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2023-2024 Key Highlights

2023 Financials - strong exiting momentum sets Taboola up for great 2024

- Q4 2023 Revenue +13%, Gross profit +4%, and ex-TAC Gross Profit +6% inline with guidance midpoint (including small impact from changes to Microsoft's ad platform)
- Q4 2023 strong Net Income and Adj. EBITDA beat above high end of guidance
- Diversification: eCommerce, Taboola News & Header Bidder ~30% of ex-TAC Gross Profit

2024 Financials - step function top line growth and significant Adj. EBITDA/margin growth

- 2024 expecting step function growth / record year: ~$2B in Revenue (+33% YoY), ~$545M Gross profit (+28% YoY), ~$670M ex-TAC Gross Profit (+25% YoY), $200M+ Adj EBITDA (2x+ YoY), $100M+ Free Cash Flow (~2x YoY) at guidance midpoints
- Reiterating 2024 Adj. EBITDA $200M+ (30% margin) and $100M+ Free Cash Flow

Announcing new $100M buyback authorization (represents ~6% of current market cap)

Engaging/reaching users - Yahoo crossing $100M+ in Q1; Taboola recently selected by iconic consumer brand to be official advertising partner

- Yahoo - good progress, crossing the $100M in Q1, strong brand advertising revenue
- Significant opportunity for Taboola's "Advertising in a Box," becoming 3rd party platforms' advertising software/engine. Powering ads for Yahoo and now for another iconic consumer co.
- Taboola News shows strong momentum, finishing with $100M+ in revenue in 2023

Improving yield - fast adoption of AI (Maximize Conversions); back to yield growth in 2024

- Returning to positive yield growth beginning in 2024. Investments in AI panning out.
- Performance advertising benefiting from Maximize Conversions adoption at 50%+ of revenue
- eCommerce is ~20% of ex-TAC, grew double digits in 2023, want it to be 30%+ over time
- AI/data actions set to drive yield in 2024 and beyond.
- Well positioned to navigate Google cookie deprecation in 2024 given "code on page", access 1st party cookies, and strong attribution as 90% of our revenue is direct from advertisers

Dear Shareholder,

Before we talk about the business, I want to start with a word about our people. I've always said that a company's true innovation is its culture and people, and I want to share how proud I am of the tremendous resilience displayed by our nearly 2,000 Taboolars' during the war in Israel. This resilience and commitment to Taboola is what was so effective at allowing us to make significant progress in (1) reaching new users and delivering engaging experiences in the Open Web, as well as (2) improving our effectiveness at monetization/yield.

We have real momentum coming into this year, and it shows in our strong 2024 financial guidance. On the business front - we're seeing fast adoption of our AI offering, and we assume yield expansion this year after two years of softness. Yahoo is ramping up, and since we signed it - many investors have asked us what could be the next Yahoo type partnership? I'm happy to say another iconic consumer brand has chosen Taboola as its partner of choice to help them grow their advertising revenue. I hope to share more about that over the next few months. While not as big as Yahoo initially, it's big.

2024 has already started on a high note, with fast adoption of our AI offerings, an iconic brand choosing Taboola as its global partner which I hope to share more soon, and many of our product investments panning out.

When looking at 2024 on the financials, I'm very happy with how things are trending. On the revenue front, we're back to growth - revenue is growing 33% to nearly $2B this year, ExTac is growing 25% to $670M, we're generating a meaningful EBITDA of at least $200M which is over 2x 2023, and our Free Cash Flow is coming in at more than $100M which is also 2x levels of 2023.

These financials give us the confidence to announce a new share buyback authorization of $100M, which represents approximately 6% of our current market cap.

As a reminder, Taboola's mission is to be the recommendation engine for the Open Web. The Open Web is an $80B market, but there is no easy way for advertisers to buy into it, like they do with search and social. We're investing $100M+ a year in R&D and AI to bring users and advertisers an experience similar to what they have when they interact with search and social platforms and as we get closer to the size of X, Pinterest, Snap and others in revenue/spend, we're paving our way to becoming the first "must buy" platform for the Open Web.

Turning now to our quarterly results, we are pleased with our Q4 performance. Ex-TAC of $168.5M grew 6% and Q4 Adjusted EBITDA of $50.1M significantly beat the high end of our guidance by $18M, representing over 30% Adjusted EBITDA margin.

Free Cash Flow (FCF) in Q4 was $10.5M, bringing our 2023 FCF to $52.2M. 2023 FCF results represent ~3x growth over 2022 when we generated $18.6M. For the full year, our FCF conversion from Adjusted EBITDA was over 50%, which is our stated goal.

Turning to 2024, **we are reiterating our 2024 guidance of over $200M in Adjusted EBITDA and over $100M in Free Cash Flow and are expecting a record year for Taboola across all key measures: Revenue, ex-TAC Gross Profit, Adjusted EBITDA and Free Cash Flow.**

As a result of our strong balance sheet and commitment to shareholder returns, we are also **announcing a new share buyback authorization of up to $100M**. In FY 2023, Taboola bought back $55.1M of shares, including $32.2M bought in Q4 2023. Shares were repurchased in 2023 at an average price of $3.62, for a return of approximately 30% based on the recent share price.

2023 was going to be an investment year for growth. In just the last 12 months, we successfully launched Maximize Conversions, which should significantly improve advertiser success and yield on our platform, successfully onboarded Yahoo's global native supply onto the Taboola network, and launched technology that advances our eCommerce, Taboola News and Header Bidder offerings. As I reflect on our journey since I started Taboola, 10 years ago we generated just over **$200M** in revenue, and I remember it like it was yesterday. This year, 10 years later, we're approaching **$2B**.

Looking ahead, I see 2 key themes that will allow us to achieve our financial transformation in 2024:

1) **Growth in performance advertising and AI to drive yield.** That's the biggest upside for Taboola. This includes growth engines like eCommerce which grew double digits in 2023, and is about 20% of our business.
2) **Reaching and engaging users with the addition of Yahoo and now another iconic consumer brand**, which validates Taboola's strong position as a partner-of-choice for great companies exploring or expanding ad-supported models. This includes Taboola News and Header Bidder, helping to reach people beyond our publishers relationships

Let's expand into both these areas.

User Engagement

User engagement is about reaching more users in more places. As an example, Meta reaches roughly 2 billion people per day and Taboola reaches nearly 600 million people per day. There is a tremendous opportunity for us to improve our user engagement by growing our publisher network and deepening our integration within those publishers through additional offerings like Taboola News, which works with hundreds of millions of Android devices from our OEM partners, or using our Bidder to get to inventory we don't currently have access to. Anything that gives us more opportunities to recommend goods and services that people may like helps us reach more users.

Here's what we've done to drive growth in 2024 and beyond:

Publishers Partnerships

We're seeing great momentum of publishers choosing Taboola on the back of our technology investment to be "more than just money" to them, as we empower the entire publisher organization - editorial team, subscription team, audience team, monetization team and more. Publisher win rates continue to improve, with terrific new publisher partners joining the Taboola family from around the globe, including A360 Media, Postmedia, Deutsche Welle, Times Internet, and Nine Entertainment. We renewed and expanded our scope with existing publishers, including NBC News, McClatchy, Editoria Globo, Prisa, Ynet and more. We estimate that publishers using our full suite of offerings can drive ~10% growth to user engagement/traffic, which is a big deal given how social networks are "capturing users time/attention," and is part of the value proposition that makes Taboola so successful with Open Web publishers.

These recent publisher wins are on top of a true vote of confidence by incredible companies like Yahoo and now another iconic consumer brand who choose Taboola as their advertising software/ad-engine, a trend I hope to continue to see as the entire industry shifts to launch advertising models. For example - Disney, Amazon, Netflix, DoorDash, Uber, Walmart and more are all getting into advertising in a big way, and for some of these companies, advertising is already one of the most profitable lines of business they have. I expect that Fortune 500 CEOs will increasingly be asked to present their advertising strategy and that the advertising industry will get to a trillion dollars in years to come - we'll see a lot of exciting action around it. The reason it matters is because it allows these great companies to make their services more accessible, and to offer more products to more consumers at attractive prices, while generating meaningful revenue. While I believe most companies would try to sell directly to big brands, many of them would consider partnering with a technology company like Taboola to reach tens to hundreds of thousands of mid-funnel/small performance advertisers. We can **become the software/advertising engine of choice ("advertising in a box")**.

Signing strategic partnerships with big platforms not only allows them to effectively reach mid-low funnel native advertisers using our advertising engine, it also gives Taboola another way to reach users and access new premium advertisers. We've seen it with Yahoo as incredible brands are starting to spend and these are the best of the best out there - names like Samsung, Verizon, Hulu, Hilton Hotels, Southwest Airlines, Citibank and many others On the Yahoo front, I can tell you we just had an executive offsite with Yahoo leadership. The relationship is strong, there is a lot of trust between the companies, and we're focused on executing our plans this year and into 2025. Our biggest priority is demand migration of Yahoo Omnichannel advertisers. I'm happy to tell you we're seeing good results, we recently shared a case study of an advertiser seeing 3x in lead volume at 24% lower cost. To share some of Yahoo's good progress, we expect their Q1 revenue to cross the $100M which is fast ramping.

Reaching users beyond our publishers:

Taboola News - Taboola News is where we aggregate our publishers' content and create a personalized experience, pre-installed on Android devices. Taboola News had a spectacular growth year in 2023, where revenue grew to over $100M. Taboola News gives us more touch points on hundreds of millions of devices around the world and leverages content from our thousands of publisher partners. We started the year by launching an exciting organic video experience and later delivered a games offering as well. We now have relationships with 5 out of the top 6 OEMs in the world. It's still in early stages with a lot of work ahead of us, yet we expect another strong year for Taboola News in 2024, as device manufacturers around the world continue to seek differentiated offerings that delight users with better, more personalized experiences.

Bidding - This is where we take advantage of our direct demand, unique data and AI to bid on inventory that is not exclusively ours. Microsoft continues to be our largest Bidder partner, and we continue to leverage our new bidding technology in many more places as we work to expand our scope on their digital properties. Microsoft made some changes to its ad tech platform in Q4 that impacted all ad tech partners they work with, including us at a range of single digit millions of dollars. We expect the impact to our business to be minimal and our partnership with Microsoft to expand in the coming years.

Monetization (Yield)

The second driver of revenue growth is yield, which represents the revenue we can generate per user. For comparison, we estimate Meta makes ~$200 revenue per user a year in the US, Snap makes ~$33, and we make about $3-4 per user per year. There is tremendous upside in driving yield higher and it represents our single largest opportunity to accelerate top line growth. So while I think Taboola is among the best already in the Open Web when it comes to monetizing user attention, you can imagine how much runway we have to improve, and how much better the Open Web will do as we win in the market. In fact, the only reason the Open Web is only a $80B market is because it uses low yield monetization capabilities such as display, as well as asking advertisers to “bid” using CPCs and CPMs which companies like Google or Meta don’t do. The Open Web is using monetization capabilities that were invented 30 years ago, and Taboola has the opportunity to re-invent that.

How can we grow yield?

1) Data - this is where code on page, being bigger and getting a large volume of clicks from the network makes us better at driving conversions to advertisers faster
2) AI - deep learning is really hard to do. We’ve been at it for years, and this is key as it relates to “matchmaking” between users to information.
3) Advertisers - we have 15-20k advertisers. Google/Meta have 10M. Bringing more advertisers means better diversity and personalization to offer users the ad they may like.

Our biggest focus starts with advertisers reaching their business goals and generating a strong rate of return on ad spend, at scale, with Taboola. We measure our success by looking at new advertiser retention rates going up (so essentially lower churn rates), and Net Dollar Retention going up (NDRs), which means advertisers are able to spend more with us over time and reflects how our technology is providing more value to them. Below is an update on our AI initiatives, and how we’re expanding our advertisers pool.

Data / Artificial Intelligence

Maximize Conversions - Maximize Conversions, our first offering in our AI-bidding technology suite, is all about driving advertiser success and improving the user experience on Taboola. It is somewhat shocking to me that advertisers buying on the Open Web today are asked to choose “CPC” and “CPM”. When I ask my wife, who runs a flower business, what is a good CPC for her business, you should see the look on her face. Her response is - I just want to sell flowers. As more advertisers adopt Maximize Conversions, we expect to see improving advertiser retention of new advertisers finding success with Taboola more easily and Net Dollar Retention rising across our advertiser business. Bottom line is less advertisers churning and much more scaling which contributes to improving overall yield growth.

Deep Learning and Generative AI Advancements - Deep learning AI is at the heart of Taboola’s recommendation engine as well as our portfolio of offerings for publishers and advertisers. I also think GenAI is a very important trend, as the ease of creating advertising content rises. Harnessing tools like OpenAI’s Sora for video, and double fusion with image creation, as well text for titles - it’s going to be so much easier for smaller advertisers to participate in the advertising ecosystem in ways they never could before.

We launched GenAI AdMaker, making it easier for advertisers to create new creative resources from scratch or to modify their existing assets to maximize performance on the Taboola platform. The technology is not only easier but also makes it Taboola's creative best practices. For self service advertisers, every 4th new ad creative generated in our system is based on Generative AI tools we have released. We expect to launch Maximize Revenue in H2 of 2024.

All of these technology enhancements will be supercharged as the amount of contextual data we have to feed the deep learning algorithms grows with the addition of Yahoo and other new supply to our network.

In summary, with our investment in AI, GenAI, and over 50% of advertising revenue coming from advertisers already using Maximize Conversions, **we are back to yield growth this year.**

Accelerating Demand with Premium Advertisers Onboarding to Taboola - we're seeing good momentum with Yahoo brand advertisers, now buying through Taboola. They like the quality inventory we have, and the performance of our technology. We're seeing great names coming on board, folks like Samsung, Hilton, CitiBank and others, including a 2x+ lift in Big 6 agency brand spend in Q4. In the graph below, you can see a ramp up of daily spend by top brands, and logos of some of them.

Omnichannel Advertiser Daily Spend

New Premium Advertisers on Taboola

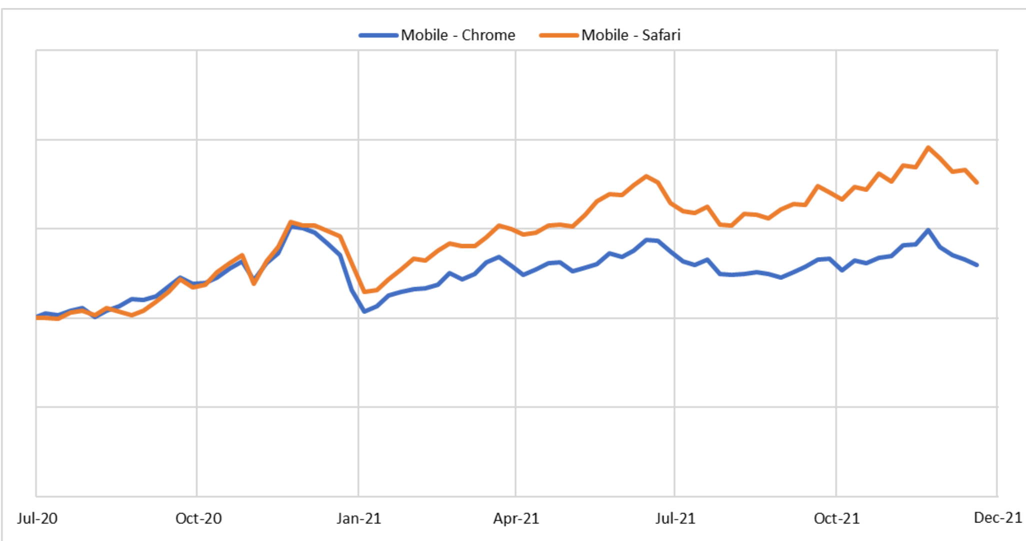
Major Agencies Advertising on Taboola

eCommerce - eCommerce had a strong 2023 and is benefiting from our combined firepower - Connexity, Skimlinks and Taboola. Key synergies powering 2024 include:

- In 2023, we managed to deliver a prospecting workflow on the Taboola network, allowing Connexity and Yahoo spend to scale, and acquired significant new business in the US - breaking away from the sole focus on existing merchants

- Turnkey Commerce, which is where we partner with publishers to establish or expand their commerce business is in great demand. We create commerce content, drive traffic to it and monetize it. At the end of 2023, we signed an agreement with The Associated Press, one of the largest and most trusted news publishers in the world, to power its new ecommerce destination using Taboola Turnkey Commerce. We will be able to share more about that soon.
- Now approaching almost 20% of ex-TAC, we continue to see eCommerce as an important growth driver for Taboola in the years ahead.

Privacy/Cookies - Taboola has been a trusted partner for many of the top publishers in the world for over a decade. We currently have more “code on page” than anyone and we have 1st party cookies and user intent, with tens of billions of clicks a year. This made us more resilient than others when Apple deprecated cookies on Safari in 2020 to the extent that it even benefited Taboola in the period as we believe it helped us get additional budgets that were looking for new partners.



Finance Summary

2023 Actions Expected to Drive Outsized Growth for Taboola in 2024 & 2025 - As I mentioned earlier, in just the last 12 months, we invested in technology that advanced our eCommerce and Taboola News offerings, successfully launched Maximize Conversions, and on boarded all of Yahoo’s global native supply onto the Taboola network. 2023 was a year in which we invested heavily in these initiatives, sometimes in advance of revenue, as was the case with Yahoo. As we look ahead, we see the following tailwinds driving outsized growth in our business through 2025:

- Yahoo advertiser migration to be materially complete in Q3 2024 and continue ramping into 2025.
- Yield growth to turn positive in 2024 beginning in Q2 2024.
- Phased onboarding of our new iconic consumer brand partner’s supply in 2024 and 2025.
- Significant increases in the volume of our contextual data with the addition of Yahoo and other supply to our network, which will further enhance yield.

Guidance Summary Shows Strong Growth in 2024 Across All Key Measures

	Q1 2024 Guidance		FY 2024 Guidance	
	Q1 2024	YoY % Growth	FY 2024	YoY % Growth
	(Unaudited; dollars in millions)			
Revenues	\$387 - \$413	22%	\$1,892 - \$1,942	33%
Gross profit	\$94 - \$106	12%	\$535 - \$555	28%
ex-TAC Gross Profit	\$123 - \$135	12%	\$656 - \$679	24%
Adjusted EBITDA*	\$10 - \$17	33%	\$200+	103%
Non-GAAP Net Income (Loss)	(\$15) - (\$3)	124%	\$84 - \$104	187%

(All percent changes are year over year based on the midpoint of the guidance.)

Driving Profitability for Taboola in 2024 and Beyond

The best way for us to drive profitability in our business is to drive revenue growth, which generally comes with improved profitability margins due to scale economies. That said, it is incredibly important that we stay agile and focus on scaling the business efficiently. Specific to 2023, profitability was understated due to the upfront costs that were incurred to onboard Yahoo into our network, against only a partial year of revenue contribution. **Excluding Yahoo-related expenses, 2023 expenses were relatively flat versus 2022.** We expect to see improved economies of scale in 2024 and 2025 as we see a full year of revenue contribution from the addition of Yahoo supply, yield improvements, and cost discipline actions. Some of the specific impacts we expect to recognize include:

- Limiting headcount increases - ex-TAC per employee expected to grow double digits in 2024.
- Use of AI to drive scale across all business functions - examples include developers using AI integrated toolsets, sales using GenAI for customer research and outreach.
- Continued improvement in ex-TAC margins on our publisher network, driven primarily by improving yields.

Strong Balance Sheet and Commitment to Shareholder Returns

As we look ahead to 2024 and a potential doubling in our Free Cash Flow, we think this is a good time to revisit our capital allocation priorities for the coming year:

1) We are in the fortunate position of being able to **fund all of our organic investments** out of our operating cash flow and still expect to have over \$100 million in free cash flow after those investments.
2) As demonstrated by the announcement of a new \$100 million buyback authorization, we believe that at current valuations, the best use of this capital is to **repurchase shares**. We have yielded over 30% returns from our 2023 share repurchases at our current share price and we expect to be able to generate strong returns with our new expanded program as well.
3) To the extent that we have additional cash to deploy, we intend to **pay down our long-term debt**.

Taboola

4) We currently expect any acquisitions that we would consider to be small and operationally simple, so we do not expect **M&A** to be a significant use of capital in 2024.

As always, we will prioritize maximizing shareholder returns in any capital allocation decisions.

In Summary

I’ve never been more bullish about Taboola.

I’m proud of our Taboolars’ dedication, and passion, making a high performing company through the most difficult of times.

We’re coming strong into 2024, making it a record year for us. Revenue is growing 33% to $2B, ExTac is growing 25% to nearly $670M, EBITDA is doubling to $200M+, FCF is nearly doubling to $100M+ ,and on the back of these numbers we’re announcing an authorization of $100M buyback, essentially looking to buy back 6% of our company.

Many have asked us about “what is the next Yahoo?” and I can tell you, we have recently signed another incredible consumer brand that is now rolling out with Taboola to grow its advertising line of business. I hope to share more on that soon.

As an industry, with Netflix, Disney, Uber, Doordash, Amazon and more expanding their advertising initiatives, I suspect we are the beginning of an exciting “Ad Mania”, and Taboola has a chance at becoming the partner of choice, or rather “Advertising in a box” to many great companies.

I would also be remiss in not acknowledging that our industry is also facing tectonic changes this year, like cookie deprecation, GenAI and the need for performance advertising in times of recession and market softness. And we.. are..(so).. ready. We have more “code on page” than anyone, users click on Taboola tens of billions of times a year, and if history is a proxy for the future, we did well when Apple deprecated cookies.

Our vision is to be the recommendation engine for the open web and build the first multi-billion dollar gateway for advertisers to reach publishers, OEMs and apps outside of the big walled gardens.

Today is a good day for us, and I’m excited to get 2024 going.

To everyone, thank you for being part of our journey - “no room for small dreams.”

Kind regards,
-- Adam Singolda
Founder & CEO Taboola

*About Non-GAAP Financial Information

This letter includes ex-TAC Gross Profit, Adjusted EBITDA, 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 (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.

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 press release include, but are not limited to: the Company's ability to grow and manage growth profitably, maintain relationships with customers and retain its management and key employees; 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 new $100 million buyback authorization referenced in this shareholder letter replaces our former share buyback plan which was largely exhausted; the Company's ability to transition to and fully launch the native advertising service for Yahoo on the currently anticipated schedule; 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; risks related to the fact that we are incorporated in Israel and governed by Israeli law; the potential impacts of the war in Israel to the Company's operations; and other risks and uncertainties set forth in the Company's Annual Report on Form 10-K for the year ended December 31, 2023 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.

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APPENDIX: Non-GAAP Reconciliation

RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES FOR THE THREE AND THE YEAR ENDED DECEMBER 31, 2023 AND 2022 (UNAUDITED)

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

	Three months ended December 31,		Year ended December 31,	
	2023	2022	2023	2022
	(dollars in thousands)			
Revenues	**$ 419,774**	**$ 371,267**	**$ 1,439,685**	**$ 1,401,150**
Traffic acquisition cost	251,264	212,399	903,866	831,508
Other cost of revenues	30,260	25,694	110,261	105,389
Gross profit	$ 138,250	$ 133,174	$ 425,558	$ 464,253
Add back: Other cost of revenues	30,260	25,694	110,261	105,389
ex-TAC Gross Profit	**$ 168,510**	**$ 158,868**	**$ 535,819**	**$ 569,642**

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

	Three months ended December 31,		Year ended December 31,	
	2023	2022	2023	2022
	(dollars in thousands)			
Net income (loss)	**$ 3,723**	**$ 15,184**	**$ (82,040)**	**$ (11,975)**
Adjusted to exclude the following:				
Finance (income) expenses, net	1,421	3,176	12,804	(9,213)
Income tax expenses	3,651	6,675	5,499	7,523
Depreciation and amortization	25,803	22,510	96,512	91,221
Share-based compensation expenses	12,727	13,214	53,749	63,830
Restructuring expenses (1)	—	—	—	3,383
Holdback compensation expenses (2)	2,736	2,736	10,582	11,091
M&A and other costs (3)	—	—	1,571	816
Adjusted EBITDA	**$ 50,061**	**$ 63,495**	**$ 98,677**	**$ 156,676**

[1] Costs associated with the Company's cost restructuring program implemented in September 2022.

[2] Represents share-based compensation due to holdback of Taboola Ordinary shares issuable under compensatory arrangements relating to Connexity acquisition.

[3] The year ended December 31, 2023 includes one-time costs related to the Commercial agreement.

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

	Three months ended December 31,		Year ended December 31,	
	2023	2022	2023	2022
	(dollars in thousands)			
Net income (loss)	**$ 3,723**	**$ 15,184**	**$ (82,040)**	**$ (11,975)**
Amortization of acquired intangibles	15,977	15,966	63,888	63,557
Share-based compensation expenses	12,727	13,214	53,749	63,830
Restructuring expenses (1)	—	—	—	3,383
Holdback compensation expenses (2)	2,736	2,736	10,582	11,091
M&A and other costs (3)	—	—	1,571	816
Revaluation of Warrants	106	2,517	(627)	(24,471)
Foreign currency exchange rate losses (4)	(1,571)	(4,430)	(946)	(1,377)
Income tax effects	(2,315)	(1,909)	(13,597)	(13,472)
Non-GAAP Net Income	**$ 31,383**	**$ 43,278**	**$ 32,580**	**$ 91,382**

[1] Costs associated with the Company's cost restructuring program implemented in September 2022.
[2] Represents share-based compensation due to holdback of Taboola Ordinary shares issuable under compensatory arrangements relating to Connexity acquisition.
[3] The year ended December 31, 2023 includes one-time costs related to the Commercial agreement.
[4] 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 December 31,		Year ended December 31,	
	2023	2022	2023	2022
	(dollars in thousands)			
Net cash provided by operating activities	**$ 22,792**	**$ 20,058**	**$ 84,373**	**$ 53,484**
Purchases of property and equipment, including capitalized internal-use software	(12,294)	(6,438)	(32,133)	(34,914)
Free Cash Flow	**$ 10,498**	**$ 13,620**	**$ 52,240**	**$ 18,570**

APPENDIX: Non-GAAP Guidance Reconciliation

RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES FOR Q1 2024 AND FULL YEAR 2024 GUIDANCE (UNAUDITED)

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

	Q1 2024 Guidance	FY 2024 Guidance
	Unaudited	
	(dollars in millions)	
Revenues	$387 - $413	$1,892 - $1,942
Traffic acquisition cost	($264) - ($278)	($1,236) - ($1,263)
Other cost of revenues	($29) - ($29)	($121) - ($124)
Gross profit	$94 - $106	$535 - $555
Add back: Other cost of revenues	($29) - ($29)	($121) - ($124)
ex-TAC Gross Profit	$123 - $135	$656 - $679

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.