



## Q1 2026 Prepared Remarks

### Aadam Anwar, Head of Investor Relations

Thank you, and good morning everyone. And welcome to Taboola's first quarter 2026 earnings conference call. I'm here with Adam Singolda, Taboola's Founder and CEO, and Steve Walker, Taboola's CFO. The company issued earnings materials today before the market and they are available in the Investors section of Taboola's website.

Now, I'll quickly cover the safe harbor. Certain statements today, including our expectations for future periods are forward-looking statements. They are not facts and are subject to material risks and uncertainties described in our SEC filings. These statements are based on currently available information and we undertake no duty to update them, except as required by law. Today's discussion is also subject to the forward-looking statement limitations in the earnings press release. Future events could differ materially and adversely from those anticipated.

During this call, we will use terms defined in the earnings release and refer to non-GAAP financial measures. For definitions and reconciliations to GAAP, please refer to the non-GAAP tables in the earnings release posted on our website.

With that, I'll turn the call over to Adam.



## Adam Singolda, Founder & CEO

Thanks, Aadam. Good morning, everyone, and thank you for joining us today.

We're starting the year off strong with our first quarter results exceeding the high end of our guidance across all metrics. We're seeing continued acceleration in our growth which gives us the confidence to raise our full-year guidance across the board. We now expect ex-TAC Gross Profit growth of 8%, while maintaining 30% Adjusted EBITDA margins, and strong Free Cash Flow conversion.

As I said last year, we believe we've reached an inflection point with Realize driving advertiser success. I am confident that this momentum gives us a clear path to double-digit growth over time. We're not there yet, but we're moving in the right direction, and I'm proud of the team executing against it.

In the first quarter, we repurchased approximately 7 million shares for a total of \$23.5 million, while continuing to invest in R&D to support our long-term growth ambitions. Including this quarter, we've now bought 19% of Taboola between 2025 and year-to-date 2026, which we're very pleased with. We plan to continue allocating the majority of our free cash flow toward share repurchases, which we view as our most compelling capital allocation opportunity.

Before getting into the details, let me remind you who we are and how we compete. Taboola is one of the largest performance advertising companies outside of search and social, referred to as the openweb. Similar to how Google and Meta understand intent within their own platforms, Taboola understands intent across the billions of consumers who read, watch, and engage with trusted OEMs, apps and publishers across the open web. We then convert these signals into profitable and measurable outcomes for advertisers. That proprietary intent data, and the AI-driven conversion machine we've built - that's Taboola.

In a world where AI is evolving so quickly, I believe the winners will be those with either unique data that LLMs can't get or access to unique supply and distribution. Taboola has both.



To execute on our mission in 2026, we're focused on three priorities: first, investing in our technology to advance Realize; second, with Krishan Bhatia joining as Chief Business Officer, further verticalizing our sales organization around our Ideal Customer Profiles, where we're seeing stronger retention and spend growth over time; and third, strengthening our brand.

As advertisers see stronger results on Realize, our ability to expand the budgets we manage continues to grow. In the first quarter, Realize drove increases in both scaled advertisers, those who spend more than \$100K a year with us, and the budgets we manage. Scaled advertisers grew 3.5%, and average revenue per scaled advertiser grew 5%. As we scale, we benefit from more data, which powers our AI systems and drives continued performance improvements - reinforcing our ability to grow budgets over time.

This progress comes from the investments we've been making across our technology - strengthening our user graph to better understand users across sites and devices, leveraging unique signals from Taboola News, high-intent content like product reviews, intent signals driven by massive amount of people clicking on our ads, along with ongoing improvements to our bidding and core algorithms.

Just a few weeks ago, we introduced Realize+, our agentic framework for advertisers, something the team has been building toward for a long time. Meta has Advantage+, Google has Performance Max, and now we have Realize+. The idea is simple. Advertisers who want greater control, such as setting budgets by strategy, defining goals by GEO, and managing campaigns more hands-on can continue to use Realize. For those who prefer full automation, they can simply provide a budget and objective, and Realize+ will take care of the rest, including audience targeting, creative generation, placements, and continuous optimization.

What matters here isn't just simplification, it's performance at scale. By reducing operational complexity and improving outcomes, Realize+ reacts autonomously to the dynamic marketplace in real time, deciding and executing strategies which drive better performance outcomes. This allows advertisers to confidently shift more budgets into the system over time. That's how we grow. We want to make it really easy to use Realize and succeed.



Our second priority is go-to-market, where we are building a more repeatable engine to grow our share of advertiser budgets. The foundation of this strategy is verticalizing - organizing our sales teams by industry and focusing on clearly defined Ideal Customer Profiles (ICP's). For Taboola, these ICPs are performance-oriented advertisers who prioritize measurable outcomes, require scalable customer acquisition, and operate in mid-to-low funnel categories such as travel, healthcare, auto, personal finance and more. By aligning our verticalized teams to these ICPs, we develop deeper expertise, execute faster, and stay focused on delivering advertiser outcomes.

Lastly, on brand and perception. We're making real progress in how the market sees Taboola. As we invest in products like Realize+, onboarding incredible advertisers and partners - we're shaping our brand to be recognized as an AI-driven performance platform. This takes time, but we're building trust and shifting perception. In the end, I measure this by outcomes. Are we bringing in more advertisers, driving more demand, and growing faster or not? At the end of the day, companies either accelerate their growth or they don't.

To bring it all together, we feel good about where we are and even more importantly about where we're going. We're seeing the early signs of what this business can become when technology, data, and execution come together. It's still early, but we're moving in the right direction. It's an exciting time for Taboola, and we look forward to updating you on our progress throughout the year.

With that, I'll hand it over to Steve.



## Steve Walker, CFO

Thanks, Adam, and good morning, everyone. We're happy to start the year on a strong note. In the first quarter, we continued to build on the momentum we built last year, delivering results that exceeded the high end of our guidance across every metric.

In the first quarter, Revenues grew 9% year-over-year to \$466.4 million. We remain focused on increasing advertiser investment through Realize, our performance advertising platform. Continued product enhancements and new feature launches contributed to solid execution during the quarter. This was evident in our first-quarter Scaled Advertiser metrics, which showed a 3.5% rise in the number of Scaled Advertisers and a 5% increase in Average Revenue per Scaled Advertisers.

Ex-TAC gross profit increased 11% year over year to \$168.1 million in the first quarter. Growth was primarily driven by higher advertising spend, largely supported by the scaling of Realize, as well as strong performance from Taboola News and Bidded Supply.

Gross Profit for the quarter was \$129.6 million, up 9% year-over-year. Growth in ex-TAC Gross Profit contributed to this performance but was partially offset by an increase in infrastructure and operational costs as we continue to scale the business for future growth.

Net Income for the quarter was \$59.1 million, with Non-GAAP Net Income coming in at \$17.2 million. Net Income came in higher due to proceeds from a one-time legal settlement. This settlement was adjusted out of Non-GAAP Net Income. Adjusted EBITDA for the quarter was \$26.7 million, a margin of 16%. This reflects continued discipline in expense management while continuing to invest in strategic priorities to support long-term growth. And I would note that the legal settlement I mentioned previously does not contribute to Adjusted EBITDA.

Foreign exchange was a meaningful headwind in the quarter. On a constant currency basis, first quarter ex-TAC Gross Profit saw a tailwind of approximately \$3.6 million, while operating expenses saw a headwind of approximately \$8.2 million, primarily reflecting the strength of the Israeli shekel, where we have a significant employee and cost base. In aggregate, FX



represented roughly a \$4.7 million headwind to first quarter Adjusted EBITDA. Excluding this impact, Adjusted EBITDA would have been \$31.4 million, which would have represented an Adjusted EBITDA margin of 19.1%. We expect FX to remain a headwind for the remainder of 2026.

In terms of cash generation, we had \$108.7 million in operating cash flow in the first quarter and Free Cash Flow of \$90.3 million. Free Cash Flow for the quarter benefited from the legal settlement I mentioned previously. As a reminder, we expect to sustainably convert free cash flow from Adjusted EBITDA at a 60%–70% rate over any typical four-quarter period.

Turning to the balance sheet, we remain in a strong financial position. We ended the first quarter with a net cash balance of \$83.9 million. Cash and cash equivalents totaled \$150.3 million, which more than offset our long-term debt of \$66.4 million. Last year, we secured a \$270 million revolving credit facility and as of March 31 we maintained approximately \$203.6 million of available liquidity.

We remain focused on disciplined capital allocation, prioritizing investments in Sales and R&D while returning excess capital to shareholders through share repurchases. In the first quarter, we repurchased approximately 7 million shares at an average price of \$3.41, for total consideration of \$23.5 million. As a result, shares outstanding declined to approximately 273 million at quarter end, down from about 276 million at the end of 2025. We have approximately \$160 million remaining under our authorization and continue to view share repurchases as a compelling use of the majority of our free cash flow.

Moving to guidance, for the second quarter, we expect Revenues to be between \$492 and \$505 million, Gross Profit to be between \$147 and \$152 million, ex-TAC Gross Profit to be \$189 to \$194 million, Adjusted EBITDA to range from \$49 to \$55 million and Non-GAAP Net Income to be \$36 to \$43 million.

Reflecting continued adoption of Realize and its features, we are raising our full-year guidance across all metrics. We now expect Revenues to be between \$2 and \$2.06 billion, Gross Profit to be between \$610 and \$630 million, ex-TAC Gross Profit to be \$760 to \$781



million, Adjusted EBITDA to be \$222 to \$240 million, and Non-GAAP Net Income to be \$167 and \$191 million.

I would note that our Adjusted EBITDA guidance reflects a forecasted headwind from foreign exchange rates of approximately \$13 million in operating expenses, partially offset by ex-TAC tailwinds. Without this headwind from foreign exchange, Adjusted EBITDA margins would be approximately 34%.

In summary, the first quarter results exceeded the high end of our guidance range across all metrics, reflecting strong execution and continued momentum in the business. We continue to build on the momentum we've seen with Realize and are focused on accelerating growth. We continue to stay disciplined in our approach and our steady progress reinforces our confidence in our ability to return to sustainable double-digit growth over time.

With that, let's move to Q&A. Operator, can you please open the line for questions.