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24 September 2018

Albert Technologies Ltd

(“Albert Technologies”, the “Company” or the “Group”)

Interim results for the six months ended 30 June 2018

Albert Technologies (AIM: ALB.L) today announces its results for the six months ended 30 June 2018. The Company is pleased to announce continued progress in deploying Albert, its Artificial Intelligence marketing platform, as a SaaS product for brands and agencies, underlining the potential of this ground-breaking proprietary technology.

Financial Highlights:

- Revenues increased 4x year on year to $1.9m (H1 2017: $0.5m)
- 2.5x increase in average monthly revenue per customer, year on year
- Adjusted EBITDA* loss of $6.3m (H1 2017: $5.5m)
- Operating loss of $6.7m (H1 2017: $5.7m)
- Net cash of $21.8m at 30 June 2018 (30 June 2017: $16.9m), following successful fundraise of $16.8m, net, in June 2018

* Non-IFRS and unaudited, excludes share based compensation expenses of $268K (R&D-$205K, S&M-$23K and G&A-$40K) and $185K (R&D-$92K, S&M-$94K and G&A-$(1)K) in H1 2018 and H1 2017, respectively, depreciation expenses of $48K (R&D-$33K, S&M-$11K and G&A-$4K) and $5K (R&D-$3K and G&A-$2K) in H1 2018 and H1 2017, respectively.

Operational Highlights:

In line with the strategy set out during the fundraising in May 2018:

- Continued efforts to increase engagement with higher yielding Enterprise clients
- Headcount increased to 106 with new recruits on sales, marketing and account management
- Signed a pilot agreement with one of the top 5 global advertising agencies
- Secured a 12-month contract with one of the top 25 independent advertising agencies in North America, which accounted for 8% of total revenue in the period
- Started a pilot project with one of the world's biggest insurance companies
- Commenced a pilot project with a Fortune 50 consumer goods corporation in a key Latin American territory
- Started a pilot project with one of the top five retailers in Latin America
- Developing partnership and distribution relationships to drive sales

Current trading:

- Signed an agreement with one of the largest telecommunications companies in Australia (through our Australian partnership) on 1st August
- Started a pilot with one of the largest US retail chains on 1st September
- Expanded insurance company activity into fifth APAC country in mid-September
- Extended our engagement with our Fortune 50 consumer goods customer to more LATAM territories

- Recruited high calibre former agency executive to lead account management (joined August)
- Focus on expanding existing clients in line with the Board's 'land and expand' strategy
- Making the transition from a tech-centric focus to a broader sales and marketing culture to build revenue and customer engagement
- Recently began rolling out new contracts and payment terms (payment from Day 1, previously 30 days)

Or Shani, Chief Executive Officer of Albert Technologies, said:

"During the first half of 2018 we signed pilot contracts with several global brands and agencies and started the second half of 2018 with a good pipeline of new business activity which we expect to flow through into the next 12 months as we progress through the essential onboarding and pilot phases. The summer months marked an important period as we commenced key pilots with larger scale clients and through the efforts of the Albert team, we are now better positioned to successfully commence deploying Albert with enterprise clients. The cycle of sales and onboarding enterprise clients is a lengthy one but Albert is now deployed in more than 10 Global Fortune 2000 companies, with meaningful growth potential.

Albert is a disruptive AI technology, potentially turning the established digital marketing economic model on its head by introducing a radically different cost structure in marketing departments as well as enhanced performance from campaigns. Therefore, there is a significant investment on our part needed to market the opportunity and successfully compete against the legacy operators. With the proceeds of the successful fundraising in May 2018, we have invested in the recruitment of talent from the advertising agency world into strategic client services roles within our sales and marketing function and will continue to add resource in this critical area in order to drive market penetration.

With the work recently commenced with Enterprise clients and a pipeline of opportunities the Board are confident about the market opportunity and our Company's prospects for this year and beyond."

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Chief Executive's Report

I am pleased to report a period of progress for the Company. Revenue for the first half was $1.9m, representing a 4x increase over the prior period. In addition, the company successfully completed a $16.8m net fundraise in May 2018 to fund future expansion.

A core component of the Board's strategy is to focus resource on securing and servicing larger enterprise clients. This market is characterized by longer sales cycles, and longer ramp-up periods, but the potential for scalable growth with such customers is significant. As a result of the efforts to increase our engagement with larger clients, coupled with the expansion of activity with some of our existing customers, average monthly revenue per customer grew 2.5x over the same period last year. At the period end, monthly recurring revenues were US$0.36 million.

In line with our stated strategy, we continued to increase investment in Sales and Marketing, Account Management and R&D activities and as a result, underlying operating losses increased to $6.7m (2017: loss $5.7m).

During the period we made good progress with our partnerships strategy. Our local partners in Australia/New Zealand and Latin America both secured important new business clients for Albert and we expect these partners to play an increasing role in marketing and distributing our AI technology globally.

Market overview

The AI Marketing space is a nascent market. As of 18 months ago, the leading technology research firms were not covering the space as it did not exist. The technology adoption is in its early stages, and the market requires significant education on the value that AI and autonomous tools can bring to businesses. Yet the AI Marketing space is acknowledged to represent immense growth opportunities. A recent MarketsandMarkets report in which IBM, SAP, Google, Microsoft and Albert were profiled predicts the AI Marketing space will grow to $40B by 2025.

Operational review

In the first half of 2018, we have seen early traction from brands and agencies that recognize the potential for Albert's AI technology to drive improved marketing performance, reduce operating costs and deliver increased returns on digital marketing spend. Our Enterprise customer base has grown significantly from just two in June 2017, to 12 Global Fortune 2000 companies now either using our technology or going through the onboarding process. Our major Enterprise wins included the following:

- In January 2018 we started working with one of the world's biggest insurance companies.

- In April 2018 we signed two pilot agreements through the LATAM distribution partnership we initiated at the beginning of 2018. The first was with a Fortune 50 international consumer goods corporation for one of its leading brands in a key LATAM territory, and the second was with one of the top 5 retailers in Latin America.

Since the period end, we have already successfully expanded two of these relationships into additional territories and brands, consistent with our 'land and expand' strategy.

In addition, we continued to invest in strengthening our engagement with strategic partnerships and with large advertising agencies. Wins in the first half of the year in the agency space included the following:

- In February 2018, we reached agreement with one of the top 5 global advertising agencies for a pilot project. The pilot involves several brands in different geographies.

- In March 2018, we signed a 12-month contract with one of the top 25 independent advertising agencies in North America, bearing a minimum of $0.3m annual SaaS fees. This agency has been working successfully with Albert since mid-2017 and provides full marketing services to North American and global brands.

Since the period end, we have added expertise as we make the important transition from a tech-centric culture to a sales and marketing mindset. As part of our efforts to penetrate the Enterprise market and better understand the Agency model, we appointed Rob Norman as a Non-Executive Director at the recent AGM. Rob has worked for companies within the WPP media agency network for over three decades, most recently as Global Chief Digital Officer of GroupM, and brings significant knowledge, expertise and industry relationships to the Board. In August we also made two key appointments to the US team. Mark Kirschner, formerly The Trade Desk, eBay Enterprise and Rakuten, has been appointed CMO and brings over 25 years of experience in marketing technology, e-commerce and product management with technology and media companies. In addition, we widened our Enterprise suite by adding Jasmine Presson, SVP, Strategic Client Services, formerly Managing Partner, Strategic Group Account Lead at MediaCom.

On top of our efforts to scale our activity with the large Enterprises, we continue with our efforts to increase our SMB customer base.

Our total number of employees at the end of June 2018 was 106 employees (Dec 2017: 100), of which 65 are in R&D (including onboarding), 17 in Sales, Business Development and Marketing, 15 Account Management and Professional Services and 9 in G&A.

Summary and outlook

The first half of 2018 marked an important period for the Company as we increased our customer engagement with the Company's Albert platform. We have worked hard to build out our pipeline of opportunities as we executed our growth strategy of moving from small-to-medium sized business customers to larger Enterprise customers and this has seen a meaningful increase in the number of Enterprise customers now working with the Company. In addition, during the period we entered into our first partnership agreements with advertising agencies and increased activity through our international distribution channels, which included an extension of our strategic partnership in Australia and New Zealand with an increase in the minimum annual fee value to be paid by the partner over the 12-month period to June 2019.

We are invested for long-term growth and we continue to develop Albert's customer base with leading global brands and global advertising agencies. Our recent wins have created meaningful growth potential with recent Enterprise customers beginning to contribute in the last month and an additional four currently going through the onboarding process. In addition, the business pipeline is encouraging and we therefore expect to announce further strategic contract wins over the coming months. The Board is focused on building shareholder value. With the commencement of work with larger Enterprise customers in the second half and the Board's belief that further strategic contracts will be signed over the coming months, the Board are confident about the Company's prospects for this year and are optimistic about the overall long-term growth prospects of the Company.

Financial review

Introduction

During the first half of 2018 the Company made significant progress in growing SaaS revenues. In line with our stated strategy, we have continued to invest in R&D and sales and marketing initiatives to enable our current and future growth, resulting in increased operating expenses. In May 2018 the Company raised $16.8m (net) from new and existing shareholders.

Revenues

Revenues amounted to $1.9m for the first half of 2018, an increase of 4x compared to revenues of $0.5m in the first half of 2017. Monthly recurring revenues increased 3x and reached $0.36m in June 2018, compared to $0.12m in June 2017.

We ended the first half of 2018 with a deferred revenues balance of $0.2m. These deferred revenues relate to our Australian partnership agreement and are expected to be recognized in the second half of the year.

The increase in revenues was achieved by increasing the client list, while focusing on large-scale clients,

Gross Profit

Gross profit for the first half of 2018 totalled to $1.7m (representing 86% gross margin), compared to $0.4m (representing 85% gross margin) in the first half of 2017.

Operating Loss

Operating loss for the first half of 2018 totalled $6.7m, compared to $5.7m in the first half of 2017. Excluding share-based compensation expenses of $0.3m and depreciation expenses of $0.1m, adjusted operating loss totalled $6.3m, compared to $5.5m loss in the first half of 2017 (excluding share-based compensation expenses of $0.2m).

The increase in our operating loss is attributed mainly to the increase in our R&D and S&M expenses due to the recruitment of additional employees and the resources invested in our sales and marketing initiatives.

Adjusted* Financial Review

	Six months ended 30 June			Year ended 31 December
	2018	**2017**		**2017**
	$'000	**$'000**	**Diff**	**$'000**
Revenues	1,927	451	1,476	1,733
Cost of revenues*	(264)	(66)	(198)	(284)
gross profit	**1,663**	**385**	**1,278**	**1,449**
% of revenues	*86%*	*85%*		*84%*
Research and Development expenses*	(3,694)	(2,408)	(1,286)	(5,560)
Selling and Marketing expenses*	(3,296)	(2,587)	(709)	(5,360)
General and Administrative expenses*	(1,014)	(904)	(110)	(1,910)
Total operating expenses	**(8,004)**	**(5,899)**	**(2,105)**	**(12,830)**
Operating profit (loss)*	**(6,341)**	**(5,514)**	**(827)**	**(11,381)**

* Non-IFRS and unaudited, excludes share based compensation expenses of $268K (R&D-$205K, S&M-$23K and G&A-$40K), $185K (R&D-$92K, S&M-$94K and G&A-$(1)K) and $361K (R&D-$197K, S&M-$109K and G&A-$55K) for the six months ended 30 June 2018 and 30 June 2017 and for the year 2017, respectively, depreciation expenses of $48K (R&D-$33K, S&M-$11K and G&A-$4K), $5K (R&D-$3K, G&A-$2K) and $80K (COGS-$1K, R&D-$66K, S&M-$5K and G&A-$8K) for the six months ended 30 June 2018 and 30 June 2017 and for the year 2017, respectively.

Cash flows

Cash, cash equivalents and short-term bank deposits at 30 June 2018 were $21.8m (30 June 2017: $16.9m). The change in our cash position is attributed mainly to $16.8m, net, fundraise completed in June 2018, offset by funds used for our operating activities. We continue to maintain close cash control.

About Albert Technologies Ltd.

Founded in 2010, Albert Technologies Ltd. (AIM: ALB.L), a global software company, is the creator of Albert - the first-ever fully autonomous artificial intelligence marketing platform, driving digital marketing campaigns from start to finish for some of the world's leading brands. Albert's mission is to liberate businesses from the complexities of digital marketing - not just by replicating their existing efforts, but by executing them at a pace and scale not previously possible. Albert serves as a highly intelligent and sophisticated member of brands' marketing teams, wading through massive amounts of data, converting this data into insights, and autonomously acting on these insights, across channels, devices and formats, in real time. This eliminates the manual and time-consuming tasks that currently limit the effectiveness and results of modern digital advertising and marketing. Brands such as The Big Red Group, Gallery Furniture and Dole Asia, and global advertising agencies, credit Albert with significantly increased sales, an accelerated path to revenue, the ability to make more informed investment decisions, and reduced operational costs.

The Company's core focus is its SaaS Sales Channel, which offers its artificial intelligence-based software, Albert, to brands using a SaaS model. Albert Technologies Ltd. listed in 2015 to accelerate both investment into and commercialisation of Albert.

The Company and its management received 18 awards in 2017, including being named as Gartner Cool Vendors in Advertising, an International Stevie Award for "Best New Product of the Year," the "Market Disruptor" Award from the Masters of Marketing, and being named "AI Application of the Year" by the Global Annual Achievement Awards for AI. Albert CEO, Or Shani, was recognized as Innovator of the Year (bronze) in the International Stevie Awards and was chosen for the DMN 40 Under 40 List.

About Albert

Albert replaces the human campaign manager in managing brands' online advertising campaigns. A brand provides Albert with access to its Google, Facebook, Bing, Twitter and other online marketing channels. When a brand manager wishes to launch a new online advertising campaign, all that is needed is to simply log into Albert and deploy that new campaign, which is usually no more than a 15-minute task.

Albert autonomously creates hundreds of micro campaigns across all relevant online marketing channels (Google, Facebook, Bing, Twitter, Instagram, Display, Email, etc.), then reviews these hundreds of micro campaigns every few minutes and optimises each of them as needed. Albert works in very much the same way that a human campaign manager would, making correlation and cost/benefit-based decisions.

Where an experienced campaign manager could possibly make circa 100 decisions per day, Albert can make thousands per minute. Albert's ability to launch hundreds of micro strategies and review and amend them all every few minutes typically brings about a significant increase in ROI. In addition, all learnings from the decisions made remain in-house, and the brand has full and instant transparency and can easily scale up marketing activities through larger budgets or applications to new brands and new geographies, without hiring new expert campaign managers.

FORWARD LOOKING STATEMENT

This announcement includes statements that are, or may be deemed to be, "forward-looking statements". By their nature, forward-looking statements involve risk and uncertainty since they relate to future events and circumstances. Actual results may, and often do, differ materially from any forward-looking statements. Any forward-looking statements in this announcement reflect Albert Technologies' view with respect to future events as at the date of this announcement. Save as required by law or by the AIM Rules for Companies, Albert Technologies undertakes no obligation to publicly revise any forward-looking statements in this announcement following any change in its expectations or to reflect events or circumstances after the date of this announcement.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

U.S. dollars in thousands

	30 June 2018 Unaudited	31 December 2017 Audited
CURRENT ASSETS:		
Cash and cash equivalents	$ 21,849	$ 3,955
Short-term bank deposits	-	7,105
Restricted cash	156	101
Trade receivables, net	1,418	2,175
Other accounts receivable and prepaid expenses	744	747
Total current assets	24,167	14,083
NON-CURRENT ASSETS:		
Property and equipment, net	228	254
Total non-current assets	228	254
Total assets	$ 24,395	$ 14,337

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

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

U.S. dollars in thousands

	30 June 2018 Unaudited	31 December 2017 Audited
LIABILITIES AND EQUITY		
CURRENT LIABILITIES:		
Trade payables	$ 664	$ 1,618
Other accounts payable and accrued expenses	2,298	2,013
Total current liabilities	2,962	3,631
NON-CURRENT LIABILITIES:		
Employee benefit liabilities, net	135	118
EQUITY:		
Share capital -		
Ordinary shares	265	162
Share premium	56,467	39,559
Capital reserve	(193)	(193)
Accumulated deficit	(35,241)	(28,940)
Total equity	21,298	10,588
Total liabilities and equity	$ 24,395	$ 14,337

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

21 September 2018		
Date of approval of the financial statements	Or Shani CEO and Director	Yoram Freund Chief Financial Officer and Director

CONSOLIDATED STATEMENTS OF OPERATIONS AND OTHER COMPREHENSIVE LOSS

U.S. dollars in thousands (except per share data)

	Six months ended 30 June 2018	Six months ended 30 June 2017	Year ended 31 December 2017
	Unaudited	Unaudited	Audited
Revenues	$ 1,927	$ 451	$ 1,733
Cost of revenues	(264)	(66)	(285)
Gross profit	1,663	385	1,448
Operating expenses:			
Research and development	(3,932)	(2,503)	(5,823)
Sales and marketing	(3,330)	(2,681)	(5,474)
General and administrative	(1,058)	(905)	(1,973)
Total operating expenses	(8,320)	(6,089)	(13,270)
Operating loss	(6,657)	(5,704)	(11,822)
Financial income	163	92	217
Financial expenses	(58)	(9)	(17)
Loss before taxes on income	(6,552)	(5,621)	(11,622)
Taxes on income	(72)	(63)	(184)
Net loss from continuing operations	$ (6,624)	$ (5,684)	$ (11,806)
Discontinued operations:			
Net profit (loss) after tax from discontinued operations	$ 323	$ (779)	$ (1,214)
Net loss and total comprehensive loss	$ (6,301)	$ (6,463)	$ (13,020)
Net loss per share attributable to the Company's shareholders (in $)			
Basic and diluted loss per Ordinary share	$ (0.10)	$ (0.10)	$ (0.21)
Basic and diluted loss per Ordinary share for continuing operations	$ (0.10)	$ (0.09)	$ (0.19)
Weighted average number of Ordinary shares used in computing basic and diluted net loss per share	64,042,186	61,744,259	61,985,174

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

U.S. dollars in thousands

	Share capital	Share premium	Capital reserve	Retained earnings (accumulated deficit)	Total equity
Balance as of 1 January 2017 (audited)	$ 160	$ 39,146	$ (193)	$ (15,920)	$ 23,193
Exercise of options	2	-	-	-	2
Cost of share-based payment, net	-	413	-	-	413
Total comprehensive loss	-	-	-	(13,020)	(13,020)
Balance as of 31 December 2017	162	39,559	(193)	(28,940)	10,588
Exercise of options	2	56	-	-	58
Cost of share-based payment, net	-	135	-	-	135
Issuance of shares, net of issuance expenses	101	16,717	-	-	16,818
Total comprehensive loss	-	-	-	(6,301)	(6,301)
Balance as of 30 June 2018 (unaudited)	$ 265	$ 56,467	$ (193)	$ (35,241)	$ 21,298

	Share capital	Share premium	Capital reserve	Retained earnings (accumulated deficit)	Total equity
Balance as of 1 January 2017 (audited)	$ 160	$ 39,146	$ (193)	$ (15,920)	$ 23,193
Exercise of options	1	-	-	-	1
Cost of share-based payment	-	221	-	-	221
Total comprehensive loss	-	-	-	(6,463)	(6,463)
Balance as of 30 June 2017 (unaudited)	$ 161	$ 39,367	$ (193)	$ (22,383)	$ 16,952

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

U.S. dollars in thousands

	Six months ended 30 June		Year ended 31 December
	2018	**2017**	**2017**
	Unaudited		**Audited**
Cash flows from operating activities:			
Net loss	$ (6,301)	$ (6,463)	$ (13,020)
Adjustments to reconcile net income to net cash provided by (used in) operating activities:			
Adjustments to the profit or loss items:			
Share-based payment	135	221	413
Tax expense	72	63	184
Depreciation	59	47	107
Exchange rate differences in respect of cash and cash equivalents	19	(53)	17
	285	278	721
Changes in asset and liability items:			
Accrued interest on restricted cash	*) -	(5)	-
Decrease in trade receivables	757	928	1,064
Decrease (increase) in other accounts receivable and prepaid expenses	6	47	(386)
Decrease in trade payables	(954)	(483)	(688)
Increase in other accounts payable and accrued expenses	213	230	1,211
Accrued interest on short-term bank deposits	(54)	(43)	(105)
Increase in employee benefit liabilities, net	17	3	6
	(15)	677	1,102
Cash paid and received during the year for:			
Taxes	(3)	(191)	(363)
Net cash used in operating activities	$ (6,034)	$ (5,699)	$ (11,560)

*) Represents an amount lower than $ 1.

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

U.S. dollars in thousands

	Six months ended 30 June		Year ended 31 December
	2018	**2017**	**2017**
	Unaudited		**Audited**
Cash flows from investing activities:			
Purchase of property and equipment	$ (33)	$ (55)	$ (133)
Withdrawal of (investment in) short-term bank deposits	7,159	(9,000)	(7,000)
Withdrawal of (investment in) restricted cash	(55)	-	86
Net cash provided by (used in) investing activities	7,071	(9,055)	(7,047)
Cash flows from financing activities:			
Exercise of options	58	1	2
Proceeds from issuance of shares, net	16,818	-	-
Net cash provided by financing activities	16,876	1	2
Exchange rate differences in respect of cash and cash equivalents	(19)	53	(17)
Increase (decrease) in cash and cash equivalents	17,894	(14,700)	(18,622)
Cash and cash equivalents at the beginning of the period	3,955	22,577	22,577
Cash and cash equivalents at the end of the period	$ 21,849	$ 7,877	$ 3,955

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

NOTE 1:- GENERAL

a. Company description:

Albert Technologies Ltd. (formerly: Adgorithms Ltd.) ("the Company") was incorporated under the laws of Israel and commenced operations in September 2010. The Company's registered address is 20 Lincoln Street, Tel-Aviv, Israel.

The Company offers Artificial Intelligence-based software ("Albert") to brands and advertising agencies using a SaaS ("Software as a Service") model. The Company develops and deploys algorithmic solutions to provide marketers with a self-driving solution for cross-channel campaign execution, testing, optimization, analysis, and insights.

The Company's shares are admitted for trading on AIM, commencing June 2015, under the symbol "ALB" (formerly "ADGO").

In May 2018 the Company completed an additional placing of 36,756,757 Ordinary shares at a price of £0.37per share ($0.49), with new and existing institutional shareholders for total consideration of £12,645 ($16,818), net of issuance expenses of $1,099.

b. In March 2014, the Company established a wholly-owned subsidiary in the United States, Albert Technologies Inc. (formerly: Adgorithms Inc.), which is engaged in the distribution of the Company's products and services in the United States, as well as provides the Company with advisory and management services.

In August 2016, the Company established a wholly-owned subsidiary in Israel, AA Digital Media (All Aspect) Ltd. which commenced operating in November 2016 and ceased its operations in December 2017. All Aspect was engaged in trading media in various strategies with an array of participants in the online advertising value chain ("In- direct activity" or "In-direct business").

On 5 December 2017, the Company publicly announced the decision of its Board of Directors to cease the In-direct business by the end of 2017. The In-direct activity is presented in the statement of operations and other comprehensive loss as "discontinued operations", including comparative data. For further information please refer to Note 5.

In May 2017, the Company established a wholly-owned subsidiary in Brazil, Adgorithms Brasil Internet Ltda, which is engaged in the distribution of the Company's products and services in Brazil. (Albert Technologies Inc., AA Digital Media and Adgorithms Brasil Internet Ltda, collectively, "the Subsidiaries").

c. The interim consolidated financial statements were approved for issuance by the Board of Directors on 21 September 2018.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Company's annual consolidated financial statements for the year ended 31 December 2017, except for the adoption of new standards effective as of 1 January 2018. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

a. Unaudited interim financial information:

The accompanying unaudited interim consolidated financial statements have been prepared in a condensed format in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS as adopted by the EU") for interim financial information. Accordingly, they do not include all the information and footnotes required by IFRS as adopted by the EU for complete financial statements, and therefore, they should be read in conjunction with the annual consolidated financial statements as of 31 December 2017. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included.

Operating results for the six-month period ended 30 June 2018 are not necessarily indicative of the results that may be expected for the year ending 31 December 2018.

b. New standards, interpretations and amendments adopted:

IFRS 15, "Revenue from Contracts with Customers":

IFRS 15 replaces IAS 18, Revenue, and IAS 11, Construction contracts and establishes a new five-step model that applies to revenue arising from contracts with customers:

Step 1: Identify the contract with a customer, including reference to contract combination and accounting for contract modifications.

Step 2: Identify the separate performance obligations in the contract

Step 3: Determine the transaction price, including reference to variable consideration, financing components that are significant to the contract, non-cash consideration and any consideration payable to the customer.

Step 4: Allocate the transaction price to the separate performance obligations on a relative stand-alone selling price basis using observable information, if it is available, or using estimates and assessments.

Step 5: Recognize revenue when the entity satisfies a performance obligation over time or at a point in time.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

Under IFRS 15, revenue is recognized to reflect the transfer of promised goods and services to customers for amounts that reflect the consideration to which an entity expects to be entitled in exchange for those goods and services.

The Company adopted the standard by applying the modified retrospective method. Per the Company management analysis, the new standard had no effect on uncompleted contracts as of 1 January 2018, results and therefore no cumulative adjustment was necessary to be made to the opening balance of retained earnings as of that date.

The Company derives its revenues from campaign management SaaS platform and until the end of 2017 the Company also derived part of its revenues from sales through bids for advertising spaces on advertising exchanges ("In-direct").

The effect of adopting IFRS 15 going forward is, as follows:

1. Sale of services:

   The Company's contracts with customers for the sale of its services generally include one performance obligation. The Group has concluded that revenue from sale of services should be recognized over the course of the period in which the services are provided to the customer. Therefore, the adoption of IFRS 15 did not have an impact on the timing of revenue recognition.

2. Variable consideration:

   Certain of the Company's contracts define thresholds upon the basis of which the customers are being charged. Prior to the adoption of IFRS 15, the Company recognized revenue from its SaaS platform measured at the fair value of the consideration received or receivable, net of discounts. If revenue could not be reliably measured, the Company deferred revenue recognition until the uncertainty was resolved. Under IFRS 15, those thresholds give rise to variable consideration, as the consideration received from the customer may change based on the threshold applied. The variable consideration is estimated at contract inception and constrained until the associated uncertainty is subsequently resolved. The Company uses the expected value method to estimate the consideration that will be received because this method best predicts the amount of variable consideration to which the Company will be entitled. The Company applies the requirements in IFRS 15 on constraining estimates of variable consideration to determine the amount of variable consideration that can be included in the transaction price. Although there is no impact in the financial statements as of 30 June 2018, the described above might affect the Company revenue recognition moving forward.

IFRS 9, "Financial Instruments":

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The adoption of IFRS 9 did not have a material impact on the Company's consolidated financial statements.

c. Disclosure of new standards in the period prior to their adoption:

IFRS 16, "Leases":

In January 2016, the IASB issued IFRS 16, "Leases" ("the new Standard"). According to the new Standard, a lease is a contract, or part of a contract, that conveys the right to use an asset for a period of time in exchange for consideration.

According to the new Standard:

Lessees are required to recognize an asset and a corresponding liability in the statement of financial position in respect of all leases (except in certain cases) similar to the accounting treatment of finance leases according to the existing IAS 17, "Leases".

Lessees are required to initially recognize a lease liability for the obligation to make lease payments and a corresponding right-of-use asset. Lessees will also recognize interest and depreciation expenses separately.

Variable lease payments that are not dependent on changes in the Consumer Price Index ("CPI") or interest rates, but are based on performance or use (such as a percentage of revenues) are recognized as an expense by the lessees as incurred and recognized as income by the lessors as earned.

In the event of change in variable lease payments that are CPI-linked, lessees are required to remeasure the lease liability and the effect of the remeasurement is an adjustment to the carrying amount of the right-of-use asset.

The new Standard includes two exceptions according to which lessees are permitted to elect to apply a method similar to the current accounting treatment for operating leases. These exceptions are leases for which the underlying asset is of low value and leases with a term of up to one year.

The accounting treatment by lessors remains substantially unchanged, namely classification of a lease as a finance lease or an operating lease.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

The new Standard is effective for annual periods beginning on or after 1 January 2019. Earlier application is permitted provided that IFRS 15, "Revenue from Contracts with Customers", is applied concurrently.

For leases existing at the date of transition, the new Standard permits lessees to use either a full retrospective approach or a modified retrospective approach, with certain transition relief whereby restatement of comparative data is not required.

The Company is evaluating the possible effects of the new Standard. The effect of this standard is expected to be immaterial.

NOTE 3:- CONTINGENCIES

From time to time, the Company is party to various legal proceedings incidental to its business. As of 30 June 2018, the Company accrued an immaterial amount to cover probable losses from legal proceedings and threatened litigation.

On 6 September 2016, a statement of claim was filed with the Magistrate Court of Tel-Aviv, Israel (the "Court") against the Company, Albert's CEO and founder, Mr. Or Shani, and the Company's then CFO, Mr. Ron Stern (the "Defendants") by Mr. Tal Saar (the "Plaintiff"), a former service provider of the Company. The statement claims, among other things, that the Defendants are liable for certain fees due to such service provider and demanding to receive information with respect to payments made to Mr. Stern by the Company (the "Claim"). A statement of defense and a motion to dismiss the Claim were filed by the Defendants with the Court on 20 November 2016 and 30 December 2016, respectively. The plaintiff claims he is entitled to a payment of NIS 600 thousand (approximately $ 165, based on the exchange rate as of 30 June 2018). During 2017 the Defendants filed a response to the Plaintiff' statement and the Plaintiff filed an amended statement of claim. Pre-trial hearing was held on 3 July 2018. An evidentiary hearing is set for 18 March 2019.

No provision in respect of the Claim was recorded in the financial statements as of 30 June 2018, as the Company's current position is that all allegations are groundless and it is unlikely that any allegations brought against the Company, Mr. Shani and Mr. Stern will be accepted by the Court.

NOTE 4:- EQUITY

Share-based payments:

In October 2013, the Board of Directors of the Company adopted the Company's 2013 Share Option Plan ("Plan"). The Plan provides for the grant of options to purchase Ordinary shares of the Company to employees, officers, directors, consultants and advisors of the Company.

The share-based payment transactions that the Company granted to its employees are described below.

Option issued to employees:

Options granted under the Plan expire 10 years from the vesting commencing date. The options generally vest over three years (1/3 at each year).

The following table lists the number of share options, the weighted average exercise prices of share options and movement in options during the period:

	Six months ended 30 June 2018		Year ended 31 December 2017	
	Unaudited		Audited	
	Number of options	Weighted average exercise Price	Number of options	Weighted average exercise Price
Outstanding at beginning of year	4,965,837	$ 0.370	5,395,912	$ 0.489
Granted	-	-	1,620,253	0.318
Exercised	(339,481)	0.168	(665,437)	0.003
Forfeited	(222,958)	0.209	(1,384,891)	0.949
Outstanding at end of period	4,403,398	$ 0.428	4,965,837	$ 0.370
Exercisable at end of period	2,370,825	$ 0.558	1,634,385	$ 0.539

NOTE 4:- EQUITY (Cont.)

Option issued to non-employees:

The following table lists the number of share options, the weighted average exercise prices of share options and movement in options during the period:

	Six months ended 30 June 2018		Year ended 31 December 2017	
	Unaudited		Audited	
	Number of options	Weighted average exercise Price	Number of options	Weighted average exercise Price
Outstanding at beginning of year	665,479	$ 0.003	506,975	$ 0.003
Granted	-	-	158,504	-
Exercised	(158,504)	0.003	-	-
Outstanding at end of period	506,975	$ 0.003	665,479	$ 0.003
Exercisable at end of period	506,975	$ 0.003	480,557	$ 0.003

The cost of share based payments recognized in profit or loss for services received from employees and consultants is shown in the following table:

	Six months ended 30 June		Year ended 31 December
	2018	2017	2017
	Unaudited		Audited
Research and development, net	$ 205	$ 92	$ 197
Selling and marketing	23	94	109
General and administrative	40	(1)	55
Discontinued operations	(133)	36	52
	$ 135	$ 221	$ 413

NOTE 5:- **DISCONTINUED OPERATIONS**

On 5 December 2017, the Company publicly announced the decision of its Board of Directors to cease the In-direct business by the end of 2017. Beginning 31 December 2017, the In-direct business was classified as discontinued operations. The results of the In-direct business for the period ended in 30 June 2018 and 2017 and in the year ended 31 December 2017 are presented below:

	Six months ended 30 June		Year ended 31 December
	(*) 2018	**2017**	**2017**
	Unaudited		**Audited**
Revenues	$ 248	$ 3,942	$ 6,682
Expenses	(99)	(4,690)	(7,823)
Share-based payment income (expenses)	133	(36)	(54)
Operating income (loss)	282	(784)	(1,195)
Financial income (expenses)	41	5	(19)
Net profit (loss) from discontinued operations	$ 323	$ (779)	$ (1,214)
Basic and diluted profit (loss) per Ordinary share for discontinued operations (**)	$ 0.01	$ (0.01)	$ (0.02)

(*) Relates to unrecognized revenues which were collected during the six months ended 30 June 2018, as well as to expenses in connection with the ceasing of operations.

(**) See the consolidated statements of operations and other comprehensive loss for the weighted average number of Ordinary shares used in the computation.

NOTE 6:- **REVENUES FROM CONTRACTS WITH CUSTOMERS**

a. The Company operates in a single operating segment. Revenues from continuing operations, based on the location of customers, are as follows:

	Six months ended 30 June		Year ended 31 December
	2018	**2017**	**2017**
	Unaudited		**Audited**
America (principally USA)	$ 1,064	$ 245	$ 1,285
Europe, Middle-East and Africa	208	168	234
Asia-Pacific (principally Australia)	655	38	214
	$ 1,927	$ 451	$ 1,733

b. In the six-month period ended 30 June 2018, the Company's largest customer represented 26% of the Company's revenues. No other single customer represented more than 10% of the Company's revenues.

In the six-month period ended 30 June 2017, the Company's largest customer represented 24% of the Company's revenues. No other single customer represented more than 10% of the Company's revenues.

In the year ended 31 December 2017, the Company's two largest customers represented 20% and 12% of the Company's revenues. No other single customer represented more than 10% of the Company's revenues.

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