TREMOR INTERNATIONAL Ltd.

Tremor International - Q4 and FY 2022 Results

March 7, 2023

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Tremor International Ltd

("Tremor" or the **"Company")**

Tremor International Reports Results for the Fourth Quarter and Year Ended December 31, 2022

Generated record CTV spend and Contribution ex-TAC in both Q4 and FY 2022; CTV spend increased 59% from Q4 2021 and 41% from full year 2021

Linear and CTV cross-planning capabilities created through acquisition of Amobee position the Company for increased CTV market share gains and major partnerships in 2023 and beyond

Investment in VIDAA expected to generate meaningful revenue benefits beginning in late-2023

Tremor International Ltd. (AIM/NASDAQ: TRMR) ("Tremor" or the "Company"), a global leader in data-driven video and connected TV ("CTV") advertising technology offering an end-to-end platform that enables advertisers to optimize their campaigns and media companies to maximize inventory yield, today announces its financial results for the fourth quarter and year ended December 31, 2022.

Financial Summary

- Generated record Q4 2022 Contribution ex-TAC of $103.0 million, compared to $88.6 million in Q4 2021, and record Contribution ex-TAC of $309.7 million for the year ended December 31, 2022, compared to $302.0 million for the year ended December 31, 2021, in-line with market expectations. All results shown for the three months ended December 31, 2022 include contributions from Amobee, while all results shown for the year ended December 31, 2022 include contributions from Amobee for the September 12, 2022 through December 31, 2022 period.

- Significantly expanded CTV market share, generating record Q4 CTV spend of $99.6 million, an increase of 59% compared to $62.5 million in Q4 2021, and record CTV spend of $283.6 million for the year ended December 31, 2022, reflecting a 41% increase from $201.0 million generated for the year ended December 31, 2021.

- Achieved Q4 2022 Adjusted EBITDA of $36.9 million, compared to $54.0 million in Q4 2021, and Adjusted

EBITDA of $144.9 million for the year ended December 31, 2022, compared to $161.2 million for the year ended December 31, 2021, in-line with market expectations.

- Maintained strong margins, including a 34% Adjusted EBITDA margin on a reported revenue basis and 36% on a Contribution ex-TAC basis in Q4 2022, and a 43% Adjusted EBITDA margin on a reported revenue basis, and 47% on a Contribution ex-TAC basis for the year ended December 31, 2022.

- CTV spend during the twelve months ended December 31, 2022 reflected 39% of total spend and 42% of programmatic spend.

- Video revenue, including CTV, continued to represent the vast majority of Tremor's Contribution ex-TAC at approximately 73% for Q4 2022 and 79% for the year ended December 31, 2022.

- $115.5 million net cash position as of December 31, 2022, alongside remaining $80 million undrawn on the Company's revolving credit facility, provides strong liquidity for the ongoing needs of the business as well as for future potential strategic investments and initiatives.

- Achieved a net retention rate of 80% during 2022. While the Company's net retention rate declined year-over-year, largely due to lower spending by advertising customers amidst challenging market conditions, the Company was able to increase its active customer base.

"During the fourth quarter, we significantly expanded our CTV market share and customer base while working on the integration of new, enhanced, and differentiated technology and data capabilities around linear TV and CTV cross-planning, which we believe will prove to be critical for success in the future of digital advertising," said Ofer Druker, Tremor International's Chief Executive Officer. "In 2023, we will keep our focus on generating strong profitability and cash flow, deepening revenue relationships with leading brands, agencies, broadcasters, and CTV partners, completing the integration of Amobee, and unifying the Company under one brand to more effectively convey the holistic value proposition of our end-to-end technology ecosystem in the market."

Mr. Druker added, "As macroeconomic uncertainty persists, we've observed customers increasingly consolidating budgets with fewer trusted partners, and more complete and advanced technology solutions, that optimize budget deployment through efficient data-driven planning and audience targeting to drive superior returns on advertising spend. We believe our technology suite offers a comprehensive solution across planning, data, activation, and media unmatched in the open internet, strongly positioning the Company with the potential to capture a larger share of existing customer budgets and attract new customers and partners."

Operational Highlights

- **Achieved significant progress integrating Amobee and introducing combined capabilities to the market; the Company continues to expect to largely complete the technology integration by the end of H1 2023:**
  - Successfully enhanced efficiency by combining management, sales, marketing, and product teams, realizing approximately $50 million in annualized operating cost synergies, while generating positive adjusted EBITDA from Amobee within the first three weeks of closing the acquisition.
  - Management continues to expect total annualized operating cost synergies of approximately $65 million, which includes the approximately $50 million already realized.
  - The Company continues to focus on generating further cost savings by eliminating duplicative technology fees as it works towards combining the Tremor Video and Amobee DSPs into a single enhanced CTV- and video-focused platform with stronger enterprise self-service capabilities, and unique linear TV and CTV

cross-planning capabilities.

- The linear TV and cross-planning capabilities enabled by the acquisition of Amobee are already generating commercial traction with some of the world's leading broadcasters and agencies. The Company is engaged in ongoing partnership discussions and testing with major broadcasters and agencies seeking to leverage its newly created cross-planning technology and is encouraged by early signs that this technology increases the likelihood of existing and prospective customers adopting multiple solutions across the Company's end-to-end ecosystem.

· **Deepened strategic relationship with VIDAA and Hisense; the Company expects meaningful revenue benefits associated with its investment in VIDAA beginning in late-2023:**

- Executed a first-of-its-kind partnership with Hisense, VIDAA, and Google to enable ad monetization on the FIFA+ CTV app across millions of VIDAA- and Google-powered smart TVs during the 2022 FIFA World Cup. The Company expects additional exclusive sports-related CTV content opportunities through its partnership with VIDAA and Hisense in the future.
- VIDAA continued to expand its market share, increasing adoption by additional smart TV brands, and adding several major CTV partners. We believe VIDAA now delivers a wide range of major U.S. subscription video-on-demand ("SVOD") services and streams an average of approximately 1 billion hours of monthly content in roughly 180 countries and territories.
- VIDAA launched VIDAA Free, a streaming hub offering video-on-demand, live linear, FAST, and ad-supported content which will be available on millions of VIDAA-powered smart TVs from Hisense. VIDAA Free is currently live in the U.S., with plans to expand globally later in 2023. This is expected to benefit Tremor over time through the Company's ad monetization exclusivity on VIDAA media in the U.S., U.K., Canada, and Australia.
- For the first time, according to AVC Revo, Hisense rose to number one in the world for monthly global smart TV shipments during December 2022. As Hisense continues to expand its reach, Tremor and its customers are expected to increasingly benefit through the Company's unique exclusive global access to VIDAA's ACR data for targeting and measurement within CTV.

· **Tremor Video and Unruly continued to generate increased advertiser and supply partner adoption:**

- Unruly added 87 new supply partners, including 56 in the US, during Q4 2022, and 319 new supply partners, including 160 in the US, for the year ended December 31, 2022. Partners continued to be added across verticals such as sports, news, and entertainment, and several formats including online video, mobile, CTV, and OTT apps from leading broadcast and vMVPD businesses.
- Unruly CTRL, Tremor's self-service platform for publishers, saw PMP spend increase by 160% during Q4 2022 compared to Q4 2021, and 247% for the year ended December 31, 2022, compared to the year ended December 31, 2021.
- Tremor Video added 42 new advertiser customers during Q4 2022, and 233 for the year ended December 31, 2022, across retail, political, CPG, travel, and automotive verticals, as well as others.
- Tr. ly produced 365% more unique creatives during 2022 than in 2021. Growth was attributable to increased adoption of Tr. ly's premium creative services, including its data-driven creative product, which doubled the number of campaigns executed during 2022 compared to 2021, and generated 345% more spend from clients over the same period.

Share Repurchase Program Update

- Tremor International repurchased 3,114,310 Ordinary shares during Q4 2022 at an average price of 304.48 pence, reflecting a total investment of approximately £9.50 million, or $11.3 million. The Company's currently authorized share repurchase program will continue until either April 1, 2023, or until it has been completed. The share repurchase program does not obligate Tremor to repurchase any particular amount of Ordinary Shares and the program may be suspended, modified, or discontinued at any time at the Company's discretion, subject to applicable law.

- During the year ended December 31, 2022, the Company repurchased 16,906,795 Ordinary shares, or approximately 11% of shares outstanding, at an average price of 413.03 pence, reflecting a total investment of approximately £70.0 million, or $86.3 million.

Financial Guidance

- Global economic uncertainty which negatively impacted the advertising industry throughout 2022, driven by several factors including rising inflation, rising interest rates, global supply chain constraints, residual effects from the COVID-19 pandemic, geopolitical conflicts, and recession concerns, continues to represent a challenge for the Company, its global customers, and partners.
- Due to these uncertainties, management has lowered its full year 2023 Contribution ex-TAC and Adjusted EBITDA outlook and expects global advertising demand to remain constrained in H1 2023, and potentially longer, however does not anticipate advertising demand will weaken to the soft levels observed during late-2022, and earlier in 2023.
- Management anticipates incremental improvements to results during H2 2023, driven by anticipated positive effects of completing the integration of Amobee, expected revenue benefits associated with the Company's investment in VIDAA beginning in late-2023, and expectations for tempered improvements in the global advertising demand environment, and accordingly, Tremor estimates:

  - Full year 2023 Contribution ex-TAC of approximately $400 million
  - Full year 2023 Adjusted EBITDA in a range of approximately $140 - $145 million

- In 2023, management believes revenue tied to the Company's core business, focused on programmatic activities, will grow approximately 5% on a combined pro forma basis, while revenue in the Company's non-core performance business is expected to decline year-over-year.

Fourth Quarter and Full Year 2022 Financial Highlights ($ in millions, except per share amounts)

	Three months ended December 31			Twelve months ended December 31		
	2022	2021	%	2022	2021	%
IFRS highlights						
Revenues	107.7	102.5	5%	335.3	341.9	(2%)
Programmatic Revenues	94.5	74.5	27%	274.4	266.6	3%
Operating Profit	10.8	24.4	(56%)	44.8	74.5	(40%)
Total Comprehensive Income	9.8	23.9	(59%)	16.2	70.6	(77%)
Diluted EPS	0.03	0.15	(77%)	0.15	0.48	(69%)
Non-IFRS Highlights						
Contribution ex-TAC	103.0	88.6	16%	309.7	302.0	3%
Adjusted EBITDA	36.9	54.0	(32%)	144.9	161.2	(10%)
Adjusted EBITDA Margin	36%	61%	(41%)	47%	53%	(11%)

	Three months ended December 31			Twelve months ended December 31		
	2022	2021	%	2022	2021	%
IFRS highlights						
Non-IFRS net Income	**22.2**	**43.3**	**(49%)**	**91.8**	**126.8**	**(28%)**
Non-IFRS Diluted EPS	**0.15**	**0.27**	**(44%)**	**0.60**	**0.83**	**(28%)**

Fourth Quarter and Full Year 2022 Financial Results Webcast and Conference Call Details

- Tremor International Fourth Quarter and Twelve Months Ended December 31, 2022 Earnings Webcast and Conference Call
- March 7, 2023, at 6:00 AM PT, 9:00 AM ET, and 2:00 PM GMT
- **Webcast Link:** https://edge.media-server.com/mmc/p/au3jxmf8
- **Participant Dial-In Numbers:**
    - US/CANADA Participant Toll-Free Dial-In Number: (800) 715-9871
    - UK Participant Toll-Free Dial-In Number: +44 800 260 6466
    - INTERNATIONAL Participant Dial-In Number: (646) 307-1963
    - Conference ID: 9548695

Use of Non-IFRS Financial Information

In addition to our IFRS results, we review certain non-IFRS financial measures to help us evaluate our business, measure our performance, identify trends affecting our business, establish budgets, measure the effectiveness of investments in our technology and development and sales and marketing, and assess our operational efficiencies. These non-IFRS measures include Contribution ex-TAC, Adjusted EBITDA, Non-IFRS Net Income and Non-IFRS Earnings per share, each of which is discussed below.

These non-IFRS financial measures are not intended to be considered in isolation from, as substitutes for, or as superior to, the corresponding financial measures prepared in accordance with IFRS. You are encouraged to evaluate these adjustments and review the reconciliation of these non-IFRS financial measures to their most comparable IFRS measures, and the reasons we consider them appropriate. It is important to note that the particular items we exclude from, or include in, our non-IFRS financial measures may differ from the items excluded from, or included in, similar non-IFRS financial measures used by other companies. See "Reconciliation of Revenue to Contribution ex-TAC," "Reconciliation of Net Income to Adjusted EBITDA," and "Reconciliation of Net Income to Non-IFRS Net Income," included as part of this press release.

- **Contribution ex-TAC**: Contribution ex-TAC for Tremor International is defined as gross profit plus depreciation and amortization attributable to cost of revenues and cost of revenues (exclusive of depreciation and amortization) minus the Performance media cost ("traffic acquisition costs" or "TAC"). Contribution ex-TAC is a supplemental measure of our financial performance that is not required by, or presented in accordance with, IFRS. Contribution ex-TAC should not be considered as an alternative to gross profit as a measure of financial performance. Contribution ex-TAC is a non-IFRS financial measure and should not be viewed in isolation. We believe Contribution ex-TAC is a useful measure in assessing the performance of Tremor International, because it facilitates a consistent comparison against our core business without considering the impact of traffic acquisition costs related to revenue reported on a gross basis.

- **Adjusted EBITDA**: We define Adjusted EBITDA for Tremor International as total comprehensive income for the period adjusted for foreign currency translation differences for foreign operations, financing expenses, net, tax benefit, depreciation and amortization, stock-based compensation, restructuring, acquisition and IPO-related costs and other expenses (income), net. Adjusted EBITDA is included in the press release because it is a key metric used by management and our board of directors to assess our financial performance. Adjusted EBITDA is frequently used by analysts, investors, and other interested parties to evaluate companies in our industry. Management believes that Adjusted EBITDA is an appropriate measure of operating performance because it eliminates the impact of expenses that do not relate directly to the performance of the underlying business.

- **Adjusted EBITDA margin:** We define Adjusted EBITDA margin as Adjusted EBITDA as a percentage of Contribution ex-TAC.

- **Non-IFRS Income and Non-IFRS Earnings per Share:** We define non-IFRS earnings per share as non-IFRS income divided by non-IFRS weighted-average shares outstanding. Non-IFRS income is equal to net income excluding stock-based compensation, and cash- and non-cash-based acquisition and related expenses, including amortization of acquired intangible assets, merger-related severance costs, and transaction expenses. In periods in which we have non-IFRS income, non-IFRS weighted-average shares outstanding used to calculate non-IFRS earnings per share includes the impact of potentially dilutive shares. Potentially dilutive shares consist of stock options, restricted stock awards, restricted stock units, and performance stock units, each computed using the treasury stock method. We believe non-IFRS earnings per share is useful to investors in evaluating our ongoing operational performance and our trends on a per share basis, and also facilitates comparison of our financial results on a per share basis with other companies, many of which present a similar non-IFRS measure. However, a potential limitation of our use of non-IFRS earnings per share is that other companies may define non-IFRS earnings per share differently, which may make comparison difficult. This measure may also exclude expenses that may have a material impact on our reported financial results. Non-IFRS earnings per share is a performance measure and should not be used as a measure of liquidity. Because of these limitations, we also consider the comparable IFRS measure of net income.

We do not provide a reconciliation of forward-looking non-IFRS financial metrics, because reconciling information is not available without an unreasonable effort, such as attempting to make assumptions that cannot reasonably be made on a forward-looking basis to determine the corresponding IFRS metric.

The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014 (as implemented into English law) ("MAR"). With the publication of this announcement via a Regulatory Information Service, this inside information is now considered to be in the public domain.

About Tremor International

Tremor is a global company offering an end-to-end technology advertising platform, operating across three core capabilities - Video, Data, and CTV. Tremor's unique approach is centered on offering a full stack of end-to-end solutions which provides it with a major competitive advantage within the video advertising ecosystem.

Tremor Video helps advertisers deliver impactful brand stories across all screens through the power of innovative video technology combined with advanced audience data and captivating creative content. Tremor Video's innovative video advertising technology has offerings in CTV, in-stream, out-stream and in-app. To learn more, visit www.tremorvideo.com

Amobee optimizes outcomes for advertisers and media companies, while providing a better consumer experience. Its platform assists customers by furthering their audience development, optimizing their cross-channel performance across TV, connected TV, and digital media, and driving new customer growth through detailed analytics and reporting. To learn more, visit www.amobee.com

Unruly, the media side of Tremor, drives real business outcomes in multiscreen advertising. Its programmatic platform efficiently and effectively delivers performance, quality, and actionable data to demand and supply-focused clients and partners. Tremor has a meaningful number of direct integrations with premium publishers, unique demand relationships with a variety of advertisers and privileged access to News Corp inventory. Unruly connects to the world's largest DSPs and is compatible with most Ad Age top 100 brands. To learn more, visit www.unruly.co

Tremor is headquartered in Israel and maintains offices throughout the United States, Canada, Europe, and Asia-Pacific and is traded on the London Stock Exchange (AIM: TRMR) and NASDAQ (TRMR).

For more information, visit: https://www.tremorinternational.com/

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Forward Looking Statements

This press release contains forward-looking statements, including forward-looking statements within the meaning of Section 27A of the United Stated Securities Act of 1933, as amended, and Section 21E of the United States Securities and Exchange Act of 1934, as amended. Forward-looking statements are identified by words such as "anticipates," "believes," "expects," "intends," "may," "can," "will," "estimates," and other similar expressions. However, these words are not the only way Tremor identifies forward-looking statements. All statements contained in this press release that do not relate to matters of historical fact should be considered forward-looking statements, including without limitation statements regarding the anticipated financial results for full year 2023; anticipated benefits of Tremor's strategic transactions and commercial partnerships; anticipated features and benefits of Tremor's products and service offerings; Tremor's positioning for continued future growth in both the US and international markets in 2023 and beyond; Tremor's implementation of a substantial share repurchase while also continuing to evaluate strategic opportunities to acquire companies and invest in technology, products, sales and marketing to further expand its platform; Tremor's medium- to long-term prospects; management's belief that Tremor is well-positioned to benefit from anticipated future industry growth trends and Company-specific catalysts; the potential negative impact of inflationary pressures, rising interest rates, geopolitical and macroeconomic uncertainty, recession concerns, and the widespread global supply chain issues that have limited advertising activity and the anticipation that these challenges could continue to have an impact for the remainder of 2023 and beyond; the future impact of the Company's liquidity position and its ability to meet the ongoing needs of the business as well as for future potential investments and related initiatives; the anticipated benefits from the Company's investment in VIDAA and its enhanced strategic relationship with Hisense; the anticipated benefits and synergies from the Amobee acquisition and ability of Tremor to continue to recognize those synergies; Tremor's ability to continue to execute on cross-selling opportunities and its introduction of new technology products to a significantly larger customer base and addressable market; the timing to complete the technology integration of Amobee, as well as any other statements related to Tremor's future financial results and operating performance. These statements are neither promises nor guarantees but involve known and unknown risks, uncertainties and other important factors that may cause Tremor's actual results, performance or achievements to be materially different from its expectations expressed or implied by the forward-looking statements, including, but not limited to, the following: negative global economic conditions, potential negative developments in the COVID-19 pandemic as well as global conflicts and war, and how those developments may adversely impact Tremor's business, customers, and the markets in which Tremor competes, changes in industry trends, the risk that Tremor will not realize the anticipated benefits of its acquisition of Amobee and strategic investment in VIDAA, including as a result of an inability to integrate Amobee's business effectively and efficiently into Tremor, and other negative developments in Tremor's business or unfavourable legislative or regulatory developments. Tremor cautions you not to place undue reliance on these forward-looking statements. For a more detailed discussion of these factors, and other factors that could cause actual results to vary materially, interested parties should review the risk factors listed in Tremor's most recent Annual Report on Form 20-F, filed with the U.S. Securities and Exchange Commission **(**www.sec.gov**)** on March 7, 2023. Any forward-looking statements made by Tremor in this press release speak only as of the date of this press release, and Tremor does not intend to update these forward-looking statements after the date of this press release, except as required by law.

Reconciliation of Net Income to Adjusted EBITDA

	Three months ended December 31			Twelve months ended December 31		
	2022	2021	%	2022	2021	%
($ in thousands)						
Net Income	**5,061**	**24,400**	**(79%)**	**22,737**	**73,223**	**(69%)**
Taxes on income	5,040	(601)		19,688	(948)	
Financial expense, net	717	564		2,327	2,187	
Depreciation and amortization	17,184	10,314		42,700	40,259	
Stock-based compensation	7,986	19,122		50,505	42,818	
Restructuring & Acquisition costs	400	253		6,392	761	
Other expense (income), net	540	-		540	-	
IPO related one-time costs	-	-		-	2,938	
Adjusted EBITDA	**36,928**	**54,052**	**(32%)**	**144,889**	**161,238**	**(10%)**

Reconciliation of Revenue to Contribution ex-TAC

	Three months ended December 31			Twelve months ended December 31		
	2022	2021	%	2022	2021	%
($ in thousands)						
Revenues	**107,697**	**102,534**	**5%**	**335,250**	**341,945**	**(2%)**
Cost of revenues (exclusive of depreciation and amortization)	(17,265)	(20,348)		(60,745)	(71,651)	
Depreciation and amortization attributable to Cost of Revenues	(11,810)	(4,396)		(25,367)	(16,605)	
Gross profit (IFRS)	**78,622**	**77,790**	**1%**	**249,138**	**253,689**	**(2%)**
Depreciation and amortization attributable to Cost of Revenues	11,810	4,396		25,367	16,605	
Cost of revenues (exclusive of depreciation and amortization)	17,265	20,348		60,745	71,651	
Performance media cost	(4,695)	(13,958)		(25,524)	(39,970)	
Contribution ex-TAC (Non-IFRS)	**103,002**	**88,576**	**16%**	**309,726**	**301,975**	**3%**

Reconciliation of Net Income to Non-IFRS Net Income

	Three months ended December 31			Twelve months ended December 31		
	2022	2021	%	2022	2021	%
($ in thousands)						
Net Income	**5,061**	**24,400**	**(79%)**	**22,737**	**73,223**	**(69%)**

	Three months ended December 31			Twelve months ended December 31		
	2022	2021	%	2022	2021	%
($ in thousands)						
Acquisition and related items, including amortization of acquired intangibles and restructuring	8,896	6,939		27,160	27,233	
Stock-based compensation expense	7,986	19,122		50,505	42,818	
IPO related one-time costs	-	-		-	2,938	
Other expense (income), net	540	-		540	-	
Tax effect of Non-GAAP adjustments (1)	(262)	(7,200)		(9,130)	(19,435)	
Non-IFRS Income	**22,221**	**43,261**	**(49%)**	**91,812**	**126,777**	**(28%)**
Weighted average shares outstanding-diluted (in millions) (2)	147.6	161.0		153.1	152.7	
Non-IFRS diluted EPS (in USD)	**0.15**	**0.27**	**(44%)**	**0.60**	**0.83**	**(28%)**

(1) Non-IFRS income includes the estimated tax impact from the expense items reconciling between net income and non-IFRS income

(2) Non-IFRS earnings per share is computed using the same weighted-average number of shares that are used to compute IFRS earnings per share

KPMG

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Auditors' Report to the Shareholders of Tremor International Ltd.

We have audited the accompanying consolidated statements of financial position of Tremor International Ltd. and its subsidiaries (hereinafter - "the Company") as of December 31, 2022 and 2021 and the related consolidated statements of operation and other comprehensive income, statements of changes in equity and statements of cash flows, for each of the three years in the period ended December 31, 2022. These financial statements are the responsibility of the Company's Board of Director and of its Management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in Israel, including standards prescribed by the Auditors Regulations (Manner of Auditor's Performance) - 1973. Such standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company and its subsidiaries as of December 31, 2022 and 2021 and their results of operations, changes in equity and cash flows for each of the three years in the period ended December 31, 2022, in accordance with International Financial Reporting Standards (IFRS).

Somekh Chaikin
Member Firm of KPMG International

March 6, 2023

TREMOR INTERNATIONAL LTD.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		December 31	
		2022	**2021**
	Note	**USD thousands**	
Assets			
ASSETS:			
Cash and cash equivalents	10	217,500	367,717
Trade receivables, net	8	219,837	165,063
Other receivables	8	23,415	18,236
Current tax assets		750	981
TOTAL CURRENT ASSETS		461,502	551,997
Fixed assets, net	5	29,874	3,464
Right-of-use assets	6	23,122	13,955
Intangible assets, net	7	398,096	208,220
Deferred tax assets	4	18,161	24,431
Investment in shares	18	25,000	-
Other long-term assets		406	672

TOTAL NON-CURRENT ASSETS		494,659	250,742
TOTAL ASSETS		**956,161**	**802,739**
Liabilities and shareholders' equity			
LIABILITIES:			
Current maturities of lease liabilities	6	14,104	7,119
Trade payables	9	212,690	161,812
Other payables	9	45,705	42,900
Current tax liabilities		9,417	8,836
TOTAL CURRENT LIABILITIES		281,916	220,667
Employee benefits		238	426
Long-term lease liabilities	6	15,234	7,876
Long-term debt	11	98,544	-
Other long-term liabilities	20	7,452	-
Deferred tax liabilities	4	1,162	1,395
TOTAL NON-CURRENT LIABILITIES		122,630	9,697
TOTAL LIABILITIES		404,546	230,364
SHAREHOLDERS' EQUITY:	15		
Share capital		413	442
Share premium		400,507	437,476
Other comprehensive income (loss)		(5,801)	698
Retained earnings		156,496	133,759
TOTAL SHAREHOLDERS' EQUITY		551,615	572,375
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**956,161**	**802,739**

Chairman of the Board of Directors	**CEO**	**CFO**

Date of approval of the financial statements: March 6, 2023.

TREMOR INTERNATIONAL LTD.

CONSOLIDATED STATEMENTS OF OPERATION AND OTHER COMPREHENSIVE INCOME

		Year ended December 31		
		2022	**2021**	**2020**
	Note	**USD thousands**		
Revenues	12	335,250	341,945	211,920
Cost of Revenues (Exclusive of depreciation and amortization shown separately below)	13	60,745	71,651	59,807

Research and development expenses		33,659	18,422	13,260
Selling and marketing expenses		89,953	74,611	68,765
General and administrative expenses	14	68,005	63,499	29,678
Depreciation and amortization		42,700	40,259	45,187
Other expenses (income), net		(4,564)	(959)	1,248
Total operating costs		229,753	195,832	158,138
Operating Profit (Loss)		44,752	74,462	(6,025)
Financing income		(2,284)	(483)	(445)
Financing expenses		4,611	2,670	1,862
Financing expenses, net		2,327	2,187	1,417
Profit (Loss) before taxes on income		42,425	72,275	(7,442)
Tax benefit (expenses)	4	(19,688)	948	9,581
Profit for the year		22,737	73,223	2,139
Other comprehensive income (loss) items:				
Foreign currency translation differences for foreign operations		(6,499)	(2,632)	2,836
Total other comprehensive income (loss) for the year		(6,499)	(2,632)	2,836
Total comprehensive income for the year		16,238	70,591	4,975
Earnings per share				
Basic earnings per share (in USD)	16	0.15	0.51	0.02
Diluted earnings per share (in USD)	16	0.15	0.48	0.02

TREMOR INTERNATIONAL LTD.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share capital	Share premium	Other comprehensive income	Retained Earnings	Total
	USD thousands				

Balance as of January 1, 2020	**351**	**240,989**	**494**	**58,778**	**300,612**
Total Comprehensive income for the year					
Profit for the year	-	-	-	2,139	2,139
Other comprehensive Income:					
Foreign currency translation	-	-	2,836	-	2,836
Total comprehensive income for the year	-	-	2,836	2,139	4,975
Transactions with owners, recognized directly in equity					
Issuance of shares in a Business Combination	25	14,092	-	-	14,117
Revaluation of liability for put option on non- controlling interests	-	-	-	(445)	(445)
Own shares acquired	(15)	(9,950)	-	-	(9,965)
Share based compensation	-	18,770	-	-	18,770
Exercise of share options	19	930	-	-	949
Balance as of December 31, 2020	**380**	**264,831**	**3,330**	**60,472**	**329,013**
Total Comprehensive Income (loss) for the year					
Profit for the year	-	-	-	73,223	73,223
Other comprehensive loss:					
Foreign Currency Translation	-	-	(2,632)	-	(2,632)
Total comprehensive Income (loss) for the year	-	-	(2,632)	73,223	70,591
Transactions with owners, recognized directly in equity					
Revaluation of liability for put option on non- controlling interests	-	-	-	64	64
Own shares acquired	(3)	(6,640)	-	-	(6,643)
Share based compensation	-	41,822	-	-	41,822
Exercise of share options	17	1,353	-	-	1,370
Issuance of shares	47	136,111	-	-	136,158
Issuance of Restricted shares	1	(1)	-	-	-
Balance as of December 31, 2021	**442**	**437,476**	**698**	**133,759**	**572,375**

TREMOR INTERNATIONAL LTD.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (Cont.)

	Share capital	Share premium	Other comprehensive income	Retained Earnings	Total
			USD thousands		
Total Comprehensive Income (loss) for the year					
Profit for the year	-	-	-	22,737	22,737
Other comprehensive loss:					
Foreign Currency Translation	-	-	(6,499)	-	(6,499)
Total comprehensive Income (loss) for the year	-	-	(6,499)	22,737	16,238
Transactions with owners, recognized directly in equity					
Own shares acquired	(50)	(86,202)	-	-	(86,252)
Share based compensation		47,049	-	-	47,049
Exercise of share options	21	2,184	-	-	2,205
Balance as of December 31, 2022	**413**	**400,507**	**(5,801)**	**156,496**	**551,615**

TREMOR INTERNATIONAL LTD.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended December 31		
	2022	2021	2020
		USD thousands	
CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit for the year	22,737	73,223	2,139
Adjustments for:			
Depreciation and amortization	42,700	40,259	45,187
Net financing expense	2,147	2,023	1,310
Disposals of fixed and intangible assets	542	-	3
Loss (Gain) on leases change contracts	56	(377)	(2,103)
Gain on sale of business unit	-	(982)	(503)
Share-based compensation and restricted shares	50,505	42,818	14,490
Tax (benefit) expense	19,688	(948)	(9,581)

Change in trade and other receivables	57,050	(11,676)	(39,351)
Change in trade and other payables	(100,145)	26,845	25,882
Change in employee benefits	(179)	(69)	(23)
Income taxes received	1,175	2,231	1,168
Income taxes paid	(14,784)	(3,185)	(2,855)
Interest received	2,103	496	517
Interest paid	(587)	(570)	(1,117)
Net cash provided by operating activities	83,008	170,088	35,163
CASH FLOWS FROM INVESTING ACTIVITIES			
Change in pledged deposits, net	(213)	(11)	229
Payments on finance lease receivable	1,306	2,454	2,885
Repayment of long-term loans	-	-	817
Acquisition of fixed assets	(6,433)	(3,378)	(594)
Acquisition and capitalization of intangible assets	(8,750)	(4,966)	(4,858)
Proceeds from sale of business unit	1,180	415	232
Investment in shares	(25,000)	-	-
Acquisition of subsidiaries, net of cash acquired	(195,084)	(11,001)	6,208
Net cash provided by (used in) investing activities	(232,994)	(16,487)	4,919
CASH FLOWS FROM FINANCING ACTIVITIES			
Acquisition of own shares	(86,048)	(6,643)	(9,965)
Proceeds from exercise of share options	2,205	1,370	949
Leases repayment	(12,018)	(10,009)	(13,351)
Issuance of shares, net of issuance cost	-	134,558	-
Receipt of long-term debt, net of transaction cost	98,917	-	-
Payment of financial liability	-	(2,414)	-
Net cash provided by (used in) financing activities	3,056	116,862	(22,367)
Net increase (decrease) in cash and cash equivalents	(146,930)	270,463	17,715
CASH AND CASH EQUIVALENTS AS OF THE BEGINNING OF YEAR	367,717	97,463	79,047
EFFECT OF EXCHANGE RATE FLUCTUATIONS ON CASH AND CASH EQUIVALENTS	(3,287)	(209)	701
CASH AND CASH EQUIVALENTS AS OF THE END OF YEAR	217,500	367,717	97,463

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

NOTE 1: GENERAL

a. Reporting entity:

Tremor International Ltd. (the "Company" or "Tremor International"), formerly known as Taptica International Ltd., was incorporated in Israel under the laws of the State of Israel on March 20, 2007. The ordinary shares of the Company are listed on the AIM Market of the London Stock Exchange and the American Depositary Shares ("ADSs"), each of which represents two ordinary shares of the Company, represented by the American Depositary Receipts ("ADR") are listed on the Nasdaq Capital Market. The address of the registered office is 82 Yigal Alon Street Tel-Aviv, 6789124, Israel.

Tremor International is a global Company offering an end-to-end digital advertising technology platform that supports a wide range of media types (e.g., video, display, etc.) and devices (e.g., mobile, Connected TVs, streaming devices, desktop, etc.), creating an efficient marketplace where advertisers (buyers) can purchase high quality advertising inventory from publishers (sellers) at scale. Tremor Video Inc. ("Tremor Video") and Amobee, wholly owned subsidiaries of Tremor International, serve as the Company's Demand Side Platforms ("DSP") which provide full-service and self-managed marketplace access to advertisers and agencies to execute their digital marketing campaigns in real time across various ad formats. Unruly Group, LLC (formerly RhythmOne, LLC), provides customers with access to a Sell Side Platform ("SSP") designed to monetize digital inventory for publishers, media companies, and app developers by enabling their content to have the necessary code and requirements for programmatic advertising integration. The SSP provides access to significant amounts of data, unique demand, and a comprehensive product suite to drive more effective inventory management and revenue optimization. The Company also provides a Data Management Platform ("DMP") solution which integrates both DSP and SSP solutions, enabling advertisers and publishers to use data from various sources to optimize results of their advertising campaigns. Tremor International Ltd. is headquartered in Israel and maintains offices throughout the United States, Canada, Europe, and Asia-Pacific.

b. Starting June 18, 2021, the Company's ADSs trade on the Nasdaq Global Market under the ticker symbol "TRMR". The aggregate proceeds from the IPO and the options to the underwriters provided as part of the IPO were USD 147.9 million before deducting underwriting discounts and commissions.

c. During 2022, the Company, its customers, and its partners, continued to face persistent macroeconomic challenges associated with several factors including: the COVID-19 ("COVID-19") pandemic, and residual impacts of efforts to curtail its spread and reduce further economic damage sustained, rising interest rates, rising inflation, global supply chain constraints, changes in foreign currency exchange rates, recession concerns, and geopolitical uncertainty. The combination of which drove advertisers across several industries to reduce, or delay deployment of budgets and advertising spend.

d. Material events in the reporting period:

1. On February 23, 2022, the Board of Directors approved a share buyback program of up to USD 75 million of its ordinary shares. The share repurchase program was completed in the third quarter of 2022.

On September 20, 2022, the Board of Directors approved a USD 20 million share repurchase program under which the Company is authorized to purchase up to USD 20 million of its Ordinary Shares. During 2022, the Company repurchased 16,906,795 ordinary shares in aggregate amount of USD 86.3 million which was financed by existing cash resources. See Note 15.

2. On June 19, 2022, Unruly Media Pte. Ltd., a subsidiary of the Company, entered into a definitive agreement to make a strategic USD 25 million investment in VIDAA (Netherlands) International Holdings B.V. (the "Investment"), a smart TV operating system and streaming platform, and a subsidiary of Hisense Co., Ltd. The Investment reflects 2.439% of VIDAA's issued and outstanding share capital on a fully diluted basis. The investment was completed on August 18, 2022. See Note 18.

3. On July 25, 2022, the Company and its subsidiaries entered into a definitive agreement with Amobee Group Pte. Ltd (the "Seller") to acquire the voting shares capital of Amobee Inc., Amobee Asia Pte. Ltd. and Amobee ANZ Pty Ltd ("Amobee"), and the DSP operation from Amobee Inc. The acquisition was completed on September 12, 2022, for a total consideration of USD 211.8 million which was funded through a combination of existing cash resources, and a credit facility consists of USD 90 million secured term loan drawn at closing, and USD 90 million revolving credit facility, of which USD 10 million was drawn at closing. see Note 20b. The covenants for the secured term loan are detailed in Note 11.

e. Definitions:

In these financial statements -

The Company	-	Tremor International Ltd.
The Group	-	Tremor International Ltd. and its subsidiaries.
Subsidiaries	-	Companies, the financial statements of which are fully consolidated, directly, or indirectly, with the financial statements of the Company such as Unruly Group LLC, Unruly Holding Ltd, Tremor Video Inc, Amobee Inc, SpearAd.
Related party	-	As defined by IAS 24, "Related Party Disclosures".

NOTE 2: BASIS OF PREPARATION

a. Statement of compliance:

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board ("IASB").

The consolidated financial statements were authorized for issue by the Company's Board of Directors on March 6, 2023.

b. Functional and presentation currency:

These consolidated financial statements are presented in US Dollars (USD), which is the Company's functional currency, and have been rounded to the nearest thousand, except when otherwise indicated. The USD is the currency that represents the principal economic environment in which the Company operates.

c. Basis of measurement:

The consolidated financial statements have been prepared on a historical cost basis except for the following assets and liabilities:

- Deferred and current tax assets and liabilities
- Put option to non-controlling interests
- Provisions
- Derivatives
- Investment in shares

For further information regarding the measurement of these assets and liabilities see Note 3 regarding significant accounting policies.

d. Use of estimates and judgments:

The preparation of financial statements in conformity with IFRS requires management of the Group to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The preparation of accounting estimates used in the preparation of the Group's financial statements requires management of the Group to make assumptions regarding circumstances and events that involve considerable uncertainty. Management of the Group prepares estimates on the basis of past experience, various facts, external circumstances, and reasonable assumptions according to the pertinent circumstances of each estimate.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Information about assumptions made by the Group with respect to the future and other reasons for uncertainty with respect to estimates that have a significant risk of resulting in a material adjustment to carrying amounts of assets and liabilities in the next financial year are included in Note 6, on leases, with respect to determining the lease term and determining the discount rate of a lease liability, in Note 7, on intangible assets, with respect to the accounting of software development capitalization and impairment testing for goodwill, in Note 4, on Income Tax, with respect to uncertain tax position, in Note 20, on subsidiaries, with respect to business combination and in Note 18 on investments in shares .

e. Determination of fair value:

Preparation of the financial statements requires the Group to determine the fair value of certain assets and liabilities. When determining the fair value of an asset or liability, the Group uses observable market data as much as possible. There are three levels of fair value measurements in the fair value hierarchy that are based on the data used in the measurement, as follows:

- § Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- § Level 2: inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly.
- § Level 3: inputs that are not based on observable market data (unobservable inputs).

Further information about the assumptions that were used to determine fair value is included in the following notes:

- Note 17, on share-based compensation;
- Note 18, on financial instruments;
- Note 18, on investments in shares.
- Note 20, on subsidiaries (regarding business combinations).

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently for all periods presented in these consolidated financial statements and have been applied consistently by the Group.

a. Basis of consolidation:

1) Business combinations:

The Group implements the acquisition method to all business combinations. The acquisition date is the date on which the acquirer obtains control over the acquiree. Control exists when the Group is exposed, or has rights, to variable returns from its involvement with the acquiree and it has the ability to affect those returns through its power over the acquiree. Substantive rights held by the Group and others are taken into account when assessing control.

The Group recognizes goodwill on acquisition according to the fair value of the consideration transferred less the net amount of the identifiable assets acquired and the liabilities assumed.

The consideration transferred includes the fair value of the assets transferred to the previous owners of the acquiree, the liabilities incurred by the acquirer to the previous owners of the acquiree and equity instruments that were issued by the Group. In addition, the consideration transferred includes the fair value of any contingent consideration. After the acquisition date, the Group recognizes changes in the fair value of contingent consideration classified as a financial liability in the statements of operation and other comprehensive income.

If share-based compensation awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards) and relate to past services, then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based value of the replacement awards compared with the market-based value of the acquiree's awards and the extent to which the replacement awards relate to past and/or future service. The unvested portion of the replacement award that is attributed to post-acquisition services is recognized as a compensation cost following the business combination.

Costs associated with the acquisitions that were incurred by the acquirer in the business combination such as: finder's fees, advisory, legal, valuation and other professional or consulting fees are expensed in the period the services are received.

2) Subsidiaries:

Subsidiaries are entities controlled by the Group. The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commenced, until the date that control is lost. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

3) Transactions eliminated on consolidation:

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

b. Foreign currency:

1) Foreign currency transactions:

Transactions in foreign currencies are translated to the respective functional currencies of the Group at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the exchange rate on that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortized cost in foreign currency translated at the exchange rate as of the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate on the date that the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate on the date of the transaction.

2) Foreign operations:

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to USD at exchange rates at the reporting date. The income and expenses of foreign operations are translated to USD at exchange rates at the dates of the transactions.

Foreign currency differences are recognized in other comprehensive income and are presented in equity.

Financial instruments:

1) Non-derivative financial assets

Initial recognition and measurement of financial assets

The Group initially recognizes trade receivables and debt instruments issued on the date that they are created. All other financial assets are recognized initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument. A financial asset is initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issuance of the financial asset. A trade receivable without a significant financing component is initially measured at the transaction price. Receivables originating from contract assets are initially measured at the carrying amount of the contract assets on the date classification was changed from contract asset to receivables.

Derecognition of financial assets

Financial assets are derecognized when the contractual rights of the Group to the cash flows from the asset expire, or the Group transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. When the Group retains substantially all of the risks and rewards of ownership of the financial asset, it continues to recognize the financial asset.

Classification of financial assets into categories and the accounting treatment of each category

Financial assets are classified at initial recognition to one of the following measurement categories: amortized cost; fair value through other comprehensive income - investments in debt instruments; fair value through other comprehensive income - investments in equity instruments; or fair value through profit or loss.

Financial assets are not reclassified in subsequent periods unless, and only if, the Group changes its business model for the management of financial debt assets, in which case the affected financial debt assets are reclassified at the beginning of the period following the change in the business model.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated at fair value through profit or loss:

- It is held within a business model whose objective is to hold assets so as to collect contractual cash flows; and
- The contractual terms of the financial asset give rise to cash flows representing solely payments of principal and interest on the principal amount outstanding on specified dates.

A debt instrument is measured at fair value through other comprehensive income if it meets both of the following conditions and is not designated at fair value through profit or loss:

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- The contractual terms of the debt instrument give rise to cash flows representing solely payments of principal and interest on the principal amount outstanding on specified dates.

All financial assets not classified as measured at amortized cost or fair value through other comprehensive income as described above, as well as financial assets designated at fair value through profit or loss, are measured at fair value through profit or loss. On initial recognition, the Group designates financial assets at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The Group has balances of trade and other receivables and deposits that are held within a business model whose objective is collecting contractual cash flows. The contractual cash flows of these financial assets represent solely payments of principal and interest that reflects consideration for the time value of money and the credit risk. Accordingly, these financial assets are measured at amortized cost.

Subsequent measurement and gains and losses

Financial assets at amortized cost

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

Financial assets at fair value through profit or loss

These assets are subsequently measured at fair value. Net gains and losses, including any interest income or dividend income, are recognized in profit or loss (other than certain derivatives designated as hedging instruments).

2) Non-derivative financial liabilities

Non-derivative financial liabilities include trade and other payables, finance lease liability and other long term liabilities.

Initial recognition of financial liabilities

The Group initially recognizes debt securities issued on the date that they originated. All other financial liabilities are recognized initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

Subsequent measurement of financial liabilities

Financial liabilities (other than financial liabilities at fair value through profit or loss) are recognized initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest method.

Transaction costs directly attributable to an expected issuance of an instrument that will be classified as a financial liability are recognized as an asset in the framework of deferred expenses in the statement of financial position. These transaction costs are deducted from the financial liability upon its initial recognition or are amortized as financing expenses in the statement of income when the issuance is no longer expected to occur.

Derecognition of financial liabilities

Financial liabilities are derecognized when the obligation of the Group, as specified in the agreement, expires or when it is discharged or cancelled.

Offset of financial instruments

Financial assets and liabilities are offset, and the net amount presented in the statement of financial position when, and only when, the Group currently has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

3) Derivative financial instruments:

Economic hedges

Hedge accounting is not applied to derivative instruments that economically hedge financial assets and liabilities denominated in foreign currencies. Changes in the fair value of such derivatives are recognized in profit or loss under financing income or expenses.

4) Share capital:

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognized as a deduction from equity, net of any tax effects.
Incremental costs directly attributable to an expected issuance of an instrument that will be classified as an equity instrument are recognized as an asset in deferred expenses in the statement of financial position. The costs are deducted from equity upon the initial recognition of the equity instruments or are amortized as financing expenses in the statement of income when the issuance is no longer expected to take place.

Treasury shares

When share capital recognized as equity is repurchased by the Group, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognized as a deduction from equity. Repurchased shares are classified as a deduction in Share Premium. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus on the transaction is carried to share premium, whereas a deficit on the transaction is deducted from retained earnings.

d. Fixed Assets:

Fixed assets are measured at cost less accumulated depreciation. The cost of fixed assets includes expenditure that is directly attributable to the acquisition of the asset. Depreciation is provided on all property and equipment at rates calculated to write each asset down to its residual value (assumed to be nil), using the straight-line method, over its expected useful life as follows:

<u>Years</u>

Computers and servers	3-5
Office furniture and equipment	3-17
Leasehold improvements	The shorter of the lease term and the useful life

An asset is depreciated from the date it is ready for use, meaning the date it reaches the location and condition required for it to operate in the manner intended by management.

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting year and adjusted if appropriate.

e. Intangible assets:

1) Software development:

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognized in profit or loss when incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalized only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group has the intention and sufficient resources to complete development and to use or sell the asset. The expenditure capitalized in respect of development activities includes the cost of materials, direct labor and overhead costs that are directly attributable to preparing the asset for its intended use, and capitalized borrowing costs. Other development expenditure is recognized in profit or loss as incurred.

In subsequent periods, capitalized development expenditure is measured at cost less accumulated amortization and accumulated impairment losses.

Where these criteria are not met, development costs are charged to the statement of operation and other comprehensive income as incurred.

The estimated useful lives of developed software are three years.

Amortization methods, useful lives and residual values are reviewed at the end of each reporting year and adjusted if appropriate.

2) Acquired software:

Acquired software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software licenses. These costs are amortized over their estimated useful lives using the straight-line method. Costs associated with maintaining software programs are recognized as an expense as incurred.

3) Goodwill:

Goodwill that arises upon the acquisition of subsidiaries is presented as part of intangible assets. For information on measurement of goodwill at initial recognition, see Note 3a(1).

In subsequent periods goodwill is measured at cost less accumulated impairment losses. The Group has identified its entire operation as a single cash generating unit (CGU). According to management assessment as of December 31, 2022, no impairment in respect to goodwill has been recorded.

4) Other intangible assets:

Other intangible assets that are acquired by the Group, which have finite useful lives, are measured at cost less accumulated amortization and accumulated impairment losses.

5) Amortization:

Amortization is a systematic allocation of the amortizable amount of an intangible asset over its useful life. The amortizable amount is the cost of the asset less its accumulated residual value.

Internally generated intangible assets, such as software development costs, are not systematically amortized as long as they are not available for use, i.e., they are not yet on site or in working condition for their intended use. Goodwill is not systematically amortized as well but is tested for impairment at least once a year.

The Group examines the amortization methods, useful life and accumulated residual values of its intangible assets at least once a year (usually at the end of each reporting period) in order to determine whether events and circumstances continue to support the decision that the intangible asset has an indefinite useful life.

Amortization is recognized in the statements of operation and other comprehensive income on a straight-line basis over the estimated useful lives of the intangible assets from the date they are available for use, since this method most closely reflects the expected pattern of consumption of the future economic benefits embodied in each asset, such as development costs, are tested for impairment at least once a year until such date as they are available for use.

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

Trademarks	1.75-5 years
Software (developed and acquired)	3 years
Customer relationships	3-5.75 years
Technology	3-5.25 years

Amortization methods, useful lives and residual values are reviewed at the end of each reporting year and adjusted if appropriate.

f. Impairment:

Non-derivative financial assets

Financial assets, contract assets and lease receivables

The Group recognizes a provision for expected credit losses in respect of:

- Financial assets at amortized cost;

- Lease receivables.

The Group has elected to measure the provision for expected credit losses in respect of financial assets and lease receivables at an amount equal to the lifetime credit losses of the instrument.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition, and when estimating expected credit losses, the Group considers reasonable and supportable information that is relevant and available. Such information includes quantitative and qualitative information, and an analysis, based on the Group's past experience and informed credit assessment, and it includes forward looking information.

Measurement of expected credit losses

Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive.
With respect to other debt assets, the Group measures the provision for expected credit losses at an amount equal to the full lifetime expected credit losses, other than the provisions hereunder that are measured at an amount equal to the 12-month expected credit losses:

- Debt instruments that are determined to have low credit risk at the reporting date; and
- Other debt instruments and deposits, for which credit risk has not increased significantly since initial recognition.

Presentation of provision for expected credit losses in the statement of financial position

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

Write-off

The gross carrying amount of a financial asset is written off when the Group does not have reasonable expectations of recovering a financial asset at its entirety or a portion thereof. This is usually the case when the Group determines that the debtor does not have assets or sources of income that may generate sufficient cash flows for paying the amounts being written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due. Write-off constitutes a de-recognition event.

g. Impairment of non-financial assets:

Non-financial assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which an asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).
Non-financial assets that were subject to impairment are reviewed for possible reversal of the impairment recognized in respect thereof at each financial reporting date.

h. Restricted Cash and Deposit:

The Company classifies certain restricted cash and deposit balances within other current assets on the consolidated statement of financial position based upon the term of the remaining restrictions. On December 31, 2022, and 2021 the Company had restricted cash and deposit of USD 1,966 thousand and USD 2,061 thousand, respectively. These restricted cash and deposits are not available for withdraw by the Company.

i. Share Based Compensation:

Compensation expense related to stock options, restricted stock units and performance stock units. The Company's employee stock purchase plan is measured and recognized in the consolidated financial statements based on the fair value of the awards granted. The fair value of each option award is estimated on the grant date using the Black-Scholes option-pricing model. Stock-based compensation expense related to stock options and restricted stock is recognized over the requisite service periods of the awards.

Determining the fair value of stock options awards requires judgment. The Company's use of the Black-Scholes option pricing model requires the input of subjective assumptions. The assumptions used in the Company's option-pricing model represent management's best estimates. These estimates involve inherent uncertainties and the application of management's judgment.

These assumptions and estimates are as follows:

Risk-Free Interest Rate. The risk-free interest rate is based on the yields of U.S. Treasury securities with maturities approximating the expected term of the awards.

Expected Term. The expected term of an award is calculated based on the vesting date and the expiration date of the award.

Volatility. The Company determined the price volatility based on daily price observations over a period equivalent to the expected term of the award.

Dividend Yield. The dividend yield assumption is based on the Company's history and current expectations of dividend payouts.

Fair Value of Common Stock. The fair value of common stock is based on the closing price of the Company's common stock on the grant date.

j. Employee benefits:

1) Post-employment benefits:

The Group's main post-employment benefit plan is under section 14 to the Severance Pay Law ("Section 14"), which is accounted for as a defined contribution plan. In addition, for certain employees, the Group has an additional immaterial plan that is accounted for as a defined benefit plan. These plans are usually financed by deposits with insurance companies or with funds managed by a trustee.

a) Defined contribution plans:

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognized as an expense in the statement of comprehensive income in the periods during which related services are rendered by employees.

According to Section 14, the payment of monthly deposits by a Company into recognized severance and pension funds or insurance policies releases it from any additional severance obligation to the employees that have entered into agreements with the Company pursuant to such Section 14. The Company has entered into agreements with a majority of its employees in order to implement Section 14 and as such, no additional liability with respect to such employees exist.

b) Defined benefit plans:

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value, and the fair value of any plan assets is deducted. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset).

2) Short-term benefits:

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided or upon the actual absence of the employee when the benefit is not accumulated (such as maternity leave).

A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

The employee benefits are classified, for measurement purposes, as short-term benefits or as other long-term benefits depending on when the Group expects the benefits to be wholly settled.

k. Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability without adjustment for the Company's credit risk. The carrying amount of the provision is adjusted each period to reflect the time that has passed and the amount of the adjustment is recognized as a financing expense.

The Company recognizes a reimbursement asset if, and only if, it is virtually certain that the reimbursement will be received if the Company settles the obligation. The amount recognized in respect of the reimbursement does not exceed the amount of the provision.

Restructuring

A provision for restructuring is recognized when the Group has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. The provision includes direct expenditures caused by the restructuring and necessary for the restructuring, and which are not associated with the continuing activities of the Group.

Onerous contracts

A provision for onerous contracts is recognized when the unavoidable costs of a contract exceed the benefits expected to be received from the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the unavoidable costs (net of the revenues) of continuing with the contract. Unavoidable costs are costs the Group cannot avoid as they are subject to a contract.

l. Revenue recognition:

The Company recognizes revenue through the following five-step model:

(1) Identifying the contract with customer.
(2) Identifying distinct performance obligations in the contract.
(3) Determining the transaction price.
(4) Allocating the transaction price to distinct performance obligations.
(5) Recognizing revenue when the performance obligations are satisfied.

The Company generates revenue from transactions where it provides access to a platform for the purchase and sale of digital advertising inventory.

Its customers are both ad buyers, including brands and agencies, and digital publishers.

The Company generates revenue through platform fees that are tailored to fit the customer's specific utilization of its solutions and include: (i) a percentage of spend, (ii) flat fees and (iii) fixed costs per mile ("CPM"). CPM refers to a payment option in which customers pay a price for every 1,000 impressions an advertisement receives.

The Company maintains agreements with each publisher and buyer in the form of written service agreements, which set out the terms of the relationship, including payment terms and access to the Company's platform.

Publishers provide digital advertising inventory to the Company's platform in the form of advertising requests, or ad request. When the Company receives ad requests from a publisher, it send bid requests to buyers, which enable buyers to bid on sellers' digital advertising inventory according to a predefined set of parameters (e.g., demographics, intent, location, etc.). Winning bids create advertising, or paid impressions, for the publisher to present to the buyers.

The Company generates revenue from its Programmatic and Performance activities. Programmatic revenue is derived from the end-to-end platform of programmatic advertising, which uses software and algorithms to match buyers and sellers of digital advertising in a technology-driven marketplace. Performance revenue is derived from non-core activities, consisting of mobile-based activities that help brands reach their users.

Following the full integration with RhythmOne and the acquisition of Unruly in 2020, the Company positions itself as a stronger digital advertising platform in the marketplace with an integrated, end-to-end platform connecting the DSP and SSP sides of the business in a unified platform. The Company concluded that its Programmatic activity (i) does not have manual control over the process, (ii) the Company is not primarily responsible for fulfillment, (iii) the Company has no inventory risk and (iv) the Company obtains only momentary a title to the advertising space offered via the end-to-end platform.
As a result, the Company reports its Programmatic business, tech stack, features, business models and activity as an agent and therefore presented revenue from Programmatic on a net basis.

For the Performance activity the Company is the primary obligor to provide the services and, as such, revenue is presented on a gross basis. Management is focused on driving growth with the Programmatic activity through the end-to-end platform, while the Performance activity is declining over time.

The Company estimates and records reduction to revenue for volume discounts based on expected volume during the incentive term.

The Company generally invoices buyers at the end of each month for the full purchase price of ad impressions monetized in that month. Accounts receivables are recorded at the amount of gross billings for the amount it is responsible to collect and accounts payable are recorded at the net amount payable to publishers. Accordingly, both accounts receivable and accounts payable appear large in relation to revenue reported on a net basis.

m. Classification of expenses

Cost of revenue

Cost of revenue includes expenses related to third-party hosting fees and the cost of data purchased from third parties, traffic acquisition costs, data and hosting that are directly attributable to revenue generated by the Company (see Note 13).

Research and development

Research and development expenses consist primarily of compensation and related costs for personnel responsible for the research and development of new and existing products and services. Where required, development expenditures are capitalized in accordance with the Company's standard internal capitalized development policy in accordance with IAS 38 (also see Note 3e(1)). All research costs are expensed when incurred.

Selling and marketing

Selling and marketing expenses consist primarily of compensation and related costs for personnel engaged in customer service, sales, and sales support functions, as well as advertising and promotional expenditures.

General and administrative

General and administrative expenses consist primarily of compensation and related costs for personnel, and include costs related to the Company's facilities, finance, human resources, information technology, legal organizations and fees for professional services. Professional services are principally comprised of outside legal, and information technology consulting and outsourcing services that are not directly related to other operational expenses.

n. Financing income and expenses:

Financing income mainly comprises foreign currency gains and interest income.
Financing expenses comprises of exchange rate differences, interest and bank fees, interest on loans and other expenses.

Foreign currency gains and losses on financial assets and financial liabilities are reported on a net basis as either financing income or financing expenses depending on whether foreign currency movements are in a net gain or net loss position.

o. Income tax expense:

Income tax comprises current and deferred tax. Current tax and deferred tax are recognized in the statement of comprehensive income except to the extent that they relate to a business combination.

Current taxes

Current tax is the expected tax payable (or receivable) on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognized for the following temporary differences:
- The initial recognition of goodwill; and
- Differences relating to investments in subsidiaries to the extent it is probable that they will not reverse in the foreseeable future, either by way of selling the investment or by way of distributing taxable dividends in respect of the investment.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognized for tax benefits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Offset of deferred tax assets and liabilities

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority.

Uncertain tax positions

A provision for uncertain tax positions, including additional tax and interest expenses, is recognized when it is more likely than not that the Group will have to use its economic resources to pay the obligation.

p. Leases:

Determining whether an arrangement contains a lease

On the inception date of the lease, the Group determines whether the arrangement is a lease or contains a lease, while examining if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. In its assessment of whether an arrangement conveys the right to control the use of an identified asset, the Group assesses whether it has the following two rights throughout the lease term:

(a) The right to obtain substantially all the economic benefits from use of the identified asset; and

(b) The right to direct the identified asset's use.

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

Leased assets and lease liabilities

Contracts that award the Group control over the use of a leased asset for a period of time in exchange for consideration, are accounted for as leases. Upon initial recognition, the Group recognizes a liability at the present value of the balance of future lease payments (these payments do not include certain variable lease payments), and concurrently recognizes a right-of-use asset at the same amount of the lease liability, adjusted for any prepaid or accrued lease payments or provision for impairment, plus initial direct costs incurred in respect of the lease.

Since the interest rate implicit in the Group's leases is not readily determinable, the incremental borrowing rate of the lessee is used. Subsequent to initial recognition, the right-of-use asset is accounted for using the cost model and depreciated over the shorter of the lease term or useful life of the asset.

The lease term

The lease term is the non-cancellable period of the lease plus periods covered by an extension or termination option if it is reasonably certain that the lessee will or will not exercise the option, respectively.

Variable lease payments

Variable lease payments that depend on an index or a rate, are initially measured using the index or rate existing at the commencement of the lease and are included in the measurement of the lease liability. When the cash flows of future lease payments change as the result of a change in an index or a rate, the balance of the liability is adjusted against the right-of-use asset.

Other variable lease payments that are not included in the measurement of the lease liability are recognized in profit or loss in the period in which the event or condition that triggers payment occurs.

Depreciation of right-of-use asset

After lease commencement, a right-of-use asset is measured on a cost basis less accumulated depreciation and accumulated impairment losses and is adjusted for re-measurements of the lease liability. Depreciation is calculated on a straight-line basis over the useful life or contractual lease period, whichever earlier, as follows:

- Buildings 1-8 years
- Data centers 1-5.5 years

Reassessment of lease liability

Upon the occurrence of a significant event or a significant change in circumstances that is under the control of the Group and had an effect on the decision whether it is reasonably certain that the Group will exercise an option, which was not included before in the lease term, or will not exercise an option, which was previously included in the lease term, the Group re-measures the lease liability according to the revised leased payments using a new discount rate. The change in the carrying amount of the liability is recognized against the right-of-use asset, or recognized in profit or loss if the carrying amount of the right-of-use asset was reduced to zero.

Lease modifications

When a lease modification increases the scope of the lease by adding a right to use one or more underlying assets, and the consideration for the lease increased by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the contract's circumstances, the Group accounts for the modification as a separate lease.

In all other cases, on the initial date of the lease modification, the Group allocates the consideration in the modified contract to the contract components, determines the revised lease term and measures the lease liability by discounting the revised lease payments using a revised discount rate.

For lease modifications that decrease the scope of the lease, the Group recognizes a decrease in the carrying amount of the right-of-use asset in order to reflect the partial or full cancellation of the lease, and recognizes in profit or loss a profit (or loss) that equals the difference between the decrease in the right-of-use asset and re-measurement of the lease liability.

For other lease modifications, the Group re-measures the lease liability against the right-of-use asset.

Subleases

In leases where the Group subleases the underlying asset, the Group examines whether the sublease is a finance lease or operating lease with respect to the right-of-use received from the head lease. The Group examined the subleases existing on the date of initial application based on the remaining contractual terms at that date.

q. Earnings per share:

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year, adjusted for treasury shares. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding, after adjustment for treasury shares, for the effects of all dilutive potential ordinary shares, which comprise restricted stock.

r. New standards, amendments to standards and interpretations not yet adopted:

Amendment to IAS 1, *Presentation of Financial Statements: Classification of Liabilities as Current or Non-Current* and subsequent amendment: *Non-Current Liabilities with Covenants*

The Amendment, together with the subsequent amendment to IAS 1 replaces certain requirements for classifying liabilities as current or non-current.

According to the Amendment, a liability will be classified as non-current when the entity has the right to defer settlement for at least 12 months after the reporting period, and it "has substance" and is in existence at the end of the reporting period.

According to the subsequent amendment, as published in October 2022, covenants with which the entity must comply after the reporting date, do not affect classification of the liability as current or non-current. Additionally, the subsequent amendment adds disclosure requirements for liabilities subject to covenants within 12 months after the reporting date, such as disclosure regarding the nature of the covenants, the date they need to be complied with and facts and circumstances that indicate the entity may have difficulty complying with the covenants.

Furthermore, the Amendment clarifies that the conversion option of a liability will affect its classification as current or non-current, other than when the conversion option is recognized as equity.

According to the amendment companies must provide disclosure of their material accounting policies rather than their significant accounting policies. Pursuant to the amendment, accounting policy information is material if, when considered with other information disclosed in the financial statements, it can be reasonably be expected to influence decisions that the users of the financial statements make on the basis of those financial statements.

The amendment to IAS 1 also clarifies that accounting policy information is expected to be material if, without it, the users of the financial statements would be unable to understand other material information in the financial statements. The amendment also clarifies that immaterial accounting policy information need not be disclosed.

The Amendment and subsequent amendment are effective for reporting periods beginning on or after January 1, 2024, with earlier application being permitted. The Amendment and subsequent amendment are applicable retrospectively, including an amendment to comparative data.

The Company is examining the effects of the Amendment on the financial statements with no plans to early adopt.

Amendment to IAS 12, *Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

The Amendment narrows the scope of the exemption from recognizing deferred taxes as a result of temporary differences created at the initial recognition of assets and/or liabilities, so that it does not apply to transactions that give rise to equal and offsetting temporary differences.
As a result, companies will need to recognize a deferred tax asset or a deferred tax liability for these temporary differences at the initial recognition of transactions that give rise to equal and offsetting temporary differences, such as lease transactions and provisions for decommissioning and restoration.
The amendment clarifies the accounting treatment of variable payments of a seller-lessee in a sale and leaseback transaction. According to the amendment, a seller-lessee shall include estimates of variable lease payments upon the initial measurement of the lease liability, and subsequent to initial recognition, it shall apply the subsequent measurement requirements to the lease liability, in a way that it does not recognize any gain or loss that relates to the right-of-use it retains.

The Amendment is effective for annual periods beginning on or after January 1, 2023, by amending the opening balance of the retained earnings or adjusting a different component of equity in the period the Amendment was first adopted.

The Group is examining the effects of the amendment on the financial statements with no plans for early adoption.

NOTE 4: INCOME TAX

a. Details regarding the tax environment of the Israeli company:

1) Corporate tax rate

Taxable income of the Israeli parent is subject to the Israeli corporate tax at the rate of 23% in the years 2022, 2021 and 2020.

2) Benefits under the Law for the Encouragement of Capital Investments

The Investment Law provides tax benefits for Israeli companies meeting certain requirements and criteria. The Investment Law has undergone certain amendments and reforms in recent years.
The Israeli parliament enacted a reform to the Investment Law, effective January 2011. According to the reform, a flat rate tax applies to companies eligible for the "Preferred Enterprise" status. In order to be eligible for Preferred Enterprise status, a company must meet minimum requirements to establish that it contributes to the country's economic growth and is a competitive factor for the gross domestic product.

On December 22, 2016, the Knesset plenum passed the Economic Efficiency Law (Legislative Amendments for Achieving Budget Objectives in the Years 2017 and 2018) - 2016, by which the Encouragement Law was also amended (hereinafter: "the Amendment"). The Amendment added new tax benefit tracks for a "preferred technological enterprise" and a "special preferred technological enterprise" that awards reduced tax rates to a technological industrial enterprise for the purpose of encouraging activity relating to the development of qualifying intangible assets.

Preferred technological income that meets the conditions required in the law, will be subject to a reduced corporate tax rate of 12%, and if the preferred technological enterprise is located in Development Area A to a tax rate of 7.5%. The Amendment is effective as from January 1, 2017.

The Amendment also provides that no tax will apply to a dividend distributed out of preferred income to a shareholder that is an Israeli resident company. A tax rate of 20% shall apply to a dividend distributed out of preferred income and preferred technological income, to an individual shareholder or foreign resident, subject to double taxation prevention treaties.

On May 16, 2017, the Knesset Finance Committee approved Encouragement of Capital Investment Regulations (Preferred Technological Income and Capital Gain of Technological Enterprise) - 2017 (hereinafter: "the Regulations"), which provides rules for applying the "preferred technological enterprise" and "special preferred technological enterprise" tax benefit tracks including the Nexus formula that provides the mechanism for allocating the technological income eligible for the benefits.

The Company obtained tax rulings confirming that the Company is eligible for the Law for the Encouragement of Capital Investments. The tax rulings which were obtained applied for the years 2017-2021. The Company approached the Israeli Tax Authority, for the renewal of the tax ruling, regarding industrial enterprise and preferred technological enterprise, for the next five years.

b. Details regarding the tax environment of the non-Israeli companies:

Non-Israeli subsidiaries are taxed according to the tax laws in their countries of residence as reported in their statutory financial statement prepared under local accounting regulations.

(1) US

Provisions enacted in the Tax Cuts and Jobs Act in 2017 related to the capitalization for tax purposes of research and experimental expenditures ("R&E") became effective on January 1, 2022. These new R&E provisions require us to capitalize certain research and experimental expenditures and amortize them on the U.S. tax return over five or fifteen years, depending on where these costs are conducted. The tax expense in the U.S. would increase as a result, unless these provisions are modified through legislative processes in the future. The Company consider the effect of the new enacted act in the current year tax provision and the deferred tax asset.

As of the acquisition date of RhythmOne, RhythmOne had U.S. federal net operating loss carryforwards, or NOLs, of approximately USD 100.8 million, which will expire starting 2038. As of December 31, 2022, the NOLs are approximately USD 65.7 million (2021: USD 79.4 million).

As of the acquisition date of Amobee, Amobee had U.S. federal net operating loss carryforwards, or NOLs, and the Company estimates that approximately USD 315 million NOLs can be utilized over the next 53 years.

Additionally, for tax years beginning after December 31, 2017, the Tax Cuts and Jobs Act limits the NOL deduction to 80% of taxable income, repeals carryback of all NOLs arising in a tax year ending after 2017 and permits indefinite carryforwards for all such NOLs. NOL's arising in a tax year ending on or before 2017 can offset 100% of taxable income, are available for carryback, and expire 20 years after they arise. It should be noted that the Coronavirus Aid, Relief and Economic Security ("CARES") Act suspended the 80% limitation for tax years 2018, 2019 and 2020 and allowed for a 5-year carryback for NOLs for tax years beginning after December 31, 2017, and before January 1, 2021.

Pursuant to Section 382 of the Internal Revenue Code, RhythmOne and Amobee underwent ownership changes for tax purposes (i.e., a change of more than 50% in stock ownership involving 5% shareholders) on April 2, 2019 and September 12, 2022, respectively. As a result, the use of the Company's total US NOL carryforwards and tax credits generated prior to the ownership change is subject to annual use limitations under Section 382 and potentially also under section 383 of the Code and comparable state income tax laws. Starting from the acquisition date, Amobee is included in the US federal group tax return.

(2) International

As of December 31, 2022, the NOLs are approximately USD 22.3 million (2021: USD 16.6 million).

c. Composition of income tax benefit:

	Year ended December 31		
	2022	**2021**	**2020**
	USD thousands		
Current tax expense			
Current year	14,378	7,220	3,022
Deferred tax expense (income)			
Creation and reversal of temporary differences	5,310	(8,168)	(12,603)
Tax (benefit) expenses	19,688	(948)	(9,581)

The following are the domestic and foreign components of the Company's income taxes (in thousands):

	Year ended December 31		
	2022	**2021**	**2020**
	USD thousands		
Domestic	5,766	4,995	1,661
US	11,578	(961)	(5,646)

International	2,344	(4,982)	(5,596)
Tax (benefit) expenses	19,688	(948)	(9,581)

d. Reconciliation between the theoretical tax on the pre-tax profit and the tax expense:

	Year ended December 31		
	2022	2021	2020
	USD thousands		
Profit (Loss) before taxes on income	42,425	72,275	(7,442)
Primary tax rate of the Company	23%	23%	23%
Tax calculated according to the Company's primary tax rate	9,758	16,623	(1,712)
Additional tax (tax saving) in respect of:			
Non-deductible expenses net of tax exempt income (*)	11,642	(3,364)	(2,509)
Difference between measurement basis of income/expenses for tax purposes and measurement basis of income/expenses for financial reporting purposes	(654)	-	-
Effect of reduced tax rate on preferred income and differences in previous tax assessments	(4,625)	(7,226)	170
Utilization of tax losses from prior years for which deferred taxes were not created	(2,539)	(1,117)	(5,887)
Effect on deferred taxes at a rate different from the primary tax rate	2,697	(3,329)	(768)
Recognition of deferred taxes for tax losses and benefits from previous years for which deferred taxes were not created in the past	(1,104)	(4,586)	-
Recognition in temporary differences for which deferred taxes are not recognized	35	-	-
Foreign tax rate differential	4,478	2,051	1,125
Tax (benefit) expenses	19,688	(948)	(9,581)
Effective income tax rate	46%	(1%)	129%

(*) including non- deductible share-based compensation expenses.

e. Deferred tax assets and liabilities:

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and liabilities are presented below:

	Intangible Assets and R&D expenses	Employees Compensation	Carryforward Losses	Accrued Expenses	Doubtful Debt	Other	Total
	USD thousands						
Balance of deferred tax asset (liability) as of January 1, 2021	**(17,035)**	**9,239**	**14,145**	**4,456**	**3,724**	**1,225**	**15,754**
Business combinations	(1,962)	-	458	-	-	-	(1,504)
Changes recognized in profit or Loss	13,310	3,861	(4,714)	(3,117)	(623)	(549)	8,168
Changes recognized in equity	100	(1,026)	(54)	1,600	(2)	-	618
Balance of deferred tax asset (liability) as of December 31, 2021	**(5,587)**	**12,074**	**9,835**	**2,939**	**3,099**	**676**	**23,036**
Business combinations	(11,313)	1,502	7,857	1,322	973	2,158	2,499
Changes recognized in profit or Loss	5,019	(2,927)	(2,486)	(2,590)	(1,332)	(1,249)	(5,565)
Effect of change in tax rate	-	14	237	-	-	4	255
Changes recognized in equity	187	(3,417)	(24)	22	11	(5)	(3,226)
Balance of deferred tax asset (liability) as of December 31, 2022	**(11,694)**	**7,246**	**15,419**	**1,693**	**2,751**	**1,584**	**16,999**

As of each reporting date, the Company's management considers new evidence, both positive and negative, that could impact management's view with regard to future realization of deferred tax assets.

As of December 31, 2022, and 2021, the Company has gross unrecognized tax benefits of approximately USD 7,188 thousand and USD 4,370 thousand, respectively. The Company classifies liabilities for unrecognized tax benefits in Current tax liabilities.

f. Tax assessment:

The Company considers tax year 2017 and the US federal group tax year 2018 as close for tax assessment.

NOTE 5: FIXED ASSETS, NET

	Computers and Servers	Office furniture and equipment	Leasehold improvements	Total
	USD thousands			
Cost				
Balance as of January 1, 2021	**7,683**	**1,132**	**1,870**	**10,685**
Exchange rate differences	(2)	10	3	11
Additions *	2,010	44	58	2,112

Business combinations	-	1	-	1
Disposals	(852)	(742)	(1,161)	(2,755)
Balance as of December 31, 2021	**8,839**	**445**	**770**	**10,054**
Exchange rate differences	53	41	20	114
Additions *	8,375	5	5	8,385
Business combinations (See Note 20)	22,256	351	647	23,254
Disposals	(892)	(28)	(336)	(1,256)
Balance as of December 31, 2022	**38,631**	**814**	**1,106**	**40,551**
Depreciation				
Balance as of January 1, 2021	**4,981**	**823**	**1,589**	**7,393**
Exchange rate differences	(1)	24	(2)	21
Disposals	(852)	(742)	(1,161)	(2,755)
Additions	1,570	164	197	1,931
Balance as of December 31, 2021	**5,698**	**269**	**623**	**6,590**
Exchange rate differences	57	41	18	116
Disposals	(890)	(28)	(336)	(1,254)
Additions	4,957	61	207	5,225
Balance as of December 31, 2022	**9,822**	**343**	**512**	**10,677**
Carrying amounts				
As of December 31, 2021	**3,141**	**176**	**147**	**3,464**
As of December 31, 2022	**28,809**	**471**	**594**	**29,874**

* As of December 31, 2022, USD 1,900 additions have not been paid (2021: nil).

NOTE 6: LEASES

a. Leases in which the Group is the lessee:

The Group applies IFRS 16, Leases. The Group has lease agreements with respect to the following items:

- Offices;
- Data center;

1) Information regarding material lease agreements:

a) The Group leases Offices mainly in the United States of America (US), Israel, Canada and UK with contractual original lease periods ends between the years 2023 and 2027 from several lessors. The Group did not assume renewals in determination of the lease term unless the renewals are deemed to be reasonably assured at lease commencement.

A lease liability in the amount of USD 18,513 thousand and USD 12,023 thousand as of December 31, 2022, and December 31, 2021, respectively, and right-of-use asset in the amount of USD 7,753 thousand and USD 5,424 thousand as of December 31, 2022, and December 31, 2021, respectively have been recognized in the statement of financial position in respect of leases of offices.

b) The Group leases data center and related network infrastructure with contractual original lease periods ends between the years 2023 and 2026. The Group did not assume renewals in determination of the lease term unless the renewals are deemed to be reasonably assured at lease commencement.

A lease liability in the amount of USD 10,825 thousand and USD 2,972 thousand as of December 31, 2022, and December 31, 2021, respectively, and right-of-use asset in the amount of USD 10,520 thousand and USD 2,849 thousand as of December 31, 2022, and December 31, 2021, respectively have been recognized in the statement of financial position in respect of data centers.

2) Lease liability:

Maturity analysis of the Group's lease liabilities:

	December 31	
	2022	**2021**
	USD thousands	
Less than one year (0-1)	14,104	7,119
One to five years (1-5)	15,234	7,042
More than five years (5+)	-	834
Total	29,338	14,995
Current maturities of lease liability	14,104	7,119
Long-term lease liability	15,234	7,876

3) Right-of-use assets - Composition:

	Offices	**Data center**	**Total**
		USD thousands	
Balance as of January 1, 2021	**5,925**	**4,897**	**10,822**
Depreciation and amortization on right-of-use assets	(4,022)	(2,312)	(6,334)
Additions	3,571	446	4,017
Lease modifications	-	7	7
Disposals	-	(189)	(189)
Exchange rate differences	(50)	-	(50)

Balance as of December 31, 2021	**5,424**	**2,849**	**8,273**
Business Combinations	6,103	10,633	16,736
Depreciation and amortization on right-of-use assets	(4,533)	(4,693)	(9,226)
Additions	1,113	1,783	2,896
Lease modifications	(74)	-	(74)
Disposals	(205)	(52)	(257)
Exchange rate differences	(75)	-	(75)
Balance as of December 31, 2022	**7,753**	**10,520**	**18,273**

4) Amounts recognized in statement of operation:

	Year ended December 31		
	2022	**2021**	**2020**
		USD thousands	
Interest expenses on lease liability	(587)	(570)	(1,117)
Depreciation and amortization of right-of-use assets	(9,226)	(6,334)	(8,855)
Gain (loss) recognized in profit or loss	(74)	7	1,829
Total	**(9,887)**	**(6,897)**	**(8,143)**

5) Amounts recognized in the statement of cash flows:

	Year ended December 31		
	2022	**2021**	**2020**
		USD thousands	
Cash outflow for leases	**(12,605)**	**(10,579)**	**(14,468)**

b. Leases in which the Group is a lessor:

1) Information regarding material lease agreements:

The Group subleases offices at the US for periods expiring in 2027.

2) Net investment in the lease:

Presented hereunder is the movement in the net investment in the lease:

	Offices	
	Year ended December 31	
	2022	**2021**
	USD thousands	

Balance as of January 1,	5,682	7,835
Sublease receipts	(1,306)	(2,454)
Additions	310	301
Business combinations (See Note 20)	163	-
Balance as of December 31,	**4,849**	**5,682**

3) Maturity analysis of net investment in finance leases:

	Year ended December 31	
	2022	**2021**
	USD thousands	
Less than one year (0-1)	1,084	1,067
One to five years (1-5)	3,765	3,789
More than five years (5+)	-	826
Total net investment in the lease as of December 31,	**4,849**	**5,682**

1) Amounts recognized in statement of operation:

	Offices		
	Year ended December 31		
	2022	**2021**	**2020**
	USD thousands		
Gain from finance subleases	-	301	274
Financing income on the net investment in the lease	199	245	361
Total	**199**	**546**	**635**

NOTE 7: INTANGIBLE ASSETS, NET

	Software	**Trademarks**	**Customer relationships**	**Technology**	**Others**	**Goodwill**	**Total**
	USD thousands						
Cost							
Balance as of January 1, 2021	24,095	36,639	48,340	46,818	2,159	152,861	310,912
Exchange rate differences	(25)	(272)	(374)	(166)	(17)	(1,338)	(2,192)
Additions	4,966	-	-	-	-	-	4,966
Disposals	(5,084)	-	-	-	-	-	(5,084)
Business combinations	735	-	-	6,540	-	5,189	12,464
Balance as of December 31, 2021	24,687	36,367	47,966	53,192	2,142	156,712	321,066
Exchange rate differences	(50)	(1,262)	(1,341)	(548)	(114)	(3,216)	(6,531)
Additions	8,750	-	-	-	-	-	8,750
Disposals	(1,199)	(19,570)	(2,393)	(4,851)	-	-	(28,013)
Business combinations (see Note 20)	-	7,654	29,169	85,684	-	92,244	214,751

Balance as of December 31, 2022	32,188	23,189	73,401	133,477	2,028	245,740	510,023
Amortization							
Balance as of January 1, 2021	14,446	20,636	17,195	32,033	2,102	-	86,412
Exchange rate differences	(8)	(170)	(256)	(21)	(21)	-	(476)
Additions	5,522	9,320	9,142	7,949	61	-	31,994
Disposals	(5,084)	-	-	-	-	-	(5,084)
Balance as of December 31, 2021	14,876	29,786	26,081	39,961	2,142	-	112,846
Exchange rate differences	2	(585)	(800)	(198)	(114)	-	(1,695)
Additions	6,189	2,514	9,289	10,257	-	-	28,249
Disposals	(659)	(19,570)	(2,393)	(4,851)	-	-	(27,473)
Balance as of December 31, 2022	20,408	12,145	32,177	45,169	2,028	-	111,927
Carrying amounts							
As of December 31, 2021	9,811	6,581	21,885	13,231	-	156,712	208,220
As of December 31, 2022	11,780	11,044	41,224	88,308	-	245,740	398,096

Capitalized development costs

Development costs capitalized in the period amounted to USD 8,743 thousand (2021: USD 4,933 thousand) and were classified under software.

Impairment testing for intangible assets

The Company's qualitative assessment during the years ended December 31, 2022, and December 31, 2021, did not indicate that it is more likely than not that the fair value of its intangible assets, and other long-lived assets is less than the aggregate carrying amount.

As of December 31, 2022, the estimated recoverable amount based on company's market value was lower than the carrying amount, and therefore the recoverable amount was estimated based on value in use and was determined by discounting the future cash flows. The estimated value in use was higher than the carrying amount, and therefore there was no need for impairment. As of December 31, 2021, the recoverable amount was based on fair value less cost of disposal which higher than the carrying amount.

Key assumptions used in the calculation of recoverable amounts are:

Pre-tax discount rate	15% (WACC)
Terminal value growth rate	3%
EBITDA growth rate	21%-33%

The cash flow projections include specific estimates for five years and a terminal value growth rate thereafter. EBITDA growth rate is expressed as the annual growth rate in the initial five years of the plans used for impairment testing and has been mainly based on past experience and management expectations.

Management has identified two key assumptions for which there reasonably could be a possible change that could cause the carrying amount to exceed the recoverable amount. The table below shows the amount that these two assumptions are required to change individually in order for the estimated recoverable amount to be equal to the carrying amount.

	2022
	%
Increase Pre-tax discount rate	224%
Decrease Terminal value growth rate	100%

NOTE 8: TRADE AND OTHER RECEIVABLES

	December 31	
	2022	2021
	USD thousands	
Trade receivables:		
Trade receivables	229,975	178,933
Allowance for doubtful debts	(10,138)	(13,870)
Trade receivables, net	219,837	165,063
Other receivables:		
Prepaid expenses	14,425	13,110
Loan to third party	-	480
Institutions	1,281	1,050
Pledged deposits	3,036	2,647
Acquisition consideration adjustment	4,673	-
Other	-	949
	23,415	18,236

NOTE 9: TRADE AND OTHER PAYABLES

	December 31	
	2022	2021
	USD thousands	
Trade payables	212,690	161,812
Other payables:		
Contract liabilities	6,540	11,415
Wages, salaries and related expenses	24,539	16,406
Provision for vacation	1,869	1,003
Institutions	1,659	791
Ad spend liability	-	7,729
Onerous contract	1,350	-
Interest to pay	1,504	-
Pledged deposits	362	592
Others	7,882	4,964
	45,705	42,900

NOTE 10: CASH AND CASH EQUIVALENTS

	December 31	
	2022	2021
	USD thousands	
Cash	173,568	77,537
Bank deposits	43,932	290,180

Cash and cash equivalents	217,500	367,717

The Group's exposure to credit, and currency risks are disclosed in Note 18 on financial instruments.

NOTE 11: LONG-TERM DEBT

In September 2022, Unruly Group US Holding Inc. entered into a $90 million senior secured term loan facility (the Term Loan Facility) and a $90 million senior secured revolving credit facility with a $15 million letter of credit sub-facility (the Revolving Credit Facility and, together with the Term Loan Facility, collectively, the Credit Facilities). The Company used the net proceeds of the Term Loan Facility and $10 million of net proceeds of the Revolving Credit Facility to fund a portion of the cash consideration required to close its acquisition of Amobee Inc. The Company may use borrowings made from time to time under the Revolving Credit Facility for general corporate purposes or other purposes not prohibited under the Credit Facilities. Each of the Credit Facilities matures on September 15, 2025 and bears interest, at the Company's discretion, at a base rate plus a margin of 0.25% to 1.00% per annum or SOFR rate plus a spread of 1.25% to 2.00% per annum plus a credit spread adjustment of 0.10% to 0.25% based on the interest period duration of the applicable borrowing, in each case with such margin being determined by the Company's consolidated total net leverage ratio. The Revolving Credit Facility may be borrowed, repaid, and re-borrowed until its maturity. The Company may prepay the Credit Facilities at its discretion without premium or penalty. The Credit Facilities are each due and payable in full on the respective maturity date of such Credit Facility.

The Company is also obligated to pay a commitment fee on the undrawn amounts of the Revolving Credit Facility at an annual rate ranging from 0.20% to 0.35%, determined by the Company's total net leverage ratio. The Credit Facilities require compliance with various financial and non-financial covenants, including affirmative and negative covenants. The financial covenants require that the total net leverage ratio not exceed 3x and the interest coverage ratio not be less than 4x, in each case measured as of the end of each fiscal quarter. As of December 31, 2022, the Company was in compliance with all related covenants. The letter of credit sub-facility includes a fee at a rate per annum equal to the applicable margin for SOFR Loans then in effect on the daily maximum amount then available to be drawn as well as a fronting fee equal to 0.125% per annum along with other standard fees.

Unruly Group US Holding Inc.'s obligations under the Credit Facilities are (i) jointly and severally guaranteed by Tremor International Ltd. and certain of Tremor International Ltd.'s direct and indirect, existing and future wholly owned restricted subsidiaries, subject to certain exceptions and (ii) secured on a first-lien basis by substantially all of the tangible and intangible assets of Unruly Group US Holding Inc. and the guarantors of the Credit Facilities, subject to certain permitted liens and other agreed upon exceptions.

NOTE 12: REVENUE

	Year ended December 31		
	2022	**2021**	**2020**
		USD thousands	
Programmatic	274,355	266,616	161,625
Performance	60,895	75,329	50,295
	335,250	341,945	211,920

For the year ended December 31, 2022, one buyer represents 10.7% of the revenue. For the year ended December 31, 2021 one buyer represents 13.6% of revenue. For the year ended December 31, 2020, no individual buyer accounted for more than 10% of revenue.

NOTE 13: COST OF REVENUE

	Year ended December 31		
	2022	2021	2020
	USD thousands		
Programmatic	35,110	31,572	31,918
Performance	25,635	40,079	27,889
Cost of Revenue	60,745	71,651	59,807

NOTE 14: GENERAL AND ADMINISTRATIVE EXPENSES

	Year ended December 31		
	2022	2021	2020
	USD thousands		
Wages, salaries and related expenses	18,933	17,755	15,274
Share base payments	31,878	32,250	9,420
Rent and office maintenance	319	549	(483)
Professional expenses	12,233	7,136	4,766
Doubtful debts	(3,167)	4,958	(1,091)
Acquisition costs	6,012	253	524
Other expenses	1,797	598	1,268
	68,005	63,499	29,678

NOTE 15: SHAREHOLDERS' EQUITY

Issued and paid-in share capital:

	Ordinary Shares	
	2022	2021
	Number of shares	
Balance as of January 1	154,501,629	133,916,229
Own shares held by the Group	(16,906,795)	(917,998)
Share based compensation	6,883,128	5,564,808
Issuance of shares in IPO	-	15,568,590
Issuance of Restricted shares *	-	370,000
Issued and paid-in share capital as of December 31	144,477,962	154,501,629
Authorized share capital	500,000,000	500,000,000

* See Note 17

Rights attached to share:

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company. All shares rank equally with regard to the Company's residual assets.

Own shares acquisition:

On March 26, 2021, the Board of Directors terminated the buyback program due to the Company's election to pursue the Proposed Offering, which was completed in the second quarter of 2021.
On February 23, 2022, the Board of Directors approved a share buyback program of up to USD 75 million of its ordinary shares. The share repurchase program was completed in the third quarter of 2022.
On September 20, 2022, the Board of Directors approved a USD 20 million share repurchase program under which the Company is authorized to purchase up to USD 20 million of its Ordinary Shares. During 2022, the Company repurchased 16,906,795 ordinary shares in aggregate amount of USD 86.3 million which was financed by existing cash resources.

NOTE 16: EARNINGS PER SHARE

Basic earnings per share

The calculation of basic earnings per share as of December 31, 2022, 2021 and 2020 was based on the profit for the year divided by a weighted average number of ordinary shares outstanding, calculated as follows:

Profit for the year:

	Year ended December 31		
	2022	**2021**	**2020**
	USD thousands		
Profit for the year	22,737	73,223	2,139

Weighted average number of ordinary shares:

	Year ended December 31		
	2022	**2021**	**2020**
	Shares of NIS 0.01 par value		
Weighted average number of ordinary shares used to calculate basic earnings per share as at December 31	149,937,339	144,493,989	133,991,210
Basic earnings per share (in USD)	0.15	0.51	0.02

Diluted earnings per share:

The calculation of diluted earnings per share as of December 31, 2022, 2021 and 2020 was based on profit or for the year divided by a weighted average number of shares outstanding after adjustment for the effects of all dilutive potential ordinary shares, calculated as follows:

Weighted average number of ordinary shares (diluted):

	Year ended December 31		
	2022	**2021**	**2020**
		Shares of NIS 0.01 par value	
Weighted average number of ordinary shares used to calculate basic earnings per share	149,937,339	144,493,989	133,991,210
Effect of share options on issue	3,120,304	8,212,903	4,714,985
Weighted average number of ordinary shares used to calculate diluted earnings per share	153,057,643	152,706,892	138,706,195
Diluted earnings per share (in USD)	0.15	0.48	0.02

At December 31, 2022 8,851 thousand options (in 2021 and 2020: 3,061 thousand and 2,946 thousand, respectively) were excluded from the diluted weighted average number of ordinary shares calculation as their effect would have been anti-dilutive.

NOTE 17: SHARE-BASED COMPENSATION ARRANGEMENTS

a. Share-based compensation plan:

The terms and conditions related to the grants of the share options programs are as follows:

- All the share options that were granted are non-marketable.
- All options are to be settled by physical delivery of ordinary shares or ADSs.
- Vesting conditions are based on a service period of between 0.5-4 years.

b. Stock Options:

The number of share options is as follows:

	Number of options		Weighted average exercise price	
	2022	**2021**	**2022**	**2021**
	(Thousands)		(USD)	
Outstanding of 1 January	6,026	3,781	6.54	2.19
Forfeited during the year	(828)	(359)	7.61	6.79
Exercised during the year	(1,046)	(652)	1.96	2.08
Granted during the year	620	3,256	7.22	10.76
Outstanding of December 31	4,772	6,026	7.31	6.54
Exercisable of December 31	1,814	1,540		

Information on measurement of fair value of share-based compensation plans:

The fair value of employees share options is measured using the Black-Scholes formula. Measurement inputs include the share price on the measurement date, the exercise price of the instrument, expected volatility, expected term of the instruments, expected dividends, and the risk-free interest rate (See Note 3i).

The parameters used in the measurement of the fair values at grant date of the equity-settled share-based compensation plans were as follows:

	2022	**2021**
Grant date fair value in USD	3.13-3.24	4.30
Share price (on grant date) (in USD)	7.10	10.09
Exercise price (in USD)	7.22	10.76
Expected volatility (weighted average)	60%	60%
Expected life (weighted average)	3.5-3.8	3.75
Expected dividends	0.00%	0.00%
Risk-free interest rate	2.15%	0.54%

The total expense recognized in the year ended December 31, 2022, with respect to the options granted to employees, amounted to approximately USD 5,867 thousand (2021: USD 3,412 thousand).

c. Restricted Share Units:

During 2022 and 2021, the Group granted 777,448 and 7,366,472 Restricted Share Units (RSU's) to its executive officers and employees, respectively.

The number of restricted share units is as follows:

	Number of RSU's		**Weighted-Average Grant Date Fair Value**	
	2022	**2021**	**2022**	**2021**
	(Thousands)			
Outstanding at 1 January	8,146	3,777	8.606	2.364
Forfeited during the year	(261)	(25)	9.948	7.861
Exercised during the year	(3,374)	(2,972)	8.091	4.447
Granted during the year	777	7,366	4.596	10.017
Outstanding at December 31	5,288	8,146	8.277	8.606

The total expense recognized in the year ended December 31, 2022, with respect to the RSU's granted to employees, amounted to approximately USD 31,923 thousand (2021: USD 29,530 thousand).

d. Performance Stock Units:

During 2022 and 2021, the Group granted 168,048 and 2,668,240 Performance Stock Units (PSU's) to its executive officers, respectively.

The number of performance stock units is as follows:

	Number of PSU's		Weighted-Average Grant Date Fair Value	
	2022	2021	2022	2021
	(Thousands)			
Outstanding at January 1	4,486	3,852	6.796	2.155
Forfeited during the year	(80)	(93)	9.952	2.253
Exercised during the year	(2,582)	(1,941)	4.891	2.204
Granted during the year	168	2,668	4.453	9.999
Outstanding at December 31	1,992	4,486	8.937	6.796

The vesting of the PSU's is subject to continues employment and compliance with the performance criteria determined by the Company's Remuneration Committee and the Company's Board of Directors.

The total expense recognized in the year ended December 31, 2022, with respect to the PSU's granted to employees, amounted to approximately USD 12,715 thousand (2021: USD 9,876 thousand).

e. Expense recognized in the statement of operation and other comprehensive income is as follows:

	Year ended December 31		
	2022	2021	2020
	USD thousands		
Selling and marketing	10,594	7,094	4,515
Research and development	8,034	3,474	555
General and administrative	31,877	32,250	9,420
	50,505	42,818	14,490

NOTE 18: FINANCIAL INSTRUMENTS

a. Overview:

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents quantitative and qualitative information about the Group's exposure to each of the above risks, and the Group's objectives, policies and processes for measuring and managing risk.

In order to manage these risks and as described hereunder, the Group executes transactions in derivative financial instruments. Presented hereunder is the composition of the derivatives:

	December 31	
	2022	2021
	USD thousands	
Derivatives presented under current assets		
Forward exchange contracts used for hedging	-	947
Derivatives presented under non-current assets		
Forward exchange contracts used for hedging	-	241
Derivatives presented under current liability		
Forward exchange contracts used for hedging	(209)	-
Total	(209)	1,188

b. Risk management framework:

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board is responsible for developing and monitoring the Group's risk management policies.

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management of standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

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

c. Credit risk:

The Group's credit risk is arise from the risk of financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The carrying amount of financial assets represents the maximum credit exposure.
The maximum exposure to credit risk at the reporting date was as follows:

	December 31	
	2022	2021
	USD thousands	
Cash and cash equivalents	217,500	367,717
Trade receivables, net (a)	219,837	165,063
Other receivables	7,709	4,076
Long term deposit	406	431
Long term receivables	-	241
	445,452	537,528

(a) At December 31, 2022, the Group included provision for doubtful debts in the amount of USD

10,138 thousand (December 31, 2021: USD 13,870 thousand) in respect of collective impairment provision and specific debtors that their collectability is in doubt.

As of December 31, 2022, two buyers accounted for 15.7% and 14.1% of trade receivables. As of December 31, 2021, two buyers accounted for 17.1% and 16.9% of trade receivables.

	Allowance for Doubtful debts	
	2022	2021
	USD thousands	
Balance at January 1	13,870	9,036
Allowance for doubtful debts expenses (income)	(3,167)	4,958
Write-off	(542)	(93)
Exchange rate difference	(23)	(31)
Balance at December 31	10,138	13,870

d. Liquidity risk:

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

As of December 31, 2022, and December 31, 2021, the Group's contractual obligation of financial liability is in respect of leases, trade, and other payables in the amount of USD 361,820 thousand and USD 193,213 thousand, respectively. The contractual maturity of the financial liability that is less than one year is in the amount of USD 240,590 thousand and USD 185,337 thousand for December 31, 2022, and December 31, 2021, respectively.

e. Market risk:

Market risk is the risk that changes in market prices, such as foreign exchange rates, the CPM, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

At December 31, 2022, USD 15,111 thousand are held in AUD, USD 7,642 thousand are held in SGD, USD 7,092 thousand are held in JPY, USD 5,144 thousand are held in EUR, USD 3,517 thousand are held in GBP, USD 3,423 thousand are held in CAD, USD 843 thousand are held in NIS, USD 875 thousand are held in other currencies and the remainder held in USD.

As of December 31, 2022, one vendor accounted for 12.7% of trade payables. As of December 31, 2021, no individual vendor accounted for more than 10% of trade payables.

f. Sensitivity analysis:

A change as of December 31 in the exchange rates of the following currencies against the USD, as indicated below, would have affected the measurement of financial instruments denominated in a foreign currency and would have increased (decreased) profit or loss and equity by the amounts shown below (after tax). This analysis is based on foreign currency exchange rate that the Group considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecasted sales and purchases.

GBP/USD	2022		2021	
	+10%	-10%	+10%	-10%
	USD thousands			
Profit / (Loss)	(2,893)	2,893	(2,587)	2,587
Increase / (Decrease) in Shareholders' Equity	(94)	94	(379)	379

NIS/USD	2022		2021	
	+10%	-10%	+10%	-10%
	USD thousands			
Profit / (Loss)	(139)	139	(721)	721
Increase / (Decrease) in Shareholders' Equity	(107)	107	(721)	721

SGD/USD	2022		2021	
	+10%	-10%	+10%	-10%
	USD thousands			
Profit / (Loss)	(2,615)	2,615	(433)	433
Increase / (Decrease) in Shareholders' Equity	(320)	320	(22)	22

Linkage and foreign currency risks

Currency risk

The Group is not exposed to currency risk on sales and purchases that are denominated in a currency other than the respective functional currency of the Group, the USD. The principal currencies in which these transactions are denominated are GBP, NIS, Euro, CAD, SGD, MXN, AUD and JPY.

At any point in time, the Group aims to match the amounts of its assets and liabilities in the same currency in order to hedge the exposure to changes in currency.
In respect of other monetary assets and liabilities denominated in foreign currencies, the Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

Interest rate risk

The Group is exposed to a cash flow risk from its variable-rate debt instruments**.**
An increase of 5% in interest rate would have a decrease in profit and in shareholders' equity by 1,067 thousand.

g. Level 3 financial instruments carried at fair value

Investment in shares is a financial asset measured at fair value through profit or loss under level 3.

	December 31, 2022
	Level 3
	USD thousands
Financial assets measured at fair value through profit or loss:	
Investment in shares	25,000

Valuation processes used by the Company

The fair value of non-marketable shares is determined by external valuer on an annual basis.

The principal unobservable inputs are as follows:

- The estimated royalties from App share and remote-control button which is based on the expected increase in market share.
- The average operating profit margin which is based on the stage of research and development.
- The discount rate, which is based on the risk-free rate for 10-year debentures issued by the government in the relevant market, adjusted for a risk premium to reflect both the risk of investing in equities, the systematic risk of company and entity specific risk to the extent not already reflected in the cash flows.

NOTE 19: RELATED PARTIES

Compensation and benefits to key management personnel

Executive officers also participate in the Company's share option programs. For further information see Note 17 regarding share-based compensation.

Compensation and benefits to key management personnel (including directors) that are employed by the Company and its subsidiaries:

	Year ended December 31	
	2022	2021
	USD thousands	
Share-based compensation	30,914	31,283
Other compensation and benefits	4,433	6,752
	35,347	38,035

NOTE 20: SUBSIDIARIES

a. **Details in respect of subsidiaries:**

Presented hereunder is a list of the Group's subsidiary:

Name of company	Principal location of the Company's activity	The Group's ownership interest in the subsidiary for the year ended December 31	
		2022	2021

Taptica Inc	USA	100%	100%
Tremor Video Inc	USA	100%	100%
Adinnovation Inc	Japan	100%	100%
Taptica UK	UK	100%	100%
YuMe Inc*	USA	100%	100%
Perk.com Canada Inc	Canada	100%	100%
R1Demand LLC*	USA	100%	100%
Unruly Group LLC	USA	100%	100%
Unruly Group US Holding Inc*	USA	100%	100%
Unruly Holdings Ltd*	UK	100%	100%
Unruly Group Ltd*	UK	100%	100%
Unruly Media GmbH	Germany	100%	100%
Unruly Media Pte Ltd*	Singapore	100%	100%
Unruly Media Pty Ltd	Australia	100%	100%
Unruly Media KK	Japan	100%	100%
Unmedia Video Distribution Sdn Bhd	Malaysia	100%	100%
Unruly Media Inc	USA	100%	100%
SpearAd GmbH	Germany	100%	100%
Amobee Inc*	USA	100%	0%
Amobee EMEA Limited	UK	100%	0%
Amobee International Inc	USA	100%	0%
Amobee Ltd	IL	100%	0%
Amobee Asia Pte Ltd*	Singapore	100%	0%
Amobee ANZ Pty Ltd	Australia	100%	0%

* Under these companies, there are twenty-seven (27) wholly owned subsidiaries that are inactive and in liquidation process.

b. Acquisition of subsidiaries and business combinations during the current period:

Acquisition of Amobee:

On July 25, 2022, the Company and its subsidiaries entered into a definitive agreement with Amobee Group Pte. Ltd (the "Seller") to acquire 100% of the voting share capital of Amobee, Inc., Amobee Asia Pte. Ltd. and Amobee ANZ Pty Ltd ("Amobee"). Amobee is a leading global advertising platform. The acquisition was completed at September 12, 2022 for a total consideration of USD 211.8 million which was funded through a combination of existing cash resources, and USD 100 million from a new USD 180 million secured credit facility, see note 11.
The primary reasons for the business combination are the goals to increase Company's global market presence, significantly enhance and expand Company's technology capabilities, add new linear TV capabilities and cross selling opportunities, and enrich Company's growth and competitive positioning within the industry.

The purchase price of consideration transferred, and the recognized amounts of assets acquired, and liabilities assumed at the acquisition date of USD 211.8 million includes USD 82 million Intellectual Property Assets previously owned by Amobee Inc.

In the consolidated period from the acquisition date to December 31, 2022 the subsidiary contributed USD 12.6 million loss to the Group's results and USD 36.8 million to the Group's revenue. If the acquisition had occurred on January 1, 2022, management estimates that consolidated loss would have been USD 55.2 million and consolidated revenue for the year would have been USD 427.6 million. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on January 1, 2022. The pro forma results do not include any anticipated cost synergies or other effects of the combined companies.

Identifiable assets acquired and liabilities assumed:

	USD thousands
Cash and Cash equivalents	18,919
Accounts Receivables	109,362
Other assets	14,232
Fixed Assets	23,254
Intangible Assets	122,507
Right-of-use assets	16,900
Deferred tax Assets	2,499
Trade payables	(105,693)
Other Payables	(49,909)
Lease Liabilities	(23,526)
Onerous contract (a)	(9,019)
Net identifiable assets	119,526

(a) In 2019, Amobee Asia Pte Ltd ("Amobee SG") entered into an agreement with MediaCorp Pte Ltd ("MediaCorp") for the design, development, implementation, integration, testing, delivery, and maintenance of a Dynamic Ad Platform based on Amobee technology.
The agreement is for five years, automatically renewing for one-year periods.

As of the date of acquisition and as part of the PPA, the Group assessed that the obligation for the net discounted future payments exceeding market fair value aggregated to present value of USD 9 million.
As of December 31, 2022, the liability balance aggregated to present value of USD 8.7 million. The amount which is included in the long term is USD 7.3 million.

Measurement of fair values:

The fair value of the technology is based on the research and development costs, the relief from royalty method was utilized in the determination of the fair value of the existing and developed technologies.
The fair value of the brand is based on the discounted estimated royalty income that could have generate if the trademark was licensed, in an arm's length transaction, to a third party.
The fair value of customer relationships is determined using the multi-period excess earnings method, whereby the subject asset is valued after deducting a fair return on all other assets that are part of

creating the related cash flows.

The following table summarizes the components of the acquired intangible assets and estimated useful lives as of the acquisition date:

	Amount	Estimated Useful Life
	USD thousands	Years
Technology	85,684	5
Customer relations	29,169	5-6
Brand	7,654	5
	122,507	

The aggregate cash flow derived for the Company as a result of the Amobee acquisition:

	USD thousands
Consideration transferred	211,770
Cash and cash equivalents at Amobee	)18,919(
Acquisition of subsidiary - Cash	192,851

Goodwill

The goodwill is attributable mainly to the increase offering to customers, enhanced opportunities for growth and the synergies expected to be achieved from integration into the Company's digital advertising platforms.

Goodwill was recognized as a result of the acquisition as follows:

	USD thousands
Consideration transferred	211,770
Less fair value of identifiable net assets	(119,526)
Goodwill	92,244

The following table summarizes the components of the acquired goodwill that is deductible for tax purposes:

	USD thousands
Deductible for tax purposes	7,354
Not deductible for tax purposes	84,890
Goodwill	92,244

Acquisition-related costs

The Company incurred acquisition-related costs of USD 5.3 million thousand related to legal fees and due diligence costs. These costs have been included in general and administrative expenses in the statements of operation and other comprehensive income. As of December 31, 2022, USD 2.2 million out of the acquisition-related costs were paid.

Settlement of pre-existing relationship with the acquiree

The Company and the acquiree are parties to a long-term relationship under which the acquiree and the Company supplies each other with services at changing prices. The transactions between the parties were done based on market value. This pre-existing relationship were not terminated as part of the acquisition.

NOTE 21: OPERATING SEGMENTS

The Group has a single reportable segment as a provider of marketing services.

Geographical information

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of consumers.

	Year ended December 31		
	2022	**2021**	**2020**
	USD thousands		
America	303,106	304,686	180,515
APAC	20,031	20,931	20,804
EMEA	12,113	16,328	10,601
Total	335,250	341,945	211,920

NOTE 22: CONTINGENT LIABILITY

1. In January 2018, AlmondNet, Inc. and its affiliates (Datonics LLC and Intent IQ) contacted RhythmOne asserting that RhythmOne's online advertising system infringes eleven U.S. Patents owned by the AlmondNet Group. As of the date of this report, a claim was never filed and RhythmOne is currently in a commercial agreement with AlmondNet's affiliate. The Company believes that the likelihood of a material loss is remote but at this point is unable to reasonably estimate any potential loss and financial impact to the Company resulting from this matter.

2. On May 18, 2021, the Company filed a complaint against Alphonso, Inc. ("Alphonso") in the Supreme Court of the State of New York, County of New York (the "Court"), asserting claims for breach of contract, tortious interference with business relations, intentional interference with contractual relations, unjust enrichment, and conversion. On September 10, 2021, the Company amended its complaint against Alphonso and added LG Electronics, Inc. ("LGE") as a Defendant.

The lawsuit arose out of Alphonso's breach of a Strategic Partnership Agreement and an Advance Payment Obligation and Security Agreement (the "Security Agreement") with the Company, Alphonso and LGE's tortious interference with Tremor's contractual relationships and business relations, and related misconduct. The Company is seeking damages and other relief, including an order foreclosing on Alphonso's collateral under the Security Agreement, from the Court.

On May 24, 2021, Alphonso filed a complaint against the Company in the Supreme Court of the State of New York, County of New York, asserting claims for breach of contract, unfair competition, and tortious interference with business relations. Alphonso, LGE, and the Company are currently engaged in depositions and expert discovery.

3. On June 21, 2022, Alphonso, Inc. ("Alphonso") filed a complaint against the Company in the United States District Court for the Northern District of California, asserting claims for misappropriation of trade secrets under federal and state law. On July 19, 2022, Alphonso also filed a motion for a preliminary injunction. On October 31, 2022, the Court denied Alphonso's motion for a preliminary injunction. Alphonso and the Company are currently engaged in fact discovery. The Company believes that the likelihood of a loss is remote and at this point is unable to reasonably estimate any potential loss and financial impact to the Company resulting from this matter.

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