

**WhiteSmoke signed an agreement with the Shrem-Silberman Group to raise funds for the acquisition of a company with revenues of NIS 32.8 million and net profit of NIS 9.7 million in 2016**

**The financing is expected to include a \$ 5 million loan component as well as an option to invest in WhiteSmoke at a company value of \$ 15 million**

**Tel Aviv, October 23, 2017, WhiteSmoke (TA: WSMK)**, a global Israeli Corporation which provides marketing and advertising services on web and mobile (especially via video), announces the signing of a non-binding agreement with the Shrem-Silberman Group, which will lead and manage the fund raising for the acquisition transaction, which is the subject of the non-binding memorandum of understanding signed by the company last week.

The final funding structure, which to be determined at a later stage, subject to the approval of the company's authorized organs, is expected to include a loan component of \$ 5 million that will be provided to the company against various collateral and an option to invest in the acquired and the company itself. The option to invest in the Company (up to \$ 2.5 million), if realized, will be executed at a company value of \$ 15 million (50% above WhiteSmoke's current value).

Last week, WhiteSmoke signed a non-binding memorandum of understanding according to which it will acquire a company in the field of development and marketing on the Internet. The acquired company is particularly profitable and shows very high profit margins in recent years. The main results are as follows (in millions of NIS. The data for 2017 were received in dollars and translated according to the exchange rate of 3.5):

|                  | 1-6/2017 | 2016 | 2015 |
|------------------|----------|------|------|
| Revenue          | 14.9     | 32.8 | 27.2 |
| Operating profit | 5.7      | 11.9 | 7.8  |
| Net profit       | 4.9      | 9.7  | 5.6  |
| % Net profit     | 33%      | 30%  | 21%  |

### **About WhiteSmoke**

WhiteSmoke (WhiteSmoke). TLV: WSMK) is a global Israeli Corporation which provides marketing and advertising services on web and mobile. The company offers digital advertising services using video on digital media channels, which include mobile applications and websites. Operations include acquiring advertising spaces using various digital media methods, while optimizing them to maximize the effectiveness and focus of the advertising. WhiteSmoke's operations in the field of marketing and advertising online includes referring users to search results from the world's leading search engines, through strategic cooperations with leading partners in the field. WhiteSmoke also develops, markets and distributes software and applications for correcting and upgrading writing in English, under the WhiteSmoke brand. The company was founded in 2002 and is currently managed by Itay Meroz. WhiteSmoke offices are located in Ramat Ha'Hayal, Tel Aviv.