As filed with the Securities and Exchange Commission on September 29, 2022.

Registration No. 333-257879

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

Post-Effective Amendment No. 3 to FORM F-1 on

FORM F-3
REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

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

State of Israel	**Not applicable**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)

Taboola.com Ltd.
16 Madison Square West 7th Floor
New York, NY 10010
(212) 206-7633
(Address and telephone number of Registrant's principal executive offices)

TABOOLA, INC.
16 Madison Square West 7th Floor
New York, NY 10010
(212) 206-7633
(Name, address and telephone number of agent for service)

Copies of all correspondence to:

Michael Kaplan **Lee Hochbaum** **Davis Polk & Wardwell LLP** **450 Lexington Avenue** **New York, New York 10017** **Tel: (212) 450-4000**	**Shachar Hadar** **Assaf Naveh** **Ran Camchy** **Meitar Law Offices** **16 Abba Hillel Silver Rd.** **Ramat Gan 52506, Israel** **Tel: (+972) (3) 610-3100**

Approximate date of commencement of proposed sale to the public: From time to time after this Registration Statement becomes effective.

If only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box. ☐

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box. ☒

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a registration statement pursuant to General Instruction I.C. or a post-effective amendment thereto that shall become effective upon filing with the Commission pursuant to Rule 462(e) under the Securities Act, check the following box. ☐

If this Form is a post-effective amendment to a registration statement filed pursuant to General Instruction I.C. filed to register additional securities or additional classes of securities pursuant to Rule 413(b) under the Securities Act, check the following box. ☐

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933. Emerging growth company ☐

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, 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 7(a)(2)(B) of the Securities Act. ☐

† The term "new or revised financial accounting standard" refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until this registration statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

EXPLANATORY NOTE

This Post-Effective Amendment No. 3 to Form F-1 on Form F-3 is being filed by Taboola.com Ltd. (the "Registrant") to (i) convert the Registration Statement on Form F-1 (File No. 333-257879) (as amended, the "Registration Statement") into a Registration Statement on Form F-3 and (ii) deregister the 28,620,000 of our ordinary shares, no par value per share, purchased in a private placement in connection with our Business Combination as such ordinary shares are no longer entitled to registration rights. The information included in this filing amends the Registration Statement and the prospectus contained therein. No additional securities are being registered under this Post-Effective Amendment No. 3. All applicable registration fees were paid at the time of the original filing of the Registration Statement.

The information in this preliminary prospectus is not complete and may be changed. We and the selling stockholders may not sell these securities until the U.S. Securities and Exchange Commission declares the registration statement effective. This preliminary prospectus is not an offer to sell these securities and we and the selling stockholders are not soliciting offers to buy these securities in any state or jurisdiction where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED SEPTEMBER 29, 2022

PRELIMINARY PROSPECTUS

TABOOLA.COM LTD.

12,350,000 Ordinary Shares

7,175,000 Warrants to Purchase Ordinary Shares

The selling securityholders named in this prospectus (the "Selling Securityholders") may offer and sell from time to time warrants ("private placement warrants") to purchase up to 7,175,000 ordinary shares issued in a private placement to ION Holdings 1, LP and ION Co-Investment LLC (the "Sponsors"). In addition, this prospectus relates to the issuance by us of up to 5,175,000 ordinary shares that are issuable by us upon the exercise of the public warrants (as defined below), which were previously registered, and up to 7,175,000 ordinary shares underlying private placement warrants.

The Selling Securityholders may offer, sell or distribute all or a portion of the securities hereby registered publicly or through private transactions at prevailing market prices or at negotiated prices. We will not receive any of the proceeds from such sales of the warrants, except with respect to amounts received by us upon the exercise of the warrants. We will bear all costs, expenses and fees in connection with the registration of these securities, including with regard to compliance with state securities or "blue sky" laws. The Selling Securityholders will bear all commissions and discounts, if any, attributable to their sale of ordinary shares or warrants. See "Plan of Distribution."

Our ordinary shares and warrants are listed on The Nasdaq Global Market under the symbols "TBLA" and "TBLAW", respectively. On September 28, 2022, the last reported sales price of our ordinary shares was $1.95 per share and the last reported sales price of our warrants was $0.41 per warrant.

Investing in our securities involves a high degree of risk. You should review carefully the risks and uncertainties described under the heading "Risk Factors" beginning on page 6 of this prospectus and under similar headings in any amendment or supplement to this prospectus and in our Securities and Exchange Commission filings that are incorporated by reference in this prospectus.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

The date of this prospectus is , 2022.

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No one has been authorized to provide you with information that is different from that contained in this prospectus.

The information contained in this prospectus, any applicable prospectus supplement or any document incorporated by reference in this prospectus is accurate only as of their respective dates. You should not assume that the information contained in this prospectus or any document incorporated by reference in this prospectus is accurate as of any date other than their respective dates.

For investors outside the United States: We have not done anything that would permit this offering or possession or distribution of this prospectus in any jurisdiction where action for that purpose is required, other than in the United States. You are required to inform yourselves about and to observe any restrictions relating to this offering and the distribution of this prospectus.

FREQUENTLY USED TERMS

Unless otherwise stated or unless the context otherwise requires, the terms "Company," "the registrant," "our company," "the company," "we," "us," "our," "ours," and "Taboola" refer to Taboola.com Ltd., a company organized under the laws of the State of Israel. In this prospectus:

"Business Combination" means the merger pursuant to the Merger Agreement, whereby Merger Sub merged with and into ION, with ION surviving the merger, and the other transactions contemplated by the Merger Agreement.

"Connexity" means, Shop Holding Corporation, a Delaware corporation.

"Investors' Rights Agreement" means the Amended and Restated Investors' Rights Agreement, effective as of the Effective Time (as defined therein, the "Effective Time"), pursuant to which each of the Sponsors, and certain of Taboola's shareholders were granted certain resale registration rights with respect to any Taboola Ordinary Shares or Taboola Warrants.

"ION" means ION Acquisition Corp. 1 Ltd., a Cayman Islands exempted company.

"Merger Agreement" means the agreement and plan of merger, dated as of January 25, 2021, by and among ION, Taboola and Merger Sub.

"Merger Sub" means Toronto Sub Ltd., a Cayman Islands exempted company and wholly owned subsidiary of the Company.

"PIPE" means the entry by the PIPE Investors into the Subscription Agreements.

"PIPE Investors" means certain accredited investors that entered into the Subscription Agreements providing for the purchase of an aggregate of 13,500,000 PIPE Shares at a price per share of $10.00.

"PIPE Shares" means an aggregate of 13,500,000 Taboola Ordinary Shares purchased by the PIPE Investors pursuant to the Subscription Agreements at a price per share of $10.00.

"Secondary Investors" means certain accredited investors that entered into the Secondary Purchase Agreements providing for the purchase of an aggregate of up to 15,120,000 Secondary Shares at a price per share of $10.00.

"Secondary Purchase Agreements" means the purchase agreements entered into by the Secondary Investors providing for the purchase by the Secondary Investors at the Effective Time of an aggregate of up to 15,120,000 Secondary Shares at a price per share of $10.00.

"Secondary Shares" mean an aggregate of up to 15,120,000 Taboola Ordinary Shares to be purchased by the Secondary Investors pursuant to the Secondary Purchase Agreements at a price per share of $10.00.

"Sponsors" means ION Holdings 1, LP and ION Co-Investment LLC.

"Subscription Agreements" means the subscription agreements entered into by the PIPE Investors providing for the purchase by the PIPE Investors at the Effective Time of an aggregate of 13,500,000 PIPE Shares at a price per share of $10.00.

"Taboola" means Taboola.com Ltd., a company organized under the laws of the State of Israel.

"Taboola Ordinary Shares" means each ordinary share of Taboola, no par value per share.

"Taboola Warrant" means a warrant of Taboola issued to ION Warrant holders and the Taboola Ordinary Shares underlying such warrants.

"Transactions" means the Business Combination and the other transactions contemplated by the Merger Agreement.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements in this prospectus and the documents incorporated by reference in this prospectus may constitute "forward-looking statements" for purposes of the federal securities laws. Taboola's forward-looking statements include, but are not limited to, statements regarding Taboola or its management team's expectations, hopes, beliefs, intentions or strategies regarding the future. In addition, any statements that refer to projections, forecasts or other characterizations of future events or circumstances, including any underlying assumptions, are forward-looking statements. The words "anticipate," "appear," "approximate," "believe," "continue," "could," "estimate," "expect," "foresee," "intends," "may," "might," "plan," "possible," "potential," "predict," "project," "seek," "should," "would" and similar expressions (or the negative version of such words or expressions) may identify forward-looking statements, but the absence of these words does not mean that a statement is not forward-looking. In addition, the Company's cost restructuring program is subject to additional uncertainties and risks, including those relating to (i) the Company's ability to achieve the estimated cost savings; (ii) the Company's anticipated timing of the estimated cost savings; and (iii) the expected benefits in financial performance, including growth in profitability, Adjusted EBITDA and Free Cash Flow, as a result of the cost restructuring program and the Company's ability to borrow under its Revolving Facility (as defined below) is subject to the terms of the governing agreement as incorporated by reference in this registration statement.

These forward-looking statements are based on information available at the time such statements are made and expectations, forecasts and assumptions, and involve a number of judgments, risks and uncertainties. Accordingly, forward-looking statements should not be relied upon as representing our views as of any subsequent date, and we do not undertake any obligation to update forward-looking statements to reflect events or circumstances after the date they were made, whether as a result of new information, future events or otherwise, except as may be required under applicable securities laws.

You should not place undue reliance on these forward-looking statements. As a result of a number of known and unknown risks and uncertainties, our actual results or performance may be materially different from those expressed or implied by these forward-looking statements. Some factors that could cause actual results to differ include those identified under the "Risk Factors" section of this prospectus and under similar headings in the documents incorporated by reference in this prospectus.

SUMMARY OF THE PROSPECTUS

This summary highlights selected information from this prospectus or the documents incorporated by reference in this prospectus and does not contain all of the information that is important to you in making an investment decision. This summary is qualified in its entirety by the more detailed information included in this prospectus or the documents incorporated by reference in this prospectus. Before making your investment decision with respect to our securities, you should carefully read this entire prospectus and the documents incorporated by reference in this prospectus.

Unless otherwise indicated or the context otherwise requires, references in this prospectus to "Company", "we," "our," "us" and other similar terms refer to Taboola.com Ltd. and our consolidated subsidiaries.

General

Taboola is a technology company that powers recommendations across the Open Web with an artificial intelligence-based, algorithmic engine that we have developed over the past 14 years. Taboola has also recently expanded more directly into e-Commerce, allowing its partners with digital properties the ability to use its platforms to display advertising suited to the audiences of those partners' websites or other digital services.

We think of ourselves as a search engine, but in reverse — instead of expecting people to search for information, we recommend information to people or enable our partners to use our technology. You've seen us before: we partner with websites, devices, and mobile apps, which we collectively refer to as digital properties, to recommend editorial content and advertisements on the Open Web, outside of the closed ecosystems of the walled gardens such as Facebook, Google, and Amazon.

Digital properties use our technology platforms to achieve their business goals, such as driving new audiences to their sites and apps, or increasing engagement on site — and we don't charge them for these services. We also provide a meaningful monetization opportunity to digital properties by surfacing paid recommendations by advertisers. Unlike walled gardens, we are a business-to-business, or B2B, company with no competing consumer interests. We only interact with consumers through our partners' digital properties, hence we do not compete with our partners for user attention. Our motivations are aligned. When our partners win, we win, and we grow together.

We empower advertisers, merchants, and affiliate networks, which we individually and collectively refer to as advertisers, to leverage our proprietary AI-powered recommendation platform to reach targeted audiences utilizing effective, native ad formats across digital properties. We generate revenues primarily when people (consumers) click on, purchase from or, in some cases, view the ads that appear within our partners' digital experiences via our recommendation platform. Advertisers pay us for those clicks, purchases or impressions, and we share the resulting revenue with the digital properties who display those ads and generate those clicks and downstream consumer actions.

Our powerful recommendation platform was built to address a technology challenge of significant complexity: predicting which recommendations users would be interested in, without explicit intent data or social media profiles. Search advertising platforms have access, at a minimum, to users' search queries which indicate intent, while social media advertising platforms have access to rich personal profiles created by users. In contrast, we base our recommendations on an extensive dataset of context and user behavior derived from the intersection of thousands of digital properties and millions of recommended items, including ads and editorial content.

The mailing address of Taboola's principal executive office is 16 Madison Square West, 7th fl., New York, NY, 10010 and its telephone number is (212) 206-7663.

Recent Developments

Revolving Credit Agreement

On August 9, 2022, we amended our existing senior secured credit agreement (the "Credit Agreement") to provide for a five-year senior secured revolving credit facility (the "Revolving Credit Agreement"), among us, Taboola, Inc., a wholly-owned Taboola subsidiary, and the lenders party thereto, with Citibank N.A., as lead arranger and JPMorgan Chase Bank, N.A., as administrative agent. The Revolving Credit Agreement provides for revolving loans in an aggregate committed principal amount of up to $90,000,000 (the "Revolving Loans"). Borrowings under the Revolving Credit Agreement are subject to customary conditions, including the maintenance of a specified quarterly leverage ratio.

The proceeds of any Revolving Loans may be used for the working capital, capital expenditures and other general corporate purposes of Taboola and its subsidiaries and may also be used for Restricted Payments, Investments (including permitted acquisitions) and Restricted Debt Payments (each, as defined in the Credit Agreement) to the extent permitted under the Credit Agreement.

Cost Restructuring

On September 13, 2022, we announced a cost restructuring program that will allow us to continue focusing on top priorities in order to support profitable growth and improve free cash flow in 2023 and beyond. This plan will enable investment where we see opportunities for growth, with resources focused on our top three priorities: improving our performance advertising business, driving further growth in e-Commerce, and growing our recently launched header bidding business. We expect this cost restructuring to result in savings of $50 million in operating expenses in 2023, with a significant portion translating to improved Adjusted EBITDA and free cash flow. These savings are expected to be achieved by: (i) restructuring teams across geographies primarily in lower priority activities, resulting in an overall reduction of global headcount by approximately 6%; (ii) trimming an additional $23 million from 2023 discretionary expense budgets; and (iii) reducing capital expenditures by an additional $15 million in 2023. These savings are in addition to reductions already made in certain 2023 discretionary items and capital expenditures. We expect this program to be largely completed by year-end 2022.

THE OFFERING

Securities offered	We are registering the resale by the Selling Securityholders named in this prospectus, or their permitted transferees, of private placement warrants to purchase 7,175,000 ordinary shares. In addition, we are registering up to 5,175,000 ordinary shares issuable upon exercise of the public warrants that were previously registered and up to 7,175,000 ordinary shares underlying the private placement warrants issued in a private placement to the Sponsors.
Terms of the offering	The Selling Securityholders will determine when and how they will dispose of the warrants registered under this prospectus for resale.
Use of proceeds	We will not receive any of the proceeds from the sale of the warrants by the Selling Securityholders. We will receive proceeds from the cash exercise of the warrants, if any. We expect to use any such proceeds for working capital and general corporate purposes. We will not receive proceeds from any cashless exercises of the warrants.
Nasdaq ticker symbol	Our ordinary shares and warrants are listed on Nasdaq under the symbols “TBLA” and “TBLAW.”

RISK FACTORS

An investment in our securities involves a high degree of risk. You should carefully consider the risks described in any amendment or supplement to this prospectus and in the documents incorporated by reference in this prospectus before making an investment decision. Our business, prospects, financial condition, or operating results could be harmed by any of these risks, as well as other risks not known to us or that we consider immaterial as of the date of the applicable document. The trading price of our securities could decline due to any of these risks, and, as a result, you may lose all or part of your investment.

USE OF PROCEEDS

All of the ordinary shares offered by the Selling Securityholders pursuant to this prospectus will be sold by the Selling Securityholders for their respective amounts. We will not receive any of the proceeds from these sales.

We will receive up to an aggregate of $142,025,000 from the exercise of the warrants, assuming the exercise in full of all such warrants for cash. We expect to use the net proceeds from the cash exercise of the warrants, if any, for working capital and general corporate purposes, which may include acquisitions and other business opportunities and the repayment of indebtedness. Our management will have broad discretion over the use of proceeds from any cash exercises of the warrants.

There is no assurance that the holders of the warrants will elect to exercise any or all of the warrants. To the extent that the warrants are exercised on a “cashless basis,” the amount of cash we would receive from the exercise of the warrants will decrease.

UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

Introduction

The following unaudited pro forma combined financial information presents the combination of the financial information of ION, Connexity and Taboola, adjusted to give effect to the Business Combination and the Connexity acquisition. The following unaudited pro forma combined financial information has been prepared in accordance with Article 11 of Regulation S-X.

ION was a blank check company formed under the laws of the Cayman Islands. ION was formed for the purpose of effecting a merger, share exchange, asset acquisition, share purchase, reorganization or similar business combination with one or more businesses or entities.

Connexity was founded in 1996 and is one of the largest independent e-Commerce media platforms in the open web, serving over 1,600 direct merchants, and 6,000 publishers. Connexity is headquartered in Santa Monica, California.

Taboola.com Ltd. (“Taboola” or the “Company”) was incorporated in the state of Israel on September 3, 2006. Taboola is a technology company that powers recommendations across the Open Web with an artificial intelligence-based, algorithmic engine developed over the thirteen years since the Company’s founding. Taboola is headquartered in New York City.

No unaudited pro forma combined balance sheet as of December 31, 2021, is included as the Business Combination and the Connexity acquisition both occurred prior to such date and our audited balance sheet (included in our annual report on Form 20-F for the year ended December 31, 2021, filed with the SEC on March 24, 2022) reflects the Business Combination and the acquisition of Connexity. The unaudited pro forma combined statement of income (loss) for the year ended December 31, 2021, gives pro forma effect to the Connexity acquisition as if it had been completed on January 1, 2021. No unaudited pro forma combined statement of income (loss) is included for the six months ended June 30, 2022, as the Business Combination and Connexity acquisition both were completed prior to the start of such period and the Consolidated Interim Statements of Comprehensive Loss for Taboola (included in our Report on Form 6-K filed on August 19, 2022 and incorporated by reference herein) reflects such transactions.

The unaudited pro forma combined financial statements do not necessarily reflect what the combined company’s results of operations would have been had the Business Combination and the Connexity acquisition occurred on the dates indicated. The unaudited pro forma combined financial information also may not be useful in predicting the future financial condition and results of operations of the combined company. The actual results of operations may differ significantly from the pro forma amounts reflected herein due to a variety of factors.

This information should be read together with Connexity’s and Taboola’s audited and unaudited financial statements and related notes, the section titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and other financial information included elsewhere, or incorporated by reference, in this registration statement/prospectus. The unaudited pro forma combined statement of income (loss) is prepared by adjusting Taboola’s statement of income (loss) for the year ended December 31, 2021, to include ION's results for the period from January 1, 2021, through June 29, 2021 and Connexity results for the period from January 1, 2021, through August 31, 2021, and then making appropriate pro forma adjustments. The Business Combination closed on June 29, 2021 and the Connexity acquisition closed on September 1, 2021, and accordingly, Connexity’s results of operations subsequent to that date were consolidated in Taboola’s results of operations for the year ended December 31, 2021.

The Business Combination was accounted for as a recapitalization, with no goodwill or other intangible assets recorded, in accordance with GAAP. It has been determined that Taboola was the accounting acquirer based on evaluation of the following facts and circumstances:

- Taboola's existing shareholders had the greatest voting interest in the combined entity.
- Taboola's directors represented the majority of the board of directors of the combined company following the consummation of the Business Combination;
- Taboola’s senior management became the senior management of the combined company following the consummation of the Business Combination;

- Taboola is the larger entity based on historical operating activity and has the larger employee base.
- The Subscription Agreements related to the PIPE, which were executed concurrently with and following the Merger Agreement, resulted in the issuance of Taboola Ordinary Shares, leading to an increase in share premium.

The Connexity acquisition has been accounted for using the acquisition method of accounting in accordance with Accounting Standards Codification 805, Business Combinations (“ASC 805”), which requires, among other things, that the assets acquired and liabilities assumed be recognized at their fair values, with any excess of the purchase price over the estimated fair values of the identifiable net assets acquired recorded as goodwill.
The valuation of the acquired assets as a result of the Connexity acquisition presented herein is preliminary and subject to change. The unaudited pro forma adjustments, which are described in the accompanying notes, may be revised as additional information becomes available and is evaluated. Therefore, it is likely that the actual adjustments will differ from the pro forma adjustments and it is possible the difference may be material. Taboola believes that these assumptions and methodologies provide a reasonable basis for presenting all of the significant effects of the Connexity acquisition based on information available to management at the time and that the pro forma adjustments give appropriate effect to those assumptions and are properly applied in the unaudited pro forma combined financial information. As part of the preparation of these unaudited pro forma combined financial statements, certain reclassifications were made to align Connexity’s and Taboola’s financial statement presentation.

Description of the Business Combination

On January 25, 2021, Taboola entered into the Merger Agreement with ION and Merger Sub. Pursuant to the Merger Agreement, Merger Sub merged with and into ION, with ION surviving the merger. As a result of the Business Combination, and upon consummation of the Transactions, ION became a wholly owned subsidiary of Taboola, with the securityholders of ION becoming securityholders of Taboola.

Description of the Connexity Acquisition

On September 1, 2021 the Company completed its previously announced acquisition of Connexity. The total consideration amount of approximately $800 million included retention incentives and is subject to customary purchase price adjustments for working capital and indebtedness.

In connection with the acquisition, the Company issued 17,328,049 Ordinary Shares based on a fair value of shares at the closing date of $157.7 million and also paid approximately $595.5 million in cash.

An additional 3,681,030 shares are deliverable to Connexity employees in installments over three years following the closing as part of holdback arrangements, subject to continued employment with Taboola. Separately, certain employees of Connexity have been granted incentive equity awards of approximately $40 million that will settle in the Company’s Ordinary Shares and will vest subject to their continued employment with Taboola over the next approximately five years.

At the closing the Company also entered into a $300 million senior secured term loan credit agreement and used the full proceeds of the loan, net of issuance cost to finance, in part, the Connexity acquisition.

The following unaudited pro forma combined statement of income (loss) for the year ended December 31, 2021 is based on the historical financial statements of Taboola, unaudited financial information of ION for the period from January 1, 2021, through June 29, 2021 and unaudited financial information of Connexity for the period from January 1, 2021, through August 31, 2021. The unaudited pro forma adjustments are based on information currently available, assumptions, and estimates underlying the pro forma adjustments and are described in the accompanying notes. Actual results may differ materially from the assumptions used to present the accompanying unaudited pro forma combined financial information.

UNAUDITED PRO FORMA COMBINED STATEMENT OF INCOME (LOSS) FOR THE YEAR ENDED DECEMBER 31, 2021 (Dollars in thousands, except per share amounts)

	For the year ended December 31, 2021					
	Taboola (Historical)	ION (Historical) for period ended June 29, 2021	Connexity (Historical) for eight months ended August 31, 2021	Pro Forma Adjustments	Note References	Pro Forma Combined
Revenues	$ 1,378,458	$ —	$ 55,097			$ 1,433,555
Cost of revenues:						
Traffic acquisition cost	859,595	—	—			859,595
Other cost of revenues	77,792	—	15,957	24,146	(1),(4),(5)	117,895
Total cost of revenues	937,387	—	15,957			977,490
Gross profit	**441,071**	**—**	**39,140**			**456,065**
Operating expenses:					(4),(5)	
Research and development	117,933	—	4,831	22,523		145,287
Sales and marketing	206,089	—	8,046	55,543	(1)	269,678
General and administrative	130,314	13,091	7,495	56,078		206,978
Total Operating expenses	**454,336**	**13,091**	**20,372**	**134,144**		**621,943**
Operating income (loss) before finance income (expenses)	(13,265)	(13,091)	18,768			(165,878)
Other income (loss), net	—	(1,377)	—	1,377	(3)	—
Finance income (expenses), net	11,293	23	(9,231)	(4,892)	(2),(3)	(2,807)
Income (loss) before income taxes	**(1,972)**	**(14,445)**	**9,537**			**(168,685)**
Provision for income taxes (tax benefit)	22,976	—	3,820	(17,208)	(6)	9,588
Net income (loss) from Continuing Operations	**(24,948)**	**(14,445)**	**5,717**			**(178,273)**
Discontinued Operations, net of tax	—	—	1,310			1,310
Net income (loss)	**$ (24,948)**	**$ (14,445)**	**$ 7,027**	**$**		**$ (176,963)**
Less: Undistributed earnings allocated to participating securities	**(11,944)**			**11,944**	**(7)**	**—**
Net loss from Continuing Operations attributable to ordinary shares – basic and diluted	**$ (36,892)**					**$ (178,273)**
Net loss from Continuing Operations per share attributable to ordinary shareholders, basic and diluted	(0.26)					(0.76)
Weighted-average shares used in computing net loss from Continuing Operations per share attributable to ordinary shareholders, basic and diluted	142,883,475			93,172,340		236,055,815

NOTES TO UNAUDITED PRO FORMA COMBINED FINANCIAL INFORMATION

1. Basis of Presentation

The unaudited pro forma combined financial information has been prepared to illustrate the effect of the Business Combination and the Connexity acquisition and has been prepared for informational purposes only.

The historical consolidated financial statements of Taboola and the historical financial information of ION and Connexity have been adjusted in the pro forma combined financial information to give effect to pro forma events that are (1) directly attributable to the Business Combination and the Connexity acquisition, (2) factually supportable and (3) expected to have a continuing impact on the combined results following the consummation of the Business Combination and the Connexity acquisition.

With respect to the Business Combination and the Connexity acquisition, no pro forma adjustments were required to eliminate activities between the companies.

The unaudited pro forma combined statement of income (loss) for the year ended December 31, 2021, gives pro forma effect to the consummation of the Business Combination and the Connexity acquisition as if they had been completed on January 1, 2021.

The unaudited pro forma combined statement of income (loss) for the year ended December 31, 2021, has been prepared using, and should be read in conjunction with Taboola's audited consolidated statements of income (loss) for the year ended December 31, 2021, and the related notes, included elsewhere in this registration statement/prospectus.

The unaudited pro forma combined statement of income (loss) for the year ended December 31, 2021, has been prepared using ION's unaudited financial data from January 1, 2021, through June 29, 2021 and Connexity's unaudited financial data for the eight months ended August 31, 2021.

Management has made significant estimates and assumptions in its determination of the pro forma adjustments. As the unaudited pro forma combined financial information has been prepared based on these preliminary estimates.

The unaudited pro forma combined financial information does not give effect to any anticipated synergies, operating efficiencies, tax savings, or cost savings that may be associated with the Business Combination and the Connexity acquisition.

The pro forma adjustments reflecting the consummation of the Business Combination and the Connexity acquisition are based on certain currently available information and certain assumptions and methodologies that Taboola believes are reasonable under the circumstances. The unaudited pro forma adjustments, which are described in the accompanying notes, may be revised as additional information becomes available and is evaluated. Therefore, it is likely that the actual adjustments will differ from the pro forma adjustments and it is possible the difference may be material. Taboola believes that these assumptions and methodologies provide a reasonable basis for presenting all of the significant effects of the Business Combination and the Connexity acquisition based on information available to management at the time and that the pro forma adjustments give appropriate effect to those assumptions and are properly applied in the unaudited pro forma combined financial information.

The unaudited pro forma combined financial information is not necessarily indicative of what the actual results of operations and financial position would have been had the consummation of the Business Combination and the Connexity acquisition taken place on the dates indicated, nor are they indicative of the future consolidated results of operations or financial position of the post-combination Company. They should be read in conjunction with the historical financial information and notes thereto of ION, Connexity and Taboola.

2. Accounting Policies

As part of the preparation of these unaudited pro forma combined financial statements, certain reclassifications were made to align ION's, Connexity's and Taboola's accounting policies and practices, as well as financial statement presentation.

3. Adjustments to Unaudited Pro Forma Combined Financial Information

The unaudited pro forma combined financial information has been prepared to illustrate the effect of the consummation of the Business Combination and the Connexity acquisition and has been prepared for informational purposes only. The historical financial statements have been adjusted in the unaudited pro forma combined financial information to give pro forma effect to events that are (1) directly attributable to the consummation of the Business Combination and the Connexity acquisition, (2) factually supportable, and (3) with respect to the statements of income (loss), expected to have a continuing impact on the results of the combined company following consummation of the Business Combination and the Connexity acquisition. ION, Connexity and Taboola have not had any historical relationship prior to the Business Combination and the Connexity acquisition. Accordingly, no pro forma adjustments were required to eliminate activities between the companies.

The unaudited pro forma combined provision for income taxes does not necessarily reflect the amounts that would have resulted had the combined company following consummation of the Business Combination and the Connexity acquisition and other transactions filed consolidated income tax returns during the periods presented.

Adjustments to Unaudited Pro Forma Combined Statements of Income (loss)

(1) Represents the amortization of the Identifiable Intangible Assets in the total amount of $270,025 thousands over periods of 3-5 years. Total amortization of $41,600 thousands are being recognized $7,533 thousands and $34,067 thousands in Cost of revenues (COR) and sales and marketing expenses (S&M), respectively.

The following table summarizes the estimated fair values of Connexity identifiable intangible assets and their estimated useful lives and uses a straight-line method of amortization:

	Estimated fair value (in thousands)	Estimated useful life in years	Eight months ended August 31, 2021 amortization (in thousands)
Merchant/Network Affiliate Relationships	146,547	4.5	$21,686
Publisher Relationships	42,933	4	7,092
Tradename	23,997	3	5,289
Technology	56,548	5	7,533
Total	270,025		41,600
Elimination of Connexity's historical intangible assets amortization expenses			(4,871)
Total pro forma adjustment to amortization of intangible assets			$36,729

(2) Represents estimated debt finance expenses using the effective interest rate, resulting in $11,724 (interest and amortization of the issuance cost $10,441 and $1,283, respectively) for the period from January 1, 2021 through August 31, 2021 as a result of the loan Taboola borrowed to finance the acquisition in the amount of $300,000.

(3) Finance income related to Connexity legacy debt in the amount of $8,209 related to reversal of the interest expenses of the loan. In addition, we reclassified the revaluation of ION warrants from Other income (loss), net to Finance income (expenses), net.

(4) Represents the amortization of the following that relates to Connexity employees: (1) the retention arrangements in the approximate amount of $40,000 in Taboola Ordinary Shares over 5 years (2) the holdback agreement in the amount of $33,497 which is amortized over 3 years (3) the special bonus payment of $25,694. The total expenses in the unaudited pro forma statement of income (loss) resulted in $38,686. The total allocation of those expenses is $6,468, $9,142, $10,749 and $12,327 in cost of revenues, research and development expenses, sales and marketing expenses and general and administrative expenses, respectively.

(5) Represents the vesting of certain profit share units of Connexity upon the closing of the business combination in the amount of $82,875. The total allocation of this expense is $12,224, $13,381, $13,519 and $43,751 in cost of revenues, research and development expenses, sales and marketing expenses and general and administrative expenses, respectively.

(6) Reflect the additional tax expenses related to the deferred tax liability driven by the acquisition of the identified intangible assets, interest expenses related to loan, special bonus payment, and share-based compensation related to the retention plan.

(7) Represents the elimination of the undistributed earnings allocated to participating securities assuming that the conversion of each outstanding Taboola convertible preferred share into Taboola Ordinary Shares occurred as of January 1, 2021.

4. Net income (loss) per Share

Net income (loss) per share calculated using the historical weighted average shares outstanding, and the issuance of additional shares in connection with the Business Combination and the Connexity acquisition, assuming the shares were outstanding since January 1, 2021. As the Business Combination and the Connexity acquisition are being reflected as if they had occurred at the beginning of the period presented, the calculation of weighted average shares outstanding for basic and diluted net loss per share assumes that the shares issuable relating to the Business Combination and the Connexity acquisition have been outstanding for the entire period presented. With respect to the shares that were redeemed, this calculation is retroactively adjusted to eliminate such shares for the entire period.

Represents the net income (loss) from continuing operations per share calculated using the historical weighted average shares outstanding, and the issuance of additional shares in connection with the Business Combination and the Connexity acquisition, assuming the shares were outstanding since January 1, 2021. As the Business Combination and the Connexity acquisition are being reflected as if they had occurred at the beginning of the period presented, the calculation of weighted average shares outstanding for basic and diluted net loss per share assumes that the shares issuable relating to the Business Combination and the Connexity acquisition have been outstanding for the entire period presented.

	Pro forma Combined For the Year ended December 31, 2021
Pro forma net income (loss) from continuing operations (in thousands)	$ (178,273)
Net income (loss) from continuing operations per share-basic and diluted	(0.76)
Weighted average shares outstanding-basic and diluted(3)	236,055,815
ION Public Shareholders	30,471,516
PIPE	13,500,000
Secondary Investors	15,120,000
Taboola Shareholders(1)(2)	38,164,098
Taboola Legacy converted preferred shares(1)	121,472,152
Issuance of Shares as part of the Connexity Acquisition transaction consideration(5)	17,328,049

(1) The pro forma shares attributable to Taboola shareholders is calculated by applying the exchange ratio of 1 to 2.700701493 to the historical Taboola Ordinary Shares and preferred shares of Taboola outstanding as of December 31, 2021, all of which will be converted into Taboola Ordinary Shares in accordance with Taboola's organizational documents immediately before consummation of the Business Combination.

(2) The pro forma basic and diluted shares of Taboola shareholders exclude 12,349,990 of warrants, as these are not deemed a participating security and their effect is antidilutive.

(3) The weighted average shares outstanding and net earnings per share information reflect the Connexity acquisition and the Business Combination as if they had occurred on January 1, 2021. As the Connexity acquisition and the Business Combination are being reflected as if they had occurred at the beginning of the periods presented, the calculation of weighted average shares outstanding for basic and diluted net loss from continuing operations per share assumes that the shares issuable relating to the Connexity acquisition and the Business Combination have been outstanding for the entire periods presented. The Company's basic and diluted loss from continuing operations per share is calculated by dividing net loss from continuing operations attributable to ordinary shareholders by the weighted-average number of ordinary shares outstanding for the period, without consideration of potentially dilutive securities. The Weighted average number of shares in computing the basic and diluted loss from continuing operations per share is identical, since including some potential shares of ordinary shares (such as the outstanding share options) in the computation of the diluted net loss from continuing operations per share for the periods presented would have had an anti-dilutive effect.

(4) On January 24, 2021, the shareholders of Taboola approved an increase in the registered capital of the company to accommodate the issuance of shares to ION shareholders.

(5) The transaction consideration for which shares should be issued amount to $142.4 million. The calculation of the number of shares to be issued was calculated assuming a fair value of $8.22 per share.

DESCRIPTION OF SECURITIES

Description of Taboola Ordinary Shares

General

This section summarizes the material rights of the combined company shareholders under Israeli law, and the material provisions of the combined company's amended articles that will become effective upon the effectiveness of the Business Combination.

Share Capital

The authorized share capital of the Company consists of 700,000,000 ordinary shares, no par value. As of June 30, 2022, we had 240,679,908 ordinary shares issued and outstanding.

All of our outstanding ordinary shares are validly issued, fully paid and non-assessable. Our ordinary shares are not redeemable and do not have any preemptive rights.

Taboola's board of directors may determine the issue prices and terms for such shares or other securities, and may further determine any other provision relating to such issue of shares or securities. Taboola may also issue and redeem redeemable securities on such terms and in such manner as Taboola's board of directors shall determine.

Registration Number and Purposes of the Company

We are registered with the Israeli Registrar of Companies. Our registration number is 51-387068-3. Our affairs are governed by our Amended and Restated Articles of Association, applicable Israeli law and specifically, the Companies Law. Our purpose as set forth in our Amended and Restated Articles of Association is to engage in any lawful act or activity.

Voting Rights

All of our ordinary shares have identical voting and other rights in all respects.

Transfer of Shares

Our fully paid ordinary shares are issued in registered form and may be freely transferred under our Amended and Restated Articles of Association, unless the transfer is restricted or prohibited by another instrument, applicable law or the rules of Nasdaq. The ownership or voting of our ordinary shares by non-residents of Israel is not restricted in any way by our Amended and Restated Articles of Association or the laws of the State of Israel, except for ownership by nationals of some countries that are, have been, or will be, in a state of war with Israel.

Election of Directors

Under our Amended and Restated Articles of Association, our board of directors must consist of not less than three but no more than eleven directors. Pursuant to our amended and restated articles of association, each of our directors will be appointed by a simple majority vote of holders of our ordinary shares, participating and voting at an annual general meeting of our shareholders, provided that (i) in the event of a contested election, the method of calculation of the votes and the manner in which the resolutions will be presented to our shareholders at the general meeting shall be determined by our board of directors in its discretion, and (ii) in the event that our board of directors does not or is unable to make a determination on such matter, then the directors will be elected by a plurality of the voting power represented at the general meeting in person or by proxy and voting on the election of directors.

In addition, our directors are divided into three classes, one class being elected each year at the annual general meeting of our shareholders, and serve on our board of directors until the third annual general meeting following such election or re-election or until they are removed by a vote of 65% of the total voting power of our shareholders at a general meeting of our shareholders or upon the occurrence of certain events in accordance with the Companies Law and our amended and restated articles of association. In addition, our Amended and Restated Articles of Association provide that vacancies on our board of directors may be filled by a vote of a simple majority of the directors then in office. A director so appointed will hold office until the next annual general meeting of our shareholders for the election of the class of directors in respect of which the vacancy was created, or in the case of a vacancy due to the number of directors being less than the maximum number of directors stated in our amended and restated articles of association, until the next annual general meeting of our shareholders for the election of the class of directors to which such director was assigned by our board of directors.

Dividend and Liquidation Rights

We may declare a dividend to be paid to the holders of our ordinary shares in proportion to their respective shareholdings. Under the Companies Law, dividend distributions are determined by the board of directors and do not require the approval of the shareholders of a company unless the company's articles of association provide otherwise. Our Amended and Restated Articles of Association do not require shareholder approval of a dividend distribution and provide that dividend distributions may be determined by our board of directors.

Pursuant to the Companies Law, the distribution amount is limited to the greater of retained earnings or earnings generated over the previous two years, according to the company's most recently reviewed or audited financial statements (less the amount of previously distributed dividends, if not reduced from the earnings), provided that the end of the period to which the financial statements relate is not more than six months prior to the date of the distribution. If we do not meet such criteria, then we may distribute dividends only with court approval. In each case, we are only permitted to distribute a dividend if our board of directors and, if applicable, the court determines that there is no reasonable concern that payment of the dividend will prevent us from satisfying our existing and foreseeable obligations as they become due.

In the event of Taboola's liquidation, after satisfaction of liabilities to creditors, its assets will be distributed to the holders of its ordinary shares in proportion to their shareholdings. This right, as well as the right to receive dividends, may be affected by the grant of preferential dividend or distribution rights to the holders of a class of shares with preferential rights which may be authorized in the future.

Exchange Controls

There are currently no Israeli currency control restrictions on remittances of dividends on our ordinary shares, proceeds from the sale of our ordinary shares or interest or other payments to non-residents of Israel, except for shareholders who are subjects of countries that at the time are, or have been, in a state of war with Israel.

Registration Rights

Concurrently with the execution and delivery of the Merger Agreement, each of the Sponsors, and certain of Taboola's shareholders entered into an Amended and Restated Investors' Rights Agreement (the "Investors' Rights Agreement"), to be effective as of the Effective Time, pursuant to which Taboola agreed to file a resale shelf registration statement to register the resale of Taboola Warrants held by the Sponsors. The Investors' Rights Agreement also provides that Taboola will pay certain expenses relating to such registrations and indemnify the securityholders against certain liabilities. The rights granted under the Investors' Rights Agreement supersede any prior registration, qualification, or similar rights of the parties with respect to their Taboola securities or ION securities, and all such prior agreements shall be terminated.

Shareholder Meetings

Under Israeli law, Taboola is required to hold an annual general meeting of its shareholders once every calendar year and no later than 15 months after the date of the previous annual general meeting. All meetings other than the annual general meeting of shareholders are referred to in the Amended and Restated Articles of Association as special general meetings. Our board of directors may call special general meetings of our shareholders whenever it sees fit, at such time and place, within or outside of Israel, as it may determine. In addition, the Companies Law provides that our board of directors is required to convene a special general meeting of our shareholders upon the written request of (i) any two or more of our directors, (ii) one-quarter or more of the serving members of our board of directors or (iii) one or more shareholders holding, in the aggregate, either (a) 5% or more of Taboola's issued and outstanding shares and 1% or more of Taboola's outstanding voting power or (b) 5% or more of Taboola's outstanding voting power.

Under Israeli law, one or more shareholders holding at least 1% of the voting rights at the general meeting of shareholders may request that the board of directors include a matter in the agenda of a general meeting of shareholders to be convened in the future, provided that it is appropriate to discuss such a matter at the general meeting. Our Amended and Restated Articles of Association contain procedural guidelines and disclosure items with respect to the submission of shareholder proposals for general meetings. Subject to the provisions of the Companies Law and the regulations promulgated thereunder, shareholders entitled to participate and vote at general meetings of shareholders are the shareholders of record on a date to be decided by the board of directors, which, as a company listed on an exchange outside Israel, may be between four and 40 days prior to the date of the meeting. Furthermore, the Companies Law requires that resolutions regarding the following matters must be passed at a general meeting of shareholders:

- amendments to the articles of association;
- appointment, terms of service and termination of services of auditors;
- appointment of directors, including external directors (if applicable);
- approval of certain related party transactions;
- increases or reductions of authorized share capital;
- a merger; and
- the exercise of the board of director's powers by a general meeting, if the board of directors is unable to exercise its powers and the exercise of any of its powers is required for proper management of the company.

The Companies Law requires that a notice of any annual general meeting or special general meeting be provided to shareholders at least 21 days prior to the meeting and, if the agenda of the meeting includes (among other things) the appointment or removal of directors, the approval of transactions with office holders or interested or related parties, or an approval of a merger, notice must be provided at least 35 days prior to the meeting. Under the Companies Law and our Amended and Restated Articles of Association, shareholders are not permitted to take action by way of written consent in lieu of a meeting.

Quorum

Pursuant to our Amended and Restated Articles of Association, holders of our ordinary shares have one vote for each ordinary share held on all matters submitted to a vote of the shareholders at a general meeting of shareholders. The quorum required for our general meetings of shareholders consists of at least two shareholders present in person or by proxy who hold or represent at least 33⅓% of the total outstanding voting power of our shares, except that if (i) any such general meeting was initiated by and convened pursuant to a resolution adopted by the board of directors and (ii) at the time of such general meeting we qualify as a "foreign private issuer," the requisite quorum will consist of two or more shareholders present in person or by proxy who hold or represent at least 25% of the total outstanding voting power of our shares. The requisite quorum may be present within half an hour of the time fixed for the commencement of the general meeting. A general meeting adjourned for lack of a quorum shall be adjourned either to the same day in the next week, at the same time and place, to such day and at such time and place as indicated in the notice to such meeting, or to such day and at such time and place as the chairperson of the meeting shall determine. At the reconvened meeting, any number of shareholders present in person or by proxy shall constitute a quorum, unless a meeting was called pursuant to a request by our shareholders, in which case the quorum required is one or more shareholders, present in person or by proxy and holding the number of shares required to call the meeting as described under *"Shareholder Meetings."*

Vote Requirements

Our Amended and Restated Articles of Association provide that all resolutions of our shareholders require a simple majority vote, unless otherwise required by the Companies Law or by our Amended and Restated Articles of Association. Under the Companies Law, certain actions require the approval of a special majority, including: (i) an extraordinary transaction with a controlling shareholder or in which the controlling shareholder has a personal interest, (ii) the terms of employment or other engagement of a controlling shareholder of the company or a controlling shareholder's relative (even if such terms are not extraordinary) and (iii) certain compensation-related matters described above under “Management—Compensation Committee” and “—Compensation Policy under the Companies Law.” Under our Amended and Restated Articles of Association, the alteration of the rights, privileges, preferences or obligations of any class of our shares (to the extent there are classes other than ordinary shares) requires the approval of a simple majority of the class so affected (or such other percentage of the relevant class that may be set forth in the governing documents relevant to such class), in addition to the ordinary majority vote of all classes of shares voting together as a single class at a shareholder meeting.

Under our Amended and Restated Articles of Association, the approval of the holders of at least 65% of the total voting power of our shareholders is generally required to remove any of our directors from office, to amend the provision requiring the approval of at least 65% of the total voting power of our shareholders to remove any of our directors from office, or certain other provisions regarding our staggered board, shareholder proposals, the size of our board and plurality voting in contested elections. Another exception to the simple majority vote requirement is a resolution for the voluntary winding up, or an approval of a scheme of arrangement or reorganization, of the company pursuant to Section 350 of the Companies Law, which requires the approval of a majority of the shareholders present and represented at the meeting, and holding at least 75% of the voting rights represented at the meeting and voting on the resolution.

Access to Corporate Records

Under the Companies Law, all shareholders generally have the right to review minutes of our general meetings, our shareholder register (including with respect to material shareholders), our articles of association, our financial statements, other documents as provided in the Companies Law, and any document Taboola is required by law to file publicly with the Israeli Registrar of Companies or the Israeli Securities Authority. Any shareholder who specifies the purpose of its request may request to review any document in our possession that relates to any action or transaction with a related party which requires shareholder approval under the Companies Law. Taboola may deny a request to review a document if it determines that the request was not made in good faith, that the document contains a commercial secret or a patent or that the document’s disclosure may otherwise impair its interests.

Anti-Takeover Provisions

Acquisitions under Israeli Law

Full Tender Offer

A person wishing to acquire shares of a public Israeli company who would, as a result, hold over 90% of the target company’s voting rights or the target company’s issued and outstanding share capital (or of a class thereof), is required by the Companies Law to make a tender offer to all of the company’s shareholders for the purchase of all of the issued and outstanding shares of the company (or the applicable class). If (a) the shareholders who do not accept the offer hold less than 5% of the issued and outstanding share capital of the company (or the applicable class) and the shareholders who accept the offer constitute a majority of the offerees that do not have a personal interest in the acceptance of the tender offer or (b) the shareholders who did not accept the tender offer hold less than 2% of the issued and outstanding share capital of the company (or of the applicable class), all of the shares that the acquirer offered to purchase will be transferred to the acquirer by operation of law. A shareholder who had its shares so transferred may petition an Israeli court within six months from the date of acceptance of the full tender offer, regardless of whether such shareholder agreed to the offer, to determine whether the tender offer was for less than fair value and whether the fair value should be paid as determined by the court. However, an offeror may provide in the offer that a shareholder who accepted the offer will not be entitled to petition the court for appraisal rights as described in the preceding sentence, as long as the offeror and the company disclosed the information required by law in connection with the full tender offer. If the full tender offer was not accepted in accordance with any of the above alternatives, the acquirer may not acquire shares of the company that will increase its holdings to more than 90% of the company’s voting rights or the company’s issued and outstanding share capital (or of the applicable class) from shareholders who accepted the tender offer. Shares purchased in contradiction to the full tender offer rules under the Companies Law will have no rights and will become dormant shares.

Special Tender Offer

The Companies Law provides that an acquisition of shares of an Israeli public company must be made by means of a special tender offer if as a result of the acquisition the purchaser would become a holder of 25% or more of the voting rights in the company. This requirement does not apply if there is already another holder of 25% or more of the voting rights in the company. Similarly, the Companies Law provides that an acquisition of shares of an Israeli public company must be made by means of a special tender offer if as a result of the acquisition the purchaser would become a holder of more than 45% of the voting rights in the company, if there is no other shareholder of the company who holds more than 45% of the voting rights in the company. These requirements do not apply if (i) the acquisition occurs in the context of a private placement by the company that received shareholder approval as a private placement whose purpose is to give the purchaser 25% or more of the voting rights in the company, if there is no person who holds 25% or more of the voting rights in the company or as a private placement whose purpose is to give the purchaser 45% of the voting rights in the company, if there is no person who holds 45% of the voting rights in the company, (ii) the acquisition was from a shareholder holding 25% or more of the voting rights in the company and resulted in the purchaser becoming a holder of 25% or more of the voting rights in the company, or (iii) the acquisition was from a shareholder holding more than 45% of the voting rights in the company and resulted in the purchaser becoming a holder of more than 45% of the voting rights in the company. A special tender offer must be extended to all shareholders of a company. A special tender offer may be consummated only if (i) at least 5% of the voting power attached to the company’s outstanding shares will be acquired by the offeror and (ii) the number of shares tendered in the offer exceeds the number of shares whose holders objected to the offer (excluding the purchaser, its controlling shareholders, holders of 25% or more of the voting rights in the company and any person having a personal interest in the acceptance of the tender offer, or anyone on their behalf, including any such person’s relatives and entities under their control).

In the event that a special tender offer is made, a company’s board of directors is required to express its opinion on the advisability of the offer, or shall abstain from expressing any opinion if it is unable to do so, provided that it gives the reasons for its abstention. The board of directors shall also disclose any personal interest that any of the directors has with respect to the special tender offer or in connection therewith. An office holder in a target company who, in his or her capacity as an office holder, performs an action the purpose of which is to cause the failure of an existing or foreseeable special tender offer or is to impair the chances of its acceptance, is liable to the potential purchaser and shareholders for damages, unless such office holder acted in good faith and had reasonable grounds to believe he or she was acting for the benefit of the company. However, office holders of the target company may negotiate with the potential purchaser in order to improve the terms of the special tender offer, and may further negotiate with third parties in order to obtain a competing offer.

If a special tender offer is accepted, then shareholders who did not respond to or that had objected the offer may accept the offer within four days of the last day set for the acceptance of the offer and they will be considered to have accepted the offer from the first day it was made.

In the event that a special tender offer is accepted, then the purchaser or any person or entity controlling it or under common control with the purchaser or such controlling person or entity at the time of the offer may not make a subsequent tender offer for the purchase of shares of the target company and may not enter into a merger with the target company for a period of one year from the date of the offer, unless the purchaser or such person or entity undertook to effect such an offer or merger in the initial special tender offer. Shares purchased in contradiction to the special tender offer rules under the Companies Law will have no rights and will become dormant shares.

Merger

The Companies Law permits merger transactions if approved by each party’s board of directors and, unless certain conditions described under the Companies Law are met, a simple majority of the outstanding shares of each party to the merger that are represented and voting on the merger. The board of directors of a merging company is required pursuant to the Companies Law to discuss and determine whether in its opinion there exists a reasonable concern that as a result of a proposed merger, the surviving company will not be able to satisfy its obligations towards its creditors, such determination taking into account the financial status of the merging companies. If the board of directors determines that such a concern exists, it may not approve a proposed merger. Following the approval of the board of directors of each of the merging companies, the boards of directors must jointly prepare a merger proposal for submission to the Israeli Registrar of Companies.

For purposes of the shareholder vote of a merging company whose shares are held by the other merging company, or by a person or entity holding 25% or more of the voting rights at the general meeting of shareholders of the other merging company, or by a person or entity holding the right to appoint 25% or more of the directors of the other merging company, unless a court rules otherwise, the merger will not be deemed approved if a majority of the shares voted on the matter at the general meeting of shareholders (excluding abstentions) that are held by shareholders other than the other party to the merger, or by any person or entity who holds 25% or more of the voting rights of the other party or the right to appoint 25% or more of the directors of the other party, or any one on their behalf including their relatives or corporations controlled by any of them, vote against the merger. In addition, if the non-surviving entity of the merger has more than one class of shares, the merger must be approved by each class of shareholders. If the transaction would have been approved but for the separate approval of each class or the exclusion of the votes of certain shareholders as provided above, a court may still approve the merger upon the request of holders of at least 25% of the voting rights of a company, if the court holds that the merger is fair and reasonable, taking into account the valuation of the merging companies and the consideration offered to the shareholders. If a merger is with a company's controlling shareholder or if the controlling shareholder has a personal interest in the merger, then the merger is instead subject to the same special majority approval that governs all extraordinary transactions with controlling shareholders.

Under the Companies Law, each merging company must deliver to its secured creditors the merger proposal and inform its unsecured creditors of the merger proposal and its content. Upon the request of a creditor of either party to the proposed merger, the court may delay or prevent the merger if it concludes that there exists a reasonable concern that, as a result of the merger, the surviving company will be unable to satisfy the obligations of the merging company, and may further give instructions to secure the rights of creditors.

In addition, a merger may not be completed unless at least 50 days have passed from the date that a proposal for approval of the merger is filed with the Israeli Registrar of Companies and 30 days from the date that shareholder approval of both merging companies is obtained.

Anti-Takeover Measures

The Companies Law allows us to create and issue shares having rights different from those attached to our ordinary shares, including shares providing certain preferred rights with respect to voting, distributions or other matters and shares having preemptive rights. No preferred shares are currently authorized under our Amended and Restated Articles of Association. In the future, if we do authorize, create and issue a specific class of preferred shares, such class of shares, depending on the specific rights that may be attached to it, may have the ability to frustrate or prevent a takeover or otherwise prevent our shareholders from realizing a potential premium over the market value of our ordinary shares. The authorization and designation of a class of preferred shares will require an amendment to our Amended and Restated Articles of Association, which requires the prior approval of the holders of a majority of the voting power attached to our issued and outstanding shares at a general meeting of our shareholders. The convening of the meeting, the shareholders entitled to participate and the vote required to be obtained at such a meeting will be subject to the requirements set forth in the Companies Law and our amended articles of association, as described above in "*Shareholder Meetings*." In addition, as disclosed under "*Election of Directors*," we have a classified board structure, which effectively limits the ability of any investor or potential investor or group of investors or potential investors to gain control of our board of directors.

Borrowing Powers

Pursuant to the Companies Law and our Amended and Restated Articles of Association, our board of directors may exercise all powers and take all actions that are not required under law or under our Amended and Restated Articles of Association to be exercised or taken by our shareholders, including the power to borrow money for company purposes.

Changes in Capital

Our Amended and Restated Articles of Association enable us to increase or reduce our share capital. Any such changes are subject to Israeli law and must be approved by a resolution duly passed by our shareholders at a general meeting of shareholders. In addition, transactions that have the effect of reducing capital, such as the declaration and payment of dividends in the absence of sufficient retained earnings or profits, require the approval of both our board of directors and an Israeli court.

Exclusive Forum

Our Amended and Restated Articles of Association provide that unless we consent in writing to the selection of an alternative forum, the federal district courts of the United States of America shall be the exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act. Our Amended and Restated Articles of Association also provide that unless we consent in writing to the selection of an alternative forum, the competent courts in Tel Aviv, Israel shall be the exclusive forum for any derivative action or proceeding brought on behalf of the Company, any action asserting a breach of a fiduciary duty owed by any of our directors, officers or other employees to the Company or our shareholders or any action asserting a claim arising pursuant to any provision of the Companies Law or the Israeli Securities Law.

Transfer Agent and Registrar

The transfer agent and registrar for our ordinary shares is Broadridge Corporate Issuer Solutions, Inc. Its address is 51 Mercedes Way, Edgewood, NY 11717.

Description of Warrants

Public Warrants

Each whole warrant entitles the registered holder to purchase one ordinary share at a price of $11.50 per share, subject to adjustment as discussed below, at any time, provided in each case that there is an effective registration statement under the Securities Act covering the ordinary shares issuable upon exercise of the warrants and a current prospectus relating to them is available (or we permit holders to exercise their warrants on a cashless basis under the circumstances specified in the warrant assignment, assumption and amendment agreement) and such shares are registered, qualified or exempt from registration under the securities, or blue sky, laws of the state of residence of the holder. Pursuant to the warrant assignment, assumption and amendment agreement, a warrant holder may exercise its warrants only for a whole number of our ordinary shares. This means only a whole warrant may be exercised at a given time by a warrant holder. No fractional warrants will be issued upon separation of the units and only whole warrants will trade. The warrants (other than the warrants held by ION Co-Investment LLC, which will expire five years from October 1, 2021) will expire June 29, 2026 or earlier upon redemption or liquidation.

We will not be obligated to deliver any ordinary shares pursuant to the exercise of a warrant and will have no obligation to settle such warrant exercise unless a registration statement under the Securities Act with respect to the ordinary shares underlying the warrants is then effective and a prospectus relating thereto is current, subject to us satisfying our registration obligations. No warrant will be exercisable and we will not be obligated to issue ordinary shares upon exercise of a warrant unless the ordinary shares issuable upon such warrant exercise have been registered, qualified or deemed to be exempt under the securities laws of the state of residence of the registered holder of the warrants. In the event that the conditions in the two immediately preceding sentences are not satisfied with respect to a warrant, the holder of such warrant will not be entitled to exercise such warrant and such warrant may have no value and expire worthless. The company is not required to net cash settle any warrant other than as set forth herein.

We have agreed that the ordinary shares issuable upon exercise of the warrants will be registered on a registration statement. We will use our best efforts to maintain the effectiveness of such registration statement, and a current prospectus relating thereto, until the expiration of the warrants in accordance with the provisions of the warrant assignment, assumption and amendment agreement. Warrant holders may, during any period when we will have failed to maintain an effective registration statement covering the ordinary shares issuable upon exercise of the warrants, exercise warrants on a “cashless basis” in accordance with Section 3(a)(9) of the Securities Act or another exemption.

Notwithstanding the above, if our ordinary shares are at the time of any exercise of a warrant not listed on a national securities exchange such that they satisfy the definition of a “covered security” under Section 18(b)(1) of the Securities Act, we may, at our option, require holders of public warrants who exercise their warrants to do so on a “cashless basis” in accordance with Section 3(a)(9) of the Securities Act and, in the event we so elect, we will not be required to file or maintain in effect a registration statement, and in the event we do not so elect, we will use our best efforts to register or qualify the shares under applicable blue sky laws to the extent an exemption is not available.

Redemption of warrants when the price per ordinary share equals or exceeds $18.00.

Once the warrants become exercisable, we may redeem the outstanding warrants (except as described herein with respect to the private placement warrants):

- in whole and not in part;
- at a price of $0.01 per warrant;
- upon a minimum of 30 days' prior written notice of redemption (the "30-day redemption period"); and
- if, and only if, the closing price of the ordinary shares equals or exceeds $18.00 per share (as adjusted for adjustments to the number of shares issuable upon exercise or the exercise price of a warrant as described under the heading "— Redemption Procedures — Anti-dilution Adjustments") for any 20 trading days within a 30-trading day period ending three business days before the notice of redemption is sent to the warrant holders.

If and when the warrants become redeemable by us, we may exercise our redemption right even if we are unable to register or qualify the underlying securities for sale under all applicable state securities laws.

We established the last of the redemption criterion discussed above to prevent a redemption call unless there is at the time of the call a significant premium to the warrant exercise price. If the foregoing conditions are satisfied and we issue a notice of redemption of the warrants, each warrant holder will be entitled to exercise his, her or its warrant prior to the scheduled redemption date. However, the price of the ordinary shares may fall below the $18.00 redemption trigger price (as adjusted for share sub-divisions, share capitalizations, reorganizations, recapitalizations and the like) as well as the $11.50 warrant exercise price after the redemption notice is issued.

Redemption of warrants when the price per ordinary share equals or exceeds $10.00.

Once the warrants become exercisable, we may redeem the outstanding warrants (except as described herein with respect to the private placement warrants):

- in whole and not in part;
- at a price of $0.10 per warrant;
- upon a minimum of 30 days' prior written notice of redemption; provided that holders will be able to exercise their warrants on a cashless basis prior to redemption and receive that number of shares determined by reference to the table below, based on the redemption date and the "fair market value" (as defined below) of the ordinary shares except as otherwise described below; and
- if, and only if, the closing price of the ordinary shares equals or exceeds $10.00 per share (as adjusted for adjustments to the number of shares issuable upon exercise or the exercise price of a warrant as described under the heading "— Redemption Procedures — Anti-dilution Adjustments") for any 20 trading days within the 30-trading day period ending three trading days before the notice of redemption is sent to the warrant holders.

Beginning on the date the notice of redemption is given and until the warrants are redeemed or exercised, holders may elect to exercise their warrants on a cashless basis. The numbers in the table below represent the number of ordinary shares that a warrant holder will receive upon such cashless exercise in connection with a redemption by us pursuant to this redemption feature, based on the "fair market value" of the ordinary shares on the corresponding redemption date (assuming holders elect to exercise their warrants and such warrants are not redeemed for $0.10 per warrant), determined for these purposes based on the volume-weighted average price of the ordinary shares during the 10 trading days immediately following the date on which the notice of redemption is sent to the holders of warrants, and the number of months that the corresponding redemption date precedes the expiration date of the warrants, each as set forth in the table below. We will provide our warrant holders with the final fair market value no later than one business day after the 10-trading day period described above ends.

The share prices set forth in the column headings of the table below will be adjusted as of any date on which the number of shares issuable upon exercise of a warrant or the exercise price of a warrant is adjusted as set forth under the heading *"— Redemption Procedures — Anti-dilution Adjustments"* below. If the number of shares issuable upon exercise of a warrant is adjusted, the adjusted share prices in the column headings will equal the share prices immediately prior to such adjustment, multiplied by a fraction, the numerator of which is the number of shares deliverable upon exercise of a warrant immediately prior to such adjustment and the denominator of which is the number of shares deliverable upon exercise of a warrant as so adjusted. The number of shares in the table below shall be adjusted in the same manner and at the same time as the number of shares issuable upon exercise of a warrant.

If the exercise price of a warrant is adjusted, (a) in the case of an adjustment pursuant to the fifth paragraph under the heading *"— Redemption Procedures — Anti-dilution Adjustments"* below, the adjusted share prices in the column headings will equal the unadjusted share prices multiplied by a fraction, the numerator of which is the higher of the Market Value and the Newly Issued Price as set forth under the heading *"— Redemption Procedures — Anti-dilution Adjustments"* and the denominator of which is $10.00 and (b) in the case of an adjustment pursuant to the second paragraph under the heading *"— Redemption Procedures — Anti-dilution Adjustments"* below, the adjusted share prices in the column headings will equal the unadjusted share prices less the decrease in the exercise price of a warrant pursuant to such exercise price adjustment.

Redemption Date	**Fair Market Value of Taboola Ordinary Shares**								
(period to expiration of warrants)	**$10.00<**	**$11.00**	**$12.00**	**$13.00**	**$14.00**	**$15.00**	**$16.00**	**$17.00**	**$18.00>**
60 months	0.261	0.281	0.297	0.311	0.324	0.337	0.348	0.358	0.361
57 months	0.257	0.277	0.294	0.310	0.324	0.337	0.348	0.358	0.361
54 months	0.252	0.272	0.291	0.307	0.322	0.335	0.347	0.357	0.361
51 months	0.246	0.268	0.287	0.304	0.320	0.333	0.346	0.357	0.361
48 months	0.241	0.263	0.283	0.301	0.317	0.332	0.344	0.356	0.361
45 months	0.235	0.258	0.279	0.298	0.315	0.330	0.343	0.356	0.361
42 months	0.228	0.252	0.274	0.294	0.312	0.328	0.342	0.355	0.361
39 months	0.221	0.246	0.269	0.290	0.309	0.325	0.340	0.354	0.361
36 months	0.213	0.239	0.263	0.285	0.305	0.323	0.339	0.353	0.361
33 months	0.205	0.232	0.257	0.280	0.301	0.320	0.337	0.352	0.361
30 months	0.196	0.224	0.250	0.274	0.297	0.316	0.335	0.351	0.361
27 months	0.185	0.214	0.242	0.268	0.291	0.313	0.332	0.350	0.361
24 months	0.173	0.204	0.233	0.260	0.285	0.308	0.329	0.348	0.361
21 months	0.161	0.193	0.223	0.252	0.279	0.304	0.326	0.347	0.361
18 months	0.146	0.179	0.211	0.242	0.271	0.298	0.322	0.345	0.361
15 months	0.130	0.164	0.197	0.230	0.262	0.291	0.317	0.342	0.361
12 months	0.111	0.146	0.181	0.216	0.250	0.282	0.312	0.339	0.361
9 months	0.090	0.125	0.162	0.199	0.237	0.272	0.305	0.336	0.361
6 months	0.065	0.099	0.137	0.178	0.219	0.259	0.296	0.331	0.361
3 months	0.034	0.065	0.104	0.150	0.197	0.243	0.286	0.326	0.361
0 months	—	—	0.042	0.115	0.179	0.233	0.281	0.323	0.361

The exact fair market value and redemption date may not be set forth in the table above, in which case, if the fair market value is between two values in the table or the redemption date is between two redemption dates in the table, the number of ordinary shares to be issued for each warrant exercised will be determined by a straight-line interpolation between the number of shares set forth for the higher and lower fair market values and the earlier and later redemption dates, as applicable, based on a 365 or 366-day year, as applicable. For example, if the volume weighted average price of the ordinary shares during the 10 trading days immediately following the date on which the notice of redemption is sent to the holders of the warrants is $11.00 per share, and at such time there are 57 months until the expiration of the warrants, holders may choose to, in connection with this redemption feature, exercise their warrants for 0.277 ordinary shares for each whole warrant. For an example where the exact fair market value and redemption date are not as set forth in the table above, if the volume-weighted average price of our ordinary shares during the 10 trading days immediately following the date on which the notice of redemption is sent to the holders of the warrants is $13.50 per share, and at such time there are 38 months until the expiration of the warrants, holders may choose to, in connection with this redemption feature, exercise their warrants for 0.298 ordinary shares for each whole warrant. In no event will the warrants be exercisable on a cashless basis in connection with this redemption feature for more than

0.361 ordinary shares per warrant (subject to adjustment). Finally, as reflected in the table above, if the warrants are out of the money and about to expire, they cannot be exercised on a cashless basis in connection with a redemption by us pursuant to this redemption feature, since they will not be exercisable for any ordinary shares.

This redemption feature differs from the typical warrant redemption features used in many other blank check company offerings, which typically only provide for a redemption of warrants for cash (other than the private placement warrants) when the trading price for the ordinary shares exceeds $18.00 per share for a specified period of time. This redemption feature is structured to allow for all of the outstanding warrants to be redeemed when the ordinary shares are trading at or above $10.00 per public share, which may be at a time when the trading price of the ordinary shares is below the exercise price of the warrants. This redemption feature was established to provide the flexibility to redeem the warrants without the warrants having to reach the $18.00 per share threshold set forth above under *"— Redemption of warrants when the price per ordinary share equals or exceeds $18.00*."

As stated above, we can redeem the warrants when the ordinary shares are trading at a price starting at $10.00, which is below the exercise price of $11.50, because we will provide certainty with respect to our capital structure and cash position while providing warrant holders with the opportunity to exercise their warrants on a cashless basis for the applicable number of shares. If we choose to redeem the warrants when the ordinary shares are trading at a price below the exercise price of the warrants, this could result in the warrant holders receiving fewer ordinary shares than they would have received if they had chosen to wait to exercise their warrants for ordinary shares if and when such ordinary shares were trading at a price higher than the exercise price of $11.50.

Redemption Procedures

A holder of a warrant may notify us in writing in the event it elects to be subject to a requirement that such holder will not have the right to exercise such warrant, to the extent that after giving effect to such exercise, such person (together with such person's affiliates), to the warrant agent's actual knowledge, would beneficially own in excess of 4.9% or 9.8% (as specified by the holder) of the ordinary shares outstanding immediately after giving effect to such exercise.

Anti-dilution Adjustments

If the number of outstanding ordinary shares is increased by a share capitalization payable in ordinary shares, or by a sub-division of ordinary shares or other similar event, then, on the effective date of such share capitalization, sub-division or similar event, the number of ordinary shares issuable on exercise of each warrant will be increased in proportion to such increase in the outstanding ordinary shares. A rights offering made to all or substantially all holders of ordinary shares entitling holders to purchase our ordinary shares at a price less than the fair market value will be deemed a share capitalization of a number of ordinary shares equal to the product of (i) the number of ordinary shares actually sold in such rights offering (or issuable under any other equity securities sold in such rights offering that are convertible into or exercisable for our ordinary shares) and (ii) the quotient of (x) the price per ordinary share paid in such rights offering and (y) the fair market value. For these purposes (i) if the rights offering is for securities convertible into or exercisable for our ordinary shares, in determining the price payable for the ordinary shares, there will be taken into account any consideration received for such rights, as well as any additional amount payable upon exercise or conversion and (ii) fair market value means the volume weighted average price of the ordinary shares as reported during the 10 trading day period ending on the trading day prior to the first date on which the ordinary shares trade on the applicable exchange or in the applicable market, regular way, without the right to receive such rights.

In addition, if we, at any time while the warrants are outstanding and unexpired, pay a dividend or makes a distribution in cash, securities or other assets to the holders of all or substantially all of its ordinary shares on account of such ordinary shares (or other securities into which the warrants are convertible), other than (a) as described above, or (b) certain ordinary cash dividends, then the warrant exercise price will be decreased, effective immediately after the effective date of such event, by the amount of cash and/or the fair market value of any securities or other assets paid on each ordinary share in respect of such event.

If, the number of outstanding ordinary shares is decreased by a consolidation, combination, reverse share sub-division or reclassification of the ordinary shares or other similar event, then, on the effective date of such consolidation, combination, reverse share sub-division, reclassification or similar event, the number of ordinary shares issuable on exercise of each warrant will be decreased in proportion to such decrease in the outstanding ordinary shares.

Whenever the number of ordinary shares purchasable upon the exercise of the warrants is adjusted, as described above, the warrant exercise price will be adjusted by multiplying the warrant exercise price immediately prior to such adjustment by a fraction (x) the numerator of which will be the number of ordinary shares purchasable upon the exercise of the warrants immediately prior to such adjustment, and (y) the denominator of which will be the number of ordinary shares so purchasable immediately thereafter.

In case of any reclassification or reorganization of the outstanding ordinary shares (other than those described above or that solely affects the par value of such ordinary shares), or in the case of any merger or consolidation of Taboola with or into another corporation (other than a consolidation or merger in which Taboola is the continuing corporation and that does not result in any reclassification or reorganization of Taboola's issued and outstanding ordinary shares), or in the case of any sale or conveyance to another corporation or entity of the assets or other property of Taboola as an entirety or substantially as an entirety in connection with which Taboola is dissolved, the holders of the warrants will thereafter have the right to purchase and receive, upon the basis and upon the terms and conditions specified in the warrants and in lieu of the ordinary shares immediately theretofore purchasable and receivable upon the exercise of the rights represented thereby, the kind and amount of ordinary shares or other securities or property (including cash) receivable upon such reclassification, reorganization, merger or consolidation, or upon a dissolution following any such sale or transfer, that the holder of the warrants would have received if such holder had exercised their warrants immediately prior to such event. If less than 70% of the consideration receivable by the holders of the ordinary shares in such a transaction is payable in the form of ordinary shares in the successor entity that is listed for trading on a national securities exchange or is quoted in an established over-the-counter market, or is to be so listed for trading or quoted immediately following such event, and if the registered holder of the warrant properly exercises the warrant within thirty days following public disclosure of such transaction, the warrant exercise price will be reduced as specified in the warrant assignment, assumption and amendment agreement based on the Black-Scholes Warrant Value (as defined in the warrant assignment, assumption and amendment agreement) of the warrant. The purpose of such exercise price reduction is to provide additional value to holders of the warrants when an extraordinary transaction occurs during the exercise period of the warrants pursuant to which the holders of the warrants otherwise do not receive the full potential value of the warrants.

The warrant assignment, assumption and amendment agreement provides that the terms of the warrants may be amended without the consent of any holder for the purpose of (i) curing any ambiguity or to correct any defective provision or mistake, including to conform the provisions of the warrant assignment, assumption and amendment agreement to the description of the terms of the warrants and the warrant assignment, assumption and amendment agreement set forth in this prospectus, (ii) adjusting the provisions relating to cash dividends on ordinary shares as contemplated by and in accordance with the warrant assignment, assumption and amendment agreement or (iii) adding or changing any provisions with respect to matters or questions arising under the warrant assignment, assumption and amendment agreement as the parties to the warrant assignment, assumption and amendment agreement may deem necessary or desirable and that the parties deem to not adversely affect the rights of the registered holders of the warrants, provided that the approval by the holders of at least 50% of the then-outstanding public warrants is required to make any change that adversely affects the interests of the registered holders of public warrants, and, solely with respect to any amendment to the terms of the private placement warrants, 50% of the then outstanding private placement warrants. You should review a copy of the warrant assignment, assumption and amendment agreement for a complete description of the terms and conditions applicable to the warrants.

The warrants may be exercised upon surrender of the warrant certificate on or prior to the expiration date at the offices of the warrant agent, with the exercise form on the reverse side of the warrant certificate completed and executed as indicated, accompanied by full payment of the exercise price (or on a cashless basis, if applicable), by certified or official bank check payable to us, for the number of warrants being exercised. The warrant holders do not have the rights or privileges of holders of ordinary shares and any voting rights until they exercise their warrants and receive ordinary shares. After the issuance of ordinary shares upon exercise of the warrants, each holder will be entitled to one vote for each share held of record on all matters to be voted on by shareholders.

Private Placement Warrants

The private placement warrants (including the ordinary shares issuable upon exercise of such warrants) were not transferable, assignable or salable until 30 days after the completion of the Business Combination (except, among other limited exceptions, to ION officers and directors and other persons or entities affiliated with the Sponsors) and they are not redeemable by Taboola so long as they are held by the Sponsors, members of the Sponsors or their permitted transferees. The Sponsors or their permitted transferees, will have the option to exercise the private placement warrants on a cashless basis. Except as described below, the private placement warrants have terms and provisions that are identical to those of the public warrants. If the private placement warrants are held by holders other than the Sponsors or their permitted transferees, the private placement warrants will be redeemable by Taboola and exercisable by the holders on the same basis as the public warrants.

If holders of the private placement warrants elect to exercise them on a cashless basis, they would pay the exercise price by surrendering his, her or its warrants for that number of the ordinary shares equal to the quotient obtained by dividing (x) the product of the number of the ordinary shares underlying the warrants, multiplied by the excess of the fair market value of the ordinary shares over the exercise price of the warrants by (y) the fair market value. The “fair market value” shall mean the average reported closing price of the Taboola Ordinary Shares for the 10 trading days ending on the third trading day prior to the date on which the notice of warrant exercise is sent to the warrant agent.

SELLING STOCKHOLDERS

The Selling Securityholders may offer and sell, from time to time, any or all of the warrants being offered for resale by this prospectus. In addition, this prospectus relates to the offer and sale of up to 5,175,000 ordinary shares that are issuable by us upon the exercise of the Public Warrants, which were previously registered, and up to 7,175,000 ordinary shares underlying private placement warrants.

The term "Selling Securityholders" includes the securityholders listed in the table below and their permitted transferees. The table below provides, as of the date of this prospectus, information regarding the beneficial ownership of our ordinary shares and warrants of each Selling Securityholder prior to this offering, the number of warrants that may be sold by each Selling Securityholder under this prospectus and that each Selling Securityholder will beneficially own after this offering.

Because each Selling Securityholder may dispose of all, none or some portion of their securities, no estimate can be given as to the number of securities that will be beneficially owned by a Selling Securityholder upon termination of this offering. For purposes of the table below, however, we have assumed that after termination of this offering none of the securities covered by this prospectus will be beneficially owned by the Selling Securityholder and further assumed that the Selling Securityholders will not acquire beneficial ownership of any additional securities during the offering.

Securities offered and beneficially owned are based primarily on information initially provided to us by the Selling Securityholders indicating the securities they wished to be covered by this registration statement and eligible for sale under this prospectus. A Selling Securityholder may have sold or transferred some or all of the securities set forth in the table and accompanying footnotes, and consequently the securities indicated to be offered may exceed the number of securities to be sold by the Selling Securityholders.

	Ordinary Shares				Warrants to Purchase Ordinary Shares			
Name	Number Beneficially Owned Prior to Offering	Number Registered for Sale Hereby	Number Beneficially Owned After Offering	Percent Owned After Offering	Number Beneficially Owned Prior to Offering	Number Registered for Sale Hereby	Number Beneficially Owned After Offering	Percent Owned After Offering
ION Holdings 1, LP[(1)]	—	—	—	—	5,780,000	5,780,000	—	—
ION Co-Investment LLC[(2)]	—	—	—	—	1,395,000	1,395,000	—	—

(1) The address of ION Holdings 1, LP is 89 Medinat Hayehudim St., Herzeliya, Israel

(2) The address of ION Co-Investment LLC is 89 Medinat Hayehudim St., Herzeliya, Israel

U.S. FEDERAL INCOME TAX CONSIDERATIONS

The following discussion is a summary of certain U.S. federal income tax considerations for U.S. Holders and Non-U.S. Holders (each as defined below, and together, "Holders") concerning the ownership and disposition of our ordinary shares and warrants. This section applies only to Holders that hold our ordinary shares and warrants, as the case may be, as capital assets for U.S. federal income tax purposes.

This discussion is limited to U.S. federal income tax considerations and does not address estate or any gift tax considerations or considerations arising under the tax laws of any state, local or non-U.S. jurisdiction. This discussion does not describe all of the U.S. federal income tax consequences that may be relevant to you in light of your particular circumstances, including the alternative minimum tax, special tax accounting rules under Section 451(b) of the Code, the potential application of the provisions of the Code known as the Medicare contribution tax and tax consequences applicable to U.S. Holders subject to special rules, such as:

- certain financial institutions;
- dealers or traders in securities who use a mark-to-market method of tax accounting;
- tax-exempt entities, private foundations, "individual retirement accounts" or "Roth IRAs";
- governments or agencies or instrumentalities thereof;
- insurance companies;
- mutual funds;
- pension plans;
- regulated investment companies or real estate investment trusts;
- entities classified as partnerships for U.S. federal income tax purposes and their partners;
- U.S. expatriates or former long-term residents of the United States;
- persons that own or are deemed to own 10% or more of our shares (by vote or value);
- the Sponsor or its affiliates, officers or directors;
- S corporations;
- persons that acquired our ordinary shares or warrants, as the case may be, pursuant to any employee share option or otherwise as compensation;
- persons holding our ordinary shares or warrants as part of a hedging transaction, straddle, wash sale, conversion transaction or other integrated transaction or persons entering into a constructive sale with respect to our ordinary shares or warrants;
- U.S. Holders (as defined below) whose functional currency for U.S. federal income tax purposes is not the U.S. dollar;
- "specified foreign corporations" (including "controlled foreign corporations"), "passive foreign investment companies" or corporations that accumulate earnings to avoid U.S. federal income tax; or
- persons owning shares in connection with a trade or business conducted outside of the United States.

If an entity that is classified as a partnership for U.S. federal income tax purposes holds our ordinary shares or warrants, the U.S. federal income tax treatment of a partner will depend on the status of the partner and the activities of the partnership. Partnerships holding our ordinary shares or warrants and partners in such partnerships should consult their tax advisers as to the particular U.S. federal income tax consequences of owning and disposing of our ordinary shares or warrants. This discussion also assumes that any distribution made (or deemed made) on our ordinary shares and any consideration received (or deemed received) by a holder in consideration for the sale or other disposition of our ordinary shares will be in U.S. dollars.

This discussion is based on the Code, administrative pronouncements, judicial decisions, and final, temporary and proposed Treasury regulations, all as of the date hereof, any of which is subject to change or differing interpretations, possibly with retroactive effect. Holders should consult their tax adviser with regard to the application of the U.S. federal tax laws to their particular situation, as well as any tax consequences arising under the laws of any state, local or non-U.S. taxing jurisdiction.

Tax Consequences to U.S. Holders of Ownership and Disposition of Our Ordinary Shares and Warrants

This section applies to U.S. Holders. A "U.S. Holder" is a person who, for U.S. federal income tax purposes, is a beneficial owner of our ordinary shares or warrants and is

- a citizen or individual resident of the United States;
- a corporation, or other entity taxable as a corporation for U.S. federal income tax purposes, created or organized in or under the laws of the United States, any state therein or the District of Columbia;
- an estate the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust if (1) a U.S. court can exercise primary supervision over the administration of such trust and one or more United States persons have the authority to control all substantial decisions of the trust, or (2) it has a valid election in place to be treated as a U.S. person.

Dividends and Other Distributions on Our Ordinary Shares

Subject to the PFIC rules discussed below under the heading *"—Passive Foreign Investment Company Rules,"* distributions (including, for the avoidance of doubt and for the purpose of the balance of this discussion, deemed distributions) on our ordinary shares will generally be taxable as a dividend for U.S. federal income tax purposes to the extent paid from our current or accumulated earnings and profits, as determined under U.S. federal income tax principles. Distributions in excess of our current and accumulated earnings and profits will constitute a return of capital that will be applied against and reduce (but not below zero) the U.S. Holder's adjusted tax basis in its ordinary shares. Any remaining excess will be treated as gain realized on the sale or other disposition of our ordinary shares and will be treated as described below under the heading "*—Gain or Loss on Sale, Taxable Exchange or Other Taxable Disposition of Our Ordinary Shares and Warrants*." Because we do not maintain calculations of our earnings and profits under U.S. federal income tax principles, a U.S. Holder should expect all cash distributions to be reported as dividends for U.S. federal income tax purposes. The amount of any such distribution will include any amounts withheld by us (or another applicable withholding agent). Amounts treated as dividends that we pay to a U.S. Holder that is a taxable corporation generally will be taxed at regular tax rates and will not qualify for the dividends received deduction generally allowed to domestic corporations in respect of dividends received from other domestic corporations. Subject to certain holding-period and other requirements and the PFIC rules discussed below, dividends paid to certain non-corporate U.S. Holders may be eligible for taxation as "qualified dividend income," which is taxable at a preferential rate. U.S. Holders should consult their tax advisors regarding the availability of the lower rate for dividends paid with respect to our ordinary shares.

The amount of any dividend distribution paid in foreign currency will be the U.S. dollar amount calculated by reference to the applicable exchange rate in effect on the date of actual or constructive receipt, regardless of whether the payment is in fact converted into U.S. dollars at that time. A U.S. Holder may have foreign currency gain or loss if the dividend is converted into U.S. dollars after the date of receipt.

In general, amounts taxable as dividends will be treated as income from sources outside the U.S. and will be "passive" category income. The rules governing foreign tax credits are complex and U.S. Holders are urged to consult their tax advisers regarding the creditability of foreign taxes in their particular circumstances. In lieu of claiming a foreign tax credit, a U.S. Holder may, in certain circumstances, deduct foreign taxes in computing their taxable income, subject to generally applicable limitations under U.S. law. Generally, an election to deduct foreign taxes instead of claiming foreign tax credits applies to all foreign taxes paid or accrued in the taxable year. Notwithstanding the foregoing, if (a) we are 50% or more owned, by vote or value, by U.S. persons and (b) at least 10% of our earnings and profits are attributable to sources within the U.S., then for foreign tax credit purposes, a portion of the dividends paid by us would be treated as derived from sources within the U.S. In such case, with respect to any dividend paid for any taxable year, the U.S.-source ratio of such dividends for foreign tax credit purposes would be equal to the portion of our earnings and profits from sources within the U.S. for such taxable year, divided by the total amount of our earnings and profits for such taxable year.

Gain or Loss on Sale, Taxable Exchange or Other Taxable Disposition of Our Ordinary Shares and Warrants.

Subject to the PFIC rules discussed below under the heading "— *Passive Foreign Investment Company Rules*," upon any sale, exchange or other taxable disposition of our ordinary shares or warrants, a U.S. Holder generally will recognize gain or loss in an amount equal to the difference between (i) the sum of (x) the amount of cash and (y) the fair market value of any other property, received in such sale, exchange or other taxable disposition and (ii) the U.S. Holder's adjusted tax basis in such ordinary share or warrant (determined as described above or below), in each case as calculated in U.S. dollars. Any such gain or loss generally will be capital gain or loss and will be long-term capital gain or loss if the U.S. Holder's holding period for such ordinary share or warrant exceeds one year. Long-term capital gain realized by a non-corporate U.S. Holder generally will be taxable at a reduced rate. The deduction of capital losses is subject to limitations.

Subject to the discussion below regarding the U.S.-Israel Tax Treaty, any gain or loss recognized on the sale, exchange or other taxable disposition of our ordinary shares or warrants generally will be U.S.-source income or loss for purposes of computing the foreign tax credit allowable to a U.S. Holder. As described in "Certain Material Israeli Tax Considerations—Taxation of our shareholders—Capital gains taxes applicable to non-Israeli resident shareholders" below, gains realized on the sale or other disposition of our ordinary shares may, under certain circumstances, be subject to Israeli taxes. Subject to certain exceptions, Treasury regulations generally preclude U.S. taxpayers from claiming a foreign tax credit with respect to any non-U.S. tax imposed on gains from dispositions of shares held as capital assets, unless the tax is creditable under an applicable income tax treaty. Therefore, a U.S. Holder generally will not be entitled to claim a foreign tax credit for any Israeli taxes imposed on gains from dispositions of our shares, unless they are eligible for the benefits of the U.S.-Israel Tax Treaty and elect to apply the U.S.-Israel Tax Treaty benefits to their gains, including reclassifying such gains as Israeli-source. In lieu of claiming a credit, a U.S. Holder may be able to elect to deduct the Israeli taxes in computing taxable income, subject to applicable limitations. An election to deduct foreign taxes instead of claiming foreign tax credits applies to all foreign taxes paid or accrued in the relevant taxable year. U.S. Holders should consult their tax advisers regarding eligibility for the benefits of the U.S.-Israel Tax Treaty and the creditability or deductibility of any Israeli tax on disposition gains in their particular circumstances (including any applicable limitations).

Exercise, Lapse or Redemption of Our Warrants

Subject to the PFIC rules discussed below and except as discussed below with respect to the cashless exercise of our warrants, a U.S. Holder generally will not recognize taxable gain or loss on the exercise of our warrants. The U.S. Holder's tax basis in an ordinary share received upon exercise of a warrant generally will be an amount equal to the sum of the amount the U.S. Holder paid for the warrant and the exercise price of such warrant. It is unclear whether the U.S. Holder's holding period for our ordinary shares received upon exercise of our warrants will begin on the date following the date of exercise or on the date of exercise of the warrants; in either case, the holding period will not include the period during which the U.S. Holder held our warrants. If a warrant is allowed to lapse unexercised, a U.S. Holder generally will recognize a capital loss equal to such U.S. Holder's tax basis in the warrant.

The tax consequences of a cashless exercise of a warrant are not clear under current tax law. Subject to the PFIC rules discussed below, a cashless exercise may be tax-deferred, either because the exercise is not a realization event or because the exercise is treated as a recapitalization for U.S. federal income tax purposes. In either tax-deferred situation, a U.S. Holder's basis in our ordinary shares received generally should equal the U.S. Holder's basis in the warrants exercised therefor. If the cashless exercise were treated as not being a realization event (and not a recapitalization), it is unclear whether a U.S. Holder's holding period in our ordinary shares would be treated as commencing on the date following the date of exercise or on the date of exercise of the warrant; in either case, the holding period would not include the period during which the U.S. Holder held the warrants. If the cashless exercise were treated as a recapitalization, the holding period of our ordinary shares would include the holding period of the warrants exercised therefor.

It is also possible that a cashless exercise could be treated in part as a taxable exchange in which gain or loss would be recognized. In such event, a U.S. Holder could be deemed to have surrendered warrants with an aggregate fair market value equal to the exercise price for the total number of warrants to be exercised. The U.S. Holder would recognize capital gain or loss in an amount equal to the difference between the fair market value of the warrants deemed surrendered and the U.S. Holder's adjusted tax basis in such warrants. In this case, a U.S. Holder's tax basis in our ordinary shares received would equal the sum of the U.S. Holder's tax basis in the warrants exercised and the exercise price of such warrants. It is unclear whether a U.S. Holder's holding period for our ordinary shares would commence on the date following the date of exercise or on the date of exercise of the warrants; in either case, the holding period would not include the period during which the U.S. Holder held the warrants. Due to the absence of authority on the U.S. federal income tax treatment of a cashless exercise, including when a U.S. Holder's holding period would commence with respect to our ordinary shares received, there can be no assurance which, if any, of the alternative tax consequences and holding periods described above would be adopted by the IRS or a court of law. Accordingly, U.S. Holders should consult their tax advisors regarding the tax consequences of a cashless exercise.

If we redeem our warrants for cash pursuant to the redemption provisions described in the section entitled "*Description of Taboola Warrants*" or if we purchase our warrants in an open market transaction, such redemption or purchase generally will be treated as a taxable disposition to the U.S. Holder, taxed as described above under "—*Gain or Loss on Sale, Taxable Exchange or Other Taxable Disposition of Our Ordinary Shares and Warrants*."

The tax consequences of a cashless exercise of our warrants occurring after our giving notice of an intention to redeem our warrants are unclear under current law. Such cashless exercise may be treated either as if we redeemed such warrants for our ordinary shares or as an exercise of our warrants. If the cashless exercise of our warrants for our ordinary shares is treated as a redemption, then such redemption generally should be treated as a tax-deferred recapitalization for U.S. federal income tax purposes, in which case a U.S. Holder should not recognize any gain or loss on such redemption, and accordingly, a U.S. Holder's basis in our ordinary shares received should equal the U.S. Holder's basis in our warrant and the holding period of our ordinary shares would include the holding period of our warrant. If the cashless exercise of our warrants after our giving notice of an intention to redeem our warrants is treated as an exercise of our warrants, the tax consequences generally should be as described above regarding a cashless exercise of our warrants. Due to the lack of clarity under current law regarding the treatment of a cashless exercise of our warrants after our giving notice of an intention to redeem our warrants, there can be no assurance as to which, if any, of the alternative tax consequences described above would be adopted by the IRS or a court of law. Accordingly, U.S. Holders should consult their tax advisors regarding the tax consequences of the exercise of our warrants occurring after our giving notice of an intention to redeem our warrants as described above.

Possible Constructive Distributions

The terms of each of our warrants provide for an adjustment to the number of our ordinary shares for which the warrant may be exercised or to the exercise price of the warrant in certain events, as discussed in the section of this registration statement/prospectus entitled "*Description of Taboola Warrants*." An adjustment which has the effect of preventing dilution generally is not taxable. The U.S. Holders of the warrants would, however, be treated as receiving a constructive distribution from us if, for example, the adjustment to the number of such ordinary shares received upon exercise of our warrants or to the exercise price of the warrants increases the proportionate interest of the U.S. Holder of the warrants in our assets or earnings and profits (e.g., through an increase in the number of our ordinary shares that would be obtained upon exercise or through a decrease in the exercise price of a warrant) as a result of a distribution (or a transaction treated as a distribution) of cash or other property, such as other securities, to the holders of our ordinary shares, which is taxable to the holders of such shares as a distribution. Such constructive distribution would be subject to tax in the same manner as if the U.S. Holders of our warrants received a cash distribution from us equal to the fair market value of such increased interest.

Passive Foreign Investment Company Rules

The treatment of U.S. Holders of our ordinary shares and warrants could be materially different from that described above if we are treated as a passive foreign investment company ("PFIC") for U.S. federal income tax purposes.

A foreign (i.e., non-U.S.) corporation will be classified as a PFIC for U.S. federal income tax purposes if either (i) at least 75% of its gross income in a taxable year, including its pro rata share of the gross income of any corporation in which it is considered to own at least 25% of the shares by value (i.e., direct or indirect subsidiaries), is passive income or (ii) at least 50% of its assets in a taxable year (ordinarily determined based on fair market value and averaged quarterly over the year), including its pro rata share of the assets of any corporation in which it is considered to own at least 25% of the shares by value, are held for the production of, or produce, passive income. Passive income generally includes, among other things, dividends, interest, rents and royalties (other than rents or royalties derived from the active conduct of a trade or business) and gains from the disposition of passive assets.

The Company believes that it was not a PFIC for U.S. federal income tax purposes for its 2021 taxable year and it does not expect to become one in the foreseeable future. However, PFIC status is determined annually and depends on the composition of a company's income and assets and the fair market value of its assets and no assurance can be given that we were not a PFIC in 2021, or will not be a PFIC in 2022, or for any future taxable year, in particular because our PFIC status for any taxable year will generally be determined in part by reference to the value of our assets and our revenues.

Although our PFIC status is determined annually, an initial determination that we are a PFIC will generally apply for subsequent years to a U.S. Holder who held our ordinary shares or warrants while we were a PFIC, whether or not we meet the test for PFIC status in those subsequent years. If we are determined to be a PFIC for any taxable year (or portion thereof) that is included in the holding period of a U.S. Holder of our ordinary shares or warrants and, in the case of our ordinary shares, the U.S. Holder did not make an applicable PFIC election (or elections), as further described below under the heading "—PFIC Elections," for our first taxable year in which we were treated as a PFIC and in which the U.S. Holder held (or was deemed to hold) such ordinary shares, such U.S. Holder generally will be subject to special and adverse rules with respect to (i) any gain recognized by the U.S. Holder on the sale or other disposition of our ordinary shares or warrants (which may include gain realized by reason of transfers of our ordinary shares or warrants that would otherwise qualify as nonrecognition transactions for U.S. federal income tax purposes) and (ii) any "excess distribution" made to the U.S. Holder (generally, any distributions to such U.S. Holder during a taxable year of the U.S. Holder that are greater than 125% of the average annual distributions received by such U.S. Holder in respect of our ordinary shares during the three preceding taxable years of such U.S. Holder or, if shorter, such U.S. Holder's holding period for our ordinary shares).

Under these rules:

- the U.S. Holder's gain or excess distribution will be allocated ratably over the U.S. Holder's holding period for our ordinary shares or warrants;
- the amount allocated to the U.S. Holder's taxable year in which the U.S. Holder recognized the gain or received the excess distribution, or to the period in the U.S. Holder's holding period before the first day of our first taxable year in which we are a PFIC, will be taxed as ordinary income;
- the amount allocated to other taxable years (or portions thereof) of the U.S. Holder and included in its holding period will be taxed at the highest tax rate in effect for that year and applicable to the U.S. Holder without regard to the U.S. Holder's other items of income and loss for such year; and
- an additional tax equal to the interest charge generally applicable to underpayments of tax will be imposed on the U.S. Holder with respect to the tax attributable to each such other taxable year of the U.S. Holder.

PFIC Elections

In general, if we are determined to be a PFIC, a U.S. Holder may avoid the adverse PFIC tax consequences described above in respect of our ordinary shares (but not our warrants) by making and maintaining a timely and valid qualified electing fund ("QEF") election (if eligible to do so) to include in income its pro rata share of our net capital gains (as long-term capital gain) and other earnings and profits (as ordinary income), on a current basis, in each case whether or not distributed, in the first taxable year of the U.S. Holder in which or with which our taxable year ends and each subsequent taxable year. A U.S. Holder generally may make a separate election to defer the payment of taxes on undistributed income inclusions under the QEF rules, but if deferred, any such taxes will be subject to an interest charge.

It is not entirely clear how various aspects of the PFIC rules apply to our warrants. However, a U.S. Holder may not make a QEF election with respect to our warrants. As a result, if a U.S. Holder sells or otherwise disposes of our warrants (other than upon exercise of such warrants for cash) and we were a PFIC at any time during the U.S. Holder's holding period of such warrants, any gain recognized generally will be treated as an excess distribution, taxed as described above. If a U.S. Holder that exercises our warrants properly makes and maintains a QEF election with respect to the newly acquired ordinary shares (or has previously made a QEF election with respect to our ordinary shares), the QEF election will apply to the newly acquired ordinary shares. Notwithstanding such QEF election, the adverse tax consequences relating to PFIC shares, adjusted to take into account the current income inclusions resulting from the QEF election, will continue to apply with respect to such newly acquired ordinary shares (which generally will be deemed to have a holding period for purposes of the PFIC rules that includes the period the U.S. Holder held the warrants), unless the U.S. Holder makes a purging election under the PFIC rules. Under one type of purging election, the U.S. Holder will be deemed to have sold such shares at their fair market value and any gain recognized on such deemed sale will be treated as an excess distribution, as described above. Under another type of purging election, we will be deemed to have made a distribution to the U.S. Holder of such U.S. Holder's pro rata share of our earnings and profits as determined for U.S. federal income tax purposes. In order for the U.S. Holder to make the second election, we must also be determined to be a "controlled foreign corporation" as defined by the U.S. Tax Code. As a result of either purging election, the U.S. Holder will have a new basis and holding period in the ordinary shares acquired upon the exercise of the warrants solely for purposes of the PFIC rules.

The QEF election is made on a shareholder-by-shareholder basis and, once made, can be revoked only with the consent of the IRS. A U.S. Holder generally makes a QEF election by attaching a completed IRS Form 8621 (Information Return by a Shareholder of a Passive Foreign Investment Company or Qualified Electing Fund), including the information provided in a PFIC Annual Information Statement, to a timely filed U.S. federal income tax return for the tax year to which the election relates. Retroactive QEF elections generally may be made only by filing a protective statement with such return and if certain other conditions are met or with the consent of the IRS. U.S. Holders are urged to consult their tax advisors regarding the availability and tax consequences of a retroactive QEF election under their particular circumstances.

In order to comply with the requirements of a QEF election, a U.S. Holder must receive a PFIC Annual Information Statement from us. If we determine we are a PFIC for any taxable year, there is no assurance that we will provide the information required, including a PFIC Annual Information Statement, in order to enable the

U.S. Holder to make and maintain a QEF election.

If a U.S. Holder has made a QEF election with respect to our ordinary shares, and the excess distribution rules discussed above do not apply to such shares (because of a timely QEF election for our first taxable year as a PFIC in which the U.S. Holder holds (or is deemed to hold) such shares or a purge of the PFIC taint pursuant to a purging election, as described above), any gain recognized on the sale of our ordinary shares generally will be taxable as capital gain and no additional interest charge will be imposed under the PFIC rules. As discussed above, if we are a PFIC for any taxable year, a U.S. Holder of our ordinary shares that has made a QEF election will be currently taxed on its pro rata share of the our earnings and profits, whether or not distributed for such year. A subsequent distribution of such earnings and profits that were previously included in income generally may not be treated as dividends when distributed to such U.S. Holder.

The tax basis of a U.S. Holder's shares in a QEF will be increased by amounts that are included in income, and decreased by amounts distributed but not taxed as dividends, under the above rules. In addition, if we are not a PFIC for any taxable year, such U.S. Holder will not be subject to the QEF inclusion regime with respect to our ordinary shares for such a taxable year.

Alternatively, if we are a PFIC and our ordinary shares constitute "marketable stock," a U.S. Holder may avoid the adverse PFIC tax consequences discussed above if such U.S. Holder makes a mark-to-market election with respect to such shares for the first taxable year in which it holds (or is deemed to hold) our ordinary shares and each subsequent taxable year. Such U.S. Holder generally will include for each of its taxable years as ordinary income the excess, if any, of the fair market value of our ordinary shares at the end of such year over its adjusted basis in our ordinary shares. These amounts of ordinary income would not be eligible for the favorable tax rates applicable to qualified dividend income or long-term capital gains. The U.S. Holder also will recognize an ordinary loss in respect of the excess, if any, of its adjusted basis of our ordinary shares over the fair market value of our ordinary shares at the end of its taxable year (but only to the extent of the net amount of previously included income as a result of the mark-to-market election). The U.S. Holder's basis in our ordinary shares will be adjusted to reflect any such income or loss amounts, and any further gain recognized on a sale or other taxable disposition of our ordinary shares will be treated as ordinary income. Currently, a mark-to-market election may not be made with respect to our warrants.

The mark-to-market election is available only for "marketable stock," generally, stock that is regularly traded on a national securities exchange that is registered with the Securities and Exchange Commission, or on a foreign exchange or market that the IRS determines has rules sufficient to ensure that the market price represents a legitimate and sound fair market value. If made, a mark-to-market election would be effective for the taxable year for which the election was made and for all subsequent taxable years unless our ordinary shares cease to qualify as "marketable stock" for purposes of the PFIC rules or the IRS consents to the revocation of the election. U.S. Holders are urged to consult their tax advisors regarding the availability and tax consequences of a mark-to-market election with respect to our ordinary shares under their particular circumstances.

Related PFIC Rules.

If we are a PFIC and, at any time, have a foreign subsidiary that is classified as a PFIC, a U.S. Holder generally would be deemed to own a proportionate amount of the shares of such lower-tier PFIC, and generally could incur liability for the deferred tax and interest charge described above if we receive a distribution from, or disposes of all or part of our interest in, the lower-tier PFIC, or the U.S. Holder otherwise was deemed to have disposed of an interest in the lower-tier PFIC. There is no assurance that we will cause any lower-tier PFIC to provide to a U.S. Holder the information that may be required to make or maintain a QEF election with respect to the lower-tier PFIC. In addition, we may not hold a controlling interest in any such lower-tier PFIC and thus there can be no assurance we will be able to cause the lower-tier PFIC to provide such required information. A mark-to-market election generally would not be available with respect to such lower-tier PFIC. U.S. Holders are urged to consult their tax advisors regarding the tax issues raised by lower-tier PFICs.

A U.S. Holder that owns (or is deemed to own) shares in a PFIC during any taxable year of the U.S. Holder, may have to file an IRS Form 8621 (whether or not a QEF or mark-to-market election is made) and to provide such other information as may be required by the U.S. Treasury Department. Failure to do so, if required, will extend the statute of limitations applicable to such U.S. Holder until such required information is furnished to the IRS.

The rules dealing with PFICs and with the QEF, purging, and mark-to-market elections are very complex and are affected by various factors in addition to those described above. Accordingly, U.S. Holders of our ordinary shares and warrants are urged to consult their own tax advisors concerning the application of the PFIC rules to our ordinary shares and warrants under their particular circumstances.

Additional Reporting Requirements

Certain U.S. Holders may be required to file an IRS Form 926 (Return by a U.S. Transferor of Property to a Foreign Corporation) to report a transfer of property to us. Substantial penalties may be imposed on a U.S. Holder that fails to comply with this reporting requirement and the period of limitations on assessment and collection of U.S. federal income taxes will be extended in the event of a failure to comply. In addition, certain U.S. Holders (and to the extent provided in IRS guidance, certain individual Non-U.S. Holders) holding specified foreign financial assets with an aggregate value in excess of the applicable dollar thresholds are required to report information to the IRS relating to our ordinary shares, subject to certain exceptions (including an exception for our ordinary shares held in accounts maintained by U.S. financial institutions), by attaching a completed IRS Form 8938 (Statement of Specified Foreign Financial Assets) with their tax return for each year in which they hold our ordinary shares. Substantial penalties apply to any failure to file IRS Form 8938 and the period of limitations on assessment and collection of U.S. federal income taxes will be extended in the event of a failure to comply. U.S. Holders are urged to consult their tax advisors regarding the effect, if any, of these rules on the ownership and disposition of our ordinary shares.

Information Reporting and Backup Withholding

Payments of dividends and sales proceeds that are made within the United States or through certain U.S.-related financial intermediaries are subject to information reporting, and may be subject to backup withholding.

Backup withholding generally will not apply, however, to a U.S. Holder if (i) the U.S. Holder is a corporation or other exempt recipient or (ii) the U.S. Holder provides a correct taxpayer identification number and certifies that it is not subject to backup withholding (providing Form W-9, *Request for Taxpayer Identification Number and Certification*).

Backup withholding is not an additional tax. The amount of any backup withholding from a payment to a holder will be allowed as a credit against such holder's U.S. federal income tax liability and may entitle it to a refund, provided that the required information is timely furnished to the IRS.

Tax Consequences to Non-U.S. Holders of Ownership and Disposition of Our Ordinary Shares and Warrants

This section applies to Non-U.S. Holders. A "Non-U.S. Holder" is a beneficial owner of a share of our ordinary shares that is, for U.S. federal income tax purposes:

- a non-resident alien individual, other than a former citizen or resident of the U.S. subject to U.S. tax as an expatriate,
- a foreign corporation, or
- an estate or trust that is not a U.S. Holder.

Dividends and Other Distributions on Our Ordinary Shares.

Subject to the discussion below concerning backup withholding, Non-U.S. Holders generally will not be subject to U.S. federal income tax or withholding tax on dividends (including dividends with respect to constructive distributions, as further described under the heading "*—Tax Consequences to U.S. Holders of Ownership and Disposition of Our Ordinary Shares and Warrants—Possible Constructive Distributions*") received from us on our ordinary shares (or, with respect to constructive distributions, on our warrants) unless the income from such dividends is effectively connected with the conduct of a trade or business of the Non-U.S. Holder in the United States and, if provided under an applicable income tax treaty, is attributable to a permanent establishment or a "fixed base" maintained by the Non-U.S. Holder in the United States), in which case, a Non-U.S. Holder will be subject to regular federal income tax on such dividend generally in the same manner as discussed in the section above under "*—Tax Consequences to U.S. Holders of Ownership and Disposition of Our Ordinary Shares and Warrants—Dividends and Other Distributions on Our Ordinary Shares*," unless an applicable income tax treaty provides otherwise. In addition, earnings and profits of a corporate Non-U.S. Holder that are attributable to such dividend, as determined after allowance for certain adjustments, may be subject to an additional branch profits tax at a rate of 30%, or at a lower rate as may be specified by an applicable income tax treaty.

Gain or Loss on Sale, Taxable Exchange or other Taxable Disposition of Our Ordinary Shares and Warrants.

Subject to the discussion below concerning backup withholding, Non-U.S. Holders generally will not be subject to U.S. federal income tax or withholding tax on any gain realized upon the sale, exchange or other disposition of our ordinary shares or warrants, unless either:

(i) the gain is effectively connected with the conduct of a trade or business of the Non-U.S. Holder in the United States, and, if provided in an applicable income tax treaty, is attributable to a "permanent establishment" or a "fixed base" maintained by the Non-U.S. Holder in the United States; or

(ii) the Non-U.S. Holder is an individual who is treated as present in the U.S. for 183 days or more during the taxable year of disposition and certain other conditions are met, in which case such gain (which gain may be offset by certain U.S.-source losses) generally will be taxed at a 30% rate (or lower applicable treaty rate).

A Non-U.S. Holder described in the first bullet point above will be subject to regular U.S. federal income tax on the net gain derived from the sale generally in the same manner as discussed in the section above under " — *Tax Consequences to U.S. Holders of Ownership and Disposition of Our Ordinary Shares and Warrants — Gain or Loss on Sale*, *Taxable Exchange or Other Taxable Disposition of Our Ordinary Shares and Warrants*," unless an applicable income tax treaty provides otherwise. In addition, earnings and profits of a corporate Non-U.S. Holder that are attributable to such gain, as determined after allowance for certain adjustments, may be subject to an additional branch profits tax at a rate of 30%, or at a lower rate as may be specified by an applicable income tax treaty.

Exercise, Lapse or Redemption of Our Warrants.

The U.S. federal income tax treatment of a Non-U.S. Holder's exercise of our warrants, or the lapse of our warrants held by a Non-U.S. Holder, generally will correspond to the U.S. federal income tax treatment of the exercise or lapse of a warrant by a U.S. Holder, as described under "*—Tax Consequences to U.S. Holders of Ownership and Disposition of Our Ordinary Shares and Warrants—Exercise, Lapse or Redemption of Our Warrants*," above, although to the extent a cashless exercise results in a taxable exchange, the consequences would be similar to those described under the heading "*—Tax Consequences to Non-U.S. Holders of Ownership and Disposition of Our Ordinary Shares and Warrants—Gain or Loss on Sale, Exchange, or other Taxable Disposition of Our Ordinary Shares and Warrants*" for a Non-U.S. Holder's gain on the sale or other disposition of our warrants.

Information Reporting and Backup Withholding

Payments of dividends and sales proceeds that are made within the United States or through certain U.S.-related financial intermediaries are subject to information reporting, and may be subject to backup withholding.

A Non-U.S. Holder generally will eliminate the requirement for information reporting and backup withholding by providing certification of its foreign status, under penalties of perjury, on a duly executed applicable IRS Form W-8 or by otherwise establishing an exemption.

Backup withholding is not an additional tax. The amount of any backup withholding from a payment to a holder will be allowed as a credit against such holder's U.S. federal income tax liability and may entitle it to a refund, provided that the required information is timely furnished to the IRS.

THE U.S. FEDERAL INCOME TAX DISCUSSION SET FORTH ABOVE IS INCLUDED FOR GENERAL INFORMATION ONLY AND MAY NOT BE APPLICABLE TO YOU DEPENDING UPON YOUR PARTICULAR SITUATION. YOU ARE URGED TO CONSULT YOUR OWN TAX ADVISOR WITH RESPECT TO THE TAX CONSEQUENCES TO YOU OF THE OWNERSHIP AND DISPOSITION OF OUR ORDINARY SHARES AND WARRANTS INCLUDING THE TAX CONSEQUENCES UNDER STATE, LOCAL, ESTATE, FOREIGN AND OTHER TAX LAWS AND TAX TREATIES AND THE POSSIBLE EFFECTS OF CHANGES IN U.S. OR OTHER TAX LAWS.

CERTAIN MATERIAL ISRAELI TAX CONSIDERATIONS

The following description is not intended to constitute a complete analysis of all tax consequences relating to the acquisition, ownership and disposition of the Taboola ordinary shares and Warrants. You should consult your own tax advisor concerning the tax consequences of your particular situation, as well as any tax consequences that may arise under the laws of any state, local, foreign or other taxing jurisdiction.

Israeli tax considerations

The following is a brief summary of the material Israeli tax laws applicable to Taboola, and certain Israeli Government programs that benefit Taboola. This section also contains a discussion of material Israeli tax consequences concerning the ownership and disposition of Taboola ordinary shares purchased by investors. This summary does not discuss all the aspects of Israeli tax law that may be relevant to a particular investor in light of his or her personal investment circumstances or to some types of investors subject to special treatment under Israeli law. Examples of such investors include residents of Israel or traders in securities who are subject to special tax regimes not covered in this discussion. To the extent that the discussion is based on new tax legislation that has not yet been subject to judicial or administrative interpretation, Taboola cannot assure you that the appropriate tax authorities or the courts will accept the views expressed in this discussion. The discussion below is subject to change, including due to amendments under Israeli law or changes to the applicable judicial or administrative interpretations of Israeli law, which change could affect the tax consequences described below.

SHAREHOLDERS ARE URGED TO CONSULT THEIR OWN TAX ADVISORS AS TO THE ISRAELI OR OTHER TAX CONSEQUENCES OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF OUR ORDINARY SHARES AND WARRANTS, INCLUDING, IN PARTICULAR, THE EFFECT OF ANY NON-U.S., STATE OR LOCAL TAXES.

General corporate tax structure in Israel

Israeli companies are generally subject to corporate tax on their taxable income. The corporate tax rate is 23% as of 2018 and thereafter. However, the effective tax rate payable by a company that derives income from a Preferred Enterprise or a Technology Enterprise (as discussed below) may be considerably less. Capital gains derived by an Israeli company are generally subject to corporate tax rate.

Law for the Encouragement of Industry (Taxes), 5729-1969

The Law for the Encouragement of Industry (Taxes), 5729-1969, generally referred to as the Industry Encouragement Law, provides several tax benefits for “Industrial Companies.” We believe that we currently qualify as an Industrial Company within the meaning of the Industry Encouragement Law.

The Industry Encouragement Law defines an “Industrial Company” as an Israeli resident-company incorporated in Israel, of which 90% or more of its income in any tax year, other than income from certain government loans, is derived from an “Industrial Enterprise” owned by it and located in Israel or in the “Area”, in accordance with the definition under section 3A of the Israeli Income Tax Ordinance (New Version) 1961, or the Ordinance. An “Industrial Enterprise” is defined as an enterprise which is held by an Industrial Company whose principal activity in a given tax year is industrial production.

Following are the main tax benefits available to Industrial Companies:

- amortization of the cost of a purchased patent, rights to use a patent, and know-how, which were purchased in good faith and are used for the development or advancement of the Industrial Enterprise, over an eight-year period, commencing on the year in which such rights were first exercised;
- under limited conditions, an election to file consolidated tax returns with controlled Israeli Industrial Companies; and
- expenses related to a public offering are deductible in equal amounts over three years commencing on the year of the offering.

Eligibility for benefits under the Industry Encouragement Law is not contingent upon approval of any governmental authority.

Tax benefits and grants for research and development

Israeli tax law allows, under certain conditions, a tax deduction for expenditures, including capital expenditures, for the year in which they are incurred. Expenditures are deemed related to scientific research and development projects, if:

- the expenditures are approved by the relevant Israeli government ministry, determined by the field of research;
- the research and development must be for the promotion of the company; and
- the research and development is carried out by or on behalf of the company seeking such tax deduction.
- The amount of such deductible expenses is reduced by the sum of any funds received through government grants for the finance of such scientific research and development projects. No deduction under these research and development deduction rules is allowed if such deduction is related to an expense invested in an asset depreciable under the general depreciation rules of the Ordinance. Expenditures that are unqualified under the conditions above are deductible in equal amounts over three years.

From time to time we may apply to the Israel Innovation Authority (the "IIA") for approval to allow a tax deduction for all or most of research and development expenses during the year incurred. There can be no assurance that such application will be accepted. If we will not be able to deduct research and development expenses during the year of the payment, we will be able to deduct research and development expenses during a period of three years commencing in the year of the payment of such expenses.

Law for the Encouragement of Capital Investments, 5719-1959

The Law for the Encouragement of Capital Investments, 5719-1959, generally referred to as the Investment Law, provides certain incentives for capital investments in production facilities (or other eligible assets).

The Investment Law was significantly amended effective as of April 1, 2005, as of January 1, 2011 (the "2011 Amendment") and as of January 1, 2017 (the "2017 Amendment"). The 2011 Amendment introduced new benefits to replace those granted in accordance with the provisions of the Investment Law in effect prior to the 2011 Amendment. However, companies entitled to benefits under the Investment Law as in effect prior to January 1, 2011 were entitled to choose to continue to enjoy such benefits, provided that certain conditions are met, or elect instead, irrevocably, to forego such benefits and have the benefits of the 2011 Amendment apply. The 2017 Amendment introduces new benefits for Technological Enterprises, alongside the existing tax benefits.

Tax benefits under the 2011 amendment

The 2011 Amendment canceled the availability of the benefits granted to Industrial Companies under the Investment Law prior to 2011 and, instead, introduced new benefits for income generated by a "Preferred Company" through its "Preferred Enterprise" (as such terms are defined in the Investment Law) as of January 1, 2011. The definition of a Preferred Company includes a company incorporated in Israel that is not fully owned by a governmental entity, and that has, among other things, Preferred Enterprise status and is controlled and managed from Israel. Pursuant to the 2011 Amendment, a Preferred Company is entitled to a reduced corporate tax rate of 15% with respect to its income derived by its Preferred Enterprise in 2011 and 2012, unless the Preferred Enterprise is located in a specified development zone, in which case the rate will be 10%. Under the 2011 Amendment, such corporate tax rate was reduced from 15% and 10%, respectively, to 12.5% and 7%, respectively, in 2013, 16% and 9% respectively, in 2014, 2015 and 2016, and 16% and 7.5%, respectively, in 2017 and thereafter. Income derived by a Preferred Company from a "Special Preferred Enterprise" (as such term is defined in the Investment Law) would be entitled, during a benefits period of 10 years, to further reduced tax rates of 8%, or 5% if the Special Preferred Enterprise is located in a certain development zone.

Dividends distributed from income which is attributed to a "Preferred Enterprise" will be subject to withholding tax at source at the following rates: (i) Israeli resident corporations–0%, (although, if such dividends are subsequently distributed to individuals or a non-Israeli company the below rates detailed in sub sections (ii) and (iii) shall apply) (ii) Israeli resident individuals–20% (iii) non-Israeli residents (individuals and corporations) – subject to the receipt in advance of a valid certificate from the Israel Tax Authority ("ITA") allowing for a reduced tax rate - 20% or such lower rate, according to the applicable tax treaty.

Taboola currently does not intend to implement the 2011 Amendment.

New tax benefits under the 2017 amendment that became effective on January 1, 2017

The 2017 Amendment provides new tax benefits for two types of “Technology Enterprises”, as described below, and is in addition to the other existing tax beneficial programs under the Investment Law.

The 2017 Amendment provides that a technology company satisfying certain conditions will qualify as a “Preferred Technology Enterprise” and will thereby enjoy a reduced corporate tax rate of 12% on income that qualifies as “Preferred Technology Income”, as defined in the Investment Law. The tax rate is further reduced to 7.5% for a Preferred Technology Enterprise located in development zone “A”. In addition, a Preferred Technology Company will enjoy a reduced corporate tax rate of 12% on capital gain derived from the sale of certain “Benefitted Intangible Assets” (as defined in the Investment Law) to a related foreign company if the Benefitted Intangible Assets were acquired from a foreign company on or after January 1, 2017 for at least NIS 200 million, and the sale receives prior approval from the IIA.

The 2017 Amendment further provides that a technology company satisfying certain conditions (group consolidated revenues of at least NIS 10 billion) will qualify as a “Special Preferred Technology Enterprise” and will thereby enjoy a reduced corporate tax rate of 6% on “Preferred Technology Income” regardless of the company’s geographic location within Israel. It should be noted that the proportion of income that may be considered Preferred Technology Income and enjoy the tax benefits described above, should be calculated according to a Nexus Formula, which is based on the proportion as that of qualifying expenditures in the IP compared to overall expenditures. In addition, a Special Preferred Technology Enterprise will enjoy a reduced corporate tax rate of 6% on capital gain derived from the sale of certain “Benefitted Intangible Assets” to a related foreign company if the Benefitted Intangible Assets were either developed by the Special Preferred Enterprise or acquired from a foreign company on or after January 1, 2017, and the sale received prior approval from the IIA. A Special Preferred Technology Enterprise that acquires Benefitted Intangible Assets from a foreign company for more than NIS 500 million will be eligible for these benefits for at least ten years, subject to certain approvals as specified in the Investment Law.

Dividends distributed by a Preferred Technology Enterprise or a Special Preferred Technology Enterprise to Israeli shareholders, paid out of Preferred Technology Income, are generally subject to withholding tax at source at the rate of 20% (in the case of non-Israeli shareholders - subject to the receipt in advance of a valid certificate from the ITA allowing for a reduced tax rate, 20%, or such lower rate as may be provided in an applicable tax treaty). However, if such dividends are paid to an Israeli company, no tax is required to be withheld (although, if such dividends are subsequently distributed to individuals or a non-Israeli company, the aforesaid will apply). If such dividends are distributed to a foreign company that holds solely or together with other foreign companies 90% or more in the Israeli company and other conditions are met, the withholding tax rate will be 4% (subject to the receipt in advance of a valid certificate from the ITA allowing for a reduced tax rate).

Taboola believes that it may be eligible to the tax benefits under the 2017 Amendment.

Tax-exempted earnings

On November 15, 2021, a new amendment to the Investment Law was approved, introducing a new dividend distribution ordering rule to cause the distribution of earnings that were tax exempt under the historical Approved or Beneficial Enterprise regimes (tax-exempted earnings), to be on a pro-rata basis from any dividend distribution, which is applicable to distributions starting from August 15, 2021 onwards. Meaning, that the corporate income tax (CIT) claw-back will apply upon any dividend distribution, as long as the company has tax-exempted earnings.

In parallel, the Budget Law also introduced a Temporary Order to enhance the release of tax-exempted earnings by reducing the claw-back CIT rate that is applicable upon such a release or distribution by up to 60%, but not less than 6% CIT rate, during a one-year period beginning from November 15, 2021.

Taboola has tax-exempted earnings generated in tax years 2018-2019 for an amount of NIS 169.8 million. Taboola elected to apply for the aforementioned temporary order and therefore the entire amount of tax-exempted earnings has been released on December 31, 2021.

Taxation of our shareholders

Capital gains taxes applicable to Israeli resident shareholders

Israeli capital gains tax is imposed on the disposal of capital assets by a non-Israeli resident if such assets are either (i) located in Israel; (ii) shares or rights to shares in an Israeli resident company, or (iii) represent, directly or indirectly, rights to assets located in Israel, unless a tax treaty between Israel and the seller's country of residence provides otherwise. The Ordinance distinguishes between "Real Capital Gain" and "Inflationary Surplus." Real Capital Gain is the excess of the total capital gain over Inflationary Surplus. The Inflationary Surplus is a portion of the total capital gain which is equivalent to the increase of the relevant asset's price that is attributable to the increase in the Israeli consumer price index or, in certain circumstances, a foreign currency exchange rate, between the date of purchase and the date of sale. Inflationary Surplus is not currently subject to tax in Israel under certain conditions.

Generally, an Israeli resident corporation that derives capital gains from the sale of shares in an Israeli resident company will generally be subject to tax on the real capital gains generated on such sale at the corporate tax rate of 23% (in 2022). An Israeli resident individual will generally be subject to capital gain tax at the rate of 25%. However, if the individual shareholder claims deduction of interest and linkage differences expenses in connection with the purchase and holding of such shares or is a "substantial shareholder" at the time of the sale or at any time during the preceding twelve months period, such gain will be taxed at the rate of 30%. A "substantial shareholder" is generally a person who alone or together with such person's relative or another person who collaborates with such person on a permanent basis, holds, directly or indirectly, at least 10% of any of the "means of control" of the corporation. "Means of control" generally include the right to vote, receive profits, nominate a director or an executive officer, receive assets upon liquidation, or order someone who holds any of the aforesaid rights how to act, regardless of the source of such right. Individual holders dealing in securities in Israel for whom the income from the sale of securities is considered "business income" as defined in Section 2(1) of the Ordinance are taxed at the marginal tax rates applicable to business income (up to 47% in 2022). Certain Israeli institutions who are exempt from tax under Section 9(2) or Section 129(C)(a)(1) of the Ordinance (such as exempt trust fund, pension fund) may be exempt from capital gains tax from the sale of the shares.

Capital gains taxes applicable to non-Israeli resident shareholders

A non-Israeli resident who derives capital gains from the sale of shares in an Israeli resident company that were purchased after the company was listed for trading on a stock exchange outside of Israel, will be exempt from Israeli tax if the shares were not held through a permanent establishment that the non-resident maintains in Israel. However, non-Israeli corporations will not be entitled to the foregoing exemption if Israeli residents: (i) have a controlling interest more than 25% in such non-Israeli corporation or (ii) are the beneficiaries of, or are entitled to, 25% or more of the revenues or profits of such non-Israeli corporation, whether directly or indirectly. In addition, such exemption is not applicable to a person whose gains from selling or otherwise disposing of the shares are deemed to be business income.

Additionally, a sale of securities by a non-Israeli resident may be exempt from Israeli capital gains tax under the provisions of an applicable tax treaty. For example, under Convention Between the Government of the United States of America and the Government of the State of Israel with respect to Taxes on Income, as amended (the "United States Israel Tax Treaty"), the sale, exchange or other disposition of shares by a shareholder who is a United States resident (for purposes of the treaty) holding the shares as a capital asset and is entitled to claim the benefits afforded to such a resident by the U.S. Israel Tax Treaty (a "U.S. Resident") is generally exempt from Israeli capital gains tax unless: (i) the capital gain arising from such sale, exchange or disposition is attributed to real estate located in Israel; (ii) the capital gain arising from such sale, exchange or disposition is attributed to royalties; (iii) the capital gain arising from the such sale, exchange or disposition is attributed to a permanent establishment in Israel, under certain terms; (iv) such U.S. Resident holds, directly or indirectly, shares representing 10% or more of the voting capital during any part of the 12 month period preceding the disposition, subject to certain conditions; (v) such U.S. Resident is an individual and was present in Israel for 183 days or more during the relevant taxable year; or (vi) the U.S. Resident is not holding the shares as a capital asset. If any such case occurs, the sale, exchange or disposition of our ordinary shares would be subject to Israeli tax, to the extent applicable. However, under the United States Israel Tax Treaty, such U.S. Resident should be permitted to claim a credit for such taxes against U.S. federal income tax imposed on any gain from such sale, exchange or disposition, under the circumstances and subject to the limitations specified in the United States Israel Tax Treaty.

In some instances where our shareholders may be liable for Israeli tax on the sale of their ordinary shares, the payment of the consideration may be subject to the withholding of Israeli tax at source. Shareholders may be required to demonstrate that they are exempt from tax on their capital gains in order to avoid withholding at source at the time of sale. Specifically, in transactions involving a sale of all of the shares of an Israeli resident company, in the form of a merger or otherwise, the ITA may require shareholders who are not liable for Israeli tax to sign declarations in forms specified by the ITA or obtain a specific exemption from the ITA to confirm their status as non-Israeli resident, and, in the absence of such declarations or exemptions, may require the purchaser of the shares to withhold taxes at source.

A detailed return, including a computation of the tax due, must be filed and an advance payment must be paid on January 31 and July 30 of each tax year for sales of securities traded on a stock exchange made within the previous six months. However, if all tax due was withheld at the source according to applicable provisions of the Ordinance and the regulations promulgated thereunder, the return does not need to be filed provided that (i) such income was not generated from business conducted in Israel by the taxpayer, (ii) the taxpayer has no other taxable sources of income in Israel with respect to which a tax return is required to be filed and an advance payment does not need to be made, and (iii) the taxpayer is not obligated to pay excess tax (as further explained below). Capital gains are also reportable on an annual income tax return.

Taxation of Israeli shareholders on receipt of dividends

An Israeli resident individual is generally subject to Israeli income tax on the receipt of dividends paid on our ordinary shares at the rate of 25%. With respect to a person who is a “substantial shareholder” at the time of receiving the dividend or on any time during the preceding twelve months, the applicable tax rate is 30%. Such dividends are generally subject to Israeli withholding tax at a rate of 25% if the shares are registered with a nominee company (whether the recipient is a substantial shareholder or not) and 20% if the dividend is distributed from income attributed to a Preferred Enterprise or Technology Enterprise. If the recipient of the dividend is an Israeli resident corporation such dividend income will be exempt from tax provided the income from which such dividend is distributed was derived or accrued within Israel and was received directly or indirectly from another corporation that is liable to Israeli corporate tax. An exempt trust fund, pension fund or other entity that is exempt from tax under Section 9(2) or Section 129(C)(a)(1) of the Ordinance is exempt from tax on dividend.

Taxation of non-Israeli shareholders on receipt of dividends

Non-Israeli residents (either individuals or corporations) are generally subject to Israeli income tax on the receipt of dividends paid on our ordinary shares at the rate of 25% or (if the dividends recipient is a “substantial shareholder” at the time of distribution or at any time during the preceding 12 months period) 30%, which tax will be withheld at source, unless relief is provided in a treaty between Israel and the shareholder’s country of residence. Such dividends are generally subject to Israeli withholding tax at a rate of 20% if the dividend is distributed from income attributed to a Preferred Enterprise or Technology Enterprise or a reduced rate provided under an applicable tax treaty, in each case subject to the receipt in advance of a valid certificate from the ITA allowing for a reduced tax rate. For example, under the United States-Israel Tax Treaty, the maximum rate of tax withheld at source in Israel on dividends paid to a holder of our ordinary shares who is a U.S. Resident is 25%. However, generally, the maximum rate of withholding tax on dividends, not generated by a Preferred Enterprise or Technology Enterprise, that are paid to a United States corporation holding 10% or more of the outstanding voting capital throughout the tax year in which the dividend is distributed as well as during the previous tax year, is 12.5%, provided that not more than 25% of the gross income for such preceding year consists of certain types of dividends and interest. If the dividend is attributable partly to income derived from a Preferred Enterprise or Technology Enterprise, and partly to other sources of income, the withholding rate will be a blended rate reflecting the relative portions of the two types of income. We cannot assure you that we will designate the profits that we may distribute in a way that will reduce shareholders’ tax liability.

A foreign resident who had income from a dividend that was accrued from Israeli source, from which the full tax was deducted, will be generally exempt from filing a tax return in Israel, provided that (1) such income was not generated from business conducted in Israel by the foreign resident, (ii) the foreign resident has no other taxable sources of income in Israel with respect to which a tax return is required to be filed and (iii) the foreign resident is not liable to additional Surtax (see below) in accordance with Section 121B of the Ordinance.

Surtax

Individuals who are subject to tax in Israel (whether any such individual is an Israeli resident or non-Israeli resident) are also subject to an additional tax at a rate of 3% on annual income (including, but not limited to, dividends, interest and capital gain) exceeding NIS 663,240 for 2022, which amount is linked to the annual change in the Israeli consumer price index.

Estate and Gift Tax

Israeli law presently does not impose estate or gift taxes.

PLAN OF DISTRIBUTION

The Selling Securityholders, which as used here includes donees, pledgees, transferees or other successors-in-interest selling warrants, ordinary shares or interests in ordinary shares received after the date of this prospectus from a Selling Securityholder as a gift, pledge, partnership distribution or other transfer, may, from time to time, sell, transfer or otherwise dispose of any or all of their warrants, ordinary shares or interests in ordinary shares on any stock exchange, market or trading facility on which the warrants or shares are traded or in private transactions. These dispositions may be at fixed prices, at prevailing market prices at the time of sale, at prices related to the prevailing market price, at varying prices determined at the time of sale, or at negotiated prices.

The Selling Securityholders may use any one or more of the following methods when disposing of warrants, shares or interests therein:

- ordinary brokerage transactions and transactions in which the broker-dealer solicits purchasers;
- block trades in which the broker-dealer will attempt to sell the shares as agent, but may position and resell a portion of the block as principal to facilitate the transaction;
- purchases by a broker-dealer as principal and resale by the broker-dealer for their account;
- an exchange distribution in accordance with the rules of the applicable exchange;
- privately negotiated transactions;
- short sales effected after the date the registration statement of which this prospectus is a part is declared effective by the SEC;
- through the writing or settlement of options or other hedging transactions, whether through an options exchange or otherwise;
- broker-dealers may agree with the Selling Securityholders to sell a specified number of such securities at a stipulated price per security;
- a combination of any such methods of sale; and
- any other method permitted by applicable law.

The Selling Securityholders may, from time to time, pledge or grant a security interest in some or all of the warrants or ordinary shares owned by them and, if they default in the performance of their secured obligations, the pledgees or secured parties may offer and sell the warrants or ordinary shares, from time to time, under this prospectus, or under an amendment to this prospectus under Rule 424(b)(3) or other applicable provision of the Securities Act amending the list of Selling Securityholders to include the pledgee, transferee or other successors in interest as Selling Securityholders under this prospectus. The Selling Securityholders also may transfer the warrants or ordinary shares in other circumstances, in which case the transferees, pledgees or other successors in interest will be the selling beneficial owners for purposes of this prospectus.

In connection with the sale of our warrants, ordinary shares or interests therein, the Selling Securityholders may enter into hedging transactions with broker-dealers or other financial institutions, which may in turn engage in short sales of the warrants or ordinary shares in the course of hedging the positions they assume. The Selling Securityholders may also sell warrants or ordinary shares short and deliver these securities to close out their short positions, or loan or pledge the warrants or ordinary shares to broker-dealers that in turn may sell these securities. The Selling Securityholders may also enter into option or other transactions with broker-dealers or other financial institutions or the creation of one or more derivative securities which require the delivery to such broker-dealer or other financial institution of warrants or shares offered by this prospectus, which warrants or shares such broker-dealer or other financial institution may resell pursuant to this prospectus (as supplemented or amended to reflect such transaction).

Each of the Selling Securityholders reserves the right to accept and, together with their agents from time to time, to reject, in whole or in part, any proposed purchase of warrants or ordinary shares to be made directly or through agents. We will not receive any of the proceeds from this offering. Upon any exercise of the warrants by payment of cash, however, we will receive the exercise price of the warrants.

The Selling Securityholders and any underwriters, broker-dealers or agents that participate in the sale of the ordinary shares or interests therein may be "underwriters" within the meaning of Section 2(11) of the Securities Act. Any discounts, commissions, concessions or profit they earn on any resale of the shares may be underwriting discounts and commissions under the Securities Act. Selling securityholders who are "underwriters" within the meaning of Section 2(11) of the Securities Act will be subject to the prospectus delivery requirements of the Securities Act.

To the extent required, the warrants or ordinary shares to be sold, the names of the Selling Securityholders, the respective purchase prices and public offering prices, the names of any agents, dealer or underwriter, any applicable commissions or discounts with respect to a particular offer will be set forth in an accompanying prospectus supplement or, if appropriate, a post-effective amendment to the registration statement that includes this prospectus.

In order to comply with the securities laws of some states, if applicable, the warrants or ordinary shares may be sold in these jurisdictions only through registered or licensed brokers or dealers. In addition, in some states the warrants or ordinary shares may not be sold unless they have been registered or qualified for sale or an exemption from registration or qualification requirements is available and is complied with.

We have advised the Selling Securityholders that the anti-manipulation rules of Regulation M under the Exchange Act may apply to sales of warrants or shares in the market and to the activities of the Selling Securityholders and their affiliates. In addition, to the extent applicable we will make copies of this prospectus (as it may be supplemented or amended from time to time) available to the Selling Securityholders for the purpose of satisfying the prospectus delivery requirements of the Securities Act. The Selling Securityholders may indemnify any broker-dealer that participates in transactions involving the sale of the shares against certain liabilities, including liabilities arising under the Securities Act.

We have agreed to indemnify the Selling Securityholders against liabilities, including liabilities under the Securities Act and state securities laws, relating to the registration of the warrants or shares offered by this prospectus.

We have agreed with the Selling Securityholders to keep the registration statement of which this prospectus constitutes a part effective until all of the securities covered by this prospectus have been disposed of pursuant to and in accordance with the registration statement or the securities no longer constitute registrable securities pursuant to our contractual obligations.

LEGAL MATTERS

Meitar Law Offices has passed upon the validity of our ordinary shares offered by this prospectus and certain other legal matters related to this prospectus. Davis Polk & Wardwell LLP has passed upon the validity of our warrants offered by this prospectus.

EXPERTS

The consolidated financial statements of Taboola.com Ltd. and its subsidiaries incorporated by reference in Taboola.com Ltd.'s Annual Report (Form 20-F) for the year ended December 31, 2021, have been audited by Kost Forer Gabbay & Kasierer, a member of Ernst & Young Global, an independent registered public accounting firm, as set forth in their report thereon, included therein, and incorporated herein by reference. Such consolidated financial statements are incorporated herein by reference in reliance upon such report given on the authority of such firm as experts in accounting and auditing.

The consolidated balance sheets of Shop Holding Corporation as of December 31, 2020 and 2019, and the related consolidated statements of income, comprehensive income, stockholder’s equity (deficit) and cash flows for the years then ended, appearing in this prospectus and registration statement, have been so included in reliance on the report of CohnReznick LLP, independent auditor, given on the authority of said firm as experts in auditing and accounting.

WHERE YOU CAN FIND MORE INFORMATION

We have filed with the SEC a "shelf" registration statement on Form F-3 under the Securities Act of 1933, as amended, with respect to the securities offered by this prospectus. This prospectus does not contain all of the information included in the registration statement. For further information pertaining to us and our securities, you should refer to the registration statement and our exhibits.

In addition, we file reports and other information with the SEC, including annual reports on Form 20-F and reports on Form 6-K. Our SEC filings are available to the public on a website maintained by the SEC located at www.sec.gov. We also maintain a website at https://taboola.com. Through our website, we make available, free of charge reports and other information as soon as reasonably practicable after they are electronically filed with, or furnished to, the SEC. The information contained on, or that may be accessed through, our website is not part of, and is not incorporated by reference into, this prospectus.

INFORMATION INCORPORATED BY REFERENCE

The rules of the SEC allow us to incorporate by reference information in this prospectus. The information incorporated by reference in this prospectus is considered to be a part of this prospectus. Any statement made in this prospectus or in a document incorporated or deemed to be incorporated by reference in this prospectus will be deemed to be modified or superseded for purposes of this prospectus to the extent that a statement contained in this prospectus or in any other subsequently filed document that is also incorporated or deemed to be incorporated by reference in this prospectus modifies or supersedes that statement. Any statement so modified or superseded will not be deemed, except as so modified or superseded, to constitute a part of this prospectus. This prospectus incorporates by reference the documents listed below:

- our Annual Report on Form 20-F for the year ended December 31, 2021;
- our Reports on Form 6-K furnished to the SEC on May 20, 2022, June 15, 2022, August 19, 2022 and August 22, 2022; and
- our Registration Statement on Form 8-A filed with the SEC on June 29, 2021 and any amendment or report filed for the purpose of updating such description.

All subsequent annual reports on Form 20-F or Form 10-K that we file with the SEC and all subsequent filings on Forms 10-Q and 8-K filed by us with the SEC pursuant to the Exchange Act (excluding, in each case, any information or documents deemed to be furnished and not filed with the SEC), after the date hereof and prior to the completion or termination of this offering, shall be incorporated by reference. We may incorporate by reference any reports on Form 6-K that we furnish to the SEC that we specifically identify in such form as being incorporated by reference into this prospectus after the date hereof and prior to the completion or termination of the offering of securities under this prospectus.

You can obtain any of the filings incorporated by reference in this prospectus through us or from the SEC through the SEC's website at *www.sec.gov*. Our filings with the SEC, including our Annual Reports on Form 20-F and Reports on Form 6-K and exhibits incorporated in and amendments to those reports, are also available free of charge on our website (*taboola.com*) as soon as reasonably practicable after they are filed with, or furnished to, the SEC. The reference to our website is an inactive textual reference only, and information contained therein or connected thereto is not incorporated into this prospectus or the registration statement of which it forms a part. We will provide to each person, including any beneficial owner, to whom this prospectus is delivered, a copy of any or all the reports or documents incorporated by reference in this prospectus at no cost, upon written or oral request to us at the following address: Investor Relations, Taboola.com Ltd., 16 Madison Square West 7th Floor, New York, NY 10010, (212) 206-7633.

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Independent Auditor's Report

To Management
Shop Holding Corporation

We have audited the accompanying consolidated financial statements of Shop Holding Corporation, which comprise the consolidated balance sheets as of December 31, 2020 and 2019, and the related consolidated statements of income, comprehensive income, stockholder's equity (deficit) and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Shop Holding Corporation as of December 31, 2020 and 2019, and the results of its operations and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the Company expects to meet the definition of a public business entity. As a result, the Company has revised its consolidated financial statements to comply with the financial statement requirements of a company that meets the definition of a public business entity. Our opinion is not modified with respect to this matter.

CohnReznick LLP

Los Angeles, California
August 11, 2021

SHOP HOLDING CORPORATION
CONSOLIDATED BALANCE SHEETS
(in thousands)

	December 31, 2020	December 31, 2019
Assets		
Current assets:		
Cash	$ 24,297	$ 4,502
Accounts receivable, net of allowance for doubtful accounts of $211 and $138 at December 31, 2020 and 2019, respectively	69,680	26,660
Other current assets - continuing operations	1,567	1,014
Total current assets - continuing operations	95,544	32,176
Other current assets - discontinued operations	197	5,361
Total current assets	95,741	37,537
Property and equipment, net	7,373	7,403
Goodwill	31,344	7,880
Intangible assets, net	24,921	384
Deferred tax assets, net	9,222	34
Other assets - continuing operations	198	129
Other assets - discontinued operations	6	4,844
Total assets	$168,805	$ 58,211
Liabilities and Stockholder's Equity (Deficit)		
Current liabilities:		
Accounts payable	$ 674	$ 430
Accrued liabilities	13,905	4,321
Accrued marketing costs	70,808	16,707
Customer deposits	548	1,767
Current portion of term loan, net of discount	8,107	—
Deferred consideration	8,553	—
BAML Loan Agreement	—	3,392
Current portion of subordinated unsecured convertible promissory notes (related party)	—	875
Total current liabilities - continuing operations	102,595	27,492
Other current liabilities - discontinued operations	1,017	12,554
Total current liabilities	103,612	40,046
Term loan, net of discount	57,534	—
Subordinated unsecured convertible promissory notes (related party)	—	23,990
Deferred tax liabilities, net	4,650	—
Other liabilities - continuing operations	903	1,121
Other liabilities - discontinued operations	—	85
Total liabilities	166,699	65,242
Commitments and contingencies (see Note 11)		
Stockholder's equity (deficit):		
Common stock, $0.001 par value; 100 shares authorized, issued and outstanding	—	—
Additional paid-in capital	91,420	98,153
Accumulated other comprehensive loss - foreign currency translation adjustment	3,673	(372)
Accumulated deficit	(92,987)	(104,812)
Total stockholder's equity (deficit)	2,106	(7,031)
Total liabilities and stockholder's equity (deficit)	$168,805	$ 58,211

The accompanying notes are an integral part of these consolidated financial statements

SHOP HOLDING CORPORATION
CONSOLIDATED STATEMENTS OF INCOME
(in thousands)

	Year Ended December 31,	
	2020	**2019**
Revenues	$163,370	$135,756
Cost of revenues (excluding depreciation and amortization shown separately below)		
Traffic acquisition costs	94,048	88,146
Data acquisition costs	260	239
Other direct variable costs	3,293	2,384
Operating expenses	34,180	22,136
Depreciation expense	4,471	3,406
Amortization of intangible assets	4,930	2,137
Total cost of revenues and operating expenses	141,182	118,448
Operating income	22,188	17,308
Other expense:		
Interest expense, net (includes 482 and 1,571 of related party interest expense for 2020 & 2019, respectively)	(5,869)	(1,747)
Other expense, net	(357)	(30)
Income from continuing operations before income taxes	15,962	15,531
Income tax expense (benefit)	(8,560)	296
Income from continuing operations	24,522	15,235
Loss on discontinued operations, net of tax	(12,697)	(9,718)
Net income	$ 11,825	$ 5,517

The accompanying notes are an integral part of these consolidated financial statements

SHOP HOLDING CORPORATION
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(in thousands)

	Year Ended December 31, 2020	Year Ended December 31, 2019
Net income	$11,825	$5,517
Foreign currency translation	4,045	(12)
Comprehensive income	$15,870	$5,505

The accompanying notes are an integral part of these consolidated financial statements

SHOP HOLDING CORPORATION
CONSOLIDATED STATEMENTS OF STOCKHOLDER'S EQUITY (DEFICIT)
(in thousands)

	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Gain (Loss)	Total Stockholder's Equity (Deficit)
	Shares	Amount				
Balance at December 31, 2018	100	$—	$97,763	$(110,329)	$ (360)	$ (12,926)
Net income	—	—	—	5,517	—	5,517
Capital contribution	—	—	350	—	—	350
Stock—based compensation	—	—	40	—	—	40
Foreign currency translation adjustment	—	—	—	—	(12)	(12)
Balance at December 31, 2019	100	—	98,153	(104,812)	(372)	(7,031)
Net income	—	—	—	11,825	—	11,825
Exercises of stock options	—	—	2	—	—	2
Distributions	—	—	(6,864)	—	—	(6,864)
Stock-based compensation	—	—	129	—	—	129
Foreign currency translation adjustment	—	—	—	—	4,045	4,045
Balance at December 31, 2020	100	$—	$91,420	$ (92,987)	$3,673	$ 2,106

The accompanying notes are an integral part of these consolidated financial statements

SHOP HOLDING CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Year Ended December 31, 2020	Year Ended December 31, 2019
Cash flows from operating activities:		
Net income	$ 11,825	$ 5,517
Deduct: Loss from discontinued operations, net of tax	(12,697)	(9,718)
Income from continuing operations	24,522	15,235
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization expense	9,401	5,543
Amortization of debt issuance costs and accretion of discounts	564	—
Provision for doubtful accounts receivable	692	153
(Gain) Loss on disposal of property and equipment, net	(72)	(13)
Paid-in-kind interest on subordinated unsecured promissory notes (related party)	—	(1,565)
Stock-based compensation	129	40
Deferred income taxes, net	(10,108)	21
Changes in operating assets and liabilities:		
Accounts receivable, net	(15,345)	(3,130)
Other assets	34	509
Accounts payable and accrued liabilities	25,606	1,429
Customer deposits and deferred revenue	(1,219)	(231)
Other liabilities	(312)	(278)
Net cash provided by operating activities - continuing operations	33,892	17,713
Net cash used in operating activities - discontinued operations	(14,544)	(8,790)
Net cash provided by operating activities	19,348	8,923
Cash flows from investing activities:		
Purchases of property and equipment	(376)	(848)
Capitalized software development costs	(3,457)	(3,841)
Proceeds from sale of property and equipment	93	19
Cash paid for acquisition of Skimlinks, net of cash acquired	(27,154)	—
Net cash used in investing activities - continuing operations	(30,894)	(4,670)
Net cash used in investing activities - discontinued operations	(131)	(2,297)
Net cash used in investing activities	(31,025)	(6,967)
Cash flows from financing activities:		
Proceeds from term loan	70,000	—
Payments on term loan	(875)	—
Proceeds from revolver - BAML Loan Agreement	55,762	118,517
Payments on revolver - BAML Loan Agreement	(59,154)	(122,431)
Proceeds from subordinated unsecured promissory notes (related party)	—	3,565
Payments on subordinated unsecured promissory notes (related party)	(24,865)	(2,000)
Payments on debt issuance costs	(4,049)	—
Proceeds from capital contributions	—	350
Proceeds from exercise of stock options	2	—
Payments for return of capital contributions	(6,864)	—
Net cash provided by (used in) financing activities	29,957	(1,999)
Effects of foreign currency exchange rate changes on cash and cash equivalents	1,515	192
Change in cash	19,795	149
Cash, beginning of year	4,502	4,353
Cash, end of year	$ 24,297	$ 4,502

The accompanying notes are an integral part of these consolidated financial statements

SHOP HOLDING CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Year Ended December 31, 2020	2019
Supplemental disclosure of cash flows:		
Cash paid for interest (includes related party interest on subordinated promissory notes of 543 and 570 for 2020 and 2019, respectively)	$ 5,748	$727
Cash paid for income taxes	$ 37	$197
Supplemental disclosure of non-cash investing and financing activities:		
Acquisition of Skimlinks		
Accounts receivable and other assets	$(26,120)	
Property and equipment	(124)	
Intangible assets	(26,439)	
Goodwill	(21,391)	
Accounts payable and other liabilities	34,636	
Deferred tax liabilities	5,023	
Deferred consideration	7,261	
Net cash paid for acquisition	$(27,154)	

The accompanying notes are an integral part of these consolidated financial statements

SHOP HOLDING CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. DESCRIPTION OF BUSINESS AND BASIS OF PRESENTATION

Description of Business

Shop Holding Corporation, incorporated in Delaware in April 2011, together with its wholly-owned subsidiaries (“Connexity” or the “Company”), is a technology and data-driven integrated marketing services company focused on the e-commerce ecosystem. Through a focus on performance-based retail marketing, the Company enables retailers and brands to understand their consumers better, acquire new customers at a lower cost, and increase sales from their target consumers. The Company offers a comprehensive range of marketing services to online retailers and brands in the U.S. and Europe, including syndicated product listings, search marketing, and customer insights.

The Company’s corporate headquarters is in Santa Monica, California, and the Company also maintains offices in New York, New York; London, England; and Karlsruhe, Germany.

The Company is a wholly-owned subsidiary of Shop Management, LLC (“Management LLC” or “Direct Parent”) as of May 2019. Management LLC is a wholly-owned subsidiary of Shop Holding, LLC (“Holding LLC” or “Indirect Parent”), which is a majority-owned subsidiary of Symphony Technology Group (“STG”), a strategic private equity firm with the mission of investing and being a partner in building software and services companies. STG maintains ownership through two entities: STG III, L.P., a Delaware limited partnership, and STG III-A, L.P., a Delaware limited partnership, each an equity sponsor entity, and collectively, the “Equity Sponsor Entities.”

Basis of Presentation

The Company’s consolidated financial statements for the years ended December 31, 2020 and 2019 have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”). The consolidated financial statements include the accounts of Shop Holding Corporation and its wholly-owned subsidiaries. All significant intercompany accounts and transactions have been eliminated in consolidation.

As discussed in Note 14, the Company’s Direct Parent signed a stock purchase agreement with Taboola, Inc. and Taboola.com Ltd. in July 2021 to sell 100% of the stock of the Company. As a result, the Company’s consolidated financial statements are expected to be included in the SEC filings of Taboola.com Ltd., at which time the Company will meet the definition of a public business entity solely for this purpose. The Company has therefore revised its consolidated financial statements to comply with the financial statement requirements of a company that meets the definition of a public business entity. Such changes included reversing the effects of the private company accounting alternative that allowed for amortization of goodwill (such alternative is not available to a public business entity), presentation changes to the consolidated statements of income, and the addition of certain disclosures that are required of public business entities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND RECENT ACCOUNTING PRONOUNCEMENTS

Summary of Significant Accounting Policies

Use of Estimates —The preparation of consolidated financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the amounts reported and disclosed in the consolidated financial statements and the accompanying notes. Actual results could differ materially from these estimates and assumptions. On an ongoing basis, the Company evaluates its estimates, including those related to the accounts receivable, intangible assets and goodwill, other long-lived assets, useful lives of intangible assets and property and equipment, revenue recognition, fair values of stock-based awards, income taxes and contingent liabilities, among others. The Company bases its estimates on historical experience and on various other assumptions that are believed to be reasonable, the results of which form the basis for making judgments about the varying values of assets and liabilities.

Cash and Cash Equivalents —The Company considers cash equivalents to be only those investments which are highly liquid, readily convertible to cash and which have a maturity date within 90 days from the date of purchase. The Company had no cash equivalents at December 31, 2020 and 2019.

Concentrations and Certain Risks — The Company's revenues are primarily derived from its click-through revenue product listings services, the market of which is highly competitive and rapidly changing. In addition, its revenues are primarily generated from the United States ("U.S."), the United Kingdom ("U.K."), France, Germany, and Italy. Significant changes in this industry or changes in customer buying or advertiser spending behavior could adversely affect the Company's operating results.

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash and accounts receivable. The Company holds its cash with major financial institutions around the world. Cash is deposited and maintained with a limited number of major financial institutions in the U.S., U.K., and Germany. Operating cash deposits held with these institutions generally exceed the amount of insurance provided on such deposits. Generally, these deposits may be redeemed upon demand and are maintained with financial institutions with reputable credit and therefore bear minimal credit risk. The Company has not experienced any loss or lack of access to cash in its operating accounts. However, the Company can provide no assurances that access to its cash will not be impacted by adverse conditions in the financial markets. The Company had $21.8 million and $3.4 million in excess of insured limits in financial institutions as of December 31, 2020 and 2019, respectively. Of this, $5.6 million and $2.8 million was held in foreign financial institutions as of December 31, 2020 and 2019, respectively.

The Company's customers are dispersed both geographically and across a broad range of industries. The Company's accounts receivable are derived primarily from revenues earned from online merchants, online portals and advertising retailers located in the U.S., U.K., France, Germany, and Italy. The Company extends credit based upon an evaluation of the customer's financial condition and collateral is not required. The Company maintains an allowance for doubtful accounts receivable based upon the expected collectability of accounts receivable and such losses have been within management's expectations.

The Company evaluates specific accounts receivable where information exists that the customer may have an inability to meet its financial obligations. In these cases, based on the best available facts and circumstances, a specific allowance is recorded for that customer against amounts due to reduce the receivable to the amount that is expected to be collected. These specific allowances are re-evaluated and adjusted as additional information is received that impacts the amount of the allowance. Also, an allowance is established for all customers based on the aging of the receivables. If circumstances change (i.e., higher than expected delinquencies or an unexpected material adverse change in a customer's ability to meet its financial obligations), the estimates of the recoverability of amounts due to the Company are adjusted. Accounts are considered past due or delinquent based on contractual terms and how recently payments have been received. Account balances are written off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote. The 2019 beginning accounts receivable balance was $23.7 million.

Four and two customers jointly accounted for 57% and 40% of accounts receivable at December 31, 2020 and 2019, respectively. Two customers jointly accounted for 25% and 26% of sales during the fiscal years ending December 31, 2020 and 2019, respectively. One vendor accounted for 12% and 22% of operating expenses during the fiscal years ending December 31, 2020 and 2019, respectively.

Property and Equipment — Property and equipment are stated at historical cost less accumulated depreciation and amortization. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets, which is generally three to four years for computer software, three to four years for computer hardware and equipment and generally seven years for furniture and fixtures. Leasehold improvements are amortized using the straight-line method over the shorter of the lease term or ten years. Upon the sale or retirement of property or equipment, the cost and related accumulated depreciation or amortization is removed from the Company's consolidated financial statements with the resulting gain or loss reflected in the Company's consolidated statements of income. Repairs and maintenance costs are expensed as incurred.

Capitalized Software Development Costs —The Company accounts for costs incurred to develop software for internal use in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 350, *Intangibles - Goodwill and Other*. The Company capitalizes costs to develop software when management has determined that the development efforts will result in new or additional functionality and the customized internal-use software systems have reached the application development stage.

Such capitalized costs include external direct costs utilized in developing or obtaining the applications and payroll and payroll-related expenses for employees who are directly associated with the applications. Capitalization of such costs begins when the preliminary project stage is complete and ceases at the point in which the project is substantially complete and ready for its intended purpose. Costs incurred prior to meeting these criteria and costs associated with ongoing maintenance are expensed as incurred. The Company capitalized costs associated with internal-use software totaling $3.5 million and $3.8 million for continuing operations in the years ended December 31, 2020 and 2019, respectively.

Business Combinations — The Company accounts for acquisitions under the acquisition method of accounting in accordance with ASC 805, *Business Combinations*. Under the acquisition method, direct costs of the acquisition are expensed as they are incurred; identifiable assets acquired and the liabilities assumed are measured at their fair values at the date of acquisition. The excess of the purchase price over the estimated fair values of the net assets acquired represents goodwill. The Company adopted and elected to apply the provisions for simplifying the accounting for measurement-period adjustments.

The judgments made in determining the estimated fair value and expected useful lives assigned to each class of assets and liabilities acquired can significantly impact net income. Consequently, to the extent an indefinite-lived, definite-lived or long-lived asset is ascribed greater value under the acquisition method than a shorter-lived asset, there may be less amortization recorded in a given period. Definite-lived identifiable intangible assets are amortized on either a straight-line basis or an accelerated basis. The Company determines the appropriate amortization method by performing an analysis of expected cash flows over the estimated useful lives of the assets and matches the amortization expense to the expected cash flows from those assets.

Determining the fair value of certain assets and liabilities acquired is subjective in nature and often involves the use of significant estimates and assumptions. Certain areas that require significant judgment are estimating the fair value, related useful lives of identifiable intangible assets and contingent consideration. To assist in this process, the Company may obtain appraisals from valuation specialists for certain intangible assets. While there are several different methods used in estimating the fair value of acquired intangible assets, there are two approaches primarily used: the discounted cash flow and market comparison approaches. Some of the more significant estimates and assumptions inherent in the two approaches include: projected future cash flows (including timing); discount rate reflecting the risk inherent in the future cash flows; terminal growth rate; terminal value; determination of appropriate market comparables; and the determination of whether a premium or a discount should be applied to market comparables. To the extent possible most of the above assumptions are made based on available historical and market information.

Fair Value of Financial Instruments —The Company follows the provision of ASC 820, *Fair Value Measurements and Disclosures*, which establishes a three-tiered hierarchy that draws a distinction between market participant assumptions based on: (i) quoted prices (unadjusted) in active markets for identical assets and liabilities (Level 1); (ii) inputs other than quoted prices in active markets that are observable either directly or indirectly (Level 2); and (iii) unobservable inputs that require the Company to use present value and other valuation techniques in the determination of fair value (Level 3).

In accordance with ASC 820, the Company maximizes the use of observable inputs and minimizes the use of unobservable inputs when developing fair value measurements. When available, the Company uses quoted market prices to measure fair value. If market prices are not available, fair value measurement is based upon models that use primarily market-based or independently sourced market parameters. If observable market inputs for model-based valuation techniques are not available, the Company will be required to make judgments about assumptions market participants would use in estimating the fair value of the financial instrument.

Fair values of short-term investments, accounts receivable, accounts payable, and accrued liabilities approximate their carrying amounts because of their short-term nature. Long-term debt is carried at amortized cost. However, the Company is required to estimate the fair value of long-term debt under ASC 825, *Disclosures about Fair Value of Financial Instruments*. Accordingly, the Company estimates the fair value of its long-term debt using Level 2 inputs based on the relative interest rate of the comparable debt securities the Company was able to obtain.

The table below summarizes the fair value estimates for long-term debt, excluding discounts, including the current portion (in thousands):

	December 31, 2020	
	Carrying Amount	Estimated Fair Value Level 2
Whitehorse Term Loan	$69,125	$69,471

Goodwill — Goodwill represents the excess of the purchase price of an acquired entity over the fair value of the net tangible and intangible assets acquired. The Company accounts for goodwill in accordance with ASC 350, *Intangibles - Goodwill and Other*, which, among other things, addresses financial accounting and reporting requirements for acquired goodwill and other intangible assets.

Goodwill is not amortized but is reviewed for impairment annually or between annual tests if an event occurs or circumstances change that indicate it is more-likely-than-not that the fair value of a reporting unit is less than its carrying value. Events or circumstances which could trigger an impairment review include, but are not limited to, a significant adverse change in legal factors or in the business climate, an adverse action or assessment by a regulator, unanticipated competition, a loss of key management or other personnel, significant changes in the manner of the Company's use of the acquired assets or the strategy for the acquired business or the Company's overall business, significant negative industry or economic trends, or significant underperformance relative to expected historical or projected future results of operations.

An entity may perform a qualitative assessment of the likelihood of the existence of a goodwill impairment. The qualitative assessment is an evaluation, based on all identified events and circumstance which impair the fair value of the reporting unit, of whether or not it is more-likely-than-not that the fair value is less than the carrying value of the report unit. If the Company believes that as a result of its qualitative assessment it is more-likely-than-not that the fair value of a reporting unit is greater than its carrying amount, a quantitative impairment test is not required. The Company performed a qualitative assessment in 2020 and 2019. Based on the qualitative assessment, the Company concluded that it is more-likely-than-not that the fair value of its reporting unit was greater than its carrying value.

Intangible Assets and Other Long-Lived Assets — The Company accounts for identifiable intangible assets in accordance with ASC 350, Intangibles - Goodwill and Other, and other long-lived assets in accordance with ASC 360, *Property, Plant and Equipment*, which addresses financial accounting and reporting for the impairment and disposition of identifiable intangible assets and other long-lived assets. Intangible assets acquired in a business combination are initially recorded at management's estimate of their fair values. The Company evaluates the recoverability of identifiable intangible assets and other long-lived assets for impairment when events occur or circumstances change that would indicate that the carrying amount of an asset may not be recoverable. Events or circumstances that may indicate that an asset is impaired include, but are not limited to, significant decreases in the market value of an asset, significant underperformance relative to expected historical or projected future operating results, a change in the extent or manner in which an asset is used, shifts in technology, loss of key management or other personnel, significant negative industry or economic trends, changes in the Company's operating model or strategy, and competitive forces. In determining if an impairment exists, the Company estimates the undiscounted cash flows to be generated from the use and ultimate disposition of these assets. If an impairment is indicated based on a comparison of the assets' carrying values and the undiscounted cash flows, the impairment loss is measured as the amount by which the carrying amount of the assets exceeds the fair value of the assets. Definite-lived intangible assets are amortized on a straight-line over their estimated useful lives, ranging from two to five years.

Revenue Recognition —Revenue is recognized under ASC 606, Revenue from Contracts with Customers, upon transfer of control of promised services to customers in an amount that reflects the consideration the Company expects to receive in exchange for those services. Revenue is recognized net of any taxes collected from customers, which are subsequently remitted to governmental authorities.

The Company determines revenue recognition through the following steps:

- Identification of the contract, or contracts, with a customer;
- Identification of the performance obligations in the contract;
- Determination of the transaction price;
- Allocation of the transaction price to the performance obligations in the contract; and
- Recognition of revenue when, or as, the Company satisfies a performance obligation.

The Company’s revenues are primarily derived from usage-based fees from customers accessing the Company’s enterprise cloud computing services platform for cost-per-click (“CPC”) advertising and performance-based cost-per-action (“CPA”) advertising:

- CPC revenues consist of fees paid by online merchants and advertisers when a consumer is redirected to their website by the Company’s syndicated product listing platform, which feeds shopping-related content from merchants to ad platforms, publishers, and social influencers. The Company recognizes as revenue the fees charged to online merchants and advertisers on a per click basis when the service is delivered.
- CPA revenues are gathered when the Company enters a performance-based arrangement with a merchant or advertiser. The Company recognizes revenues when the performance criteria have been met and the fees are fixed per action or determinable based on a reconciliation of the performance criteria and the payment terms associated with the transaction. CPA revenues are structured on a fixed- or tiered-rate revenue-share relationship based on the total dollar amount of customer transactions at the merchant site.

No significant judgments are required in determining whether services are considered distinct performance obligations and should be accounted for separately versus together, or to determine the stand-alone selling price.

The Company's arrangements do not contain general rights of return. However, credits may be issued on a case-by-case basis. The contracts do not provide customers with the right to take possession of the software supporting the applications. Amounts that have been invoiced are recorded in accounts receivable and in revenue or deferred revenue depending on whether the revenue recognition criteria have been met.

The Company records a contract liability when it invoices the customer or cash payments are received in advance of the Company’s performance in the underlying agreement and such revenues are recorded on the consolidated balance sheets as deferred revenue.

The Company has adopted the practical expedient per ASC 606 that it need not adjust the promised amount of consideration for the effects of a significant financing component if the Company expects, at contract inception, that the period between when the Company transfers a promised service to a customer and when the customer pays for that service will be one year or less.

The Company recognizes the incremental costs of obtaining a contract as an expense when incurred, because the amortization period of the asset that the Company otherwise would have recognized is one year or less.

Cost of Revenues — Cost of revenues consists primarily of traffic acquisition costs. Traffic acquisition costs consist of payments to search engines, internet portals and publisher affiliates for driving consumer traffic to the Company's merchants and is recognized on a cost-per-click or cost-per-action basis when incurred. Cost of revenues also includes other direct variable costs, which include, among other things, expenses associated with the operation of the Company’s data centers, hosting services, and credit card and other transaction fees related to processing customer transactions.

Operating Expenses — Operating expenses include the following expenses: Technology and Development, Sales and Marketing and General and Administrative expenses.

- Technology and Development expenses include the costs of full-time personnel, contractors, vendors and other related expenses for the purpose of creating the Company's software technology footprint.
- Sales and Marketing expenses include the costs of full-time employees, contractors, vendors and other expenses related to the efforts of securing merchant relationships and increasing the Company's presence in the market.
- General and Administrative expenses include personnel-related expenses for executive, finance, legal, human resources, and personnel associated with operating the Company's corporate network systems. In addition, General and Administrative expenses include, among other costs, professional fees for legal, accounting and financial services; insurance; occupancy and other overhead-related costs; office relocation costs; non-income taxes; gains and losses on sales of assets; bad debt expense; and reserves or expenses incurred as a result of certain legal settlements or other resolutions related to litigation, disputes, or similar matters. General and Administrative expenses also include expenses resulting from actual or potential transactions such as business combinations, mergers, acquisitions, dispositions, financing transactions, and other strategic transactions, including expenses for advisors, consultants, attorneys, and accounting firms.

Advertising Costs — Advertising costs include expenses for promotions and public relations to promote the Company's brand and are expensed as incurred. Advertising costs were $0.4 million and $0.2 million in continuing operations for the years ended December 31, 2020 and 2019, respectively.

Stock-Based Compensation — The Company follows the provisions of ASC 718, *Compensation—Stock Compensation*, which requires the measurement and recognition of compensation expense for all stock-based payment awards made to employees and directors. In accordance with ASC 718, member units granted to employees by Management LLC, the Company's parent, and Holding LLC, Management LLC's parent, are considered compensation expense for the Company, and the related expense is therefore recorded by the Company as stock-based compensation expense.

The fair value of each award is estimated on the date of the grant and amortized over the requisite service period, which is the vesting period. The Company uses the Black-Scholes option pricing model to estimate the fair value of stock-based awards on the date of grant. Determining the fair value of stock-based awards at the grant date under this model requires judgment, including estimating volatility, expected term and risk-free interest rate. The assumptions used in calculating the fair value of stock-based awards represent management's estimate based on judgment and subjective future expectations. These estimates involve inherent uncertainties. If any of the assumptions used in the Black-Scholes model significantly changes, stock-based compensation for future awards may differ materially from the awards granted previously.

The Company follows the attribution method in which the Company records compensation expense for current employees assuming the awards will fully vest, and if an employee ceases to be employed, any compensation expense that was recorded in previous periods related to unvested (forfeited) awards is reversed in the period the employment ended.

Assumptions used in the Black-Scholes model for stock option awards in 2019 were as follows:

Expected life in years	7.5
Stock price volatility	65%
Risk free interest rate	2.390%
Expected dividends	None

There were no stock option awards in 2020.

Refinancing Costs — The Company incurs fees to creditors and/or third parties in connection with amendments to its debt facilities and refinancing transactions. The capitalization or expense of fees paid to a creditor or third party is dependent upon the determination of whether or not there is a modification or extinguishment of debt in accordance with ASC 470-50, *Debt Modifications and Extinguishments*. When extinguishment of debt is present, fees paid to the creditor are included in the determination of any debt extinguishment gain or loss and fees paid to a third party are capitalized and amortized using the effective interest method over the life of the debt. When there is no debt extinguishment, fees paid to a creditor are capitalized and amortized and fees paid to a third party are expensed.

Comprehensive Income — The Company follows the provisions of ASC 220, *Comprehensive Income*, which establishes standards for reporting comprehensive income and its components in consolidated financial statements. Comprehensive income, as defined, includes all changes in equity during a period from non-owner sources. For the Company, comprehensive income primarily consists of its reported net income and foreign currency translation adjustment.

Foreign Currency Translation —The Company accounts for foreign currency translation in accordance with ASC 830, *Foreign Currency Matters*. The functional currency of each of the Company's international subsidiaries is its respective local currency. The financial statements of these subsidiaries are translated to U.S. dollars using period-end rates of exchange for assets and liabilities, historical rates of exchange for equity, and average rates of exchange for the period for revenues, costs, and expenses. The Company records translation gains and losses in accumulated other comprehensive income as a component of stockholder's deficit in the consolidated balance sheets. The Company recorded a $4.0 million net translation gain and a $0.1 million net translation loss in 2020 and 2019, respectively. In addition, the Company records translation gains and losses resulting from foreign exchange transactions in other expense, net in the consolidated statements of income. For both years ended December 31, 2020 and 2019, the Company recorded $0.2 million of net transaction losses in continuing operations, respectively.

Income Taxes —The Company applies the provisions of ASC 740, *Income Taxes*. Under ASC 740, deferred tax assets and liabilities are determined based on differences between the financial reporting and tax bases of assets and liabilities and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse. The Company records a valuation allowance to reduce its deferred tax assets to the amount that is more likely than not to be realized. In evaluating the Company's ability to recover its deferred tax assets, the Company considers all available positive and negative evidence, including its operating results, ongoing tax planning and forecasts of future taxable income on a jurisdiction-by-jurisdiction basis. In accordance with ASC 740, the Company recognizes, in its consolidated financial statements, the impact of the Company's tax positions that are more likely than not to be sustained upon examination based on the technical merits of the positions. The Company recognizes interest and penalties associated with tax matters as part of operating expenses and includes accrued interest and penalties, if any, with accrued liabilities in the consolidated balance sheets.

Operating Leases — The Company leases office space, data centers, data center equipment, and certain office equipment under operating lease agreements with original lease periods of up to five years. Certain of the lease agreements contain rent holidays and rent escalation provisions. Rent holidays and rent escalation provisions are considered in determining straight-line rent expense to be recorded over the lease term. For purposes of recognizing these incentives on a straight-line basis over the term of the lease, the Company uses the date of initial possession to begin amortization. The difference between rent paid and straight-line rent expense is recorded as deferred rent liability as a component of other liabilities in the accompanying consolidated balance sheets.

Subsequent Events — The Company has evaluated subsequent events through August 11, 2021, which is the date the consolidated financial statements were available to be issued.

Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers*, which established ASC 606. ASC 606 supersedes the revenue recognition requirements in ASC 605, *Revenue Recognition*, and requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. ASU 2014-09 also added ASC Subtopic 340-40 to the ASC to require the deferral of incremental costs of obtaining a contract with a customer. The Company adopted ASC 606 on January 1, 2020 using the modified retrospective transition method. The implementation of ASC 606 did not have a material impact on the Company's consolidated financial statements.

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*. The amendments in this update will replace the existing guidance in ASC 840, *Leases*, when it becomes effective. The amendments require lease assets and lease liabilities to be recognized on the balance sheet and disclosure of key information about leasing arrangements. The amendments require a dual approach for lessee accounting under which a lessee would account for leases as finance leases or operating leases. Both finance leases and operating leases will result in the lessee recognizing a right-of-use asset and a corresponding lease liability. For finance leases the lessee would recognize interest expense and amortization of the right-of-use asset and for operating leases the lessee would recognize a straight-line total lease expense. The amendments in this update are effective for annual periods beginning after December 15, 2019, and interim periods within fiscal years beginning after December 15, 2020, and must be adopted using a modified retrospective transition that provides for certain practical expedients. Early adoption is permitted. In January 2018, the FASB issued ASU No. 2018-01, *Leases (Topic 842): Land Easement Practical Expedient for Transition to Topic 842.* The amendments in this update permit an entity to elect an optional transition practical expedient to not evaluate under Topic 842 land easements that exist or expired before the entity's adoption of Topic 842 and that were not previously accounted for as leases under Topic 840, with effective date and transition requirements to be the same as stated above. In July 2018, the FASB issued ASU No. 2018-10, *Leases (Topic 842): Codification Improvements to Topic 842, Leases.* The amendments in this update affect narrow aspects of the guidance in ASU No. 2016-02, with effective date and transition requirements to be the same as stated above. In July 2018, the FASB issued ASU No. 2018-11, *Leases (Topic 842): Targeted Improvements.* The amendments in this update include an additional (and optional) transition for comparative reporting at adoption to recognize a cumulative-effect adjustment to the opening balance sheet of retained earnings in the period of adoption whereby comparative periods will continue to report leases under current GAAP (Topic 840, *Leases*), with effective date to be the same as stated above. In March 2019, the FASB issued ASU No. 2019-01, *Leases (Topic 842): Codification Improvements*, which clarified that an exception to interim reporting period disclosures applies to the period of adoption of these updates. In June 2020, the FASB issued ASU 2020-05, which provides for a one-year deferral of the effective date to annual reporting periods beginning after December 15, 2021, though early adoption continues to be permitted. The Company is currently assessing the impact these updates will have on the Company's consolidated financial statements.

In August 2018, the FASB issued ASU No. 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement.* The amendments in this update modify the requirements of the disclosure framework in Topic 820 by removing or modifying certain disclosures of fair value measurement levels. Certain disclosure requirements were also added, though the disclosures are not required of nonpublic entities. The amendments in this updated are effective for annual periods beginning after December 15, 2019. In 2020, the Company adopted ASU 2018-13, effective January 1, 2020. The effects of this change on the consolidated financial statements were nominal.

In August 2018, the FASB issued ASU No. 2018-15, *Intangibles - Goodwill and Other - Internal-Use Software (Subtopic 350-40): Customer's Accounting for the Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract.* The amendments in this update align the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software. The accounting for the service element of a hosting arrangement is not affected by this update. The amendments in this update require the entity to expense the capitalized costs over the term of the hosting arrangement and provide specific guidance on classification within the financial statements of these costs. The amendments in this update are effective for annual periods beginning after December 15, 2020. The amendments in this update should be applied either retrospectively or prospectively to all implementation costs incurred after the date of adoption. Early adoption is permitted. The Company is currently assessing the impact of this update on its consolidated financial statements.

In December 2019, the FASB issued ASU No. 2019-12, *Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes.* This standard simplifies the accounting for income taxes and includes removal of certain exceptions to the general principles of ASC 740, Income Taxes, and updates and simplifies certain areas of the codification. The Company shall adopt the amendments in this update, effective for the Company beginning on January 1, 2021. The Company does not expect the adoption of ASU 2019-12 to have a material impact on its consolidated financial statements upon adoption.

In March 2020, the FASB issued ASU No. 2020-04, *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting.* The amendments in this update provide for optional guidance for a limited period of time to ease the potential burden in accounting for (or recognizing the effects of) reference rate reform on financial reporting. Such amendments include, among other things, the option to apply effective interest rates prospectively for receivables and debt that rely upon benchmarks subject to reference rate reform. The amendments in this update are effective for all entities as of March 12, 2020 through December 31, 2022. The entity may elect to apply the amendments for contract modifications by Topic or Industry Subtopic as of any date the includes or is subsequent to March 12, 2020, up to the date that the financial statements are available to be issued. The Company is currently assessing the impact of this update on its consolidated financial statements.

3. DISCONTINUED OPERATIONS

Hitwise

In 2019, the board of the Company approved a plan to hold the Hitwise component for sale. The proposed sale of the Hitwise business represented a strategic shift for the Company, as it would be discontinuing operations of a major product line and exiting its geographical footprint in Australia and most of the U.K. As of the end of 2019, this plan was expected to be completed within one year.

On January 29, 2020, the Company received notification that a key supplier to Hitwise was being shut down immediately by its parent company. As the supplier was the primary data provider for the Hitwise business and since management of the Company could not locate an alternate supplier at a commercially reasonable contract value, the board decided to wind down operations of Hitwise in February 2020. Simultaneous to the announcement of the Hitwise winddown, management was able to enter into a commercial agreement with a competitor, SimilarWeb, to refer existing Hitwise customers in exchange for a commission on any clients that entered a contract with SimilarWeb. Through these events, the Company changed its plan of sale of Hitwise and disposed of the Hitwise business through wind down of all operations.

Reconciliation of the Major Classes of Line Items Constituting Pretax Loss of Discontinued Operations to the After-Tax Loss of Discontinued Operations That are Presented in the Consolidated Statements of Income (in thousands)

	Year Ended December 31,	
	2020	**2019**
Major Classes of line items constituting pretax loss of discontinued operations		
Revenue	$ 2,086	$ 27,015
Costs of revenue	(96)	(6,446)
Operating expenses	(2,215)	(27,005)
Depreciation expense	(251)	(2,706)
Amortization of intangibles	—	(318)
Interest income, net	—	36
Other income (expense), net	76	(197)
Pretax loss of discontinued operations related to major classes of pretax loss	(400)	(9,621)
Pretax loss on the disposal of discontinued operation	(12,533)	—
Total pretax loss on the discontinued operations	(12,933)	(9,621)
Income tax expense (benefit)	(236)	97
Total loss on discontinued operations presented in the consolidated statements of income	$ (12,697)	$ (9,718)

There were no adjustments in 2020 for amounts previously reported as discontinued operations in 2019 in the consolidated statement of income. The Company does not have significant continued involvement with the Hitwise business. The Company has elected to only include interest income and expense directly attributable to Hitwise in discontinued operations. No debt was required to be repaid because of the disposal transaction.

4. ACQUISITIONS

Skimbit Ltd ("Skimlinks")

On May 22, 2020 (the "Skim Closing Date"), the Company entered into a Sale and Purchase Agreement (the "SPA") amongst all owners, whereby the Company acquired all of the issued and outstanding share capital of Skimbit Ltd and Skimbit Ltd became a wholly-owned subsidiary of the Company. Skimlinks is a leader in creating and monetizing links in premium publisher websites and articles, with businesses primarily in the USA and the UK. The acquisition is expected to help the Company greatly diversify its publisher network and become a leader in premium content monetization.

The SPA provided for purchase price consideration of approximately £26.9 million ($33.1 million) in cash upon closing, subject to a net working capital adjustment as defined in the SPA, as well as a £6.5 million deferred consideration payment on the 12-month anniversary of the Skim Closing Date, subject to certain adjustments as defined in the SPA. The $33.1 million closing cash payment was financed in part by the Company's working capital and in part through the $70.0 million Whitehorse Term Loan (see Note 7—"Debt").

The total cost of the acquisition was estimated to equal approximately $40.4 million. The following table summarizes the components of the purchase price (in thousands):

Cash Consideration	$33,115
Deferred Consideration	7,261
Total	$40,376

In connection with the acquisition, the Company incurred approximately $1.5 million in transaction-related costs in the year ended December 31, 2020, which are recorded in operating expenses in the consolidated statements of income.

The following table summarizes the net liabilities assumed and the intangible assets acquired in connection with the acquisition (in thousands):

Description	Estimated Fair Value	Estimated Amortizable Life
Net liabilities assumed:		
Cash	$ 5,961	
Accounts receivable	25,612	
Other assets	508	
Property and equipment	124	
Accounts payable	(365)	
Accrued liabilities	(3,595)	
Accrued marketing costs	(30,676)	
Deferred tax liabilities	(5,023)	
Total net liabilities assumed	(7,454)	
Intangible assets acquired:		
Trademarks and trade names	975	5 years
Vendor relationships	17,301	5 years
Developed technology	8,163	3 years
Total intangible assets acquired	26,439	
Goodwill	21,391	10 years
Total purchase price	$ 40,376	

As the Company made a 338(g) election, intangibles and goodwill acquired in connection with the acquisition are deductible for US tax purposes. The purchase price allocation for the acquisition includes the amount paid for the final net working capital calculation, as described in the SPA.

The purchase price allocation presented above is preliminary and may be incomplete. If new information is obtained during the measurement period (not to exceed one year from the acquisition date), the Company will adjust the purchase price allocation prospectively.

5. BALANCE SHEET COMPONENTS

Other Current Assets

Other current assets consisted of the following (in thousands):

	December 31,	
	2020	2019
Other receivables (non-trade)	$ 165	$ 109
Prepaid marketing costs	341	352
Prepaid expenses	957	542
Income tax receivable	104	11
Total	$1,567	$1,014

Property and Equipment

Property and equipment consisted of the following (in thousands):

	December 31,	
	2020	2019
Capitalized software development costs	$ 13,915	$10,457
Computer software	291	229
Computer hardware and equipment	4,022	2,792
Furniture and fixtures	159	143
Leasehold improvements	567	474
	18,954	14,095
Less: accumulated depreciation and amortization	(11,581)	(6,692)
Total	$ 7,373	$ 7,403

Depreciation and amortization expense of property and equipment of continuing operations for the years ended December 31, 2020 and 2019 was $4.5 million and $3.4 million, respectively.

Accrued Liabilities

Accrued liabilities consisted of the following (in thousands):

	December 31,	
	2020	2019
Income taxes payable	$ 2,023	$ 196
Accrued payroll and related liabilities	4,461	3,039
Indirect and other taxes payable	3,670	12
Accrued interest	39	833
Other liabilities (non-trade)	3,712	241
Total	$13,905	$4,321

6. GOODWILL, INTANGIBLE ASSETS AND OTHER LONG-LIVED ASSETS

Goodwill

The Company's total goodwill of $31.3 million and $7.9 million as of December 31, 2020 and 2019, respectively, is related to acquired businesses, less the sale of Bizrate (2016) and subsequent impairment of the reporting unit, and less the disposal of Hitwise as discontinued operations. The net increase in 2020 was related to the Skimlinks acquisition.

The changes in goodwill by reportable segment for the years ended December 31, 2020 and 2019 were as follows (in thousands):

	Year Ended December 31,	
	2020	2019
Goodwill:		
Balance at the beginning of the period	$ 85,355	$ 85,355
Acquisition of Skimlinks	21,391	—
Net exchange differences from foreign currency translation	2,073	—
Balance at the end of the period	$108,819	$ 85,355
Accumulated impairment losses:		
Balance at the beginning of the period	$ (77,475)	$ (77,475)
Current period activity	—	—
Balance at the end of the period	$ (77,475)	$(77,475)
Goodwill, net	$ 31,344	$ 7,880

Intangible Assets

Intangible assets consisted of the following (in thousands):

	At December 31, 2020				
	Estimated useful lives	Weighted Average Amortization	Gross carrying amount	Accumulated Amortization	Net carrying amount
Trademarks and trade names	5 years	5 years	$ 1,393	$ (401)	$ 992
Customer and publisher contracts and relationships	2 - 5 years	3.3 years	58,497	(41,686)	16,811
Developed technology	3 years	3 years	14,052	(6,934)	7,118
Total		3.2 years	$73,942	$ (49,021)	$24,921

	At December 31, 2019				
	Estimated useful lives	Weighted Average Amortization	Gross carrying amount	Accumulated Amortization	Net carrying amount
Trademarks and trade names	5 years	5 years	$ 300	$ (195)	$105
Customer and publisher contracts and relationships	2 - 5 years	2.4 years	39,100	(38,821)	279
Developed technology	3 years	3 years	4,900	(4,900)	—
Total		2.5 years	$44,300	$ (43,916)	$384

Amortization expense related to intangible assets was $5.0 million and $2.1 million for the years ended December 31, 2020 and 2019, respectively.

Estimated future amortization of definite-lived intangible assets at December 31, 2020 was as follows (in thousands):

For the Year Ended December 31,					
2021	2022	2023	2024	2025	Total
$7,194	$7,148	$5,115	$4,098	$1,366	$24,921

7. DEBT

BAML Restated Loan Agreement

On October 18, 2016, the Company entered into a $15 million Amended and Restated Loan and Security Agreement with Bank of America, N.A. (“BAML Restated Loan Agreement”), as Agent for the lenders. The BAML Restated Loan Agreement consists of a revolving credit facility that will provide revolving loan advances of up to $10 million (April through October) or $15 million (November through March) and certain other financial accommodations, including letters of credit with a sublimit of $1.5 million. The maturity date of the revolving credit facility is November 28, 2023.

On May 21, 2020, the Company executed the Seventh Amendment to the BAML Restated Loan Agreement, which provided for the consent and subordination of the Whitehorse Term Loan, the payoff of the December 2017 Note and December 2017 Parent Note, and the acquisition of Skimlinks.

The revolving loan advances will bear interest at either the Base rate plus 1.25% per annum, or LIBOR plus 2.25% per annum (with a LIBOR floor of 1.00%), in each case, with step-downs in the interest rate depending upon the amount of excess availability as specified in the BAML Restated Loan Agreement. The Base rate is defined as the greater of: (a) the Prime Rate; (b) the Federal Funds Rate plus 0.50%; and (c) LIBOR for a 30-day interest period plus 1.00%. The obligations under the BAML Restated Loan Agreement are secured by the accounts receivable of the Company.

The BAML Restated Loan Agreement contains customary representations and warranties, events of default, affirmative covenants and negative covenants that, among other things, require the Company and its subsidiaries to maintain a minimum fixed charge coverage ratio and imposes restrictions and limitations on, among other things, capital expenditures, investments, dividends, asset sales, and the incurrence of additional debt and liens.

At December 31, 2020 and 2019, the interest rate on the BAML Restated Loan Agreement was 4.00% and 5.50%, respectively.

Interest expense on the BAML Loan Agreement for the years ended December 31, 2020 and 2019 was nominal and $0.2 million, respectively, and accrued interest as of December 31, 2020 and 2019 was nominal.

At December 31, 2020 and 2019, there were one and two standby letters of credit, respectively, with a total balance of $0.2 million and $0.4 million, respectively, under the BAML Restated Loan Agreement.

The Company was in compliance with all covenants, or obtained waivers, under the BAML Restated Loan Agreement at December 31, 2020 and 2019.

Whitehorse Term Loan

On May 21, 2020, the Company entered into a $70 million term loan agreement with Whitehorse Capital Management, LLC (“Whitehorse Term Loan”), as Agent for the lenders, consisting of a five-year term loan. The term loan advances will bear interest at either LIBO Rate plus 8.50% per annum or Base Rate plus 7.50% per annum. The Base Rate is defined as the greater of (a) the Federal Funds Rate plus 0.50%, (b) the Prime Rate, or (c) the LIBO Rate plus 1.00%; however, the Base Rate shall never be less than 2.50%. The LIBO Rate is defined as the greater of LIBOR and 1.50%. The obligations under the Whitehorse Term Loan are secured by substantially all the assets of the Company. The maturity date of the term loan is May 21, 2025.

The Whitehorse Term Loan contains customary representations and warranties, events of default, affirmative covenants and negative covenants that, among other things, require the Company and its subsidiaries not to exceed a total debt to adjusted EBITDA ratio and to maintain a minimum fixed charge coverage ratio and imposes restrictions and limitations on, among other things, capital expenditures, investments, dividends, asset sales, and the incurrence of additional debt and liens.

At December 31, 2020, the interest rate on the Whitehorse Term Loan was 10.00%.

Interest expense on the Whitehorse Term Loan for the year ended December 31, 2020 was $4.3 million, and accrued interest as of December 31, 2020 was nominal.

Beginning with the year ended December 31, 2020, the Company is required to make annual repayments of a portion of the principal based on an excess cash flow (“ECF”) calculation as defined in the agreement that is due approximately 120 days of the end of the fiscal year. Based on the ECF calculation for fiscal year 2020, $8.5 million shall be due.

The Company was in compliance with all covenants, or obtained waivers, under the Whitehorse Term Loan at December 31, 2020.

As of December 31, 2020, the minimum future principal payment on the Whitehorse Term Loan are:

2021	2022	2023	2024	2025	Total
$ 8,963	$ 1,180	$ 1,573	$ 1,573	$ 55,836	$ 69,125

Summary of Indebtedness

The changes in the Company's debt balances for the years ended December 31, 2020 and 2019 were as follows (in thousands):

	Balance at January 1, 2020	Drawdowns on Debt	Repayments of Debt	Discounts	Accretion of Discounts	Balance at December 31, 2020
BAML Loan Agreement	$3,392	$ 51,787	$ (55,179)	$ —	$ —	$ —
Whitehorse Term Loan	—	70,000	(875)	(4,025)	541	65,641
	$3,392	$121,787	$ (56,054)	$ (4,025)	$541	$65,641

	Balance at January 1, 2019	Drawdowns on Debt	Repayments of Debt	Discounts	Accretion of Discounts	Balance at December 31, 2019
BAML Loan Agreement	$7,306	$118,517	$ (122,431)	$—	$—	$3,392

8. SUBORDINATED UNSECURED CONVERTIBLE PROMISSORY NOTES PAYABLE (RELATED PARTY)

On July 14, 2017, the Company entered into a Subordinated Unsecured Promissory Note (the “July 2017 Note”) with Holding LLC in the principal amount of $2.0 million, to provide the Company with additional working capital. The July 2017 Note bears interest at 10% per annum; the principal amount plus accrued interest are due on January 14, 2019 and are subordinated to the BAML Restated Loan Agreement (see Note 7—”Debt”).

On December 29, 2017, the Company entered into a Subordinated Unsecured Promissory Note (the “December 2017 Note”) with Holding LLC in the principal amount of $21.3 million, to provide the Company with additional working capital. The principal amount plus accrued interest are subordinated to the BAML Restated Loan Agreement (see Note 7—“Debt”). The December 2017 Note bears interest at X*(Prime + 0.75%) per annum, where X was originally defined as the ratio 22.5/21.3. The purpose of this ratio is to allow Indirect Parent to service monthly interest payments on a December 2017 Parent note of $22.5 million without requiring interest service payments from the Company until certain permitted payment tests under the BAML Restated

Loan Agreement could be met. The principal amount plus accrued interest is due on the same maturity date as the December 2017 Parent Note with Silicon Valley Bank.

In 2018, the Company amended all outstanding unsecured, subordinated notes payable to be able to convert upon maturity, absent repayment or other refinancing event.

On January 10, 2019, the Company refinanced the July 2017 Note and the accrued interest incurred to date on the December 2017 Note by amending the December 2017 Note's principal to approximately $24.9 million. The December 2017 Parent Note was also amended to increase its principal to $25.7 million. With the amendment, the December 2017 Note bears interest at X*(Prime + 0.75%) per annum, where X is defined approximately as the ratio 25.7/24.9.

Interest expense on the notes for the years ended December 31, 2020 and 2019 was $0.5 million and $1.6 million, respectively. As of December 31, 2019, accrued interest on the outstanding notes was $0.8 million and is recorded on the consolidated balance sheets as a component of accrued liabilities.

On May 21, 2020, proceeds from the Whitehorse Term Loan were used to extinguish the December 2017 Note and December 2017 Parent Note simultaneously.

Summary of Unsecured Convertible Promissory Notes Payable (Related Party)

	Balance at January 1, 2020	Proceeds Received	Repayments of Notes	Discounts	Accretion of Discounts	Balance at December 31, 2020	Interest Rate
December 2017 Note	$24,865	$—	$ (24,865)			$—	X*(Prime + 0.75%)
	$24,865	$—	$ (24,865)	$—	$—	$—	

	Balance at January 1, 2019	Proceeds Received	Repayments of Notes	Discounts	Accretion of Discounts	Balance at December 31, 2019	Interest Rate
July 2017 Note	$ 2,000	$ —	$ (2,000)			$ —	10%
December 2017 Note	21,300	3,565	—			24,865	X*(Prime + 0.75%)
	$23,300	$3,565	$ (2,000)	$—	$—	$24,865	

1) At December 31, 2019, X = (25700/24865) = 1.034

2) At December 31, 2019, the Prime Rate was 4.75%

9. STOCK-BASED COMPENSATION PLANS

Beginning in 2011, Holding LLC issued incentives ("Awards" or "Grants") to employees of Connexity in appreciation of employee services. For U.S. employees, the Grants were in the form of Holding LLC member units ("Units"). The Units are designated as Class B, Class C or Class D. For foreign-based employees, the Grants were in the form of options ("Options") to buy Class B, Class C or Class D Units. As the employees work for the Company, stock-based compensation expense is recorded by the Company as it relates to the Grants. The Units represent an equity interest in the future profits and appreciation in the value of the Company.

Holding LLC is authorized to issue up to an aggregate of 145,216,500 Units, consisting of (i) 118,641,500 Class A Units, (ii) 9,075,000 Class B Units, (iii) 7,500,000 Class C Units, and (iv) 10,000,000 Class D Units. The Board of Managers has the right to increase or decrease the number of authorized Units of any Class without the consent of any Members. However, the total number of authorized Class B Units cannot be increased by more than 10% in any one calendar year without the consent of a majority of the Class B Unit holders, and the total number of authorized Class C Units and Class D Units cannot be increased by more than 5% in any one calendar year, without the consent of holders of a majority of the Units of the applicable class.

The Company's management determines who will be granted Units and Options, subject to Board approval.

Beginning in 2019, in anticipation of engaging in discussions around a strategic sale of the Company's Connexity Business, Management LLC issued Transaction Incentives to certain management employees of

Connexity in recognition of their contribution to the Connexity Business, to reinforce their continued dedication to their duties to the Company and to encourage their efforts towards the consummation of an anticipated sale transaction. The Grants were in the form of Management LLC Class V member units ("Class V Units"). As the employees work for the Company, stock-based compensation expense is recorded by the Company as it relates to the Grants. The Class V Units represent an equity interest in the future profits and appreciation in the value of the Company. The Class V Units have been structured as profits interests, and the design of the Transaction Incentive is such that those profits interests translate to a percentage share in the transaction value (the "Connexity Sale Proceeds") if the Connexity Business is sold. While employees' profits interests units number is fixed, the mechanics of the plan translate those units into escalating percentage shares of the Connexity Sale Proceeds according to the outcome of the sale - the higher the transaction value, the higher the percentage the employees are eligible to receive.

Management LLC is authorized to issue up to an aggregate of 1,000,000 Class V Units. The Board of Managers of Management LLC has the right to increase or decrease the number of authorized Units of Class V Units without the consent of any Members.

Vesting to receive a Transaction Incentive is conditioned upon continued employment with and/or service to the Company through the Closing Date of any transaction. In the event employment is terminated either by termination without cause (or by reason of death or disability), there is a "decay" on the employee's share such that their entitlement to a payout shall be reduced by 0% within 0-90 days, 33% within 91-365, 66% within 366-545 days of their employment ending, such that on the 18-month anniversary of the employee's last day of employment they are no longer entitled to any payout.

The grant-date fair value of Class B, Class C and Class D Units and Options granted during 2020 and 2019 were $0.2 million and nominal, respectively. The grant-date fair value of Class V Units granted during 2019 was nominal.

The fair value of Class B, Class C and Class D Units and Options granted is determined on the grant date. The full grant date fair value for current employees for Class B, Class C and Class D Units and Options is being amortized to compensation expense over the vesting period, and if an employee ceases to be employed, any compensation expense that was recorded in previous periods related to unvested (forfeited) awards is reversed in the period the employment ended.

Due to the fact that the Class V units are classified as liability awards under ASC 718, the fair value of the Class V units will be determined on the vesting date (the closing date of any transaction). Because the Class V unit awards have performance conditions (the sale of the Connexity Business with proceeds in excess of a threshold) in addition to the service condition, compensation expense has not been recorded in 2020 or 2019 and will be recorded at the time when it is deemed probable that the performance conditions will be met. For a qualifying event, Class V will participate at a percentage of sale proceeds, after giving effect to the transaction threshold, transaction expenses, and net cash and indebtedness deductions.

Compensation expense recognized upon amortizing the fair values for the years ended December 31, 2020 and 2019 was $0.1 million and nominal, respectively, and is included in operating expenses in the consolidated statements of income. At December 31, 2020 and 2019, the unamortized fair value of Class B, Class C and Class D Units and Options granted as stock-based compensation were nominal.

SHOP HOLDING CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

A summary of the activity for Options to purchase Class B, Class C or Class D Units as of December 31, 2020 and 2019, and changes for the years ended December 31, 2020 and 2019 is as follows:

	Class B Options		
	Options to Purchase Class B Units	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (Years)
Outstanding at December 31, 2018	705,000	$0.27	7.44
Granted	32,500	0.05	
Exercised	—		
Forfeited	(257,000)	0.30	
Outstanding at December 31, 2019	480,500	0.23	6.77
Granted	—		
Exercised	(13,000)	0.11	
Forfeited	(239,500)	0.24	
Outstanding at December 31, 2020	228,000	0.23	5.76
Vested and expected to vest at December 31, 2020	228,000	0.23	5.76
Exercisable at December 31, 2020	189,675	0.26	5.43

	Class C Options		
	Options to Purchase Class C Units	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (Years)
Outstanding at December 31, 2018	494,000	$0.24	7.63
Granted	—		
Exercised	—		
Forfeited	(259,500)	0.19	
Outstanding at December 31, 2019	234,500	0.24	6.55
Granted	—		
Exercised	—		
Forfeited	(125,000)	0.19	
Outstanding at December 31, 2020	109,500	0.19	2.74
Vested and expected to vest at December 31, 2020	109,500	0.19	2.74
Exercisable at December 31, 2020	109,500	0.19	2.74

	Class D Options		
	Options to Purchase Class D Units	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (Years)
Outstanding at December 31, 2018	350,000	$0.01	8.01
Granted	—		
Exercised	—		
Forfeited	(150,000)	—	
Outstanding at December 31, 2019	200,000	0.01	6.96
Granted	—		
Exercised			
Forfeited	(100,000)	0.01	
Outstanding at December 31, 2020	100,000	0.01	2.74
Vested and expected to vest at December 31, 2020	100,000	0.01	2.74
Exercisable at December 31, 2020	100,000	0.01	2.74

SHOP HOLDING CORPORATION
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For the year ended December 31, 2019, all Options to purchase Class B Units were granted at an exercise price of $0.05.

A summary of the status of the non-vested Class B, Class C and Class D Units for the years ended December 31, 2020 and 2019, and changes during the years ended December 31, 2020 and 2019 is as follows:

Class B: Non-vested

	Number of Class B Units	Weighted Average Grant Date Fair Value
Non-vested outstanding at December 31, 2018	711,200	$0.10
Granted	60,000	0.12
Vested	(341,050)	0.16
Forfeited	(5,700)	0.36
Non-vested outstanding at December 31, 2019	424,450	0.06
Granted	150,000	0.33
Vested	(159,850)	0.06
Forfeited	(172,100)	0.01
Non-vested outstanding at December 31, 2020	242,500	0.08

Class C Units

	Number of Class C Units	Weighted Average Grant Date Fair Value
During the year ended December 31, 2019		
Granted	—	$ —
Vested	—	—
Forfeited	—	—
Non-vested outstanding at December 31, 2019	—	—
During the year ended December 31, 2020		
Granted	400,000	0.33
Vested	(400,000)	0.33
Forfeited	—	—
Non-vested outstanding at December 31, 2020	—	—

Class D Units

	Number of Class D Units	Weighted Average Grant Date Fair Value
During the year ended December 31, 2019		
Granted	—	$—
Vested	—	—
Forfeited	—	—
Non-vested outstanding at December 31, 2019	—	—
During the year ended December 31, 2020		
Granted	—	—
Vested	—	—
Forfeited	—	—
Non-vested outstanding at December 31, 2020	—	—

SHOP HOLDING CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

In accordance with the Holding LLC Amended and Restated Members' Agreement, grants of Class B Units vest 20% on the first anniversary of the date of issuance and the balance in 16 substantially equal installments each quarter thereafter, and grants of Class C and D Units vest immediately and are subject to forfeiture.

During 2019, Holdings LLC granted 1,000,000 Class V units to certain management employees. There were 10,417 units and no units forfeited in 2020 and 2019, respectively. At December 31, 2020 and 2019, there were 989,583 and 1,000,000 Class V units outstanding, respectively.

10. INCOME TAXES

Income from continuing operations before income taxes consisted of the following (in thousands):

	Year Ended December 31,	
	2020	2019
Domestic	$12,804	$14,490
Foreign	3,158	1,041
Income from continuing operations before income taxes	$15,962	$15,531

For the years ended December 31, 2020 and 2019, income tax expense (benefit) consists of the following (in thousands):

	Year Ended December 31,	
	2020	2019
Current:		
Federal	$ 15	$ —
State	130	56
Foreign	1,462	217
	1,607	273
Deferred:		
Federal	(6,645)	—
State	(2,545)	—
Foreign	(977)	23
	(10,167)	23
Income tax expense (benefit)	$ (8,560)	$296

The provision for income taxes reconciled to the amount computed by applying the statutory federal rate to income before taxes as follows:

	Year Ended December 31,	
	2020	2019
Tax expense (benefit) computed at the federal statutory rate	$ 3,352	$ 3,261
State tax, net of federal tax benefit	256	108
Permanent Items	(2,412)	359
R&D Credit	(798)	(392)
Foreign tax rate difference	(542)	22
Impact from deferred rate & True-up	2,651	(554)
Changes in uncertain tax positions	94	(20)
Return to Provision Adjustment	(63)	127
Valuation allowance	(11,173)	(2,616)
Other	75	1
Provision for income taxes	$ (8,560)	$ 296

SHOP HOLDING CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The significant components of net deferred tax balances were as follows (in thousands):

	December 31, 2020	December 31, 2019
Deferred tax assets:		
Accrued expenses	$ 667	$ 711
Research and development credits	2,752	1,163
Unrepatriated earnings	38	14
Net operating loss	5,325	2,061
Accounts receivable	31	34
Capital loss	15,414	15,277
Amortization and depreciation	—	1,182
Other	799	3,465
Total gross deferred tax assets	25,026	23,907
Less: Valuation allowance	(15,414)	(23,003)
Total deferred tax assets after valuation allowance	9,612	904
Deferred tax liabilities:		
Prepaid expenses	(177)	(63)
Deferred state income tax	(1,044)	(792)
Amortization and depreciation	(3,819)	—
Other	—	(15)
Total deferred tax liabilities	(5,040)	(870)
Net deferred tax assets	$ 4,572	$ 34
Consolidated balance sheet disclosure:		—
Non-current deferred tax assets, net	9,222	34
Non-current deferred tax liabilities, net	(4,650)	—
Net deferred tax assets	4,572	34

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences became deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. Based on the historical earnings of the Company and projections of future taxable earnings management believes it is more likely than not that the results of operations will generate sufficient taxable earnings to realize certain net deferred tax assets. The Company has released a portion of their valuation allowance as of December 31, 2020, and only retained a valuation allowance against its capital loss carryforward as there are no tax planning strategies to generate offsetting capital gains at this time. The Company has recorded a valuation allowance of $15.4 million, which is a decrease of $7.6 million from the prior year.

As of December 31, 2020, certain of the Company's operations had net operating loss carryforwards of $5.3 million (tax effected, not net of uncertain tax position), including state net operating loss carryforwards. These are comprised of $4.9 million (tax effected) of federal net operating loss carryforwards expiring between tax year 2036 and tax year 2037 and $0.4 million (tax effected) of state net operating loss carryforwards expiring between tax years 2026 and 2037.

As of December 31, 2020, we had an immaterial amount of unremitted earnings related to certain foreign subsidiaries. We intend to continue to reinvest these foreign earnings indefinitely and do not expect to incur any significant taxes related to such amounts.

The Company is subject to a tax on global intangible low-taxed income ("GILTI"). GILTI is a tax on foreign income in excess of a deemed return on tangible assets of foreign corporations. Companies subject to GILTI have the option to account for the tax as a period cost if and when incurred, or factor such amounts into the measurement of deferred taxes. The Company has elected to account for GILTI as a period cost.

The Company and its subsidiaries are subject to U.S. federal and foreign income tax as well as income tax of multiple state jurisdictions. From time-to-time, the Company is subject to routine income and other tax audits on various tax matters around the world in the ordinary course of business. The Company accrues an amount for its estimate of additional income tax liability which the Company, more likely than not, will incur as a result of the ultimate resolution of income tax audits ("uncertain tax positions"). The Company reviews and updates the estimates used in the accrual for uncertain tax positions, as appropriate, as more definitive information or interpretations become available from taxing authorities, upon completion of tax audits, upon receipt of assessments, upon expiration of statutes of limitation, or upon occurrence of other events.

The Company accounts for uncertain tax position provisions under ASC 740, Income Taxes (formerly FIN 48). ASC 740 clarifies the accounting for uncertainty in income taxes recognized in an entity's financial statements and prescribes a recognition threshold and measurement attributes for financial statement disclosure of uncertain tax positions ("UTP") taken or expected to be taken on the tax return. Under ASC 740, the impact of a UTP must be recognized at the largest amount that is more likely than not to be sustained upon audit by the relevant taxing authority. A UTP will not be recognized if it has less than a 50% likelihood of being sustained.

At December 31, 2020 and December 31, 2019, the Company had gross liabilities for UTPs of approximately $0.3 million and $0.2 million, respectively, and these liabilities are recorded on the consolidated balance sheets as a component of other liabilities. The Company is not able to reasonably estimate when or if cash payments for long-term liabilities related to UTPs will occur. The Company's accrued interest and penalties were not material at December 31, 2020 and December 31, 2019.

The Company's policy is to recognize material interest and penalties associated with tax matters as part of the income tax provision and include accrued interest and penalties with the related income tax liability on the Company's consolidated balance sheets.

A reconciliation of the beginning and ending amount of gross unrecognized tax benefit (excluding interest and penalties) is as follows (in thousands):

	Year Ended December 31,	
	2020	2019
Beginning balance	$213	$233
Additions:		
Tax positions related to the prior year	—	63
Tax positions related to the current year	94	—
Reductions:		
Tax positions related to the prior year	—	(82)
Tax positions related to the current year	—	—
Ending balance	$307	$214

The tax years 2017, 2018 and 2019 are subject to examination by the Internal Revenue Service. The Company's 2016, 2017, 2018 and 2019 tax years remain open to examination in California and various other states in which the Company conducts business. The tax years 2016, 2017, 2018 and 2019 are subject to examination in the U.K. The tax years 2016 and 2017 are subject to examination in Italy. The tax year 2019 is subject to examination in Germany. The tax years 2017, 2018 and 2019 are subject to examination in Australia.

11. COMMITMENTS AND CONTINGENCIES

Leases

Future minimum lease payments at December 31, 2020 under non-cancelable operating leases with initial lease terms in excess of one year were as follows (in thousands):

Year Ending December 31,	
2021	$2,981
2022	1,470
2023	221
Total	$4,672

The Company leases certain office space, data centers, and office equipment under operating leases expiring at various periods through 2023. Certain of the Company's operating leases include rent holidays, as well as rent escalation provisions. The Company records rent expense on a straight-line basis over the lease term. Rent expense under operating leases from continuing operations for the years ended December 31, 2020 and 2019 were $1.4 million and $1.0 million, respectively.

Other Commitments

In the ordinary course of business, the Company may provide indemnifications of varying scope and terms to customers, vendors, lessors, sureties and insurance companies, business partners, and other parties with respect to certain matters, including, but not limited to, losses arising out of the Company's breach of such agreements, services to be provided by the Company, or from intellectual property infringement claims made by third parties. In addition, the Company has entered into indemnification agreements with its directors and certain of its officers and employees that will require the Company, among other things, to indemnify them against certain liabilities that may arise by reason of their status or service as directors, officers or employees. The Company has also agreed to indemnify certain former officers, directors and employees of acquired companies in connection with the acquisition of such companies. The Company maintains director and officer insurance which may cover certain liabilities, including those arising from its obligation to indemnify its directors and certain of its officers and employees, and former officers, directors and employees of acquired companies, in certain circumstances.

It is not possible to determine the maximum potential amount of exposure under these indemnification agreements due to the limited history of prior indemnification claims and the unique facts and circumstances involved in each particular agreement. Such indemnification agreements may not be subject to maximum loss clauses.

Legal Matters

From time to time, the Company may be subject to various legal matters in the ordinary course of business. The Company's management is not aware of any pending or threatened legal matters that would have a material impact on the Company’s consolidated financial position or results of operations.

12. EMPLOYEE BENEFIT PLAN

During the years ended December 31, 2020 and 2019, eligible U.S. employees were covered by a defined contribution plan for which the Company was the plan sponsor. The plan provided for employer matching contributions of 50% of participant contributions limited to 6% of the participant’s salary, subject to certain annual Internal Revenue Service limits. The Company also has various defined contribution/pension plans for its eligible non-U.S. employees, some of which are required by local laws and allow or require Company contributions. During the years ended December 31, 2020 and 2019, employer contributions under all defined contribution/pension plans were approximately $0.4 million and $1.1 million, respectively.

13. RELATED PARTY TRANSACTIONS

Unsecured Convertible Promissory Notes Payable

To meet its working capital and business combination needs, the Company issued unsecured promissory notes payable to its Indirect Parent, Shop Holding, LLC ("Holding LLC"). The Company had $24.9 million of outstanding notes payable at December 31, 2019 (See Note 8 - "Subordinated Unsecured Promissory Notes Payable"). This note was extinguished on May 21, 2020 with the refinancing from the Whitehorse Term Loan.

14. SUBSEQUENT EVENTS

In May 2021, the Company paid an ECF payment on the Whitehorse Term Loan for $8.5 million.

In May 2021, the Company paid deferred consideration of £6.5 million (approximately $9 million).

In May 2021, the Company finalized its purchase price allocation for the acquisition of Skimlinks. There were no effects to the consolidated statements of income in any period. Accrued marketing costs and goodwill were each reduced by $0.3 million.

In July 2021, Shop Management, LLC (the Company's Direct Parent) signed a stock purchase agreement to sell 100% of the stock of Shop Holding Corporation to Taboola, Inc. and Taboola.com Ltd., to be settled in both cash and stock for an undisclosed amount. Upon consummation of the acquisition, the sale will be a liquidity event for both stock-based compensation plans discussed in Note 9.

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SHOP HOLDING CORPORATION
CONSOLIDATED BALANCE SHEETS
(in thousands)
(Unaudited)

	June 30, 2021	June 30, 2020
Assets		
Current assets:		
Cash	$ 21,216	$ 20,268
Accounts receivable, net of allowance for doubtful accounts of $227 and $968 at June 30, 2021 and 2020, respectively	42,913	39,657
Other current assets - continuing operations	1,817	1,175
Total current assets - continuing operations	65,946	61,100
Other current assets - discontinued operations	236	37
Total current assets	66,182	61,137
Property and equipment, net	7,015	7,615
Goodwill	31,399	29,070
Intangible assets, net	21,595	25,748
Deferred tax assets, net	7,373	34
Other assets - continuing operations	199	285
Other assets - discontinued operations	—	181
Total assets	$133,763	$ 124,070
Liabilities and Stockholder's Equity (Deficit)		
Current liabilities:		
Accounts payable	$ 958	$ 931
Accrued liabilities	10,822	7,665
Accrued marketing costs	47,704	44,627
Customer deposits	515	1,322
Current portion of term loan, net of discount	4,338	909
Deferred consideration	—	7,350
Total current liabilities - continuing operations	64,337	62,804
Other current liabilities - discontinued operations	611	10,722
Total current liabilities	64,948	73,526
BAML Loan Agreement	17	—
Term loan, net of discount	52,760	65,179
Deferred tax liabilities, net	4,711	5,023
Other liabilities - continuing operations	733	849
Total liabilities	123,169	144,577
Commitments and contingencies (see Note 11)		
Stockholder's equity (deficit):		
Common stock, $0.001 par value; 100 shares authorized, issued and outstanding	—	—
Additional paid-in capital	91,406	98,146
Accumulated other comprehensive gain (loss) - foreign currency translation adjustment	4,108	(31)
Accumulated deficit	(84,920)	(118,622)
Total stockholder's equity (deficit)	10,594	(20,507)
Total liabilities and stockholder's equity (deficit)	$133,763	$ 124,070

The accompanying notes are an integral part of these consolidated financial statements.

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SHOP HOLDING CORPORATION
CONSOLIDATED STATEMENTS OF INCOME (LOSS)
(in thousands)
(Unaudited)

	Six Months Ended June 30,	
	2021	**2020**
Revenues	$84,533	$ 57,474
Cost of revenues (excluding depreciation and amortization shown separately below)		
Traffic acquisition costs	43,095	34,378
Data acquisition costs	50	150
Other direct variable costs	1,856	1,431
Operating expenses	20,525	14,820
Depreciation expense	2,195	2,270
Amortization of intangible assets	3,661	1,400
Total cost of revenues and operating expenses	71,382	54,449
Operating income	13,151	3,025
Other expense:		
Interest expense, net (includes 482 of related party interest expense for the six months ended June 30, 2020)	(4,091)	(1,483)
Other income (expense), net	829	(426)
Income from continuing operations before income taxes	9,889	1,116
Income tax expense	2,526	20
Income from continuing operations	7,363	1,096
Income (loss) on discontinued operations, net of tax	704	(14,906)
Net income (loss)	$ 8,067	$(13,810)

The accompanying notes are an integral part of these consolidated financial statements.

SHOP HOLDING CORPORATION
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(in thousands)
(Unaudited)

	Six Months Ended June 30,	
	2021	2020
Net income (loss)	$8,067	$ (13,810)
Foreign currency translation	435	341
Comprehensive income (loss)	$8,502	$ (13,469)

The accompanying notes are an integral part of these consolidated financial statements.

SHOP HOLDING CORPORATION
CONSOLIDATED STATEMENTS OF STOCKHOLDER'S EQUITY (DEFICIT)
(in thousands)
(Unaudited)

	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Stockholder's Deficit
	Shares	Amount				
Balance at December 31, 2019	100	$—	$98,153	$ (104,812)	$ (372)	$ (7,031)
Net loss	—	—	—	(13,810)	—	(13,810)
Stock-based compensation	—	—	(7)	—	—	(7)
Foreign currency translation adjustment	—	—	—	—	341	341
Balance at June 30, 2020	100	$—	$98,146	$(118,622)	$ (31)	$ (20,507)

	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Gain	Total Stockholder's Equity
	Shares	Amount				
Balance at December 31, 2020	100	$—	$91,420	$ (92,987)	$3,673	$ 2,106
Net income	—	—	—	8,067	—	8,067
Stock-based compensation	—	—	(14)	—	—	(14)
Foreign currency translation adjustment	—	—	—	—	435	435
Balance at June 30, 2021	100	$—	$91,406	$ (84,920)	$4,108	$10,594

The accompanying notes are an integral part of these consolidated financial statements.

SHOP HOLDING CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)
(Unaudited)

	Six Months Ended June 30, 2021	Six Months Ended June 30, 2020
Cash flows from operating activities:		
Net income (loss)	$ 8,067	$(13,810)
Deduct: Income (loss) from discontinued operations, net of tax	704	(14,906)
Income from continuing operations	7,363	1,096
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization expense	5,856	3,670
Amortization of debt issuance costs and accretion of discounts	421	137
Provision for doubtful accounts receivable	68	924
(Gain) Loss on disposal of property and equipment, net	17	2
Stock-based compensation	(14)	(7)
Deferred income taxes, net	1,848	—
Changes in operating assets and liabilities:		
Accounts receivable, net	29,152	11,460
Other assets	(319)	381
Accounts payable and accrued liabilities	(27,876)	(438)
Customer deposits and deferred revenue	(33)	(445)
Other liabilities	(171)	(367)
Net cash provided by operating activities - continuing operations	16,312	16,413
Net cash provided by (used in) operating activities - discontinued operations	265	(8,946)
Net cash provided by operating activities	16,577	7,467
Cash flows from investing activities:		
Purchases of property and equipment	(102)	(256)
Capitalized software development costs	(1,784)	(1,691)
Proceeds from sale of property and equipment	15	8
Cash paid for acquisition of Skimlinks, net of cash acquired	—	(27,154)
Net cash used in investing activities - continuing operations	(1,871)	(29,093)
Net cash used in investing activities - discontinued operations	—	(127)
Net cash used in investing activities	(1,871)	(29,220)
Cash flows from financing activities:		
Proceeds from term loan	—	70,000
Payments on term loan	(8,963)	—
Proceeds from revolver - BAML Loan Agreement	35	51,787
Payments on revolver - BAML Loan Agreement	(18)	(55,179)
Payments on deferred consideration	(9,020)	—
Payments on subordinated unsecured promissory notes (related party)	—	(24,865)
Payments on debt issuance costs	—	(4,049)
Net cash provided by (used in) financing activities	(17,966)	37,694
Effects of foreign currency exchange rate changes on cash and cash equivalents	179	(175)
Change in cash	(3,081)	15,766
Cash, beginning of period	24,297	4,502
Cash, end of period	$ 21,216	$ 20,268

The accompanying notes are an integral part of these consolidated financial statements.

SHOP HOLDING CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)
(Unaudited)

	Six Months Ended June 30,	
	2021	**2020**
Supplemental disclosure of cash flows:		
Cash paid for interest (includes related party interest on subordinated promissory notes of 543 for 2020)	$3,379	$ 2,062
Cash paid (received) for income taxes	102	(56)
Supplemental disclosure of non-cash investing and financing activities:		
Acquisition of Skimlinks - adjustment to purchase price allocation		
Goodwill	$ (253)	
Accounts payable and other liabilities	253	
	$ —	
Acquisition of Skimlinks		
Accounts receivable and other assets		$ (26,120)
Property and equipment		(124)
Intangible assets		(26,439)
Goodwill		(21,391)
Accounts payable and other liabilities		34,636
Deferred tax liabilities		5,023
Deferred consideration		7,261
Net cash paid for acquisition		$ (27,154)

The accompanying notes are an integral part of these consolidated financial statements.

SHOP HOLDING CORPORATION
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

1. DESCRIPTION OF BUSINESS AND BASIS OF PRESENTATION

Description of Business

Shop Holding Corporation, incorporated in Delaware in April 2011, together with its wholly-owned subsidiaries ("Connexity" or the "Company"), is a technology and data-driven integrated marketing services company focused on the e-commerce ecosystem. Through a focus on performance-based retail marketing, the Company enables retailers and brands to understand their consumers better, acquire new customers at a lower cost, and increase sales from their target consumers. The Company offers a comprehensive range of marketing services to online retailers and brands in the U.S. and Europe, including syndicated product listings, search marketing, and customer insights.

The Company's corporate headquarters is in Santa Monica, California, and the Company also maintains offices in New York, New York; London, England; and Karlsruhe, Germany.

The Company is a wholly-owned subsidiary of Shop Management, LLC ("Management LLC" or "Direct Parent"). Management LLC is a wholly-owned subsidiary of Shop Holding, LLC ("Holding LLC" or "Indirect Parent"), which is a majority-owned subsidiary of Symphony Technology Group ("STG"), a strategic private equity firm with the mission of investing and being a partner in building software and services companies. STG maintains ownership through two entities: STG III, L.P., a Delaware limited partnership, and STG III-A, L.P., a Delaware limited partnership, each an equity sponsor entity, and collectively, the "Equity Sponsor Entities."

Basis of Presentation

The Company's consolidated financial statements for the six months ended June 30, 2021 and 2020 have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"). The consolidated financial statements include the accounts of Shop Holding Corporation and its wholly-owned subsidiaries. All significant intercompany accounts and transactions have been eliminated in consolidation.

As discussed in Note 14, the Company's Direct Parent signed a stock purchase agreement with Taboola, Inc. and Taboola.com Ltd. in July 2021 to sell 100% of the stock of the Company. As a result, the Company's consolidated financial statements are expected to be included in the SEC filings of Taboola.com Ltd., at which time the Company will meet the definition of a public business entity solely for this purpose. The Company has therefore presented it consolidated financial statements to comply with the financial statement requirements of a company that meets the definition of a public business entity.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND RECENT ACCOUNTING PRONOUNCEMENTS

Summary of Significant Accounting Policies

Use of Estimates — The preparation of consolidated financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the amounts reported and disclosed in the consolidated financial statements and the accompanying notes. Actual results could differ materially from these estimates and assumptions. On an ongoing basis, the Company evaluates its estimates, including those related to the accounts receivable, intangible assets and goodwill, other long-lived assets, useful lives of intangible assets and property and equipment, revenue recognition, fair values of stock-based awards, income taxes and contingent liabilities, among others. The Company bases its estimates on historical experience and on various other assumptions that are believed to be reasonable, the results of which form the basis for making judgments about the varying values of assets and liabilities.

Cash and Cash Equivalents — The Company considers cash equivalents to be only those investments which are highly liquid, readily convertible to cash and which have a maturity date within 90 days from the date of purchase. The Company had no cash equivalents at June 30, 2021 and 2020.

Concentrations and Certain Risks — The Company's revenues are primarily derived from its click-through revenue product listings services, the market of which is highly competitive and rapidly changing. In addition, its revenues are primarily generated from the United States ("U.S."), the United Kingdom ("U.K."), France, Germany, and Italy. Significant changes in this industry or changes in customer buying or advertiser spending behavior could adversely affect the Company's operating results.

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash and accounts receivable. The Company holds its cash with major financial institutions around the world. Cash is deposited and maintained with a limited number of major financial institutions in the U.S., U.K., and Germany. Operating cash deposits held with these institutions generally exceed the amount of insurance provided on such deposits. Generally, these deposits may be redeemed upon demand and are maintained with financial institutions with reputable credit and therefore bear minimal credit risk. The Company has not experienced any loss or lack of access to cash in its operating accounts. However, the Company can provide no assurances that access to its cash will not be impacted by adverse conditions in the financial markets. The Company had $20.1 million and $18.5 million in excess of insured limits in financial institutions as of June 30, 2021 and 2020, respectively. Of this, $4.3 million and $6.1 million was held in foreign financial institutions as of June 30, 2021 and 2020, respectively.

The Company's customers are dispersed both geographically and across a broad range of industries. The Company's accounts receivable are derived primarily from revenues earned from online merchants, online portals and advertising retailers located in the U.S., U.K., France, Germany, and Italy. The Company extends credit based upon an evaluation of the customer's financial condition and collateral is not required. The Company maintains an allowance for doubtful accounts receivable based upon the expected collectability of accounts receivable and such losses have been within management's expectations.

The Company evaluates specific accounts receivable where information exists that the customer may have an inability to meet its financial obligations. In these cases, based on the best available facts and circumstances, a specific allowance is recorded for that customer against amounts due to reduce the receivable to the amount that is expected to be collected. These specific allowances are re-evaluated and adjusted as additional information is received that impacts the amount of the allowance. Also, an allowance is established for all customers based on the aging of the receivables. If circumstances change (i.e., higher than expected delinquencies or an unexpected material adverse change in a customer's ability to meet its financial obligations), the estimates of the recoverability of amounts due to the Company are adjusted. Accounts are considered past due or delinquent based on contractual terms and how recently payments have been received. Account balances are written off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote. The 2020 beginning accounts receivable balance was $26.7 million.

Three customers jointly accounted for 59% and 45% of accounts receivable at June 30, 2021 and 2020, respectively. One customer accounted for 16% and 14% of sales during the six months ended June 30, 2021 and 2020, respectively. Two vendors accounted for 28% and one vendor accounted for 13% of operating expenses during the six months ended June 30, 2021 and 2020, respectively.

Property and Equipment — Property and equipment are stated at historical cost less accumulated depreciation and amortization. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets, which is generally three to four years for computer software, three to four years for computer hardware and equipment and generally seven years for furniture and fixtures. Leasehold improvements are amortized using the straight-line method over the shorter of the lease term or ten years. Upon the sale or retirement of property or equipment, the cost and related accumulated depreciation or amortization is removed from the Company's consolidated financial statements with the resulting gain or loss reflected in the Company's consolidated statements of income. Repairs and maintenance costs are expensed as incurred.

Capitalized Software Development Costs — The Company accounts for costs incurred to develop software for internal use in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 350, *Intangibles - Goodwill and Other*. The Company capitalizes costs to develop software when management has determined that the development efforts will result in new or additional functionality and the customized internal-use software systems have reached the application development stage. Such capitalized costs include external direct costs utilized in developing or obtaining the applications and payroll and payroll-related expenses for employees who are directly associated with the applications.

Capitalization of such costs begins when the preliminary project stage is complete and ceases at the point in which the project is substantially complete and ready for its intended purpose. Costs incurred prior to meeting these criteria and costs associated with ongoing maintenance are expensed as incurred. The Company capitalized costs associated with internal-use software totaling $1.8 million and $1.7 million for continuing operations in the six months ended June 30, 2021 and 2020, respectively.

Business Combinations — The Company accounts for acquisitions under the acquisition method of accounting in accordance with ASC 805, *Business Combinations.* Under the acquisition method, direct costs of the acquisition are expensed as they are incurred; identifiable assets acquired and the liabilities assumed are measured at their fair values at the date of acquisition. The excess of the purchase price over the estimated fair values of the net assets acquired represents goodwill. The Company adopted and elected to apply the provisions for simplifying the accounting for measurement-period adjustments.

The judgments made in determining the estimated fair value and expected useful lives assigned to each class of assets and liabilities acquired can significantly impact net income. Consequently, to the extent an indefinite-lived, definite-lived or long-lived asset is ascribed greater value under the acquisition method than a shorter-lived asset, there may be less amortization recorded in a given period. Definite-lived identifiable intangible assets are amortized on either a straight-line basis or an accelerated basis. The Company determines the appropriate amortization method by performing an analysis of expected cash flows over the estimated useful lives of the assets and matches the amortization expense to the expected cash flows from those assets.

Determining the fair value of certain assets and liabilities acquired is subjective in nature and often involves the use of significant estimates and assumptions. Certain areas that require significant judgment are estimating the fair value, related useful lives of identifiable intangible assets and contingent consideration. To assist in this process, the Company may obtain appraisals from valuation specialists for certain intangible assets. While there are several different methods used in estimating the fair value of acquired intangible assets, there are two approaches primarily used: the discounted cash flow and market comparison approaches. Some of the more significant estimates and assumptions inherent in the two approaches include: projected future cash flows (including timing); discount rate reflecting the risk inherent in the future cash flows; terminal growth rate; terminal value; determination of appropriate market comparables; and the determination of whether a premium or a discount should be applied to market comparables. To the extent possible most of the above assumptions are made based on available historical and market information.

Fair Value of Financial Instruments — The Company follows the provision of ASC 820, *Fair Value Measurements and Disclosures*, which establishes a three-tiered hierarchy that draws a distinction between market participant assumptions based on: (i) quoted prices (unadjusted) in active markets for identical assets and liabilities (Level 1); (ii) inputs other than quoted prices in active markets that are observable either directly or indirectly (Level 2); and (iii) unobservable inputs that require the Company to use present value and other valuation techniques in the determination of fair value (Level 3).

In accordance with ASC 820, the Company maximizes the use of observable inputs and minimizes the use of unobservable inputs when developing fair value measurements. When available, the Company uses quoted market prices to measure fair value. If market prices are not available, fair value measurement is based upon models that use primarily market-based or independently sourced market parameters. If observable market inputs for model-based valuation techniques are not available, the Company will be required to make judgments about assumptions market participants would use in estimating the fair value of the financial instrument.

Fair values of short-term investments, accounts receivable, accounts payable, and accrued liabilities approximate their carrying amounts because of their short-term nature. Long-term debt is carried at amortized cost. However, the Company is required to estimate the fair value of long-term debt under ASC 825, *Disclosures about Fair Value of Financial Instruments.* Accordingly, the Company estimates the fair value of its long-term debt using Level 2 inputs based on the relative interest rate of the comparable debt securities the Company was able to obtain.

The table below summarizes the fair value estimates for long-term debt, excluding discounts, including the current portion (in thousands):

	June 30, 2021	
	Carrying Amount	Estimated Fair Value Level 2
Whitehorse Term Loan	$60,163	$61,967

Goodwill — Goodwill represents the excess of the purchase price of an acquired entity over the fair value of the net tangible and intangible assets acquired. The Company accounts for goodwill in accordance with ASC 350, *Intangibles - Goodwill and Other*, which, among other things, addresses financial accounting and reporting requirements for acquired goodwill and other intangible assets.

Goodwill is not amortized but is reviewed for impairment annually or between annual tests if an event occurs or circumstances change that indicate it is more-likely-than-not that the fair value of a reporting unit is less than its carrying value. Events or circumstances which could trigger an impairment review include, but are not limited to, a significant adverse change in legal factors or in the business climate, an adverse action or assessment by a regulator, unanticipated competition, a loss of key management or other personnel, significant changes in the manner of the Company's use of the acquired assets or the strategy for the acquired business or the Company's overall business, significant negative industry or economic trends, or significant underperformance relative to expected historical or projected future results of operations.

An entity may perform a qualitative assessment of the likelihood of the existence of a goodwill impairment. The qualitative assessment is an evaluation, based on all identified events and circumstance which impair the fair value of the reporting unit, of whether or not it is more-likely-than-not that the fair value is less than the carrying value of the reporting unit. If the Company believes that as a result of its qualitative assessment it is more-likely-than-not that the fair value of a reporting unit is greater than its carrying amount, a quantitative impairment test is not required. The Company performed a qualitative assessment in 2020. Based on the qualitative assessment, the Company concluded that it is more-likely-than-not that the fair value of its reporting unit was greater than its carrying value.

Intangible Assets and Other Long-Lived Assets — The Company accounts for identifiable intangible assets in accordance with ASC 350, *Intangibles - Goodwill and Other*, and other long-lived assets in accordance with ASC 360, *Property, Plant and Equipment*, which addresses financial accounting and reporting for the impairment and disposition of identifiable intangible assets and other long-lived assets. Intangible assets acquired in a business combination are initially recorded at management's estimate of their fair values. The Company evaluates the recoverability of identifiable intangible assets and other long-lived assets for impairment when events occur or circumstances change that would indicate that the carrying amount of an asset may not be recoverable. Events or circumstances that may indicate that an asset is impaired include, but are not limited to, significant decreases in the market value of an asset, significant underperformance relative to expected historical or projected future operating results, a change in the extent or manner in which an asset is used, shifts in technology, loss of key management or other personnel, significant negative industry or economic trends, changes in the Company's operating model or strategy, and competitive forces. In determining if an impairment exists, the Company estimates the undiscounted cash flows to be generated from the use and ultimate disposition of these assets. If an impairment is indicated based on a comparison of the assets' carrying values and the undiscounted cash flows, the impairment loss is measured as the amount by which the carrying amount of the assets exceeds the fair value of the assets. Definite-lived intangible assets are amortized on a straight-line over their estimated useful lives, ranging from two to five years.

Revenue Recognition — Revenue is recognized under ASC 606, *Revenue from Contracts with Customers*, upon transfer of control of promised services to customers in an amount that reflects the consideration the Company expects to receive in exchange for those services. Revenue is recognized net of any taxes collected from customers, which are subsequently remitted to governmental authorities.

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The Company determines revenue recognition through the following steps:

- Identification of the contract, or contracts, with a customer;
- Identification of the performance obligations in the contract;
- Determination of the transaction price;
- Allocation of the transaction price to the performance obligations in the contract; and
- Recognition of revenue when, or as, the Company satisfies a performance obligation.

The Company’s revenues are primarily derived from usage-based fees from customers accessing the Company’s enterprise cloud computing services platform for cost-per-click (“CPC”) advertising and performance-based cost-per-action (“CPA”) advertising:

- CPC revenues consist of fees paid by online merchants and advertisers when a consumer is redirected to their website by the Company’s syndicated product listing platform, which feeds shopping-related content from merchants to ad platforms, publishers, and social influencers. The Company recognizes as revenue the fees charged to online merchants and advertisers on a per click basis when the service is delivered.
- CPA revenues are gathered when the Company enters a performance-based arrangement with a merchant or advertiser. The Company recognizes revenues when the performance criteria have been met and the fees are fixed per action or determinable based on a reconciliation of the performance criteria and the payment terms associated with the transaction. CPA revenues are structured on a fixed- or tiered-rate revenue-share relationship based on the total dollar amount of customer transactions at the merchant site.

No significant judgments are required in determining whether services are considered distinct performance obligations and should be accounted for separately versus together, or to determine the stand-alone selling price.

The Company's arrangements do not contain general rights of return. However, credits may be issued on a case-by-case basis. The contracts do not provide customers with the right to take possession of the software supporting the applications. Amounts that have been invoiced are recorded in accounts receivable and in revenue or deferred revenue depending on whether the revenue recognition criteria have been met.

The Company records a contract liability when it invoices the customer or cash payments are received in advance of the Company’s performance in the underlying agreement and such revenues are recorded on the consolidated balance sheets as deferred revenue.

The Company has adopted the practical expedient per ASC 606 that it need not adjust the promised amount of consideration for the effects of a significant financing component if the Company expects, at contract inception, that the period between when the Company transfers a promised service to a customer and when the customer pays for that service will be one year or less.

The Company recognizes the incremental costs of obtaining a contract as an expense when incurred, because the amortization period of the asset that the Company otherwise would have recognized is one year or less.

Cost of Revenues — Cost of revenues consists primarily of traffic acquisition costs. Traffic acquisition costs consist of payments to search engines, internet portals and publisher affiliates for driving consumer traffic to the Company's merchants and is recognized on a cost-per-click or cost-per-action basis when incurred. Cost of revenues also includes other direct variable costs, which include, among other things, expenses associated with the operation of the Company’s data centers, hosting services, and credit card and other transaction fees related to processing customer transactions.

Operating Expenses — Operating expenses include the following expenses: Technology and Development, Sales and Marketing and General and Administrative expenses.

- Technology and Development expenses include the costs of full-time personnel, contractors,vendors and other related expenses for the purpose of creating the Company's software technology footprint.
- Sales and Marketing expenses include the costs of full-time employees, contractors, vendors and other expenses related to the efforts of securing merchant relationships and increasing the Company's presence in the market.
- General and Administrative expenses include personnel-related expenses for executive, finance,legal, human resources, and personnel associated with operating the Company's corporate network systems. In addition, General and Administrative expenses include, among other costs, professional fees for legal, accounting and financial services; insurance; occupancy and other overhead-related costs; office relocation costs; non-income taxes; gains and losses on sales of assets; bad debt expense; and reserves or expenses incurred as a result of certain legal settlements or other resolutions related to litigation, disputes, or similar matters. General and Administrative expenses also include expenses resulting from actual or potential transactions such as business combinations, mergers, acquisitions, dispositions, financing transactions, and other strategic transactions, including expenses for advisors, consultants, attorneys, and accounting firms.

Advertising Costs — Advertising costs include expenses for promotions and public relations to promote the Company's brand and are expensed as incurred. Advertising costs were $0.2 million and $0.3 million in continuing operations for the years ended six months ended June 30, 2021 and 2020, respectively.

Stock-Based Compensation — The Company follows the provisions of ASC 718, *Compensation—Stock Compensation*, which requires the measurement and recognition of compensation expense for all stock-based payment awards made to employees and directors. In accordance with ASC 718, member units granted to employees by Management LLC, the Company's parent, and Holding LLC, Management LLC's parent, are considered compensation expense for the Company, and the related expense is therefore recorded by the Company as stock-based compensation expense.

The fair value of each award is estimated on the date of the grant and amortized over the requisite service period, which is the vesting period. The Company uses the Black-Scholes option pricing model to estimate the fair value of stock-based awards on the date of grant. Determining the fair value of stock-based awards at the grant date under this model requires judgment, including estimating volatility, expected term and risk-free interest rate. The assumptions used in calculating the fair value of stock-based awards represent management's estimate based on judgment and subjective future expectations. These estimates involve inherent uncertainties. If any of the assumptions used in the Black-Scholes model significantly changes, stock-based compensation for future awards may differ materially from the awards granted previously.

The Company follows the attribution method in which the Company records compensation expense for current employees assuming the awards will fully vest, and if an employee ceases to be employed, any compensation expense that was recorded in previous periods related to unvested (forfeited) awards is reversed in the period the employment ended. There were no stock option awards in the six months ended June 30, 2021 and 2020.

Refinancing Costs — The Company incurs fees to creditors and/or third parties in connection with amendments to its debt facilities and refinancing transactions. The capitalization or expense of fees paid to a creditor or third party is dependent upon the determination of whether or not there is a modification or extinguishment of debt in accordance with ASC 470-50, *Debt Modifications and Extinguishments*. When extinguishment of debt is present, fees paid to the creditor are included in the determination of any debt extinguishment gain or loss and fees paid to a third party are capitalized and amortized using the effective interest method over the life of the debt. When there is no debt extinguishment, fees paid to a creditor are capitalized and amortized and fees paid to a third party are expensed.

Comprehensive Income — The Company follows the provisions of ASC 220, *Comprehensive Income*, which establishes standards for reporting comprehensive income and its components in consolidated financial statements. Comprehensive income, as defined, includes all changes in equity during a period from non-owner sources. For the Company, comprehensive income primarily consists of its reported net income and foreign currency translation adjustment.

Foreign Currency Translation — The Company accounts for foreign currency translation in accordance with ASC 830, *Foreign Currency Matters*. The functional currency of each of the Company's international subsidiaries is its respective local currency. The financial statements of these subsidiaries are translated to U.S. dollars using period-end rates of exchange for assets and liabilities, historical rates of exchange for equity, and average rates of exchange for the period for revenues, costs, and expenses. The Company records translation gains and losses in accumulated other comprehensive income as a component of stockholder’s equity (deficit) in the consolidated balance sheets. The Company recorded a $0.4 million and $0.3 million net translation gain for the six months ended June 30, 2021 and 2020, respectively. In addition, the Company records translation gains and losses resulting from foreign exchange transactions in other expense, net in the consolidated statements of income. For the six months ended June 30, 2021 and 2020, the Company recorded $0.8 million of net transaction gains and $0.4 million net transaction losses in continuing operations, respectively.

Income Taxes — The Company applies the provisions of ASC 740, *Income Taxes*. Under ASC 740, deferred tax assets and liabilities are determined based on differences between the financial reporting and tax bases of assets and liabilities and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse. The Company records a valuation allowance to reduce its deferred tax assets to the amount that is more likely than not to be realized. In evaluating the Company's ability to recover its deferred tax assets, the Company considers all available positive and negative evidence, including its operating results, ongoing tax planning and forecasts of future taxable income on a jurisdiction-by-jurisdiction basis. In accordance with ASC 740, the Company recognizes, in its consolidated financial statements, the impact of the Company's tax positions that are more likely than not to be sustained upon examination based on the technical merits of the positions. The Company recognizes interest and penalties associated with tax matters as part of operating expenses and includes accrued interest and penalties, if any, with accrued liabilities in the consolidated balance sheets.

Operating Leases — The Company leases office space, data centers, data center equipment, and certain office equipment under operating lease agreements with original lease periods of up to five years. Certain of the lease agreements contain rent holidays and rent escalation provisions. Rent holidays and rent escalation provisions are considered in determining straight-line rent expense to be recorded over the lease term. For purposes of recognizing these incentives on a straight-line basis over the term of the lease, the Company uses the date of initial possession to begin amortization. The difference between rent paid and straight-line rent expense is recorded as deferred rent liability as a component of other liabilities in the accompanying consolidated balance sheets.

Subsequent Events — The Company has evaluated subsequent events through August 12, 2021, which is the date the consolidated financial statements were available to be issued.

Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2014-09, *Revenue from Contracts with Customers*, which established ASC 606. ASC 606 supersedes the revenue recognition requirements in ASC 605, *Revenue Recognition*, and requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. ASU 2014-09 also added ASC Subtopic 340-40 to the ASC to require the deferral of incremental costs of obtaining a contract with a customer. The Company adopted ASC 606 on January 1, 2020 using the modified retrospective transition method. The implementation of ASC 606 did not have a material impact on the Company’s consolidated financial statements.

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*. The amendments in this update will replace the existing guidance in ASC 840, *Leases*, when it becomes effective. The amendments require lease assets and lease liabilities to be recognized on the balance sheet and disclosure of key information about leasing arrangements. The amendments require a dual approach for lessee accounting under which a lessee would account for leases as finance leases or operating leases. Both finance leases and operating leases will result in the lessee recognizing a right-of-use asset and a corresponding lease liability. For finance leases the lessee would recognize interest expense and amortization of the right-of-use asset and for operating leases the lessee would recognize a straight-line total lease expense. The amendments in this update are effective for annual periods beginning after December 15, 2019, and interim periods within fiscal years beginning after December 15, 2020, and must be adopted using a modified retrospective transition that provides for certain practical expedients. Early adoption is permitted. In January 2018, the FASB issued ASU No. 2018-01, *Leases (Topic 842): Land Easement Practical Expedient for Transition to Topic 842*. The amendments in this update permit an entity to elect an optional transition practical expedient to not evaluate under Topic 842 land easements that exist or expired before the entity’s adoption of Topic 842 and that were not previously accounted for as leases under Topic 840, with effective date and transition requirements to be the same as stated above. In July 2018, the FASB issued ASU No. 2018-10, *Leases (Topic 842): Codification Improvements to Topic 842, Leases.* The amendments in this update affect narrow aspects of the guidance in ASU No. 2016-02, with effective date and transition requirements to be the same as stated above. In July 2018, the FASB issued ASU No. 2018-11, *Leases (Topic 842): Targeted Improvements.* The amendments in this update include an additional (and optional) transition for comparative reporting at adoption to recognize a cumulative-effect adjustment to the opening balance sheet of retained earnings in the period of adoption whereby comparative periods will continue to report leases under current GAAP (Topic 840, *Leases*), with effective date to be the same as stated above. In March 2019, the FASB issued ASU No. 2019-01, *Leases (Topic 842): Codification Improvements*, which clarified that an exception to interim reporting period disclosures applies to the period of adoption of these updates. In June 2020, the FASB issued ASU 2020-05, which provides for a one-year deferral of the effective date to annual reporting periods beginning after December 15, 2021, though early adoption continues to be permitted. The Company is currently assessing the impact these updates will have on the Company's consolidated financial statements.

In August 2018, the FASB issued ASU No. 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement*. The amendments in this update modify the requirements of the disclosure framework in Topic 820 by removing or modifying certain disclosures of fair value measurement levels. Certain disclosure requirements were also added, though the disclosures are not required of nonpublic entities. The amendments in this updated are effective for annual periods beginning after December 15, 2019. In 2020, the Company adopted ASU 2018-13, effective January 1, 2020. The effects of this change on the consolidated financial statements were nominal.

In August 2018, the FASB issued ASU No. 2018-15, *Intangibles - Goodwill and Other - Internal-Use* Software (Subtopic 350-40): Customer’s Accounting for the Implementation Costs Incurred in a Cloud Computing *Arrangement That Is a Service Contract.* The amendments in this update align the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software. The accounting for the service element of a hosting arrangement is not affected by this update. The amendments in this update require the entity to expense the capitalized costs over the term of the hosting arrangement and provide specific guidance on classification within the financial statements of these costs. The Company adopted these amendments on January 1, 2021 on a prospective basis. The implementation of this change did not have a material impact on the Company’s financial statements.

In December 2019, the FASB issued ASU No. 2019-12, *Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes*. This standard simplifies the accounting for income taxes and includes removal of certain exceptions to the general principles of ASC 740, Income Taxes, and updates and simplifies certain areas of the codification. On January 1, 2021, the Company adopted the amendments in this update, but it did not have a material impact on its financial statements upon adoption.

In March 2020, the FASB issued ASU No. 2020-04, *Reference Rate Reform (Topic 848) - Facilitation of the Effects of Reference Rate Reform on Financial Reporting*. The amendments in this update provide for optional guidance for a limited period of time to ease the potential burden in accounting for (or recognizing the effects of) reference rate reform on financial reporting. Such amendments include, among other things, the option to apply effective interest rates prospectively for receivables and debt that rely upon benchmarks subject to reference rate reform. The amendments in this update are effective for all entities as of March 12, 2020 through December 31,

2022. The entity may elect to apply the amendments for contract modifications by Topic or Industry Subtopic as of any date the includes or is subsequent to March 12, 2020, up to the date that the financial statements are available to be issued. The Company is currently assessing the impact of this update on its consolidated financial statements.

3. DISCONTINUED OPERATIONS

Hitwise

On January 29, 2020, the Company received notification that a key supplier to Hitwise was being shut down immediately by its parent company. As the supplier was the primary data provider for the Hitwise business and since management of the Company could not locate an alternate supplier at a commercially reasonable contract value, the board decided to wind down operations of Hitwise in February 2020. Simultaneous to the announcement of the Hitwise winddown, management was able to enter into a commercial agreement with a competitor, SimilarWeb, to refer existing Hitwise customers in exchange for a commission on any clients that entered a contract with SimilarWeb. Through these events, the Company disposed of the Hitwise business through wind down of all operations.

Reconciliation of the Major Classes of Line Items Constituting Pretax Loss of Discontinued Operations to the After-Tax Loss of Discontinued Operations That are Presented in the Consolidated Statement of Income (in thousands)

	Six Months Ended June 30,	
	2021	**2020**
Major Classes of line items constituting pretax income (loss) of discontinued operations		
Revenue	$ —	$ 2,086
Costs of revenue	—	(96)
Operating expenses	—	(2,215)
Depreciation expense	—	(251)
Other income (expense), net	—	76
Pretax loss of discontinued operations related to major classes of pretax loss	—	(400)
Pretax loss on the disposal of discontinued operation	627	(14,761)
Total pretax income (loss) on the discontinued operations	627	(15,161)
Income tax expense (benefit)	(77)	(255)
Total income (loss) on discontinued operations presented in the consolidated statement of operations	$704	$(14,906)

There were no adjustments in 2021 for amounts previously reported as discontinued operations in 2020 in the consolidated statement of income. The Company does not have significant continued involvement with the Hitwise business. The Company has elected to only include interest income and expense directly attributable to Hitwise in discontinued operations. No debt was required to be repaid because of the disposal transaction.

4. ACQUISITIONS

Skimbit Ltd ("Skimlinks")

On May 22, 2020 (the "Skim Closing Date"), the Company entered into a Sale and Purchase Agreement (the "SPA") amongst all owners, whereby the Company acquired all of the issued and outstanding share capital of Skimbit Ltd and Skimbit Ltd became a wholly-owned subsidiary of the Company. Skimlinks is a leader in creating and monetizing links in premium publisher websites and articles, with businesses primarily in the USA and the UK. The acquisition is expected to help the Company greatly diversify its publisher network and become a leader in premium content monetization.

The SPA provided for purchase price consideration of approximately £26.9 million ($33.1 million) in cash upon closing, subject to a net working capital adjustment as defined in the SPA, as well as a £6.5 million deferred consideration payment on the 12-month anniversary of the Skim Closing Date, subject to certain adjustments as defined in the SPA. The $33.1 million closing cash payment was financed in part by the Company's working capital and in part through the $70.0 million Whitehorse Term Loan (See Note 7 - "Debt").

The total cost of the acquisition was estimated to equal approximately $40.4 million. The following table summarizes the components of the purchase price (in thousands):

	Amount
Cash Consideration	$33,115
Deferred Consideration	7,261
Total	$40,376

In connection with the acquisition, the Company incurred approximately $1.5 million in transaction-related costs in the six months ended June 30, 2020, which are recorded in operating expenses in the consolidated statements of income.

The following table summarizes the net liabilities assumed and the intangible assets acquired in connection with the acquisition (in thousands):

Description	2020 Provisional Purchase Price Allocation	2021 Adjustments to Allocation	2021 Final Purchase Price Allocation	Estimated Amortizable Life
Net liabilities assumed:				
Cash	$ 5,961	$ —	$ 5,961	
Accounts receivable	25,612	—	25,612	
Other assets	508	—	508	
Property and equipment	124	—	124	
Accounts payable	(365)	—	(365)	
Accrued liabilities	(3,595)	253	(3,342)	
Accrued marketing costs	(30,676)	—	(30,676)	
Deferred tax liabilities	(5,023)	—	(5,023)	
Total net liabilities assumed	(7,454)	253	(7,201)	
Intangible assets acquired:				
Trademarks and trade names	975	—	975	5 years
Vendor relationships	17,301	—	17,301	5 years
Developed technology	8,163	—	8,163	3 years
Total intangible assets acquired	26,439	—	26,439	
Goodwill	21,391	(253)	21,138	10 years
Total purchase price	$ 40,376	$ —	$ 40,376	

As the Company made a 338(g) election, intangibles and goodwill acquired in connection with the acquisition are deductible for US tax purposes. The purchase price allocation for the acquisition includes the amount paid for the final net working capital calculation, as described in the SPA.

The deferred consideration for £6.5 million ($9.0 million) was paid in May 2021 with no adjustments.

The purchase price allocation was finalized in May 2021. There were no effects to the consolidated statements of income (loss) statement for the current or prior period as a result of the allocation adjustment.

5. BALANCE SHEET COMPONENTS

Other Current Assets

Other current assets consisted of the following (in thousands):

	June 30,	
	2021	2020
Other receivables (non-trade)	$ 177	$ 204
Prepaid marketing costs	135	105
Prepaid expenses	982	751
Income tax receivable	523	115
Total	$1,817	$1,175

Property and Equipment

Property and equipment consisted of the following (in thousands):

	June 30,	
	2021	2020
Capitalized software development costs	$ 15,699	$12,148
Computer software	341	229
Computer hardware and equipment	4,013	4,055
Furniture and fixtures	157	143
Leasehold improvements	568	558
	20,778	17,133
Less: accumulated depreciation and amortization	(13,763)	(9,518)
Total	$ 7,015	$ 7,615

Depreciation and amortization expense of property and equipment of continuing operations for the six months ended June 30, 2021 and 2020 was $2.2 million and $2.3 million, respectively.

Accrued Liabilities

Accrued liabilities consisted of the following (in thousands):

	June 30,	
	2021	2020
Income taxes payable	$ 1,525	$ 579
Accrued payroll and related liabilities	3,469	2,748
Indirect and other taxes payable	3,257	2,452
Accrued interest	—	156
Other liabilities (non-trade)	2,571	1,730
Total	$10,822	$7,665

6. GOODWILL, INTANGIBLE ASSETS AND OTHER LONG-LIVED ASSETS

Goodwill

The Company’s total goodwill of $31.4 million and $29.1 million as of June 30, 2021 and 2020, respectively, is related to acquired businesses, less the sale of Bizrate (2016) and subsequent impairment of the reporting unit, and less the disposal of Hitwise as discontinued operations. The net increase in 2020 was related to the Skimlinks acquisition.

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The changes in goodwill by reportable segment for the six months ended June 30, 2021 and 2020 were as follows (in thousands):

	For the Six Months Ended June 30, 2021	2020
Goodwill:		
Balance at the beginning of the period	$108,819	$ 85,355
Acquisition of Skimlinks	—	21,391
Finalization of Hitwise purchase price allocation	(253)	—
Net exchange differences from foreign currency translation	308	(201)
Balance at the end of the period	$108,874	$106,545
Accumulated impairment losses:		
Balance at the beginning of the period	$ (77,475)	$ (77,475)
Current period activity	—	—
Balance at the end of the period	$ (77,475)	$ (77,475)
Goodwill, net	$ 31,399	$ 29,070

Intangible Assets

Intangible assets consisted of the following (in thousands):

At June 30, 2021	Estimated useful lives	Weighted Average Amortization	Gross carrying amount	Accumulated Amortization	Net carrying amount
Trademarks and trade names	5 years	5 years	$ 1,407	$ (543)	$ 864
Customer and publisher contracts and relationships	2 - 5 years	3.3 years	58,750	(43,685)	15,065
Developed technology	3 years	3 years	14,172	(8,506)	5,666
Total		3.2 years	$74,329	$(52,734)	$21,595

At June 30, 2020	Estimated useful lives	Weighted Average Amortization	Gross carrying amount	Accumulated Amortization	Net carrying amount
Trademarks and trade names	5 years	5 years	$ 1,286	$ (258)	$ 1,028
Customer and publisher contracts and relationships	2 - 5 years	3.2 years	56,603	(39,683)	16,920
Developed technology	3 years	3 years	13,159	(5,359)	7,800
Total		3.2 years	$71,048	$ (45,300)	$25,748

Amortization expense related to intangible assets was $3.7 million and $1.4 million for the six months ended June 30, 2021 and 2020, respectively.

Estimated future amortization of definite-lived intangible assets at June 30, 2021 was as follows (in thousands):

For the Year Ended December 31, (excluding the first six months of 2021) 2021	2022	2023	2024	2025	Total
$3,636	$7,242	$5,182	$4,151	$1,384	$21,595

7. DEBT

BAML Restated Loan Agreement

On October 18, 2016, the Company entered into a $15 million Amended and Restated Loan and Security Agreement with Bank of America, N.A. (“BAML Restated Loan Agreement”), as Agent for the lenders. The

BAML Restated Loan Agreement consists of a revolving credit facility that will provide revolving loan advances of up to $10 million (April through October) or $15 million (November through March) and certain other financial accommodations, including letters of credit with a sublimit of $1.5 million. The maturity date of the revolving credit facility is November 28, 2023.

On May 21, 2020, the Company executed the Seventh Amendment to the BAML Restated Loan Agreement, which provided for the consent and subordination of the Whitehorse Term Loan, the payoff of the December 2017 Note and December 2017 Parent Note, and the acquisition of Skimlinks.

The revolving loan advances will bear interest at either the Base rate plus 1.25% per annum, or LIBOR plus 2.25% per annum (with a LIBOR floor of 1.00%), in each case, with step-downs in the interest rate depending upon the amount of excess availability as specified in the BAML Restated Loan Agreement. The Base rate is defined as the greater of: (a) the Prime Rate; (b) the Federal Funds Rate plus 0.50%; and (c) LIBOR for a 30-day interest period plus 1.00%. The obligations under the BAML Restated Loan Agreement are secured by the accounts receivable of the Company.

The BAML Restated Loan Agreement contains customary representations and warranties, events of default, affirmative covenants and negative covenants that, among other things, require the Company and its subsidiaries to maintain a minimum fixed charge coverage ratio and imposes restrictions and limitations on, among other things, capital expenditures, investments, dividends, asset sales, and the incurrence of additional debt and liens.

At June 30, 2021 and 2020, the interest rate on the BAML Restated Loan Agreement was 4.00%.

Interest expense on the BAML Loan Agreement for the six months ended June 30, 2021 and 2020 was nominal and accrued interest as of June 30, 2021 and 2020 was nominal.

At June 30, 2021 and 2020, there was one standby letter of credit, with a total balance of $0.2 million and $0.4 million, respectively, under the BAML Restated Loan Agreement.

The Company was in compliance with all covenants, or obtained waivers, under the BAML Restated Loan Agreement at June 30, 2021 and 2020.

Whitehorse Term Loan

On May 21, 2020, the Company entered into a $70 million term loan agreement with Whitehorse Capital Management, LLC ("Whitehorse Term Loan"), as Agent for the lenders, consisting of a five-year term loan. The term loan advances will bear interest at either LIBO Rate plus 8.50% per annum or Base Rate plus 7.50% per annum. The Base Rate is defined as the greater of (a) the Federal Funds Rate plus 0.50%, (b) the Prime Rate, or (c) the LIBO Rate plus 1.00%; however, the Base Rate shall never be less than 2.50%. The LIBO Rate is defined as the greater of LIBOR and 1.50%. The obligations under the Whitehorse Term Loan are secured by substantially all the assets of the Company. The maturity date of the term loan is May 21, 2025.

The Whitehorse Term Loan contains customary representations and warranties, events of default, affirmative covenants and negative covenants that, among other things, require the Company and its subsidiaries not to exceed a total debt to adjusted EBITDA ratio and to maintain a minimum fixed charge coverage ratio and imposes restrictions and limitations on, among other things, capital expenditures, investments, dividends, asset sales, and the incurrence of additional debt and liens.

At June 30, 2021, the interest rate on the Whitehorse Term Loan was 10.00%.

Interest expense on the Whitehorse Term Loan for the six months ended June 30, 2021 and 2020 was $3.3 million and $0.8 million, respectively, and accrued interest as of June 30, 2021 and 2020 was nominal and $0.2 million, respectively.

Beginning with the year ended December 31, 2020, the Company is required to make annual repayments of a portion of the principal based on an excess cash flow ("ECF") calculation as defined in the agreement that is due approximately 120 days of the end of the fiscal year. The Company made an ECF payment in May 2021 for $8.5 million.

The Company was in compliance with all covenants, or obtained waivers, under the Whitehorse Term Loan at June 30, 2021.

As of June 30, 2021, the minimum future principal payments on the Whitehorse Term Loan are:

2022	2023	2024	2025	Total
$1,180	$ 1,573	$ 1,573	$ 55,837	$ 60,163

Summary of Indebtedness

The changes in the Company's debt balances for the years ended June 30, 2021 and 2020 were as follows (in thousands):

	Balance at January 1, 2021	Drawdowns on Debt	Repayments of Debt	Discounts	Accretion of Discounts	Balance at June 30, 2021
BAML Loan Agreement	$ —	$35	$ (18)	$—	$ —	$ 17
Whitehorse Term Loan	65,641	—	(8,963)	—	420	57,098
	$65,641	$35	$ (8,981)	$—	$420	$57,115

	Balance at January 1, 2020	Drawdowns on Debt	Repayments of Debt	Discounts	Accretion of Discounts	Balance at June 30, 2020
BAML Loan Agreement	$3,392	$ 51,787	$ (55,179)	$ —	$ —	$ —
Whitehorse Term Loan	—	70,000	—	(4,025)	113	66,088
	$3,392	$121,787	$ (55,179)	$ (4,025)	$113	$66,088

8. SUBORDINATED UNSECURED CONVERTIBLE PROMISSORY NOTES PAYABLE (RELATED PARTY)

On December 29, 2017, the Company entered into a Subordinated Unsecured Promissory Note (the "December 2017 Note") with Holding LLC in the principal amount of $21.3 million, to provide the Company with additional working capital. The principal amount plus accrued interest are subordinated to the BAML Restated Loan Agreement (see Note 7—"Debt"). The December 2017 Note bears interest at X*(Prime + 0.75%) per annum, where X was originally defined as the ratio 22.5/21.3. The purpose of this ratio is to allow Indirect Parent to service monthly interest payments on a December 2017 Parent note of $22.5 million without requiring interest service payments from the Company until certain permitted payment tests under the BAML Restated Loan Agreement could be met. The principal amount plus accrued interest is due on the same maturity date as the December 2017 Parent Note with Silicon Valley Bank.

In 2019, the December 2017 Note's principal was refinanced to $24.9 million, and the December 2017 Parent Note's principal was also refinanced to $25.7 million. With the refinance, the December 2017 Note bears interest at X*(Prime + 0.75%) per annum, where X is defined approximately as the ratio 25.7/24.9.

Interest expense on the December 2017 Note for the six months ended June 30, 2020 was $0.5 million.

On May 21, 2020, proceeds from the Whitehorse Term Loan were used to extinguish the December 2017 Note and December 2017 Parent Note simultaneously.

9. STOCK-BASED COMPENSATION PLANS

Beginning in 2011, Holding LLC issued incentives ("Awards" or "Grants") to employees of Connexity in appreciation of employee services. For U.S. employees, the Grants were in the form of Holding LLC member units ("Units"). The Units are designated as Class B, Class C or Class D. For foreign-based employees, the Grants were in the form of options ("Options") to buy Class B, Class C or Class D Units. As the employees work for the Company, stock-based compensation expense is recorded by the Company as it relates to the Grants. The Units represent an equity interest in the future profits and appreciation in the value of the Company.

Holding LLC is authorized to issue up to an aggregate of 145,216,500 Units, consisting of (i) 118,641,500 Class A Units, (ii) 9,075,000 Class B Units, (iii) 7,500,000 Class C Units, and (iv) 10,000,000 Class D Units. The Board of Managers has the right to increase or decrease the number of authorized Units of any Class without the consent of any Members. However, the total number of authorized Class B Units cannot be increased by more than 10% in any one calendar year without the consent of a majority of the Class B Unit holders, and the total number of authorized Class C Units and Class D Units cannot be increased by more than 5% in any one calendar year, without the consent of holders of a majority of the Units of the applicable class.

The Company's management determines who will be granted Units and Options, subject to Board approval.

Beginning in 2019, in anticipation of engaging in discussions around a strategic sale of the Company's Connexity Business, Management LLC issued Transaction Incentives to certain management employees of Connexity in recognition of their contribution to the Connexity Business, to reinforce their continued dedication to their duties to the Company and to encourage their efforts towards the consummation of an anticipated sale transaction. The Grants were in the form of Management LLC Class V member units ("Class V Units"). As the employees work for the Company, stock-based compensation expense is recorded by the Company as it relates to the Grants. The Class V Units represent an equity interest in the future profits and appreciation in the value of the Company. The Class V Units have been structured as profits interests, and the design of the Transaction Incentive is such that those profits interests translate to a percentage share in the transaction value (the "Connexity Sale Proceeds") if the Connexity Business is sold. While employees' profits interests units number is fixed, the mechanics of the plan translate those units into escalating percentage shares of the Connexity Sale Proceeds according to the outcome of the sale - the higher the transaction value, the higher the percentage the employees are eligible to receive.

Management LLC is authorized to issue up to an aggregate of 1,000,000 Class V Units. The Board of Managers of Management LLC has the right to increase or decrease the number of authorized Units of Class V Units without the consent of any Members.

Vesting to receive a Transaction Incentive is conditioned upon continued employment with and/or service to the Company through the Closing Date of any transaction. In the event employment is terminated either by termination without cause (or by reason of death or disability), there is a "decay" on the employee's share such that their entitlement to a payout shall be reduced by 0% within 0-90 days, 33% within 91-365, 66% within 366-545 days of their employment ending, such that on the 18-month anniversary of the employee's last day of employment they are no longer entitled to any payout.

The grant-date fair value of Class B, Class C and Class D Units and Options granted during the six months ended June 30, 2021 and during the year ended December 31, 2020 was nominal and $0.2 million, respectively. There were no Class V unit grants in the six months ended June 30, 2021 nor during the year ended during the year ended December 31, 2020.

The fair value of Class B, Class C and Class D Units and Options granted is determined on the grant date. The full grant date fair value for current employees for Class B, Class C and Class D Units and Options is being amortized to compensation expense over the vesting period, and if an employee ceases to be employed, any compensation expense that was recorded in previous periods related to unvested (forfeited) awards is reversed in the period the employment ended.

Due to the fact that the Class V units are classified as liability awards under ASC 718, the fair value of the Class V units will be determined on the vesting date (the closing date of any transaction). Because the Class V unit awards have performance conditions (the sale of the Connexity Business with proceeds in excess of a threshold) in addition to the service condition, compensation expense has not been recorded in the six months ended June 30, 2021 nor in the year ended December 31, 2020, and will be recorded at the time when it is deemed probable that the performance conditions will be met. For a qualifying event, Class V will participate at a percentage of sale proceeds, after giving effect to the transaction threshold, transaction expenses, and net cash and indebtedness deductions.

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Compensation expense recognized upon amortizing the fair values for the six months ended June 30, 2021 and the year ended December 31, 2020 was nominal and $0.1 million, respectively, and is included in operating expenses in the consolidated statement of income. At June 30, 2021 and December 31, 2020, the unamortized fair value of Class B, Class C and Class D Units and Options granted as stock-based compensation were nominal.

A summary of the activity for Options to purchase Class B, Class C or Class D Units as of June 30, 2021 and December 31, 2020, and changes for the six months ending June 30, 2021 and the year ended December 31, 2020 is as follows:

	Class B Options		
	Options to Purchase Class B Units	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (Years)
Outstanding at December 31, 2019	480,500	$0.23	6.77
Granted	—		
Exercised	(13,000)	0.11	
Forfeited	(239,500)	0.24	
Outstanding at December 31, 2020	228,000	0.23	5.76
Granted	—		
Exercised	—		
Forfeited	(12,500)	0.26	
Outstanding at June 30, 2021	215,500	0.23	5.32
Vested and expected to vest at June 30, 2021	215,500	0.23	5.32
Exercisable at June 30, 2021	188,000	0.25	5.06

	Class C Options		
	Options to Purchase Class C Units	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (Years)
Outstanding at December 31, 2019	234,500	0.24	6.55
Granted	—		
Exercised	—		
Forfeited	(125,000)	0.19	
Outstanding at December 31, 2020	109,500	0.19	2.74
Granted	—		
Exercised	—		
Forfeited	(1,500)	0.31	
Outstanding at June 30, 2021	108,000	0.19	2.54
Vested and expected to vest at June 30, 2021	108,000	0.19	2.54
Exercisable at June 30, 2021	108,000	0.19	2.54

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	Class D Options		
	Options to Purchase Class D Units	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (Years)
Outstanding at December 31, 2019	200,000	0.01	6.96
Granted	—		
Exercised	—		
Forfeited	(100,000)	0.01	
Outstanding at December 31, 2020	100,000	0.01	2.74
Granted	—		
Exercised	—		
Forfeited	—		
Outstanding at June 30, 2021	100,000	0.01	5.46
Vested and expected to vest at June 30, 2021	100,000	0.01	5.46
Exercisable at June 30, 2021	100,000	0.01	5.46

A summary of the status of the non-vested Class B, Class C and Class D Units for the six months ended June 30, 2021 and the year ended December 31, 2020, and changes during the six months ended June 30, 2021 and the year ended December 31, 2020 is as follows:

	Class B: Non-vested	
	Number of Class B Units	Weighted Average Grant Date Fair Value
Non-vested outstanding at December 31, 2019	424,450	$0.06
Granted	150,000	0.33
Vested	(159,850)	0.06
Forfeited	(172,100)	0.01
Non-vested outstanding at December 31, 2020	242,500	0.08
Granted	—	
Vested	(44,826)	0.17
Forfeited	(13,675)	0.26
Non-vested outstanding at June 30, 2021	183,999	0.21

	Class C Units	
	Number of Class C Units	Weighted Average Grant Date Fair Value
Non-vested outstanding at December 31, 2019	—	$ —
Granted	400,000	0.33
Vested	(400,000)	0.33
Forfeited	—	—
Non-vested outstanding at December 31, 2020	—	—
Granted	—	—
Vested	—	—
Forfeited	—	—
Non-vested outstanding at June 30, 2021	—	—

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	Class D Units	
	Number of Class D Units	Weighted Average Grant Date Fair Value
Non-vested outstanding at December 31, 2019	—	$—
Granted	—	—
Forfeited	—	—
Non-vested outstanding at December 31, 2020	—	—
Granted	—	—
Forfeited	—	—
Non-vested outstanding at June 30, 2021	—	—

In accordance with the Holding LLC Amended and Restated Members' Agreement, grants of Class B Units vest 20% on the first anniversary of the date of issuance and the balance in 16 substantially equal installments each quarter thereafter, and grants of Class C and D Units vest immediately and are subject to forfeiture.

During 2019, Holdings LLC granted 1,000,000 Class V units to certain management employees. There were 10,417 units forfeited both in the six months ended June 30, 2021 and the year ended December 31, 2020, respectively. At June 30, 2021 and December 31, 2020, there were 979,166 and 989,583 Class V units outstanding, respectively.

10. INCOME TAXES

Income from continuing operations before income taxes consisted of the following (in thousands):

	For the Six Months Ended June 30,	
	2021	2020
Domestic	$5,168	$1,503
Foreign	4,721	(387)
Income from continuing operations before income taxes	$9,889	$1,116

For the six months ended June 30, 2021 and 2020, income tax expense consists of the following (in thousands):

	For the Six Months Ended June 30,	
	2021	2020
Current:		
Federal	$ (375)	$ 12
State	130	24
Foreign	923	(16)
	678	20
Deferred:		
Federal	1,848	—
State	—	—
Foreign	—	—
	1,848	—
Income tax expense	$2,526	$ 20

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The provision for income taxes reconciled to the amount computed by applying the statutory federal rate to income before taxes is as follows:

	For the Six Months Ended June 30,	
	2021	2020
Tax expense computed at the federal statutory rate	$2,194	$ 235
State tax, net of federal tax benefit	166	(12)
Permanent Items	423	(97)
R&D Credit	(220)	(56)
Foreign tax rate difference	(148)	(66)
Impact from deferred rate & True-up	—	4,245
Changes in uncertain tax positions	111	10
Valuation allowance	—	(4,243)
Other	—	4
Provision for income taxes	$2,526	$ 20

The significant components of net deferred tax balances were as follows (in thousands):

	June 30,	
	2021	2020
Deferred tax assets:		
Accrued expenses	$ 667	$ 711
Research and development credits	2,752	1,163
Unrepatriated earnings	38	14
Net operating loss	3,477	916
Accounts receivable	31	35
Capital loss	15,414	15,277
Other	798	365
Total gross deferred tax assets	23,177	18,481
Less: Valuation allowance	(15,414)	(18,622)
Total deferred tax assets after valuation allowance	7,763	(141)
Deferred tax liabilities:		
Prepaid expenses	(177)	(63)
Deferred state income tax	(1,044)	(787)
Amortization and depreciation	(3,819)	(3,998)
Other	(61)	—
Total deferred tax liabilities	(5,101)	(4,848)
Net deferred tax assets (liabilities)	$ 2,662	$ (4,989)
Non-current deferred tax assets, net	7,373	34
Non-current deferred tax liabilities, net	(4,711)	(5,023)
Net deferred tax assets	2,662	(4,989)

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences became deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies in making this assessment.

For the six months ended June 30, 2020, based on the historical earnings of the Company and projections of future taxable earnings management believed it was more likely than not that the results of operations would not generate sufficient taxable earnings to realize certain net deferred tax assets. Therefore, the Company recorded a valuation allowance of $18.6 million, which was a decrease of $4.2 million from the prior year.

For the six months ended June 30, 2021, based on the historical earnings of the Company and projections of future taxable earnings management believed it was more likely than not that the results of operations will generate sufficient taxable earnings to realize certain net deferred tax assets. The Company released a portion of its valuation allowance as of December 31, 2020, and only retained a valuation allowance against its capital loss carryforward as there are no tax planning strategies to generate offsetting capital gains at this time. The Company further noted that the capital loss carryforward is expiring in December 31, 2021. The Company has recorded a valuation allowance of $15.4 million as of June 30, 2021, which is no change from the prior year.

As of June 30, 2021 and 2020, certain of the Company's operations had net operating loss carryforwards of $3.4 million and $0.9 million, respectively, (tax effected, not net of uncertain tax position), including state net operating loss carryforwards. These are comprised of $3.0 million and $0.8 million, respectively, (tax effected) of federal net operating loss carryforwards expiring between tax year 2036 and tax year 2037 and $0.4 million and $0.1 million, respectively, (tax effected) of state net operating loss carryforwards expiring between tax years 2026 and 2037.

As of June 30, 2021 and 2020, the Company had an immaterial amount of unremitted earnings related to certain foreign subsidiaries. The Company intends to continue to reinvest these foreign earnings indefinitely and does not expect to incur any significant taxes related to such amounts.

The Company is subject to a tax on global intangible low-taxed income ("GILTI"). GILTI is a tax on foreign income in excess of a deemed return on tangible assets of foreign corporations. Companies subject to GILTI have the option to account for the tax as a period cost if and when incurred, or factor such amounts into the measurement of deferred taxes. The Company has elected to account for GILTI as a period cost.

The Company and its subsidiaries are subject to U.S. federal and foreign income tax as well as income tax of multiple state jurisdictions. From time-to-time, the Company is subject to routine income and other tax audits on various tax matters around the world in the ordinary course of business. The Company accrues an amount for its estimate of additional income tax liability which the Company, more likely than not, will incur as a result of the ultimate resolution of income tax audits ("uncertain tax positions"). The Company reviews and updates the estimates used in the accrual for uncertain tax positions, as appropriate, as more definitive information or interpretations become available from taxing authorities, upon completion of tax audits, upon receipt of assessments, upon expiration of statutes of limitation, or upon occurrence of other events.

The Company accounts for uncertain tax position provisions under ASC 740, *Income Taxes* (formerly FIN 48). ASC 740 clarifies the accounting for uncertainty in income taxes recognized in an entity's financial statements and prescribes a recognition threshold and measurement attributes for financial statement disclosure of uncertain tax positions ("UTP") taken or expected to be taken on the tax return. Under ASC 740, the impact of a UTP must be recognized at the largest amount that is more likely than not to be sustained upon audit by the relevant taxing authority. A UTP will not be recognized if it has less than a 50% likelihood of being sustained.

At June 30, 2021 and 2020, the Company had gross liabilities for UTPs of approximately $0.3 million and $0.2 million, respectively, and these liabilities are recorded on the consolidated balance sheets as a component of other liabilities. The Company is not able to reasonably estimate when or if cash payments for long-term liabilities related to UTPs will occur. The Company's accrued interest and penalties were not material at June 30, 2021 and 2020.

The Company's policy is to recognize material interest and penalties associated with tax matters as part of the income tax provision and include accrued interest and penalties with the related income tax liability on its consolidated balance sheet.

A reconciliation of the beginning and ending amount of gross unrecognized tax benefit (excluding interest and penalties) is as follows:

	For the Six Months Ended June 30,	
	2021	2020
Beginning balance	$307	$213
Additions:		
Tax positions related to the prior year	—	—
Tax positions related to the current year	—	—
Reductions:		
Tax positions related to the prior year	—	—
Tax positions related to the current year	—	—
Ending balance	$307	$213

The tax years 2017, 2018 and 2019 are subject to examination by the Internal Revenue Service. The Company’s 2017, 2018, and 2019 tax years remain open to examination in California and various other states in which the Company conducts business. The 2020 tax returns have not been filed as of the filing of the June 30, 2021 report. The tax years 2016, 2017, 2018 and 2019 are subject to examination in the U.K. The tax years 2017 are subject to examination in Italy. The tax year 2019 is subject to examination in Germany. The tax years 2017, 2018 and 2019 are subject to examination in Australia.

11. COMMITMENTS AND CONTINGENCIES

Leases

Future minimum lease payments at June 30, 2021 under non-cancelable operating leases with initial lease terms in excess of one year were as follows (in thousands):

For the Year Ended December 31, (excluding the first six months of 2021)	
2021	$1,540
2022	1,317
2023	215
Total	$3,072

The Company leases certain office space, data centers, and office equipment under operating leases expiring at various periods through 2023. Certain of the Company's operating leases include rent holidays, as well as rent escalation provisions. The Company records rent expense on a straight-line basis over the lease term. Rent expense under operating leases from continuing operations for the six months ended June 30, 2021 and 2020 were $0.8 million and $0.6 million, respectively.

Other Commitments

In the ordinary course of business, the Company may provide indemnifications of varying scope and terms to customers, vendors, lessors, sureties and insurance companies, business partners, and other parties with respect to certain matters, including, but not limited to, losses arising out of the Company's breach of such agreements, services to be provided by the Company, or from intellectual property infringement claims made by third parties. In addition, the Company has entered into indemnification agreements with its directors and certain of its officers and employees that will require the Company, among other things, to indemnify them against certain liabilities that may arise by reason of their status or service as directors, officers or employees. The Company has also agreed to indemnify certain former officers, directors and employees of acquired companies in connection with the acquisition of such companies. The Company maintains director and officer insurance which may cover certain liabilities, including those arising from its obligation to indemnify its directors and certain of its officers and employees, and former officers, directors and employees of acquired companies, in certain circumstances.

It is not possible to determine the maximum potential amount of exposure under these indemnification agreements due to the limited history of prior indemnification claims and the unique facts and circumstances involved in each particular agreement. Such indemnification agreements may not be subject to maximum loss clauses.

Legal Matters

From time to time, the Company may be subject to various legal matters in the ordinary course of business. The Company's management is not aware of any pending or threatened legal matters that would have a material impact on the Company’s consolidated financial position or results of operations.

12. EMPLOYEE BENEFIT PLAN

During the six months ended June 30, 2021 and 2020, eligible U.S. employees were covered by a defined contribution plan for which the Company was the plan sponsor. The plan provided for employer matching contributions of 50% of participant contributions limited to 6% of the participant’s salary, subject to certain annual Internal Revenue Service limits. The Company also has various defined contribution/pension plans for its eligible non-U.S. employees, some of which are required by local laws and allow or require Company contributions. During the six months ended June 30, 2021 and 2020, employer contributions under all defined contribution/pension plans were approximately $0.3 million and $0.2 million, respectively.

13. RELATED PARTY TRANSACTIONS

Unsecured Convertible Promissory Notes Payable

To meet its working capital and business combination needs, the Company issued unsecured promissory notes payable to its Indirect Parent, Shop Holding, LLC (“Holding LLC”). The Company had $24.9 million of outstanding notes payable on January 1, 2020 (See Note 8 - “Subordinated Unsecured Promissory Notes Payable”). This note was extinguished on May 21, 2020 with the refinancing from the Whitehorse Term Loan.

14. SUBSEQUENT EVENTS

In July 2021, Shop Management, LLC (the Company’s Direct Parent) signed a stock purchase agreement to sell 100% of the stock of Shop Holding Corporation to Taboola, Inc. and Taboola.com Ltd., to be settled in both cash and stock for an undisclosed amount. Upon consummation of the acquisition, the sale will be a liquidity event for both stock-based compensation plans discussed in Note 9.

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

Item 8. Indemnification of Directors and Officers.

Under the Israeli Companies Law, a company may not exculpate an office holder from liability for a breach of the duty of loyalty. An Israeli company may exculpate an office holder in advance from liability to the company, in whole or in part, for damages caused to the company as a result of a breach of duty of care, but only if a provision authorizing such exculpation is included in its articles of association. Our Amended and Restated Articles of Association include such a provision. An Israeli company may not exculpate a director from liability arising out of a prohibited dividend or distribution to shareholders.

An Israeli company may indemnify an office holder from certain liabilities and expenses incurred for acts performed as an office holder, either in advance of an event or following an event, provided a provision authorizing such indemnification is contained in its articles of association.

Under the Companies Law, exculpation, indemnification, and insurance of office holders must be approved by the compensation committee and the board of directors (and, with respect to directors and the chief executive officer, by the shareholders). However, under regulations promulgated under the Companies Law, the insurance of office holders shall not require shareholder approval and may be approved by only the compensation committee if the engagement terms are determined in accordance with the company’s compensation policy, which was approved by the shareholders by the same special majority required to approve a compensation policy, provided that the insurance policy is on market terms and the insurance policy is not likely to materially impact the company’s profitability, assets, or obligations.

Our Amended and Restated Articles of Association allow us to exculpate, indemnify, and insure our office holders for any liability imposed on them as a consequence of an act (including any omission) which was performed by virtue of being an office holder. Our office holders are currently covered by a directors and officers’ liability insurance policy.

We have entered into agreements with each of our directors and executive officers exculpating them in advance, to the fullest extent permitted by law, from liability to us for damages caused to us as a result of a breach of duty of care, and undertaking to indemnify them to the fullest extent permitted by law. This indemnification is limited to events determined as foreseeable by the board of directors based on our activities and to an amount or according to criteria determined by the board of directors as reasonable under the circumstances.

The maximum indemnification amount set forth in such agreements is limited to an amount equal to the higher of $300 million, 25% of our total shareholders’ equity as reflected in our most recent consolidated financial statements prior to the date on which the indemnity payment is made and 10% of our total market capitalization calculated based on the average closing price of our ordinary shares over the 30 trading days prior to the actual payment, multiplied by the total number of our issued and outstanding shares as of the date of the payment (other than indemnification for an offering of securities to the public, including by a shareholder in a secondary offering, in which case the maximum indemnification amount is limited to the gross proceeds raised by us and/or any selling shareholder in such public offering). The maximum amount set forth in such agreements is in addition to any amount paid (if paid) under insurance and/or by a third-party pursuant to an indemnification arrangement.

We have purchased and intend to maintain insurance on behalf of the registrant and any person who is or was a director or officer against any loss arising from any claim asserted against him or her and incurred by him or her in that capacity, subject to certain exclusions and limits of the amount of coverage.

Item 9. Exhibits.

Exhibit Number	Description
2.1	Agreement and Plan of Merger, dated as of January 25, 2021, by and among Taboola.com Ltd., Toronto Sub Ltd., and ION Acquisition Corp. 1 Ltd. (incorporated by reference to Exhibit 2.1 to Taboola.com Ltd.'s Form F-4 filed with the SEC on April 30, 2021, as amended).
2.2	First Amendment to Agreement and Plan of Merger, dated as of April 27, 2021, by and among Taboola.com Ltd., Toronto Sub Ltd., and ION Acquisition Corp. 1 Ltd. (incorporated by reference to Exhibit 2.2 to Taboola.com Ltd.'s Form F-4 filed with the SEC on April 30, 2021, as amended).
4.1	11th Amended and Restated Articles of Association of Taboola.com Ltd. (incorporated by reference to Exhibit 1.1 to Taboola.com Ltd.'s Form 20-F filed with the SEC on March 24, 2022).
4.2	Warrant Agreement, dated as of October 1, 2020, between Continental Stock Transfer & Trust Company and ION Acquisition Corp. 1 Ltd. (incorporated by reference to Exhibit 4.4 to Taboola.com Ltd.'s Form F-4 filed with the SEC on April 30, 2021, as amended).
4.3	Specimen Ordinary Share Certificate of Taboola.com Ltd. (incorporated by reference to Exhibit 4.5 to Taboola.com Ltd.'s Form F-4 filed with the SEC on April 30, 2021, as amended).
4.4	Specimen Warrant Certificate of Taboola.com Ltd. (incorporated by reference to Exhibit 4.6 to Taboola.com Ltd.'s Form F-4 filed with the SEC on April 30, 2021, as amended).
4.5	Form of Assignment, Assumption and Amendment Agreement, by and among Taboola.com Ltd, ION Acquisition Corp. 1 Ltd and Continental Stock Transfer & Trust Company (incorporated by reference to Exhibit 4.7 to Taboola.com Ltd.'s Form F-4 filed with the SEC on April 30, 2021, as amended).
4.6	Form of Letter Agreement (incorporated by reference to Exhibit 4.9 to Taboola.com Ltd.'s Form F-4 filed with the SEC on April 30, 2021, as amended).
4.7	Amended and Restated Investors' Rights Agreement, dated as of January 25, 2021, by and among Taboola.com Ltd and certain shareholders of Taboola.com Ltd. (incorporated by reference to Exhibit 4.10 to Taboola.com Ltd.'s Form F-4 filed with the SEC on April 30, 2021, as amended).
5.1	Opinion of Meitar Law Offices as to the validity of the Taboola.com Ltd. ordinary shares (incorporated by reference to Exhibit 5.1 to Taboola.com Ltd.'s Form F-1 filed with the SEC on July 13, 2021, as amended).
5.2	Opinion of Davis Polk & Wardwell LLP as to the validity of the Taboola.com Ltd. warrants (incorporated by reference to Exhibit 5.2 to Taboola.com Ltd.'s Form F-1 filed with the SEC on July 13, 2021, as amended).
23.1	Consent of Kost Forer Gabbay & Kasierer, a member of Ernst & Young Global, independent registered accounting firm for Taboola.com. Ltd.
23.2	Consent of Cohn Reznick LLP, independent auditor for Shop Holding Corporation.
23.3	Consent of Meitar Law Offices (included in Exhibit 5.1).
23.4	Consent of Davis Polk & Wardwell LLP (included in Exhibit 5.2).
24.1	Power of Attorney (included on signature page to Taboola.com Ltd.'s Form F-1 filed with the SEC on July 13, 2021, as amended).
107	Filing Fee Table

Item 10. Undertakings.

The undersigned registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(i) To include any prospectus required by Section 10(a)(3) of the Securities Act of 1933, as amended;

(ii) To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the SEC pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than a 20% change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement; and

(iii) To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement;

provided, however, that this section does not apply if the registration statement is on Form S-3 or Form F-3 and the information required to be included in a post-effective amendment by those paragraphs is contained in reports filed with or furnished to the Commission by the registrant pursuant to Section 13 or Section 15(d) of the Exchange Act that are incorporated by reference in the registration statement, or is contained in a form of prospectus filed pursuant to Rule 424(b) that is part of the registration statement.

(2) That, for the purpose of determining any liability under the Securities Act, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(4) To file a post-effective amendment to the registration statement to include any financial statements required by Item 8.A of Form 20-F at the start of any delayed offering or throughout a continuous offering. Financial statements and information otherwise required by Section 10(a)(3) of the Securities Act need not be furnished, provided that the registrant includes in the prospectus, by means of a post-effective amendment, financial statements required pursuant to this paragraph (d) and other information necessary to ensure that all other information in the prospectus is at least as current as the date of those financial statements. Notwithstanding the foregoing, with respect to registration statements on Form F-3, a post-effective amendment need not be filed to include financial statements and information required by Section 10(a)(3) of the Securities Act or Item 8.A of Form 20-F if such financial statements and information are contained in periodic reports filed with or furnished to the Commission by the registrant pursuant to Section 13 or Section 15(d) of the Exchange Act that are incorporated by reference in the Form F-3.

(5) that, for the purpose of determining liability under the Securities Act to any purchaser:

(1) Each prospectus filed by the registrant pursuant to Rule 424(b)(3) shall be deemed to be part of the registration statement as of the date the filed prospectus was deemed part of and included in the registration statement; and

(2) Each prospectus required to be filed pursuant to Rule 424(b)(2), (b)(5), or (b)(7) as part of a registration statement in reliance on Rule 430B relating to an offering made pursuant to Rule 415(a)(1)(i), (vii), or (x) for the purpose of providing the information required by Section 10(a) of the Securities Act shall be deemed to be part of and included in the registration statement as of the earlier of the date such form of prospectus is first used after effectiveness or the date of the first contract of sale of securities in the offering described in the prospectus. As provided in Rule 430B, for liability purposes of the issuer and any person that is at that date an underwriter, such date shall be deemed to be a new effective date of the registration statement relating to the securities in the registration statement to which that prospectus relates, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof. Provided, however, that no statement made in a registration statement or prospectus that is part of the registration statement or made in a document incorporated or deemed incorporated by reference into the registration statement or prospectus that is part of the registration statement will, as to a purchaser with a time of contract of sale prior to such effective date, supersede or modify any statement that was made in the registration statement or prospectus that was part of the registration statement or made in any such document immediately prior to such effective date.

(6) That, for the purpose of determining liability of the registrant under the Securities Act to any purchaser in the initial distribution of the securities, the undersigned registrant undertakes that in a primary offering of securities of the undersigned registrant pursuant to this registration statement, regardless of the underwriting method used to sell the securities to the purchaser, if the securities are offered or sold to such purchaser by means of any of the following communications, the undersigned registrant will be a seller to the purchaser and will be considered to offer or sell such securities to such purchaser:

(i) Any preliminary prospectus or prospectus of the undersigned registrant relating to the offering required to be filed pursuant to Rule 424;

(ii) Any free writing prospectus relating to the offering prepared by or on behalf of the undersigned registrant or used or referred to by the undersigned registrant;

(iii) The portion of any other free writing prospectus relating to the offering containing material information about the undersigned registrant or its securities provided by or on behalf of the undersigned registrant; and

(iv) Any other communication that is an offer in the offering made by the undersigned registrant to the purchaser.

The undersigned hereby undertakes that, for purposes of determining any liability under the Securities Act, each filing of the registrant’s annual report pursuant to Section 13(a) or Section 15(d) of the Exchange Act (and, where applicable, each filing of an employee benefit plan’s annual report pursuant to Section 15(d) of the Exchange Act) that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that, in the opinion of the SEC, such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer, or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless, in the opinion of its counsel, the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form F-3 and has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in New York, New York, on September 29, 2022.

TABOOLA.COM LTD.

By: /s/ Stephen Walker

Name: Stephen Walker

Title: Chief Financial Officer

Pursuant to the requirements of the Securities Act, this registration statement has been signed by the following persons in the capacities and on September 29, 2022.

Name	Position
* Adam Singolda	Chief Executive Officer and Director (Principal Executive Officer)
/s/ Stephen Walker Stephen Walker	Chief Financial Officer (Principal Financial and Accounting Officer)
* Zvi Limon	Chairman of the Board
* Erez Shachar	Director
* Nechemia J. Peres	Director
* Richard Scanlon	Director
* Dierdre Bigley	Director
* Lynda Clarizio	Director
* Gilad Shany	Director
/s/ Stephen Walker Stephen Walker	Authorized Representative in the United States and Attorney-in-Fact

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the reference to our firm under the caption "Experts" in this post-effective Amendment No. 3 to the Registration Statement (Form F-1 on Form-3 No. 333-257879) and related Prospectus of Taboola.com Ltd., for the registration of 12,350,000 Ordinary Shares and 7,175,000 Warrants to purchase Ordinary Shares and to the incorporation by reference therein of our report dated March 24, 2022, with respect to the consolidated financial statements of Taboola.com Ltd. included in its Annual Report (Form 20-F) for the year ended December 31, 2021, filed with the Securities and Exchange Commission.

September 29, 2022	/s/ Kost Forer Gabbay & Kasierer
Tel-Aviv, Israel	A Member of Ernst & Young Global

Exhibit 23.2

Consent of Independent Auditor

We consent to the inclusion in this Post-Effective Amendment No.3 to Form F-1 to the Registration Statement on Form F-3 (File No. 333-257879) of our report dated August 11, 2021, on our audits of the consolidated financial statements of Shop Holding Corporation as of December 31, 2020 and 2019 and for the years then ended. We also consent to the reference to our firm under the caption “Experts”.

/s/ CohnReznick LLP

Los Angeles, California
September 29, 2022

Exhibit 107

Calculation of Filing Fee Tables
POS AM
(Form Type)

TABOOLA.COM LTD.
(Exact Name of Registrant as Specified in its Charter)

Table 1: Newly Registered and Carry Forward Securities

	Security Type	Security Class Title	Fee Calculation or Carry Forward Rule	Amount Registered	Proposed Maximum Offering Price Per Unit	Maximum Aggregate Offering Price	Fee Rate	Amount of Registration Fee	Carry Forward Form Type	Carry Forward File Number	Carry Forward Initial Effective Date	Filing Fee Previously Paid in Connection with Unsold Securities to be Carried Forward
Newly Registered Securities												
Fees to be Paid	-	-	-	-	-	-	-	-				
Fees Previously Paid	-	-	-	-	-	-		-				
Carry Forward Securities												
Carry Forward Securities	Equity	Warrants to purchase Ordinary Shares	415(a)	7,175,000 (1)		-(2)		-(2)	F-1	333-257879	September 2, 2021	-(2)
	Equity	Ordinary Shares, no par value per share, underlying warrants to purchase Ordinary Shares	415(a)	12,350,000 (3)		$116,584,000 (3)		$12,719.31	F-1	333-257879	September 2, 2021	$12,719.31
	Total Offering Amounts					$116,584,000		$12,719.31				
	Total Fees Previously Paid							$12,719.31				
	Total Fees Offsets							$0				
	Net Fee Due							$0				

(1) Represents the resale of 7,175,000 private placement warrants.
(2) No separate fee due in accordance with Rule 457(i).
(3) 12,350,000 ordinary shares issuable upon the exercise of the private placement warrants and public warrants (as defined in the registration statement).