UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(D) OF THE
SECURITIES EXCHANGE ACT OF 1934

Date of report (Date of earliest event reported):
May 10, 2023

TABOOLA.COM LTD.
(Exact name of registrant as specified in its charter)

Israel	**001-40566**	**Not applicable**
(State or Other Jurisdiction of Incorporation)	(Commission File Number)	(IRS Employer Identification Number)

16 Madison Square West
7th Floor
New York, NY 10010
(Address of principal executive offices, including zip code)

212-206-7633
(Registrant's telephone number, including area code)

N/A
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Ordinary shares, no par value	TBLA	The Nasdaq Global Market
Warrants to purchase ordinary shares	TBLAW	The Nasdaq Global Market

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 2.02. Results of Operations and Financial Condition.

On May 10, 2023, Taboola.com Ltd. (the "***Company***" or "***Taboola***") issued a press release announcing the Company's financial results for the first quarter of 2023. That press release is furnished herewith as Exhibit 99.1 and is incorporated herein by reference.

Item 7.01. Regulation FD Disclosure.

On May 10, 2023, the Company made available a shareholder letter, investor presentation and prepared remarks from its Chief Executive Officer and Chief Financial Officer which provide highlights of the Company's first quarter of 2023 financial results and related information, which is being made available in connection with the May 10, 2023 earnings conference call. A copy of the shareholder letter, investor presentation and prepared remarks are furnished herewith as Exhibits 99.2, 99.3 and 99.4, respectively and are incorporated herein by reference.

The information furnished with this Form 8-K, including Exhibits 99.1, 99.2, 99.3 and 99.4 shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference into any other filing under the Securities Act of 1933, as amended, or the Exchange Act, except as expressly set forth by specific reference in such a filing.

Item 9.01. Financial Statement and Exhibits.

(d) Exhibits

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Exhibit No.	**Description**
99.1	Press Release dated May 10, 2023
99.2	Letter to Shareholders dated May 10, 2023
99.3	Investor Presentation dated May 10, 2023
99.4	Prepared Remarks dated May 10, 2023
104	Cover page of this Current Report on Form 8-K formatted in Inline XBRL

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

TABOOLA.COM LTD.

By: /s/ Stephen Walker
Name: Stephen Walker
Title: Chief Financial Officer

Date: May 10, 2023

Exhibit 99.1

Taboola Beats Guidance in Q1 On All Metrics; Raises Mid-point for 2023; Announcing Up to $40M Buyback and $50M Debt Repayment

- *Q1 2023 Revenues of $327.7M, Gross Profit of $89.6M, ex-TAC Gross Profit of $115.7M, Net loss of $31.3M and Adjusted EBITDA of $10.1M, exceeding the high end of all guidance metrics.*

- *Net cash provided by operating activities of $17.5M and Free Cash Flow in Q1 2023 of $11.2M after net publisher prepayments of ($3.9M)** and $5.1M in cash interest payments.*

- *Announcing share buyback program of up to $40M in 2023. Repaid $30M of long-term debt in April (totaling $91M since Q4 2022) and expect to continue to repay debt up to an additional $50M this year.*

- *Updated 2023 guidance raises the mid-point: Revenues of $1,427M - $1,469M, Gross Profit of $418M - $436M, ex-TAC Gross Profit of $529M - $546M, Adjusted EBITDA of $65M - $80M. Positive Free Cash Flow.*

- *2024 guidance assumes investments will begin to pay off: at least $200M Adjusted EBITDA, at least $100M Free Cash Flow.*

New York, NY, May 10, 2023 -- Taboola (Nasdaq: TBLA), a global leader in powering recommendations for the open web, helping people discover things they may like, today announced its results for the quarter ended March 31, 2023.

"We had a strong performance in Q1, beating the high end of our guidance across all metrics. This was primarily driven by the core business tracking ahead of our expectations, helped by key publisher partners like Condé Nast, Univision, The Blaze, Kicker in Germany and others along with continued strength from eCommerce. We're also seeing Taboola News outperforming our internal expectations," said Adam Singolda, CEO and Founder, Taboola.

"From where we are now, we are hyper focused on what we need to do to execute on our objectives and mission. Once the Yahoo integration is 100% live we expect to be at a $2.5B revenue run-rate. This will still be a small portion of the $70B Open Web market, so there remains a lot of growth for us to capture. To do that we are laser focused on four company priorities - performance advertising, ecommerce, bidding, and Yahoo. We have all we need to execute and generate our financial objectives. These are times to remain focused, stay very close to our partners and customers, and execute - that's all we care about now," continued Singolda.

For more commentary on the quarter, please refer to Taboola's Q1 2023 Shareholder Letter, which was furnished to the SEC and also posted on Taboola's website today at https://investors.taboola.com.

First Quarter Results Summary

(dollars in millions, except per share data)	Three months ended March 31, 2023	2022	% change YoY	Guidance
	Unaudited			
Revenues	$ 327.7	$ 354.7	(7.6%)	$ 299 - $325
Gross profit	$ 89.6	$ 112.0	(20.0%)	$ 76 - $88
Net income (loss)	$ (31.3)	$ 3.9	NM	
EPS diluted (1)	$ (0.09)	$ 0.01	NM	
Ratio of net income (loss) to gross profit	(35.0%)	3.5%	—	
Cash flow provided by operating activities	$ 17.5	$ 8.1	115.7%	
Cash, cash equivalents, short-term deposits and investments	$ 274.4	$ 318.0	(13.7%)	
Non-GAAP Financial Data*				
ex-TAC Gross Profit	$ 115.7	$ 138.2	(16.3%)	$ 103 - $115
Adjusted EBITDA	$ 10.1	$ 34.9	(71.0%)	($6) - $6
Non-GAAP Net Income (Loss) (2)	$ (4.1)	$ 22.1	(118.6%)	($23) - ($11)
Ratio of Adjusted EBITDA to ex-TAC Gross Profit	8.7%	25.2%	—	
Free Cash Flow	$ 11.2	$ 1.2	815.2%	

[1] The weighted-average shares used in the computation of the diluted EPS for the three months ended March 31, 2023 and 2022 are 333,424,276 and 260,036,934, respectively.
[2] Three months ended March 31, 2022 have been adjusted to exclude the impact of foreign currency exchange rates to be consistent with current period presentation.

Business Highlights for Q1 2023

- Revenue from new publisher partners continues to be an area of strength - Publisher wins from competitors included L’Express, Condé Nast, Kicker, Funke, and DuMont.
- Renewed relationships with many well-known publishers including Sinclair, Advance Local, O Dia, Slate France, and Seven West Media.
- Received approval from Israeli regulators to finalize the Yahoo deal; transitioned into the next phase of integration, the build and test phase.

- Launched TIME and Advance Local on Taboola Turnkey Commerce, publishing over 100 finance articles on TIME with subsequent launch of the TIME eCommerce section in May.
- Further deployed AI to enhance our Life Time Value (LTV) vision, a holistic approach that enhances publisher revenue and empowers diversification of channels (eCommerce, subscription, native, bidding and video).
- Continued to see eCommerce strength in the bottom of funnel channel from key partners such as Walmart, Wayfair, and Macy's.
- Rolled out Generative AI in beta form on Taboola Ads which suggests data-driven titles and thumbnails to creatives, accelerating the speed and efficiency of launching campaigns.

Second Quarter and Full Year 2023 Guidance

For the Second Quarter and Full Year 2023, the Company currently expects:

	Q2 2023 Guidance	**FY 2023 Guidance**
	Unaudited	
	(dollars in millions)	
Revenues	\$296 - \$322	\$1,427 - \$1,469
Gross profit	\$78 - \$88	\$418 - \$436
ex-TAC Gross Profit*	\$105 - \$115	\$529 - \$546
Adjusted EBITDA*	(\$4) - \$6	\$65 - \$80
Non-GAAP Net Income (Loss)*	(\$26) - (\$16)	(\$5) - \$10

Although we provide guidance for Adjusted EBITDA and Non-GAAP Net Income (Loss), we are not able to provide guidance for projected net income (loss), the most directly comparable GAAP measure. Certain elements of net income (loss), including share-based compensation expenses and warrant valuations, are not predictable due to the high variability and difficulty of making accurate forecasts. As a result, it is impractical for us to provide guidance on net income (loss) or to reconcile our Adjusted EBITDA and Non-GAAP Net Income (Loss) guidance without unreasonable efforts. Consequently, no disclosure of projected net income (loss) is included. For the same reasons, we are unable to address the probable significance of the unavailable information.

Authorization to Buyback Ordinary Shares

On May 9, 2023, the Company's Board of Directors authorized the buyback of up to $40 million of the Company's ordinary shares. Any share buybacks under the program may be made from time to time in the open market, including through trading plans intended to qualify under Rule 10b5-1 under the Securities Exchange Act of 1934, as amended, in privately negotiated transactions or otherwise. The timing and amount of any share buybacks will be subject to market conditions and other factors determined by the Company. The Company may suspend, modify or discontinue the program at any time in its sole discretion without prior notice. This press release is neither an offer to purchase nor a solicitation of an offer to buy any securities.

Under Israeli law, the Company's ability to buyback ordinary shares must be within a maximum dollar amount authorized by the Tel Aviv District Court Economic Department (the "Israeli court"). The maximum amount includes both share buybacks and net issuances to satisfy tax withholding obligations related to equity-based compensation. The Israeli court approval typically expires in six months. The Company previously obtained Israeli court approvals for such activities, and expects to continue to make successive requests for the foreseeable future absent unusual circumstances. In anticipation of the May 16, 2023 expiration of the Company's most recent $50 million approval, on April 17 2023, the Company requested the Israeli court to provide another $50 million of authority. The Company will announce the Israeli court's decision promptly once it is obtained. The decision is currently expected by the end of this month or shortly thereafter.

Webcast Details

Taboola's senior management team will discuss the Company's earnings on a call that will take place on May 10, 2023, at 8:30 AM ET. The call can be accessed via webcast at https://investors.taboola.com. To access the call by phone, please go to this link to register https://register.vevent.com/register/BI425cebdda8864199aaeeb8bd8ccc5cf2 and you will be provided with dial in details. The webcast will be available for replay for one year, through the close of business on May 10, 2024.

***About Non-GAAP Financial Information**

This press release includes ex-TAC Gross Profit, Adjusted EBITDA, Ratio of Adjusted EBITDA to ex-TAC Gross Profit, Free Cash Flow, Non-GAAP Net Income (Loss), which are non-GAAP financial measures. These non-GAAP financial measures are not measures of financial performance in accordance with GAAP and may exclude items that are significant in understanding and assessing the Company's financial results. Therefore, these measures should not be considered in isolation or as an alternative to revenues, gross profit, net income (loss), cash flows from operations or other measures of profitability, liquidity or performance under GAAP. You should be aware that the Company's presentation of these measures may not be comparable to similarly-titled measures used by other companies.

The Company believes non-GAAP financial measures provide useful supplemental information to management and investors regarding future financial and business trends relating to the Company. The Company believes that the use of these measures provides an additional tool for investors to use in evaluating operating results and trends and in comparing the Company's financial measures with other similar companies, many of which present similar non-GAAP financial measures to investors. Non-GAAP financial measures are subject to inherent limitations because they reflect the exercise of judgments by management about which items are excluded or included in calculating them, which may vary from period to period. Please refer to the appendix at the end of this press release for reconciliations to the most directly comparable measures in accordance with GAAP.

****About Cash Investment in Publisher Prepayments (Net)**

We calculate cash investment in publisher prepayments (net) for a specific measurement period as the gross amount of cash publisher prepayments we made in that measurement period minus the amortization of publisher prepayments that were included in traffic acquisition cost during that measurement period, which were the result of cash publisher prepayments made in that measurement period and previous periods.

Note Regarding Forward-Looking Statements

Certain statements in this press release are forward-looking statements. Forward-looking statements generally relate to future events including future financial or operating performance of Taboola.com Ltd. (the “Company”). In some cases, you can identify forward-looking statements by terminology such as “may”, “should”, “expect”, “guidance”, “intend”, “will”, “estimate”, “anticipate”, “believe”, “predict”, “target”, “potential” or “continue”, or the negatives of these terms or variations of them or similar terminology. Such forward-looking statements are subject to risks, uncertainties, and other factors which could cause actual results to differ materially from those expressed or implied by such forward looking statements.

These forward-looking statements are based upon estimates and assumptions that, while considered reasonable by the Company and its management, are inherently uncertain. Uncertainties and risk factors that could affect the Company’s future performance and cause results to differ from the forward-looking statements in this press release include, but are not limited to: the ability to recognize the anticipated benefits of the Connexity acquisition and the business combination between the Company and ION Acquisition Corp. 1 Ltd. (together, the “Business Combinations”), which may be affected by, among other things, competition, the ability of the Company to grow and manage growth profitably, maintain relationships with customers and retain its management and key employees; the Company’s ability to successfully integrate the Connexity acquisition; costs related to the Business Combinations; changes in applicable laws or regulations; the Company’s estimates of expenses and profitability and underlying assumptions with respect to accounting presentations and purchase price and other adjustments; the extent to which we will voluntarily retire additional long-term debt or buyback any of our ordinary shares pursuant to authority granted by the Company’s Board of Directors, which may depend upon market and economic conditions; other business opportunities and priorities, and, with respect to the buyback of our ordinary shares, the availability of sufficient continuing authority being approved and re-approved as necessary by the Tel Aviv District Court Economic Department to permit share buybacks (and our continued use of a net issuance mechanism to satisfy tax withholding obligations related to equity-based compensation on behalf of our directors, officers and other employees) or other factors; the Company’s ability to transition to and fully launch the native advertising service for Yahoo on the currently anticipated schedule or at all; the ability to generate or achieve the increase in Adjusted EBITDA and Free Cash Flow in 2024 or our expected revenue run-rate once Yahoo integration is live, in each case to the levels assumed in this press release or at all; ability to attract new digital properties and advertisers; ability to meet minimum guarantee requirements in contracts with digital properties; intense competition in the digital advertising space, including with competitors who have significantly more resources; ability to grow and scale the Company’s ad and content platform through new relationships with advertisers and digital properties; ability to secure high quality content from digital properties; ability to maintain relationships with current advertiser and digital property partners; ability to prioritize investments to improve profitability and free cash flow; ability to make continued investments in the Company’s AI-powered technology platform; the need to attract, train and retain highly-skilled technical workforce; changes in the regulation of, or market practice with respect to, “third party cookies” and its impact on digital advertising; continued engagement by users who interact with the Company’s platform on various digital properties; reliance on a limited number of partners for a significant portion of the Company’s revenue; changes in laws and regulations related to privacy, data protection, advertising regulation, competition and other areas related to digital advertising; ability to enforce, protect and maintain intellectual property rights; and risks related to the fact that we are incorporated in Israel and governed by Israeli law; and other risks and uncertainties set forth in the Company’s Annual Report on Form 10-K for the year ended December 31, 2022 under Part 1, Item 1A “Risk Factors” and in the Company’s subsequent filings with the Securities and Exchange Commission.

Nothing in this press release should be regarded as a representation by any person that the forward-looking statements set forth herein will be achieved or that any of the contemplated results of such forward-looking statements will be achieved. You should not place undue reliance on these forward-looking statements, which speak only as of the date they were made. The Company undertakes no duty to update these forward-looking statements except as may be required by law.

About Taboola

Taboola powers recommendations for the open web, helping people discover things they may like.

The Company's platform, powered by artificial intelligence, is used by digital properties, including websites, devices and mobile apps, to drive monetization and user engagement. Taboola has long-term partnerships with some of the top digital properties in the world, including CNBC, BBC, NBC News, Business Insider, The Independent and El Mundo.

Approximately 18,000 advertisers use Taboola to reach over 500 million daily active users in a brand-safe environment. Following the acquisition of Connexity in 2021, Taboola is a leader in powering e-commerce recommendations, driving more than 1 million monthly transactions each month. Leading brands, including Walmart, Macy's, Wayfair, Skechers and eBay are among key customers.

Learn more at www.taboola.com and follow @taboola on Twitter.

Investor Contact:	**Press Contact:**
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CONSOLIDATED BALANCE SHEETS

U.S. dollars in thousands, except share and per share data

	March 31, 2023	December 31, 2022
	Unaudited	
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 218,849	$ 165,893
Short-term investments	55,582	96,914
Restricted deposits	1,091	750
Trade receivables (net of allowance for credit losses of $9,242 and $6,748 as of March 31, 2023 and December 31, 2022, respectively)	212,346	256,708
Prepaid expenses and other current assets	73,531	73,643
Total current assets	**561,399**	**593,908**
NON-CURRENT ASSETS		
Long-term prepaid expenses	41,262	42,945
Commercial agreement asset	289,451	—
Restricted deposits	3,998	4,059
Deferred tax assets, net	3,218	3,821
Operating lease right of use assets	67,740	66,846
Property and equipment, net	71,731	73,019
Intangible assets, net	173,177	189,156
Goodwill	555,931	555,869
Total non-current assets	**1,206,508**	**935,715**
Total assets	**$ 1,767,907**	**$ 1,529,623**

CONSOLIDATED BALANCE SHEETS

U.S. dollars in thousands, except share and per share data

	March 31, 2023	December 31, 2022
	Unaudited	
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Trade payables	$ 223,040	$ 247,504
Short-term operating lease liabilities	15,663	14,753
Accrued expenses and other current liabilities	95,182	102,965
Current maturities of long-term loan	33,000	3,000
Total current liabilities	**366,885**	**368,222**
LONG-TERM LIABILITIES		
Long-term loan, net of current maturities	192,737	223,049
Long-term operating lease liabilities	58,223	57,928
Warrants liability	5,080	6,756
Deferred tax liabilities, net	31,319	34,133
Other long-term liabilities	5,000	5,000
Total long-term liabilities	**292,359**	**326,866**
SHAREHOLDERS' EQUITY		
Ordinary shares with no par value- Authorized: 700,000,000 as of March 31, 2023 and December 31, 2022; 297,822,375 and 254,133,863 shares issued and outstanding as of March 31, 2023 and December 31, 2022, respectively.	—	—
Non-voting Ordinary shares with no par value- Authorized: 46,000,000 as of March 31, 2023 and December 31, 2022; 45,198,702 and 0 shares issued and outstanding as of March 31, 2023 and December 31, 2022, respectively.	—	—
Additional paid-in capital	1,209,559	903,789
Accumulated other comprehensive loss	(1,163)	(834)
Accumulated deficit	(99,733)	(68,420)
Total shareholders' equity	**1,108,663**	**834,535**
Total liabilities and shareholders' equity	**$ 1,767,907**	**$ 1,529,623**

CONSOLIDATED STATEMENTS OF INCOME (LOSS)

U.S. dollars in thousands, except share and per share data

	Three months ended March 31,	
	2023	2022
	Unaudited	
Revenues	**$ 327,686**	**$ 354,726**
Cost of revenues:		
Traffic acquisition cost	211,946	216,498
Other cost of revenues	26,148	26,198
Total cost of revenues	238,094	242,696
Gross profit	**89,592**	**112,030**
Operating expenses:		
Research and development	31,985	30,412
Sales and marketing	60,569	61,368
General and administrative	25,836	27,949
Total operating expenses	118,390	119,729
Operating loss	(28,798)	(7,699)
Finance income (expenses), net	(3,154)	11,195
Income (loss) before income taxes	(31,952)	3,496
Income tax benefit	639	392
Net income (loss)	**$ (31,313)**	**$ 3,888**
Net income (loss) per share attributable to Ordinary and Non-voting Ordinary shareholders, basic	$ (0.09)	$ 0.02
Weighted-average shares used in computing net income (loss) per share attributable to Ordinary and Non-voting Ordinary shareholders, basic	333,424,276	247,378,428
Net income (loss) per share attributable to Ordinary and Non-voting Ordinary shareholders, diluted	$ (0.09)	$ 0.01
Weighted-average shares used in computing net income (loss) per share attributable to Ordinary and Non-voting Ordinary shareholders, diluted	333,424,276	260,036,934

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

U.S. dollars in thousands

	Three months ended March 31, 2023	Three months ended March 31, 2022
	Unaudited	
Net income (loss)	**$ (31,313)**	**$ 3,888**
Other comprehensive income (loss):		
Unrealized gains (losses) on available-for-sale marketable securities	327	—
Unrealized gains (losses) on derivative instruments, net	(656)	(230)
Other comprehensive income (loss)	(329)	(230)
Comprehensive income (loss)	**$ (31,642)**	**$ 3,658**

SHARE-BASED COMPENSATION BREAK-DOWN BY EXPENSE LINE

U.S. dollars in thousands

	Three months ended March 31,	
	2023	**2022**
	Unaudited	
Cost of revenues	$ 1,044	$ 703
Research and development	5,844	6,102
Sales and marketing	4,285	5,300
General and administrative	4,909	7,724
Total share-based compensation expenses	**$ 16,082**	**$ 19,829**

DEPRECIATION AND AMORTIZATION BREAK-DOWN BY EXPENSE LINE

U.S. dollars in thousands

	Three months ended March 31,	
	2023	**2022**
	Unaudited	
Cost of revenues	$ 8,298	$ 8,101
Research and development	605	645
Sales and marketing	13,526	13,503
General and administrative	172	427
Total depreciation and amortization expense	**$ 22,601**	**$ 22,676**

CONSOLIDATED STATEMENTS OF CASH FLOWS

U.S. dollars in thousands

	Three months ended March 31, 2023	Three months ended March 31, 2022
	Unaudited	
Cash flows from operating activities		
Net income (loss)	$ (31,313)	$ 3,888
Adjustments to reconcile net income (loss) to net cash flows provided by operating activities:		
Depreciation and amortization	22,601	22,676
Share-based compensation expenses	16,082	19,829
Net loss (gain) from financing expenses	(328)	671
Revaluation of the Warrants liability	(1,676)	(14,042)
Amortization of loan and credit facility issuance costs	500	358
Amortization of premium and accretion of discount on short-term investments, net	(281)	—
Change in operating assets and liabilities:		
Decrease in trade receivables, net	44,362	45,935
Decrease (increase) in prepaid expenses and other current assets and long-term prepaid expenses	721	(3,317)
Decrease in trade payables	(22,807)	(45,864)
Decrease in accrued expenses and other current liabilities and other long-term liabilities	(13,439)	(16,544)
Increase (decrease) in deferred taxes, net	2,790	(4,086)
Change in operating lease right of use assets	4,151	2,895
Change in operating lease liabilities	(3,839)	(4,276)
Net cash provided by operating activities	**17,524**	**8,123**
Cash flows from investing activities		
Purchase of property and equipment, including capitalized internal-use software	(6,350)	(6,902)
Cash paid in connection with acquisitions, net of cash acquired	—	(620)
Investments in restricted deposits	(280)	—
Investment in short-term deposits	—	(40,026)
Proceeds from sales and maturities of short-term investments	41,940	—
Payments of cash in escrow for acquisition of a subsidiary	—	(2,100)
Net cash provided by (used in) investing activities	**35,310**	**(49,648)**
Cash flows from financing activities		
Exercise of options and vested RSUs	1,335	3,399
Payment of tax withholding for share-based compensation expenses	(791)	(1,845)
Repayment of long-term loan	(750)	(750)
Net cash provided by (used in) financing activities	**(206)**	**804**
Exchange rate differences on balances of cash and cash equivalents	**328**	**(671)**
Increase (decrease) in cash and cash equivalents	52,956	(41,392)
Cash and cash equivalents - at the beginning of the period	165,893	319,319
Cash and cash equivalents - at end of the period	**$ 218,849**	**$ 277,927**

	Three months ended March 31,	
	2023	2022
	Unaudited	
Supplemental disclosures of cash flow information:		
Cash paid during the year for:		
Income taxes	$ 4,258	$ 2,418
Interest	$ 5,067	$ 3,570
Non-cash investing and financing activities:		
Purchase of property and equipment, including capitalized internal-use software	$ 36	$ 1,809
Share-based compensation included in capitalized internal-use software	$ 652	$ 517
Creation of operating lease right-of-use assets	$ 5,045	$ —

APPENDIX A: Non-GAAP Reconciliation

RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES FOR THE THREE MONTHS ENDED MARCH 31, 2023 AND 2022 (Unaudited)

The following table provides a reconciliation of revenues to ex-TAC Gross Profit.

	Three months ended March 31,	
	2023	2022
	(dollars in thousands)	
Revenues	**$ 327,686**	**$ 354,726**
Traffic acquisition cost	211,946	216,498
Other cost of revenues	26,148	26,198
Gross profit	$ 89,592	$ 112,030
Add back: Other cost of revenues	26,148	26,198
ex-TAC Gross Profit	**$ 115,740**	**$ 138,228**

The following table provides a reconciliation of net income (loss) to Adjusted EBITDA.

	Three months ended March 31,	
	2023	2022
	(dollars in thousands)	
Net income (loss)	**$ (31,313)**	**$ 3,888**
Adjusted to exclude the following:		
Finance (income) expenses, net	3,154	(11,195)
Income tax benefit	(639)	(392)
Depreciation and amortization	22,601	22,676
Share-based compensation expenses	13,527	17,039
Holdback compensation expenses (1)	2,555	2,790
M&A and other costs (2)	237	50
Adjusted EBITDA	**$ 10,122**	**$ 34,856**

[1] Represents share-based compensation due to holdback of Taboola Ordinary shares issuable under compensatory arrangements relating to Connexity acquisition.
[2] Includes commercial agreement asset acquisition costs.

We calculate Ratio of net income (loss) to gross profit as net income (loss) divided by gross profit. We calculate the Ratio of Adjusted EBITDA to ex-TAC Gross Profit, a non-GAAP measure, as Adjusted EBITDA divided by ex-TAC Gross Profit. We believe that the Ratio of Adjusted EBITDA to ex-TAC Gross Profit is useful because TAC is what we must pay digital properties to obtain the right to place advertising on their websites, and we believe focusing on ex-TAC Gross Profit better reflects the profitability of our business. The following table reconciles Ratio of net income (loss) to gross profit and Ratio of Adjusted EBITDA to ex-TAC Gross Profit for the period shown.

	Three months ended March 31,	
	2023	**2022**
	(dollars in thousands)	
Gross profit	$ 89,592	$ 112,030
Net income (loss)	$ (31,313)	$ 3,888
Ratio of net income (loss) to gross profit	(35.0%)	3.5%
ex-TAC Gross Profit	$ 115,740	$ 138,228
Adjusted EBITDA	$ 10,122	$ 34,856
Ratio of Adjusted EBITDA margin to ex-TAC Gross Profit	8.7%	25.2%

The following table provides a reconciliation of net income (loss) to Non-GAAP Net Income (Loss)*.

	Three months ended March 31,	
	2023	**2022**
	(dollars in thousands)	
Net income (loss)	**$ (31,313)**	**$ 3,888**
Amortization of acquired intangibles	15,969	15,780
Share-based compensation expenses	13,527	17,039
Holdback compensation expenses (1)	2,555	2,790
M&A and other costs (2)	237	50
Revaluation of Warrants	(1,676)	(14,042)
Foreign currency exchange rate losses (3)	429	216
Income tax effects	(3,829)	(3,626)
Non-GAAP Net Income (Loss)	**$ (4,101)**	**$ 22,095**

* Three months ended March 31, 2022 have been adjusted to exclude the impact of foreign currency exchange rates to be consistent with current period presentation.

[1] Represents share-based compensation due to holdback of Taboola Ordinary shares issuable under compensatory arrangements relating to Connexity acquisition.
[2] Includes commercial agreement asset acquisition costs.
[3] Represents income or loss related to the remeasurement of monetary assets and liabilities to the Company's functional currency using exchange rates in effect at the end of the reporting period.

The following table provides a reconciliation of net cash provided by operating activities to Free Cash Flow.

	Three months ended March 31,	
	2023	2022
	(dollars in thousands)	
Net cash provided by operating activities	**$ 17,524**	**$ 8,123**
Purchases of property and equipment, including capitalized internal-use software	(6,350)	(6,902)
Free Cash Flow	**$ 11,174**	**$ 1,221**

APPENDIX A: Non-GAAP Guidance Reconciliation

RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES FOR Q2 2023 AND FULL YEAR 2023 GUIDANCE

(Unaudited)

The following table provides a reconciliation of projected Gross profit to ex-TAC Gross profit guidance.

	Q2 2023 Guidance	FY 2023 Guidance
	Unaudited	
	(dollars in millions)	
Revenues	$296 - $322	$1,427 - $1,469
Traffic acquisition cost	($191) - ($207)	($898) - ($923)
Other cost of revenues	($27) - ($27)	($110) - ($111)
Gross profit	$78 - $88	$418 - $436
Add back: Other cost of revenues	$27 - $27	$110 - $111
ex-TAC Gross Profit	$105 - $115	$529 - $546

Although we provide a projection for Free Cash Flow, we are not able to provide a projection for net cash provided by operating activities, the most directly comparable GAAP measure. Certain elements of net cash provided by operating activities, including taxes and timing of collections and payments, are not predictable therefore projecting an accurate forecast is difficult. As a result, it is impractical for us to provide projections on net cash provided by operating activities or to reconcile our Free Cash Flow projections without unreasonable efforts. Consequently, no disclosure of projected net cash provided by operating activities is included. For the same reasons, we are unable to address the probable significance of the unavailable information.

Exhibit 99.2

Dear Shareholder,

We had strong performance in Q1, beating the high end of our guidance across all metrics. We achieved $115.7M in ex-TAC Gross Profit, $10.1M in Adjusted EBITDA and $11.2M in Free Cash Flow.

We're raising the midpoint of our full year 2023 guidance across all metrics. We still expect a step change in financial performance, with over $200M of Adj. EBITDA and over $100M in Free Cash Flow in 2024. We are confident enough in that forecast, that we are announcing a share buyback program of up to $40M in 2023 and that we will continue to pay down our long-term debt. We repaid $30M in April and expect to pay down as much as another $50M this year.

Our strong performance in Q1 was driven by a few things. In our core business - we keep seeing meaningful publisher wins such as Condé Nast, Univision, The Blaze, Kicker in Germany. Our eCommerce business and Taboola News performed better than expected in Q1.

Historically, our revenues are diverse. As a percentage of ex-TAC, ~15% of our business is eCommerce, ~10% is video, ~5% is Taboola News (we distribute our publishers' content into Android devices, similar to Apple News). The rest is core native advertising.

Taboola's vision is to be the recommendation engine for the open web. Think Amazon, Instagram, TikTok - they are AI-driven recommendation engines, making money from native advertising Ads that look and feel native to their platform. Taboola brings the best of the walled gardens - user experience, data, AI, and advertisers to the brand-safe environment of the open web. Our business is predictable - 90% of our revenues are coming from advertisers working with us directly rather than through ad exchanges. Our partnerships with publishers are exclusive and long-term. Most publishers are on 3-10 year agreements with us, and Yahoo recently partnered with us for 30 years. We reach ~600M active users a day.

We measure our business on ex-TAC Gross Profit, Adj. EBITDA and Free Cash Flow. Over the last 3 years, we've grown 20%+ y/o/y on an ex-TAC basis, generated ~30% Adj. EBITDA margin, and converted ~50% to Free Cash Flow when adjusting for publishers prepayments, which we consider to be an investment.

Our core business is strong. We are the partner of choice for over 8,000 publishers. We developed a unique technology optimizing for Life Time Value (LTV), empowering publishers to diversify their revenue streams (eCommerce, subscription, native, header bidding, video). Publishers deploy our AI on their homepage, use our editorial tools, build ecommerce sections, dynamically match content/ads that are relevant, and often we are top 3 revenue sources. Nobody got fired for buying IBM, and publishers grow and renew when they choose Taboola. Over 18,000 advertisers use Taboola to grow their business.

We are (laser) focused on four key priorities, each representing a $1B opportunity for us. Performance advertising is our top priority because it affects our yield, and can make Taboola's revenues 3-5x bigger over time even if we do not add a single publisher. We are seeing advertisers, big and small, looking to outsmart vs. outspend. Therefore, being good at performance advertising, and helping advertisers be successful is more important now than ever. Then, we have Bidding (Microsoft and other digital properties.) eCommerce. Then, of course,there is Yahoo, where we're working on accelerating our launch.

Once Yahoo is 100% live in 2024, we expect a ~$2.5B revenue run-rate which is still a small portion of the $70B Open Web Market. There is a lot of growth for us to capture. As it relates to whether there is a recession or not, we assume yield to be flat this year and in 2024. We think it's conservative.

An inspiring and energizing month with our engineers in Israel

I believe in making things personal. We encourage everyone at Taboola to get closer to our clients and to each other, we call it "Zero distance". In that spirit, once a year, I fly to Israel and spend an entire month with our engineering and product management teams. I get direct access to our teams, joining tech working sessions every day, and they get my global view of the business. It was incredible. The culture, the energy, the hard work and focus on our top four priorities was never so high. We are in a rare position as a company in which the future is in our hands. We don't need to enter new markets and don't need to change course. We just need to execute, and we have the best talented people in the world to do that.

One of the things that came up again and again in that visit is how our engineering teams and product managers are no longer thinking about development just in terms of how good the code is, or how feature rich the product is, but mainly in terms of clients' adoption and impact. We have over 700 people in Israel, and they are obsessed about understanding how the products they build are helping our partners and clients.

Taboola Core Business

As a reminder, our core business, which we've been operating for more than a decade, consists of publishers working with us globally, exclusively, and for 3-10 years as their native advertising partner, using our Life Time Value (LTV) platform to help them reach their broad objectives. We generate revenues from advertisers working with us to drive sales by appearing on our publishers' sites. You've seen us before. If you've ever visited

Taboola organic and paid recommendations on CNBC.com

CNBC, Time.com or The BBC, you've discovered news, products and paid offerings by advertisers from the open web. This market is estimated to be $70B, and we think we have a meaningful competitive advantage in it. I started Taboola 15 years ago, and though we were not the first in our nearly anything, we became a partner of choice across the board. Our growth has been driven by our team's obsession for our clients' success, focus on execution and technological advantage.

In our core - we monitor our momentum based on new and renewed publisher partnerships, and usage of our technology, optimizing for Life Time Value. This includes offerings such as Newsroom our editorial platform, which is now used by 3,500 editors and writers, homepage personalization ("Homepage For You") and more. We look at ex-TAC Margin as a proxy for our technological advantage over other advertising companies in the open web.

Publisher momentum remains strong. In the past quarter, we won or announced signed publishers' partnerships all across the globe. Some key new or competitive wins include some of the world's largest names like Univision, Conde Nast, L'Express, Kicker, Funke, and Dumont. We renewed relationships with well-known publishers including Sinclair, Advance Local, O Dia, Slate France, and Seven West Media as well.

<u>Four Key Company Priorities:</u>
Performance Advertising, Bidding, eCommerce, and Yahoo

I mentioned briefly our four growth engines: performance advertising, bidding, eCommerce and Yahoo. These are where we have the most to gain as a company to further drive growth in years to come. Below, I'll elaborate more on each.

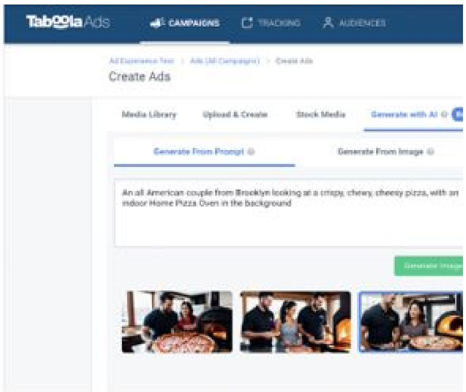
Performance Advertising
As a reminder, the vast majority of Taboola's revenues come from advertisers who buy from Taboola directly, using our AI. About 10% of our revenues come from programmatic partners such as Google, TTD, Amazon, and others.

Our two objectives are to get new advertisers to be successful when they try Taboola, and to get existing advertisers to stay with us and spend more as measured with NDR.

The market is massive, millions of advertisers buying on Google and Meta, and hundreds of thousands buying on companies like Snap. Taboola has thousands of advertisers, so we know we can provide value at scale, and we know that we have a lot of room to grow. Our main focus is on improving AI and workflows to make it easier for advertisers to work and succeed with us. I always tell my team — it should be as easy to work with us and find success as it is with Meta, or Google.

When advertisers succeed with us, our yield on publishers gets higher, which not only improves our financial metrics, but also bolsters our moat as we become even more competitive, and thus able to provide our advertisers with high quality supply. Advertisers success → higher yield → more publishers wins → more data/users-clicks/conversions for advertisers (and again, and again).

About 2 quarters ago, we grew our engineering resources working on performance advertising from 50 to 200 given the upside we think there is here for us.



Taboola Generative AI can create titles and thumbnails automatically

On the Creative track, we are focusing on helping advertisers to easily get titles, thumbnails, and landing pages that can work for them. Here, being bigger gives us an advantage because we can use our historic data to produce best practices for new and existing advertisers. Specifically we rolled out Generative AI that is now available in beta on Taboola Ads, getting adoption and already being used by hundreds of advertisers. We can create titles and thumbnails in a unique way with prompts – it uses historical data for things we’ve seen are successful, and generates unique new creatives advertisers can select and use. We just completed a Hackathon focused on Generative AI, and are working on more things we can offer advertisers with this cutting edge technology . It’s quite exciting, and I suspect the industry as well as Taboola will iterate fast withGenerative AI, both internally as it relates to productivity, and externally with clients.

Bidding into “display inventory”
We estimate that the 8,000+ publishers in our core business generate display revenues of ~$20B a year. We think that we can access our publishers’ display inventory with our Header Bidding solution, and win about 5-10% of the auctions given our advantage in AI, first party data and other data. This will make us even more valuable partners for our publishers, increasing our payments to them as well as our share of wallet, while providing our advertisers with even more scale.

We have 3 areas where we bid: (1) Microsoft/MSN - this launched in April of last year; (2) publisher partners using our core solutions where we have first party advantage; and (3) publishers not currently using our core solutions where we have unique demand but not first party advantage. We believe that as Yahoo launches, we’ll be able to also partner with Yahoo on bidding as well.

Today, we generate hundreds of millions of dollars from bidding, which includes our business with Microsoft, as well as our new header bidding offering. But it’s still very much a startup within Taboola and we think we can grow it meaningfully. The reason to get excited here is mainly because as the world moves to a much more “privacy-driven environment” with no cookies and IDFA, we have a huge advantage being hard coded on the page. This means much more user knowledge than tag based competitors that aren't hard coded. The code on page in our whole network plus the 30 years deal with Yahoo

Our bidding focus helps advertisers reach new supply and helps publishers generate incremental revenue

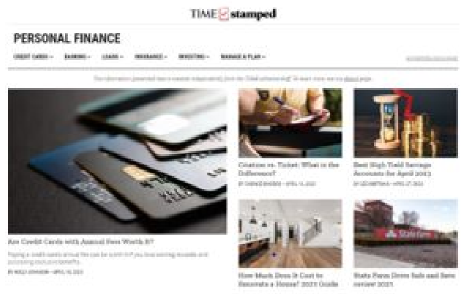
makes our 1P data incomparable in quality and scale. Beyond that, the e-commerce 1st part data from Connexity is another competitive edge that no competitor has. Most ad tech companies in the world don’t know that, and this is why privacy is a good trend for Taboola’s future.

This again is very much a startup within Taboola compared to some companies where all they do is act as a bidder/DSP. We’re laser focused on the 50+ publishers we’re testing with before rolling it out to the rest of our network. I’m optimistic about what we’re seeing.

eCommerce (bringing retailers to the open web)
As a reminder, this is where we offer retailers the opportunity to find clients on the open web on publishers’ sites. eCommerce is beating our expectations this quarter, and it’s impressive to see the strength and durability of it. This represents a big upside to both retailers and publishers as users very much trust their local and national sites, and if those review a product, or an offering (such as financial services, travel, education, etc), there is an opportunity to make a positive impact for people as they make decisions they truly care about.

There are 3 pillars to eCommerce - content creation, driving traffic to it, and monetization. Over the last 6 months, we've launched "eCommerce in a box" with the launch of Taboola Turnkey Commerce. Every publisher that wants to get into eCommerce, but has little or no content attractive to retailers, can now do it with Taboola. Taboola does all of the work for the publishers, from using our data to know which content makes sense for us to write on behalf of the publisher, to driving traffic to it, and of course monetizing it with relationships with merchants and service providers.

Last quarter we announced our first two publisher partners for this initiative: TIME and Advance Local. While early, both launches are off to a good start. Traffic to the Taboola Turnkey Commerce sections of both sites is already growing rapidly and monetization has begun. Both partners have expressed satisfaction with the quality of the content. The launch of TIME in early April went very well, the site was launched with 100+ articles in personal finance, and we plan to launch the eCommerce site in May.



Taboola Turnkey Commerce powers TIME's newest product and services editorial destination, called TIME Stamped

Yahoo

At our information session that we held in March of this year, we explained the process of integrating Yahoo into the Taboola network in four specific phases:

- **Phase 0: Close and plan** - get necessary approvals to close the transaction and create an integration plan.
- **Phase 1: Build and test** - develop the technical infrastructure to allow Gemini ad spend through Taboola's platform and test on single-digit percentages of demand.
- **Phase 2: Ramp and transition** - gradually transition ad spend and supply from Gemini to Taboola- expected to begin second half of 2023 and finish by mid-2024.
- **Phase 3: Optimize and grow** - pursue ongoing optimizations and growth opportunities.

Yahoo CEO Jim Lanzone and CFO Monica Mijaleski join Adam Singolda to discuss the integration

Since the event, we have transitioned into Phase 1 from Phase 0. The Taboola team is interacting daily with Yahoo to thoughtfully migrate advertisers into the Taboola platform in such a way as to prioritize retention of Yahoo's advertisers. The schedule remains on-track with our expectations. We are working on accelerating our roll out so we can capture revenue faster.

While we continue to operate a profitable business, we have massive further profit potential. We are laying the groundwork for Y! integration. This includes people, infrastructure and commercial efforts that are not translating into current revenues and profits. At the same time we know what's coming - we have a great partner in Y! and we are excited to be able to start serving them and their advertisers, and realize the strategic and financial potential of these investments.

Q1 Financial Performance

Let me finish by sharing our financial results for Q1 '23.

(dollars in millions)	Q1 2023 Actuals	Q1 2023 Guidance
Revenues	$327.7	$299 - $325
Gross profit	$89.6	$76 - $88
ex-TAC Gross Profit*	$115.7	$103 - $115
Adjusted EBITDA*	$10.1	($6) - $6
Non-GAAP Net Income (Loss)*	($4.1)	($23) - ($11)

We exceeded the high end of the range on all guidance metrics. In addition to the reasons discussed above, we saw overperformance particularly in the U.S. and LATAM. eCommerce continues to impress, taking the momentum of the last several quarters of 2022 into this year. We're seeing strong spend from some of our key partners, such as Walmart, Wayfair, and Macy's, as advertisers increase the focus on immediate returns on their advertising spend. This benefits bottom of funnel channels, which for Taboola means our eCommerce offerings. Our teams have achieved this revenue performance while improving cost efficiency, indicated by Adjusted EBITDA and Non-GAAP Net Income (Loss) overperformance versus guidance outpacing Revenues and ex-TAC Gross Profit.

Q2 and FY 2023, 2024 Guidance

Below is our Q2 2023, full year 2023 and 2024 guidance. Our outlook assumes that the online advertising market will continue at current levels, but does not significantly get better or worsen. In addition, we assume that we will invest in our Yahoo partnership but, to be conservative, do not factor in the associated revenues. It also assumes continued investment in our key company's priorities of performance advertising, bidding and eCommerce. We expect to have positive Free Cash Flow in 2023. We also believe our investments will start to show returns in 2024 and, while we are not fully guiding, we expect to generate at least $200M in Adjusted EBITDA and $100M in Free Cash Flow in 2024, despite being a partial year for Yahoo.

	Q2 2023 Guidance	FY 2023 Guidance
	Unaudited	
	(dollars in millions)	
Revenues	$296 - $322	$1,427 - $1,469
Gross profit	$78 - $88	$418 - $436
ex-TAC Gross Profit*	$105 - $115	$529 - $546
Adjusted EBITDA*	($4) - $6	$65 - $80
Non-GAAP Net Income (Loss)*	($26) - ($16)	($5) - $10

For more information on our Q1 results, Q2 2023 and FY23 guidance, please see our Q1 2023 earnings press release, which was furnished to the SEC and also posted on Taboola's website today at https://investors.taboola.com.

*   *   *

In Summary

I'm energized about our position in the market. I think we have an opportunity to build the first large scale, "must buy", open web company which publishers and advertisers can rely on. Google for search, Meta for social, and Taboola for the open web. We are fully focused on our four key company priorities (performance advertising, bidding, eCommerce, Yahoo). We are lean and execute on our plans. Once Yahoo is 100% live we expect to be at a $2.5B revenue run-rate. This will still be a small portion of the $70B Open Web market, so there is a lot of growth for us to capture. What I tell Taboola's employees is that at our size, we have all we need to execute and reach our financial objectives. These are times to lay low and execute - that's all we care about now.

We look forward to interacting with many of you over the next few weeks.

Kind regards,
-- Adam Singolda
Founder & CEO Taboola

***About Non-GAAP Financial Information**

This letter includes ex-TAC Gross Profit, Adjusted EBITDA, Ratio of Adjusted EBITDA to ex-TAC Gross Profit, Free Cash Flow, Non-GAAP Net Income (Loss), which are non-GAAP financial measures. These non-GAAP financial measures are not measures of financial performance in accordance with GAAP and may exclude items that are significant in understanding and assessing the Company's financial results. Therefore, these measures should not be considered in isolation or as an alternative to revenues, gross profit,net income (loss), cash flows from operations or other measures of profitability, liquidity or performance under GAAP. You should be aware that the Company's presentation of these measures may not be comparable to similarly-titled measures used by other companies.

The Company believes non-GAAP financial measures provide useful information to management and investors regarding future financial and business trends relating to the Company. The Company believes that the use of these measures provides an additional tool for investors to use in evaluating operating results and trends and in comparing the Company's financial measures with other similar companies, many of which present similar non-GAAP financial measures to investors. Non-GAAP financial measures are subject to inherent limitations because they reflect the exercise of judgments by management about which items are excluded or included in calculating them. Please refer to the appendix at the end of this letter for reconciliations to the most directly comparable measures in accordance with GAAP.

****About Cash Investment in Publisher Prepayments (Net)**

We calculate cash investment in publisher prepayments (net) for a specific measurement period as the gross amount of cash publisher prepayments we made in that measurement period minus the amortization of publisher prepayments that were included in traffic acquisition cost during that measurement period, which were the result of cash publisher prepayments made in that measurement period and previous periods.

Note Regarding Forward-Looking Statements

Certain statements in this letter are forward-looking statements. Forward-looking statements generally relate to future events including future financial or operating performance of Taboola.com Ltd. (the "Company"). In some cases, you can identify forward-looking statements by terminology such as "may", "should", "expect", "guidance", "intend", "will", "estimate", "anticipate", "believe", "predict", "target", "potential" or "continue", or the negatives of these terms or variations of them or similar terminology. Such forward-looking statements are subject to risks, uncertainties, and other factors which could cause actual results to differ materially from those expressed or implied by such forward looking statements.

These forward-looking statements are based upon estimates and assumptions that, while considered reasonable by the Company and its management, are inherently uncertain. Uncertainties and risk factors that could affect the Company's future performance and cause results to differ from the forward-looking statements in this letter include, but are not limited to: the ability to recognize the anticipated benefits of the Connexity acquisition and the business combination between the Company and ION Acquisition Corp. 1 Ltd. (together, the "Business Combinations"), which may be affected by, among other things, competition, the ability of the Company to grow and manage growth profitably, maintain relationships with customers and retain its management and key employees; the Company's ability to successfully integrate the Connexity acquisition; costs related to the Business Combinations; changes in applicable laws or regulations; the Company's estimates of expenses and profitability and underlying assumptions with respect to accounting presentations and purchase price and other adjustments; the extent to which we will voluntarily prepay additional long-term debt or buyback any of our ordinary shares pursuant to authority granted by the Company's Board of Directors, which may depend upon market and economic conditions; other business opportunities and priorities; and, with respect to the buyback of our ordinary shares, the availability of sufficient continuing authority being approved and re-approved as necessary by the Tel Aviv District Court Economic Department to permit share buybacks (and our continued use of a net issuance mechanism to satisfy tax withholding obligations related to equity-based compensation on behalf of our directors, officers and other employees) or other factors; the Company's ability to transition to and fully launch the native advertising service for Yahoo on the currently anticipated schedule or at all; the timing and amount of any margin, profitability, cash flow or other financial contributions resulting from the integration of Yahoo with our service; the risk that the Yahoo integration results in a decline in the Company's financial performance during the preparation and roll out of the new service and beyond; the ability to generate or achieve the financial results, including the increase in Adjusted EBITDA and Free Cash Flow in 2024 or our expected revenue run-rate once Yahoo is live, in each case to the levels assumed in this letter or at all; ability to transform the Company into an alternative to the walled gardens in the Open Web; the ability to become the largest open web advertising company in the world by revenue; ability to attract new digital properties and advertisers; ability to meet minimum guarantee requirements in contracts with digital properties; intense competition in the digital advertising space, including with competitors who have significantly more resources; ability to grow and scale the Company's ad and content platform through new relationships with advertisers and digital properties; ability to secure high quality content from digital properties; ability to maintain relationships with current advertiser and digital property partners; ability to make continued investments in the Company's AI-powered technology platform; the need to attract, train and retain highly-skilled technical workforce; changes in the regulation of, or market practice with respect to, "third party cookies" and its impact on digital advertising; continued engagement by users who interact with the Company's platform on various digital properties; reliance on a limited number of partners for a significant portion of the Company's revenue; changes in laws and regulations related to privacy, data protection, advertising regulation, competition and other areas related to digital advertising; ability to enforce, protect and maintain intellectual property rights; and risks related to the fact that we are incorporated in Israel and governed by Israeli law; and other risks and uncertainties set forth in the Company's Annual Report on Form 10-K for the year ended December 31, 2022 under Part 1, Item 1A "Risk Factors" and in the Company's subsequent filings with the Securities and Exchange Commission.

Nothing in this letter should be regarded as a representation by any person that the forward-looking statements set forth herein will be achieved or that any of the contemplated results of such forward-looking statements will be achieved. You should not place undue reliance on these forward-looking statements, which speak only as of the date they were made. The Company undertakes no duty to update these forward-looking statements except as may be required by law.

APPENDIX: Non-GAAP Reconciliation

RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES FOR THE THREE MONTHS ENDED MARCH 31, 2023 AND 2022 (Unaudited)

The following table provides a reconciliation of revenues to ex-TAC Gross Profit.

	Three months ended March 31,	
	2023	**2022**
	(dollars in thousands)	
Revenues	**$ 327,686**	**$ 354,726**
Traffic acquisition cost	211,946	216,498
Other cost of revenues	26,148	26,198
Gross profit	$ 89,592	$ 112,030
Add back: Other cost of revenues	26,148	26,198
ex-TAC Gross Profit	**$ 115,740**	**$ 138,228**

The following table provides a reconciliation of net income (loss) to Adjusted EBITDA.

	Three months ended March 31,	
	2023	**2022**
	(dollars in thousands)	
Net income (loss)	**$ (31,313)**	**$ 3,888**
Adjusted to exclude the following:		
Finance (income) expenses, net	3,154	(11,195)
Income tax benefit	(639)	(392)
Depreciation and amortization	22,601	22,676
Share-based compensation expenses	13,527	17,039
Holdback compensation expenses (1)	2,555	2,790
M&A and other costs (2)	237	50
Adjusted EBITDA	**$ 10,122**	**$ 34,856**

[1] Represents share-based compensation due to holdback of Taboola Ordinary shares issuable under compensatory arrangements relating to Connexity acquisition.
[2] Includes commercial agreement asset acquisition costs.

We calculate Ratio of net income (loss) to gross profit as net income (loss) divided by gross profit. We calculate Ratio of Adjusted EBITDA to ex-TAC Gross Profit, a non-GAAP measure, as Adjusted EBITDA divided by ex-TAC Gross Profit. We believe that the Ratio of Adjusted EBITDA to ex-TAC Gross Profit is useful because TAC is what we must pay digital properties to obtain the right to place advertising on their websites, and we believe focusing on ex-TAC Gross Profit better reflects the profitability of our business. The following table reconciles Ratio of net income (loss) to gross profit and Ratio of Adjusted EBITDA to ex-TAC Gross Profit for the period shown.

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Adjusted EBITDA	$ 10,122	$ 34,856
Ratio of Adjusted EBITDA margin to ex-TAC Gross Profit	8.7%	25.2%

The following table provides a reconciliation of net income (loss) to Non-GAAP Net Income (loss)*.

	Three months ended March 31,	
	2023	**2022**
	(dollars in thousands)	
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Non-GAAP Net Income (Loss)	**$ (4,101)**	**$ 22,095**

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[1] Represents share-based compensation due to holdback of Taboola Ordinary shares issuable under compensatory arrangements relating to Connexity acquisition.
[2] Includes commercial agreement asset acquisition costs.
[3] Represents income or loss related to the remeasurement of monetary assets and liabilities to the Company's functional currency using exchange rates in effect at the end of the reporting period.

The following table provides a reconciliation of net cash provided by operating activities to Free Cash Flow.

	Three months ended March 31, 2023	Three months ended March 31, 2022
	(dollars in thousands)	
Net cash provided by operating activities	**$ 17,524**	**$ 8,123**
Purchases of property and equipment, including capitalized internal-use software	(6,350)	(6,902)
Free Cash Flow	**$ 11,174**	**$ 1,221**

APPENDIX: Non-GAAP Guidance Reconciliation

RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES FOR Q2 2023 AND FULL YEAR 2023 GUIDANCE

(Unaudited)

The following table provides a reconciliation of projected gross profit to ex-TAC Gross Profit.

	Q2 2023 Guidance	FY 2023 Guidance
	Unaudited	
	(dollars in millions)	
Revenues	$296 - $322	$1,427 - $1,469
Traffic acquisition cost	($191) - ($207)	($898) - ($923)
Other cost of revenues	($27) - ($27)	($110) - ($111)
Gross profit	$78 - $88	$418 - $436
Add back: Other cost of revenues	$27 - $27	$110 - $111
ex-TAC Gross Profit	$105 - $115	$529 - $546

Although we provide a projection for Free Cash Flow, we are not able to provide a projection for net cash provided by operating activities, the most directly comparable GAAP measure. Certain elements of net cash provided by operating activities, including taxes and timing of collections and payments, are not predictable therefore projecting an accurate forecast is difficult. As a result, it is impractical for us to provide projections on net cash provided by operating activities or to reconcile our Free Cash Flow projections without unreasonable efforts. Consequently, no disclosure of projected net cash provided by operating activities is included. For the same reasons, we are unable to address the probable significance of the unavailable information.

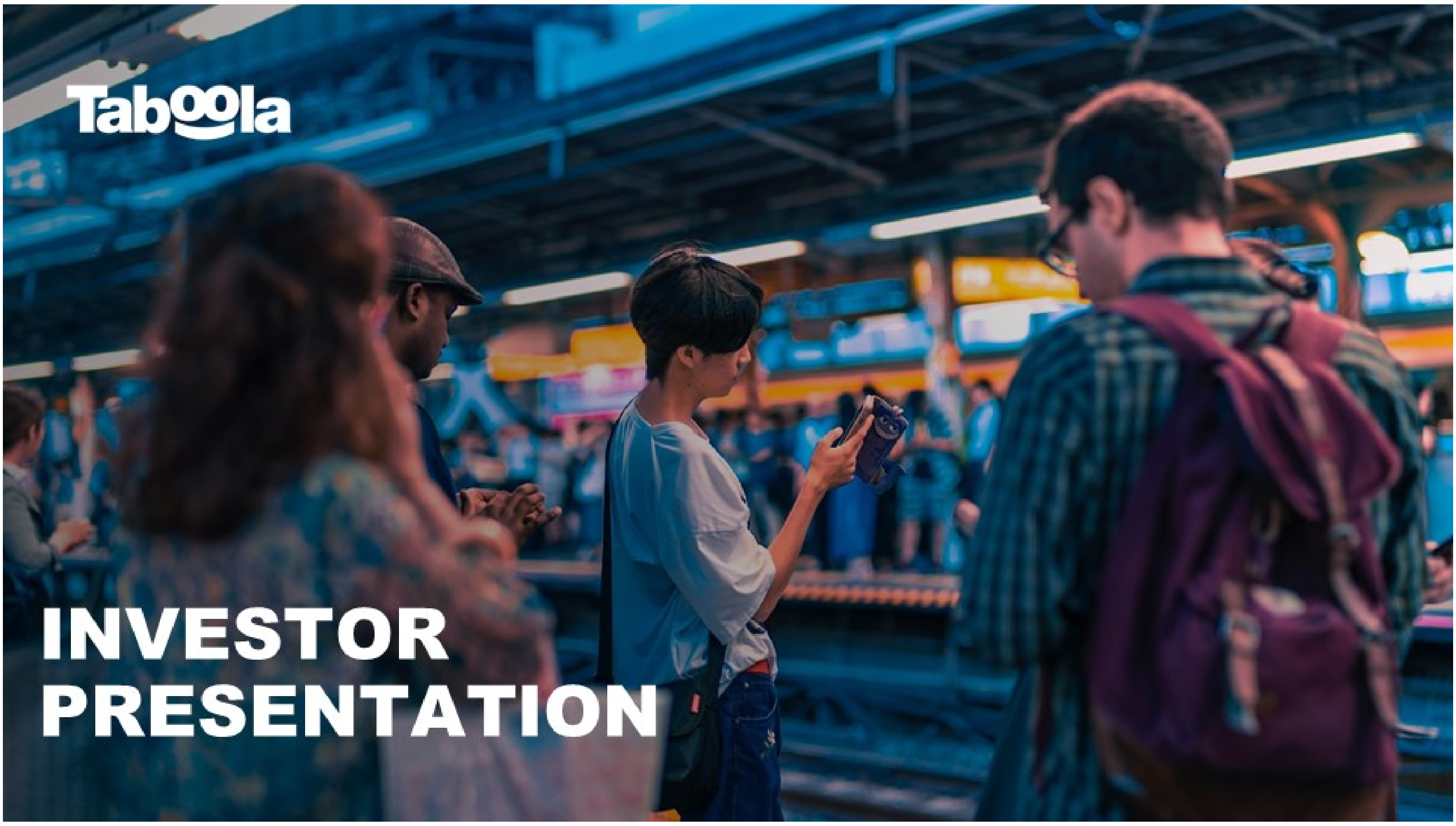
APPENDIX: Assumptions: If Yahoo Were On Taboola Network For FY 2022

All numbers are management estimates based on the following assumptions and sources:

- Revenue baseline is equal to the expected FY 2022 financials for TBLA at guidance midpoint (66% of combined Revenues) + FY 2022 expected financials for Yahoo Native supply* that will be serviced by TBLA (34% of combined Revenues)
- Revenue uplift on Yahoo supply from improved yield due to the application of Taboola technology and data
- Revenue uplift on stand-alone Taboola supply from improved yield due to advertiser demand from Yahoo and additional data
- Operating expenses based on bottom up model of resources needed to support deal
- Assumes no ramp up time - numbers assume Yahoo is part of Taboola network from the beginning of 2022 and assumes uplifts and operating expenses start from the beginning of the year

* Yahoo Q1 to Q3 2022 actuals, plus Yahoo forecast for Q4 2022

Exhibit 99.3



Forward-Looking Statements - Disclaimer

Certain statements in this presentation are forward-looking statements, including our Q2 and full-year 2023 guidance. Forward-looking statements generally relate to future events including future financial or operating performance of Taboola.com Ltd. (the "Company"). In some cases, you can identify forward-looking statements by terminology such as "may", "should", "expect", "guidance", "intend", "will", "estimate", "anticipate", "believe", "predict", "target", "potential" or "continue", or the negatives of these terms or variations of them or similar terminology. Such forward-looking statements are subject to risks, uncertainties, and other factors which could cause actual results to differ materially from those expressed or implied by such forward looking statements.

These forward-looking statements are based upon estimates and assumptions that, while considered reasonable by the Company and its management, are inherently uncertain. Uncertainties and risk factors that could affect the Company's future performance and cause results to differ from the forward-looking statements in this press release include, but are not limited to: the ability to recognize the anticipated benefits of the recent acquisition of Connexity and the business combination between the Company and ION Acquisition Corp. 1 Ltd. (together, the "Business Combinations"), which may be affected by, among other things, competition, the ability of the Company to grow and manage growth profitably, maintain relationships with customers and retain its management and key employees; the Company's ability to successfully integrate the Connexity acquisition; costs related to the Business Combinations; changes in applicable laws or regulations; the Company's estimates of expenses and profitability and underlying assumptions with respect to accounting presentations and purchase price and other adjustments; ability to attract new digital properties and advertisers; the ability to generate or achieve the financial results, including the increase in Adjusted EBITDA and Free Cash Flow in 2024 to the levels assumed in this presentation or at all; ability to meet minimum guarantee requirements in contracts with digital properties; intense competition in the digital advertising space, including with competitors who have significantly more resources; ability to grow and scale the Company's ad and content platform through new relationships with advertisers and digital properties; ability to secure high quality content from digital properties; ability to maintain relationships with current advertiser and digital property partners; ability to make continued investments in the Company's AI-powered technology platform; the need to attract, train and retain highly-skilled technical workforce; changes in the regulation of, or market practice with respect to, "third party cookies" and its impact on digital advertising; continued engagement by users who interact with the Company's platform on various digital properties; reliance on a limited number of partners for a significant portion of the Company's revenue; changes in laws and regulations related to privacy, data protection, advertising regulation, competition and other areas related to digital advertising; ability to enforce, protect and maintain intellectual property rights; and risks related to the fact that we are incorporated in Israel and governed by Israeli law; and other risks and uncertainties set forth in the Company's Annual Report on Form 10-K for the year ended December 31, 2022 under Part 1, Item 1A "Risk Factors" and in the Company's subsequent filings with the Securities and Exchange Commission ("SEC").

Nothing in this presentation should be regarded as a representation by any person that the forward-looking statements set forth herein will be achieved or that any of the contemplated results of such forward-looking statements will be achieved. You should not place undue reliance on these forward-looking statements, which speak only as of the date they were made. The Company undertakes no duty to update these forward-looking statements except as may be required by law.

Non-GAAP Financial Measures

This Presentation includes ex-TAC Gross Profit, Adjusted EBITDA, Ratio of Adjusted EBITDA to ex-TAC Gross Profit, Free Cash Flow and Non-GAAP Net Income (Loss), which are non-GAAP financial measures. These non-GAAP financial measures are not measures of financial performance in accordance with GAAP and may exclude items that are significant in understanding and assessing the Company's financial results. Therefore, these measures should not be considered in isolation or as an alternative to revenues, gross profit, net income, cash flows from operations or other measures of profitability, liquidity or performance under GAAP. You should be aware that the Company's presentation of these measures may not be comparable to similarly-titled measures used by other companies.

The Company believes non-GAAP financial measures provide useful information to management and investors regarding future financial and business trends relating to the Company. The Company believes that the use of these measures provides an additional tool for investors to use in evaluating operating results and trends and in comparing the Company's financial measures with other similar companies, many of which present similar non-GAAP financial measures to investors. Non-GAAP financial measures are subject to inherent limitations because they reflect the exercise of judgments by management about which items are excluded or included in calculating them. Please refer to the appendix at the end of this presentation for reconciliations to the most directly comparable measures in accordance with GAAP.

About Cash Investment in Publisher Prepayments (Net)

We calculate cash investment in publisher prepayments (net) for a specific measurement period as the gross amount of cash publisher prepayments we made in that measurement period minus the amortization of publisher prepayments that were included in traffic acquisition cost during that measurement period, which were the result of cash publisher prepayments made in that measurement period and previous periods.

Industry and Market Data

In this presentation, the Company relies on and refer to certain information and statistics obtained from third-party sources, which it believes to be reliable. The Company has not independently verified the accuracy or completeness of any such third-party information. You are cautioned not to give undue weight to such industry and market data.

This presentation may include trademarks, service marks, trade names and copyrights of other companies, which are the property of their respective owners. Solely for convenience, some of the trademarks, service marks, trade names and copyrights referred to in this Presentation may be listed without the TM, SM, (c) or (r) symbols, but the Company will assert, to the fullest extent under applicable law, the right of the applicable owners, if any, to these trademarks, service marks, trade names and copyrights.

TODAY'S PRESENTERS

ADAM SINGOLDA
FOUNDER & CEO

- Founded Taboola over 15 years ago
- Has led the company as its CEO ever since

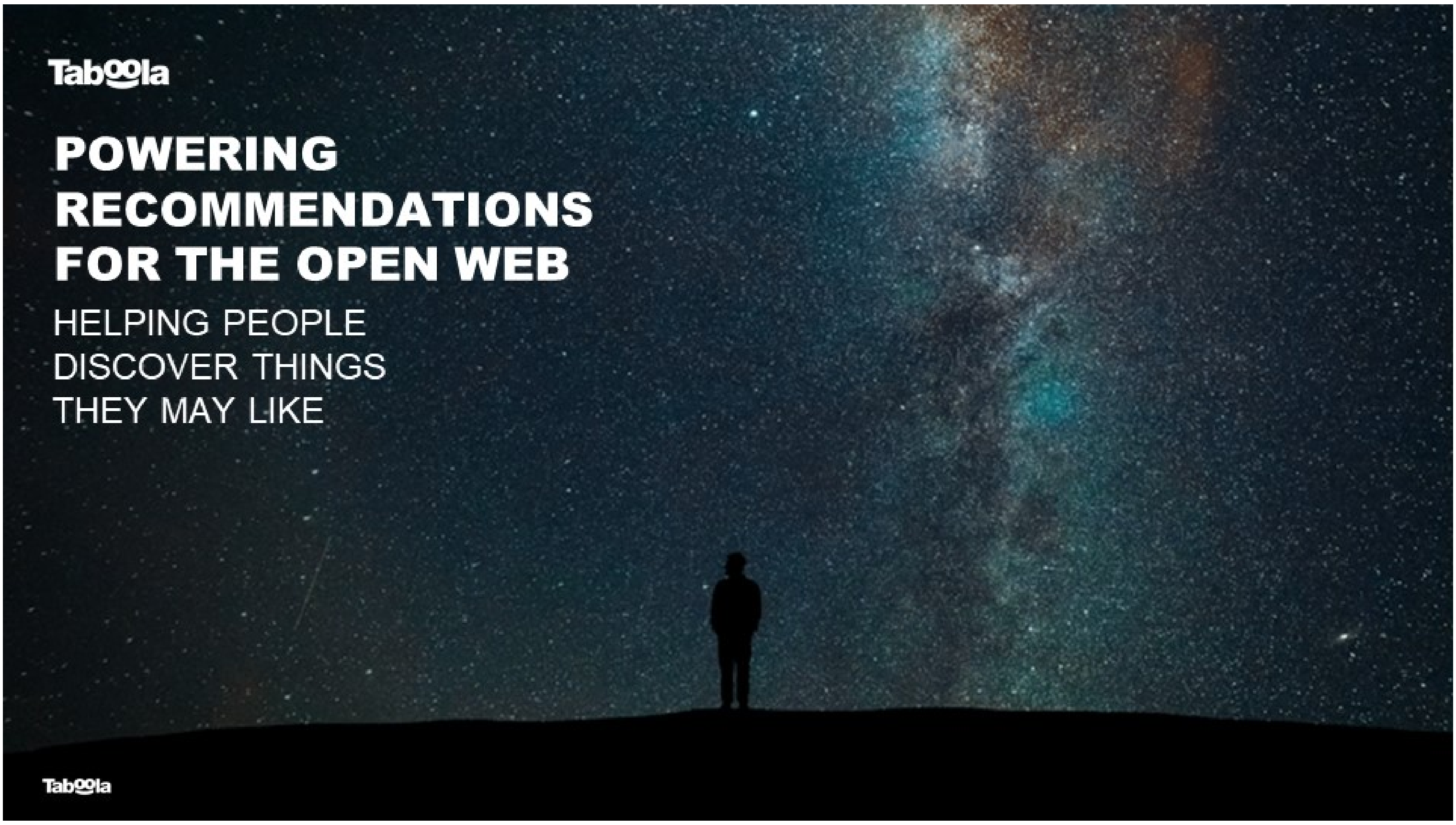
STEPHEN WALKER
CFO

- 8+ years at Taboola
- Led several of Idealab's portfolio companies, including Perfect Market
- Prior experience at Disney & General Electric

Taboola

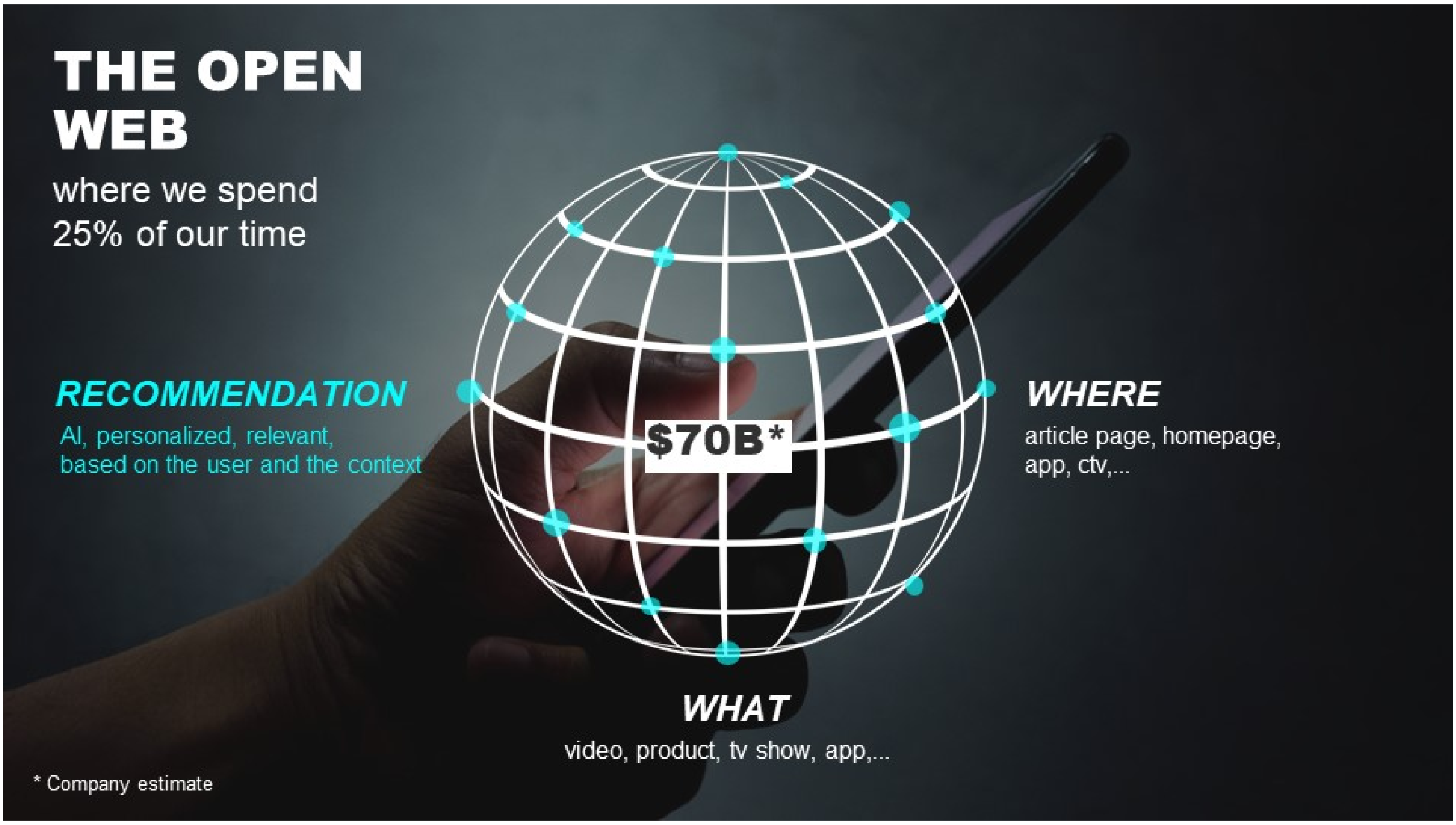
AGENDA

1. **Capturing Share of $70B Open Web Ad Market & Taboola Overview**
2. Taboola's Differentiation and Why We Win
3. Q1 Updates & Momentum
4. Financial Update


Taboola
POWERING
RECOMMENDATIONS
FOR THE OPEN WEB
HELPING PEOPLE
DISCOVER THINGS
THEY MAY LIKE
Taboola

TABOOLA = SEARCH "IN REVERSE"

FROM PEOPLE LOOKING FOR INFORMATION
TO INFORMATION LOOKING FOR PEOPLE


THE OPEN WEB
where we spend
25% of our time
RECOMMENDATION
AI, personalized, relevant,
based on the user and the context
$70B*
WHERE
article page, homepage,
app, ctv,...
WHAT
video, product, tv show, app,...
* Company estimate


DONE WRONG...
NOT YOUR AVERAGE TRICYCLE.
LEARN MORE
ONE PRICE FITS ALL
Amazon Gift Cards
There's still time to send the perfect present
INNOVATE FASTER
Build mobile and social apps
Watch the Webinar to learn about cloud app platforms
There's Still Time
to send the perfect present
Amazon Gift Cards
SHOP GIFTS UNDER $50
SHOP NOW
EdibleArrangements.com
HOLIDAY BLOWOUT AUCTIONS
$59.81
$42.16
$34.17
$87.13
BID NOW
QuiBids
WRECK-IT RALPH
FOR YOUR CONSIDERATION
BEST ANIMATED FEATURE
Great HD content, AirPlay, and more on your widescreen TV. Just $99.
iPod nano
Completely reimagined.
Just $149.
CHECK EVERYONE
NOT YOUR AVERAGE CHOCOLATE.
Shop Now
Save up to
75% off
at restaurants in your city
amazonlocal
Only from AT&T.
$99.99
MATTRESSFIRM
Save Money. Sleep Happy.
Get the Report
FORRESTER
box
50% off
Forerunner 410
Get Your FREE Credit Score
Are you comfortable in your retirement?
If you have a $500,000 portfolio, download the guide for retirees written by Forbes columnist and money manager Ken Fisher's firm. It's called "The 15-Minute Retirement Plan." Even if you have something else in place right now, it still makes sense to request your guide!
Click Here to Download Your Guide!
NINJA
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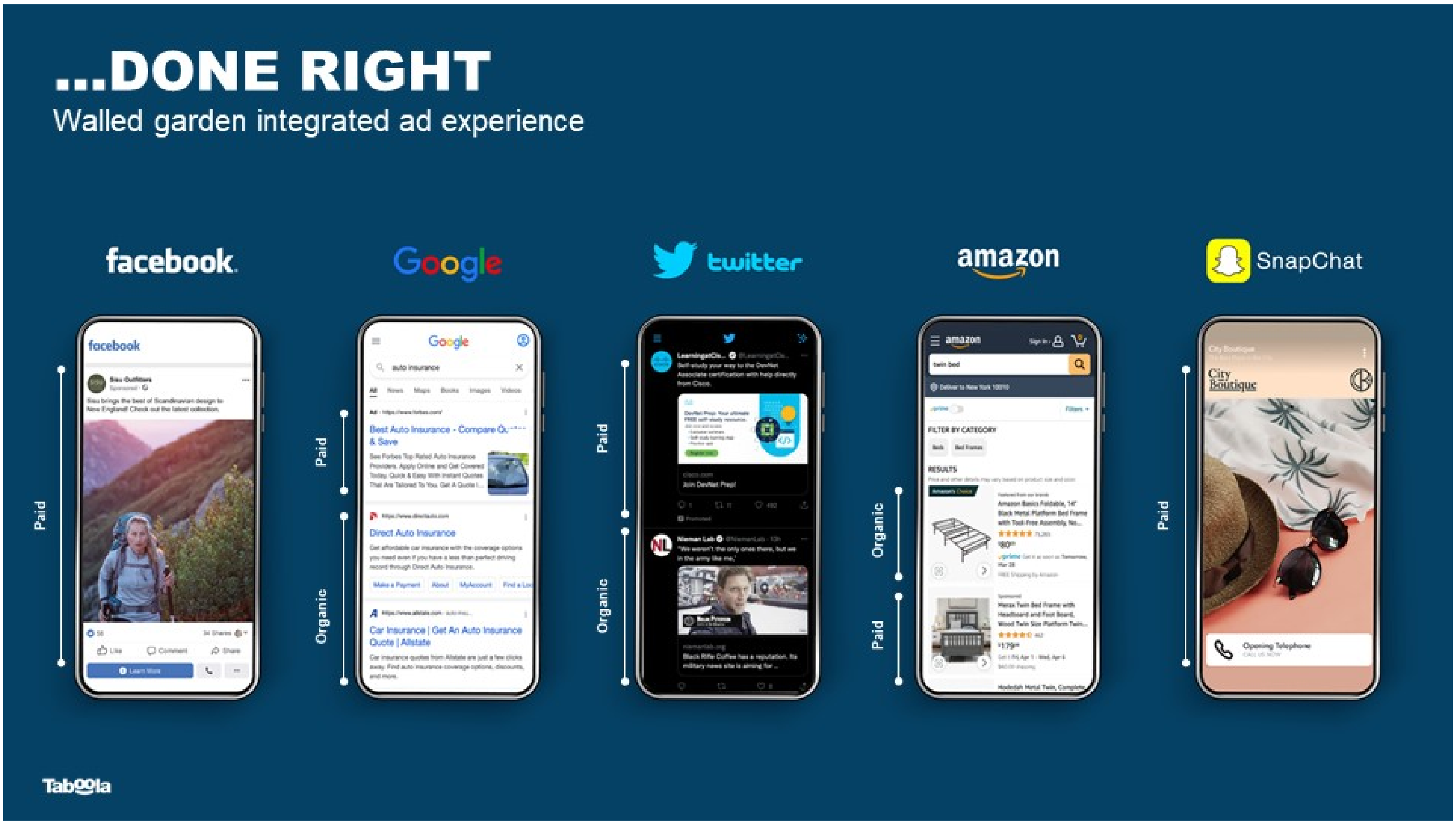
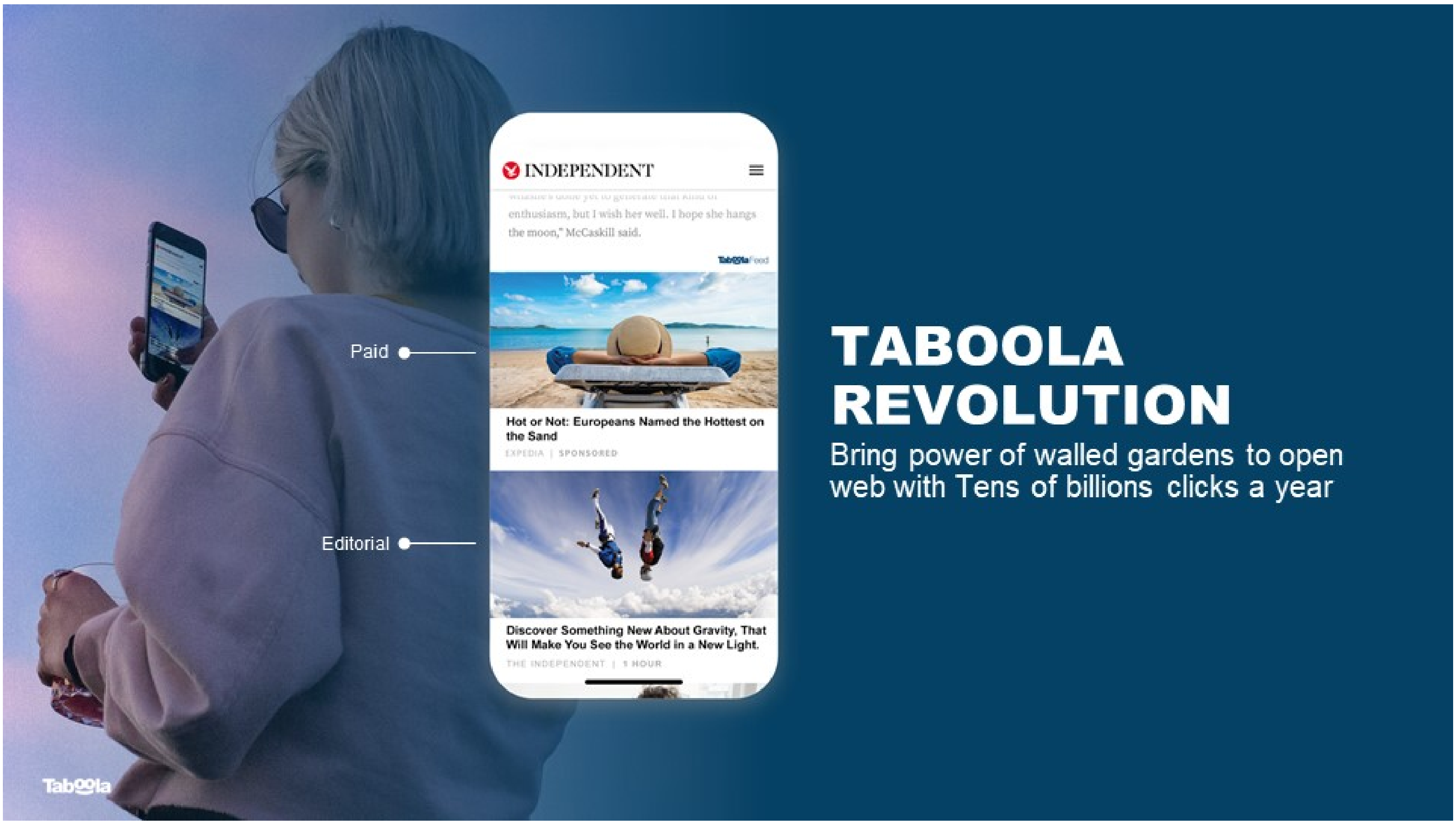
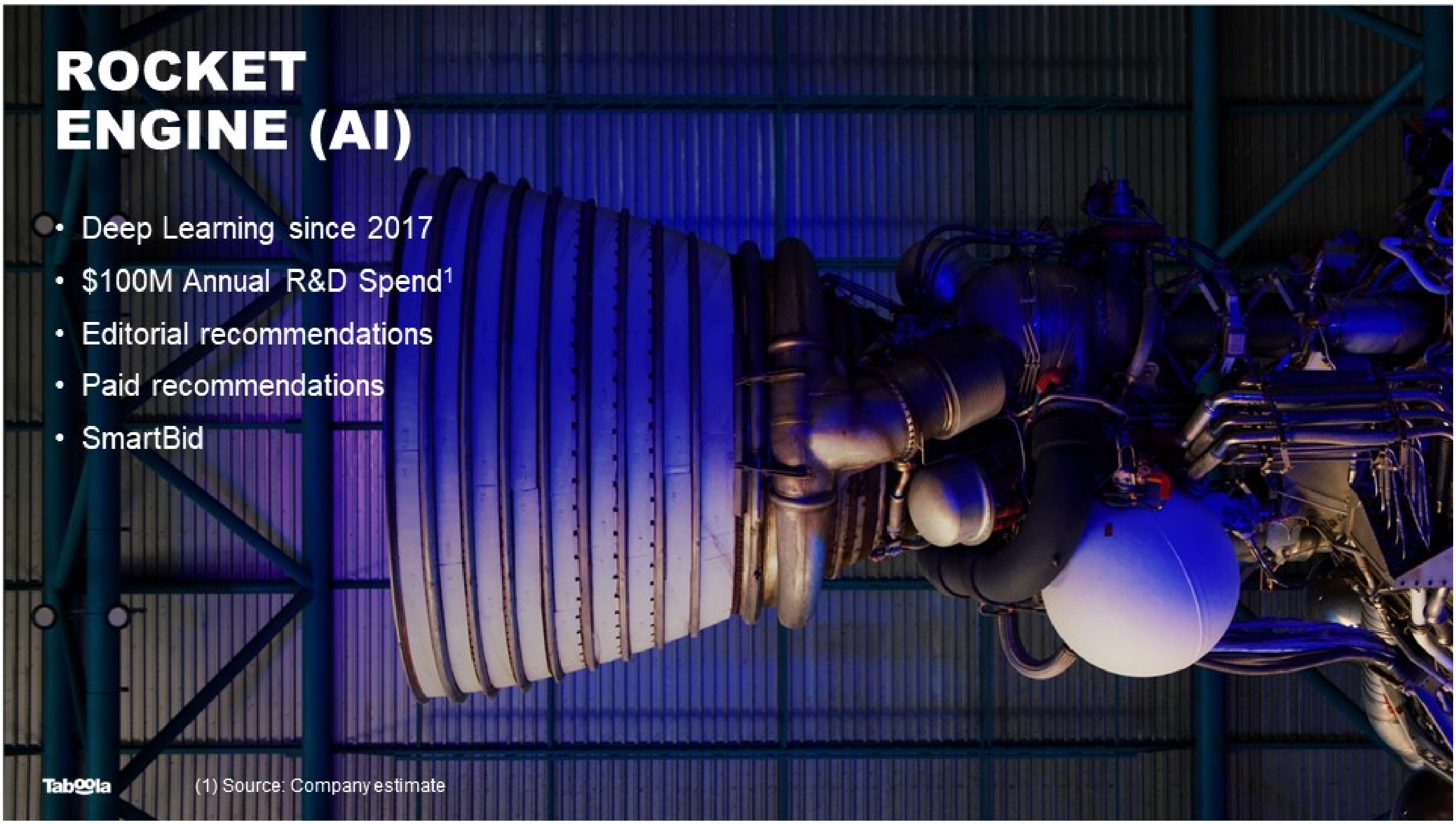
HIGHEST rate of HOMELESSNESS?
Tampa
New York
BUY HERE
the ONION
Taboola
premium roast coffee
$50 Off Instantly
Learn more
HOLIDAY INTERNET SALE
NOV 22 - DEC 31
exede
SAVE 25% ON HIGH-SPEED INTERNET
Free at 7:30am


...DONE RIGHT
Walled garden integrated ad experience
facebook
Google
twitter
amazon
SnapChat
Paid
Paid
Organic
Paid
Organic
Organic
Paid
Paid
Taboola


TABOOLA
REVOLUTION
Bring power of walled gardens to open web with Tens of billions clicks a year
Paid
Editorial
INDEPENDENT
enthusiasm, but I wish her well. I hope she hangs the moon," McCaskill said.
Hot or Not: Europeans Named the Hottest on the Sand
EXPEDIA | SPONSORED
Discover Something New About Gravity, That Will Make You See the World in a New Light.
THE INDEPENDENT | 1 HOUR
Taboola


(BUT) OPEN WEB
TODAY IS NOT
PERSONALIZED
ONE SIZE
DOES NOT
FIT ALL
personalization.com
Taboola


ROCKET
ENGINE (AI)
• Deep Learning since 2017
• $100M Annual R&D Spend1
• Editorial recommendations
• Paid recommendations
• SmartBid
Taboola
(1) Source: Company estimate

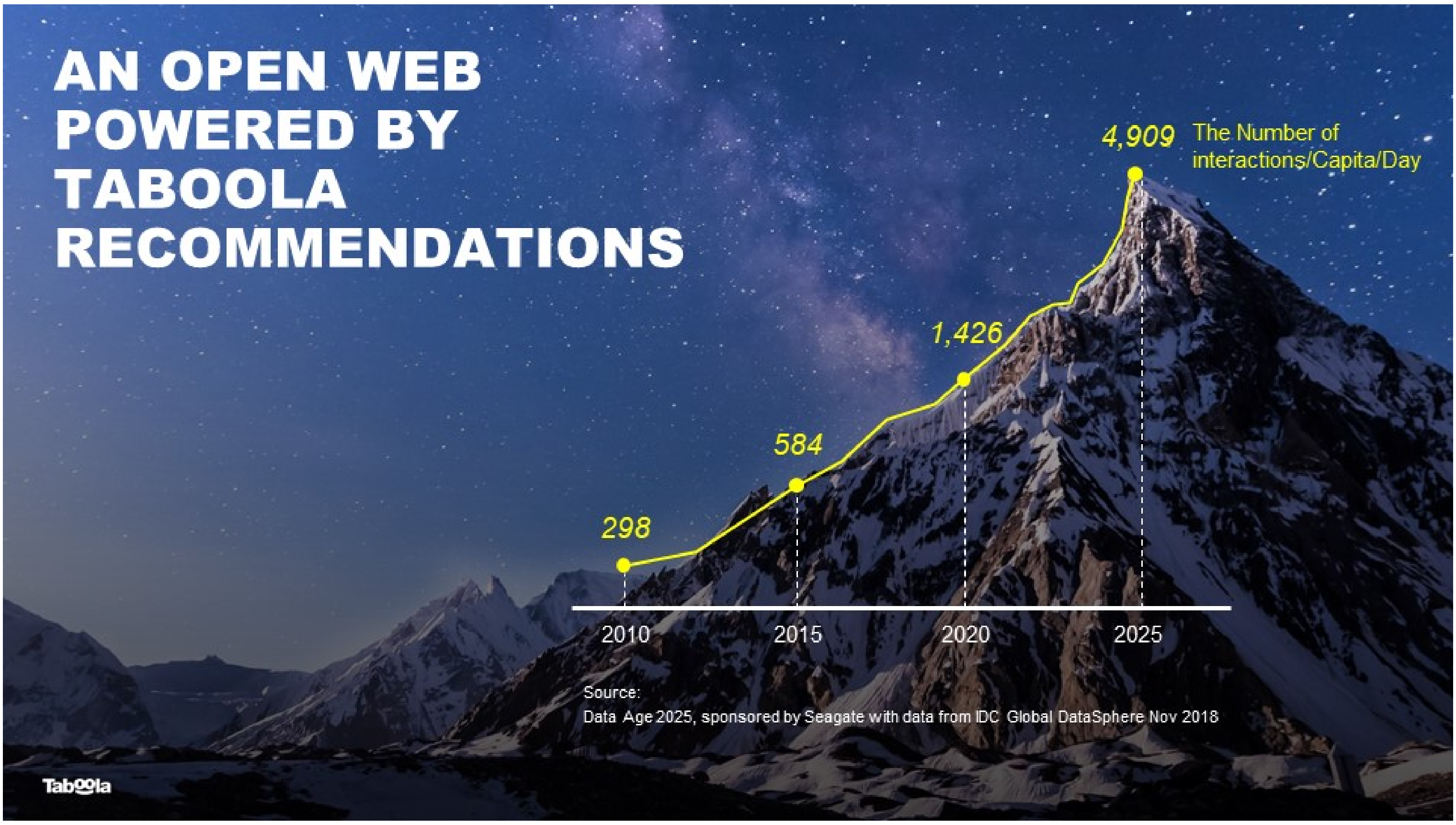

ROCKET
FUEL
• ~600M DAU
• Context
• Tens of billions clicks a year
• Curiosity graph
(“people who read this also do this”)
• 90% of revenue direct
(pixel on page)
Source: Company data
Taboola
NASA/MAF/Steven
Seipel


AI
Engine
DATA
Fuel
WE BUILD
THE BEST ROCKETS
Walled Garden Dynamics for The Open Web
Taboola

TECH DIFFERENTIATION

10 years partnerships, trust

Taboola


AN OPEN WEB
POWERED BY
TABOOLA
RECOMMENDATIONS
4,909
The Number of interactions/Capita/Day
1,426
584
298
2010
2015
2020
2025
Source:
Data Age 2025, sponsored by Seagate with data from IDC Global DataSphere Nov 2018
Taboola


Over the next 3 years
WE EXPECT TO CROSS $1B
EX-TAC WHILE MAINTAINING
OUR MARGINS
Taboola


ANYTHING.
ANYWHERE.
INDEPENDENT
Travel > News & Advice
TRENDWATCH
What are Blue Zones and why do some suggest they are the secret to living longer?
Lucy Thackray
Taboola


INDEPENDENT
WHAT ARE BLUE ZONES AND WHY THEY ARE THE SECRET TO LIVING LONGER?
ANYTHING.
ANYWHERE.
75
Taboola


What are Blue Zones and
why they are the secret to
ANYTHING.
ANYWHERE.
Taboola

AGENDA

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2. **Taboola's Differentiation and Why We Win**
3. Q1 Updates & Momentum
4. Financial Update

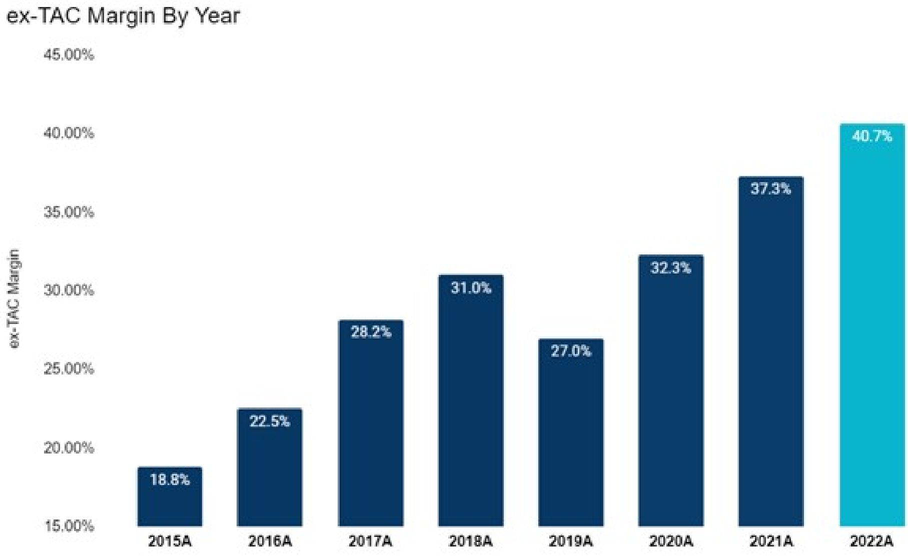
TABOOLA'S DIFFERENTIATION

HOW IT DRIVES SUPERIOR FINANCIAL PERFORMANCE & EXPANDING MARGINS

1. Growth fueled by a network effect
2. Long-term yield increases
3. Taboola's technology is resilient to the future disappearance of third-party cookies
4. Platform advantage driven by Taboola's technology (Brands & Agencies, Taboola News, Newsroom)
5. Connexity provides further differentiation

Taboola

EXPANDING EX-TAC MARGINS POINT TO COMPETITIVE ADVANTAGE



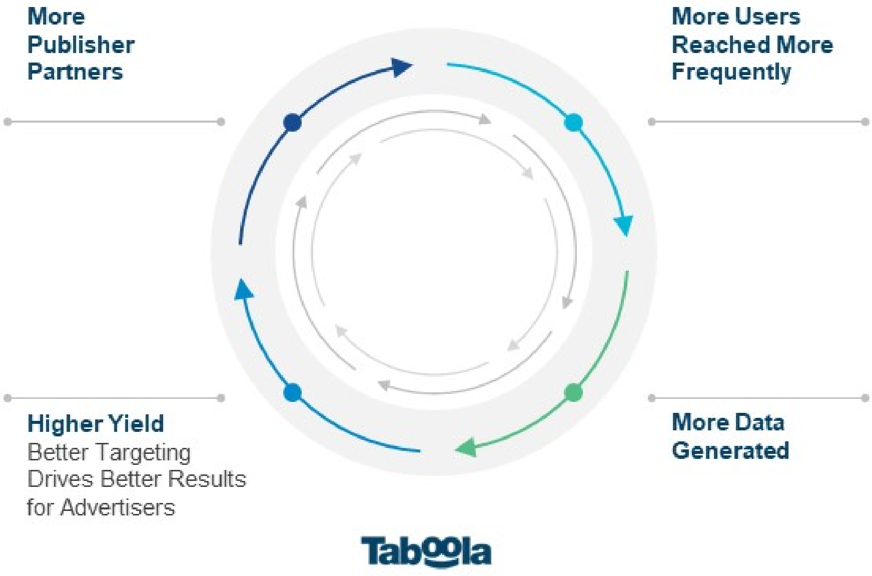
- ex-TAC Margin has increased significantly since 2015
- Competitive landscape has not changed significantly in that time period
- Margins increase as competitive advantages increase

Taboola (1) Non-GAAP measure, see appendix for reconciliation to GAAP

1

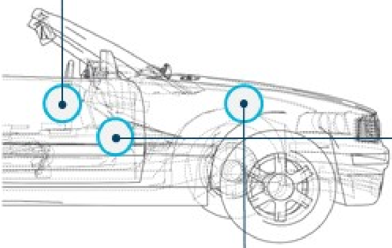
SCALE MATTERS IN OUR INDUSTRY

GROWTH WITH A BUILT-IN NETWORK EFFECT



2

WHAT MAKES UP YIELD



Click Through Rate (CTR):

- The number of clicks that an ad receives divided by the number of times the ad is shown (impressions)
- A high CTR is a good indication that users find your ads relevant

Cost Per Click (CPC):
The amount advertisers pay for each click on their ads.

Conversion Rate:
The percentage of users who have completed a desired action (e.g. purchase) after clicking on an ad.

CTR
Click Through Rate

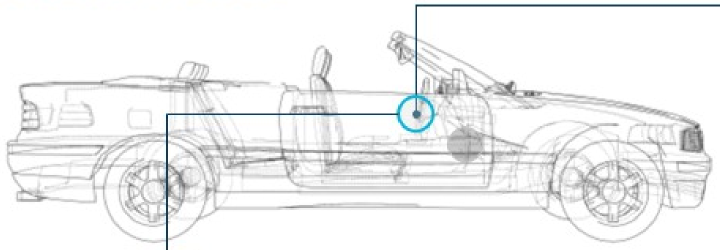
CPC
Cost Per Click

Conversion Rate

YIELD

Taboola

HOW WE INCREASE YIELD



CPC
Cost Per Click

- **More advertisers** on the platform increases auction density
- **Better attribution** measurement better reflects the value of conversions
- **Automated bidding (SmartBid)** optimizes bids dynamically

CTR and Conversions
Click Through Rate, Conversion Rates

- **Algorithmic** improvements drive better prediction of what users will engage with
- **More advertisers** on the platform and higher diversity of campaigns
- **More data** that provides more contextual signals enables more accurate targeting
- **Better user experience** increases the likelihood of engagement with the ad

—3

TABOOLA TECH IS BUILT FOR A COOKIE-LESS, IDFA / ATT WORLD

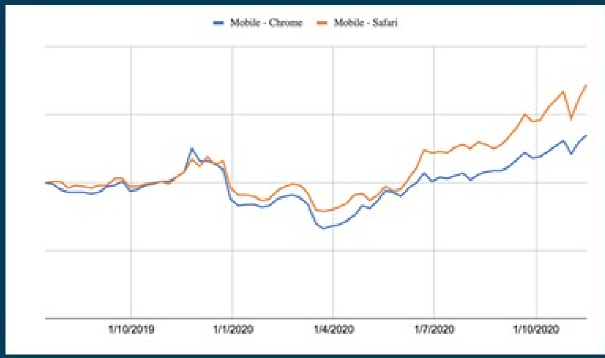
Taboola has its own 1st party cookie – recommending personalized editorial content enables serving our own 1st party identifier

Unique readership context – deep access to the context of the page, allowing advertisers to target context (vs. "3rd party cookie behavior")

People click on Taboola recommendations tens of billions of times a year[1]

(1) Source: Company data. Clicks represent total clicks on Taboola recommendations, including paid advertisements ("sponsored content") and editorial ("organic") content

Taboola

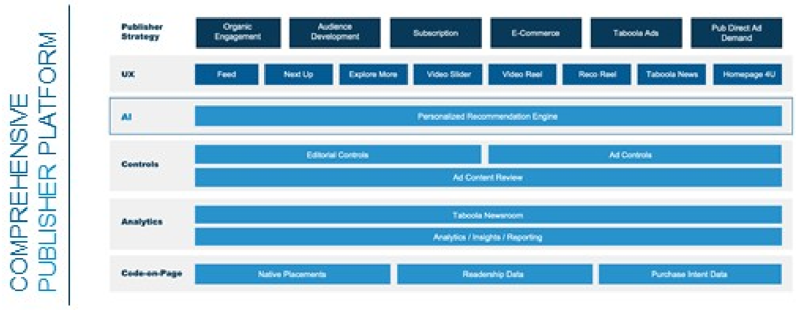


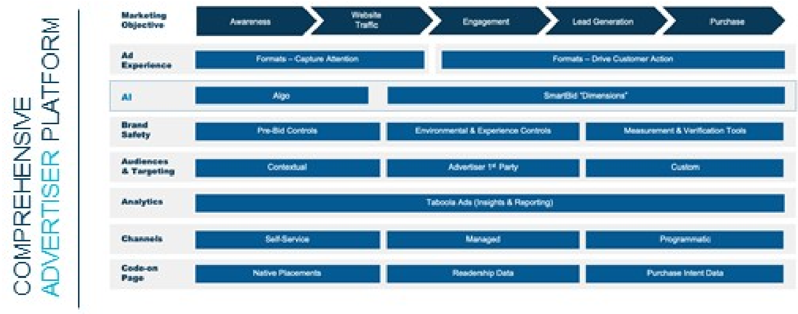
Taboola's strong yield performance despite 3rd party cookies being blocked in the industry for years:

- Apple started blocking 3rd party cookies in 2017
- Firefox, Edge, etc are also blocking 3rd party cookies
- GDPR launched in 2018
- CCPA launched in 2019
- IDFA launched April, 2021

PLATFORM ADVANTAGE DRIVEN BY INVESTMENT IN TECHNOLOGY

CAPABILITIES NOT AVAILABLE FROM OUR COMPETITORS





Taboola

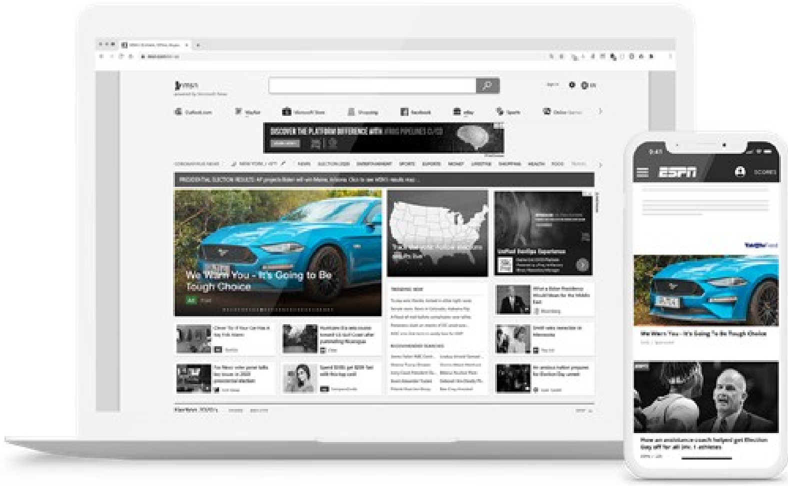
TABOOLA FOR BRANDS & AGENCIES

High Impact Placements: a premium solution for achieving brand awareness

Premium Ad Placements & Experiences

Brand Safety & Adjacency Control

Unique Readership Data & Insights



TABOOLA NEWS

Bringing Premium Content To People Everywhere & Driving Audience For Our Publisher Partners

Taboola News delivers relevant content from our premium publisher partners, integrated into mobile phones and other user touchpoints.

It creates new opportunities for engagement and revenue for mobile carriers, device manufacturers, publishers and brands.

- Running in more than 60 markets around the world
- With over 85M Monthly devices
- Becoming a meaningful source of traffic to our publishers

WORKING WITH THE TOP OEMS:

SAMSUNG mi xiaomi HUAWEI vivo oppo motorola

NEWSROOM

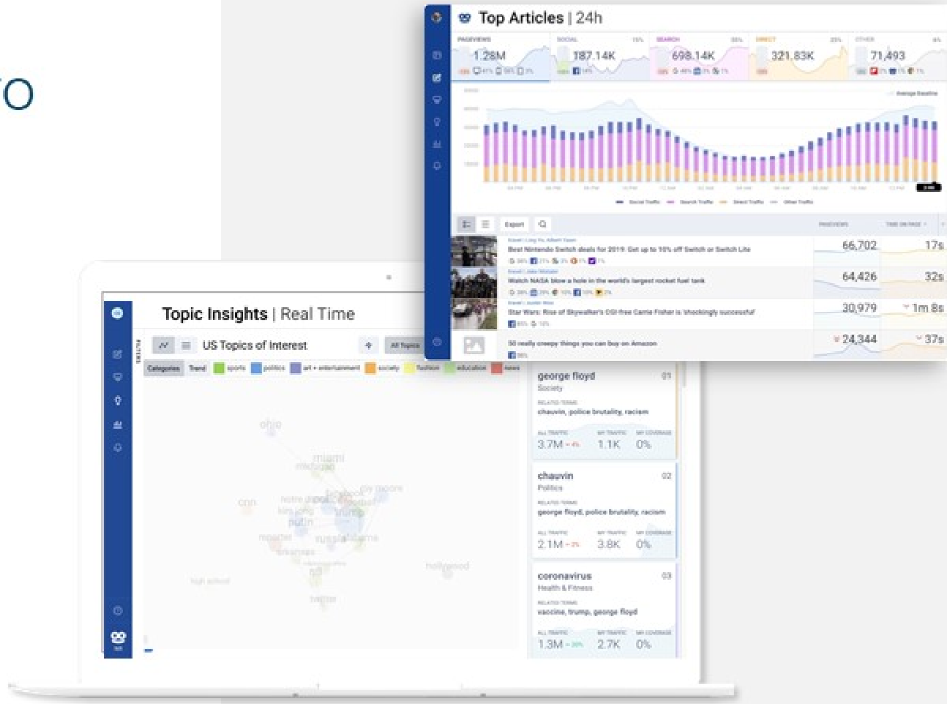
ACTIONABLE INSIGHTS TO GROW READERSHIP & ENGAGEMENT

Easily **ANALYZE**:

- Real-Time Audience Data
- Article Engagement Metrics
- Trending Topic Insights
- Subscription Analytics

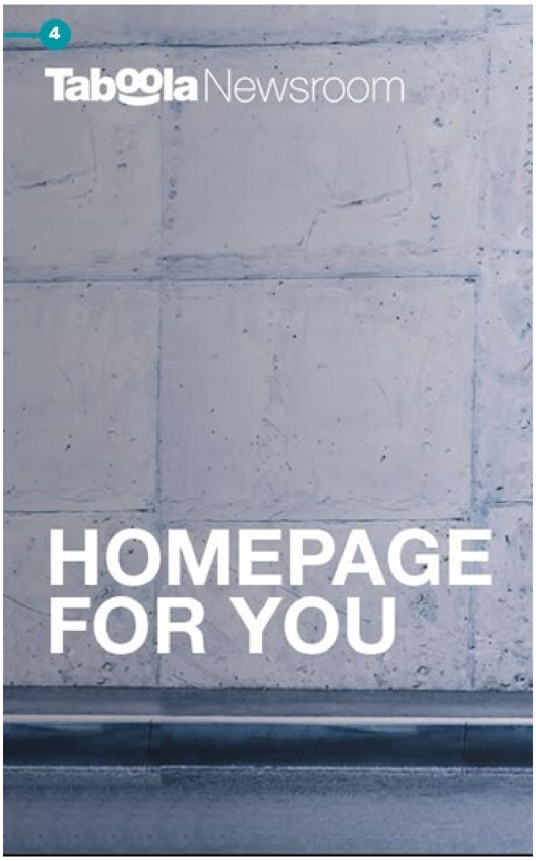
Instantly **ACT**:

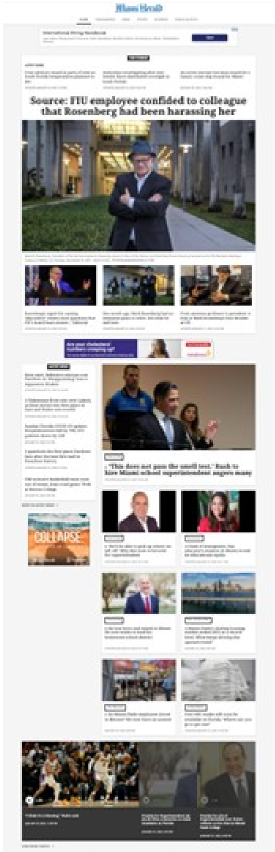
- Identify high-performing content
- A/B test Headlines & Images
- Boost subscriptions



Taboola

Taboola Newsroom





FOR ALL

Must-know information, hand-curated by editors

FOR YOU

Personalized recommendations, powered by editor-enhanced algo

5

1/3 OF OPEN WEB PUBLISHER REVENUE WILL BE E-COMMERCE

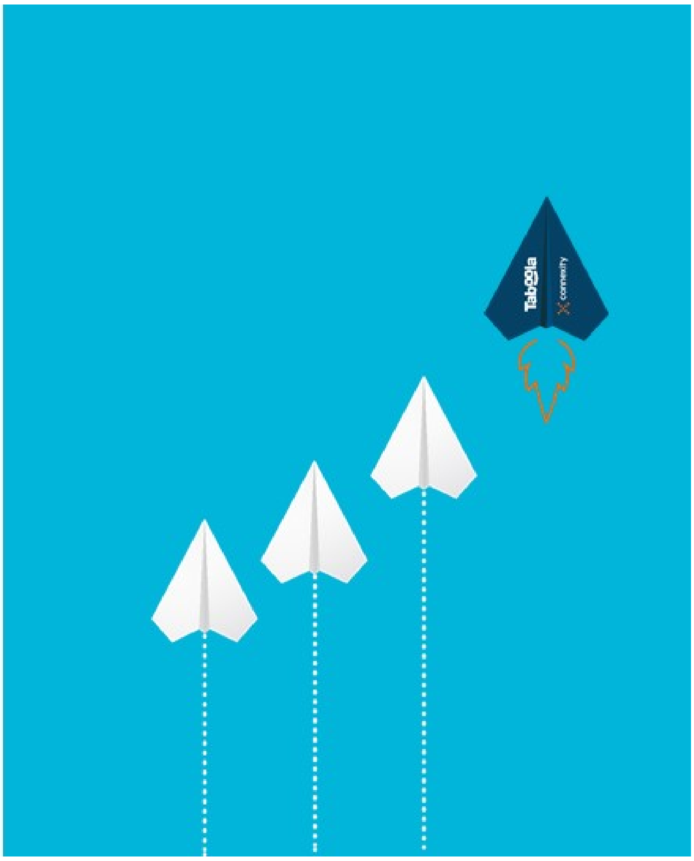
Source: Company estimates.

5 CONNEXITY FURTHERS OUR COMPETITIVE ADVANTAGE

INTRINSIC VALUE OF BUSINESS
Significant expansion of our addressable TAM with long runway of growth

SYNERGIES
Tremendous opportunity to leverage our scale, combined relationships and Connexity's e-commerce market maker capabilities

STRATEGIC VALUE
⅓ of Open Web Publisher Revenue will be e-commerce[1] and Taboola with Connexity is uniquely differentiated



[1] Company estimates.

5

CONNEXITY SYNERGIES

SHORT-TERM

1. Connexity on Taboola Publishers, growing publishers % of traffic with intent
2. Take Connexity Global
3. Expanding Connexity's Client base by Leveraging Taboola Ad Sales

MEDIUM-TERM

1. Connexity merchant demand on Taboola publisher supply
2. Better personalization/yield by merging data: recommendations + e-commerce

Taboola

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4. Financial Update

Q1 2023 IN REVIEW - capturing more of the $70 billion Open Web ad market

Renewing and building new long term relationships

- Signed new digital property partner agreements, including competitive wins with Conde Nast, Univision, Kicker, Funke, and L'Express
- Signed key renewals and new deals with Sinclair, Advance Local, O Dia, Blaze Media, and Slate France

Seeing strength in key business areas

- Taboola Turnkey Commerce live with TIME and Advance Local
- Yahoo integration moves from planning to testing
- Generative AI technology in beta to 100's of advertisers

CONDÉ NAST kicker UNIVISION SINCLAIR BROADCAST GROUP ADVANCE LOCAL L'EXPRESS

Taboola

Q1 2023 EXCEEDED THE HIGH END OF GUIDANCE

	Q1 23 Actuals	Guidance
Revenues	**$328M**	**$299 to $325M**
Gross Profit	**$90M**	**$76 to $88M**
ex-TAC Gross Profit[1]	**$116M**	**$103 to $115M**
Adj. EBITDA[1]	**$10M**	**($6) to $6M**

(1) Non-GAAP measures, see appendix for reconciliation to GAAP

GUIDANCE IN 2023: establishing Q2 2023 and raising the mid-point of FY 2023

	Q2 2023 GUIDANCE	FY 2023 GUIDANCE
Revenues	**$296 to $322M**	**$1,427 to $1,469M**
Gross Profit	**$78 to $88M**	**$418 to $436M**
ex-TAC Gross Profit[1]	**$105 to $115M**	**$529 to $546M**
Adj. EBITDA[2]	**($4) to $6M**	**$65 to $80M**

GUIDANCE IN 2024: At least $200M in Adj. EBITDA and $100M Free Cash Flow

Taboola

(1) Non-GAAP measure, see appendix for reconciliation to GAAP
(2) Non-GAAP measure, see appendix for note regarding reconciliation

AGENDA

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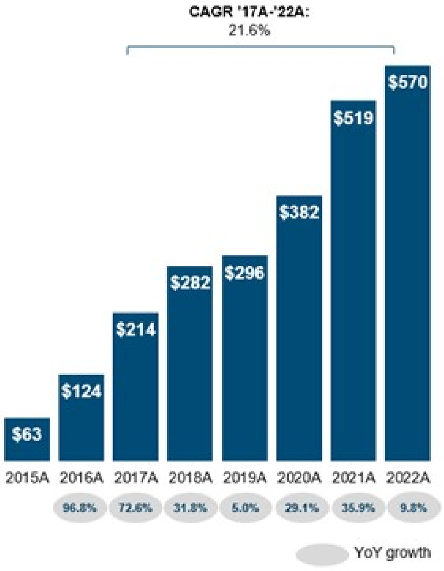
3. Q1 Updates & Momentum
4. **Financial Update**

TABOOLA FOCUSES
ON PROFITABLE GROWTH

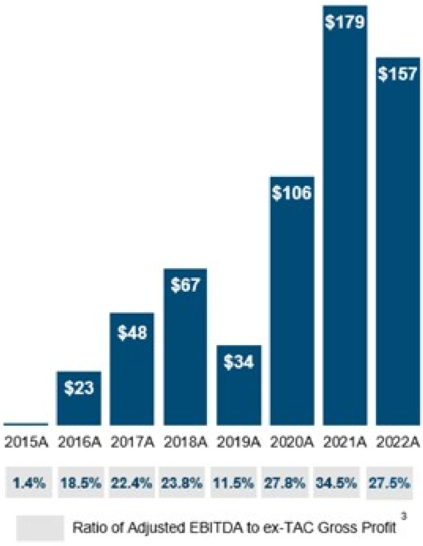
ex-TAC Gross Profit[1]

($ in millions)



Adj. EBITDA[2]

($ in millions)



Taboola

PROFITABLE GROWTH
Rule of 40 Business

Upside in our model

- Conservative growth assumed for core base
- Additional upside from existing growth initiatives

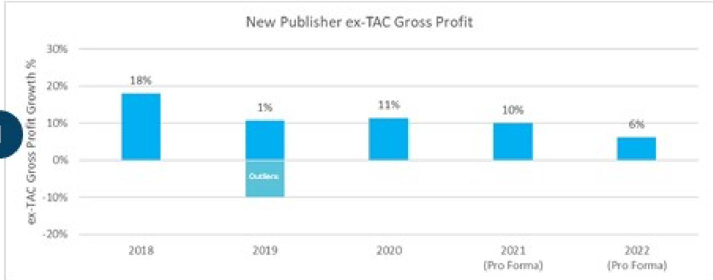
Long-term model

- 20%+ ex-TAC Gross Profit Growth
- 30%+ Ratio of Adjusted EBITDA to ex-TAC Gross Profit

(1),(2),(3) Non-GAAP measure, see appendix for reconciliation to GAAP

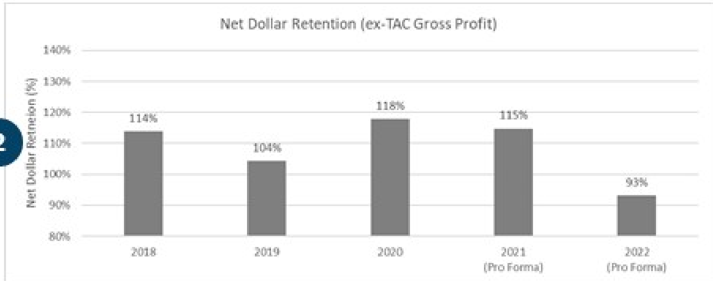
GROWTH DRIVEN BY CORE
OPEN WEB INSTALLED BASE

1



CONTINUED GROWTH FROM NEW SUPPLY…

2



HELPS PROVIDE FUEL FOR GROWTH FROM A STRONG INSTALLED BASE.

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1 New Publisher[1] ex-TAC Gross Profit

- Approximately 40% of total growth
- Historically 10%+ new supply growth
- Projecting similar range going forward over the long term

2 Net Dollar Retention[2] Growth Has Two Elements

- Approximately 60% of total growth
- Improvements in yield
- More supply from existing pubs
- Historically 110-120% on average

(1) New digital property partners within the first 12 months that were live on our network. Pro forma effect of the Connexity acquisition as if completed on January 1, 2021.

(2) Net Dollar Retention (ex-TAC Gross Profit) is the net growth of ex-TAC Gross Profit from existing digital property partners, including the growth of new digital property partners (beyond the revenue contribution determined based on the run-rate revenue generated by them when they are first on-boarded) for the given period divided by the ex-TAC Gross Profit from the same period in the prior-year. Pro forma effect of the Connexity acquisition as if completed on January 1, 2021.

EXCEPTIONAL NEW PUBLISHER MOMENTUM IN 2022

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2022 Was A Banner Year For New Publisher Partnerships

- Measured by average gross Revenues added per month from new publishers
- Over 90% higher than 2020 and 2021 average
- Second best year on record

Sample of New Publisher Partnerships in 2022

- Gray TV
- Huffington Post
- Penske Media
- Dumont
- Time.com
- United Internet Media
- Buzzfeed
- Prisa
- Grupo Godó
- Network 18
- Kicker
- Media News Group

STRONG FINANCIAL PROFILE

FAST GROWING	HIGH PROFITABILITY	STRONG BALANCE SHEET	GENERATING CASH FLOW
$570M 2022A ex-TAC[1]	**$157M 2022A Adj. EBITDA[2]**	**$40.2M Q1 2023 Net Cash[3]**	**Strong Positive Free Cash Flow Generation**
21.6%	**27.5%**	**$274.4M**	**$165M**
Five Year Compounded ex-TAC Growth Rate[4]	2022 Adjusted EBITDA Margin %[2]	Q1 2023 Cash Balance[5]	Free Cash Flow Cumulative in 2020 - 2022

(1) Non-GAAP measure; see appendix for reconciliation to GAAP.
(2) Non-GAAP measure; see Note in appendix regarding Adjusted EBITDA Reconciliation.
(3) Non-GAAP measure; calculated as of March 31, 2023. Cash, cash equivalents and short-term investments of $274.4 million minus long-term loan (including current portion) of $234.2 million. Note: The Company's current estimate of minimum cash and cash equivalents needed for working capital is $80-100 million. It is only one factor considered in evaluating operating, investing and other strategies, is highly dependent on multiple conditions, is not a projection and subject to change at any time without notice.
(4) Growth Rate includes actual results for 2017-2022
(5) Cash, cash equivalents and short-term investments.

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Thank you.

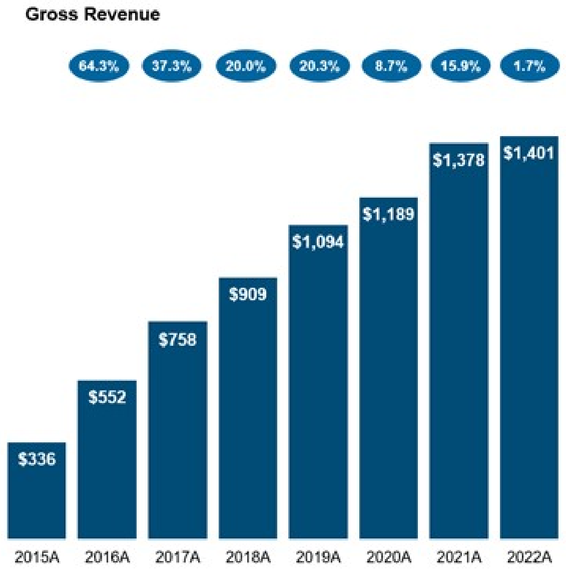
APPENDIX

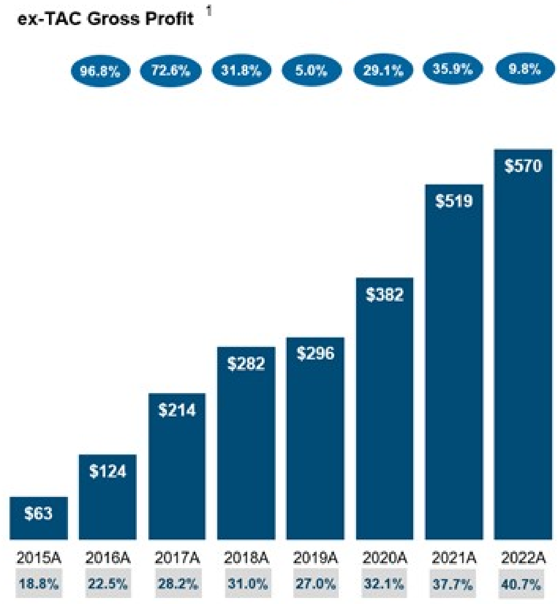
OUR MODEL IN A NUTSHELL

Model components:	Sample inputs / financials:	Illustrative Taboola economics:
Revenues[(1)]	$909	$1.00 (100%)
– Traffic Acq Cost (Value to publishers)	($627)	($0.69)
= ex-TAC Gross Profit[(2)]	$282	$0.31
– Cost of Revenues	($48)	($0.05)
= Gross profit	$234	$0.26
– R&D	($73)	($0.08)
– S&M	($110)	($0.12)
– G&A	($34)	($0.04)
= Operating Income	$17	
+ Dep, Amort, Share Based Comp, Other item	$50	
= Adjusted EBITDA[(3)]	$67	
+ Change in WC, Other items[(4)] + PP&E and Capitalized Platform Costs	($22)	
= Free Cash Flow[(3)]	$45	

(1) Revenue paid by Advertisers, before traffic acquisition costs (TAC) paid to Publishers. CNX Revenues paid by advertisers after traffic acquisition costs paid to Publishers.
(2) Revenue to Taboola after TAC paid to Publishers. Non-GAAP measure, see appendix for reconciliation to GAAP
(3) Non-GAAP measure, see appendix for reconciliation to GAAP
(4) Non cash charges, Cash charges excluded from Adjusted EBITDA

HISTORICAL REVENUES & EX-TAC GROSS PROFIT[1] (REPORTED BASIS)





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(1) Non-GAAP measure, see appendix for reconciliation to GAAP

YoY growth

ex-TAC Revenue Margin

SELECTED GAAP AND NON-GAAP METRICS

($ in millions, FYE)	2018A	2019A	2020A	2021A	2022A	2023E	Long-Term Model
Revenues	**$ 909**	**$ 1,094**	**$ 1,189**	**$ 1,378**	**$ 1,401**	**$ 1,450**	
% YoY Growth	20.0%	20.3%	8.7%	15.9%	1.7%	3.5%	
ex-TAC Gross Profit [1]	**$ 282**	**$ 296**	**$ 382**	**$ 519**	**$ 570**	**$ 538**	
% YoY Growth	31.8%	5.0%	29.1%	35.9%	9.8%	-5.6%	*20%+*
% ex-TAC Gross Profit margin	31.0%	27.1%	32.2%	37.7%	40.7%	37.1%	
Gross Profit	**$ 234**	**$ 232**	**$ 319**	**$ 441**	**$ 464**	**$ 427**	
% Adj margin	83.1%	78.4%	83.4%	85.0%	81.5%	79.3%	
Adjusted EBITDA [1]	**$ 67**	**$ 34**	**$ 106**	**$ 179**	**$ 156.7**	**$ 74**	
% margin	23.8%	11.5%	27.7%	34.5%	27.5%	13.7%	*30%+*

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(1)Non-GAAP measures, see appendix for reconciliation to GAAP
Note: 2023 projections reflect the midpoint of current company guidance.

FY 2023 GUIDANCE

($ in millions)	Actual FY 2021	Actual FY 2022	Guidance FY 2023	YoY%		
Revenues	**$1,378**	**$1,401**	**$1,430 to $1,469**	**2%**	**to**	**5%**
ex-TAC Gross Profit [1]	**$519**	**$570**	**$530 to $546**	**-7%**	**to**	**-4%**
Gross Profit	**$441**	**$464**	**$417 to $436**	**-10%**	**to**	**-6%**
Adjusted EBITDA[1]	**$179**	**$157**	**$67 to $80**	**-57%**	**to**	**-49%**
Non GAAP Net Income [1]	**$114**	**$91**	**($2) to $10**	**-102%**	**to**	**-89%**

(1) Non-GAAP measure, see appendix for reconciliation to GAAP

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ADDITIONAL MODELING ASSUMPTIONS

- Interest payment of approximately $4.5M per quarter associated with $204M term loan (reflecting our $30M voluntary prepayment in April 2023) related to the Connexity acquisition.
- Share based compensation of $128M in 2021 unusually high as a result of going public triggering event, 2022 at $75M and 2023 estimated at $74M.
- Depreciation & Amortization of $53M in 2021; increase related to Connexity Purchase Price Accounting allocation, 2022 at $91M and 2023 estimated at $91M.
- CAPEX of $35M in 2022 includes investments in property and equipment, leasehold improvements and capitalized software, 2023 estimated at $39M.
- Free Cash Flow before publisher prepayments (net) expected to be 50 - 60% of Adjusted EBITDA in long-term models.

ADJUSTED EBITDA RECONCILIATION

($ in millions)	2016A	2017A	2018A	2019A	2020A	2021A	2022A
Net income (loss)	**$ (2.7)**	**$ 2.8**	**$ 10.7**	**$ (28.0)**	**$ 8.5**	**$ (24.9)**	**$ (12.0)**
Adjustments:							
Financial expenses (income), net	0.8	(0.3)	1.3	3.4	2.7	(11.3)	(9.2)
Tax expenses	4.3	5.1	5.3	5.0	14.9	23.0	7.5
Depreciation and amortization	13.3	28.2	35.3	39.4	34.0	53.1	91.2
Share-based compensation expenses [1]	6.3	10.8	10.5	8.2	28.3	124.1	63.8
Revaluation of Contingent Liability	1.4	1.6	3.8	-	-	-	-
M&A costs [2]	-	-	-	6.1	17.8	11.7	0.8
Restructuring expenses							3.4
Holdback compensation expenses	-	-	-	-	-	3.7	11.1
Adjusted EBITDA	**$ 23.4**	**$ 48.2**	**$ 66.9**	**$ 34.1**	**$ 106.2**	**$ 179.4**	**$ 156.7**

[1] A substantial majority is share-based compensation expenses related to going public.
[2] Relates to the acquisition of ION Acquisition Corp. 1 Ltd. and going public.

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2023 QUARTERLY RESULTS: ADJUSTED EBITDA RECONCILIATION

($ in millions)	Q1-23A
Net income (loss)	**$ (31.3)**
Adjustments:	
Financials expenses (income),net	3.2
Tax expenses	(0.6)
Depreciation and amortization [1]	22.6
Share-based compensation expenses	13.5
M&A costs & Transaction cost of Going Public [2]	-
Restructuring expenses	-
Connexity holdback	2.6
Adjusted EBITDA	**$ 9.9**

[1] A substantial majority is share-based compensation expenses related to going public.
[2] Relates to the acquisition of ION Acquisition Corp. 1 Ltd. and going public.

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EX-TAC GROSS PROFIT RECONCILIATION

($ in millions)	2016A	2017A	2018A	2019A	2020A	2021A	2022A
Revenues	$ 552.1	$ 757.9	$ 909.2	$ 1,093.8	$ 1,188.9	$ 1,378.5	$ 1,401.2
Traffic Acquisition Cost (TAC)	427.7	544.2	627.7	798.0	806.5	859.6	831.6
Other Cost of Revenues	23.2	35.1	47.3	63.9	62.9	77.8	105.3
Gross Profit	$ 101.2	$ 178.6	$ 234.2	$ 231.9	$ 319.5	$ 441.1	$ 464.3
Other Cost of Revenues	23.2	35.1	47.3	63.9	62.9	77.8	105.3
ex-TAC Gross Profit	$ 124.4	$ 213.7	$ 281.5	$ 295.8	$ 382.4	$ 518.9	$ 569.6

RATIO OF ADJUSTED EBITDA TO EX-TAC GROSS PROFIT RECONCILIATION

($ in millions)	2016A	2017A	2018A	2019A	2020A	2021A	2022A
Gross Profit	**$ 101**	**$ 179**	**$ 234**	**$ 232**	**$ 319**	**$ 441**	**$ 464**
Net Income (loss)	(3)	3	11	(28)	8	(25)	(12)
Ratio of Net income (loss) to Gross profit	*-3%*	*2%*	*5%*	*-12%*	*3%*	*-6%*	*-3%*
ex-TAC Gross Profit	**$ 124**	**$ 214**	**$ 282**	**$ 296**	**$ 382**	**$ 519**	**$ 570**
Adjusted EBITDA	23	48	67	34	106	179	157
Ratio of Adjusted EBITDA to ex-TAC Gross Profit	*19%*	*23%*	*24%*	*11%*	*28%*	*34%*	*28%*

EX-TAC GROSS PROFIT MARGIN RECONCILIATION

($ in millions)	2016A	2017A	2018A	2019A	2020A	2021A	2022A
Revenues	**$ 552**	**$ 758**	**$ 909**	**$ 1,094**	**$ 1,189**	**$ 1,378**	**$ 1,401**
Gross Profit	101	179	234	232	319	441	464
Gross Profit Margin	*18%*	*24%*	*26%*	*21%*	*27%*	*32%*	*33%*
Revenues	**$ 552**	**$ 758**	**$ 909**	**$ 1,094**	**$ 1,189**	**$ 1,378**	**$ 1,401**
ex-TAC Gross Profit	124	214	282	296	382	519	570
ex-TAC Gross Profit Margin	*23%*	*28%*	*31%*	*27%*	*32%*	*38%*	*41%*

HISTORICAL ADJ. GROSS PROFIT MARGIN RECONCILIATION

($ in millions)	2020A	2021A	2022A
Revenues	$ 1,189	$ 1,378	$ 1,401
Traffic Acquisition Cost (TAC)	807	859	832
ex-TAC Gross Profit	$ 382	$ 519	$ 570
Other Cost of Revenues	63	78	105
Gross Profit	$ 319	$ 441	$ 464
Gross Profit Margin	27%	32%	33%
Adj. Gross Profit Margin	84%	85%	81%

Note: Adj. Gross Profit Margin is calculated by dividing Gross profit by ex-TAC Gross Profit.

HISTORICAL FREE CASH FLOW RECONCILIATION

$ In M

($ in millions)		2020A		2021A		2022A		Q1-23A
Net cash from operating activities [1]	$	139	$	64	$	53	$	17
Net cash used in the following investing activities	$	(18)	$	(39)	$	(35)	$	(6)
Intangible assets		(9)		(14)		(13)		(3)
Purchase of IT equipment & Leasehold Improvement		(9)		(25)		(22)		(3)
Free Cash Flow	$	121	$	25	$	19	$	11

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(1) Adj. EBITDA plus the change in working capital reflects the Net cash provided by operating activities.

SUPPLEMENTAL CASH FLOW INFORMATION

	2020A	2021A	2022A	Q1-23A
Free Cash Flow	**$ 121.3**	**$ 24.5**	**$ 18.6**	**$ 11.2**
Add back:				
Cash investment in publisher prepayments (net) [1]	(4.5)	7.3	15.3	(3.9)
Cash interest expense for money borrowed	0.0	1.1	207.7	5.1
Total - Cash generated before cash interest and publisher	**$ 116.8**	**$ 32.8**	**$ 54.6**	**$ 12.3**

(1) We calculate cash investment in publisher prepayments (net) for a specific measurement period as the gross amount of cash publisher prepayments we made in that measurement period minus the amortization of publisher prepayments that were included in traffic acquisition cost during that measurement period, which were the result of cash publisher prepayments made in that measurement period and previous periods.

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EXAMPLE OF PUBLISHER PREPAYMENTS

Assumptions:	$3,000	50%	5	$6,000
	Prepayment ($M)	Revenue Share	Year Term	Annual Revenue ($M)

Accrual Accounting	Year 1	Year 2	Year 3	Year 5	Year 6
Revenue	$6,000	$6,000	$6,000	$6,000	$6,000
Traffic Acquision costs (TAC):					
Rev Share	$3,000	$3,000	$3,000	$3,000	$3,000
Amortization of prepayment	$600	$600	$600	$600	$600
Total	$3,600	$3,600	$3,600	$3,600	$3,600
ex-TAC Gross Profit	$2,400	$2,400	$2,400	$2,400	$2,400
ex-TAC Gross Profit Margin %	40%	40%	40%	40%	40%
Cash Basis					
Revenue	$6,000	$6,000	$6,000	$6,000	$6,000
Traffic Acquision costs (TAC):					
Rev Share	$3,000	$3,000	$3,000	$3,000	$3,000
Prepayment	$3,000	$0	$0	$0	$0
Total	$6,000	$3,000	$3,000	$3,000	$3,000
Cash Flow	$0	$3,000	$3,000	$3,000	$3,000
Delta - Cash Flow vs. ex-TAC Gross Profit	**-$2,400**	**$600**	**$600**	**$600**	**$600**

CONSOLIDATED BALANCE SHEET

($ in millions)	As of Dec 31, 2020	As of Dec 31, 2021	As of Dec 31, 2022	As of Mar 31, 2023
Cash, cash equivalents, short-term deposits and investments	**$ 243**	**$ 319**	**$263**	**$274**
Total Assets	**$ 580**	**$ 1,598**	**$1,530**	**$1,768**
Total Liabilities & Convertible Shares	**$ 534**	**$ 830**	**$695**	**$659**
Accumulated deficit and accumulated other comprehensive loss	**$ (31)**	**$ (56)**	**$(68)**	**$(101)**
Additional Paid-in-capital	**$ 78**	**$ 824**	**$903**	**$1,210**
Total Shareholders' Equity	**$ 47**	**$ 768**	**$835**	**$1,109**

Q2 23 and 2023 FULL YEAR GUIDANCE: EX-TAC GROSS PROFIT RECONCILIATION

	Guidance	Guidance
($ in millions)	**Q2-23**	**FY 2023**
Revenues	**$296 to $322**	**$1,427 to $1,469**
Traffic Acquisition Cost (TAC)	**($191 - $207)**	**($898 - $923)**
Other Cost of Revenues	**($27 - $27)**	**($110 - $111)**
Gross Profit	**$78 to $88**	**$418 to $436**
Other Cost of Revenues	**$27 - $27**	**$110 - $111**
ex-TAC Gross Profit	**$105 to $115**	**$529 to $546**

Note Regarding Adjusted EBITDA Guidance

Although we provide guidance for Adjusted EBITDA, we are not able to provide guidance for projected Net income (loss), the most directly comparable GAAP measure. Certain elements of Net income (loss), including share-based compensation expenses, are not predictable due to the high variability and difficulty of making accurate forecasts. As a result, it is impractical for us to provide guidance on Net Income (loss) or to reconcile our Adjusted EBITDA guidance without unreasonable efforts. Consequently, no disclosure of projected Net income (loss) is included. For the same reasons, we are unable to address the probable significance of the unavailable information.


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THANK
YOU!

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Q1 2023 Earnings Call

Thank you, and good morning everyone. And welcome to Taboola's first quarter 2023 earnings conference call. I'm here with Adam Singolda our Founder and CEO; and Steve Walker our CFO. We issued our earnings materials today before the market and they are available in the Investors section of our 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 Prepared Remarks:

Thanks Rick. Good morning everyone and thank you all for joining us for our first quarter call.

We had strong performance in Q1, beating the high end of our guidance across all metrics. We achieved $116 million in ex-TAC Gross Profit, $10 million in Adjusted EBITDA and $11 million in Free Cash Flow. We're also excited to raise the midpoint of our full year 2023 guidance. Now, while we are not fully guiding for 2024, we expect a step change in our financial performance, with over $200 million in Adjusted EBITDA and over $100 million in Free Cash Flow.

I have said in the past that it is rare for a company to have this level of clarity and confidence a full year in advance. We have such confidence in those numbers that today we announced a share buyback program of up to $40 million in 2023, and also our intention to continue paying down debt up to $50M this year.

Our strong performance in Q1 was driven by a few things. In our core business, we keep seeing meaningful publisher wins such as Condé Nast, Univision, The Blaze, and Kicker in Germany. I'm spending a lot of time with publishers, existing and those who are yet to work with us and it's incredible to see the quality of the conversation around how Taboola can empower the editorial teams, how we can help publishers diversify their revenue and how we can help publishers drive new audiences through Taboola News.

Additional drivers for our Q1 strong performance -- was eCommerce business and Taboola News, both of which performed better than expected in Q1.

While we don't plan on reporting this quarterly, when looking at 2022 - you can see our revenue is diverse: about 15% of our ex-TAC is eCommerce, approximately 10% is video, and roughly 5% is Taboola News. The rest, call it 70% of our business, is core native advertising.

Taboola's vision is to be the recommendation engine for the Open Web. Think Amazon, Instagram, TikTok - they are AI-driven recommendation engines, making money from native advertising. These are ads that look and feel native to their platform. Taboola brings the best of the walled gardens, things such as user experience, data, AI, and advertisers to the brand-safe environment of the open web. Our business is predictable - 90% of our revenue is coming from advertisers working with us directly rather than through ad exchanges.

Our partnerships with publishers are exclusive and long-term with most publishers on 3-10 year agreements with us, and Yahoo recently partnered with us for 30 years. We have significant scale, reaching around 600M active users a day.

As a reminder, we measure our business on ex-TAC Gross Profit, Adjusted EBITDA and Free Cash Flow. Over the last 3 years, our business has grown more than 20% year over year on an ex-TAC basis, has generated about 30% Adjusted EBITDA margin and has converted ~50% of Adjusted EBITDA to Free Cash Flow after adjusting for interest payments and prepayments to publishers, which we consider to be an investment. Over time we expect these two payments to go to zero.

Our core business is strong. We are the partner of choice for over 8,000 publishers. We developed a unique technology optimizing for Life Time Value, empowering publishers to diversify their revenue streams such as eCommerce, subscription, native, header bidding, and video. Publishers deploy our AI on their homepage, use our editorial tools to make decisions, build eCommerce sections, dynamically match content and ads that are relevant, and often we are a top 3 revenue source to them.

Back in the day, people used to say "Nobody got fired for buying IBM," and the same can be said about Taboola - it's a safe bet to choose us. More than 8,000 publishers grow revenue, engagement, and audience and around 18,000 advertisers use Taboola to grow their business.

Before updating you about our core business and four priorities, I wanted to share a recent experience. I am a strong believer in making things personal. We encourage everyone at Taboola to get closer to our clients and to each other. Zero distance is our theme this year. In that spirit, once a year, I fly to Israel and spend an entire month with our engineering and product management teams. I get direct access to our teams, joining tech working sessions every day, and they get my global view of the business. Let me tell you–It was incredible, the culture, the energy, the hard work and focus on our top four priorities was never so high. We are in a rare position as a company where the future is in our hands, we don't need to enter new markets, we don't need to make "big moves," we mainly need to execute, and we have the best talented people in the world to do that. One of the things that came up again and again in that visit is how our engineering teams and product managers are no longer thinking about development just in terms of how good the code is, but mainly in terms of client adoption and impact. We have 600 people in Israel, and there is a growing obsession to know how things we build, and deliver are affecting our clients.

Switching gears, let's talk about our core business, which we've been operating for more than a decade. We have publishers working with us globally, exclusively and for 3-10 years as their native advertising partner, using our Life Time Value platform to help them reach their broad objectives. We generate revenue from advertisers working with us to drive sales by appearing on our publishers' sites. You've all seen us before, if you've ever visited CNBC, Time.com or the BBC, you've discovered news, products and paid offerings by advertisers from the open web. This market is estimated to be $70B and we think we have a meaningful competitive advantage in it. I started Taboola 15 years ago, and though we were not first to this market, we became the partner of choice across the board. Our growth has been driven by our client obsession, execution and technological advantage.

In our core - we monitor our momentum based on new and renewed publisher partnerships, and usage of our technology, optimizing for Life Time Value. This includes offerings such as Newsroom, which is now used by 3,500 editors and writers, homepage personalization, which we call Homepage For You and more. We look at ex-TAC Margin as a proxy for our advantage over other advertising companies in the open web.

Our publisher momentum remains strong. In the past quarter, we won publisher partnerships all across the globe. Some key new wins include some of the world's largest names like Univision, Condé Nast, L'Express, Kicker, Funke, and Dumont. We renewed relationships with well-known publishers including Sinclair, Advance Local, Seven West Media and more.

Now let's move into our key priorities. We are laser focused on four growth engines and key priorities, each representing a billion dollar opportunity for us. I am now going to spend some time discussing each one of them.

Starting with performance advertising. As a reminder, the vast majority of Taboola's revenue is coming from advertisers who buy from Taboola directly, using our AI. About 10% of our revenue comes from programmatic partners such as Google, TTD, Amazon, and others.

Our two objectives are: to get new advertisers to be successful when they try Taboola and to get existing advertisers to stay with us and spend more, measured by Net Dollar Retention, or NDR.

The market is massive, millions of advertisers buying on Google and Meta, and hundreds of thousands buying on companies like Snap. Taboola has around 18,000 advertisers, so we have a lot of room to grow. Our main focus is on improving AI and workflows to make it easier for advertisers to work and succeed with us. Early this year, we launched Target CPA for advertisers, and I'm excited about rolling out Maximize Conversions later this year. These are all part of our SmartBid technology, giving our advertisers a variety of bidding strategies they can use to be successful with Taboola. It should be as easy to work with us and to find success as it is with Meta or Google.

When advertisers succeed with us, our yield on publishers gets higher, which not only improves our financial metrics, it also bolsters our moat as we become even more competitive as a company. About 2 quarters ago, we grew our engineering resources working on performance advertising from 50 to 200 engineers given the upside we think there is here for us.

Part of our investment here is also on the creative front. We are investing in Generative AI focusing on helping advertisers to easily get titles, thumbnails, and landing pages that can work for them. Being bigger gives us an advantage because we can use our historic data to produce exceptional results. Hundreds of advertisers are adopting our Generative AI beta offering, which lives in Taboola Ads. We just completed a Hackathon focused on Generative AI, and are working on more things we can offer advertisers so stay tuned for more to come.

Moving on to our second growth engine - bidding. We estimate that the 8,000+ publishers in our core business generate display revenue of roughly $20 billion dollars a year. We think that we can access our publishers' display inventory with our Header Bidding solution, and win about 5-10% of the auction given our advantage in AI, first party data and direct advertisers relationships. This will make us even more valuable partners for our publishers, increasing our payments to them as well as our share of wallet, while providing our advertisers with even more scale.

We have 3 areas where we bid: the first is Microsoft - this launched in April of last year. The second are publisher partners where we have 1st party advantage; and the third are publishers not yet using our solutions. We believe that as Yahoo launches, we'll be able to also partner with Yahoo on bidding on their display inventory as well.

Today, we generate hundreds of millions of dollars from bidding. But it's still very much a startup within Taboola and we think we can grow it meaningfully. The reason to get excited here is mainly because as the world moves to a much more "privacy-driven environment" with no cookies and IDFA, we have a meaningful advantage being hard coded on the page -- as we know people when they come back to our publishers sites …. while SSPs and DSPs don't.

We’re laser focused on the 50+ publishers we’re testing with before rolling it out to the rest of our network. I’m optimistic about what we’re seeing.

eCommerce is our third growth engine. I’m happy to share that eCommerce is beating our expectations this quarter, and it’s impressive to see the strength of it. As a reminder, eCommerce is where we offer retailers the opportunity to find clients on the open web on publishers’ sites. This represents a big upside to both retailers and publishers as users trust their local and national sites a lot, and if those review a product, or offer financial services, travel, education and more. There is an opportunity to make a positive impact for people as they make decisions they truly care about.

There are 3 pillars to eCommerce - content creation, driving traffic, and monetization. Over the last 6 months, we’ve launched “eCommerce in a box” with the launch of Taboola Turnkey Commerce. Every publisher that wants to get into eCommerce, but has little or no content that’s attractive to retailers, can now do it with Taboola. We do all of the work for the publishers, from using our data to knowing which content makes sense for us to writing on behalf of the publisher, to driving traffic to it, and of course monetizing it with relationships with merchants and service providers.

Last quarter we announced our first two publisher partners for this initiative: TIME and Advance Local. While early, both launches are off to a good start. Traffic to the Taboola Turnkey Commerce sections of both sites is already growing fast and monetization has begun.

And finally to our 4th growth engine - Yahoo. At our information session that we held in March of this year, we explained the process of integrating Yahoo into the Taboola network in four specific phases.
Since the event, we have transitioned into Phase 1 from Phase 0, which means we are developing the technical infrastructure to allow Gemini ad spend through Taboola’s platform and test on single-digit percentages of demand. We expect to go into Phase 2 - which is gradually transition ad spend, and supply from Gemini to Taboola in the second half of this year.

The Taboola team is interacting daily with Yahoo to migrate advertisers into the Taboola platform focusing on advertisers’ performance and spend. I can share that Yahoo and Taboola teams are working on accelerating our roll out so we can capture revenue faster.

In closing, I’m energized about our position in the market. I think we have an opportunity to build the first large-scale, “must buy,” open web company publishers and advertisers can rely on. Google for search, Meta for social, and Taboola for the open web. We are focused, we have our four key company priorities, we are lean and executing on our plans. While Taboola is among the largest in our space, we’re still small as it relates to the $70B Open Web Market, so there is a lot of growth for us to capture. What I tell myself, and Taboola employees is that - we have all we need to execute on our strategy and dreams. These are times to lay low and execute - that’s all we care about now.

Thank you for joining us, and I'll now pass it over to Steve, our CFO, to talk more about our financials.

Stephen Walker Prepared Remarks:

Thanks Adam and good morning everyone.

As Adam noted, our Q1 results beat the high end of our guidance on all metrics. We are also raising the midpoint of our full year 2023 guidance and reiterating our 2024 expectations of over $200 million in Adjusted EBITDA and over $100 million in Free Cash Flow. As Adam explained, we are very confident in those forecasts and therefore announced today both a share buyback program of up to $40 million in 2023 and also our intention to continue to pay down our long-term debt. We repaid $30 million of our long-term debt in April, which means that we have repaid a total of $91 million since Q4 2022, and we intend to repay up to another $50 million this year, likely in the third quarter after certain cash balances become available.

Let me talk now about our Q1 results, which exceeded the high end of our guidance on all metrics.

For Q1, Revenues were $327.7 million versus the midpoint of our guidance of $312 million; Gross Profit of $89.6 million versus the midpoint of $82 million; ex-TAC Gross Profit of $115.7 million versus the midpoint of $109 million; Adjusted EBITDA of $10.1 million versus the midpoint of $0; and Non-GAAP Net Income of negative $4.1 million versus the midpoint of negative $17 million. We generated positive Free Cash Flow of $11.2 million. I will note that Q1 and Q2 growth rates suffer from difficult comparables in 2022 before the digital advertising market weakness. We expect to return to positive growth in the second half of 2023.

Relative to our guidance, we saw overperformance particularly in the U.S. and LATAM. eCommerce continues to impress, taking the momentum of the last several quarters of 2022 into this year. We're seeing strong spend from some of our key partners, such as Walmart, Wayfair, and Macy's, as advertisers increase the focus on immediate returns on their advertising spend. This benefits bottom of funnel channels, which for Taboola means our eCommerce offerings. Our teams have achieved this revenue performance while improving cost efficiency, indicated by Adjusted EBITDA and Non-GAAP Net Income (Loss) overperformance outpacing Revenues and ex-TAC Gross Profit.

Operating expenses were $118.4 million in the quarter, down $1.3 million year over year. This decrease was primarily the result of our focus on cost reductions that we announced in Q3 of last year. We expect to show lower expenses as a percentage of revenue on a full year over year basis for 2023. Our headcount is down approximately 8% from its peak in July of 2022 and currently stands at approximately 1,730 full-time employees.

GAAP Net Loss for the quarter of $31.3 million included Amortization of intangibles of $16.0 million, Share-Based Compensation expenses of $13.5 million and Holdback Compensation expenses related to the Connexity acquisition of $2.6 million, which were excluded from Non-GAAP Net Income. Our Non-GAAP Net Loss of approximately $4.1 million was above the high end of our guidance range.

In terms of cash generation, we had approximately $17.5 million in operating cash flow in Q1, with Free Cash Flow of around $11.2 million. If you removed the impact of net publisher prepayments, which were a source of cash this quarter of $3.9 million, and interest payments on our long term debt, which were a use of cash of $5.1 million, our cash flow would have been $12.3 million. It is interesting to note that net publisher prepayments were a source of cash this quarter. This was due to the fact that new prepayments were lower than the quarterly amortization of historical prepayments. While we still expect net publisher prepayments to be a use of cash in 2023, it does show how they can become neutral to a source of cash in the future.

Let's turn to the balance sheet. Cash and cash equivalents plus our Short-term investments increased from $262.8 million at the end of 2022 to $274.4 million at the end of Q1 2023. Historically, Q1 tends to be a positive cash flow quarter for us as we collect on the higher revenues from Q4.

I would also like to note that with the current instability in the banking industry, we continue to evaluate our banking relationships and have minimized our exposure to regional banks in the U.S. and less stable banks internationally. This is obviously a developing situation that we will continue to monitor and adjust as necessary.

Now let me shift to our forward looking guidance.

For the full year 2023, we are raising the mid-point of our guidance by increasing the lower bound but keeping the upper bound steady. We expect Revenues of $1,427 million to $1,469 million, Gross Profit of $418 million to $436 million, ex-TAC Gross Profit of $529 million to $546 million, Adjusted EBITDA of $65 million to $80 million, and Non-GAAP Net Income of negative $5 million to positive $10 million.

For the full year, we assume that we will invest in our Yahoo partnership but, to be conservative, we are still not factoring in the associated revenues that could be generated in 2023. We will update this in future quarters. This guidance also assumes continued investment in our other key company priorities of performance advertising, bidding and eCommerce.

Despite being a year of strategic investment, we expect to generate positive Free Cash Flow in 2023 for the full year. We anticipate Free Cash Flow to turn negative in Q2 and Q3, with significantly positive cash generation in Q4, all due to normal seasonality.

Finally, we are issuing Q2 guidance. For Q2 2023, we expect Revenues to be between $296 million and $322 million dollars, Gross Profit between $78 million and $88 million dollars, ex-TAC Gross Profit of $105 million and $115 million dollars, Adjusted EBITDA between negative $4 million and positive $6 million dollars and Non-GAAP Net Income of negative $26 million and negative $16 million dollars.

Let me finish by saying that we are happy with our first quarter performance and to be able to raise the mid-point of our guidance for the full year. We are also excited about our Adjusted EBITDA and Free Cash Flow targets for 2024. The future looks very bright from our vantage point, which is why we are confident in announcing our intention to both buyback shares and continue to pay down our debt.

If you want to hear more about our story, we will be attending the Oppenheimer, Needham, and TD Cowen investor events this quarter, so we hope to see many of you at these events.

With that, let's open it up to questions.