

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

**FORM 20-F/A  
(Amendment No. 1)**

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

**OR**

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

**For the fiscal year ended December 31, 2022**

**OR**

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

**OR**

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

Date of event requiring this shell company report \_\_\_\_\_

Commission file number 000-31215

MIND C.T.I. LTD.

(Exact name of Registrant as specified in its charter  
and translation of Registrant's name into English)

ISRAEL

(Jurisdiction of incorporation or organization)

2 HaCarmel Street, Yoqneam, 2066724, Israel

(Address of principal executive offices)

Arie Abramovich  
c/o MIND C.T.I. Ltd.

2 HaCarmel Street  
Yoqneam, 2066724, Israel  
Tel: +972-4-9936666  
investor@mindcti.com

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

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

Title of each class

Name of each exchange on which registered

**Ordinary Shares, nominal value NIS 0.01 per share**

**Nasdaq Global Market**

Securities registered or to be registered pursuant to Section 12(g) of the Act.

None

(Title of Class)

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act.

None

(Title of Class)

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

As of December 31, 2022, the Registrant had outstanding 20,124,326 Ordinary Shares, nominal value NIS 0.01 per share.

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

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

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

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

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

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

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

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

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

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

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

U.S. GAAP  International Financial Reporting Standards as issued by the International Accounting Standards Board  Other

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

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

(APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PAST FIVE YEARS)

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court.  Yes  No

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## EXPLANATORY NOTE

This Amendment No. 1 (this “Amendment”) to the Annual Report on Form 20-F of MIND C.T.I. Ltd. (the “Company”) for the year ended December 31, 2022, filed on March 14, 2023 (the “Annual Report”), is being filed solely for the purpose of adding the report of the independent registered public accounting firm that audited the Company’s consolidated financial statements as of, and for the two years ended, December 31, 2021 (the “Report”), which was inadvertently omitted from the original filing.

This Amendment consists of a cover page, this explanatory note, the financial statements referenced in Item 18 (with the addition of the Report and resulting renumbering of the “F” pages), Item 19, the signature page and the Exhibits (as updated to include new certifications of our Chief Executive Officer and Chief Financial Officer).

Other than as expressly set forth above, this Amendment does not amend the information in any other item of the Annual Report or reflect any events that have occurred after the Annual Report was originally filed.

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**Item 18. Financial Statements**

See pages F-1 through F-27 of this annual report attached hereto.

## Item 19. Exhibits

The following exhibits are filed as part of this Annual Report:

Exhibit No.	Exhibit
1.1*	<a href="#">Memorandum of Association, as amended</a>
1.2*****	<a href="#">Articles of Association, as amended</a>
2(d)****	<a href="#">Description of Ordinary Shares</a>
4.1**	<a href="#">MIND 1998 Share Option Plan</a>
4.2**	<a href="#">MIND 2000 Share Option Plan</a>
4.3***	<a href="#">MIND 2011 Share Incentive Plan</a>
4.4*****	<a href="#">Compensation Policy of Directors and Officers, dated May 26, 2019</a>
8*****	<a href="#">List of Subsidiaries</a>
11***	<a href="#">Code of Ethics and Business Conduct</a>
12.1	<a href="#">Certification of Principal Executive Officer pursuant to 17 CFR 240.13a-14(a), as adopted pursuant to §302 of the Sarbanes-Oxley Act</a>
12.2	<a href="#">Certification of Principal Financial Officer pursuant to 17 CFR 240.13a-14(a), as adopted pursuant to §302 of the Sarbanes-Oxley Act</a>
13.1	<a href="#">Certification of Principal Executive Officer pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act</a>
13.2	<a href="#">Certification of Principal Financial Officer pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act</a>
15.1*****	<a href="#">Consent of Brightman Almagor Zohar &amp; Co., a firm in the Deloitte Global Network</a>
15.2*****	<a href="#">Consent of Fahn Kanne &amp; Co. Grant Thornton Israel</a>
15.3*****	<a href="#">Letter from Brightman Almagor Zohar &amp; Co., a firm in the Deloitte Global Network</a>
101	The following financial information from MIND C.T.I. Ltd.'s Annual Report on Form 20-F for the year ended December 31, 2022, formatted in XBRL (eXtensible Business Reporting Language):
	(i) Consolidated Balance Sheets at December 31, 2021 and 2022;
	(ii) Consolidated Statements of Operations for the years ended December 31, 2020, 2021 and 2022;
	(iii) Consolidated Comprehensive Income for the years ended December 31, 2020, 2021 and 2022;
	(iv) Consolidated Statements of Changes in Shareholders' Equity for the years ended December 31, 2020, 2021 and 2022;
	(v) Consolidated Statements of Cash Flows for the years ended December 31, 2020, 2021 and 2022; and
	(vi) Notes to Consolidated Financial Statements, tagged as blocks of text
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

\* Incorporated by reference to MIND C.T.I. Ltd.'s Annual Report on Form 20-F for the fiscal year ended December 31, 2002.

\*\* Incorporated by reference to MIND C.T.I. Ltd.'s Annual Report on Form 20-F for the fiscal year ended December 31, 2003.

\*\*\* Incorporated by reference to MIND C.T.I. Ltd.'s Annual Report on Form 20-F for the fiscal year ended December 31, 2011.

\*\*\*\* Incorporated by reference to MIND C.T.I. Ltd.'s Annual Report on Form 20-F for the fiscal year ended December 31, 2019.

\*\*\*\*\* Incorporated by reference to MIND C.T.I. Ltd.'s Notice of Annual General Meeting of Shareholders on Form 6-K filed on April 16, 2019.

\*\*\*\*\* Included in the original filing of the Annual Report.

**SIGNATURES**

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

MIND CTI LTD.

/s/ Monica Iancu

By: Monica Iancu

Title: President and Chief Executive Officer

Date: March 15, 2023

**MIND C.T.I. LTD. AND SUBSIDIARIES**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF DECEMBER 31, 2022**

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**MIND C.T.I. LTD. AND SUBSIDIARIES**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF DECEMBER 31, 2022**

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## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the shareholders and the Board of Directors of MIND C.T.I Ltd.

### Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheet of MIND C.T.I Ltd. and subsidiaries (the "Company") as of December 31, 2021, the related consolidated statements of operations, comprehensive income, changes in shareholders' equity, and cash flows, for each of the two years in the period ended December 31, 2021, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021, and the results of its operations and its cash flows for each of the two years in the period ended December 31, 2021, in conformity with accounting principles generally accepted in the United States of America.

### Basis for Opinion

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

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ **Brightman Almagor Zohar & Co.**

**Brightman Almagor Zohar & Co.**  
**Certified Public Accountants**  
**A Firm in the Deloitte Global Network**

Tel Aviv, Israel  
April 10, 2022

We began serving as the Company's auditor since 2009. In 2022 we became the predecessor auditor.

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

**To the shareholders and the Board of Directors of MIND C.T.I. Ltd.**

### **Opinion on the Financial Statements**

We have audited the accompanying consolidated balance sheet of MIND C.T.I. Ltd. and subsidiaries (the “Company”) as of December 31, 2022, the related consolidated statements of operations, comprehensive income, changes in shareholders’ equity, and cash flows, for the year then ended, and the related notes (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022, and the results of its operations and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

### **Basis for opinion**

These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audit, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provide a reasonable basis for our opinion.

### **Critical Audit Matter**

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

### **Certified Public Accountants**

**Fahn Kanne & Co. is the Israeli member firm of Grant Thornton International Ltd.**

*Critical Audit Matter Description***Goodwill Impairment Analysis**

As described further in Note 11 and Note 4b to the consolidated financial statements, as of September 30, 2022, the Company performed goodwill impairment analysis with respect to goodwill balance with a total carrying amount of \$7.8 million that was allocated to two reporting units. As disclosed in Note 11, goodwill is not amortized but rather tested for impairment at least annually or most often if indicators of impairment are present. Management either assess qualitative factors to determine whether the existence of events or circumstances leads to a determination that it is more likely than not that the fair value of a reporting unit is less than its carrying value, including goodwill (qualitative assessment) or elects to proceed directly to the impairment test and bypass the qualitative assessment. As part of the qualitative assessment, if, after assessing the totality of events or circumstances, the Company determines that it is not more likely than not that the fair value of a reporting unit is less than its carrying amount, additional impairment testing is not required. Goodwill impairment is measured by comparing the fair value of a reporting unit with its carrying amount. The impairment test was based on a valuation performed by management. Judgments and assumptions used in the discounted cash flow model which included projected net cash flows from operations, short-term and long-term growth rates, weighted average cost of capital, interest, capital expenditures, cash flows, and market conditions. We identified the goodwill impairment analysis as a critical audit matter.

The principal considerations for our determination that the goodwill impairment assessment is a critical audit matter are the high degree of auditor judgment, effort and subjectivity in performing procedures and evaluating management's fair value estimate, which included projected net cash flows from operations, estimated weighted average cost of capital and short-term and long-term growth rates for the reporting units. Given the subjective nature and judgment applied by management, auditing these estimates required a high degree of auditor judgment and an increased extent of effort, including the use of our valuation specialist.

Our audit procedures related to the annual goodwill impairment analysis of the reporting units included, among others, the following:

- We evaluated the appropriateness of the discounted cash flow model; tested the completeness, accuracy and relevance of underlying data used in the model; and evaluated the reasonableness of significant assumptions used by management, including projected net cash flows from operations, estimated weighted average cost of capital and short-term and long-term growth rates for the reporting units. Our evaluation involved evaluating whether the assumptions used by management were reasonable considering (i) the current and past performance of the reporting unit, (ii) the consistency with external market and industry data, and (iii) the consistency of the assumptions used with evidence obtained in other areas of the audit.
- We utilized a valuation specialist to assess the appropriateness of the impairment methodology used and to assist us with testing the appropriateness of the discount rate used (the estimated weighted average cost of capital) in the discounted cash flow model.

/s/ Fahn Kanne & Co. Grant Thornton Israel

**Fahn Kanne & Co. Grant Thornton Israel**

Certified Public Accountants (Isr.)

Tel-Aviv, March 14, 2023

We have served as the Company's auditor since 2022.

**Certified Public Accountants**

**Fahn Kanne & Co. is the Israeli member firm of Grant Thornton International Ltd.**

**MIND C.T.I. LTD. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**

	Note	December 31,	
		2022	2021
U.S. dollars in thousands			
<b>ASSETS</b>			
<b>CURRENT ASSETS:</b>			
Cash and cash equivalents	8a	\$ 5,265	\$ 4,182
Short-term bank deposits	8a	12,040	14,071
Marketable securities		174	208
Trade receivables, net		2,357	1,803
Other current assets	8b	293	145
Prepaid expenses		169	124
<b>Total current assets</b>		<b>20,298</b>	<b>20,533</b>
<b>NON-CURRENT ASSETS:</b>			
Trade receivables		58	-
Severance pay fund	5	1,914	2,325
Deferred income taxes	7c	143	184
Property and equipment, net	2	225	175
Right-of-use assets, net	3	946	1,463
Intangible assets, net	4a	374	522
Goodwill	4b	7,785	7,929
<b>Total assets</b>		<b>\$ 31,743</b>	<b>\$ 33,131</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>CURRENT LIABILITIES:</b>			
Trade payables		\$ 937	\$ 839
Other current liabilities and accruals	8c	1,978	2,265
Current maturities of lease liabilities	3	271	376
Deferred revenues		1,986	2,155
<b>Total current liabilities</b>		<b>5,172</b>	<b>5,635</b>
<b>LONG-TERM LIABILITIES:</b>			
Deferred revenues		107	154
Lease liabilities, net of current maturities	3	615	1,098
Accrued severance pay	5	1,930	2,361
Deferred income taxes		112	157
<b>Total liabilities</b>		<b>7,936</b>	<b>9,405</b>
<b>SHAREHOLDERS' EQUITY:</b>			
Share capital - Ordinary shares of NIS 0.01 par value – Authorized: 88,000,000 shares at December 31, 2022 and 2021; Issued: 21,660,010 shares at December 31, 2022 and 2021; Outstanding: 20,124,326 and 20,057,326 shares at December 31, 2022 and 2021, respectively	6	54	54
Additional paid-in capital		27,546	27,324
Accumulated other comprehensive loss		(1,073)	(836)
Accumulated deficit		(1,662)	(1,722)
Treasury shares - 1,535,684 and 1,602,684 shares at December 31, 2022 and 2021, respectively		(1,058)	(1,094)
<b>Total shareholders' equity</b>		<b>23,807</b>	<b>23,726</b>
<b>Total liabilities and shareholders' equity</b>		<b>\$ 31,743</b>	<b>\$ 33,131</b>

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

**MIND C.T.I. LTD. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**

	Note	Years Ended December 31,		
		2022	2021	2020
		U.S. dollars in thousands, except per share data		
<b>REVENUES:</b>	9a			
Sales of licenses		\$ 611	\$ 1,548	\$ 1,366
Services		20,940	24,783	22,008
Total revenues		<u>21,551</u>	<u>26,331</u>	<u>23,374</u>
<b>COST OF REVENUES</b>				
Cost of sales of licenses		108	86	82
Cost of services		9,936	12,364	11,071
Total cost of revenues		<u>10,044</u>	<u>12,450</u>	<u>11,153</u>
<b>GROSS PROFIT</b>		<u>11,507</u>	<u>13,881</u>	<u>12,221</u>
<b>OPERATING EXPENSES:</b>				
Research and development		3,495	4,048	3,963
Selling and marketing		965	1,403	973
General and administrative		1,523	1,602	1,822
Total operating expenses		<u>5,983</u>	<u>7,053</u>	<u>6,758</u>
<b>OPERATING INCOME</b>		5,524	6,828	5,463
<b>FINANCIAL INCOME, net</b>	9b	93	55	379
<b>INCOME BEFORE TAXES ON INCOME</b>		5,617	6,883	5,842
<b>TAXES ON INCOME</b>	7	330	936	459
<b>NET INCOME</b>		<u>\$ 5,287</u>	<u>\$ 5,947</u>	<u>\$ 5,383</u>
<b>EARNINGS PER SHARE - in U.S. dollars:</b>	9c			
Basic		<u>\$ 0.26</u>	<u>\$ 0.30</u>	<u>\$ 0.27</u>
Diluted		<u>\$ 0.26</u>	<u>\$ 0.29</u>	<u>\$ 0.27</u>
<b>WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES USED IN COMPUTATION OF EARNINGS PER SHARE – in thousands:</b>	9c			
Basic		<u>20,099</u>	<u>20,006</u>	<u>19,907</u>
Diluted		<u>20,397</u>	<u>20,270</u>	<u>20,138</u>

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

**MIND C.T.I. LTD. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

	Years Ended December 31,		
	2 0 2 2	2 0 2 1	2 0 2 0
	U.S. dollars in thousands		
<b>NET INCOME</b>	\$ 5,287	\$ 5,947	\$ 5,383
<b>OTHER COMPREHENSIVE INCOME (LOSS):</b>			
Translation adjustments	(237)	(314)	362
<b>TOTAL COMPREHENSIVE INCOME</b>	<u>\$ 5,050</u>	<u>\$ 5,633</u>	<u>\$ 5,745</u>

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

**MIND C.T.I. LTD. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**

	Share capital		Additional paid-in capital	Accumulated			Treasury shares	Total
	Number of shares outstanding	Amount		other comprehensive loss	Accumulated deficit			
	In thousands			U.S. dollars in thousands				
<b>BALANCE AS OF JANUARY 1, 2020</b>	19,896	\$ 54	\$ 27,050	\$ (884)	\$ (3,080)	\$ (1,204)	\$ 21,936	
<b>CHANGES DURING 2020:</b>								
Comprehensive income	-	-	-	362	5,383	-	5,745	
Dividend paid (\$0.24 per share) (Note 6c)	-	-	-	-	(4,775)	-	(4,775)	
Employees share-based compensation expenses	-	-	213	-	-	-	213	
Exercise of options issued to employees from treasury shares	90	-	(61)	-	-	61	-	
<b>BALANCE AS OF DECEMBER 31, 2020</b>	19,986	54	27,202	(522)	(2,472)	(1,143)	23,119	
<b>CHANGES DURING 2021:</b>								
Comprehensive income	-	-	-	(314)	5,947	-	5,633	
Dividend paid (\$0.26 per share) (Note 6c)	-	-	-	-	(5,197)	-	(5,197)	
Employees share-based compensation expenses	-	-	171	-	-	-	171	
Exercise of options issued to employees from treasury shares	71	-	(49)	-	-	49	-	
<b>BALANCE AS OF DECEMBER 31, 2021</b>	20,057	54	27,324	(836)	(1,722)	(1,094)	23,726	
<b>CHANGES DURING 2022:</b>								
Comprehensive income	-	-	-	(237)	5,287	-	5,050	
Dividend paid (\$0.26 per share) (Note 6c)	-	-	-	-	(5,227)	-	(5,227)	
Employees share-based compensation expenses	-	-	258	-	-	-	258	
Exercise of options issued to employees from treasury shares	67	-	(36)	-	-	36	-	
<b>BALANCE AS OF DECEMBER 31, 2022</b>	20,124	54	27,546	(1,073)	(1,662)	(1,058)	23,807	

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

**MIND C.T.I. LTD. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

	Years Ended December 31,		
	2022	2021	2020
	U.S. dollars in thousands		
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Net income	\$ 5,287	\$ 5,947	\$ 5,383
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	193	194	200
Deferred income taxes, net	7	(96)	(128)
Accrued severance pay	41	83	118
Unrealized loss (gain) from marketable securities	34	1	(51)
Realized loss (gain) on sale of marketable securities, net	11	(3)	(25)
Realized gain on sale of property and equipment	-	(3)	-
Employees share-based compensation	258	171	213
Changes in operating asset and liability items:			
Decrease (increase) in trade receivables, net	(666)	243	1,073
Decrease (increase) in other current assets	(149)	117	323
Decrease (increase) in prepaid expenses	(45)	149	(45)
Increase (decrease) in trade payables	139	(363)	(901)
Increase (decrease) in other current liabilities and accruals	(265)	399	58
Change in operation lease liability	(71)	(52)	78
Increase (decrease) in deferred revenues	(216)	111	203
<b>Net cash provided by operating activities</b>	<b>4,558</b>	<b>6,898</b>	<b>6,499</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Proceeds from sales of (investment in) marketable securities, net	(11)	1,370	545
Purchase of property and equipment	(130)	(82)	(68)
Proceeds from sales of property and equipment	-	3	-
Severance pay funds	(61)	(89)	(126)
Proceeds from (investment in) short-term bank deposits	2,031	(6,891)	(385)
<b>Net cash provided by (used in) investing activities</b>	<b>1,829</b>	<b>(5,689)</b>	<b>(34)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Dividend paid	(5,227)	(5,197)	(4,775)
<b>Net cash used in financing activities</b>	<b>(5,227)</b>	<b>(5,197)</b>	<b>(4,775)</b>
<b>TRANSLATION ADJUSTMENTS ON CASH AND CASH EQUIVALENTS</b>	<b>(77)</b>	<b>(90)</b>	<b>91</b>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>1,083</b>	<b>(4,078)</b>	<b>1,781</b>
<b>BALANCE OF CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>4,182</b>	<b>8,260</b>	<b>6,479</b>
<b>BALANCE OF CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>\$ 5,265</b>	<b>\$ 4,182</b>	<b>\$ 8,260</b>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW AND NON-CASH ACTIVITIES:</b>			
Taxes paid	\$ 413	\$ 903	\$ 454
Net lease liabilities arising from obtaining right-of-use asset	\$ -	\$ -	\$ 599

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



**MIND C.T.I. LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES**

**a. General:**

**1) Nature of operations:**

MIND C.T.I. Ltd. (the "Company") is an Israeli company which, together with its subsidiaries (the "Group"), provides integrated products and services. The Company designs, develops, markets, supports, implements and operates billing and customer care systems, including consulting and managed services, primarily to wireless, wireline, next-generation service providers throughout the world. The Company also provides a call management system used by enterprises for call accounting, traffic analysis, and fraud detection. The Company, through its subsidiaries, also provides enterprise and wholesale messaging.

The Company has wholly-owned subsidiaries in the United States (MIND Software Inc.), Romania (MIND Software Srl), United Kingdom (MIND Software Limited) and Germany (MIND CTI GmbH, Message Mobile GmbH ("Message Mobile") and "GTX Messaging GmbH ("GTX")).

**2) Accounting principles:**

The consolidated financial statements were prepared in accordance with the United States Generally Accepted Accounting Principles ("GAAP").

**3) Use of estimates in preparation of financial statements:**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting years. Actual results could differ from those estimates. The most significant estimates with regard to the Company's consolidated financial statements relate to revenue recognition for projects that apply the percentage of completion measurement and goodwill impairment.

**4) Functional currency:**

The currency of the primary economic environment in which the operations of the Company and certain subsidiaries are conducted is the U.S. dollar ("dollar" or "\$"). Most of the Company's and its non-German subsidiaries' revenues are derived from sales which are denominated primarily in dollars. In addition, the majority of the Company's cash reserves and investments are denominated in dollars. Thus, the functional currency of the Company and certain subsidiaries is the dollar.

The Company and certain subsidiaries transactions and balances denominated in dollars are presented at their original amounts. Non-dollar transactions and balances have been remeasured to dollars in accordance with Accounting Standards Codification ("ASC") 830, "Foreign Currency Matters". All transaction gains and losses from remeasurement of monetary balance sheet items denominated in non-dollar currencies are reflected in the statements of operations as financial income or expenses, as appropriate.

The currency of the primary economic environment in which the operations of the Company's German subsidiaries, Message Mobile, GTX and MIND CTI GmbH, are conducted is the Euro. Most of the revenues of the German subsidiaries, are denominated primarily in Euros. Thus, the functional currency of such subsidiaries is the Euro. For those subsidiaries, assets and liabilities are translated at year-end exchange rates and statement of operations' items are translated at average exchange rates prevailing during the year. Such translation adjustments are recorded as a separate component of accumulated other comprehensive income (loss) in shareholders' equity.

**MIND C.T.I. LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**b. Principles of consolidation:**

The consolidated financial statements include the accounts of the Company and all of its wholly-owned subsidiaries.

Inter-company balances and transactions have been eliminated in consolidation. Profits from inter-company sales, not yet realized outside the Company and its subsidiaries, have also been eliminated.

**c. Comprehensive income (loss):**

The purpose of reporting comprehensive income (loss) is to report a measure of all changes in equity of an entity that result from recognized transactions and other economic events of the period resulting from transactions from non-owner sources.

**d. Segment reporting:**

The chief operating decision maker (the "CODM") of the Company is the Chief Executive Officer. The CODM reviews financial information presented on a consolidated basis for purposes of allocating resources and evaluating financial performance. The Company has two reporting segments, see Note 10.

**e. Cash and cash equivalents:**

The Company and its subsidiaries consider all highly liquid investments, which include short-term bank deposits (up to three months from original date of deposit) that are not restricted as to withdrawal or use, to be cash equivalents.

**f. Fair value of financial instruments:**

The Company records its financial assets and liabilities at fair value. The accounting guidance for fair value provides a framework for measuring fair value, clarifies the definition of fair value, and expands disclosures regarding fair value measurements. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants at the reporting date. The accounting guidance establishes a three-tiered hierarchy, which prioritizes the inputs used in the valuation methodologies in measuring fair value:

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 – Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The Company recognizes transfers among Level 1, Level 2 and Level 3 classifications as of the actual date of the events or change in circumstances that caused the transfers.

The Company's financial instruments, including cash, cash equivalents, short-term bank deposits, marketable securities, accounts receivable, accounts payable and accruals have carrying amounts which is equal or approximate fair value due to the short-term maturity of these instruments.

The measurement of cash and cash equivalents and marketable derivatives are classified within Level 1.

**MIND C.T.I. LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**g. Short-term bank deposits:**

Bank deposits with maturities of more than three months but less than one year are included in short-term bank deposits. These deposits are presented at cost and earn interest at market rates which present the fair value.

**h. Marketable securities:**

Marketable securities are classified as “financial assets held at fair value through profit or loss” when held for trading or are designated upon initial recognition as financial assets at fair value through profit or loss.

Financial assets at fair value through profit or loss are shown at fair value. Any gain or loss arising from changes in fair value, including those originating from changes in exchange rates is recognized in profit or loss in the period in which the change occurred. Net gain or loss recognized in profit or loss incorporates any dividend or interest earned on the financial asset.

The Company invests in highly-rated marketable securities, and its policy limits the amount of credit exposure to any one issuer. The Company’s investment policy requires investments to be investment grade, rated BBB- or better, with the objective of minimizing the potential risk of principal loss. Fair values were determined for each individual security in the investment portfolio, based on quoted prices in active markets.

**i. Leases:**

The Company adopted ASC 842, “Leases”. In accordance with ASC 842, the Company first determines if an arrangement contains a lease and the classification of that lease, if applicable, at inception. ASC 842 requires the recognition of right-of-use assets and lease liabilities for the Company’s operating leases.

The Company elected to adopt the package of practical expedients permitted under ASC 842. Therefore, the Company was not required to reassess: (i) whether any expired or existing contracts are or contain leases; (ii) the classification of any expired or existing leases; and (iii) initial direct costs for any existing leases.

**j. Property and equipment:**

These assets are stated at cost, less accumulated depreciation and amortization.

The assets are depreciated by the straight-line method, on basis of their estimated useful life which best reflects the pattern of use.

Annual rates of depreciation are as follows:

	<u>%</u>
Computers and electronic equipment	15-33
Office furniture and equipment	6-7
Vehicles	15

Leasehold improvements are amortized by the straight-line method over the term of the lease, which is shorter than the estimated useful life of the improvements.

**MIND C.T.I. LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**k. Intangible assets:**

Intangible assets with definite lives are amortized over their estimated useful lives using the straight-line method which best reflects the pattern of use, at the following annual periods ranges:

	<b>Years</b>
Core technology	10.75
Customer relationships	5.75

Recoverability of these assets is measured by a comparison of the carrying amount of the asset to the undiscounted future cash flows expected to be generated by the assets. If the assets are considered to be impaired, the amount of any impairment is measured as the difference between the carrying value and the fair value of the impaired assets.

During the years ended December 31, 2022, 2021 and 2020, no impairment losses have been identified with respect to intangible assets.

**l. Goodwill:**

Goodwill reflects the excess of the purchase price of subsidiaries acquired over the fair value of net assets acquired. Under ASC 350, "Intangibles – Goodwill and Others", goodwill is not amortized but rather tested for impairment at least annually or most often if indicators of impairment are present.

Events or changes in circumstances that could trigger an impairment review include macroeconomic and other industry specific factors including, among others, a significant adverse change in business climate, an adverse action or assessment by a regulator, unanticipated competition, a loss of key personnel, significant changes in the manner of the Company's use of the acquired assets or the strategy for its overall business, significant negative industry or economic trends, or significant underperformance relative to expected historical or projected future results of operations.

The Company has the option to first assess qualitative factors to determine whether the existence of events or circumstances leads to a determination that it is more likely than not that the fair value of a reporting unit is less than its carrying value, including goodwill. If, after assessing the totality of events or circumstances, the Company determines that it is not more likely than not that the fair value of a reporting unit is less than its carrying amount, additional impairment testing is not required.

Alternatively, the Company may elect to proceed directly to the impairment test and bypass the qualitative assessment. Goodwill impairment should be measured by comparing the fair value of a reporting unit with its carrying amount.

The Company performed the annual impairment tests as of September 30, 2022, 2021 and 2020 and did not identify any indication for impairment losses (see Note 4b). The impairment test was based on a valuation performed by management. Judgments and assumptions used in the discounted cash flow model which included projected net cash flows from operations, short-term and long-term growth rates, weighted average cost of capital, interest, capital expenditures, cash flows, and market conditions.

**m. Income taxes:**

The Company accounts for income taxes, in accordance with the provisions of ASC 740, "Income Taxes", under the liability method of accounting. Under the liability method, deferred taxes are determined based on the differences between the financial statement and tax basis of assets and liabilities at enacted tax rates in effect in the year in which the differences are expected to reverse. Valuation allowances in respect of the deferred tax assets are provided for if, based upon the weight of available evidence, it is more likely than not that all or a portion of the deferred income tax assets will not be realized.

Deferred tax liabilities and assets are classified as non-current.

For uncertain tax positions, the Company follows a two-step approach to recognizing and measuring uncertain tax positions. The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates that it is more likely than not that the position will be sustained on audit. The second step is to measure the tax benefit as the largest amount that is more than 50% likely of being realized upon ultimate resolution. The Company's policy is to include interest and penalties related to unrecognized tax benefits within income tax expenses.

**MIND C.T.I. LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**n. Revenue recognition:**

The Company generates its revenues from software licensing, sales of professional services including integration and implementation, maintenance services, managed services and mobile messaging services.

The Company applies ASC 606, "Revenue from Contracts with Customers". Under ASC 606, revenue is measured as the amount of consideration the Company expects to be entitled to, in exchange for transferring products or providing services to its customers and is recognized when performance obligations under the terms of contracts with the Company's customers are satisfied. ASC 606 prescribes a five-step model for recognizing revenue from contracts with customers: (i) identify contract(s) with the customer; (ii) identify the separate performance obligations in the contract; (iii) determine the transaction price; (iv) allocate the transaction price to the separate performance obligations in the contract; and (v) recognize revenue when (or as) each performance obligation is satisfied.

The Company applies the provisions of ASC 606, as follows:

i) *Sale of standard licensed products*

Revenue from perpetual licenses is classified as software license revenue. Software license revenue is recognized as a point in time upon transfer of control to the customer which usually occurs when the licensed product and the utility that enables the customer to access authorization keys is delivered, provided that a signed contract has been received.

ii) *Services*

Revenues from ongoing maintenance and support fees are recognized over time on a pro-rated basis over the duration of the contract. Revenues earned from time and material arrangements, usually based on a pre agreed monthly rates, recognized over time, based on the duration of the contract and the service time provided to date.

Ongoing work on customizations performed for existing customers is generally provided on a fixed price basis and as such revenue is recognized when the related services are performed.

Contracts may include a combination of the Company's various products and services offerings, software, consulting services, and maintenance. For contracts with multiple performance obligations, the Company accounts for individual performance obligations separately if they are distinct. Significant judgment may be required to identify distinct obligations within a contract.

The total transaction price is allocated to the individual performance obligations based on the ratio of the relative established standalone selling prices (SSP), or the Company's best estimate of SSP, of each distinct product or service in the contract. Revenue is then recognized for each distinct performance obligation.

*Measuring Progress towards Completion*

Where a performance obligation is satisfied over time for an upgrade or implementation project that requires significant customer modifications and complex implementation, revenue is recognized over time, as the Company's performance does not create an asset with an alternative use and the Company has an enforceable right to payment, including a reasonable profit, based on the percentage of completion using the input method. This method relies on the Group's internal measure of progress, compared to the total effort to complete the modifications and implementation utilizing direct labor as the input measure. Estimates are based on the total number of hours performed on the project, compared to the total number of hours expected to complete the project. The estimate of the total number of hours to complete a project is inherently judgemental and depends upon the complexity of the work being undertaken, the customization being made to software and the customer environment being interfaced to. The scope of projects frequently changes, consequently, the judgement of total estimate at completion is subjected to a high level of review at all stages in a project life cycle.

*Managed Services*

Revenues from managed services include a monthly fee for services and a right to access the Company's software and are recorded as service revenues. The Company does not provide the customer with the contractual right to take possession of the software at any time during the period under these contracts. The monthly fee is based mainly on the number of subscribers or customer's business volume and the contracts include a minimum monthly charge. These revenues are recognized over time on a monthly basis when those services are satisfied.

**MIND C.T.I. LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

iii) *Mobile Messaging Transactions*

Certain of the Company's subsidiaries provide mobile messaging services, via text messages (SMS) and IP (Internet Protocol) messaging channels. Revenues from mobile messaging services are recognized when the messaging service has been rendered, i.e., the messages are delivered to recipient. The revenue amount is based on the price specified in the contract.

**o. Research and development expenses:**

Pursuant to ASC 985-20, "Software - Costs of Software to be Sold, Leased, or Marketed", development costs related to software products are expensed as incurred until the "technological feasibility" of the product has been established. Because of the relatively short time period between "technological feasibility" and product release, and the insignificant amount of costs incurred during such period, no software development costs have been capitalized.

**p. Allowance for doubtful accounts:**

The allowance is determined for specific debts doubtful of collection.

**q. Share-based compensation:**

The Company accounts for share-based compensation in accordance with ASC 718, "Compensation - Stock Compensation", which requires the measurement and recognition of compensation expense based on estimated fair values for all share-based payment awards made to employees. ASC 718 requires companies to estimate the fair value of equity-based payment awards on the date of grant using an option-pricing model. The value of the portion of the award that is ultimately expected to vest is recognized as an expense over the requisite service periods in the Company's consolidated statements of operations.

The Company recognizes compensation cost for an award with only service conditions that has a graded vesting schedule using the straight-line method over the requisite service period for the entire award, net of estimated forfeitures.

**r. Earnings per share ("EPS"):**

Basic EPS is computed by dividing net income by the weighted average number of shares outstanding during the year, net of treasury shares.

Diluted EPS reflects the increase in the weighted average number of shares outstanding that would result from the assumed exercise of employee stock options, calculated using the treasury stock method.

**s. Treasury shares:**

Treasury shares are presented as a reduction of shareholders' equity, at their cost to the Company, under "Treasury shares."

**t. Concentration of credit risks:**

Most of the cash and cash equivalents and short-term deposits of the Company and its subsidiaries are deposited with Israeli, European and U.S. banks. The Company is not aware of any specific credit risks in respect of these banks.

The Company's revenues have been generated from a large number of customers. Consequently, the exposure to credit risks relating to trade receivables is limited. The Company performs ongoing credit evaluations of its customers for the purpose of determining the appropriate allowance for doubtful accounts.

**MIND C.T.I. LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**u. Recently adopted accounting pronouncements:**

In November 2021, the Financial Accounting Standards Board (the “FASB”) issued Accounting Standards Update (“ASU”) 2021-10, ASC Topic 832, “Disclosures by Business Entities about Government Assistance”, which requires annual disclosures that increase the transparency of transactions involving government grants, including (i) information about the nature of the transactions and the related accounting policy used to account for the transactions, (ii) the line items on the balance sheet and statement of operations that are affected by the transactions, and the amounts applicable to each financial statement line item, and (iii) significant terms and conditions of the transactions. The Company applied the guidance prospectively to all in-scope transactions beginning fiscal year 2022. The adoption of this guidance did not have a material impact on the Company’s consolidated financial statements.

In October 2021, the FASB issued ASU 2021-08, “Business Combinations (Topic 805), Accounting for Contract Assets and Contract Liabilities from Contracts with Customers”, which requires contract assets and contract liabilities acquired in a business combination to be recognized and measured by the acquirer on the acquisition date in accordance with ASC 606, “Revenue from Contracts with Customers”. The guidance will result in the acquirer recognizing contract assets and contract liabilities at the same amounts recorded by the acquiree. The guidance should be applied prospectively to acquisitions occurring on or after the effective date. The guidance is effective for the fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. Early adoption is permitted, including in interim periods, for any financial statements that have not yet been issued. Adopting the new guidance in an interim period other than the first fiscal quarter requires an entity to apply the new guidance to all prior business combinations that have occurred since the beginning of the annual period in which the new guidance was adopted. The Company plans to adopt the new accounting standard effective January 1, 2023 and will apply the guidance prospectively to business combinations with an acquisition date occurring on or after January 2023.

The Company has evaluated other recently issued accounting pronouncements and does not currently believe that any of these pronouncements will have a material impact on its consolidated financial statements and related disclosures.

**NOTE 2 - PROPERTY AND EQUIPMENT, NET**

**a. Composition of assets, grouped by major classification, is as follows:**

	<b>December 31,</b>	
	<b>2022</b>	<b>2021</b>
	<b>U.S. dollars in thousands</b>	
Computers and electronic equipment	\$ 2,089	\$ 1,977
Office furniture and equipment	158	157
Vehicles	121	87
Leasehold improvements	27	27
	2,395	2,248
Less - accumulated depreciation and amortization	(2,170)	(2,073)
	\$ 225	\$ 175

**b. Depreciation expenses totaled \$77 thousand, \$63 thousand and \$77 thousand in the years ended December 31, 2022, 2021 and 2020, respectively.**

**MIND C.T.I. LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

c. Property and equipment, net - by geographical location:

	<b>December 31,</b>	
	<b>2022</b>	<b>2021</b>
	<b>U.S. dollars in thousands</b>	
Israel	\$ 74	\$ 62
Romania	70	67
Germany	81	46
<b>Total</b>	<b>\$ 225</b>	<b>\$ 175</b>

**NOTE 3 – LEASES**

The following represents the aggregate right-of-use assets and related lease liabilities from operating lease agreements for certain offices as:

	<b>December 31,</b>	
	<b>2022</b>	<b>2021</b>
	<b>U.S. dollars in thousands</b>	
<b>Amounts recognized in the consolidated balance sheet – right-of-use assets, net</b>	<b>\$ 946</b>	<b>\$ 1,463</b>
Current liabilities	\$ 271	\$ 376
Long-term liabilities	615	1,098
<b>Total operating leased liabilities</b>	<b>\$ 886</b>	<b>\$ 1,474</b>

In the third quarter of 2022, the Company returned one floor of office space in Romania, which resulted in a decrease of the right-of-use asset and in the lease liability in the amount of approximately \$173 thousand. There were no additional changes in the lease terms.

The weighted average lease term and weighted average discount rate as of December 31, 2022 were as follows:

Weighted average lease term – operating lease	4.28 years
Weighted average discount rate – operating lease	6.9%

The future cash flows related to the operating lease liabilities as of December 31, 2022 were as follows:

	<b>U.S. dollars in thousands</b>
<b>Years ending December 31:</b>	
2023	\$ 294
2024	248
2025	146
2026	142
2027	142
Thereafter	38
<b>Total lease payments (undiscounted)</b>	<b>1,010</b>
Less – discount to net present value	(124)
<b>Present value of lease liabilities</b>	<b>\$ 886</b>



**MIND C.T.I. LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 4 – GOODWILL AND OTHER INTANGIBLE ASSETS**

**a. Definite-lived intangible assets:**

	December 31,	
	2022	2021
	U.S. dollars in thousands	
Core technology	\$ 312	\$ 312
Customer relationships	545	545
	<u>857</u>	<u>857</u>
Less – accumulated amortization	(524)	(348)
	<u>333</u>	<u>509</u>
Functional currency translation adjustments	41	13
Total intangible assets, net	<u>\$ 374</u>	<u>\$ 522</u>

**b. Goodwill**

	Billing and related services			Messaging			Total		
	U.S. dollars in thousands								
Balance as of January 1, 2021	\$	5,430	\$	2,709	\$	8,139			
Changes during the year ended December 31, 2021:									
Functional currency translation adjustments		-		(210)		(210)			
Balance as of December 31, 2021	\$	5,430	\$	2,499	\$	7,929			
Changes during the year ended December 31, 2022:									
Functional currency translation adjustments		-		(144)		(144)			
Balance as of December 31, 2022	\$	<u>5,430</u>	\$	<u>2,355</u>	\$	<u>7,785</u>			

**NOTE 5 – SEVERANCE PAY**

Israeli law generally requires payment of severance pay upon dismissal of an employee or upon termination of employment in certain other circumstances. The severance pay liability of the Company to its Israeli employees, based upon the number of years of service and the latest monthly salary, is partially covered by regular deposits with severance pay funds and pension funds, and by purchase of insurance policies; under labor agreements, the deposits with recognized pension funds and the insurance policies, as above, are in the employees' names and are subject to certain limitations, the property of the employees.

The Company has entered into an agreement with some of its employees implementing Section 14 of the Israeli Severance Pay Law, 1963 and the general approval of the Minister of Labor dated June 30, 1998, issued in accordance with such Section 14. The agreement mandates that upon termination of such employees' employment, all the amounts accrued in their severance funds, pension funds and by the insurance policies will be released to them. The severance pay liabilities and deposits covered by these plans are not reflected in the balance sheet, as the severance pay risks have been irrevocably transferred to the severance funds, pension funds and insurance companies.

**MIND C.T.I. LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

The amounts accrued and the portions funded, with severance pay funds, pension funds and by the insurance policies are reflected in the financial statements as follows:

	<b>December 31,</b>	
	<b>2 0 2 2</b>	<b>2 0 2 1</b>
	<b>U.S. dollars in thousands</b>	
Accrued severance pay	\$ 1,930	\$ 2,361
Severance pay fund	(1,914)	(2,325)
<b>Unfunded balance</b>	<b>\$ 16</b>	<b>\$ 36</b>

The amounts of accrued severance pay as above cover the Company's severance pay liability in accordance with labor agreements in force and based on salary components which, in management's opinion, create entitlement to severance pay. The Company records the obligation as if it was payable at each balance sheet date on an undiscounted basis.

Withdrawals from the funds are generally made for the purpose of paying severance pay.

The severance pay expenses were \$61 thousand, \$89 thousand and \$126 thousand in the years ended December 31, 2022, 2021 and 2020, respectively.

**NOTE 6 - SHAREHOLDERS' EQUITY**

**a. Share capital:**

The Company's ordinary shares are traded in the United States on the Nasdaq Global Market, under the symbol MNDO. Ordinary shares of the Company confer upon their holders the right to receive notice to participate and vote in general meetings of the Company and the right to receive dividends, if and when, declared.

**b. Treasury shares:**

During the period between September 2008 and December 2009, the Company has purchased an aggregate number of 3,165,092 ordinary shares for a total consideration of approximately \$2.8 million. Currently, the Company does not have an active buyback plan. As of December 31, 2022, the remaining treasury shares are 1,535,684 which amounted to \$1,058 thousand. The treasury shares are mainly utilized by the Company to settle exercise of options by employees.

**c. Dividend:**

Dividends paid per share in the years ended December 31, 2022, 2021 and 2020 were \$0.26, \$0.26 and \$0.24, respectively.

The Company paid dividends to its shareholders in the amounts of approximately \$5.2 million, \$5.2 million and \$4.8 million during the years ended December 31, 2022, 2021 and 2020, respectively.

**d. Stock option plan:**

In 2011, the Board of Directors and the Company's shareholders approved a share incentive plan (the "2011 Share Incentive Plan"). Under the 2011 Share Incentive Plan, options for up to 1,800,000 ordinary shares of NIS 0.01 par value can be granted to employees, directors, consultants or contractors of the Company and its subsidiaries.

Each option can be exercised to purchase one ordinary share. Immediately upon issuance, the ordinary shares issuable upon the exercise of the options will confer on holders the same rights as the other ordinary shares.

The Board of Directors determines the exercise price and the vesting period of the options granted. The outstanding options granted under the abovementioned plan vest over 2-4 years on service basis. Options not exercised will expire five years after the day of grant.

**MIND C.T.I. LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

The compensation costs charged against income for the 2011 Share Incentive Plan were comprised as follows:

	Years Ended December 31,		
	2022	2021	2020
	U.S. dollars in thousands		
Cost of revenues	\$ 63	\$ 49	\$ 65
Research and development expenses	159	90	109
Selling and marketing expenses	1	4	9
General and administrative expenses	35	28	30
	<u>\$ 258</u>	<u>\$ 171</u>	<u>\$ 213</u>

Under Section 102 of the Israeli Income Tax Ordinance, pursuant to an election made by the Company thereunder, Israeli employees (except for employees who are deemed “Controlling Members” under the Israeli Income Tax Ordinance) are subject to a lower tax rate on part of the capital gains accruing to them in respect of Section 102 awards. However, the Company is not allowed to claim as an expense for tax purposes the amounts credited to such employees.

- 1) The following is a summary of the status of the 2011 Share Incentive Plan as of December 31, 2022, 2021 and 2020, and changes during the years ended on those dates:

	Years Ended December 31,					
	2022		2021		2020	
	Number	Weighted average exercise price	Number	Weighted average exercise price	Number	Weighted average exercise price
Options outstanding at the beginning of year	269,500	\$ 0.003	266,500	\$ 0.003	352,000	\$ 0.23
Changes during year:						
Granted (a)	304,000	\$ 0.003	172,000	\$ 0.003	64,000	\$ 0.003
Exercised	(67,000)	\$ 0.003	(71,500)	\$ 0.003	(89,500)	\$ 0.003
Forfeited	(54,000)	\$ 0.003	(96,500)	\$ 0.003	(56,000)	\$ 1.233
Expired	-	\$ 0.003	(1,000)	\$ 0.003	(4,000)	\$ 2.688
Options outstanding at the end of year	<u>452,500</u>	<u>\$ 0.003</u>	<u>269,500</u>	<u>\$ 0.003</u>	<u>266,500</u>	<u>\$ 0.003</u>
Options exercisable at the end of year	<u>25,500</u>	<u>\$ 0.003</u>	<u>30,000</u>	<u>\$ 0.003</u>	<u>23,000</u>	<u>\$ 0.003</u>
Weighted average grant date fair value of options granted during the year (b)		<u>\$ 1.58</u>		<u>\$ 1.79</u>		<u>\$ 1.32</u>

- (a) In the years ended December 31, 2022 and 2021 and 2020, the options were granted with an exercise price equal to par value of NIS 0.01 (\$0.003).

**MIND C.T.I. LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

- (b) The fair value of each stock option granted is computed on the date of grant according to the Black-Scholes option pricing model with the following assumptions:

	Years Ended December 31,		
	2022	2021	2020
Dividend yield	9.69%	8.73%	10.3%
Expected volatility*	30%	34%	22%
Average risk-free interest rate	1.99%	0.81%	0.53%
Expected average term - in years	3.88	3.88	3.88

\* Volatility is based on historical volatility of the Company's share price for periods matching the expected term of the option until exercise.

As of December 31, 2022, there were approximately \$623 thousand of total unrecognized compensation costs, net of expected forfeitures, related to unvested share-based compensation awards granted under the 2011 Share Incentive Plan. The costs are expected to be recognized over a weighted average period of 1.54 years.

- 2) The following table summarizes information about options outstanding and exercisable as of December 31, 2022:

Range of exercise prices	Options Outstanding			Options Exercisable		
	Number outstanding at December 31, 2022	Weighted average remaining contractual life	Weighted average exercise price	Number exercisable at December 31, 2022	Weighted average remaining contractual life	Weighted average exercise price
	Years			Years		
\$ 0.003	452,500	3.7	\$ 0.003	25,500	1.45	\$ 0.003

The total intrinsic value of options exercised during the years ended December 31, 2022, 2021 and 2020 were approximately \$184 thousand, \$235 thousand and \$212 thousand, respectively. As of December 31, 2022 the aggregate intrinsic value of the outstanding options is \$949 thousand, and the aggregate intrinsic value of the exercisable options is \$53 thousand.

**NOTE 7 - TAXES ON INCOME**

**a. Israeli corporate tax**

- 1) Tax benefits under the Law for the Encouragement of Industry (Taxes), 1969:

The Company is an "Industrial Company", as defined by this law. As such, the Company is entitled to claim depreciation at increased rates for equipment used in industrial activity, as stipulated by regulations published under the Income Tax (Inflationary Adjustments) Law, 1985.

- 2) Tax benefits under the Law for the Encouragement of Capital Investments, 1959 (the "Investment Law"):

On February 18, 2018 and on February 16, 2022, the Company received a status of "Technologic Preferred Enterprise" as defined under the Investment Law (the "Approvals"). In accordance with the Approvals, starting in 2017 and until 2026, income originating from granting the right of use as defined in the Approval, will be defined as Technologic Preferred Income, as defined under the Law, and will be subject to a tax rate of 7.5%. The reduced tax rate applies only with respect to the revenue attributable to the portion of intellectual property developed in Israel. The Preferred Technological Income is calculated for each tax year by applying the "Nexus" formula as detailed in the Israeli regulations.

Dividend distributed from income which is attributed to a "Technologic Preferred Enterprise" will be subject to withholding tax of 20%, subject to a reduced tax rate under the provisions of an applicable double taxation treaty.

**MIND C.T.I. LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**b. Other applicable tax rates:**

- 1) Income from other sources in Israel

The tax rate relevant to corporates in Israel in the year 2021 and thereafter is 23%.

- 2) Income of non-Israeli subsidiaries

Non-Israeli subsidiaries are taxed according to tax laws in their countries of residence (19% in the U.K, 30% in Germany, 21% in U.S. and 16% in Romania).

- 3) On October 8, 2021, 136 countries approved a statement known as the OECD BEPS Inclusive Framework, which builds upon the OECD's continuation of the BEPS project. The first pillar is focused on the allocation of taxing rights between countries for in-scope multinational enterprises that sell goods and services into countries with little or no local physical presence. The second pillar is focused on developing a global minimum tax rate of at least 15 percent applicable to in-scope multinational enterprises. The Company is monitoring the developments closely to ensure that the Company is compliant with the various requirements.

**c. Deferred income taxes:**

- 1) Provided in respect of the following:

	<b>December 31,</b>	
	<b>2 0 2 2</b>	<b>2 0 2 1</b>
	<b>U.S. dollars in thousands</b>	
Research and development expenses	\$ 105	\$ 104
Carryforward tax losses, see (2) below	1,388	1,588
Other	10	18
Less - valuation allowance, see (2) below	(1,360)	(1,526)
	\$ 143	\$ 184

Deferred income tax assets are presented in the balance sheet among non-current assets. Also, as of December 31, 2022 and 2021, the Company has deferred income tax liability in amount of \$112 thousand and \$157 thousand, respectively which is calculated on temporary difference on intangible assets, which were recorded as a part of Message Mobile's acquisition. Deferred income tax liability is presented in the balance sheet among long-term liabilities.

- 2) As of December 31, 2022 and 2021, the Company has provided valuation allowances in respect of certain deferred tax assets in certain subsidiaries resulting from tax losses carryforward due to uncertainty concerning their realization.

**MIND C.T.I. LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

Taxes on income included in the statements of operations:

1) As follows:

	Years Ended December 31,		
	2022	2021	2020
	U.S. dollars in thousands		
Current:			
In Israel	\$ 335	\$ 687	\$ 420
Outside Israel	(12)	346	167
	<u>323</u>	<u>1,033</u>	<u>587</u>
Deferred:			
In Israel	1	(18)	(59)
Outside Israel	6	(79)	(69)
	<u>\$ 330</u>	<u>\$ 936</u>	<u>\$ 459</u>

2) Following is a reconciliation of the theoretical tax expense, assuming all income is taxed at the regular tax rates applicable to companies in Israel (see b above), and the actual tax expense:

	Years Ended December 31,		
	2022	2021	2020
	U.S. dollars in thousands		
Income before taxes on income, as reported in the statements of operations*	\$ 5,617	\$ 6,883	\$ 5,842
Theoretical tax expense	1,292	1,583	1,344
Less - tax benefits arising from Technologic Preferred Enterprise status, see a. above	(797)	(739)	(796)
	<u>495</u>	<u>844</u>	<u>548</u>
Increase (decrease) in taxes resulting from other differences:			
Disallowable deductions	20	38	52
Taxes on income from previous years	(80)	169	-
Changes in valuation allowance	(119)	(127)	(152)
Other	14	12	11
Taxes on income for the reported years:	<u>\$ 330</u>	<u>\$ 936</u>	<u>\$ 459</u>
* As follows:			
Taxable in Israel	\$ 5,144	\$ 4,936	\$ 5,135
Taxable outside Israel	473	1,947	707
	<u>\$ 5,617</u>	<u>\$ 6,883</u>	<u>\$ 5,842</u>

**d. Tax assessments:**

As of December 31, 2022, the Company's tax assessments through the 2017 tax year, are deemed final.

**MIND C.T.I. LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 8 - SUPPLEMENTARY BALANCE SHEET INFORMATION**

**a. Cash and short-term bank deposits:**

	<b>December 31,</b>	
	<b>2 0 2 2</b>	<b>2 0 2 1</b>
	<b>U.S. dollars in thousands</b>	
Cash	\$ 4,535	\$ 4,182
Cash equivalents	730	-
<b>Total cash and cash equivalents</b>	<b>\$ 5,265</b>	<b>\$ 4,182</b>
 Short-term bank deposits*	 \$ 12,040	 \$ 14,071

\* The average interest rate of short-term deposits is 4.15% and 0.73%, as of December 31, 2022 and 2021, respectively.

**b. Other current assets:**

	<b>December 31,</b>	
	<b>2 0 2 2</b>	<b>2 0 2 1</b>
	<b>U.S. dollars in thousands</b>	
Government institutions	\$ 36	\$ 55
Employees	31	27
Interest receivable	185	24
Sundry	41	39
	<b>\$ 293</b>	<b>\$ 145</b>

**c. Other current liabilities and accruals:**

	<b>December 31,</b>	
	<b>2 0 2 2</b>	<b>2 0 2 1</b>
	<b>U.S. dollars in thousands</b>	
Payroll and related expenses	\$ 840	\$ 946
Government institutions	277	453
Accrued vacation pay	64	87
Accrued expenses and sundry	797	779
	<b>\$ 1,978</b>	<b>\$ 2,265</b>

**MIND C.T.I. LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 9 - SELECTED STATEMENT OF OPERATIONS DATA**

**a. Revenues:**

- 1) The Company's revenues derive from sale of software products and services in two operating segments. The Company has three product lines: (i) product line "A" - billing and customer care solutions for service providers; (ii) product line "B" - call accounting and call management solutions for enterprises; and (iii) product line "C" - mobile messaging and communication solutions. Product lines "A" and "B" relate to the billing and related services reporting segment and product line "C" relates to the messaging reporting segment.

The following table sets forth the revenues classified by product lines:

	Years Ended December 31,		
	2022	2021	2020
	U.S. dollars in thousands		
Product line "A"	\$ 11,545	\$ 12,069	\$ 11,986
Product line "B"	2,343	2,286	2,642
Product line "C"	7,663	11,976	8,746
	<u>\$ 21,551</u>	<u>\$ 26,331</u>	<u>\$ 23,374</u>

- 2) The following table sets forth the geographical revenues classified by geographical location of the customers:

	Years Ended December 31,		
	2022	2021	2020
	U.S. dollars in thousands		
The Americas	\$ 8,536	\$ 9,421	\$ 10,355
Europe	11,382	14,702	11,734
Israel	825	1,366	893
Other	808	842	392
	<u>\$ 21,551</u>	<u>\$ 26,331</u>	<u>\$ 23,374</u>

**b. Financial income, net:**

	Years Ended December 31,		
	2022	2021	2020
	U.S. dollars in thousands		
<b>Income:</b>			
Interest on bank deposits and short-term investments	\$ 262	\$ 110	\$ 172
Interest on non-current trade receivables	58	-	-
Non-dollar currency gains, net	-	-	147
Income from marketable securities	-	-	83
Realized gain from sale of available-for-sale securities	-	3	-
	<u>320</u>	<u>113</u>	<u>402</u>
<b>Expenses:</b>			
Non-dollar currency losses, net	(99)	(8)	-
Interest	(60)	-	-
Unrealized loss from marketable securities	(34)	(1)	-
Realized loss from sale of marketable securities	(11)	-	-
Bank commissions and charges	(23)	(49)	(23)
	<u>(227)</u>	<u>(58)</u>	<u>(23)</u>
	<u>\$ 93</u>	<u>\$ 55</u>	<u>\$ 379</u>



**MIND C.T.I. LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**c. Earnings per ordinary share (“EPS”):**

The following table sets forth the computation of the Company’s basic and diluted EPS:

	<b>Years Ended December 31,</b>		
	<b>2 0 2 2</b>	<b>2 0 2 1</b>	<b>2 0 2 0</b>
	<b>In thousands</b>		
Weighted average number of shares issued and outstanding - used in computation of basic EPS	20,099	20,006	19,907
Incremental shares from assumed exercise of options	298	264	231
Weighted average number of shares used in computation of diluted EPS	<u>20,397</u>	<u>20,270</u>	<u>20,138</u>

**NOTE 10 - REPORTABLE SEGMENTS**

The Company applies ASC 280, “Segment Reporting”. ASC 280 establishes standards for reporting information about operating segments. Operating segments are defined as components of an enterprise about which separate financial information is available that is evaluated regularly by the CODM in deciding how to allocate resources and in assessing performance.

As mentioned in Note 1d, the CODM of the Company is the Chief Executive Officer. The CODM assesses the performance of each segment and allocates resources to those segments based on net revenues and operating results and does not evaluate the Company’s reportable segments using discrete asset information.

	<b>Year Ended December 31, 2022</b>		
	<b>Billing and Related Services</b>	<b>Messaging</b>	<b>Total</b>
	<b>U.S. dollars in thousands</b>		
Revenues	\$ 13,888	\$ 7,663	\$ 21,551
Operating income	<u>\$ 5,105</u>	<u>\$ 419</u>	<u>\$ 5,524</u>

**MIND C.T.I. LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

	<b>Year Ended December 31, 2021</b>		
	<b>Billing and Related Services</b>	<b>Messaging</b>	<b>Total</b>
	<b>U.S. dollars in thousands</b>		
Revenues	\$ 14,355	\$ 11,976	\$ 26,331
Operating income	\$ 4,818	\$ 2,010	\$ 6,828

  

	<b>Year Ended December 31, 2020</b>		
	<b>Billing and Related Services</b>	<b>Messaging</b>	<b>Total</b>
	<b>U.S. dollars in thousands</b>		
Revenues	\$ 14,628	\$ 8,746	\$ 23,374
Operating income	\$ 4,412	\$ 1,051	\$ 5,463

Revenues from one customer of the Company's billing and related services segment represents approximately 12%, 7% and 9% of the total revenues for the years ended December 31, 2022, 2021 and 2020, respectively.

**NOTE 11 - RELATED PARTIES**

**a. Balances**

As of December 31, 2022 and 2021, the Company had an accrual in the amount of \$240 thousand, pursuant to the compensation policy regarding the Chief Executive Officer's annual bonus.

**b. Transactions**

During the years ended December 31, 2022, 2021 and 2020, the Company recorded salary expenses, cash bonus and directors' fees to its related parties in the amount of \$615 thousand, \$596 thousand and \$596 thousand, respectively.

**NOTE 12 - SUBSEQUENT EVENT**

On March 8, 2023, the Company declared a cash dividend to its shareholders in the amount of approximately \$4.8 million (\$0.24 per share).

Certification of Principal Executive Officer pursuant to 17 CFR 240.13a-14(a),  
as adopted pursuant to §302 of the Sarbanes-Oxley Act

I, Monica Iancu, certify that:

1. I have reviewed this annual report on Form 20-F of MIND C.T.I. Ltd.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
4. The company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:
  - a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under my supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report my conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and
5. The company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):
  - a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
  - b. any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: March 15, 2023

/s/ Monica Iancu

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Monica Iancu  
President and Chief Executive Officer  
(Principal Executive Officer)

Certification of Principal Financial Officer pursuant to 17 CFR 240.13a-14(a),  
as adopted pursuant to §302 of the Sarbanes-Oxley Act

I, Arie Abramovich, certify that:

1. I have reviewed this annual report on Form 20-F of MIND C.T.I. Ltd.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
4. The company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:
  - a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under my supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report my conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and
5. The company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):
  - a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
  - b. any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: March 15, 2023

/s/ Arie Abramovich  
Arie Abramovich  
Chief Financial Officer  
(Principal Financial Officer)

Certification of Principal Executive Officer pursuant to 18 U.S.C. § 1350,  
as adopted pursuant to § 906 of the Sarbanes-Oxley Act

In connection with the annual report on Form 20-F for the fiscal year ended December 31, 2022 of MIND C.T.I. Ltd. (the “Company”) as filed with the U.S. Securities and Exchange Commission (the “Commission”) on the date hereof (the “Report”) and pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, I, Monica Iancu, certify that:

- the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 15, 2023

/s/ Monica Iancu

Monica Iancu

President and Chief Executive Officer

(Principal Executive Officer)

Certification of Principal Financial Officer pursuant to 18 U.S.C. § 1350,  
as adopted pursuant to § 906 of the Sarbanes-Oxley Act

In connection with the annual report on Form 20-F for the fiscal year ended December 31, 2022 of MIND C.T.I. Ltd. (the “Company”) as filed with the U.S. Securities and Exchange Commission (the “Commission”) on the date hereof (the “Report”) and pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, I, Arie Abramovich, certify that:

- The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 15, 2023

/s/ Arie Abramovich

Arie Abramovich  
Chief Financial Officer  
(Principal Financial Officer)