

25 May 2021

Tremor International Ltd
(“Tremor” or the “Company”)

Q1 2021 Trading Update

Organic sales traction underpins record Q1 results and strong momentum across 2021

Tremor International Ltd (AIM: TRMR), a global company offering an end to end software advertising platform, announces its results for the three months ended 31 March 2021.

Financial summary

- A record performance in Q1 2021, which is historically a quieter period for the Company
 - Net revenue increased 96% to \$63.0 million (Q1 2020: \$32.1 million)
 - Programmatic net revenue increased 105% to \$55.7 million (Q1 2020: \$27.2 million), underpinned by revenue growth in Connected TV ("CTV"), the self-serve platform and private marketplaces
 - Adjusted EBITDA increased 4,935% to \$27.5 million (Q1 2020: \$0.5 million)
 - Total cash and cash equivalents as at 30 April 2021 of \$130 million with no debt, after conducting a buy back of \$6.6 million during Q1 2021
- All acquisitions are now fully integrated with Tremor delivering record levels of organic revenue growth

Non-GAAP highlights

	USD thousands		
	Q1 2021	Q1 2020	% change
Net Revenue ¹	\$62,988	\$32,112	96%
Adjusted EBITDA ²	\$27,519	\$547	4935%
Programmatic net revenue	\$55,689	\$27,204	105%

Financial highlights

	USD thousands		
	Q1 2021	Q1 2020	% change
Revenues	\$71,009	\$38,611	84%
Cost of sales	\$17,692	\$13,258	33%
Research and development expenses	\$3,403	\$3,521	-3%
Selling and marketing expenses	\$18,050	\$18,169	-1%
General and administrative expenses	\$6,806	\$9,933	-31%
Depreciation & Amortisation	\$9,883	\$11,460	-14%
Operating Profit	\$15,175	-\$17,730	

Adjusted EBITDA reconciliation

	USD thousands		
	Q1 2021	Q1 2020	% change
Operating profit	\$15,175	-\$17,730	
Depreciation	\$1,954	\$3,577	-45%
Amortization	\$7,929	\$7,883	1%
Share-based payments	\$2,341	\$5,228	-55%
Restructuring & Acquisition-related cost	\$120	\$1,589	-92%
Adjusted EBITDA	\$27,519	\$547	4935%

¹Net revenue is included in this announcement consistent with the Company's prior disclosures. The Company expects that, following its proposed initial public offering of American Depositary Shares representing its ordinary shares in the United States, the metric "net revenue" will be replaced with a metric currently referred to as "Contribution ex-TAC" in the Company's Registration Statement on

Form F-1 (“the F-1”), which has been filed with the United States Securities and Exchange Commission (“SEC”). The F-1 remains subject to SEC review and comment and therefore the F-1 disclosure, including with respect to “Contribution ex-TAC”, is subject to further review and amendment.

²Adjusted EBITDA is defined as earnings before interest, taxes, depreciation and amortisation, non-recurring income/expenses and share-based payment expenses

Operational summary

- Strong growth in Programmatic activity reinforces the Company’s strategy to create an end-to-end platform, leveraging technology, data and business intelligence and targeting Video and CTV
- The Company continues to invest in both R&D and product development, to further exploit additional growth opportunities. During Q1 2021, Tremor launched multiple product initiatives to better cater for demand and supply partners as well as enhancing its go-to-market capabilities

Revenue KPIs:

	USD thousands		% growth
	Q1 2021	Q1 2020	
Connected TV	\$17,606	\$5,512	219%
PMPs	\$7,095	\$2,606	172%
Self-serve Platform	\$4,266	\$396	977%

- CTV continues to grow, and has become a key growth driver for the Company, accounting for 28% of net revenue and 32% of programmatic net revenue in Q1 2021
- The Company’s self-serve segment highlights the continued strength of its technology platform with clients now licensing Tremor’s software to run campaigns
- PMPs achieved strong traction with first tier global advertisers, creating further opportunity for long term growth

Outlook

Management remain confident in the medium to long-term prospects of the Company with Tremor well-placed to further benefit from the ongoing resurgence in the global digital advertising industry.

¹ As described in note 1 to the table above, the metric “net revenue” will be replaced following the Company’s proposed initial public offering in the United States with a metric (currently expected to be “Contribution ex-TAC”) that is subject to further review and amendment.

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About Tremor International

Tremor is a global company offering an end to end software advertising platform, operating across three core capabilities - Video, Data and CTV. Tremor's unique approach is centred on offering a full stack of end-to-end software 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.

The media side of Tremor, Unruly, 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 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 AdAge top 100 brands.

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

Forward-Looking Statements

This trading update contains forward-looking statements (as defined in Section 27A of the Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended) concerning future events. Words such as "expects," "intends," "plans," "believes," "anticipates," "hopes," "estimates," and variations of such words and similar expressions are intended to identify forward-looking statements. Such statements include comments regarding completion of the proposed offering. These forward-looking statements are based on the information available to, and the expectations and assumptions deemed reasonable by the Company at the time these statements were made. Although the Company believes that the expectations reflected in such forward-looking statements are reasonable at the time made, no assurance can be given that such expectations will prove to have been correct. These statements involve known and unknown risks and are based upon a number of assumptions and estimates, which are inherently subject to significant uncertainties and contingencies, many of which are beyond the control of the Company. Actual results may differ materially from those expressed or implied by such forward-looking statements. The Company expressly disclaims any obligations or undertaking to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in the Company's expectations with respect thereto or any change in events, conditions or circumstances on which any statement is based.

TREMOR INTERNATIONAL LTD.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION

	March 31	December
	2021	31
	Unaudited	Audited
	USD thousands	
Assets		

ASSETS:

Cash and cash equivalents	103,486	97,463
Trade receivables, net	142,255	153,544
Other receivables	16,336	17,615
Current tax assets	1,374	2,029
TOTAL CURRENT ASSETS	263,451	270,651
Fixed assets, net	3,110	3,292
Right-of-use assets	16,639	18,657
Intangible assets, net	217,411	224,500
Deferred tax assets	31,939	31,717
Other long term assets	1,993	1,834
TOTAL NON-CURRENT ASSETS	271,092	280,000
TOTAL ASSETS	534,543	550,651

Liabilities and shareholders' equity**LIABILITIES:**

Current maturities of lease liabilities	7,764	9,047
Trade payables	109,933	125,863
Other payables	41,129	47,122
Current tax liabilities	3,647	3,162
TOTAL CURRENT LIABILITIES	162,473	185,194
Employee benefits	504	495
Long-term lease liabilities	10,647	12,162
Deferred tax liabilities	14,408	15,963
Other long term liabilities	6,447	7,824
TOTAL NON-CURRENT LIABILITIES	32,006	36,444
TOTAL LIABILITIES	194,479	221,638
SHAREHOLDERS' EQUITY:		
Share capital	385	380
Share premium	263,775	264,831
Other comprehensive income	2,494	3,330
Retained earnings	73,410	60,472
TOTAL SHAREHOLDERS' EQUITY	340,064	329,013
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	534,543	550,651

Date of approval of the financial statements: May 24, 2021

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

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF OPERATION AND OTHER
COMPREHENSIVE INCOME
(Unaudited)**

	Three months ended March 31	
	2021	2020
	USD thousands	
Revenues	71,009	38,611
Expenses:		
Cost of Revenues (Exclusive of depreciation and amortization shown separately below)	17,692	13,258
Research and development expenses	3,403	3,521
Selling and marketing expenses	18,050	18,169
General and administrative expenses	6,806	9,933
Depreciation and amortization	9,883	11,460
Total Expenses	55,834	56,341
Operating Profit (Loss)	15,175	(17,730)
Financing income	(86)	(1,104)
Financing expenses	798	216
Financing expenses (income), net	712	(888)
Profit (Loss) before taxes on income	14,463	(16,842)
Tax benefit (expenses)	(1,589)	2,583
Profit (loss) for the period	12,874	(14,259)
Other comprehensive income items:		
Foreign currency translation differences for foreign operation	(836)	(2,633)
Total other comprehensive income (loss)	(836)	(2,633)
Total comprehensive income (loss)	12,038	(16,892)
Earnings (loss) per share		
Basic earnings (loss) per share (in USD)	0.096	(0.107)
Diluted earnings (loss) per share (in USD)	0.091	(0.107)

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

**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY
(Unaudited)**

	<u>Share capital</u>	<u>Share premium</u>	<u>Other comprehensive income</u> USD thousands	<u>Retained Earnings</u>	<u>Total</u>
Balance as of January 1, 2021	380	264,831	3,330	60,472	329,013
Total Comprehensive income (loss) for the quarter					
Profit for the period	-	-	-	12,874	12,874
Other comprehensive Income:					
Foreign Currency Translation	-	-	(836)	-	(836)
Total comprehensive Income (loss) for the period	-	-	(836)	12,874	12,038
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 payments	-	5,394	-	-	5,394
Exercise of share options	8	190	-	-	198
Balance as of March 31, 2021	385	263,775	2,494	73,410	340,064
Balance as of January 1, 2020	351	240,989	494	58,778	300,612
Total Comprehensive loss for the quarter					
Loss for the period	-	-	-	(14,259)	(14,259)
Other comprehensive Income:					
Foreign currency translation	-	-	(2,633)	-	(2,633)
Total comprehensive loss for the period	-	-	(2,633)	(14,259)	(16,892)
Transactions with owners, recognized directly in equity					
Revaluation of liability for put option on non-controlling interests	-	-	-	(98)	(98)
Issuance of shares in Business Combination	25	14,092	-	-	14,117
Share based payments	-	5,013	-	-	5,013

Exercise of share options	4	521	-	-	525
Balance as of March 31, 2020	380	260,615	(2,139)	44,421	303,277

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

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
(Unaudited)

	Three months ended March 31	
	2021	2020
	USD thousands	
CASH FLOWS FROM OPERATING ACTIVITIES:		
Profit (loss) for the period	12,874	(14,259)
Adjustments for:		
Depreciation and amortization	9,883	11,460
Net financing expense (income)	733	(908)
Loss on sale of fixed assets	14	-
Gain on leases change contracts	(307)	(2,825)
Share-based payment	2,341	5,228
Tax expenses (benefit)	1,589	(2,583)
Change in trade and other receivables	11,096	36,731
Change in trade and other payables	(19,737)	(33,216)
Change in employee benefits	3	(21)
Income taxes received	1,699	984
Income taxes paid	(816)	(529)
Interest received	79	199
Interest paid	(152)	(251)
Net cash provided by operating activities	19,299	10
CASH FLOWS FROM INVESTING ACTIVITIES		
Change in pledged deposits	(267)	149
Leases Receipt	830	624
Repayment of long-term loans	-	817
Acquisition of fixed assets	(1,545)	(307)
Acquisition and capitalization of intangible assets	(1,253)	(1,189)
Proceeds from sale of business unit	59	-
Acquisition of subsidiaries, net of cash acquired	-	6,208
Net cash provided by (used in) investing activities	(2,176)	6,302
CASH FLOWS FROM FINANCING ACTIVITIES		
Acquisition of own shares	(6,643)	-
Payment of call option liability	(1,294)	-
Proceeds from exercise of share options	198	525
Leases repayment	(2,809)	(4,329)

Net cash used in financing activities	<u>(10,548)</u>	<u>(3,804)</u>
Net increase in cash and cash equivalents	<u>6,575</u>	<u>2,508</u>
CASH AND CASH EQUIVALENTS AS OF THE BEGINNING OF PERIOD	97,463	79,047
EFFECT OF EXCHANGE RATE FLUCTUATIONS ON CASH AND CASH EQUIVALENTS	<u>(552)</u>	<u>(173)</u>
CASH AND CASH EQUIVALENTS AS OF THE END OF PERIOD	<u>103,486</u>	<u>81,382</u>

The accompanying notes are an integral part of these condensed consolidated interim 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. 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 software 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) are able to purchase high quality advertising inventory from publishers (sellers) at scale. Tremor Video Inc. (“Tremor Video”), a wholly owned subsidiary, is the Company’s Demand Side Platform (“DSP”) providing full-service and self-managed marketplace access to advertisers and agencies in order to execute their digital marketing campaigns in real time across various ad formats. RhythmOne PLC (“RhythmOne”) and Unruly Holding Ltd (“Unruly”), both wholly owned subsidiaries, provide access to the Sell Side Platform (“SSP”) which is designed to monetize digital inventory for publishers 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 in order to optimize results of their advertising campaigns.

Tremor International Ltd. is headquartered in Israel and maintains offices throughout the US, Canada, EMEA and Asia-Pacific.

On April 1, 2019, the Company completed an acquisition transaction with RhythmOne and on January 4, 2020 the Company completed an acquisition transaction with Unruly. Following the acquisition of RhythmOne and Unruly, the Company invested and developed capabilities both in the DSP and SSP solutions which launched in 2020 to offer an end-to-end platform that provides customers access to an advertising marketplace in an efficient and scalable

manner utilizing machine learning, artificial intelligence and advanced algorithms.

The COVID-19 pandemic has negatively impacted the global economy, disrupted global supply chains and work force participation and created volatility and disruption of financial markets, the impact of which was most acute during the second quarter of fiscal year 2020. As of March 31, 2021, due to the ongoing impact of the COVID-19 pandemic on the Company's business, many of the estimates and assumptions required increased judgment and carry a higher degree of variability and volatility. As events continue to evolve and additional information becomes available, these estimates may change in future periods. Actual results could differ from the estimates.

b. Material events in the reporting period:

On March 25, 2021, the Company paid USD 1,294 thousand to ADI founders for its exercised part of the call option (as explained in note 17 to the financial statements for the year ended December 31, 2020), a lower amount than was originally scheduled, as part transformed to a conditional bonus. D.A. Consortium, Inc., a minority shareholder of ADI, exercised, effective March 5, 2021, its put option pursuant to the Shareholders Agreement dated July 17, 2016, as amended November 20, 2020, to sell to Taptica Japan GK, a wholly owned subsidiary, its entire shareholding in ADI, reflecting 2,120 Shares of ADI, for a purchase price equal to seven times the actual net profit of ADI for the last fiscal year, reflecting USD 1,120 thousand which was paid on April 2021. Following the closing of the put option exercise, the Company will own through its subsidiary 100% of the share capital of ADI.

On March 25, 2021, the Company's Board of Director approved, subject to the approval of the Company's Extraordinary General Meeting ("EGM") dated April 30, 2021, to grant to the Company's three Executive Directors, subject to the completion of the Company's initial public offering in the United States, an aggregate of 4,725,000 restricted share units (RSUs) and 2,025,000 performance share units (PSUs) pursuant to the Company's 2017 Equity Incentive Plan and the Company's Global Share Incentive Plan (2011). The RSUs and the PSUs are issuable, subject to compliance with the applicable vesting terms, into the same amount of Ordinary Shares of the Company. Pursuant the terms of the awards, the RSUs will vest gradually over a period of three years, with 8.33% of each such grant vesting each quarter, subject to the executive continuing to be employed by the Company on the applicable vesting date, and the PSUs will vest gradually over a period of three years, with 33.33% of each grant vesting each year, subject to (i) the executive continuing to be employed by the Company on the applicable vesting date, and (ii) compliance with performance-based metrics as will be determined by the Remuneration Committee of the Board of Directors. The fair value of the RSUs and PSUs granted to the executives directors as of April 30, 2021 is 720 pence (approximately 10.02 USD) per ordinary share based on the market value of the Company's quoted share price.

The estimated cost of these RSUs and PSUs on a 100% vesting completion will aggregate to approx. USD 67 million over the 36 months period commencing the day of the grant.

In addition, on April 30, 2021, the Company's shareholders approved at the EGM a special US dual listing bonus in the event the Company's initial public

offering in the United States is successfully completed, of USD 500,000 to each of the Company's three Executive Directors, subject to the discretion of the Remuneration Committee of the Board of Directors, which are part of an aggregate US dual listing bonus pool of up to USD 5,000,000 approved by the Board of Directors.

The Company's shareholders also approved at the EGM, on April 30, 2021, to increase the aggregate available pool of the Company's 2017 Equity Incentive Plan and the Company's Global Share Incentive Plan (2011) by an additional 6,500,000 Ordinary Shares of the Company (with 80% of the increase allocated to the 2017 Plan and 20% of the increase allocated to the 2011 Plan).

c. 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 RhythmOne PLC, Unruly Holding Ltd, Tremor Video Inc.

Related party - As defined by IAS 24, "Related Party Disclosures".

NOTE 2: BASIS OF PREPARATION

a. Statement of compliance:

The condensed consolidated interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting and do not include all the information required for full annual financial statements. They should be read in conjunction with the financial statements for the year ended December 31, 2020 (hereinafter – "the annual financial statements").

The condensed consolidated interim financial statements were authorized for issue by the Company's Board of Directors on May 24, 2021.

b. 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.

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES

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, there was no change in accounting policies or any new relevant standards during the quarter.

NOTE 4: SHAREHOLDERS' EQUITY

Issued and paid-in share capital:

	Ordinary Shares	
	2021	2020
	Number of shares	
Balance as of January 1	133,916,229	124,223,182
Own shares held by the Group	(917,998)	-
Share based compensation	2,676,968	1,277,533
Shares issued in business combination	-	8,525,323
	<u>135,675,199</u>	<u>134,026,038</u>
Issued and paid-in share capital as of March 31	<u>135,675,199</u>	<u>134,026,038</u>
Authorized share capital	<u>300,000,000</u>	<u>300,000,000</u>

1) 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.

2) Issuing new public shares:

Following the acquisition of Unruly, the Company issued 8,525,323 shares at a quoted price of GBP 1.51 (USD 1.98) per share to former Unruly shareholders which became admitted to trading on AIM on January 10, 2020 and are subject to a 18-months lock-up.

3) Own shares acquisition:

As part of the Company's approvals in December 2020 for a share buyback program for a total consideration of USD 10 million, the Company purchased during the three months ended March 31, 2021, 917,998 shares for a total consideration of USD 6,643 thousand.

The Ordinary Shares acquired pursuant to the Buyback Program are classified as dormant shares under the Israeli Companies Law (without any rights attached thereon) and held in treasury.

On March 26, 2021 was decided that the Company's current USD 10 million buyback program, originally announced on December 20, 2020, will be paused while the Company pursues the Proposed Offering, which is expected to take place in the second quarter of 2021 after the SEC completes its review process, subject to market and other conditions.

NOTE 5: EARNINGS (LOSS) PER SHARE**Basic earnings (loss) per share:**

The calculation of basic earnings (loss) per share as of March 31, 2021 and 2020 was based on the profit for the period divided by a weighted average number of ordinary shares outstanding, calculated as follows:

Profit for the period:

	Three months ended March 31	
	2021	2020
	USD thousands	
Profit (loss) for the period	<u>12,874</u>	<u>(14,259)</u>

Weighted average number of ordinary shares:

	Three months ended March 31	
	2021	2020
	Shares of NIS 0.01 par value	
Weighted average number of ordinary shares used to calculate basic earnings per share as of March 31	<u>134,406,286</u>	<u>133,122,300</u>
Basic earnings (loss) per share (in USD)	<u>0.096</u>	<u>(0.107)</u>

Diluted earnings (loss) per share:

The calculation of diluted earnings (loss) per share as of March 31, 2021 and 2020 was based on profit or for the period 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):

	Three months ended March 31	
	2021	2020
	Shares of NIS 0.01 par value	
Weighted average number of ordinary shares used to calculate basic earnings per share	134,406,286	133,122,300
Effect of share options issued	<u>6,759,645</u>	<u> </u>
Weighted average number of ordinary shares used to calculate diluted earnings per share	<u>141,165,931</u>	<u>133,122,300</u>
Diluted earnings (loss) per share (in USD)	<u>0.091</u>	<u>(0.107)</u>

NOTE 6: SHARE-BASED PAYMENT 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 shares.
- 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	
	2021	2020	2021	2020
	(Thousands)		(GBP)	
Outstanding at 1 January	3,781	4,828		
Forfeited	(36)	(879)	1.60	3.26
Exercised	(105)	(605)	1.37	0.51
Granted	-	1,405	-	1.60
Outstanding at March 31	<u>3,640</u>	<u>4,749</u>		
Exercisable at March 31	<u>240</u>	<u>679</u>		

In January 2020, the Company's Board of Directors approved a change in the exercise price and vesting terms relating to 2,204,174 options for ordinary shares held by certain employees (the "Amended Options"), as follows:

Grated date	Number of options	Originally granted		Amended Granted	
		Exercise price (GBP)	Exercisable date from	Exercise price (GBP)	Exercisable date from
March 20, 2017	217,000	2.44	March 20, 2019	1.60	July 28, 2021
June 18, 2017	116,000	2.99	June 18, 2019	1.60	July 28, 2021
November 5, 2017	391,000	4.31	November 5, 2019	1.60	July 28, 2021
January 23, 2018	1,163,000	4.37	January 23, 2020	1.60	July 31, 2021
June 20, 2018	52,000	4.37	June 20, 2020	1.60	July 31, 2021
April 2, 2019	265,174	2.06-18.27	April 2, 2019	1.60	July 28, 2021

The options that had a vesting date up to July 2021 will now vest and become exercisable on July 2021, while the vesting and exercise periods of the rest of the options remain unchanged. The incremental fair value (amounting to USD 1,282 thousand) is recognized over the remaining vesting period. The new expiration date is one year after the last exercise date.

c. Information on measurement of fair value of share-based payment plans:

The total expense recognized in the period ended March 31, 2021 and 2020 with respect to the options granted to employees, amounted to approximately USD 424 thousand and USD 665, respectively.

d. Restricted Share Units (RSU):

The number of restricted share units is as follows:

	Number of RSU's		Weighted-Average Grant Date Fair Value	
	2021	2020	2021	2020
	(Thousands)			
Outstanding at 1 January	3,777	3,969	2.364	2.372
Forfeited	-	-		
Exercised	(747)	(673)	2.223	2.272
Granted	40	1,880	9.349	2.426
Restricted stock units assumed in acquisition during the quarter	-	415	-	2.592
Outstanding at March 31	<u>3,070</u>	<u>5,591</u>	2.752	2.418

The total expense recognized in the period ended March 31, 2021 and 2020 with respect to the RSU granted to employees, amounted to approximately USD 1,091 and USD 2,711 thousand, respectively.

e. Performance Stock Units (PSU):

The number of performance stock units is as follows:

	Number of PSU's		Weighted-Average Grant Date Fair Value	
	2021	2020	2021	2020
	(Thousands)			
Outstanding at January 1	3,852	5,071	2.155	2.105
Forfeited	(76)	(145)	2.179	1.973
Exercised	(1,824)	(1,305)	2.179	1.973
Granted	<u>40</u>	<u>725</u>	9.349	2.592
Outstanding at March 31	<u>1,992</u>	<u>4,346</u>	2.277	2.166

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 three months ended March 31, 2021 and 2020 with respect to the PSU granted to employees, amounted to approximately USD 826 thousand and USD 1,852 thousand, respectively.

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

Three months ended March 31	
2021	2020
USD thousands	

Selling and marketing	687	1,923
Research and development	143	22
General and administrative	1,511	3,283
	<u>2,341</u>	<u>5,228</u>

NOTE 7: 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.

	Three months ended March 31	
	2021	2020
	USD thousands	
America	63,260	33,619
APAC	4,550	4,084
EMEA	3,199	908
Total	<u>71,009</u>	<u>38,611</u>

NOTE 8: SUBSEQUENT EVENTS

On May 18, 2021, Tremor Video, Inc. (“Tremor”) filed a complaint against Alphonso, Inc. (“Alphonso”) in the Supreme Court of the State of New York, County of New York. The claim is for breach of contract, tortious interference with business relations, intentional interference with contractual relations, unjust enrichment, and conversion. The lawsuit arises out of Alphonso’s breach of a Strategic Partnership Agreement and an Advance Payment Obligation and Security Agreement (“Security Agreement”) with Tremor, along with related misconduct. Tremor complaint is for damages and other relief, including an order foreclosing on Alphonso’s collateral under the Security Agreement, from the Court.