26 September 2017

Taptica International Ltd
(“Taptica” or the **“Company”)**

Half Year 2017 Results

Taptica (AIM: TAP), a global end-to-end mobile advertising platform for advertising agencies and brands, announces its half year results for the six months ended 30 June 2017.

Transformational period to strengthen unique offering on a global basis	• Significant revenue growth driven by contribution of new international offices • Continued expansion and strengthening of global presence • Executed on strategy to build a unique offering around next-generation mobile usage, combining mobile, video and social programmatic ad buying platforms
Financial Highlights *Highly cash generative with strong growth in revenue and improvement in margin*	• Revenues increased by 27% to \$65.6 million (H1 2016: \$51.8 million) • Gross profit increased by 45% to \$25.8 million (H1 2016: \$17.8 million), with improvement in gross margin to 39.4% (H1 2016: 34.4%) • Adjusted EBITDA* of \$13.1 million (H1 2016: \$9.2 million) • Net cash inflow from operating activities of \$13.7 million (H1 2016: \$4.5 million) • Cash and bank deposits as at 30 June 2017 were \$32.6 million (31 December 2016: \$21.5 million) after making a \$2.1 million dividend payment *Adjusted EBITDA is defined as earnings before interest, taxes, depreciation and amortisation and share-based payment expenses.
Operational Highlights *Increasing brand recognition and global footprint driving growth in the client base*	• Mobile business accounted for 91% of revenues (H1 2016: 79%) • Mobile app advertiser customer revenue retention rate of 118% as the Company continued to gain traction with existing household-name clients and added new customers • Increased contribution from Asia-Pacific, while US continued to be the largest single geography by revenue generation • Increased international presence with the establishment of an office in London and formation of a partnership with Adinnovation in Japan (Taptica acquired a majority stake post period end) • Post period, significantly enhanced offering and US presence with purchase of Tremor Video’s industry-leading platform for video advertising optimisation and attribution for \$50.0 million

Hagai Tal, Chief Executive Officer, stated: "We are pleased to report another half of significant year-on-year growth resulting from increased usage of apps by consumers as well as increasing mobile internet access resulting in existing clients growing their ad spend accordingly. We also experienced good growth through our expanded global presence. Specifically, the Company saw increasing demand from the Asia-Pacific region as well as first contributions from its offices in the UK and India.

"Post period end, the Company made its largest acquisition to date when it purchased Tremor Video's industry-leading platform for video advertising optimisation. The acquisition has the effect of diversifying the Company's revenue streams and, added to the acquisition of Japan-based Adinnovation, gives the Company a broader footprint in the US and Asia-Pacific - the two standout regions for growth in digital ad spending. With consumers continuing to increase their use of apps and accessing the internet on their mobiles, we anticipate our strategy of on-boarding local advertisers onto global platforms to result in a significant increase in revenues worldwide. We also expect in-app advertising spend, where Taptica has a strong market position, to grow as advertisers switch focus following the limitation of cross-website tracking within iOS 11. As a result, the Board remains confident of delivering strong year-on-year growth in line with market expectations."

For further details:

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Investor/Analyst Call

Hagai Tal, CEO, and Yaniv Carmi, CFO, will be hosting a conference call to investors and analysts at 10.00 BST today: UK Freephone: 0808 109 0700; Israel toll free: 1 809 216213; US toll free: 1 866 966 5335; standard international: +44 20 3003 2666.

A replay of the conference call will be available from later today: UK Freephone: 0800 633 8453; US toll free: 1 866 583 1035; standard international: +44 20 3003 2666; and passcode 1745087#

About Taptica

Taptica is a global end-to-end mobile advertising platform that helps the world's top brands reach their most valuable users with the widest range of traffic sources available today, including social. Its proprietary technology leverages big data and, combined with state-of-the-art machine learning, enables quality media targeting at scale. Taptica creates a single arena in which brands can scale and engage more relevantly with mobile audiences, staying ahead of the competition. It works with more than 600 advertisers including Amazon, Disney, Facebook, Twitter, OpenTable, Expedia, Lyft and Zynga. Taptica is headquartered in Israel with offices in San Francisco, New York, Boston, Beijing, Seoul and London. Taptica is traded on the London Stock Exchange (AIM: TAP).

Operational Review

Taptica entered 2017 with a significantly enhanced offering to Tier 1 advertisers, compared with the same period of the prior year, as a mobile-focused business centring on its own demand-side platform ("DSP"). During the period, the Company leveraged these capabilities and increased its sales & marketing efforts to grow its business with its existing household-name clients and gain new customers. As a result, mobile app customer revenue retention rate for H1 2017 over H1 2016 was 118% – with total revenue increasing by 27% to $65.6 million (H1 2016: $51.8 million).

In particular, the revenue growth was driven by the significant contribution to revenues from the Company's newly established international offices, particularly in the Asia-Pacific region. This evidences the Company's efforts to diversify the revenue base, although the US remained the largest single contributor to revenue.

Taptica continued to expand its global footprint with the establishment of a presence in Japan and the UK. In Japan, Taptica entered into a partnership with Adinnovation Inc. ("Adinnovation"), which specialises in mobile app and mobile advertising marketing promotion, implementation, management, tracking, and media site monetisation. The companies commenced working closely together, primarily targeting the mobile games industry, and post period, as announced on 7 July 2017, Taptica entered an agreement to acquire a majority shareholding in Adinnovation for up to $5.7 million. The management of Taptica expect this transaction to accelerate the raising of the Company's brand awareness in Japan, which they believe will be the next key growth market for mobile advertising due to its developed mobile networks and strong proliferation of smartphones, and facilitate its regional and global market expansion.

During the period, Taptica opened an office in the UK – becoming the fifth international market to have a Taptica presence after the US, China, South Korea and Japan. In the UK, Taptica will work with advertising agencies to bring brands into the digital and mobile world, with a primary focus on the entertainment, e-commerce, retail, digital banking, travel and gaming sectors. The Company intends to leverage its relationship with two of Europe's largest advertising agencies with headquarters in the UK to penetrate these sectors. Opening an office in the UK will enable Taptica to better serve its existing client base in the UK and Europe as well as to target new customers and further expand its addressable market.

Taptica also continued to enhance its offering through R&D into database and machine learning to further enhance its ability to leverage data, as well as through the continual development of user data to enable ever-more accurate user targeting.

Acquisition of Tremor Video's DSP

Post period, as announced on 7 August 2017, Taptica acquired Tremor Video's demand-side platform ("DSP") – a patented auto-optimisation solution for buying effective, programmatic cross-screen video brand advertising – thereby significantly enhancing the Company's offering and US presence. Since the acquisition, Taptica has been working closely with the Tremor Video DSP team and is very pleased with the initial progress and commitment of the unit's management. Based on the early indications, Taptica is confident that the Tremor Video DSP unit will achieve its targets for full year 2017 and the Company remains excited about the future prospects.

Taptica is leveraging Tremor Video's established brand awareness in US markets, as well as their excellent client base, introducing its global business and cross-selling to multiply growth opportunities with Tier 1 customers. The Company has a significant competitive advantage with a unique offering built around next-generation mobile usage, combining mobile, video and social programmatic ad buying platforms for brands and their agencies to ever more accurately target their consumers and users.

Financial Review

Revenues for the six months ended 30 June 2017 increased by 27% to $65.6 million compared with $51.8 million for H1 2016.

Gross profit increased by 45% to $25.8 million (H1 2016: $17.8 million), primarily representing the growth in overall revenue but also an improvement in gross margin to 39.4% (H1 2016: 34.4%). Cost of sales, which consists primarily of traffic acquisition costs that are directly attributable to revenue generated by the Company and based on the revenue share arrangements with audience and content partners, decreased as a proportion of revenue compared with the prior year due to increased technology efficiency gains resulting from improved use of the big data collected thereby significantly improving the gross margins.

Operating costs increased primarily due to greater sales & marketing expenses. Sales & marketing costs increased to $8.9 million (H1 2016: $5.7 million) as investments were made to enhance brand recognition, expand the global customer base and invest in the expansion of global offices. R&D expenses were $3.1 million (H1 2016: $2.5 million) due to investment in technology platform enhancements and database capabilities. General & administrative expenses were $3.5 million (H1 2016: $2.7 million), with the increase due to acquisition costs and investment into growing the global operations.

Adjusted EBITDA for the first half of 2017 was $13.1 million compared with $9.2 million for H1 2016, which is comprised as follows:

	H1 2017 $'m	**H1 2016 $'m**
Operating profit	10.3	7.0
Depreciation & Amortisation	2.1	2.0
Share-based payments	0.3	0.2
Acquisition-related costs	0.4	-
Adjusted EBITDA	**13.1**	**9.2**

The Company continued to be cash generative with net cash provided by operating activities of $13.7 million (H1 2016: $4.5 million).

As at 30 June 2017, cash and bank deposits were $32.6 million (31 December 2016: $21.5 million) after making a $2.1 million dividend payment. Post period, the Company paid the initial acquisition payment of $4.4 million to Adinnovation and acquired Tremor Video's core video DSP business for $50.0 million, satisfied from the Company's own cash resources and a new $30.0 million loan facility from HSBC. As previously announced, the Company will receive a net working capital balance of $22.5 million as a result of the Tremor acquisition.

Comment on Industry News

Noting the press comment surrounding an open letter to Apple regarding browser changes due to be implemented with the introduction of iOS 11 to limit cross-website tracking, the Company welcomes the "Intelligent Tracking Prevention" feature and believes that this represents an opportunity for Taptica. For the past few years, Taptica has focused on mobile and in-app integration, which are not impacted by browser tracking restrictions. As a result of the upcoming browser changes, the Company anticipates greater demand for its services from advertisers that will shift their campaigns to in-app marketing, where Taptica has a strong market position.

Outlook

The Company is focused on building a business that is truly global in scale with the aim of establishing a presence in ten hubs worldwide in the next three years (Russia, China, Germany, San Francisco, New York, Korea, Japan, India, South America and the UK).

In the second half of the year, the Company made its largest acquisition to date when it purchased Tremor Video's industry-leading platform for video advertising optimisation. The acquisition has the effect of diversifying the Company's revenue streams and, added to the majority stake acquisition of Japan-based Adinnovation, gives the Company a broader footprint in the US and Asia-Pacific - the two standout regions for growth in digital ad spending. It also gives Taptica significant competitive advantage by building a unique offering around next-generation mobile usage, combining mobile, video and social programmatic ad buying platforms for brands and their agencies to ever-more accurately target their consumers and users. Based on the early indications, Taptica is confident that the Tremor Video DSP unit will achieve its target revenues for full year 2017 and the Company remains excited about the future prospects.

With consumers continuing to increase their use of apps and accessing the internet on their mobiles, the Company anticipates that its strategy of on-boarding local advertisers onto global platforms will result in a significant increase in revenues worldwide. Trading since the period end has remained strong and, as a result, the Board remains confident of delivering strong year-on-year growth in line with market expectations.

Condensed Consolidated Interim Statements of Financial Position as at

	30 June		31 December
	2017	**2016**	**2016**
	(Unaudited)		**(Audited)**
	USD thousands		**USD thousands**
Assets			
Cash and cash equivalents	**32,574**	9,514	21,471
Trade receivables, net	**20,993**	21,948	27,443
Other receivables	**1,111**	1,833	1,890
Total current assets	**54,678**	33,295	50,804
Fixed assets, net	**486**	486	433
Intangible assets, net	**31,596**	35,382	33,046
Deferred tax assets	**338**	106	301
Total non-current assets	**32,420**	35,974	33,780
Total assets	**87,098**	69,269	84,584
Liabilities			
Trade payables	**20,405**	18,617	22,501
Other payables	**7,996**	5,060	9,443
Total current liabilities	**28,401**	23,677	31,944
Employee benefits	**184**	176	176
Deferred tax liabilities	**1,251**	1,959	1,740
Total non-current liabilities	**1,435**	2,135	1,916
Total liabilities	**29,836**	25,812	33,860
Equity			
Share capital	**175**	175	175
Share premium	**29,987**	29,751	29,759
Capital reserves	**1,448**	921	1,238
Retained earnings	**25,652**	12,610	19,552
Total equity	**57,262**	43,457	50,724
Total liabilities and equity	**87,098**	69,269	84,584

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

Condensed Consolidated Interim Statements of Comprehensive Income

	Six months ended 30 June		Year ended 31 December
	2017	**2016**	**2016**
	(Unaudited)		**(Audited)**
	USD thousands		**USD thousands**
Revenues	**65,642**	51,765	125,861
Cost of sales	**(39,804)**	(33,935)	(79,880)
Gross profit	**25,838**	17,830	45,981
Research and development expenses	**3,148**	2,540	6,127
Selling and marketing expenses	**8,868**	5,651	14,202
General and administrative expenses	**3,478**	2,670	5,919
	15,494	10,861	26,248
Profit from operations	**10,344**	6,969	19,733
Profit from operations before amortization of purchased intangibles and business combination related expenses*	**12,288**	8,543	22,910
Financing income	**46**	329	355
Financing expenses	**(44)**	(444)	(504)
Financing income (expenses), net	**2**	(115)	(149)
Profit before taxes on income	**10,346**	6,854	19,584
Taxes on income	**(1,634)**	(827)	(3,115)
Profit for the period	**8,712**	6,027	16,469
Profit for the year before amortization of purchased intangibles and business combination related expenses (net of tax)**	**10,225**	7,114	19,042
Total comprehensive income for the period	**8,712**	6,027	16,469
Earnings per share			
Basic earnings per share (in USD)	**0.1440**	0.0928	0.2627
Diluted earnings per share (in USD)	**0.1360**	0.0927	0.2592

* Amounting to USD 1,944 thousand (31 December 2016: USD 3,177 thousand, 30 June 2016: USD 1,574 thousand) of amortization of purchased intangibles acquired in business combination and related acquisition expenses.

** Amounting to USD 1,513 thousand (31 December 2016: USD 2,573 thousand, 30 June 2016: USD 1,087 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 30 June 2017 (unaudited)					
Balance as at 1 January 2017	**175**	**29,759**	**1,238**	**19,552**	**50,724**
Total comprehensive income for the period					
Profit for the period	**-**	**-**	**-**	**8,712**	**8,712**
Total comprehensive income for the period	**-**	**-**	**-**	**8,712**	**8,712**
Transactions with owners, recognized directly in equity					
Share based payments	*** -**	**8**	**298**	**-**	**306**
Exercise of share options	*** -**	**220**	**(88)**	**-**	**132**
Dividend to owners	**-**	**-**	**-**	**(2,612)**	**(2,612)**
Balance as at 30 June 2017	**175**	**29,987**	**1,448**	**25,652**	**57,262**
For the six months ended 30 June 2016 (unaudited)					
Balance as at 1 January 2016	190	35,566	2,450	7,073	45,279
Total comprehensive income for the period					
Profit for the period	-	-	-	6,027	6,027
Total comprehensive income for the period	-	-	-	6,027	6,027
Transactions with owners, recognized directly in equity					
Business Combination	-	(344)	(1,656)	-	(2,000)
Own shares acquired	(15)	(5,505)	-	-	(5,520)
Share based payments	-	27	131	-	158
Exercise of share options	* -	7	(4)	-	3
Dividend to owners	-	-	-	(490)	(490)
Balance as at 30 June 2016	175	29,751	921	12,610	43,457
For the year ended 31 December 2016 (Audited)					
Balance as at 1 January 2016	190	35,566	2,450	7,073	45,279
Total comprehensive income for the year					
Profit for the year	-	-	-	16,469	16,469
Total comprehensive income for the year	-	-	-	16,469	16,469
Transactions with owners, recognized directly in equity					
Business combination	-	(344)	(1,656)	-	(2,000)
Own shares acquired	(15)	(5,505)	-	-	(5,520)
Share-based payments	-	27	453	-	480
Exercise of options	*	15	(9)	-	6
Dividends to owners	-	-	-	(3,990)	(3,990)
Balance as at 31 December 2016	175	29,759	1,238	19,552	50,724

(*) Less than 1 thousand USD
(**) 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 30 June		Year ended 31 December
	2017	**2016**	**2016**
	(Unaudited)		**(Audited)**
	USD thousands		**USD thousands**
Cash flows from operating activities			
Profit for the period	**8,712**	6,027	16,469
Adjustments for:			
Depreciation and amortization	**2,078**	2,039	5,098
Net financing expense (income)	**(18)**	97	118
Loss on sale of fixed assets	**-**	8	9
Share-based payments	**306**	158	480
Income tax expense	**1,634**	827	3,115
Change in trade and other receivables	**7,469**	(2,742)	(9,244)
Change in trade and other payables	**(2,050)**	(1,594)	4,004
Change in employee benefits	**170**	145	183
Income taxes received	**82**	1	748
Income taxes paid	**(4,728)**	(519)	(790)
Interest received	**39**	52	104
Interest paid	**-**	(8)	(9)
Net cash provided by operating activities	**13,694**	4,491	20,285
Cash flows from investing activities			
Increase in pledged deposits	**(29)**	(10)	(28)
Acquisition of fixed assets	**(126)**	(72)	(124)
Acquisition and development of intangible assets	**(555)**	(678)	(1,332)
Proceeds from sale of fixed assets	**-**	4	4
Repayment of short-term loans granted	**-**	111	527
Acquisition of subsidiaries, net of cash acquired	**-**	(5,000)	(5,000)
Decrease in bank deposits	**-**	8,500	8,500
Net cash provided by (used in) investing activities	**(710)**	2,855	2,547
Cash flows from financing activities			
Dividends paid	**(2,073)**	(490)	(3,990)
Buy back own shares acquired	**-**	(7,520)	(7,520)
Proceeds from exercise of share options	**132**	3	6
Net cash used in financing activities	**(1,941)**	(8,007)	(11,504)
Net increase (decrease) in cash and cash equivalents	**11,043**	(661)	11,328
Cash and cash equivalents as at the beginning of the period	**21,471**	10,173	10,173
Effect of exchange rate fluctuations on cash and cash equivalents	**60**	2	(30)
Cash and cash equivalents as at the end of the period	**32,574**	9,514	21,471

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

Note 1 - General

A. Reporting entity

Taptica International Ltd. (the “Company” or “Taptica International”) formerly named Marimedia Ltd. was incorporated in Israel under the laws of the state of Israel on 20 March 2007. The address of the registered office is 121 Hahashmonaim Street Tel-Aviv, Israel.

Taptica International (AIM: TAP) is a global end-to-end mobile advertising platform that helps the world's top brands reach their most valuable users with the widest range of traffic sources available today, including social. The Group’s proprietary technology leverages big data, and combined with state-of-the-art machine learning, enables quality media targeting at scale. The Group works with leading brands and companies in a variety of domains, all over the world. The Company is headquartered in Tel Aviv with offices in San Francisco, New York, Beijing, Seoul, London, Tokyo, Saint Petersburg and Mumbai.

On 28 May 2014, the Company’s shares began trading on the AIM Market of the London Stock Exchange following the Company’s initial public offering.

On 1 August 2014, the Company purchased 100% of Taptica Ltd’s (“Taptica”) share capital for a total consideration of USD 13.84 million.

On 7 September 2015, the Company acquired 100% of shares in Taptica Social Ltd. formerly named AreaOne Ltd. (“Taptica Social”) for a total consideration of USD 15.6 million.

With respect to acquisitions executed subsequent to the balance sheet date, see note 7.

B. Definitions

In these financial statements –

(1) The Company – Taptica International Ltd.

(2) The Group – Taptica 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 – Within its meaning in IAS 24 (2009), “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 31 December, 2016 (hereinafter – “the annual financial statements”).

These condensed consolidated interim financial statements were authorized for issue by the Company’s Board of Directors on 11 September 2017.

B. Use of estimates and judgments

The preparation of financial statements in conformity with IFRS requires management 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 significant judgments made by management in applying the Group’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.

C. Immaterial reclassification in statements of cash flow

An amount of USD 2 million regarding acquisition of Taptica Social was reclassified from investing activity to the buy-back of own shares acquired within the financing activity for the six month ended 30 June 2016. The Company believes that the reclassification is considered immaterial.

Note 3 - Significant Accounting Policies

The accounting policies applied by the Group in these condensed interim financial statements are the same as those applied by the Group in its annual financial statements.

New standard and interpretation not yet adopted

IFRIC 23, *Uncertainty Over Income Tax Treatments*

IFRIC 23 clarifies how to apply the recognition and measurement requirements of IAS 12 for uncertainties in income taxes. According to IFRIC 23, when determining the taxable profit (loss), tax bases, unused tax losses, unused tax credits and tax rates when there is uncertainty over income tax treatments, the entity should assess whether it is probable that the tax authority will accept its tax position. Insofar as it is probable that the tax authority will accept the entity’s tax position, the entity will recognize the tax effects on the financial statements according to that tax position. On the other hand, if it is not probable that the tax authority will accept the entity’s tax position, the entity is required to reflect the uncertainty in its accounts by using one of the following methods: the most likely outcome or the expected value. IFRIC 23 emphasizes the need to provide disclosures of the judgments and assumptions made by the entity regarding uncertain tax positions.

IFRIC 23 is effective for annual reporting periods beginning on or after January 1, 2019. Earlier application is permitted.

Note 4 - Share-Based Payment

A. In March and June 2017, the Company granted 1,632,263 and 1,147,000 share options for ordinary shares of NIS 0.01 each to employees at an exercise price of GBP 2.44 and GBP 2.99, respectively. Vesting conditions are based on a service period of between 3-5 years. The options will expire on 20 March 2022 and 18 June 2022, respectively.

The total expense recognized in the condensed consolidated interim statement of Comprehensive Income in the six-month period ended 30 June 2017 with respect to the options granted to employees, amounted to approximately USD 287 thousand.

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

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

	Number of options
	(Unaudited)
Outstanding at 1 January 2017	**5,526**
Exercised during the period	**(133)**
Granted during the period	**2,779**
Forfeited during the period	**(140)**
Outstanding at 30 June 2017	**8,032**

Note 5 - Capital and Reserves

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

	30 June 2017
	(Unaudited)
Issued and paid-in ordinary share capital	**60,582**
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.

Note 5 - Capital and Reserves (cont'd)

B. Dividends

Details on dividends (in USD thousand):

	For the six months ended 30 June 2017 (Unaudited)	For the six months ended 30 June 2016 (Unaudited)	For the year ended 31 December 2016 (Audited)
Declared	2,612	490	3,990

A dividend in the amount of USD 490 thousand (USD 0.00784 per ordinary share) that was declared in March 2016, was paid in June 2016.

A dividend in the amount of USD 3,500 thousand (USD 0.0579 per ordinary share) that was declared in August 2016, was paid in November 2016.

A dividend in the amount of USD 2,612 thousand (USD 0.0432 per ordinary share) was declared in March 2017. An amount of USD 2,073 thousand was paid in June 2017 and an amount of $539 thousand related to withholding tax was paid in July 2017.

Note 6 - Income Tax

A. During 2016 Taptica appealed for a tax ruling to the Israeli Tax Authorities in order to receive benefits under the law for the Encouragement of Capital Investments, similar to one that has been obtained for Taptica International, as stated in Note 4A(2) to the annual financial statements for 31 December 2016. As of June 2017, the tax ruling was approved.

B. On 28 December 2016, Taptica Social together with Taptica appealed for a tax ruling for a restructuring, whereby Taptica Social will be merged with and into Taptica in such a manner that Taptica Social will transfer to Taptica all its assets and liabilities for no consideration and thereafter will be liquidated. Accordingly, on 31 December 2016 the merger between the companies was approved by the Israeli Tax Authority and the effective merge date was determined as 1 January 2017. As a result of the merger, certain rulings previously obtained by the Company will require re-validation from the Israeli tax authority. The Company believes that its current tax position with that respect is probable of being obtained.

Note 7 - Subsequent Events

A. On 17 July 2017, the Company purchased 57% of Adinnovation Inc. (hereinafter - "ADI") share capital for a total consideration of up to USD 5.7 million. The Acquisition is being funded by the Company's own cash resources. The Company will pay up to approximately three-quarters payable immediately on closing and the remainder during 2018 based on ADI meeting certain targets as set in the purchase agreement. In addition, the Company has a call option to purchase the remaining 43% of the issued share capital of ADI for a price of eight times net profit and for a period of six months commencing three years after closing. Thereafter, ADI has a put option for a period of three months to sell at a price of seven times net profit. The closing date was determined on 31 August 2017.

B. On 7 August 2017, the Company entered into an assets purchase agreement (APA) with US-based company Tremor Video Inc.'s (hereinafter - "Tremor") to purchase their demand-side advertising platform for a total consideration of USD 50 million with a positive net working capital balance of USD 22.5 million. The Company funded the acquisition from existing cash resources and a loan from HSBC bank, for 3.5 years with an interest of Labor + 1.375%. the repayment of the loan will start in a year from the borrowing date by 11 quarterly repayments. The loan from HSBC was received on 29 August 2017. The Company paid the seller USD 50 million, USD 30 million at closing from their own cash resources and the remaining USD 20 million upon receiving the loan funds from HSBC. The Company has taken a bridge loan from Mr. Ehud Levy, a related party, of USD 10 million with a 5% annual coupon attached (the "Bridge Loan") whilst the HSBC loan was being finalized. The Bridge Loan was for a period of 28 days. Mr. Ehud Levy is a 10.8% shareholder in the Company. The Bridge Loan was repaid on 29 August 2017 in the amount of USD 10,034 thousands (including accumulated interest thereon).