22 September 2020

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

Interim Results
&
Q3 2020 Trading Update

Significant growth in Connected TV and video-based programmatic revenues underpins anticipated strong recovery in H2

Tremor International Ltd (AIM: TRMR), a global leader in video advertising technologies, announces its interim results for the six months ended 30 June 2020.

Q3 Trading update

- Very strong performance in Q3 2020 across Tremor's key growth engines reinforces the Company's strategy and is generating overall growth
- Significant progress in transformation to a video-focused business, with Branding revenues expected to increase to between $ 90-95 million in Q3 2020 (Q3 2019: $67 million), reflecting c. 40% growth in like for like sales and c. 70% compared to Q2 2020
- Tremor is back to strong profitability, with approximately $11 million Adjusted EBITDA anticipated in Q3 2020
- Core growth engines:
    - Connected TV ("CTV") revenues expected to double to $22-25 million in Q3 2020 (Q3 2019: $10.8 million), compared to the $28 million generated across the whole of H1 2020
    - Self-serve expected to deliver $8-9 million of revenue in Q3 2020, an increase of 557% (Q3 2019: $1.3 million)
    - Private Marketplaces ("PMPs") expected to generate revenues of c. $16-17million (Q3 2019: $1 million) compared to $14.5 million across the whole of H1 2020
- Benefits of the completion of the integration of Unruly coming into fruition in the quarter, with significant client interest and momentum achieved
- Overall, trading in Q3 2020 demonstrative of the strategy acceptance in the market and a solid recovery across H2 2020

H1 2020 Financial highlights

- Revenue: $136.5 million (H1 2019: $144.9 million)
    - Reduction partially as a result of an anticipated decrease in performance revenues to $22.1 million (H1 2019: $42.3 million)
- Gross profit: $45.8 million (H1 2019: $58.4 million)
    - Gross margin: 33.6% (H1 2019: 40.3%)
- Positive Adjusted EBITDA*: $1.8 million (H1 2019: $21.4 million). Better result achieved than anticipated as a result of a stronger performance in June and some cost adjustments
- Reported EPS of (0.19) cents (H1 2019: (0.05) cents) and Adjusted Diluted EPS of (0.04) cents (H1 2019: 0.12 cents). Net cash inflow from operating activities: $7.2million (H1 2019: $19.7 million)
- Net cash as at 30 June 2020 of $78 million** (31 December 2019: $76.9 million), after paying $5.2 million in a share buyback programme since March 2020

**Adjusted EBITDA is defined as earnings before interest, taxes, depreciation and amortisation, non-recurring income/expenses and share-based payment expenses*

*** Net cash is defined as cash and cash equivalents less short and long-term interest-bearing debt including capital and finance leases*

Operational highlights

- As previously flagged, COVID-19 adversely impacted the global advertising industry in H1 2020
- Pre-emptive measures taken by management are expected to deliver c. $23 million of savings in 2020 to mitigate the reduction in trading volumes experienced
- Strategy to focus on CTV, Self-serve and PMP platforms proved resilient and coming into fruition
- Integration of Unruly completed ahead of schedule with synergies being delivered in H2 2020
    - Combined offering includes over 3,000 direct premium publisher partnerships
    - Delivers significant strategic relationships with some of the world's biggest advertisers and brands and News Corp, which is one of the major publishers worldwide

The following table demonstrates the Adjusted EBITDA bridge from income statement for H1 2020:

	Six months ended June 30		**Year ended 31-Dec**
	2020	**2019**	**2019**
	(Unaudited)		**(Audited)**
	USD thousands		**USD thousands**
Revenues	**136,500**	144,899	325,760
Cost of sales	**(90,689)**	(86,503)	(187,246)
Gross profit	**45,811**	58,396	138,514
Research and development expenses	**16,297**	15,148	33,042
Selling and marketing expenses	**40,638**	27,410	62,025
General and administrative expenses	**19,249**	18,568	40,244
	76,184	61,126	135,311
Operating Profit	**(30,373)**	(2,730)	3,203

Adjustments to adjusted EDITDA:	**USD thousands**
Depreciation	6,369
Amortization	14,513
Share Base Payment exp.	8,561
Acquisition and other reconstruction Expenses	2,192
Other expenses	517
Adjusted EBITDA	**1,779**

Outlook

Whilst the Company continues to monitor the wider macroeconomic environment and the ongoing impact of COVID-19 very closely, trading in H2 2020 so far is demonstrating a strong recovery in global advertising (albeit not to previous levels) and as such, although the Company formally withdrew its guidance, it expects to be ahead of the consensus estimates that remain in the market for the current year. The Board remains confident in the medium-to-long term prospects of the Company which continues to have a strong balance sheet coupled with an unrivalled global proposition. This places Tremor in a prime position to benefit from the anticipated future resurgence in the global advertising markets.

The Company is close to completing its current buy back programme of $10 million. The board continues to evaluate the best use of deploying its capital for the benefit of shareholders.

Ofer Druker, Chief Executive Officer of Tremor, commented:

"Whilst Tremor has been impacted by the industry headwinds associated with the Covid-19 pandemic in the first half of 2020 and withdrew its guidance from the market, we are beginning to see very positive signs of a sustained recovery gathering momentum.

"The completion of the integration of Unruly, coupled with our ongoing strategy to expand our video advertising capabilities, is eliciting a positive result, which is very encouraging. Our strategy has allowed us to grow branding revenues significantly compared to the same period last year as we have moved away from any material dependency on our legacy activities."

A webcast detailing Tremor's interim results will be made available this week on the Company's website: https://www.tremorinternational.com/investors/.

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About Tremor International

Tremor International Ltd is a global leader in advertising technologies, it has three core capabilities: Video, Data and CTV, and our unique approach is centred on offering a full stack end-to-end solution which provides the Company with a major advantage in the marketplace.

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 is one of the largest and most innovative video advertising companies in North America and globally, with offerings in CTV, in-stream, out-stream and in-app.

The media side of Tremor, Unruly, drives real business outcomes in multiscreen advertising. Its highly ranked 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 publishers, unique demand relationships with the world's biggest advertisers and privileged access to News Corp inventory. Unruly works with 95% of the AdAge 100 and 82% of video views are delivered across Comscore 1,000 sites.

Tremor International Ltd is headquartered in Israel and maintains offices throughout the US and Canada, Europe, Asia-Pacific and Australia and is traded on the London Stock Exchange (AIM: TRMR).

CHIEF EXECUTIVE OFFICER'S REVIEW

Introduction

Following the acquisition of Unruly in January 2020, we completed its integration into Tremor in the first six months of the year, which was a significant achievement. Having now nearly completed Q3 2020, we are able to provide an update on how our strategy of creating one of the largest unified programmatic marketplaces specialized in CTV and video advertising is coming into fruition, as the advertising markets begin to recover.

We have seen significant client interest and traction in the third quarter, driven by our market leading end-to-end technology stack, with branding revenues expected to increase to between $90-95million (Q3 2019: $67 million). Revenues generated from Connected TV are expected to increase to $22-25 million in Q3 2020 alone (Q3 2019: $10.8 million), compared to $28 million for the whole of the first half of 2020.

We are also pleased with the growth delivered in the third quarter across our programmatic offerings, which include Self-Serve and Private Marketplace Packages platforms. Self-serve is expected to deliver c. $8-9 million of revenue in Q3 2020 (Q3 2019: $1.3 million) and our PMPs are expected to generate revenues of $16-17 million (Q3 2019: $1.0 million) compared to $14.5 million in H1 2020.

We believe the CTV, Self-serve and PMPs platforms are significant growth engines for our business and will define our success over the coming years.

Tremor made a solid start to the year, however, as previously flagged in our June trading update, COVID-19 and the associated lockdown restrictions had a marked impact on the global advertising industry and therefore on Tremor's trading performance in the first half of 2020.

Given the reduction in trading volumes in certain key sectors for the Company, management have taken preemptive measures to mitigate the effect of the net reduction in demand, including a number of cost-cutting initiatives, which are expected to provide savings of c. $23 million against our initial yearly budget. Demand from mid-March through to the end of April was heavily reduced as a result of advertiser budget cuts across a number of verticals. Since May, we have seen an encouraging level of volume increase, alongside continued demand from those sectors less impacted by the pandemic. However – despite this recovery – and as anticipated, demand in H1 2020 did not reach the levels experienced in the same period in 2019.

Revenues for the six months to 30 June 2020 were $136.5 million with Adjusted EBITDA for the period of $1.8 million. The Company continue to maintain a strong balance sheet with $78 million in net cash. Some of the reduction in top line is as a result of the anticipated continued decline in the performance revenues.

	Q1 2019[1] ($m)	**Q2 2019[2] ($m)**	**Q3 2019[2] ($m)**	**Q4 2019[2] ($m)**	**Q1 2020 ($m)**	**Q2 2020 ($m)**	**Q3 2020[3] ($m)**
Branding	27.5	75.0	67.1	78.8	61.0	55.7	90-95
Performance	18.0	24.3	19.0	16.0	9.5	10.6	7.5-8.5
Total revenue	45.5	99.4	86.1	94.8	70.5	66.3	97.5-103.5

[1] *Prior to the acquisitions of RhythmOne and Unruly*
[2] *Prior to the acquisition of Unruly*
[3] *Forecast based on July and August preliminary results*

Tremor continues to evolve its business placing Video, CTV and Data at the heart of its growth initiatives. Tremor has been formed through the combination of three leading complementary video-focused companies: Tremor Video, RhythmOne (including the assets of YuMe) and Unruly. These three businesses have been integrated seamlessly to deliver a number of unique benefits and advantages, including:

1) An end-to-end technology stack (demand and supply side) centred around video programmatic advertising

2) A keen focus on data usages, creating audience targeting, including an exclusive agreement with Alphonso, one of the leading solutions in TV retargeting

3) Strong growth engines of CTV, Self-Serve and Private Marketplace Packages

4) A unique global reach as a result of the acquisition of Unruly, that added further direct premium publisher partnerships and an exclusive in article global partnership with News Corp

5) A cash generative business with a strong balance sheet

Therefore, whilst COVID-19 has impacted trading in the first half of the year and it is anticipated that many of these headwinds will continue through to year-end, management believes that Tremor's position in the market will prove resilient and the Company will demonstrate growth as it has done in Q3 2020.

Strategy

Despite the current macroeconomic backdrop, the Company's growth strategy remains largely unchanged, with our overarching aim being to leverage our unique end-to-end technology proposition to continue to drive growth in the US, whilst utilizing our global footprint to expand internationally in EMEA and APAC, management believes that the Company's core growth engines will continue to be:

- **Connected TV** – leveraging our expertise, capabilities and relationships to expand market share

- **Self-Serve** – broadening our relationships with agencies/advertisers by giving access to a full platform to run their campaigns underpinned by our unique data segments, significant media reach and pricing leverage

- **Private Marketplaces** – adding leading tier one agency customers by providing high-quality video and display supply including CTV media and TV retargeting segments that are connected to the company's media Platform

- **The Exchange** – continuing to introduce our media platform into international markets beyond the US and connecting with global advertisers

- **Global brands** – Post the integration of Unruly, Tremor has added strong relationships with dozens of leading global advertisers and a strong premium base of publishers

- **M&A** – evaluating select opportunities focused on adding demand, leveraging Tremor's position as a consolidator in the market with a proved track record to drive success

Key Performance Indicators

Despite the unprecedented operating environment in the first six months of the year, certain positive trends have continued, including sustained growth in both the CTV and data-driven advertising segments. Usage of CTV during lockdown increased markedly, with a continued consumer shift from linear TV to streaming content on-demand from OTT providers. There are currently over 200 million CTV viewers in the US alone[4] and, as expected, advertisers have followed suit, allocating increasingly large proportions of their budgets to where individuals are consuming the most content.

Tremor's increased focus on CTV is clearly evident in our key performance indicators ("KPIs"), which were introduced earlier in the year to monitor the revenue growth of our core strategic growth drivers. Revenues generated from CTV increased by 359% in H1 2020 when compared to the same period in 2019. This growth is set to continue in Q3, with revenues generated expected to be c. $23-25 million, which is nearly the same amount generated across the whole of H1 2020.

A further important indicator is the growth around programmatic activities such as Self-serve and Private Marketplaces. Self-serve is expected to deliver $8 million of revenue in Q3 2020 (Q3 2019: $1.3 million) and our PMPs are set to generate revenues of c. $15 million-$16 million (Q3 2019: $1 million) compared to $14.5 million in H1 2020.

Revenue KPIs	**H1 2019 ($m)**	**H1 2020 ($m)**	**% growth**	**Q3 2019 ($m)**	**Q3 2020 FORECAST ($m)**	**% growth**
Connected TV	6.1	28.1	359%	10.8	22.0-25.0	122%
PMPs	1.2	14.5	1,134%	1.0	16.0-17.0	1,548%
Self-serve Platform	3.4	8.4	147%	1.3	8.5-9.5	557%

[4] *eMarketer: November 2019*

Unruly integration

Central to Tremor's efforts to mitigate the impact of COVID-19, was the accelerated integration of Unruly into the Company, which was completed in June 2020, two months ahead of schedule. The combination of Unruly and Tremor Video has created a truly stand-out offering, which includes over 3,000 direct premium publisher partnerships with many of largest and most read media outlets globally. The transaction also delivers significant strategic relationships with some of the world's biggest advertisers and brands. The Company is also benefitting from Unruly's U7, a brand and agency-powered council designed to engage the advertising community worldwide, providing access to some of the world's biggest brands.

As part of the Unruly transaction, in January 2020, Tremor entered into a global partnership with News Corp, one of the leading publishers in the world, giving Tremor the exclusive right to sell outstream video on more than 50 News Corp titles in the UK, US and Australia.

Board composition

As Tremor continues to expand its offering and international presence, a number of management and board changes have come into effect in the first half of 2020, reflecting the Company's operational progress. In March 2020, Yaniv Carmi, the Company's Chief Financial Officer was appointed to the role of Chief Operating Officer, with Sagi Niri joining Tremor as Chief Financial Officer, and subsequently being appointed to the Board in June 2020. In addition, as part of the acquisition of Unruly, both Rebekah Brooks (News Corp UK CEO) and Norman Johnston (Head of ad strategy at News Corp) joined the Board as non-executive directors, bringing with them unrivalled experience in the media markets in which we operate.

In June 2020, Tim Weller, Non-Executive Chairman of Tremor informed the Board of his intention to step down having held the position for six years during a transformational period for the Company. Chris Stibbs, Non-Executive Director of Tremor was appointed Non-Executive Chairman from 1 September 2020. Having spent 25 years as an executive in the media industry, serving as the CEO of The Economist, Chris is an ideal candidate to guide the Company as we continue to progress on our trajectory.

Outlook

Whilst the Company continues to monitor the wider macroeconomic environment and the ongoing impact of COVID-19 very closely, trading in H2 2020 so far is demonstrating a strong recovery in global advertising (albeit not to previous levels) and as such, although the Company formally withdrew its guidance, it expects to be ahead of the consensus estimates that remain in the market for the current year. The Board remains confident in the medium-to-long term prospects of the Company which continues to have a strong balance sheet coupled with an unrivalled global proposition. This places Tremor in a prime position to benefit from the anticipated future resurgence in the global advertising markets.

The Company is close to completing its current buy back programme of $10 million. The board continues to evaluate the best use of deploying its capital for the benefit of shareholders.

Ofer Druker
Chief Executive Officer

21 September 2020

Review Report of the Independent Auditors to the Shareholders of Tremor International Ltd.

Introduction

We have reviewed the accompanying financial information of Tremor International Ltd. and its subsidiaries (hereinafter - "the Company") comprising the condensed consolidated interim statement of financial position as of June 30, 2020 and the related condensed consolidated interim statements of comprehensive income, changes in equity and cash flows for the six-month period then ended. The Board of Directors and Management are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34 "*Interim Financial Reporting"*. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with Standard on Review Engagements (Israel) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" of the Institute of Certified Public Accountants in Israel. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards in Israel and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying financial information was not prepared, in all material respects, in accordance with IAS 34.

Somekh Chaikin
Certified Public Accountants (Isr.)
Member Firm of KPMG International

September 21, 2020

Condensed Consolidated Interim Statements of Financial Position as at

	June 30		December 31
	2020	*2019	2019
	(Unaudited)		(Audited)
	USD thousands		USD thousands
Assets			
Cash and cash equivalents	79,143	69,849	79,047
Trade receivables, net	66,688	103,390	95,278
Other receivables	18,124	10,543	13,340
Total current assets	163,955	183,782	187,665
Fixed assets, net	3,011	3,939	3,132
Right-of-use assets	23,824	29,153	21,003
Intangible assets, net	239,120	219,291	210,285
Deferred tax assets	19,637	13,944	17,606
Other long term assets	1,043	1,154	1,332
Total non-current assets	286,635	267,481	253,358
Total assets	450,590	451,263	441,023
Liabilities			
Current maturities of lease liabilities	10,825	14,552	9,637
Trade payables	71,132	74,324	70,428
Other payables	42,846	31,971	27,471
Total current liabilities	124,803	120,847	107,536
Employee benefits	515	710	556
Long-term lease liabilities	16,764	21,195	14,632
Deferred tax liabilities	18,830	20,094	17,687
Liability for put option on non-controlling interests	-	4,214	-
Total non-current liabilities	36,109	46,213	32,875
Total liabilities	160,912	167,060	140,411
Equity			
Share capital	380	353	351
Share premium	242,351	221,752	224,692
Capital reserves	13,396	16,027	16,791
Retained earnings	33,551	46,071	58,778
Total equity	289,678	284,203	300,612
Total liabilities and equity	450,590	451,263	441,023

*See note 7(B)(1)

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

Condensed Consolidated Interim Statements of Comprehensive Income

	Six months ended June 30		Year ended December 31
	2020	2019	2019
	(Unaudited)		(Audited)
	USD thousands		USD thousands
Revenues	136,500	144,899	325,760
Cost of sales	90,689	86,503	187,246
Gross profit	45,811	58,396	138,514
Research and development expenses	16,297	15,148	33,042
Selling and marketing expenses	40,638	27,410	62,025
General and administrative expenses	19,249	18,568	40,244
	76,184	61,126	135,311
Profit/(Loss) from operations	(30,373)	(2,730)	3,203
Profit/(loss) from operations before amortization of purchased intangibles and business combination related expenses*	(18,145)	6,735	23,148
Financing income	1,362	344	773
Financing expenses	(360)	(926)	(1,088)
Financing income (expenses), net	1,002	(582)	(315)
Other income	-	-	700
Profit /(Loss) before taxes on income	(29,371)	(3,312)	3,588
Taxes on income	4,254	(1,397)	2,636
Profit/(Loss) for the period	(25,117)	(4,709)	6,224
Profit/(loss) for the year before amortization of purchased intangibles and business combination related expenses (net of tax)**	(21,038)	3,437	22,452
Other comprehensive income items:			
Foreign currency translation differences for foreign operation	(3,551)	262	139
Total other comprehensive income for the year	(3,551)	262	139
Total comprehensive income (loss) for the period	(28,668)	(4,447)	6,363
Earnings per share			
Basic earnings (loss) per share (in USD)	(0.1869)	(0.0476)	0.0560
Basic earnings (loss) per share (in USD) before amortization of purchased Intangibles and business combination related expenses (net of tax)**	(0.1566)	0.0348	0.2018
Diluted earnings (loss) per share (in USD)	(0.1869)	(0.0476)	0.0542

Diluted earnings (loss) per share (in USD) before amortization of purchased Intangibles and business combination related expenses (net of tax)**	(0.1566)	0.0340	0.1956

*Amounting to USD 12,228 thousand (December 31 2019: USD 19,945 thousand, June 30 2019: USD 9,465 thousand) of amortization of purchased intangibles acquired in business combination and related acquisition expenses.

**Amounting to USD 4,079 thousand (December 31 2019: USD 16,228 thousand, June 30 2019: USD 8,146 thousand) of amortization of purchased intangibles acquired in business combination and related acquisition expenses.

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

Condensed Consolidated Interim Statements of Changes in Shareholders' Equity

	Share capital	Share premium	Capital Reserves (*)	Retained earnings	Total
			US$ thousands		
For the six months ended June 30, 2020 (unaudited)					
Balance as at January 1, 2020	351	224,692	16,791	58,778	300,612
Total comprehensive income for the period					
Loss for the period	-	-	-	(25,117)	(25,117)
Other comprehensive loss	-	-	(3,551)	-	(3,551)
Total comprehensive loss for the period	-	-	(3,551)	(25,117)	(28,668)
Transactions with owners, recognized directly in equity					
Revaluation of liability for put option on non-controlling interests	-	-	-	(110)	(110)
Issuance of shares in a business combination	25	14,093	-	-	14,118
Share based payments	-	-	8,346	-	8,346
Exercise of share options	12	8,738	(8,190)	-	560
Buy Back shares	(8)	(5,172)	-	-	(5,180)
Balance as at June 30, 2020	380	242,351	13,396	33,551	289,678
For the six months ended June 30, 2019 (unaudited)					
Balance as at January 1, 2019	198	65,305	7,713	51,053	124,269
Total comprehensive income for the period					
Loss for the period	-	-	-	(4,709)	(4,709)
Other comprehensive income	-	-	262	-	262
Total comprehensive income (loss) for the period	-	-	262	(4,709)	(4,447)
Transactions with owners, recognized directly in equity					
Revaluation of liability for put option on non-controlling interests	-	-	-	(273)	(273)
Issuance of shares in a business combination	184	175,166	-	-	175,350
Share based payments	-	-	8,322	-	8,322

Exercise of share options	1	597	(270)	-	328
Buy Back shares	(30)	(19,316)	-	-	(19,346)
Balance as at June 30, 2019	353	221,752	16,027	46,071	284,203
For the year ended December 31, 2019 (Audited)					
Balance as at January 1, 2019	198	65,305	7,713	51,053	124,269
Total comprehensive income for the year					
Profit for the year	-	-	-	6,224	6,224
Other comprehensive income	-	-	139	-	139
Total comprehensive income for the year	-	-	139	6,224	6,363
Transactions with owners, recognized directly in equity					
Revaluation of liability for put option on non-controlling interests	-	-	-	1,501	1,501
Issuance of shares (net of issuance cost)	184	175,166	-	-	175,350
Buy Back shares	(41)	(24,696)	-	-	(24,737)
Share-based payments	-	26	16,016	-	16,042
Exercise of share options	10	8,891	(7,077)	-	1,824
Balance as at December 31, 2019	351	224,692	16,791	58,778	300,612

(*) Includes reserves for share-based payments and a commitment to issue shares under business combination and other comprehensive income.

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

Condensed Consolidated Interim Statements of Cash Flows

	Six months ended June 30		**Year ended December 31**
	2020	**2019**	2019
	(Unaudited)		**(Audited)**
	USD thousands		**USD thousands**
Cash flows from operating activities			
Profit/(Loss) for the period	(25,117)	(4,709)	6,224
Adjustments for:			
Depreciation and amortization	20,883	13,395	32,359
Net financing (income) expense	(1,132)	315	(19)
Loss on sale of fixed assets	-	-	11
Loss (Gain) on IFRS 16 change contracts	(2,843)	(93)	(2,705)
Loss (Gain) on sale of business unit	-	-	(700)
Share-based payments	8,561	7,251	15,809
Income tax expense	(4,254)	1,397	(2,636)
Change in trade and other receivables	44,196	33,946	38,017
Change in trade and other payables	(32,801)	(30,863)	(35,754)
Change in employee benefits	(40)	(136)	(290)
Income taxes received	903	3,064	3,184
Income taxes paid	(1,047)	(3,609)	(8,089)
Interest received	290	354	604
Interest paid	(404)	(355)	(942)

Net cash provided by operating activities	7,195	19,957	45,073
Cash flows from investing activities			
Decrease in pledged deposits	185	30	475
Receipt of lease liability	1,279	589	1,669
Acquisition of fixed assets	(393)	(211)	(1,063)
Acquisition and capitalization of intangible assets	(2,438)	(2,371)	(5,672)
Proceeds from sale of intangible assets	-	-	6
Grant of short-term loans	817	-	309
Acquisition of subsidiaries, net of cash acquired	6,227	25,715	23,714
Net cash provided by investing activities	5,677	23,752	19,438
Cash flows from financing activities			
Repayment of loans	-	(17,273)	(17,273)
Buy back of shares	(5,180)	(18,891)	(24,737)
Proceeds from exercise of share options	560	328	1,824
payment of lease liability	(8,058)	(5,185)	(12,607)
Net cash used in financing activities	(12,678)	(41,021)	(52,793)
Net increase in cash and cash equivalents	194	2,688	11,718
Cash and cash equivalents as at the beginning of the period	79,047	67,073	67,073
Effect of exchange rate fluctuations on cash and cash equivalents	(98)	88	256
Cash and cash equivalents as at the end of the period	79,143	69,849	79,047

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

Notes to the Condensed Consolidated Interim Statements as of June 30, 2020

Note 1 - General

A. Reporting entity

Tremor International Ltd. (the "Company" or "Tremor International"), formerly named Taptica International Ltd., was incorporated in Israel under the laws of the state of Israel on March 20, 2007, and is listed on the AIM Market of the London Stock Exchange. The address of the registered office is 121 Hahashmonaim Street Tel-Aviv, Israel.

Tremor International Ltd is a global leader in advertising technologies. 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. Tremor Video is one of the largest and most innovative video advertising companies in North America, with offerings in CTV, in stream, and in-app. The media side of Tremor, RhythmOne, drives real business outcomes in multiscreen advertising. Its highly ranked programmatic platform efficiently and effectively delivers performance, quality, and actionable data to demand and supply-focused clients and partners.
Unruly is a strong video marketplace with more than 2,000 direct integrations with publishers, unique demand relationships with the world's biggest advertisers.
Tremor International Ltd is headquartered in Israel and maintains offices throughout the US and Canada, Europe, Asia-Pacific and Australia.

On April 1, 2019, the Company completed an acquisition transaction with RhythmOne Plc.
The consideration of the acquisition amounted to USD 176.4 million, see note 7(B)(1).

With respect to the acquisition of Unruly which was announced by the Company in the reporting period, see note 1(B)(1) and 7(A)(1).

B. Material events in the reporting period

(1) Business combination

On January 4, 2020, the Company entered into an agreement (the "Purchase Agreement") with News Corp UK & Ireland Limited (the "News Corp" or "UK Seller") and News Preferred Holdings, Inc. (the "US Seller", and collectively with the UK Seller, the "Sellers") to purchase the entire issued share capital of Unruly Holdings Limited ("Unruly UK") and Unruly Media Inc. ("Unruly US" and collectively with Unruly UK, "Unruly") from the Sellers.

Pursuant to the Purchase Agreement, the Company allotted to the UK Seller and the US Seller an aggregate of 8,525,323 new Ordinary Shares of the Company and paid US$1 and GBP 1 in exchange for the sale to the Company of a GBP 12.0 million intercompany loan, and in consideration for the entire issued share capital of Unruly UK and Unruly US. The aggregate new Ordinary Shares allotted to UK Seller and US Seller represented approximately 6.91% of the Company's issued voting share capital at such time, and are subject to a 18-month lock-up. In connection with the acquisition, Tremor Video, Inc. entered into a global partnership with News Corp that will equip Tremor Video with exclusive rights to sell outstream video on various News Corp titles in the UK, US and Australia, and Tremor Video committed to an ad spend of GBP 30 million with News Corp over a three-year period. See note 7(A)(1).

(2) Effects of the spreading of the coronavirus

Following the outbreak of the coronavirus (COVID-19) in China in December 2019, and it reaching many other countries as well at the beginning of 2020, there was a decrease in economic activity in many areas around the world, including Israel. The spread of the virus has led, inter alia, to slowdown of commerce, a decrease in global transportation, restrictions on travel and other activities which are essential and critical for maintaining on-going business activities that were announced by the state of Israel and other countries around the world and a decrease in the value of financial assets and commodities on the markets around the world.

Given the reduction in trading volumes in certain key sectors for the Company, the Company has introduced a number of measures to mitigate the impact of COVID-19, including cost-cutting initiatives with respect to reducing operating expenses, reducing headcount, freezing new hires, as well as accelerating the integration of Unruly which has been completed two months ahead of schedule.

C. Definitions

In these financial statements –

(1) The Company – Tremor International Ltd. (former name: Taptica International Ltd.)

(2) The Group – Tremor International Ltd. and its subsidiaries.

(3) Subsidiaries – Companies, the financial statements of which are fully consolidated, directly or indirectly, with the financial statements of the Company.

(4) Related party – As defined by IAS 24, “Related Party Disclosures”.

Note 2 - Basis of Preparation

A. Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting and do not include all of the information required for full annual financial statements. They should be read in conjunction with the financial statements as at and for the year ended December 31, 2019 (hereinafter – “the annual financial statements”).

These condensed consolidated interim financial statements were authorized for issue by the Company’s board of directors on September 21, 2020.

B. Use of estimates and judgments

The preparation of financial statements in conformity with IFRSs requires management to exercise judgment when making assessments, 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 significant judgments made by management in applying the Company’s accounting policies and the principal assumptions used in the estimation of uncertainty were the same as those that applied to the annual financial statements.

Note 3 - Significant Accounting Policies

Except as described below, the accounting policies applied by the Company in these condensed consolidated interim financial statements are the same as those applied by the Company in its annual financial statements.
Presented hereunder is a description of the changes in accounting policies applied in these condensed consolidated interim financial statements and their effect:

A. Initial application of new standards, amendments to standards and interpretations

As from January 1, 2020 the Company applies the new standards and amendments to standards described below:

(1) Amendment to IFRS 3, *Business Combinations*

The Amendment clarifies when a transaction to acquire an operation is the acquisition of a "business" and when it is the acquisition of a Company of assets that according to the standard is not considered the acquisition of a "business". For the purpose of this examination, the Amendment added an optional concentration test so that if substantially all of the fair value of the acquired assets is attributable to a Company of similar identifiable assets or to a single identifiable asset, this will not be the acquisition of a business. In addition, the minimum requirements for definition as a business have been clarified, and examples illustrating the aforesaid examination were added, such as for example the requirement that the acquired processes be substantive so that in order for it to be a business, the operation shall include at least one input element and one substantive process, which together significantly contribute to the ability to create outputs. Furthermore, the Amendment narrows the reference to the outputs element required in order to meet the definition of a business and added examples illustrating the aforesaid examination.

The Amendment is effective for transactions to acquire an asset or business for which the acquisition date is in annual periods beginning on or after January 1, 2020.

In the opinion of the Company, application of the Amendment did not have a material effect on the Company's financial statements and accounting treatment of acquisitions of operations.

Note 4 - Share-Based Payment

A. Share- based compensation plan

Following the acquisition of Unruly, the Company granted 415,074 restricted share units (RSUs) to Unruly executives and employees to replace the pre-acquisition News Corp equity incentive awards held by such Unruly executives and employees.

B. New grants during the period

During the six months period ended June 30, 2020, the Company granted 1,551,000 share options, 2,324,074 Restricted Share Units (RSUs) and 725,000 Performance Share Units (PSUs) to its executives officers and employees from outstanding awards under the Company's share incentive plans. (see also Note 15 to the Company's financial statement for December 31, 2019).

C. The total expense recognized in the condensed consolidated interim statement of Comprehensive Income in the six-month period ended June 30, 2020 with respect to the options, RSUs and PSUs granted to employees, amounted to USD 8,561 thousand.

The grant date fair value of the share options granted was measured based on the Black-Scholes option pricing model.

D. The number of share options (in thousands) is as follows:

	Weighted average exercise price	Number of options
	GBP	(Unaudited)
Outstanding at January 1, 2020	1.01	13,868
Exercised	0.08	(4,289)
Granted	0.53	4,600
Forfeited	2.39	(1,699)
Outstanding at June 30, 2020	0.52	12,480
Exercisable at June 30, 2020	1.27	535

Note 5 - Capital and Reserves

A. Share capital (in thousands of shares of NIS 0.01 par value)

	June 30, 2020
	(Unaudited)
Issued and paid-in ordinary share capital	133,596
Authorized share capital	300,000

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.

B. Issuing new public shares

Following the acquisition of Unruly, as described in Note 1(B)(1) and in note7(A)(1), the Company issued 8,525,323 new shares at a quoted price of the Company's share as at the business combination date to former Unruly shareholders which became admitted to trading on AIM on January 10, 2020 and are subject to a 18-month lock-up.

C. Own shares acquisition

As part of the Company's approvals in March 2020 for a share buyback program for a total consideration of USD 10 million, the Company purchased during the six month period ended June 30, 2020 2,833,395 shares for a total consideration of USD 5,180 thousand.
The Ordinary Shares acquired pursuant to the Buyback Program reclassified as dormant shares under the Israeli Companies Law (without any rights attached thereon) and held in treasury.

Note 6 - Income Tax

(1) On December 3, 2018, the Company together with Taptica (fully owned subsidiary) submitted a request to the Israeli tax authorities for a tax ruling regarding to restructuring, whereby Taptica will be merged with and into the Company in such a manner that Taptica will transfer to the Company all its assets and liabilities for no consideration and thereafter will be liquidated. As of June 30, 2019, the merger between the companies approved by the Israeli Tax Authority and the effective merge date was determined as December 31, 2018. Following the approval of the restructuring, the tax ruling regarding Taptica owns an industrial enterprise and preferred technological enterprise which was obtained on December 2018 will apply on the merged company for the years 2017-2021 with relative agreed changes.

(2) On May 2019 the Company submitted a request for a tax-exempt transfer of assets between its subsidiaries in accordance with the provisions of Section 104A(a) of the Ordinance, by which the Company requests to carry out a restructuring that will unite the subsidiaries companies of the Company (Taptica Inc and Tremor Video DSP) under one American holding subsidiary. The Company's aforesaid request was approved in March 2020.

Note 7 - Subsidiaries

A. Business combination during the current period measured at provisional amounts

(1) Acquisition of Unruly

As detailed in Note 1(B)(1), on January 4, 2020, the Company entered into an agreement to purchase the entire issued share capital of Unruly UK and Unruly US.
Pursuant to the Purchase Agreement, the Company (i) allotted to UK Seller 7,960,111 new Ordinary Shares of the Company in exchange for the sale to the Company of a GBP 12.0 million loan from Unruly Company Limited (as subsidiary of UK Target)(as borrower) to UK Seller (as lender); (ii) paid GBP 1 to UK Seller in consideration for the sale of the entire issued share capital of Unruly UK; and (iii) allotted to US Seller 565,212 new Ordinary Shares of the Company and paid US Seller USD 1 in consideration for the sale of the entire issued share capital of Unruly US.
The aggregate 8,525,323 new Ordinary Shares of the Company allotted to UK Seller and US Seller, as purchase price (as detailed above), represented approximately 6.91% of the Company's issued voting share capital at such time. The Sellers agreed not to sell, transfer or otherwise dispose of such Company Ordinary Shares for an 18-month period, subject to customary exceptions. As part of the transaction, the Sellers also agreed to contribute cash towards the cost of integrating Unruly with the Company.

In connection with the acquisition, Tremor Video, Inc., a subsidiary of the Company ("Tremor Video"), entered into a global partnership with News Corp that will equip Tremor Video with the exclusive right to sell outstream video on various News Corp titles in the UK, US and Australia, and Tremor Video has committed to an ad spend of GBP 30 million with News Corp over a three-year period.
The purchase price was allocated to the acquired tangible assets, intangible assets and liabilities on the basis of their fair value at the acquisition date including the Tremor Video and News Corp three-year period exclusive agreement.
The fair value of the assets and liabilities is subject to a final allocation of the purchase price to the fair value of the assets and liabilities, which has not yet been completed at the date of approval of these financial statements. Presented hereunder are the assets and liabilities that were allocated to Unruly at the acquisition date on a provisional basis:

	USD millions
Current assets	**29.0**
Non current assets (A)	**40.6**
Current liabilities	**(38.2)**
Non current liabilities	**(3.7)**
	27.7

(A) Comprised as follow:

	Fair value as at January 4, 2020
	USD millions
Backlog	**0.1**
Non Compete	**0.9**
Technology	**2.3**
Customer relations	**7.7**
Brand	**8.5**
Residual goodwill	**24.0**
Other non current assets	**0.8**
	44.3
Deferred tax liabilities	**(3.7)**

<u>The aggregate cash flow derived for the Company as a result of the Unruly acquisition in 2020</u>:

	USD millions
Purchase price shares	**0.9**
Working capital adjustments	**(0.5)**
Onerous contract	**14.1**
UK debt acquisition	**13.2**
Total purchase price – Non cash	**27.7**
Less- Cash and cash equivalents at Unruly	**7.1**
Add – acquisition costs	**0.9**
Acquisition of subsidiary – Cash	**6.2**
	21.5

B. Business combination in prior period

(1) Acquisition of RhythmOne

On April 1, 2019, the Company completed the acquisition transaction of RhythmOne Plc (hereinafter- "RhythmOne")

The consideration of the acquisition amounted to USD 176.4 million (including consideration allocated to issuance of ordinary shares and Replacement Award).

The financial statements of the Company as at June 30, 2019 include provisional amounts in respect of leases and provision of doubtful debts of RhythmOne . Upon completing the independent valuation for the business combination, amounts were retrospectively adjusted as follows:

<u>Effect on the statement of financial position</u>

	June 30, 2019 (unaudited)		
	As presented in the past financial statements	**Effect of retrospective adjustment**	**As presented in these financial statements**
		USD millions	
Current assets	186	(2)	184
Non current assets	258	9	267
Current liabilities	(116)	(5)	(121)
Non current liabilities	(44)	(2)	(46)

Measurement period adjustments recorded in the statement of comprehensive income were not material.

Note 8 - Contingent Liability

(1) On June 11, 2019 the Company was informed that Uber Technologies, Inc. filed a complaint in the Superior Court of the State of California (U.S.), County of San Francisco, against the Company. The complaint alleges fraud, negligence and unfair competition. In October 2014, Taptica, alongside a number of other adtech vendors, was retained by Fetch Media Ltd. ("Fetch") to promote Uber's mobile app (the "Uber Campaign"). There was no direct engagement between Uber and the Company or any of its subsidiaries. Overall, thousands of campaigns ran with Fetch directly liaising with Taptica on a daily basis. As is standard in the Company's business, at the end of each month, reconciliation reports were sent by the Company to Fetch and the final invoiced amounts were approved by Fetch. The revenue associated with the Uber Campaign directly relating to the Company does not represent a material portion of Taptica's revenue. On August 23, 2019, Taptica filed a demurrer relating to all causes of action asserted in the Complaint. On September 18, 2019, the Court issued an order transferring the case to the complex division of the Superior Court of California, County of San Francisco, temporarily staying discovery and assigning the matter for all purposes to Judge Teri L. Jackson. On October 8, 2019, following a peremptory challenge to Judge Jackson, the case was set for reassignment to a different judge. On October 11, 2019, the case

was reassigned to Judge Anne-Christine Massullo. After the defendants' demurrers were fully briefed, oral argument was heard on December 11, 2019, and continued to January 7, 2020. On January 9, 2020, Judge Massullo issued an order sustaining in part and overruling in part Taptica's demurrer, with leave to amend. In particular, Judge Massullo sustained Taptica's demurrer with respect to the fraudulent concealment and unfair competition claims, but overruled the demurrer with respect to alleged negligence. Uber filed its Amended Complaint on January 29, 2020, asserting the same three claims as in its original Complaint. Taptica demurred to all three claims on March 3, 2020. Oral arguments on Taptica's demurrer were heard on May 27, 2020. Judge Massullo sustained Taptica's demurrer with respect to the fraudulent concealment and unfair competition claims, with leave to amend. On August 17, 2020, Uber filed an Amended Complaint asserting the same claims in the original complaint. Taptica intends to demurrer within the appropriate timeframe. The discovery stay has been partially lifted relating to the negligence claims. The Company reiterates that it considers the claims to be without merit and, as such, will continue to aggressively defend against these claims. The Company believes that the likelihood of a material loss is remote but at this point it is too early to reasonably estimate potential loss any financial impact to the Company resulting from this matter.

(2) 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.