly salary of Mr. Gerstel shall be adjusted to NIS 120,000, effective April 12, 2020.

All other employment terms shall remain unchanged. For further information on the compensation terms of Mr. Gerstel, please see our annual report on Form 20-F for the year ended December 31, 2018.

The proposed amendments to the employment terms of Mr. Gerstel were approved by the compensation committee and the Board, while considering, among others, Mr. Gerstel's performance and contribution to the Company in general and in particular during 2019 when Mr. Gerstel assumed the responsibilities in connection with the management of Undertone. The amended terms reflect Mr. Gerstel's experience, a compensation survey provided to the members of the compensation committee and the Board and the terms of our compensation policy. The terms of employment of Mr. Gerstel, as proposed to be amended, are consistent with the Compensation Policy and the Amended Compensation Policy.

Our compensation committee and Board reviewed a comprehensive benchmark analysis of CEO terms of peer companies, which also included a survey of compensation terms of 15 peer companies prepared by an independent compensation advisor, Prof. Moshe Zviran. The peer group was constructed with careful consideration and represents an appropriate comparison pool based on high-tech peer companies and their number of employees, revenues and maturity stage and was approved by our compensation committee. According to such survey, Mr. Gerstel's total compensation falls at the 80th percentile compared to the CEOs of the abovementioned group of peer companies.

At the Meeting, it is proposed that the following resolution be adopted:

"RESOLVED, to approve amendments to the terms of employment of Mr. Doron Gerstel, Company's Chief Executive Officer, as detailed in the Proxy Statement, dated December 26, 2019."

Our board of directors recommends a vote "FOR" approval of the proposed resolution.

PROPOSAL SIX

APPOINTMENT OF KOST FORER GABBAY & KASIERER, A MEMBER OF ERNST & YOUNG GLOBAL, AS THE INDEPENDENT PUBLIC AUDITORS OF THE COMPANY, AND AUTHORIZATION OF THE BOARD OF DIRECTORS TO FIX THEIR COMPENSATION

Kost Forer Gabbay & Kasierer, a member of Ernst & Young Global, have audited the Company's financial statements beginning with the financial statements for the year ended December 31, 2018. Except as the Company's auditors, there is no other affiliation between such firm and the Company.

Fees for the professional services rendered by our independent accountants Kost Forer Gabbay & Kasierer, a member of Ernst & Young Global, for each of the last two fiscal years were as follows (in thousands):

	2017	2018
Audit Fees ⁽¹⁾	\$ 707	\$ 480
Tax Fees ⁽²⁾	111	35
Audit-related fees ⁽³⁾	53	18
Total*	\$ 871	\$ 533

(1) Audit fees include fees for professional services rendered by our principal accountant in connection with the annual audit, review of quarterly consolidated financial data, internationally required statutory audits, consents and assistance with review of documents filed with the SEC.

(2) Tax fees include services related to tax compliance, including the preparation of tax returns and claims for refunds, tax planning and advice, including assistance with tax audits and appeals, advice related to mergers and acquisitions and assistance with respect to requests for rulings from tax authorities.

(3) Audit-related fees principally include due diligence in connection with acquisitions and accounting consultation.

* All other fees principally include advisory services.

The Companies Law requires shareholder approval of the appointment of the Company's independent public accountants. Our audit committee of our board of directors has recommended the re-appointment of Kost Forer Gabbay & Kasierer as our independent registered public accounting firm for the fiscal year ending on December 31, 2019, and until the next annual general meeting of shareholders. Subject to the approval of this proposal, our board of directors will be authorized, upon the recommendation of the Company's audit committee, to fix the compensation of Kost Forer Gabbay & Kasierer in accordance with the volume and nature of their services to the Company, or delegate such power to the audit committee, as contemplated by the Sarbanes-Oxley Act.

At the Meeting, it is proposed that the following resolution be adopted:

"RESOLVED, to appoint Kost Forer Gabbay & Kasierer, a member of Ernst & Young Global, as the independent public auditors of the Company for the year ending on December 31, 2019, and until the next annual general meeting of shareholders, and that the Company's board of directors, upon the recommendation of the audit committee of the Company, is authorized to determine the compensation of said independent auditors in accordance with the volume and nature of their services."

Our board of directors recommends a vote "FOR" approval of the proposed resolution.

OTHER BUSINESS

Our board of directors is not aware of any other business to be transacted at the Meeting. However, if any other matters are properly presented to the Meeting, the persons named as proxies in the enclosed form of proxy will vote upon such matters in accordance with their best judgment, including any matters or motions dealing with the conduct or adjournment of the Meeting.

ADDITIONAL INFORMATION

Our audited financial statements for the year ended December 31, 2018, are included in our annual report on Form 20-F filed with the SEC on March 19, 2019. On November 6, 2019, the Company furnished to the SEC under the cover of Form 6-K its results of operations for the nine months ended September 30, 2019. You may read and copy these reports without charge at the SEC's public reference room at 100 F Street, N.W., Washington, D.C. 20549. Copies of such materials may be obtained by mail from the Public Reference Branch of the SEC at such address, at prescribed rates. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. Our SEC reports are also available to the public at the SEC's website at www.sec.gov and at the ISA's MAGNA website at www.magna.isa.gov.il. These reports are not a part of this Proxy Statement. We will hold a discussion with respect to the financial statements at the Meeting. This item will not involve a vote by the shareholders.

The prompt return of your proxy will be appreciated and helpful in obtaining the necessary quorum and vote. Therefore, whether or not you expect to attend the Meeting, please complete and sign the form of proxy provided herewith and return it in the enclosed envelope, so that it is received at our offices at least one business day before the Meeting.

By Order of the board of directors,

Eyal Kaplan
Chairman of the Board of Directors

Date: December 26, 2019

COMPENSATION POLICY

PERION NETWORK LTD.

Compensation Policy for Executive Officers and Directors

(As Adopted on _____, 2020)

1. Introduction

This document sets forth the Compensation Policy for Executive Officers and Directors (this “**Compensation Policy**” or “**Policy**”) of Perion Network Ltd. (“**Perion**” or the “**Company**”), in accordance with the requirements of the Companies Law, 5759-1999 (the “**Companies Law**”).

Compensation is a key component of Perion’s overall human capital strategy to attract, retain, reward, and motivate highly skilled individuals that will enhance Perion’s value and otherwise assist Perion to reach its business and financial long-term goals. Accordingly, the structure of this Policy is established to tie the compensation of each officer to Perion’s goals and performance.

For purposes of this Policy, “Executive Officers” shall mean “Office Holders” as such term is defined in Section 1 of the Companies Law, excluding, unless otherwise expressly indicated herein, Perion’s directors.

This policy is subject to applicable law and is not intended, and should not be interpreted as limiting or derogating from, provisions of applicable law to the extent not permitted.

This Policy shall apply to compensation agreements and arrangements which will be approved after the date on which this Policy is adopted and shall serve as Perion’s Compensation Policy for three (3) years, commencing as of its adoption, unless amended earlier.

The Compensation Committee and the Board of Directors of Perion (the “**Compensation Committee**” and the “**Board**”, respectively) shall review and reassess the adequacy of this Policy from time to time, as required by the Companies Law.

2. Objectives

Perion’s objectives and goals in setting this Policy are to attract, motivate and retain highly experienced leaders who will contribute to Perion’s success and enhance shareholder value, while demonstrating professionalism in a highly achievement-oriented culture that is based on merit and rewards excellent performance in the long term, and embedding Perion’s core values as part of a motivated behavior. To that end, this Policy is designed, among others:

- 2.1. To closely align the interests of the Executive Officers with those of Perion’s shareholders in order to enhance shareholder value;
- 2.2. To align a significant portion of the Executive Officers’ compensation with Perion’s short and long-term goals and performance;
- 2.3. To provide the Executive Officers with a structured compensation package, including competitive salaries, performance-motivating cash and equity incentive programs and benefits, and to be able to present to each Executive Officer an opportunity to advance in a growing organization;
- 2.4. To strengthen the retention and the motivation of Executive Officers in the long term;
- 2.5. To provide appropriate awards in order to incentivize superior individual excellency and corporate performance; and
- 2.6. To maintain consistency in the way Executive Officers are compensated.

3. Compensation Instruments

Compensation instruments under this Policy may include the following:

- 3.1. Base salary;
- 3.2. Benefits;

- 3.3. Cash bonuses;
- 3.4. Equity based compensation;
- 3.5. Change of control terms; and
- 3.6. Retirement and termination terms.

4. **Overall Compensation - Ratio Between Fixed and Variable Compensation**

- 4.1. This Policy aims to balance the mix of “Fixed Compensation” (comprised of base salary and benefits) and “Variable Compensation” (comprised of cash bonuses and equity-based compensation) in order to, among other things, appropriately incentivize Executive Officers to meet Perion’s short and long-term goals while taking into consideration the Company’s need to manage a variety of business risks.
- 4.2. The total annual target bonus and equity-based compensation per vesting annum (based on the fair market value at the time of grant calculated on a liner basis) of each Executive Officer shall not exceed 90% of the total compensation package of such Executive Officer on an annual basis.

5. **Inter-Company Compensation Ratio**

- 5.1. In the process of drafting and updating this Policy, Perion’s Board and Compensation Committee have examined the ratio between employer cost associated with the engagement of the Executive Officers, including directors, and the average and median employer cost associated with the engagement of Perion’s other employees (including contractor employees as defined in the Companies Law) (the “**Ratio**”).
- 5.2. The possible ramifications of the Ratio on the daily working environment in Perion were examined and will continue to be examined by Perion from time to time in order to ensure that levels of executive compensation, as compared to the overall workforce will not have a negative impact on work relations in Perion.

B. Base Salary and Benefits

6. **Base Salary**

- 6.1. A base salary provides stable compensation to Executive Officers and allows Perion to attract and retain competent executive talent and maintain a stable management team. The base salary varies among Executive Officers, and is individually determined according to the educational background, prior vocational experience, qualifications, company’s role, business responsibilities and the past performance of each Executive Officer.
- 6.2. Since a competitive base salary is essential to Perion’s ability to attract and retain highly skilled professionals, Perion will seek to establish a base salary that is competitive with base salaries paid to Executive Officers in a peer group of other companies operating in technology sectors which are similar in their characteristics to Perion’s, as much as possible, while considering, among others, such companies’ size and characteristics including their revenues, market capitalization, number of employees and operating arena (in Israel or globally), the list of which shall be reviewed and approved by the Compensation Committee. To that end, Perion shall utilize as a reference, comparative market data and practices, which will include a compensation survey that compares and analyses the level of the overall compensation package offered to an Executive Officer of the Company with compensation packages in similar positions to that of the relevant officer) in such companies. Such compensation survey may be conducted internally or through an external independent consultant. Information on such compensation survey shall be included in the proxy statement published in connection with the annual general meeting of Perion’s shareholders.
- 6.3. The Compensation Committee and the Board may periodically consider and approve base salary adjustments for Executive Officers. The main considerations for salary adjustment are similar to those used in initially determining the base salary, but may also include change of role or responsibilities, recognition for professional achievements, regulatory or contractual requirements, budgetary constraints or market trends. The Compensation Committee and the Board will also consider the previous and existing compensation arrangements of the Executive Officer whose base salary is being considered for adjustment. Any limitation herein based on the annual base salary shall be calculated based on the monthly base salary applicable at the time of consideration of the respective grant or benefit.

7. Benefits

- 7.1. The following benefits may be granted to the Executive Officers in order, among other things, to comply with legal requirements:
- 7.1.1. Vacation days in accordance with market practice;
 - 7.1.2. Sick days in accordance with market practice;
 - 7.1.3. Convalescence pay according to applicable law;
 - 7.1.4. Monthly remuneration for a study fund, as allowed by applicable law and with reference to Perion's practice and the practice in peer group companies;
 - 7.1.5. Perion shall contribute on behalf of the Executive Officer to an insurance policy or a pension fund, as allowed by applicable law and with reference to Perion's policies and procedures and the practice in peer group companies (including contributions on bonus payments); and
 - 7.1.6. Perion shall contribute on behalf of the Executive Officer towards work disability insurance, as allowed by applicable law and with reference to Perion's policies and procedures and to the practice in peer group companies.
- 7.2. Non-Israeli Executive Officers may receive other similar, comparable or customary benefits as applicable in the relevant jurisdiction in which they are employed. Such customary benefits shall be determined based on the methods described in Section Error! Reference source not found. of this Policy (with the necessary changes and adjustments).
- 7.3. In events of relocation or repatriation of an Executive Officer to another geography, such Executive Officer may receive other similar, comparable or customary benefits as applicable in the relevant jurisdiction in which he or she is employed or additional payments to reflect adjustments in cost of living. Such benefits shall include reimbursement for out of pocket one-time payments and other ongoing expenses, such as housing allowance, car allowance, and home leave visit, etc.
- 7.4. Perion may offer additional benefits to its Executive Officers, which will be comparable to customary market practices, such as, but not limited to: cellular and land line phone benefits, company car and travel benefits, reimbursement of business travel including a daily stipend when traveling and other business related expenses, insurances, other benefits (such as newspaper subscriptions, academic and professional studies), etc., provided, however, that such additional benefits shall be determined in accordance with Perion's policies and procedures.

C. Cash Bonuses

8. Annual Cash Bonuses - The Objective

- 8.1. Compensation in the form of an annual cash bonus is an important element in aligning the Executive Officers' compensation with Perion's objectives and business goals. Therefore, a pay-for-performance element, as payout eligibility and levels are determined based on actual financial and operational results, as well as individual performance.
- 8.2. An annual cash bonus may be awarded to Executive Officers upon the attainment of pre-set periodical objectives and individual targets determined by the Compensation Committee (and, if required by law, by the Board) at the beginning of each calendar year, or upon engagement, in case of newly hired Executive Officers, taking into account Perion's short and long-term goals, as well as its compliance and risk management policies. The Compensation Committee and the Board shall also determine applicable minimum thresholds that must be met for entitlement to the annual cash bonus (all or any portion thereof) and the formula for calculating any annual cash bonus payout, with respect to each calendar year, for each Executive Officer. In special circumstances, as determined by the Compensation Committee and the Board (e.g., regulatory changes, significant changes in Perion's business environment, a significant organizational change, a significant merger and acquisition events etc.), the Compensation Committee and the Board may modify the objectives and/or their relative weights during the calendar year.

8.3. In the event the employment of an Executive Officer is terminated prior to the end of a fiscal year, the Company may (but shall not be obligated to) pay such Executive Officer a full annual cash bonus or a prorated one.

8.4. The actual annual cash bonus to be awarded to Executive Officers shall be approved by the Compensation Committee and the Board.

9. Annual Cash Bonuses - The Formula

Executive Officers other than the CEO

9.1. The annual cash bonus of Perion's Executive Officers, other than the chief executive officer (the "CEO"), will be based on performance objectives and a discretionary evaluation of the Executive Officer's overall performance and subject to minimum thresholds based on overall company performance. The performance objectives will be approved by the Compensation Committee (and, if required by law, by the Board) at the commencement of each calendar year (or upon engagement, in case of newly hired Executive Officers or in special circumstances as indicated in Section 8.2 above) on the basis of, but not limited to, company, division or individual objectives. The performance measurable objectives, which include the objectives and the weight to be assigned to each achievement in the overall evaluation, may be based on actual financial and operational results against annual plan, such as revenues, operating income and cash flow and may further include, divisional or personal objectives which may include operational objectives, such as market share, initiation of new markets and operational efficiency, customer focused objectives, project milestones objectives and investment in human capital objectives, such as employee satisfaction, employee retention and employee training and leadership programs.

9.2. The target annual cash bonus that an Executive Officer, other than the CEO, will be entitled to receive for any given calendar year, will not exceed 100% of such Executive Officer's annual base salary.

9.3. The maximum annual cash bonus including for overachievement performance that an Executive Officer, other than the CEO, will be entitled to receive for any given calendar year, will not exceed 150% of such Executive Officer's annual base salary.

CEO

9.4. The annual cash bonus of Perion's CEO will be mainly based on performance measurable objectives and subject to minimum thresholds as provided in Section 8.2 above. Such performance measurable objectives will be determined annually by Perion's Compensation Committee (and, if required by law, by Perion's Board) at the commencement of each calendar year (or upon engagement, in case of newly hired CEO or in special circumstances as indicated in Section 8.2 above) on the basis of, but not limited to, company and personal objectives. These performance measurable objectives will include the objectives and the weight to be assigned to each achievement in the overall evaluation.

9.5. The less significant part of the annual cash bonus granted to Perion's CEO, and in any event not more than 30% of the annual cash bonus, may be based on a discretionary evaluation of the CEO's overall performance by the Compensation Committee and the Board based on quantitative and qualitative criteria.

9.6. The target annual cash bonus that the CEO will be entitled to receive for any given calendar year, will not exceed 100% of his or her annual base salary.

- 9.7. The maximum annual cash bonus including for overachievement performance that the CEO will be entitled to receive for any given calendar year, will not exceed 150% of his or her annual base salary.

10. Other Bonuses

- 10.1. Special Bonus. Perion may grant its Executive Officers a special bonus as an award for special achievements (such as in connection with mergers and acquisitions, offerings, achieving target budget or business plan under exceptional circumstances or special recognition in case of retirement), as a retention award at the CEO's discretion (and in the CEO's case, at the Board's discretion) or as a non-compete grant, subject to any additional approval as may be required by the Companies Law (the "**Special Bonus**"). The Special Bonus will not exceed 100% of the Executive Officer's annual base salary.
- 10.2. Signing Bonus. Perion may grant a newly recruited Executive Officer a signing bonus at the CEO's discretion (and in the CEO's case, at the Board's discretion), subject to any additional approval as may be required by the Companies Law (the "**Signing Bonus**"). The Signing Bonus will not exceed 100% of the Executive Officer's annual base salary.
- 10.3. Relocation/ Repatriation Bonus. Perion may grant its Executive Officers a special bonus in the event of relocation or repatriation of an Executive Officer to another geography (the "**Relocation Bonus**"). The Relocation bonus will include customary benefits associated with such relocation and its monetary value will not exceed 100% of the Executive Officer's annual base salary.

11. Compensation Recovery ("Clawback")

- 11.1. In the event of an accounting restatement, Perion shall be entitled to recover from its Executive Officers the bonus compensation or performance-based equity compensation in the amount in which such compensation exceeded what would have been paid under the financial statements, as restated, provided that a claim is made by Perion prior to the second anniversary of fiscal year end of the restated financial statements.
- 11.2. Notwithstanding the aforesaid, the compensation recovery will not be triggered in the following events:
- 11.2.1. The financial restatement is required due to changes in the applicable financial reporting standards; or
- 11.2.2. The Compensation Committee has determined that clawback proceedings in the specific case would be impossible, impractical or not commercially or legally efficient.
- 11.3. Nothing in this Section 11 derogates from any other "clawback" or similar provisions regarding disgorging of profits imposed on Executive Officers by virtue of applicable securities laws.

D. Equity Based Compensation

12. The Objective

- 12.1. The equity-based compensation for Perion's Executive Officers is designed in a manner consistent with the underlying objectives in determining the base salary and the annual cash bonus, with its main objectives being to enhance the alignment between the Executive Officers' interests with the long-term interests of Perion and its shareholders, and to strengthen the retention and the motivation of Executive Officers in the long term. In addition, since equity-based awards are structured to vest over several years, their incentive value to recipients is aligned with longer-term strategic plans.
- 12.2. The equity-based compensation offered by Perion is intended to be in a form of share options and/or other equity-based awards, such as RSUs, in accordance with the Company's equity incentive plan in place as may be updated from time to time.

- 12.3. All equity-based incentives granted to Executive Officers shall be subject to vesting periods in order to promote long-term retention of the awarded Executive Officers. Unless determined otherwise in a specific award agreement approved by the Compensation Committee and the Board, grants to Executive Officers other than non-employee directors shall vest gradually over a period of between three (3) to five (5) years or based on performance. The exercise price of options shall be determined in accordance with Perion's policies, the main terms of which shall be disclosed in the annual report of Perion. Equity-based awards may include dividend adjustment provisions.
- 12.4. All other terms of the equity awards shall be in accordance with Perion's incentive plans and other related practices and policies. Accordingly, the Board may, following approval by the Compensation Committee, extend the period of time for which an award is to remain exercisable and make provisions with respect to the acceleration of the vesting period of any Executive Officer's awards, including, without limitation, in connection with a corporate transaction involving a change of control, subject to any additional approval as may be required by the Companies Law.

13. General Guidelines for the Grant of Awards

- 13.1. The equity-based compensation shall 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.
- 13.2. In determining the equity-based compensation granted to each Executive Officer, the Compensation Committee and Board shall consider the factors specified in Section 13.1 above, and in any event the total fair market value of an equity-based compensation at the time of grant shall not exceed per vesting annum: (i) with respect to the CEO - 400% of his or her annual base salary; and (ii) with respect to each of the other Executive Officers 260% of his or her annual base salary.
- 13.3. The fair market value of the equity-based compensation for the Executive Officers will be determined according to acceptable valuation practices at the time of grant.

E. Retirement and Termination of Service Arrangements

14. Advanced Notice Period

Perion may provide an Executive Officer, other than the CEO, according to his/her seniority in the Company, his/her contribution to the Company's goals and achievements and the circumstances of retirement and the CEO a prior notice of termination of up to twelve (12) months in the case of the CEO and six (6) months in the case of other Executive Officers, during which the Executive Officer may be entitled to all of the compensation elements, and to the continuation of vesting of his/her equity-based compensation.

15. Additional Retirement and Termination Benefits

Perion may provide additional retirement and terminations benefits and payments as may be required by applicable law (e.g., mandatory severance pay under Israeli labor laws), or which will be comparable to customary market practices.

F. Exculpation, Indemnification and Insurance

16. Exculpation

Perion may exempt its directors and Executive Officers in advance for all or any of his/her liability for damage in consequence of a breach of the duty of care vis-a-vis Perion, to the fullest extent permitted by applicable law.

17. Insurance and Indemnification

- 17.1. Perion may indemnify its directors and Executive Officers to the fullest extent permitted by applicable law, for any liability and expense that may be imposed on the director or the Executive Officer, as provided in the indemnity agreement between such individuals and Perion, all subject to applicable law and the Company's articles of association.
- 17.2. Perion will provide directors' and officers' liability insurance (the **"Insurance Policy"**) for its directors and Executive Officers as follows:
- 17.2.1. The annual premium to be paid by Perion shall not exceed 1.5% of the aggregate coverage of the Insurance Policy;
- 17.2.2. The limit of liability of the insurer shall not exceed the greater of \$100 million or 30% of the Company's shareholders equity based on the most recent financial statements of the Company at the time of approval by the Compensation Committee; and
- 17.2.3. The Insurance Policy, as well as the limit of liability and the premium for each extension or renewal shall be approved by the Compensation Committee (and, if required by law, by the Board) which shall determine that the sums are reasonable considering Perion's exposures, the scope of coverage and the market conditions and that the Insurance Policy reflects the current market conditions, and it shall not materially affect the Company's profitability, assets or liabilities.
- 17.3. Upon circumstances to be approved by the Compensation Committee (and, if required by law, by the Board), Perion shall be entitled to enter into a "run off" Insurance Policy of up to seven (7) years, with the same insurer or any other insurance, as follows:
- 17.3.1. The limit of liability of the insurer shall not exceed the greater of \$100 million or 30% of the Company's shareholders equity based on the most recent financial statements of the Company at the time of approval by the Compensation Committee;
- 17.3.2. The annual premium shall not exceed 400% of the last paid annual premium; and
- 17.3.3. The Insurance Policy, as well as the limit of liability and the premium for each extension or renewal shall be approved by the Compensation Committee (and, if required by law, by the Board) which shall determine that the sums are reasonable considering the Company's exposures covered under such policy, the scope of cover and the market conditions, and that the Insurance Policy reflects the current market conditions and that it shall not materially affect the Company's profitability, assets or liabilities.
- 17.4. Perion may extend the Insurance Policy in place to include cover for liability pursuant to a future public offering of securities as follows:
- 17.4.1. The additional premium for such extension of liability coverage shall not exceed 200% of the last paid annual premium; and
- 17.4.2. The Insurance Policy, as well as the additional premium shall be approved by the Compensation Committee (and if required by law, by the Board) which shall determine that the sums are reasonable considering the exposures pursuant to such public offering of securities, the scope of cover and the market conditions and that the Insurance Policy reflects the current market conditions, and it does not materially affect the Company's profitability, assets or liabilities.

G. Board of Directors Compensation

18. The following benefits may be granted to Perion's Board members:

- 18.1. All Perion's non-employee Board members may be entitled to an annual cash fee of \$50,000 per year (and in the case of the chairperson of the Board, \$100,000 per year).
- 18.2. The compensation of the Company's external directors, if elected, shall be 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 Traded in Stock Exchange Outside of Israel), 5760-2000, as such regulations may be amended from time to time.
- 18.3. Notwithstanding the provisions of Sections 18.1 above, in special circumstances, such as in the case of a professional director, an expert director or a director who makes a unique contribution to the Company, such director's compensation may be different than the compensation of all other directors and may be greater than the maximal amount allowed under Section 18.1.
- 18.4. Each non-employee member of Perion's Board may be granted with an annual equity-based compensation with a fair market value not to exceed \$200,000 per vesting annum (calculated at the time of grant on a liner basis). The equity-based compensation may be accelerated in the event of a change of control and include dividend adjustment provisions.
- 18.5. All other terms of the equity awards shall be in accordance with Perion's incentive plans and other related practices and policies. Accordingly, the Board may, following approval by the Compensation Committee, extend the period of time for which an award is to remain exercisable or make provisions with respect to the acceleration of the vesting period of any awards, including, without limitation, in connection with a corporate transaction involving a change of control, subject to any additional approval as may be required by the Companies Law.
- 18.6. In addition, members of Perion's Board may be entitled to reimbursement of expenses in connection with the performance of their duties.

I. Miscellaneous

19. Nothing in this Policy shall be deemed to grant any of Perion's Executive Officers or employees or any third party any right or privilege in connection with their employment by the Company. Such rights and privileges shall be governed by the respective personal employment agreements. The Board may determine that none or only part of the payments, benefits and perquisites detailed in this Policy shall be granted, and is authorized to cancel or suspend a compensation package or part of it.
20. An Immaterial Change in the Terms of Employment of an Executive Officer other than the CEO may be approved by the CEO, provided that the amended terms of employment are in accordance with this Policy. An "Immaterial Change in the Terms of Employment" means a change in the terms of employment of an Executive Officer with an annual total cost to the Company not exceeding an amount equal to two (2) monthly base salaries of such employee.
21. In the event that new regulations or law amendment in connection with Executive Officers' and directors' compensation will be enacted following the adoption of this Policy, Perion may follow such new regulations or law amendments, even if such new regulations are in contradiction to the compensation terms set forth herein.

This Policy is designed solely for the benefit of Perion and none of the provisions thereof are intended to provide any rights or remedies to any person other than Perion.

PERION NETWORK LTD.**(THE “COMPANY”)****PROXY****THIS PROXY IS SOLICITED BY THE BOARD OF DIRECTORS**

I, the undersigned, shareholder of Perion Network Ltd. (the “**Company**”), hereby nominate, constitute and appoint Mr. Maoz Sigron, Chief Financial Officer of the Company, and Mr. Alon Gorgani, the Company’s VP of Legal and General Counsel, and each of them, as my true and lawful proxy and attorney(s) with full power of substitution for me and in my name, place and stead, to represent and vote all of the ordinary shares, par value NIS 0.03 per share of the Company (the “**Shares**”), which the undersigned is entitled to vote at the Annual General Meeting of Shareholders (the “**Meeting**”) to be held at the offices of the Company, located at 1 Azrieli Center, Building A, 4th Floor, 26 HaRokmim Street, Holon, Israel 5885849, on Thursday, February 6, 2020, at 4:00 p.m. (Israel time), and at any adjournments or postponements thereof, upon the following matters, which are more fully described in the Notice of the Meeting and Proxy Statement, dated December 26, 2019, relating to the Meeting (the “**Proxy Statement**”). Subject to applicable law and the rules of Nasdaq, in the absence of such instructions, the Shares represented by properly executed and received proxies will be voted “FOR” the proposed resolution to be presented at the Meeting or any adjournment(s) or postponement(s) thereof for which the board of directors of the Company recommends a “FOR” vote.

This Proxy, when properly executed, will be voted in the manner directed herein by the undersigned.

Shareholders entitled to notice of and to vote at the Meeting or at any adjournment(s) or postponement(s) thereof shall be determined as of the close of business on Tuesday, December 31, 2019, the record date fixed by the board of directors of the Company for such purpose.

Should any other matter requiring a vote of the shareholders arise, the proxies named above are authorized to vote in accordance with their best judgment in the interest of the Company. Any and all proxies given by the undersigned prior to this proxy are hereby revoked.

(Continued and to be signed on the reverse side)

THE BOARD OF DIRECTORS OF THE COMPANY RECOMMENDS YOU VOTE “FOR” ALL THE PROPOSALS. PLEASE SIGN, DATE AND RETURN PROMPTLY IN THE ENCLOSED ENVELOPE. PLEASE MARK YOUR VOTE IN BLUE OR BLACK INK AS SHOWN HERE ☒.

Proposal 1a: To approve the re-election of Mr. Eyal Kaplan to serve as a director for a period commencing on the date of the Meeting and until the third annual general meeting of the shareholders of the Company following the Meeting or his earlier resignation or removal, as applicable;

☐ **FOR**

☐ **AGAINST**

☐ **ABSTAIN**

Proposal 1b: To approve the re-election of Mr. Dror Erez to serve as a director for a period commencing on the date of the Meeting and until the third annual general meeting of the shareholders of the Company following the Meeting or his earlier resignation or removal, as applicable;

☐ **FOR**

☐ **AGAINST**

☐ **ABSTAIN**

Proposal 2: To approve the compensation policy for the Company’s officers and directors, as detailed in the Proxy Statement, dated December 26, 2019;

☐ **FOR**

☐ **AGAINST**

☐ **ABSTAIN**

Are you a controlling shareholder or do you have a personal interest in the approval of Proposal 2?
(Please note: If you do not mark either ‘Yes’ or ‘No’, your shares will not be voted for this Proposal).

☐ **YES**

☐ **NO**

Proposal 3: To approve the amendment of compensation terms of the Company’s non-executive directors (other than the chairperson if compensated under a separate arrangement), as detailed in the Proxy Statement, dated December 26, 2019;

☐ **FOR**

☐ **AGAINST**

☐ **ABSTAIN**

Proposal 4: To approve the compensation terms of the chairman of the Company’s board of directors, Mr. Eyal Kaplan, as detailed in the Proxy Statement, dated December 26, 2019;

☐ **FOR**

☐ **AGAINST**

☐ **ABSTAIN**

Proposal 5: To approve amendments to the terms of employment of Mr. Doron Gerstel, Company’s Chief Executive Officer, as detailed in the Proxy Statement, dated December 26, 2019;

☐ **FOR**

☐ **AGAINST**

☐ **ABSTAIN**

Proposal 6: To approve the appointment of Kost Forer Gabbay & Kasierer, a member of Ernst & Young Global, as the independent public auditors of the Company for the year ending on December 31, 2019, and until the next annual general meeting of shareholders, and to authorize the board of directors, upon the recommendation of the audit committee of the Company, to determine the compensation of said independent auditors in accordance with the volume and nature of their services.

☐ **FOR**

☐ **AGAINST**

☐ **ABSTAIN**

In their discretion, the proxies are authorized to vote upon such other matters as may properly come before the Meeting or any adjournment or postponement thereof.

To change the address on your account, please check the box on the right and indicate your new address in the address space above. Please note that changes to the registered name(s) on the account may not be submitted via this method. ☐

The undersigned acknowledges receipt of the Notice and Proxy Statement.

Signature of Shareholder

Date: _____, ____

Signature of Shareholder

Date: _____, ____

Note: Please sign exactly as your name or names appear on this Proxy. When shares are held jointly, the senior holder should sign. When signing as executor, administrator, attorney, trustee or guardian, please give full title as such. If the signer is a corporation, please sign full corporate name by duly authorized officer, giving full title as such. If signer is a partnership, please sign in partnership name by authorized person.
