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

**FORM 6-K**

REPORT OF FOREIGN PRIVATE ISSUER PURSUANT TO RULE 13a-16 OR 15d-16 UNDER THE SECURITIES  
EXCHANGE ACT OF 1934

For the month of November 2021

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Commission File Number: 001-40566

**TABOOLA.COM LTD.**

(Exact name of registrant as specified in its charter)

16 Madison Square West 7th Floor

New York, NY 10010

(Address of principal executive office)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F:

Form 20-F

  X  

Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Yes

  No  

  X  

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

Yes

  No  

  X  

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## EXPLANATORY NOTE

The information in the attached Exhibits 99.1 and 99.2 is being furnished and shall not be deemed “filed” for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities of that Section, nor shall it be deemed incorporated by reference in any filing made by the Company under the Securities Act of 1933, as amended, or the Exchange Act, except as otherwise set forth herein or as shall be expressly set forth by specific reference in such a filing.

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### ITEM

[99.1](#) Press Release dated November 9, 2021

[99.2](#) Letter to Shareholders dated November 9, 2021

[99.3](#) Investor presentation dated November 9, 2021

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**SIGNATURE**

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

**TABoola.COM LTD.**

By: /s/ Stephen Walker

Name: Stephen Walker

Title: Chief Financial Officer

Date: November 9, 2021

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## Taboola Reports Strong Q3 Results and Raises Full Year 2021 Guidance

- *Company delivers strong growth and profitability to beat Q3 guidance*
- *Increases full year guidance across all key financial measures, expects to grow both Gross Profit and ex-TAC Gross Profit 34 to 35% for the full year 2021*
- *Completed acquisition of Connexity on September 1, 2021*

New York, NY, Nov 9, 2021 -- Taboola (Nasdaq: TBLA), a global leader in powering recommendations for the open web, helping people discover things they may like, today announced its results for the quarter ended September 30, 2021.

“The third quarter had some significant milestones for Taboola. It was our first quarter as a public company and we executed well, delivering results above our guidance while also closing our largest acquisition, Connexity, that gives us transformative e-commerce capabilities, growing our yield and revenue to our partners for years to come,” said Adam Singolda, Founder and CEO, Taboola.

“We saw great success across our business, with publishers and mobile smartphone manufacturers - we signed significant new partnerships with publications such as LINE Today in APAC to power recommendations within its popular mobile app and a multi-year deal with NBC Sports in the U.S., which chose Taboola as its exclusive mid-article content recommendation and video provider, enabling us to attract premium demand from brands and agencies. We also announced a groundbreaking partnership for Taboola News with Xiaomi to power recommendations globally across more than 100 million mobile devices in 60 markets. Our focus, execution and having the right strategy towards our goal of recommending anything and anywhere shows in our Q3 results and in our Q4 guidance. I’m excited and optimistic about the future, powering recommendations for the open web,” continued Singolda.

Our third quarter results include one month of Connexity’s financial results following the close of the acquisition on September 1, 2021. We also updated our guidance for Revenues to reflect a revised gross versus net accounting change for Connexity as described in Appendix B. For more commentary on the quarter, please refer to Taboola’s Q3 2021 Shareholder Letter, which was furnished to the SEC and also posted on Taboola’s website today at <https://investors.taboola.com>.

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## Third Quarter 2021 Results Summary (unaudited)

(dollars in thousands)	Three Months Ended	
	September 30,	
	2021	2020
Revenues	\$ 338,768	\$ 290,585
Gross Profit	\$ 107,685	\$ 89,596
Net Income	\$ 17,296	\$ 16,688
Ratio of Net Income to Gross profit	16.1%	18.6%
Cash Flow from Operations	\$ 26,573	\$ 33,776
Cash, cash equivalents and short-term deposits	\$ 311,768	\$ 185,673

### Non-GAAP Financial Data\*

ex-TAC Gross Profit	\$ 126,869	\$ 104,297
Adjusted EBITDA	\$ 39,734	\$ 40,055
Ratio of Adjusted EBITDA to ex-TAC Gross Profit	31.3%	38.4%
Free Cash Flow	\$ 19,474	\$ 30,730

### Third Quarter Financial Highlights

- Q3 results exceeded guidance across all financial measures
    - Revenues of \$339 million versus adjusted guidance of \$331 to \$335 million (note that our previous guidance was \$338 to \$342 million, which was reduced by \$7 million to reflect the adoption of net revenue accounting for Connexity - see Appendix B).
    - Gross Profit of \$108 million versus guidance of \$101 to \$103 million.
    - ex-TAC Gross Profit of \$127 million versus guidance of \$122 to \$124 million.
    - Net Income (Loss) of \$17 million versus guidance of \$(7) to \$(5) million, \$17 million of which was due to a reduction in warrant liability.
    - Adjusted EBITDA of \$40 million versus guidance of \$36 to \$37 million.
  - Revenue grew \$48 million or 16.6% year-over-year.
    - New digital property partners<sup>1</sup> drove \$23 million of growth.
    - Existing digital property partners<sup>2</sup> grew \$25 million which translates to net dollar retention<sup>3</sup> (NDR) of 109% driven by improvement in yield.
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- Gross Profit grew \$18 million or 20.2% year-over-year and ex-TAC Gross Profit grew \$23 million or 21.6% year-over-year.
  - As with the growth in Revenues, the increase in Gross Profit and ex-TAC Gross Profit was also driven by a combination of growth from new digital property partners<sup>3</sup> and existing digital property partners. The growth from existing was driven by strong improvements in yield as well as from one month of Connexity in our Q3 2021 results.
  - These gains year-over-year were partially offset by the withholding in the prior year of \$7 million in guaranteed TAC payments to publishers that we subsequently volunteered to pay in the fourth quarter of 2020.
- Operating expenses grew \$40 million or 58% year-over-year. Excluding higher share based compensation following becoming a public company and holdback compensation related to the Connexity acquisition that combined for a \$14 million year-over-year increase, operating expenses grew \$26 million or 41.4% year-over-year. This increase was driven partly from having one month of Connexity in operating expenses. In addition, other drivers by expense category include:
  - Within research and development, increases in headcount were partially offset by lower depreciation related to timing of new server investments. We continue to invest in our proprietary, deep learning data engine as well as new products and tools to support our publishers and advertisers.
  - Within sales and marketing, expenses increased to support our business growth and to reflect higher D&A related to intangibles from the Connexity acquisition.
  - Within general and administrative expenses, expenses increased from higher professional fees and legal expenses related to M&A transactions and regulatory matters. Also, contributing to the increase were public company expenses and a partial return to more normal operations following the COVID pandemic.
- Net Income of \$17.3 million was \$0.6 million higher year-over-year primarily driven by a \$17 million reduction in warrant liability, lower income taxes of \$7.5 million and higher gross profit that more than offset higher operating expenses. Adjusted EBITDA of \$39.7 million decreased by \$0.3 million year-over-year as higher operating expenses offset the higher gross profit.
- EPS was \$0.07 per diluted share in the third quarter. The EPS was based on fully-diluted shares outstanding of 259.3 million.
- Our fully-diluted shares outstanding to start Q4 2021 is estimated to be approximately 272 million.

<sup>1</sup>New digital property partners within the first 12 months that were live on our network.

<sup>2</sup>Net growth of existing digital property partners, including the growth of new digital property partners (beyond the revenue contribution determined based on the run-rate revenue generated by them when they are first on-boarded).

<sup>3</sup>Net Dollar Retention is the net growth of existing digital property partners for the given period divided by the revenues from the same period in the prior-year.

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## Fourth Quarter 2021 and Full Year 2021 Guidance

The Company's strong third quarter results provide us confidence to raise our fourth quarter and full year 2021 guidance above our previous guidance. Note that the guidance for Revenues has been adjusted to reflect the revised gross versus net accounting change for Connexity as described in Appendix B.

For the Fourth Quarter 2021, the Company currently expects:

- Revenues of \$392 to \$396 million
- Gross Profit of \$129 to \$132 million
- ex-TAC Gross Profit of \$163 to \$165 million
- Adjusted EBITDA of \$61 to \$63 million

For the Full Year 2021, the Company currently expects:

(dollars in millions)	Increased Guidance (as of 11/9/21)	Year over Year Growth	Previous Guidance (as of 9/28/21)
Revenues	\$1,363 - \$1,367	15%	\$1,351 - \$1,359
Gross Profit	\$427 - \$430	34% - 35%	\$418 - \$424
ex-TAC Gross Profit	\$512 - \$515	34% - 35%	\$503 - \$509
Adjusted EBITDA	\$174 - \$177	64% - 66%	\$168 - \$171

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

Our guidance assumes that the global economy continues to recover, with no major COVID-19 related setbacks that may cause economic conditions to deteriorate or significantly reduce advertiser demand.

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## **Webcast Details**

Taboola's senior management team will discuss the Company's earnings on a call that will take place tomorrow, November 10, 2021, at 8:30 AM ET. The call can be accessed via webcast at <https://investors.taboola.com>, or by conference call by dialing (877) 312-1874, or (470) 495-9527 for international callers, and entering the conference ID 1769436. The webcast will be available for replay for one year, through the close of business on November 9, 2022.

## **\*About Non-GAAP Financial Information**

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

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

## **Note Regarding Forward-Looking Statements**

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

These forward-looking statements are based upon estimates and assumptions that, while considered reasonable by the Company and its management, are inherently uncertain. Uncertainties and risk factors that could affect the Company's future performance and cause results to differ from the forward-looking statements in this press release include, but are not limited to: the ability to recognize the anticipated benefits of the recent acquisition of Connexity and the business combination between the Company and ION Acquisition Corp. 1 Ltd. (together, the "Business Combinations"), which may be affected by, among other things, competition, the ability of the Company to grow and manage growth profitably, maintain relationships with customers and retain its management and key employees; the Company's ability to successfully integrate the Connexity acquisition; costs related to the Business Combinations; changes in applicable laws or regulations; the Company's estimates of expenses and profitability and underlying assumptions with respect to accounting presentations and purchase price and other adjustments; ability to attract new digital properties and advertisers; ability to meet minimum guarantee requirements in contracts with digital properties; intense competition in the digital advertising space, including with competitors who have significantly more resources; ability to grow and scale the Company's ad and content platform through new relationships with advertisers and digital properties; ability to secure high quality content from digital properties; ability to maintain relationships with current advertiser and digital property partners; ability to make continued investments in the Company's AI-powered technology platform; the need to attract, train and retain highly-skilled technical workforce; changes in the regulation of, or market practice with respect to, "third party cookies" and its impact on digital advertising; continued engagement by users who interact with the Company's platform on various digital properties; the impact of the ongoing COVID-19 pandemic; reliance on a limited number of partners for a significant portion of the Company's revenue; changes in laws and regulations related to privacy, data protection, advertising regulation, competition and other areas related to digital advertising; ability to enforce, protect and maintain intellectual property rights; and risks related to the fact that we are incorporated in Israel and governed by Israeli law; and other risks and uncertainties set forth in the section entitled "Risk Factors" and "Cautionary Note Regarding Forward-Looking Statements" in the Company's registration statements on Form F-1 as amended and filed on September 30, 2021 and on Form F-4 filed on April 30, 2021, and in subsequent filings with the Securities and Exchange Commission ("SEC").

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

## **About Taboola**

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



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

More than 14,000 advertisers use Taboola to reach over 500 million daily active users in a brand-safe environment. Following the acquisition of Connexity in 2021, Taboola is a leader in powering e-commerce recommendations, driving more than 1 million monthly transactions each month. Leading brands including Walmart, Macy's, Wayfair, Skechers and eBay are among key customers.

Learn more at [www.taboola.com](http://www.taboola.com) and follow @taboola on Twitter.

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**CONSOLIDATED BALANCE SHEETS**

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

	<b>September 30, 2021</b>	<b>December 31, 2020</b>
	<b>Unaudited</b>	<b>Audited</b>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 311,768	\$ 242,811
Restricted deposits	1,065	3,664
Trade receivables	190,667	158,050
Prepaid expenses and other current assets	47,324	21,609
<u>Total current assets</u>	550,824	426,134
<b>NON-CURRENT ASSETS</b>		
Long-term prepaid expenses	19,533	5,289
Restricted deposits	3,574	3,300
Deferred tax assets	1,955	1,382
Right of use assets	56,792	68,058
Property and equipment, net	60,201	52,894
Intangible assets, net	259,042	3,905
Goodwill	553,845	19,206
<b>TOTAL LONG-TERM ASSETS</b>	954,942	154,034
<u>Total assets</u>	<u>\$ 1,505,766</u>	<u>\$ 580,168</u>

	September 30, 2021	December 31, 2020
	Unaudited	Audited
<b>LIABILITIES, CONVERTIBLE PREFERRED SHARES AND SHAREHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES</b>		
Trade payable	\$ 210,112	\$ 189,352
Lease liability	16,531	15,746
Accrued expenses and other current liabilities	108,785	95,135
Taboola loan	3,000	-
<u>Total current liabilities</u>	338,428	300,233
<b>LONG TERM LIABILITIES</b>		
Deferred tax liabilities	50,432	45
Warrant liability	36,792	
Taboola Loan	285,869	
Lease liability	49,287	63,044
<u>Total long-term liabilities</u>	422,380	63,089
<b>CONVERTIBLE PREFERRED SHARES</b>		
Preferred A, B, B-1, B-2, C, D and E shares with no par value - Authorized: 0 and 123,389,750 shares at September 30, 2021 and at December 31, 2020 respectively; Issued and outstanding: 0 and 121,472,152 shares at September 30, 2021 and December 31, 2020 respectively.	-	170,206
<b>SHAREHOLDERS' EQUITY</b>		
Ordinary shares with no par value- Authorized: 700,000,000 and 176,535,661 shares as of September 30 , 2021 and December 31, 2020 respectively; 231,640,546 and 41,357,049 shares issued and outstanding as of September 30, 2021 and December 31, 2020, respectively.	-	-
Additional paid-in capital	801,988	78,137
Accumulated deficit	(57,030)	(31,497)
<u>Total shareholders' equity</u>	744,958	46,640
<u>Total liabilities, convertible preferred shares, and shareholders' equity</u>	<u>\$ 1,505,766</u>	<u>\$ 580,168</u>

**CONSOLIDATED STATEMENTS OF INCOME (LOSS)**  
**U.S. dollars in thousands, except share and per share data**

	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	2021	2020
	<u>Unaudited</u>		<u>Unaudited</u>	
Revenues	\$ 338,768	\$ 290,585	\$ 970,790	\$ 837,599
Cost of revenues:				
Traffic acquisition cost	211,899	186,288	621,137	565,449
Other cost of revenues	19,184	14,701	52,224	45,674
<u>Total cost of revenues</u>	<u>231,083</u>	<u>200,989</u>	<u>673,361</u>	<u>611,123</u>
Gross profit	107,685	89,596	297,429	226,476
Operating expenses:				
Research and development expenses	29,946	21,485	83,889	65,392
Sales and marketing expenses	43,518	32,663	146,962	99,495
General and administrative expenses	34,345	13,907	98,489	41,662
<u>Total operating expenses</u>	<u>107,809</u>	<u>68,055</u>	<u>329,340</u>	<u>206,549</u>
Operating income (loss) before finance expenses	(124)	21,541	(31,911)	19,927
Finance income (expenses), net	13,960	(844)	13,077	(1,050)
Income (loss) before income taxes	13,836	20,697	(18,834)	18,877
Provision for income taxes	3,460	(4,009)	(6,699)	(13,137)
Net income (loss)	\$ 17,296	\$ 16,688	\$ (25,533)	\$ 5,740
Less: Undistributed earnings allocated to participating securities	–	(5,819)	(11,944)	(17,046)
Net Income (loss) attributable to ordinary shares – basic and diluted	\$ 17,296	\$ 10,869	\$ (37,477)	\$ (11,306)
Net income (loss) per share attributable to ordinary shareholders, basic	\$ 0.08	\$ 0.29	\$ (0.35)	\$ (0.28)
Weighted-average shares used in computing net income (loss) per share attributable to ordinary shareholders, basic	229,024,803	38,101,268	107,884,927	40,144,245
Net income (loss) per share attributable to ordinary shareholders, diluted	\$ 0.07	\$ 0.18	\$ (0.35)	\$ (0.28)
Weighted-average shares used in computing net income (loss) per share attributable to ordinary shareholders, diluted	259,262,529	60,221,497	107,884,927	40,144,245

**SHARE BASED COMPENSATION BREAK-DOWN BY EXPENSE LINE**

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**U.S. dollars in thousands**

	<b>Three Months Ended</b>		<b>Nine Months Ended</b>	
	<b>September 30,</b>		<b>September 30,</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>(unaudited)</b>		<b>(unaudited)</b>	
Cost of revenues	\$ 443	\$ 327	\$ 1,023	\$ 579
Research and development	7,749	2,292	20,134	4,343
Sales and marketing	3,997	2,505	40,168	4,402
General and administrative	7,751	1,396	42,269	1,689
Total share-based compensation expense	\$ 19,940	\$ 6,520	\$ 103,594	\$ 11,013

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**DEPRECIATION AND AMORTIZATION BREAK-DOWN BY EXPENSE LINE**

U.S. dollars in thousands

	<b>Three Months Ended September 30,</b>		<b>Nine Months Ended September 30,</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>(unaudited)</b>		<b>(unaudited)</b>	
Cost of revenues	\$ 6,775	\$ 5,206	\$ 18,826	\$ 16,771
Research and development	708	1,859	2,870	6,104
Sales and marketing	5,440	1,138	7,558	3,223
General and administrative	237	(182)	796	750
<b>Total depreciation and amortization expense</b>	<b>\$ 13,160</b>	<b>\$ 8,021</b>	<b>\$ 30,050</b>	<b>\$ 26,848</b>

# CONSOLIDATED STATEMENTS OF CASH FLOWS

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

	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	2021	2020
	Unaudited		Unaudited	
<u>Cash flows from operating activities:</u>				
Net income (loss)	\$ 17,296	\$ 16,688	\$ (25,533)	\$ 5,740
<u>Adjustments to reconcile net income (loss) to net cash flows provided by operating activities:</u>				
Depreciation and amortization	13,160	8,021	30,050	26,848
Share based compensation expenses	19,940	6,520	103,594	11,013
Net loss (gain) from financing expenses	(500)	(1,761)	(1,857)	(937)
Increase (decrease) in deferred taxes, net	3,633	(179)	2,716	(1,635)
Revaluation of the warrant liability	(17,363)	0	(17,091)	0
Accrued interest, net	119	187	119	519
<u>Change in operating assets and liabilities:</u>				
Decrease (increase) in trade receivables	(4,487)	(5,454)	14,544	37,842
Decrease (increase) in prepaid expenses and other current assets and long-term prepaid expenses	(4,622)	(154)	(38,379)	14,831
Increase (decrease) in trade payable	3,840	8,139	(27,185)	(27,396)
Increase (decrease) in accrued expenses and other current liabilities	(3,904)	1,124	1,380	15,457
Change in operating lease Right of use assets	3,587	18,091	10,878	10,143
Change in operating Lease liabilities	(4,126)	(17,446)	(12,683)	(10,807)
<b>Net cash provided by operating activities</b>	<b>26,573</b>	<b>33,776</b>	<b>40,553</b>	<b>81,618</b>
<u>Cash flows from investing activities</u>				
Purchase of property and equipment, including capitalized platform costs	(7,099)	(3,046)	(28,774)	(13,680)
Cash paid in connection with acquisitions, net of cash acquired	(583,286)	0	(583,286)	(202)
Decrease (increase) in restricted deposits	(211)	70	2,325	68
Decrease in short-term deposits	-	3,999	-	28,963
<b>Net cash provided by (used in) investing activities</b>	<b>(590,596)</b>	<b>1,023</b>	<b>(609,735)</b>	<b>15,149</b>
<u>Cash flows from financing activities</u>				
Exercise of options	2,560	372	7,479	1,049
Issuance of share, net of offering costs	(1,262)	0	286,170	0
Issuance of warrant	0	0	53,883	0
Taboola loan	288,750	0	288,750	0
<b>Net cash provided by financing activities</b>	<b>290,048</b>	<b>372</b>	<b>636,282</b>	<b>1,049</b>
Exchange differences on balances of cash, cash equivalents	500	1,761	1,857	937
Increase (decrease) in cash, cash equivalents	(273,475)	36,932	68,957	98,753
Cash, cash equivalents - at the beginning of the period	585,243	148,741	242,811	86,920
Cash, cash equivalents - at end of the period	\$ 311,768	\$ 185,673	\$ 311,768	\$ 185,673

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2021	2020	2021	2020
	(unaudited)		(unaudited)	
<b>Supplemental disclosures of cash flow information:</b>				
<u>Cash paid during the year for:</u>				
Income taxes	\$ 3,145	\$ 8,520	\$ 7,647	\$ 9,483
Interest	\$ (1,165)	\$ 82	\$ (1,000)	\$ 586
<u>Non-cash investing and financing activities:</u>				
Purchase of property, plant and equipment and intangible assets	\$ 1,500	\$ 440	\$ 1,500	\$ 1,403
Creation of operating lease right-of-use assets	\$ 0	\$ 4,627	\$ 2,382	\$ 11,195
Unpaid offering cost	\$ 1,688	\$ 0	\$ 1,688	\$ 0



## APPENDIX A: Non-GAAP Reconciliation

### RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES FOR Q3 2021

(Unaudited)

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

	<b>Three Months</b>		<b>Nine Months</b>	
	<b>Ended September 30,</b>		<b>Ended September 30,</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	(unaudited)		(unaudited)	
	(dollars in thousands)		(dollars in thousands)	
Revenues	\$ 338,768	\$ 290,585	\$ 970,790	\$ 837,599
Traffic acquisition cost	211,899	186,288	621,137	565,449
Other cost of revenues	19,184	14,701	52,224	45,674
Gross Profit	\$ 107,685	\$ 89,596	\$ 297,429	\$ 226,476
Add back: Other cost of revenues	19,184	14,701	52,224	45,674
ex-TAC Gross Profit	<u>\$ 126,869</u>	<u>\$ 104,297</u>	<u>\$ 349,653</u>	<u>\$ 272,150</u>

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

	<b>Three Months Ended</b>		<b>Nine Months Ended</b>	
	<b>September 30,</b>		<b>September 30,</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	(unaudited)		(unaudited)	
	(dollars in thousands)		(dollars in thousands)	
Net income (loss)	\$ 17,296	\$ 16,688	\$ (25,533)	\$ 5,740
Adjusted to exclude the following:				
Financial expenses, net	(13,960)	844	(13,077)	1,050
Tax expenses	(3,460)	4,009	6,699	13,137
Depreciation and amortization	13,160	8,021	30,050	26,848
Share-based compensation expenses <sup>(1)</sup>	19,940	6,520	103,594	11,013
M&A costs <sup>(2)</sup>	5,918	3,973	11,507	15,412
Holdback compensation expenses	840	-	840	-
Adjusted EBITDA	<u>\$ 39,734</u>	<u>\$ 40,055</u>	<u>\$ 114,080</u>	<u>\$ 73,200</u>

<sup>1</sup>For the 2021 periods, a substantial majority is Share-based compensation expenses related to going public.

<sup>2</sup> For 2020 periods, represents costs associated with the proposed strategic transaction with Outbrain Inc. which we elected not to consummate, and for 2021 periods, relates to the acquisition of ION Acquisition Corp. 1 Ltd., the acquisition of Connexity and going public.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
	(unaudited)		(unaudited)	
	(dollars in thousands)		(dollars in thousands)	
Gross profit	\$ 107,685	\$ 89,596	\$ 297,429	\$ 226,476
Net income (loss)	\$ 17,296	\$ 16,688	\$ (25,533)	\$ 5,740
Ratio of Net income (loss) to Gross profit	16.1%	18.6%	-8.6%	2.5%
ex-TAC Gross Profit	\$ 126,869	\$ 104,297	\$ 349,653	\$ 272,150
Adjusted EBITDA	\$ 39,734	\$ 40,055	\$ 114,080	\$ 73,200
Ratio of Adjusted EBITDA Margin to ex-TAC Gross Profit	31.3%	38.4%	32.6%	26.9%

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

	<b>Three Months Ended</b>		<b>Nine Months Ended</b>	
	<b>September 30,</b>		<b>September 30,</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	(unaudited)		(unaudited)	
	(dollars in thousands)		(dollars in thousands)	
Net cash provided by operating activities	\$ 26,573	\$ 33,776	\$ 40,553	\$ 81,618
Purchases of property and equipment, including capitalized platform costs	(7,099)	(3,046)	(28,774)	(13,680)
Free Cash Flow	\$ 19,474	\$ 30,730	\$ 11,779	\$ 67,938

### APPENDIX A: Non-GAAP Reconciliation

#### RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES FOR Q4 2021 and FULL YEAR 2021 GUIDANCE

(Unaudited)

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

	<b>Q4 2021</b>	<b>FY 2021</b>
	(unaudited)	
	(dollars in millions)	
Revenues	\$392 - \$396	\$1,363 - \$1,367
Traffic acquisition cost	(\$159 - \$161)	(\$850 - \$853)
Other cost of revenues	(\$32 - \$34)	(\$84 - \$86)
Gross Profit	\$129 - \$132	\$427 - \$430
Add back: Other cost of revenues	\$32 - \$34	\$84 - \$86
ex-TAC Gross Profit	\$163 - \$165	\$512 - \$515

## **APPENDIX B: Adoption of Net Revenue Accounting for Connexity**

Prior to our acquisition of Connexity in September 2021, Connexity recorded a portion of its revenues on a gross basis, before traffic acquisition costs, and a portion on a net basis, after traffic acquisition costs. After we acquired Connexity, we determined that we will account for Connexity's revenues on a net basis beginning on the September 1, 2021 acquisition date. This change has no impact on Connexity's gross profit, ex-TAC Gross Profit, net income (loss) or Adjusted EBITDA but results in lower revenues compared to Connexity's pre-acquisition accounting presentation. This change is reflected in our Q3 2021 actual results and in our guidance presented today for Q3, Q4 and full year 2021, all of which have been adjusted for the adoption of net revenue accounting compared to the corresponding prior guidance.

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Dear Shareholder,

I am excited to share the progress we've made in our third quarter, which marks our second earnings since going public in June. We beat our Q3 guidance, we're raising Q4, and as a result, are positioned to deliver a very strong 2021.

In Q3, we delivered strong performance on all measures, while also closing our acquisition of Connexity, our largest acquisition to date. As a reminder, our Q3 guidance included one month of Connexity performance, and I'm happy to share that we beat those expectations.

Our growth in Q3 was strong. We grew Revenues 17% versus the same quarter last year. Gross Profit grew 20%, ex-TAC Gross Profit grew 22%, and Adjusted EBITDA was \$40 million. At the same time, we are delivering solid cash conversion, and for 2020 and 2021 combined, our average is expected to be 60% conversion from Adjusted EBITDA to free cash flow.

Looking at the remainder of 2021, we are raising our guidance for Q4 as we expect our business to continue its strong performance. As a result, we are increasing our full year 2021 guidance, and now expect revenues to grow approximately 15% year-over-year, ex-TAC Gross Profit to increase 34 to 35% year over year to \$512 to \$515 million for the full year, and Adjusted EBITDA to increase 64 to 66% to \$174 to \$177 million.

I'm also encouraged by our business momentum. We announced partnerships such as NBC Sports, who launched our High Impact placements, which means we're expanding our presence to mid-article, homepage and other highly visible placements which brands and agencies love. These High Impact placements are key drivers for our video initiatives, which help grow our yield and become a bigger revenue driver for publishers. Another exciting partnership is an exclusive content recommendation partnership in Hong Kong with Line Today, the WhatsApp of APAC.

We also announced a partnership with Xiaomi as part of Taboola News. Xiaomi is one of the largest Android OEM manufacturers in the world, and they are integrating a feed of news on their devices. Taboola News is our version of Apple News, but only for Android devices. This is where we take our publisher partners to other canvases where users spend their time. This is also open web-friendly. When people click on Taboola News, we send them to the publisher site, versus Apple News, which keeps them within Apple's walled garden.

This quarter, there was a lot of discussion in the market on privacy, iOS changes and IDFA. We did not see an impact from these changes on our business. Taboola's yield keeps growing through our ability to leverage contextual signals due to our hard-coded integrations with 9,000 publishers, through which we reach 500M active users a day. This is important now, and will become even more important over time, as advertisers look for alternatives to the walled gardens.



There also has been a lot in the news about supply chain challenges faced by some manufacturers and businesses. We did not see an impact in Q3 from supply chain on our advertising revenue overall, given our diverse advertiser base. Additionally, in Q4, we do not expect supply chain challenges to impact our business outlook, including Connexity, as reflected in our raised expectations. In fact, Connexity is beating our expectations for their performance since closing the deal.

## **Mission & Strategy**

As we are still new to some public investors, I want to summarize our business, strategy, roadmap and what drives our success. Taboola powers recommendations for the open web, helping people discover things they may like.

The open web, as many of you know, is the term for all the websites, publishers, and apps that aren't Facebook, Amazon, Google, Apple, or the like. The open web is really important, even essential, because it's free and diverse and doesn't belong to any one giant company. It belongs to everyone. Think about every website you love — every blog, game, app on a mobile device, or connected TV, and so much more that lives outside of the walled gardens. That's where Taboola fits.

In our core business, where we reach 500M people every day, Taboola has established long-term partnerships with some of the top publishers and digital properties in the world, while attracting more than 13,000 advertisers who work directly with us to reach consumers in a brand-safe environment.

Recommending something that a user may like at the right time and the right place is a significant technological challenge. We have a proprietary deep learning recommendation engine that is able to infer what a user might be interested in based on context (and is not third-party cookie reliant), and knowledge of what other users have liked in similar circumstances. Think of our unique data as a "curiosity graph" — people who read this also read and/or clicked on that. This allows us to model people's interests as they browse the open web. A lot of the time, it's a more authentic view of reality versus what social networks provide. People tell social networks about themselves based on how they wish others to view them, but they read about things they really care about, and are curious about.

## TABOOLA IS POISED TO CAPTURE SHARE OF THE \$64B OPEN WEB MARKET



\*Google Search Revenue

The acquisition of Connexity strengthens our data, pairing our readership data with purchasing data that can make our AI better, yield grow, and advertisers more successful.

The open web is a \$64B market, growing 10 to 15% a year. As the web evolves into high impact, native and personalized formats of advertising, very similar to Instagram, TikTok or WeChat, we believe Taboola has an opportunity to be a meaningful growth driver to publishers and advertisers.

Strategically, over the next 5-10 years, our path forward is to expand in two directions:

- **‘Recommend Anything.’** This is a way for us to diversify what we recommend, and to grow our yield for publishers, which helps us become even more competitive. Over time, we want to recommend apps, games, and other types of verticals. We are making great advancements here with our high impact, mid-article product innovation that brings with it more premium demand, such as video. This is key to attracting more agencies to our platform, and the brand name advertisers that they work with.

We attained in Q3 Trustworthy Accountability Group (TAG) brand safety certification that confirms to advertisers that Taboola has rigorous standards and has taken proactive steps to reduce brand safety risk. TAG is an organization that works to increase trust and transparency in digital advertising. We also announced a new partnership with DoubleVerify (DV) that makes available directly within the Taboola Ads console DV’s pre-bid brand safety and suitability targeting technology - this will provide our advertiser partners control over the quality of where their ads are placed.

When it comes to Recommending Anything, Connexity was our biggest bet as a part of our strategy, to get to recommend products — read more below on how we’re progressing, and our near to long term plans around it.

- **‘Recommend Anywhere.’** This is where we’re continuing our expansion to recommend wherever people might be — digital canvases like the Android devices I mentioned above with Taboola News, connected TVs, automobiles, audio devices and more. We’re seeing good momentum here. We recently announced that Taboola News continues to scale and now drives an average of more than 220 million monthly engagements on editorial content through mobile device and OEM partnerships. This represents an increase of more than 270 percent year-over-year. (Q2 2020 vs Q2 2021)

This strategy connects to our winning aspiration, as it drives our flywheel. The more publishers we get, the more reach we have, the more types of recommendations we support, our yield gets stronger, and as such our competitive advantage is higher. More below on yield specifically.

## Taboola & Connexity: bringing eCommerce to the open web

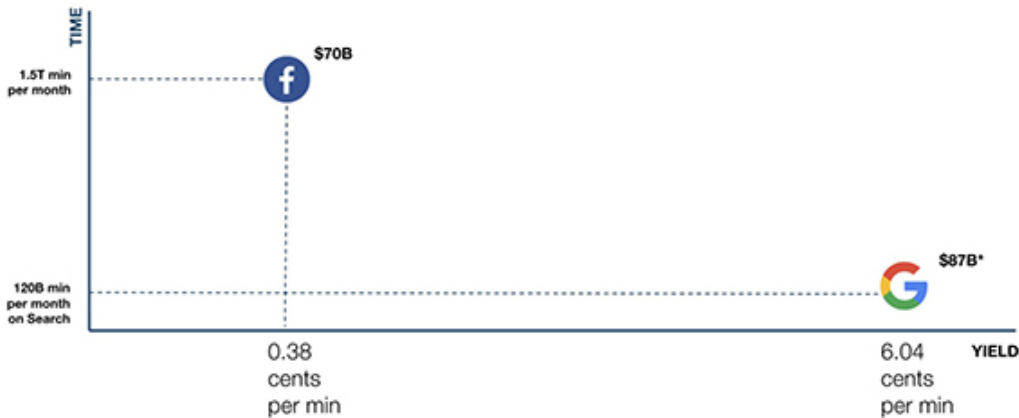
We closed the transaction to acquire Connexity on September 1st. We're working on the integration of the two companies, and we remain very optimistic about the business. On the back of a strong Q3, we are feeling confident about the performance of our combined business in Q4 and beyond. And Connexity is beating our expectations since we closed.

With this acquisition, we took a giant leap towards Recommending Anything, and are set to transform the Open Web through greater product and e-Commerce recommendations. We expect that in the coming years, one-third of open web publisher revenue will be e-Commerce.

We can now make this a reality for our publishers and digital property partners, while also giving merchants a platform outside of walled gardens where they can leverage genuine interest, and intent, to sell their products. No other player in our space can make this claim, and I think that will be true for years to come.

The reason this is important is because when users have intent, the yield has the potential to be exponentially higher. You can see the comparison between one minute on Google and 15 minutes on Facebook:

### INTENT DRIVES YIELD 1 MIN ON GOOGLE SEARCH = 15 MIN ON FACEBOOK

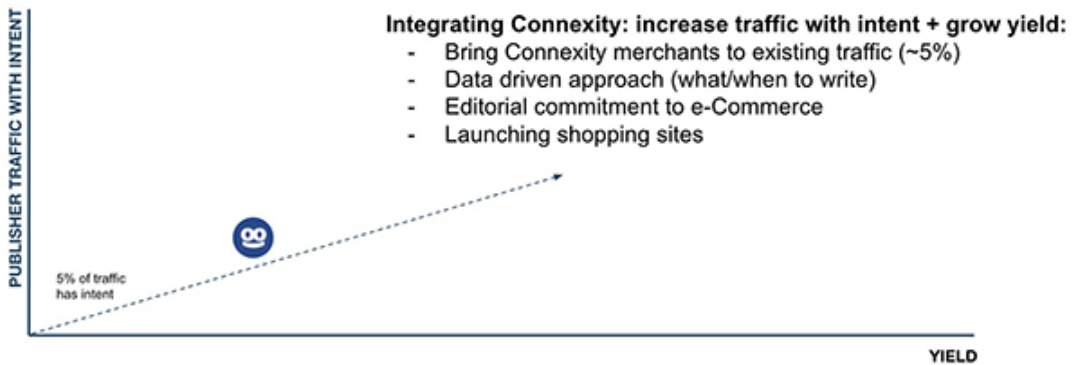


\*Google Search Revenue

We intend to use Connexity's technology to help our publishers increase the portion of traffic on their site where there is high intent, bringing merchants to that traffic.



## SYNERGIES \$100M+ ANNUAL EX-TAC IN 4 YEARS MORE TRAFFIC WITH INTENT + HIGHER YIELD



We see tremendous synergies, and a **potential \$100M+ in annual ex-TAC** Gross Profit within four years, as a result of the Connexity acquisition. Importantly, this means significant new revenues for our publisher partners, making us even more competitive as publishers consider a partner that can help them grow revenue, engagement, and audience. And now, we can also offer our publishers commerce.

Before joining Taboola, Connexity was already one of the largest e-Commerce media platforms on the open web, with over one million monthly transaction events supported by direct relationships with over 1,600 merchants, such as Walmart, Wayfair, Skechers, Macy’s, eBay and Otto. Connexity reaches more than 100 million unique shoppers per month, via relationships with premium publishers including Condé Nast, DotDash, Hearst, Vox Media, Meredith, and News Corp Australia. Together we have more relationships, more scale, and are even stronger.

Since the acquisition closed, we have worked through the details of our integration and synergy capture plans, and we are even more confident in our future success after a deep dive with the team.

### STRONG INITIAL INTEGRATION MOMENTUM

**People** - London office locations merged; NY planned in H1-2022. Complementary teams sharing info, tools, and resources.

**Ad Sales** - Beginning global expansion of Connexity via Taboola’s international ad sales teams (first in China, Brazil)

**Publishers** - started upselling to Taboola publishers, and building a more resource-heavy list of publishers to go “all in” with them on eCommerce

When I think of our **competitive advantage** in the commerce/affiliate space, there are 4 things that are unique to us:

- Strong relationships with publishers (who want to break into e-Commerce) who consistently upgrade their integrations with us, as we present new solutions to their needs.
- Strong relationships with advertisers, retailers, and merchants, built on the foundation of our high-performing, scaled network.
- Unique readership and purchase data, to guide our publisher partners' editorial strategies. Most publishers I talk to don't know where to start, and what content to write. We have the data to know what content should be written so it feels authentic to their brand.
- The ability to drive audiences to our publisher partners. Taboola reaches 500M people a day, and provides positive ROI traffic.

I would also invite those who want to learn more about our e-Commerce strategy with Connexity to visit our [Investor Relations website](#), to view the replay of our event.

## Growing Yield

Yield = the amount of revenue per 1,000 impressions (also known as Revenue Per Mille / **RPM**).

In our industry, and for us, yield/RPM is a key driver of our business. As we have explained, approximately 60% of our growth comes from growing our existing publisher relationships, and a significant portion of that is the result of growing yield.



The focus on yield/RPM is true for the open web, but interestingly, this is similar to driving a race car. You might think that the driver of a race car should focus only on the speedometer to win a race. But, in actuality, the driver focuses on revolutions per minute (RPM), and car manufacturers put RPM in the center of the dashboard to make sure the driver knows what to track. Focus on RPM — win the race. Not the speedometer, not the engine temperature, just RPM.

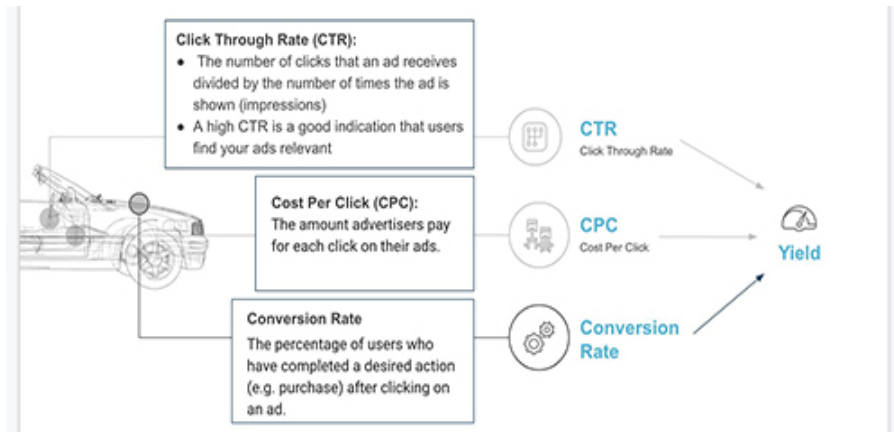
### GROWING JUST ONE FACTOR CAN ALSO BE DETRIMENTAL

Growing CTR can be good  
Growing CTR can be bad

	CTR	CPC	Conversion Rate	Yield
Base Case	1%	\$0.30	2%	\$3
CTR Increases by 25%	1.25% ↑	\$0.30	2%	\$3.75
CTR Increases by 25%	1.25% ↑	\$0.22 ↓	1.5% ↓	\$2.75
CTR Decreases by 25%	0.75% ↓	\$0.45 ↑	3% ↑	\$3.38

The open web is the same. CTR is like a speedometer, and **yield/RPM is what matters**. Yield is built off of 3 parameters and only when the multiplication of the 3 goes up, yield goes up. The 3 are Click-Through-Rate (CTR), Cost Per Click (CPC) and Conversion Rate (CVR). None of these should be looked at in isolation, as it could be detrimental if singly maximized. For instance, CTR can be maximized by prioritizing an aggressive class of ads that are highly clickable, however, the price paid per click (CPC) by those advertisers won't be competitive, yielding a lower outcome. Likewise, if CVR goes down, an advertiser will lower their CPC so they achieve their target cost per conversion. That's why optimizing for CPC alone, or maximizing CTR alone, or ignoring CVR, won't drive yield growth and would be a failing strategy.

We optimize for yield, not for CTR, not for CPC, not for conversion — but for all of all of them combined.



## Introducing **SmartBid Dimensions**: “Autonomous Driving Experience” for Advertisers

One of the biggest efforts to drive growth for yield is through our investment in SmartBid AI technology, which takes CPC bidding to a new level.

You can think of SmartBid as a self-driving car, making real-time bidding decisions automatically, 24x7, and more accurately than the best human campaign manager. Setting bid amounts manually was not only a tedious process for advertisers, but also resulted in low campaign performance. SmartBid determines the optimal bid for every ad, at any moment, by predicting the likelihood of a conversion, for example making a purchase online. To accurately predict the likelihood of conversion, we use AI and an enormous set of data on past behaviors we track across our network. SmartBid makes up roughly 85% of our revenue, or in other words, the vast majority of our advertisers use SmartBid.

This quarter, I’m excited to share **SmartBid’s newest innovation, Dimensions**. Up until now, as is common in our industry, SmartBid would optimize for CPC based on the performance of a publisher. This means that if a publisher performed better for a certain advertiser, the CPC would increase, and vice versa, if the publisher did not perform well. Dimensions allow SmartBid to use AI to look at 40 different signals (or ‘dimensions’) in addition to the publisher, such as time of day, day of week, platform, geographic location and more. Our new ability to factor in those dimensions at scale results in strong campaign performance, and since SmartBid is fully automated, it also saves advertisers the time they had to spend on manual bidding. For advertisers, it’s having an autonomous driving experience, one hand on the wheel, but the car is kind of driving itself.

Marina Gandlin, R&D Team Leader, Algorithms, from our engineering team wrote a post about SmartBid Dimensions, available on our blog.



## Our People

You can copy anything, but you cannot copy a company's culture. That is why being first to market is irrelevant, and being the best is the only thing that matters. We believe our culture is what makes us so strong — and it's top of mind for me, and us, especially now as we move forward with our integration plans alongside Connexity's team.

Our acquisition of Connexity increased our headcount to just over 1,700 people. We completed integrating our London offices already. We expect to integrate our New York offices in H1 of 2022, and to retain Connexity's Santa Monica office to expand our presence in California.

We're also continuing to grow our internal headcount, and are committed to diversity, equity and inclusion (DEI) as we recruit. One of the benefits of working from home is that it allows us to look at the world more broadly when thinking of diversity as a topic we care about. As a reminder, our goal through 2025 is for 45% of all future promotions and hires into leadership will be women or people of color.

In Q3 of this year, we supported several DEI initiatives around the globe, including, Latinx heritage month and LGBTQ+ history month in October with educational activities around the world.

## Financial Performance

I'll close by talking about our Q3 financials which, as stated earlier, came in above our guidance and gives us the confidence to raise our guidance for Q4 and full year. Gross Profit and ex-TAC Gross Profit both grew over 20% versus Q3 2020 and our Ratio of Adjusted EBITDA to ex-TAC Gross Profit came in over 31%, meaning we were a "rule of 50" business this quarter. We are seeing continued good progress in the business - winning new business, executing on our Recommend Anything and Recommend Anywhere growth initiatives and realizing very good yield expansion.

Below are the results of Q3 versus our guidance. Note that all Q3 figures below include one month of Connexity results and that we have determined that we will account for the full Connexity business on a net revenue basis going forward. Thus Q3 Revenues Guidance has been adjusted to reflect the new accounting policy for Connexity - our previous guidance was \$338 to \$342 million, which was reduced by \$7 million to reflect the accounting change.

(dollars in millions)	Q3 2021	Year-over-Year Growth	Q3 2021 Guidance
Revenues	\$338.8	16.6%	\$331 to \$335 <sup>1</sup>
Gross Profit	\$107.7	20.2%	\$101 to \$103
ex-TAC Gross Profit*	\$126.9	21.6%	\$122 to \$124
Net Income <sup>2</sup>	\$17.3	3.6%	\$(7) to \$(5)
Adjusted EBITDA*	\$39.7	(0.6%)	\$36 to \$37

<sup>1</sup>Guidance range adjusted to reflect our accounting for Connexity's Revenues on a net revenue basis, excluding TAC.

<sup>2</sup>Includes share-based compensation expense of \$20 million, higher year-over-year driven by being public, in Q3 2021 compared to \$6.5 million in Q3 2020



New business contributed 47% and existing business contributed 53% of the growth in Revenues. Gains in yield drove much of the growth of our existing base and was the primary reason for our outperformance. As we state frequently, our profitable growth reflects the strength of our business model that includes:

- long term and exclusive publisher partnerships (contracts) with guaranteed supply
- direct relationships with advertisers, strongly tilted to performance advertisers that are uniquely resilient
- A context-aware, AI-powered recommendation engine (that doesn't rely on third party cookies)
- Our scale, and in our industry, scale matters - driving competitive advantage.

Our Q3 performance gives us confidence to raise our Q4 expectations and full year guidance. The table below includes our current guidance for full year 2021 compared to our previous guidance:

<b>Full Year 2021</b> (dollars in millions)	<b>Increased Guidance</b>	<b>Year-over-Year Growth</b>	<b>Previous Guidance</b>
Revenues	\$1,363 to \$1,367	15%	\$1,351 to \$1,359 <sup>1</sup>
Gross Profit	\$427 to \$430	34% to 35%	\$418 to \$424
ex-TAC Gross Profit	\$512 to \$515	34% to 35%	\$503 to \$509
Adjusted EBITDA	\$174 to \$177	64% to 66%	\$168 to \$171

<sup>1</sup>Guidance range adjusted to reflect our accounting for Connexity's Revenues on a net revenue basis, excluding TAC

For a complete look at our updated full year and Q4 guidance and Q3 results, please see our Q3 2021 earnings press release, which was furnished to the SEC and also posted on Taboola's website today at <https://investors.taboola.com>.

\* \* \*

These are exciting times, we're growing in a predictable way, and I'm convinced the world deserves a company that sits side-by-side to Google, FB, and Amazon - exclusively focused on the open web, driving growth to journalism, small business and giving people a free internet which they love. That's where Taboola fits, and with Connexity, it gives us more capabilities to grow, and win.

I'm looking forward to our upcoming earnings call and engaging with investors in the coming months, where I will do my best to answer any questions you may have.

Kind regards,  
-- Adam Singolda  
Founder and CEO



### **Note regarding Connexity change to Net Revenue accounting**

Prior to our acquisition of Connexity in September 2021, Connexity recorded a portion of its revenues on a gross basis, before traffic acquisition costs, and a portion on a net basis, after traffic acquisition costs. After we acquired Connexity, we determined that we will account for Connexity's revenues on a net basis beginning on the September 1, 2021 acquisition date. This change has no impact on Connexity's gross profit, ex-TAC Gross Profit, net income (loss) or Adjusted EBITDA but results in lower revenues compared to Connexity's pre-acquisition accounting presentation. This change is reflected in our Q3 2021 actual results and in our guidance presented today for Q3, Q4 and full year 2021, all of which have been adjusted for the adoption of net revenue accounting compared to the corresponding prior guidance.

### **\*About Non-GAAP Financial Information**

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

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

### **Note Regarding Forward-Looking Statements**

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



These forward-looking statements are based upon estimates and assumptions that, while considered reasonable by the Company and its management, are inherently uncertain. Uncertainties and risk factors that could affect the Company's future performance and cause results to differ from the forward-looking statements in this press release include, but are not limited to: the ability to recognize the anticipated benefits of the recent acquisition of Connexity and the business combination between the Company and ION Acquisition Corp. 1 Ltd. (together, the "Business Combinations"), which may be affected by, among other things, competition, the ability of the Company to grow and manage growth profitably, maintain relationships with customers and retain its management and key employees; the Company's ability to successfully integrate the Connexity acquisition; costs related to the Business Combinations; changes in applicable laws or regulations; the Company's estimates of expenses and profitability and underlying assumptions with respect to accounting presentations and purchase price and other adjustments; ability to attract new digital properties and advertisers; ability to meet minimum guarantee requirements in contracts with digital properties; intense competition in the digital advertising space, including with competitors who have significantly more resources; ability to grow and scale the Company's ad and content platform through new relationships with advertisers and digital properties; ability to secure high quality content from digital properties; ability to maintain relationships with current advertiser and digital property partners; ability to make continued investments in the Company's AI-powered technology platform; the need to attract, train and retain highly-skilled technical workforce; changes in the regulation of, or market practice with respect to, "third party cookies" and its impact on digital advertising; continued engagement by users who interact with the Company's platform on various digital properties; the impact of the ongoing COVID-19 pandemic; reliance on a limited number of partners for a significant portion of the Company's revenue; changes in laws and regulations related to privacy, data protection, advertising regulation, competition and other areas related to digital advertising; ability to enforce, protect and maintain intellectual property rights; and risks related to the fact that we are incorporated in Israel and governed by Israeli law; and other risks and uncertainties set forth in the section entitled "Risk Factors" and "Cautionary Note Regarding Forward-Looking Statements" in the Company's registration statements on Form F-1 as amended and filed on September 30, 2021 and on Form F-4 filed on April 30, 2021, and in subsequent filings with the Securities and Exchange Commission ("SEC").

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



**APPENDIX: Non-GAAP Reconciliation**

**RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES FOR Q3 2021**

(Unaudited)

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

	<b>Three Months</b>		<b>Nine Months</b>	
	<b>Ended September 30,</b>		<b>Ended September 30,</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>(unaudited)</b>		<b>(unaudited)</b>	
	<b>(dollars in thousands)</b>		<b>(dollars in thousands)</b>	
Revenues	\$ 338,768	\$ 290,585	\$ 970,790	\$ 837,599
Traffic acquisition cost	211,899	186,288	621,137	565,449
Other cost of revenues	19,184	14,701	52,224	45,674
Gross Profit	\$ 107,685	\$ 89,596	\$ 297,429	\$ 226,476
Add back: Other cost of revenues	19,184	14,701	52,224	45,674
ex-TAC Gross Profit	\$ 126,869	\$ 104,297	\$ 349,653	\$ 272,150





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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
	(unaudited)		(unaudited)	
	(dollars in thousands)		(dollars in thousands)	
Net income (loss)	\$ 17,296	\$ 16,688	\$ (25,533)	\$ 5,740
Adjusted to exclude the following:				
Financial expenses, net	(13,960)	844	(13,077)	1,050
Tax expenses	(3,460)	4,009	6,699	13,137
Depreciation and amortization	13,160	8,021	30,050	26,848
Share-based compensation expenses <sup>(1)</sup>	19,940	6,520	103,594	11,013
M&A costs <sup>(2)</sup>	5,918	3,973	11,507	15,412
Holdback compensation expenses	840	-	840	-
Adjusted EBITDA	\$ 39,734	\$ 40,055	\$ 114,080	\$ 73,200

<sup>1</sup>For the 2021 periods, a substantial majority is Share-based compensation expenses related to going public.

<sup>2</sup> For 2020 periods, represents costs associated with the proposed strategic transaction with Outbrain Inc. which we elected not to consummate, and for 2021 periods, relates to the acquisition of ION Acquisition Corp. 1 Ltd., acquisition of Connexity and going public.



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

	<b>Three Months Ended</b>		<b>Nine Months Ended</b>	
	<b>September 30,</b>		<b>September 30,</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	(unaudited)		(unaudited)	
	(dollars in thousands)		(dollars in thousands)	
Gross profit	\$ 107,685	\$ 89,596	\$ 297,429	\$ 226,476
Net income (loss)	\$ 17,296	\$ 16,688	\$ (25,533)	\$ 5,740
Ratio of Net income (loss) to Gross profit	16.1%	18.6%	-8.6%	2.5%
ex-TAC Gross Profit	\$ 126,869	\$ 104,297	\$ 349,653	\$ 272,150
Adjusted EBITDA	\$ 39,734	\$ 40,055	\$ 114,080	\$ 73,200
Ratio of Adjusted EBITDA Margin to ex-TAC Gross Profit	31.3%	38.4%	32.6%	26.9%



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

	<b>Three Months Ended</b>		<b>Nine Months Ended</b>	
	<b>September 30,</b>		<b>September 30,</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>(unaudited)</b>		<b>(unaudited)</b>	
	<b>(dollars in thousands)</b>		<b>(dollars in thousands)</b>	
Net cash provided by operating activities	\$ 26,573	\$ 33,776	\$ 40,553	\$ 81,618
Purchases of property and equipment, including capitalized platform costs	(7,099)	(3,046)	(28,774)	(13,680)
Free Cash Flow	\$ 19,474	\$ 30,730	\$ 11,779	\$ 67,938



**APPENDIX: Non-GAAP Reconciliation**

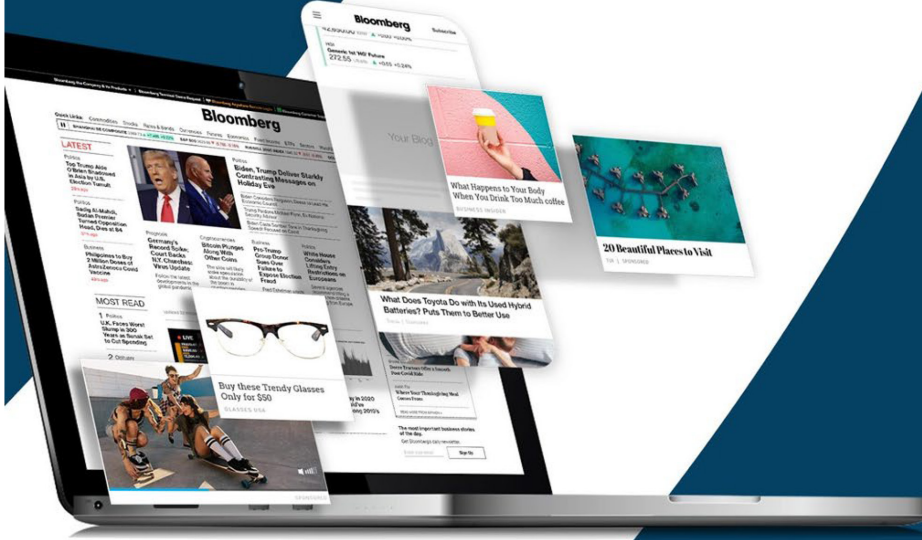
**RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES FOR Q4 2021 and FULL YEAR 2021  
GUIDANCE**

(Unaudited)

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

	<u>Q4 2021</u>	<u>FY 2021</u>
	(unaudited)	
	(dollars in millions)	
Revenues		1,363-
	\$ 392 - \$396	\$ 1,367
Traffic acquisition cost	\$ (159 - \$161)	\$ (850 - \$853)
Other cost of revenues	\$ (32 - \$34)	\$ (84 - \$86)
Gross Profit	\$ 129 - \$132	\$ 427 - \$430
Add back: Other cost of revenues	\$ 32 - \$34	\$ 84 - \$86
ex-TAC Gross Profit	\$ 163 - \$165	\$ 512 - \$515

Taboola



# Management Presentation

November 10, 2021

## Forward-Looking Statements

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

These forward-looking statements are based upon estimates and assumptions that, while considered reasonable by the Company and its management, are inherently uncertain. Uncertainties and risk factors that could affect the Company's future performance and cause results to differ from the forward-looking statements in this press release include, but are not limited to: the ability to recognize the anticipated benefits of the recent acquisition of Connexity and the business combination between the Company and ION Acquisition Corp. 1 Ltd. (together, the "Business Combinations"), which may be affected by, among other things, competition, the ability of the Company to grow and manage growth profitably, maintain relationships with customers and retain its management and key employees; the Company's ability to successfully integrate the Connexity acquisition; costs related to the Business Combinations; changes in applicable laws or regulations; the Company's estimates of expenses and profitability and underlying assumptions with respect to accounting presentations and purchase price and other adjustments; ability to attract new digital properties and advertisers; ability to meet minimum guarantee requirements in contracts with digital properties; intense competition in the digital advertising space, including with competitors who have significantly more resources; ability to grow and scale the Company's ad and content platform through new relationships with advertisers and digital properties; ability to secure high quality content from digital properties; ability to maintain relationships with current advertiser and digital property partners; ability to make continued investments in the Company's AI-powered technology platform; the need to attract, train and retain highly-skilled technical workforce; changes in the regulation of, or market practice with respect to, "third party cookies" and its impact on digital advertising; continued engagement by users who interact with the Company's platform on various digital properties; the impact of the ongoing COVID-19 pandemic; reliance on a limited number of partners for a significant portion of the Company's revenue; changes in laws and regulations related to privacy, data protection, advertising regulation, competition and other areas related to digital advertising; ability to enforce, protect and maintain intellectual property rights; and risks related to the fact that we are incorporated in Israel and governed by Israeli law; and other risks and uncertainties set forth in the section entitled "Risk Factors" and "Cautionary Note Regarding Forward-Looking Statements" in the Company's registration statements on Form F-1 as amended and filed on September 30, 2021 and on Form F-4 filed on April 30, 2021, and in subsequent filings with the Securities and Exchange Commission ("SEC").

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

## Non-GAAP Financial Measures

This Presentation includes certain financial measures not presented in accordance with GAAP including, but not limited to, Adjusted EBITDA and certain ratios and other metrics derived therefrom, including free cash flow and ex-TAC Gross Profit, and related margin measures, as well as New Publisher ex-TAC Gross Profit. These non-GAAP financial measures are not measures of financial performance in accordance with GAAP and may exclude items that are significant in understanding and assessing the Company's financial results. Therefore, these measures should not be considered in isolation or as an alternative to net income, cash flows from operations or other measures of profitability, liquidity or performance under GAAP. You should be aware that the Company's presentation of these measures may not be comparable to similarly-titled measures used by other companies.

The Company believes these non-GAAP measures of financial results provide useful information to management and investors regarding certain financial and business trends relating to the Company's financial condition and results of operations. The Company believes that the use of these non-GAAP financial measures provides an additional tool for investors to use in evaluating ongoing operating results and trends in and in comparing the Company's financial measures with other similar companies, many of which present similar non-GAAP financial measures to investors. These non-GAAP financial measures are subject to inherent limitations as they reflect the exercise of judgments by management about which expense and income are excluded or included in determining these non-GAAP financial measures. Please refer to footnotes where presented on each page of this Presentation or to the appendix found at the end of this Presentation for a reconciliation of these measures to what the Company believes are the most directly comparable measure evaluated in accordance with GAAP.

This Presentation also includes certain projections of non-GAAP financial measures. Due to the high variability and difficulty in making accurate forecasts and projections of some of the information excluded from these projected measures, together with some of the excluded information not being ascertainable or accessible, the Company is unable to quantify certain amounts that would be required to be included in the most directly comparable GAAP financial measures without unreasonable effort. Consequently, no disclosure of estimated comparable GAAP measures is included and no reconciliation of the forward-looking non-GAAP financial measures is included.

## Use of Projections

This Presentation contains financial forecasts with respect to the Company's projected financial results, including Revenue, ex-TAC Gross Profit, Free Cash Flow and Adjusted EBITDA for the Company's fiscal years 2021. The Company's independent auditors have not audited, reviewed, compiled or performed any procedures with respect to the projections for the purpose of their inclusion in this Presentation, and accordingly, they did not express an opinion or provide any other form of assurance with respect thereto for the purpose of this Presentation. As discussed under "Financial Information" above, all financial information, including the projected information, was prepared in accordance with GAAP. These projections should not be relied upon as being necessarily indicative of future results. The assumptions and estimates underlying the prospective financial information are inherently uncertain and are subject to a wide variety of significant business, economic and competitive risks and uncertainties that could cause actual results to differ materially from those contained in the prospective financial information. Accordingly, there can be no assurance that the prospective results are indicative of the future performance of the Company or that actual results will not differ materially from those presented in the prospective financial information or that the prospective financial information will be the same as that presented in the proxy statement related to the Business Combination. Inclusion of the prospective financial information in this Presentation should not be regarded as a representation by any person that the results contained in the prospective financial information will be achieved.

## Industry and Market Data

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

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# Today's Presenters



**Adam Singolda**  
Founder & CEO

- Founded Taboola over 13 years ago
- Has led the company as its CEO ever since



**Stephen Walker**  
CFO

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

# AGENDA

- **Taboola Overview**
- Investment Highlights
- Taboola + Connexity = Even Stronger
- Growing Yield, Explained
- Financial Information





# We Power Recommendations for The Open Web

Helping people discover things they may like



# TABOOLA = SEARCH “IN REVERSE”

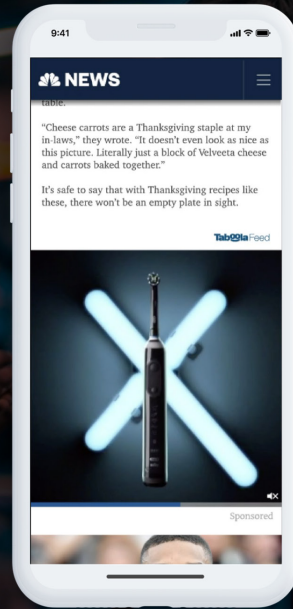
From people looking for information  
to information looking for people



I'm Feeling Lucky

Google Search

**YOU HAVE  
SEEN  
TABOOLA  
BEFORE**



# HAVING AN AMAZING YEAR

Taboola News

Beating guidance, raised expectations each quarter

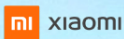
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Acquired Connexity, creating a powerful e-Commerce partner for publishers

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Winning incredible new publishers, building brand safety partnerships and progressing on our growth initiatives

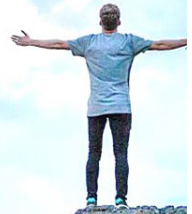
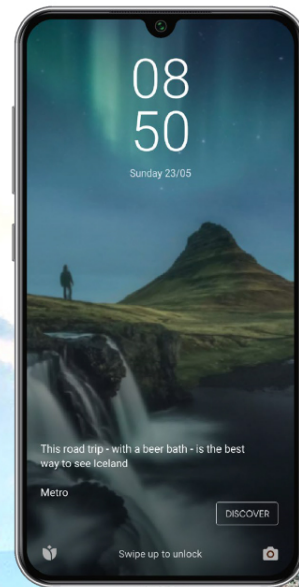
- Seeing momentum in High Impact Placements, recently announced NBC Sports win
- Strong growth in Taboola News, signed new partnership with Xiaomi



PMC



Taboola



# UPDATED FULL YEAR 2021 GUIDANCE



	2020	2021 GUIDANCE	GROWTH RATE
Revenues	<b>\$1,189M</b>	<b>\$1,363-\$1,367M</b>	<b>15%</b>
Gross Profit	<b>\$319M</b>	<b>\$427-\$430M</b>	<b>34-35%</b>
ex-TAC Gross Profit <sup>1</sup>	<b>\$382M</b>	<b>\$512-\$515M</b>	<b>34-35%</b>
Adj. EBITDA <sup>1</sup>	<b>\$106M</b>	<b>\$174-\$177M</b>	<b>64-66%</b>

**INCREASED  
GUIDANCE ACROSS  
ALL MEASURES**

# SOLVING TREMENDOUSLY DIFFICULT TECHNOLOGICAL CHALLENGES

Predicting what people might be interested in without the intent data that Google has or the personal data that Facebook has and doing it at massive scale.

**516M** DAILY ACTIVE USERS<sup>1</sup>

  More than Twitter and Snap combined<sup>2</sup>

**1 Petabyte**

Data Processed by Taboola AI Daily<sup>3</sup>

**330K+**

CPU & GPU Cores<sup>4</sup>

**1 Trillion**

Monthly Recommendations<sup>5</sup>

**Taboola**

(1) Daily Active Users measures the 7-day average number of users exposed to Taboola recommendations  
(2) Twitter and Snap reported 187M and 249M (respectively) in Q3-2020 Earnings reports  
(3)(4)(5)Source: Company estimates

# FULL TECH STACK FOR PUBLISHERS:

## LONG-TERM, EXCLUSIVE PARTNERSHIPS WITH PREMIUM PUBLISHERS

118% NDR in 2020<sup>1</sup>

9,000 publishers

Global

Publishers on a 5+ Year Contract with Taboola

 **cbs** Interactive

 **Bloomberg**

 msn

 **sport1**

 USA TODAY

 **CNBC**

 **NBC Sports**

 **NBC NEWS**

 **SYNACOR**

 **Daily Mail**

 **Lagardere**

 **axel springer**

 **Taboola**

**\$2B+ Paid To Publishers Over 3 Years<sup>1</sup>**



### Monetization

Monetizing with non-interruptive, native ads



### Engagement

Engaging users by recommending organic content



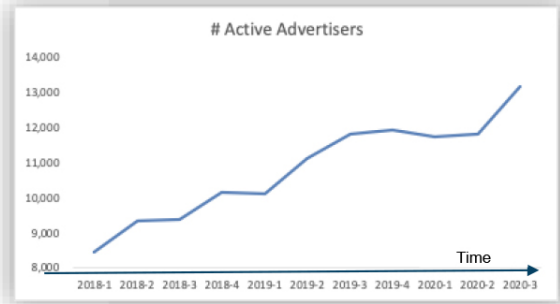
### Audience

Driving quality audiences from across the network

(1) Source: Company Data. Net Dollar Retention (ex-TAC Gross Profit) is the net growth of ex-TAC Gross Profit from existing digital property partners, including the growth of new digital property partners (beyond the revenue contribution determined based on the run-rate revenue generated by them when they are first on-boarded) for the given period divided by the ex-TAC Gross Profit from the same period in the prior-year.

# ADVERTISERS CHOOSE TABOOLA FOR THE OPEN WEB

- **Massive reach** – 516M Daily Active Users<sup>1</sup>
- **Performance** focus with measurable ROI
- **Brand safe** ad placements
- **Target ads** based on what people truly care about



Largest advertiser is 3% of total ad spend<sup>1</sup>

10th largest advertiser is 1% of total ad spend<sup>1</sup>

101% Net Dollar Retention over the period Q4 2018 - Q3, 2020<sup>2</sup>



Taboola

(1) Source: Company Data  
 (2) Excluding Q2-2020 due to expected one-time impact of COVID-19



# AGENDA

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- Taboola + Connexity = Even Stronger
- Growing Yield, Explained
- Financial Information

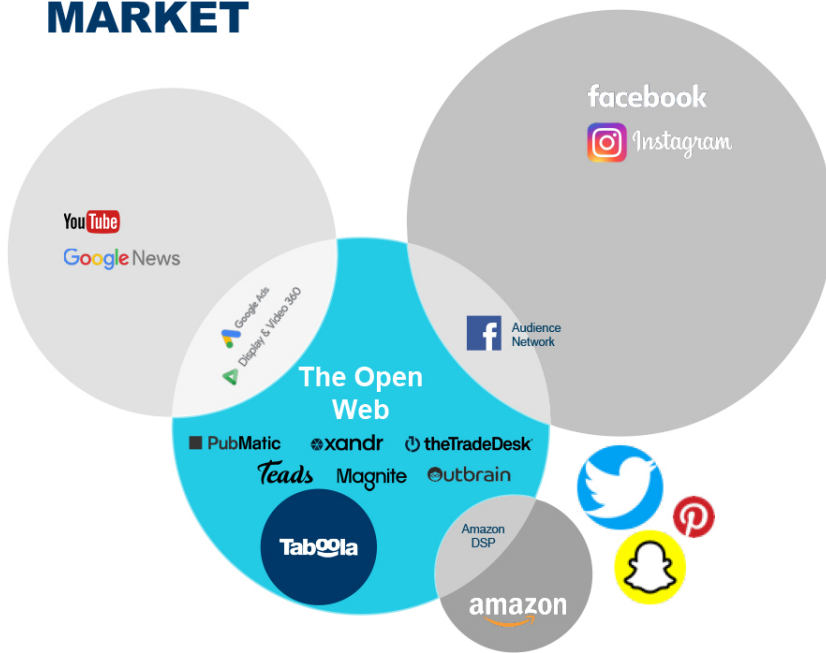


# INVESTMENT HIGHLIGHTS

- 1 The Open Web is a massive category
- 2 Taboola's technology is resilient to the future disappearance of third-party cookies
- 3 Product-led growth fueled by a network effect
- 4 Platform advantage driven by Taboola's technology
- 5 Numerous paths to accelerate growth
- 6 Proven, founder-led management team
- 7 Superior financial profile with recurring revenues, scale, and profitable growth



# 1 TABOOLA IS POISED TO CAPTURE SHARE OF THE \$64B OPEN WEB MARKET



- **More than ads, product led** - driving engagement, and audience to the entire publisher org
- **Exclusive & direct relationships with publishers/advertisers** - enables end-to-end innovation and predictable growth
- **1st party & contextual data, built for a cookieless world** - We're "always on" - all users, all GEOs, all platforms. 500M+ DAU.<sup>(1)</sup>

Source: Original Image: "State of the Open Internet" by Jounce Media, January 2020, Modified to reflect Taboola as part of The Open Web  
 (1) Daily Active Users measures the 7-day average number of users exposed to Taboola recommendations

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

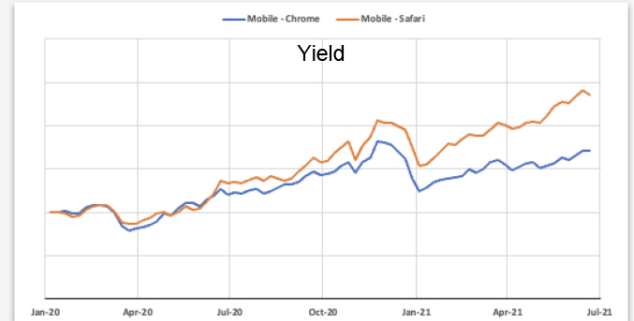
- **Taboola has its own 1st party cookie** - recommending personalized editorial content enables serving our own 1st party identifier
- **Unique readership context** - deep access to the context of the page, allowing advertisers to target context (vs. “3rd party cookie behavior”)
- **People click on Taboola recommendations tens of billions of times a year<sup>1</sup>** - re-hashing Taboola identifier across websites

Taboola

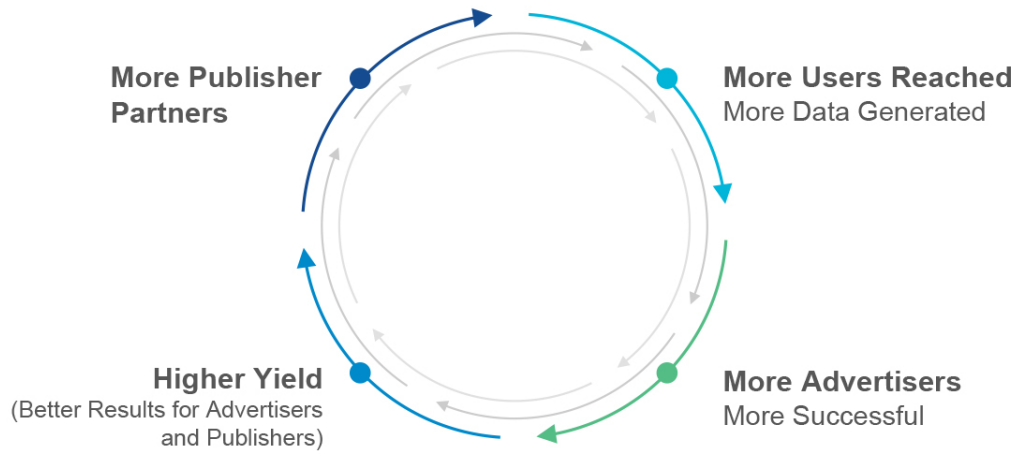
(1) Source: Company data. Clicks represent total clicks on Taboola recommendations, including paid advertisements (“sponsored content”) and editorial (“organic”) content

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

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



### 3 **SCALE MATTERS IN OUR INDUSTRY - GROWTH WITH A BUILT-IN NETWORK EFFECT**



## 4 PLATFORM ADVANTAGE DRIVEN BY INVESTMENT IN TECH

| **500** R&D staff

| **100** in Algo & Data

| **\$100M** Annual R&D Investment

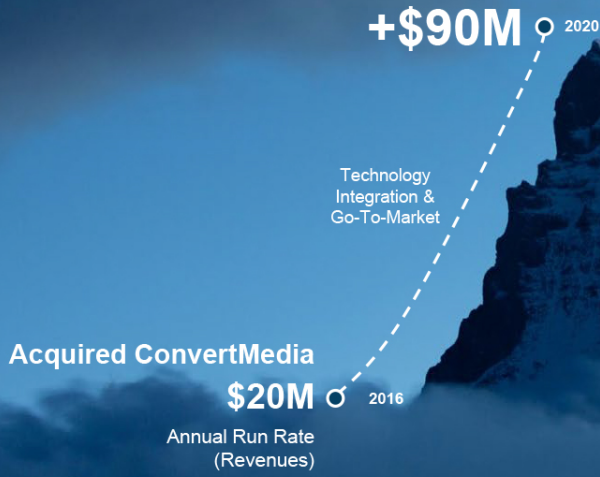
# 5 RECOMMENDING *ANYTHING, ANYWHERE* A MULTI BILLION DOLLAR OPPORTUNITY



Note: Financial models take into consideration only the core business

(1)(2)(3)Source: Company data, Revenues

# 5 FAST GROWING PREMIUM VIDEO DEMAND ON PREMIUM PLACEMENTS



## MID ARTICLE VIDEO

The Bucks paid a steep price to get [Jrue Holiday](#) out of New Orleans — [Eric Bledsoe](#), [George Hill](#), [R.J. Hampton](#), and two future first-round selections — but they did it with three goals in mind.

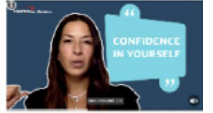
First (and most importantly), prove to [Giannis Antetokounmpo](#) the franchise was willing to do whatever it took to win a title, so he would re-sign with them. [Check that box off.](#)

Second, re-sign Holiday to a longer contract and keep him in Milwaukee. [Check that box off.](#)

And now the Bucks are just one win away from checking off the third box — winning an NBA title.

And they wouldn't be there without Holiday — his defense on [Chris Paul](#) and [Devin Booker](#) has changed the tide of the 2021 NBA Finals.

"His ability to impact the ball, just make everybody uncomfortable," Bucks coach Mike Budenholzer said of Holiday's defense on the Suns. "You never know when he might get a steal, get a deflection. I think it all just adds up.... Jrue's impact defensively is a big part of the reason why he's such a good fit with us."



New York: Startup Is Changing the Way People Retire

You could see that at the end of Game 5 Saturday night, Phoenix was down one with less than 30 seconds left, Booker was matched up on [F.J. Tucker](#) and trying to drive past him, Antetokounmpo doubled Booker and took away the drive, so Booker stopped and tried to spin back toward the middle for a shot, only to find Holiday had left his man, dug down on Booker who spun right into him, then Holiday ripped the ball away for the steal.



## 6 PROVEN, FOUNDER-LED MANAGEMENT TEAM



**Adam Singolda**  
13 years at Taboola  
Founder & CEO



**Stephen Walker**  
6 years at Taboola  
CFO



**Eldad Maniv**  
8 years at Taboola  
President & COO



**Lior Golan**  
11 years at Taboola  
CTO



**Kristy Sundjaja**  
1 year at Taboola  
SVP, People Operations



**Aviv Sinai**  
13 years at Taboola  
SVP, R&D



**Ran Buck**  
7 years at Taboola  
SVP, Global Revenue

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# E-COMMERCE IS REVOLUTIONIZING THE OPEN WEB

e-Commerce is skyrocketing with \$5 trillion in online retail sales a year and \$40 billion in ad spend<sup>1</sup>

Social Media platforms such as Instagram and WeChat are becoming e-Commerce networks

e-Commerce is set to become a primary revenue source for open web publishers

Merchants need an alternative to Amazon

With Connexity now part of Taboola, we are well positioned to capitalize on this opportunity and drive top-line and ex-TAC growth through e-Commerce



# THE FUTURE OF THE OPEN WEB IS E-COMMERCE

**60% of publishers** list e-commerce as a top revenue opportunity.<sup>1</sup>

Publishers generating revenue from e-commerce has grown over 3x in the last year.<sup>2</sup>

There are nearly 150 Commerce Editors currently in the US - one of the fastest growing roles in the newsroom.<sup>3</sup>

(1) Source: eMarketer, Publishers and Commerce 2021

(2) Source: Digiday, Digiday Research: Commerce is now a revenue stream for a majority of publishers

(3) Source: LinkedIn



\$1b GMS in 2020, 47% of H1 2021 media revenue, 56% YoY growth



\$500m GMS in 2020, ecommerce to be 31% of revenue by 2024

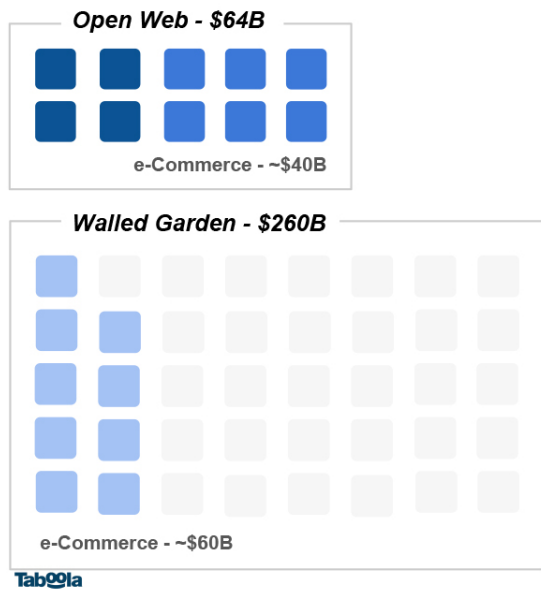


\$1b GMS in FY 2021, over 25% YoY growth in related revenue

## GANNETT

Reviewed.com - 50% YoY top line growth for the last 3 years

# EXPANDED TABOOLA TAM TO \$124B WITH E-COMMERCE AD BUDGETS



**Taboola**

**\$64B**

**+**

**\$60B**

**=**

**\$124B**

**TAM**

Merchants need effective channels beyond the walled gardens.

*“For advertisers seeking brand-safe, transparent partners, reputable publishers deliver exposure and qualified customers from among their audiences.”*

eMarketer

**\$40B of the Open Web \$60B is eCommerce. With Connexity we can fully tap into it for the first time.**

**\$60B of Walled Garden TAM is eCommerce. With Connexity we can now tap into it.**

Source: eMarketer, Statista, Harris Poll, Jounce, Company analysis, 2020

# CONNEXITY PUBLISHER PRODUCTS ON EDITORIAL CONTENT

HEARST

Taboola

**12 Best Mattresses of 2021**  
Say goodbye to back pain and hello to deep sleep.

By Lexie Sachs, Good Housekeeping Institute

*Lexie Sachs*  
\*Connexity Link

**The 10 Best Walking Shoes Of 2021, According To Podiatrists And User Reviews**  
You'll never want to take them off.

By Mallory Greig, Health & Fitness Editor

**HOKA Clifton 8**  
Best for plantar fasciitis

**SHOP NOW**  
\*Connexity Link

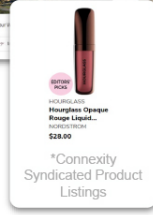
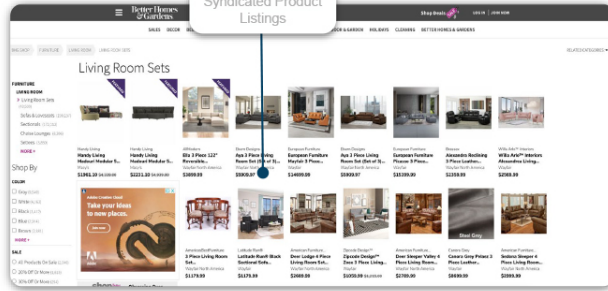
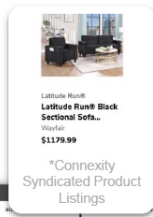
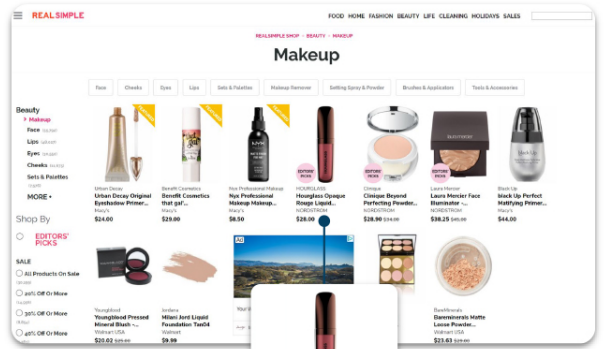
**Awesome E-Bikes You Can Buy Right Now**  
Electric bikes are here to stay, and their popularity is through the roof.

By Dan Rodriguez, Editor

**Head 1**  
\$1,699.00  
**BUY TODAY**  
\*Connexity Link

# CONNEXITY PUBLISHER BUILDING A SHOPPING SITE

Product Listings  
Syndicated into Curated Shopping Experience



## DIRECT RELATIONSHIP WITH MERCHANTS

- **90%+** of revenue comes from direct merchants relationships
- **10%** from affiliates that Connexity is not directly managing
- **65%** of revenue is CPC, **35%** is CPA
- CPC budgets demonstrate how merchants completely **trust** Connexity's unique **technology**

Taboola







1/3

**OF OPEN WEB PUBLISHER REVENUE  
WILL BE E-COMMERCE**

# PUBLISHERS NEED INTENT

## Rare fossil of 25-million-year-old eagle that hunted koalas found in South Australia

By Rhina Magu@CNN  
 Updated 1:00 PM ET, Mon September 27, 2023



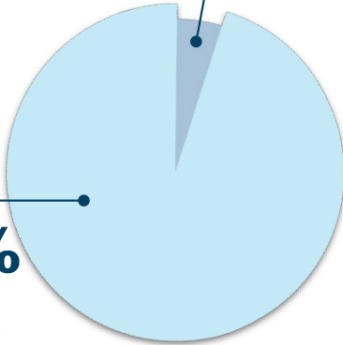
The newly discovered species, *Archaeohierax sylvestris*, is one of the oldest eagle-like raptors in the world.

**(CNN)** — Scientists have confirmed the discovery of a nearly complete fossil of a 25-million-year-old eagle that once flew over South Australia and preyed on koalas — an incredibly rare find because of how well preserved it is, experts say.

The newly discovered species, *Archaeohierax sylvestris*, is one of the oldest eagle-like raptors in the world, according to a study published Monday in the peer-reviewed journal, *Historical Biology*. Paleontologists from Adelaide's Flinders University unearthed the fossil in March 2018 on a remote outback cattle station during a research trip at Lake Priza in South Australia.

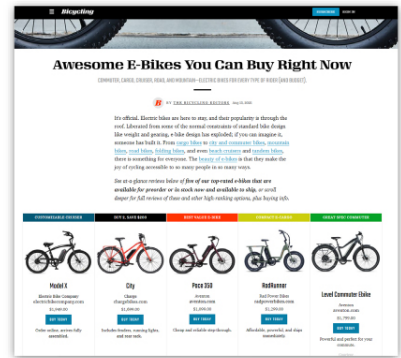
*Archaeohierax* is the largest eagle known to have lived in Australia during the Oligocene period, which dates back about 33.9 million to 23 million years ago, the study said. It was smaller and more slender than the wedge-tailed eagle, Australia's largest bird of prey, according to the Western Australian Museum.

With feet nearly 15 centimeters (6 inches) long, the eagle would have had the ability to grasp large prey. The scientists said it would have hunted an extinct species of koala, which was about the same size as those alive today, as well as possums and other animals in trees, the study said.



**~95%**  
 of Publisher  
 Traffic Today  
 Has **NO Intent**

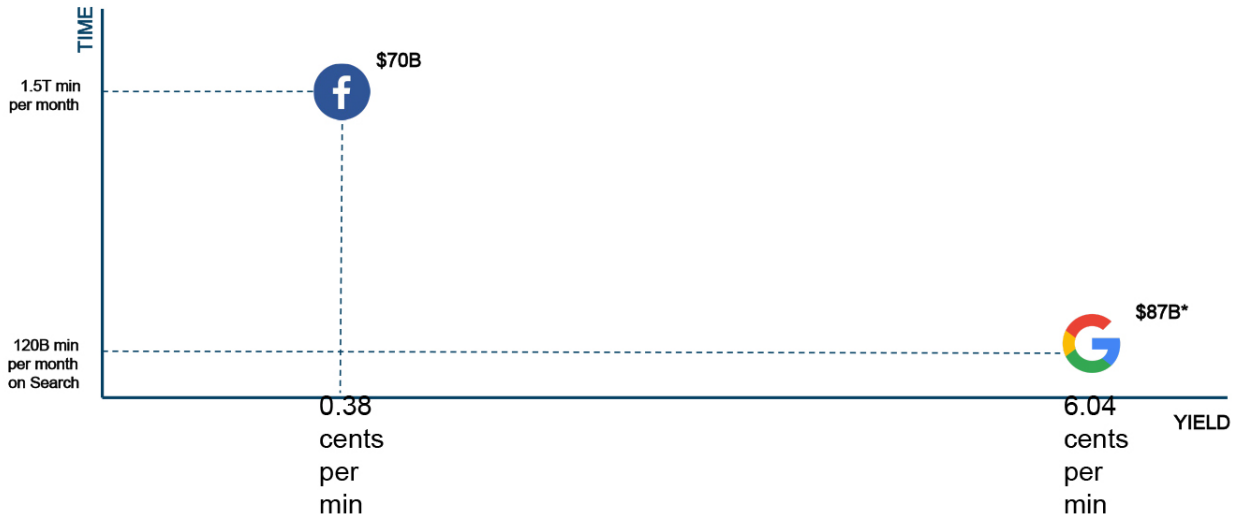
**~5%** of Traffic  
 Has **Intent**



**OTTO** **overstock.**  
 ★ **macy's** **ebay** **wayfair**

# INTENT DRIVES YIELD

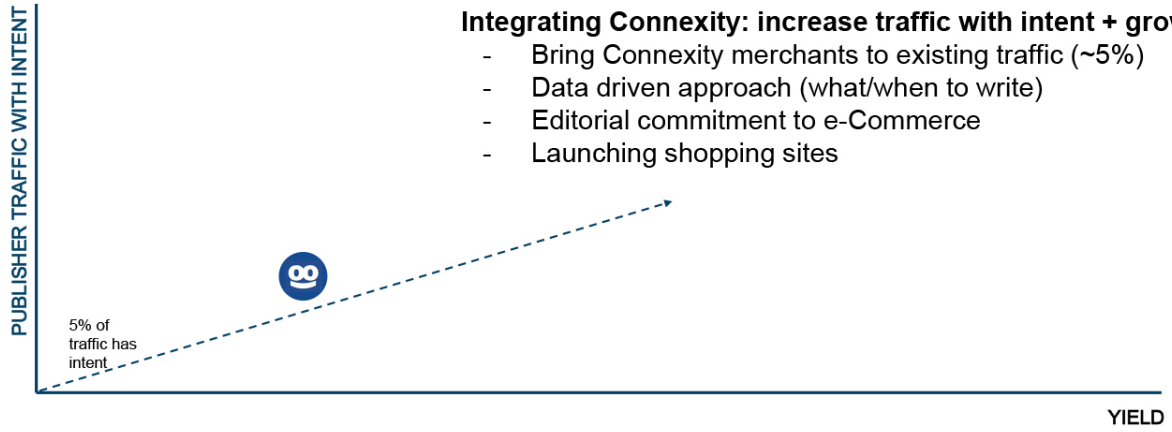
## 1 MIN ON GOOGLE SEARCH = 15 MIN ON FACEBOOK



Taboola

\* Search revenue  
Source: Company Analysis. Numbers cited are 2020.

# SYNERGIES \$100M+ ANNUAL EX-TAC IN 4 YEARS MORE TRAFFIC WITH INTENT + HIGHER YIELD



## **SYNERGIES - \$100M+ ANNUAL EX-TAC IN 4 YEARS**

- Connexity on Taboola Publishers - and grow publishers % of traffic with intent
- Take Connexity Global
- Connexity merchant demand on Taboola publisher supply
- Expanding Connexity's Client base by Leveraging Taboola Ad Sales
- Better personalization/yield by merging datasets - recommendations + e-commerce

# STRONG INITIAL INTEGRATION MOMENTUM

**People** - London office locations merged; NY planned in H1-2022. Complementary teams sharing info, tools, and resources.

**Ad Sales** - Beginning global expansion of Connexity via Taboola's international ad sales teams (first in China, Brazil)

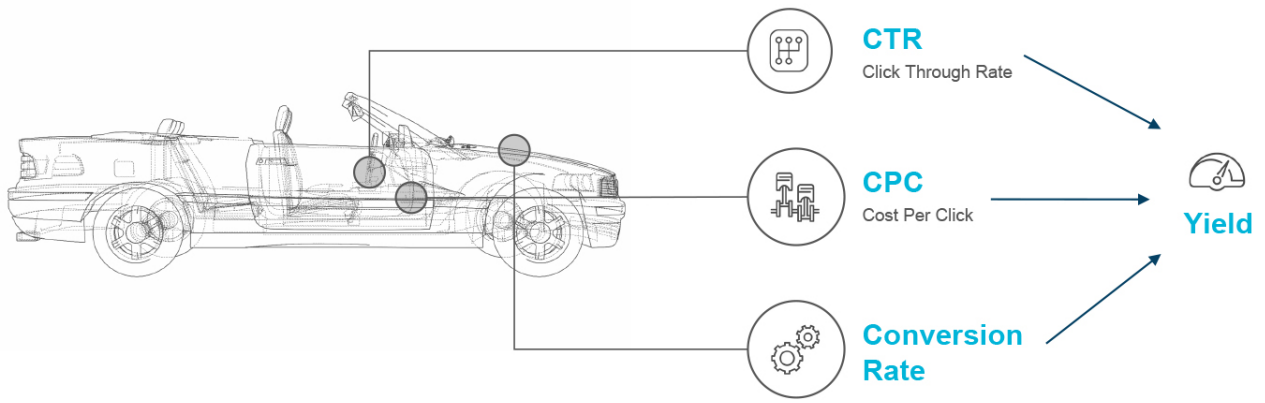
**Publishers** - started upselling to Taboola publishers, and building a more resource-heavy list of publishers to go "all in" with them on eCommerce

# AGENDA

- Taboola Overview
- Investment Highlights
- Taboola + Connexity = Even Stronger
- **Growing Yield, Explained**
- Financial Information

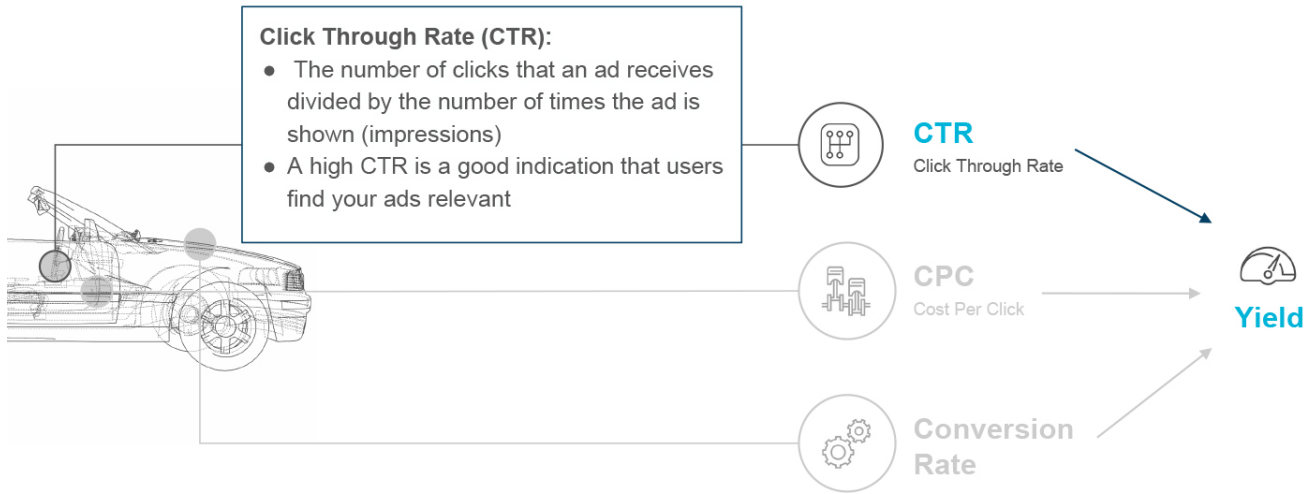


# WHAT MAKES UP YIELD

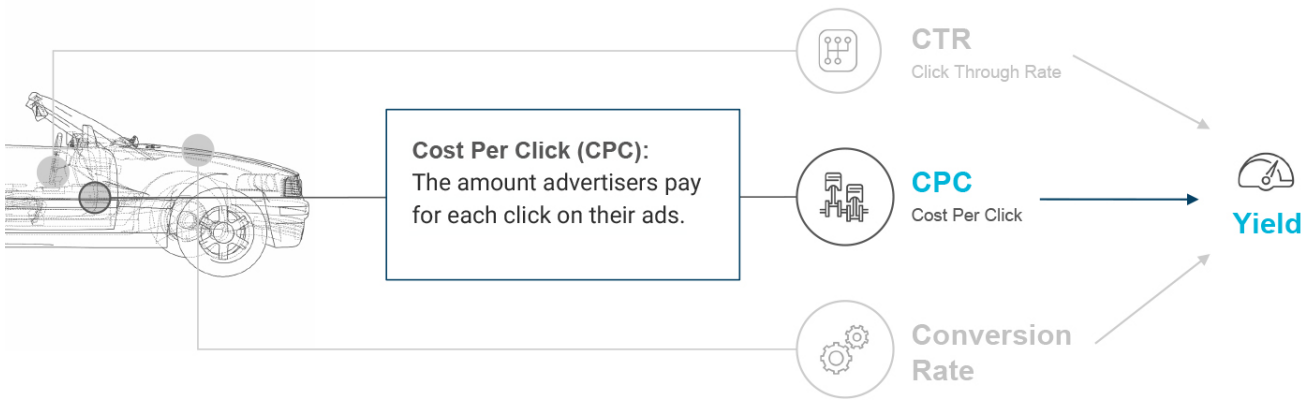




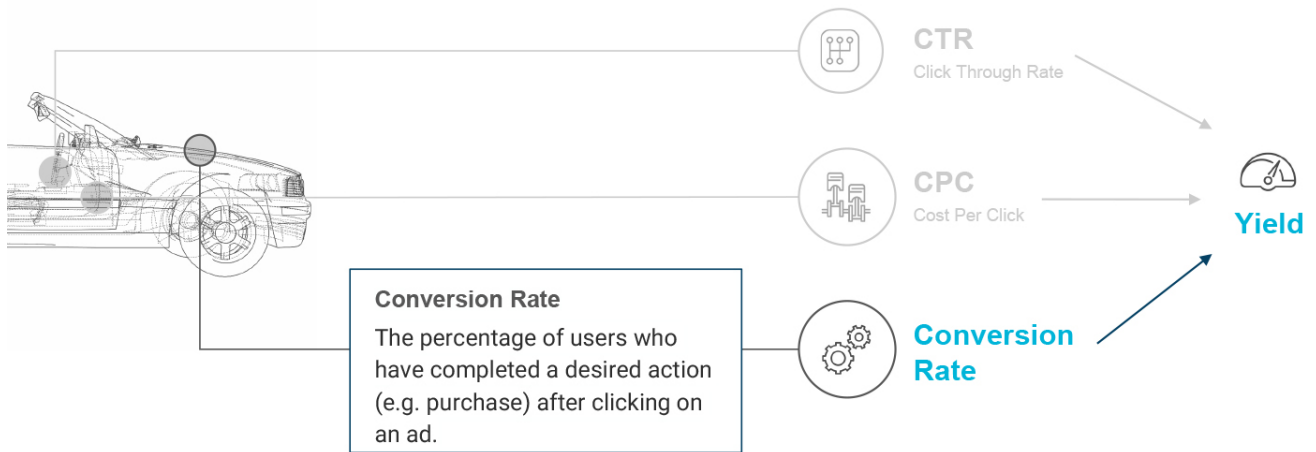
# WHAT MAKES UP YIELD



# WHAT MAKES UP YIELD



# WHAT MAKES UP YIELD

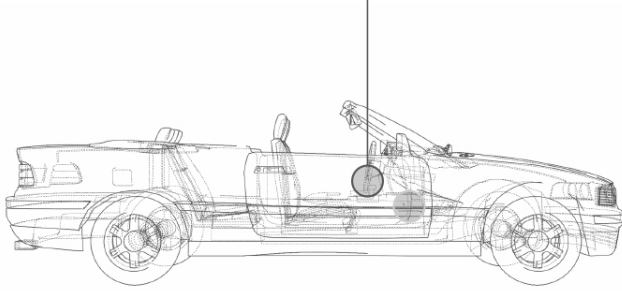


# GROWING JUST ONE FACTOR CAN ALSO BE DETRIMENTAL

Growing CTR can be **good**  
Growing CTR can be **bad**

	CTR	CPC	Conversion Rate	Yield
Base Case	1%	\$0.30	2%	\$3
CTR Increases by 25%:	1.25% ↑	\$0.30	2%	\$3.75
CTR Increases by 25%:	1.25% ↑	\$0.22 ↓	1.5% ↓	\$2.75
CTR Decreases by 25%:	0.75% ↓	\$0.45 ↑	3% ↑	\$3.38

# HOW WE INCREASE YIELD

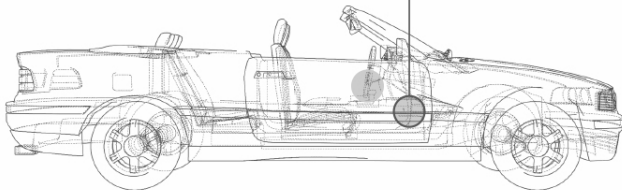


## CTR and Conversions

Click Through Rate, Conversion Rates

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

# HOW WE INCREASE YIELD

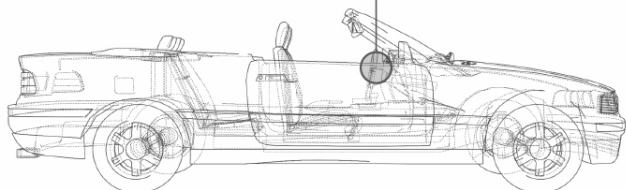


## CPC

Cost Per Click

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

# INTRODUCING SMARTBID DIMENSION - “Autonomous car experience” for advertisers

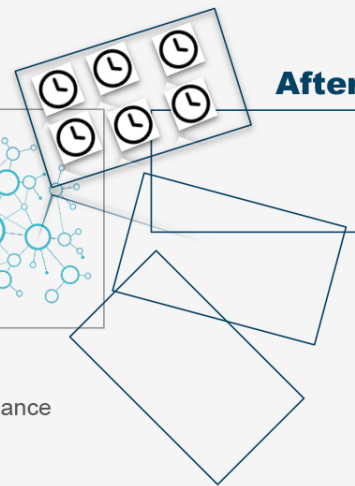


**Before**



Optimize bids by publisher performance

**After**



40+ situational signals - location, time of day, day of week, device, etc.

# AGENDA

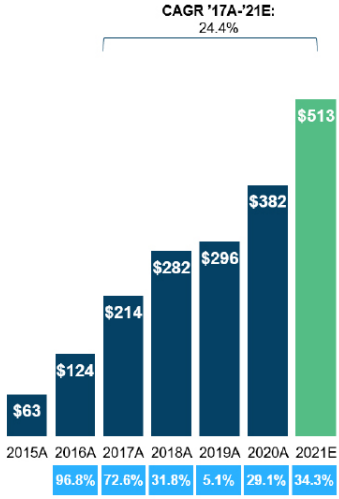
- Taboola Overview
- Investment Highlights
- Taboola + Connexity = Even Stronger
- Growing Yield, Explained
- **Financial Information**



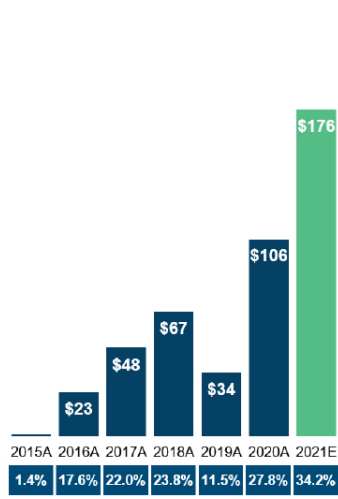


# TABOOLA FOCUSES ON PROFITABLE GROWTH

**ex-TAC Gross Profit**<sup>1</sup>  
(\$ in millions)



**Adj. EBITDA**<sup>2</sup>  
(\$ in millions)



YoY growth

Ratio of Adjusted EBITDA to ex-TAC Gross Profit<sup>3</sup>



(1),(2),(3) Non-GAAP measure, see appendix for reconciliation to GAAP  
Note: Projections reflect the mid-point of 2021 guidance

## PROFITABLE GROWTH Rule of 40 Business

### UPSIDE IN OUR MODEL

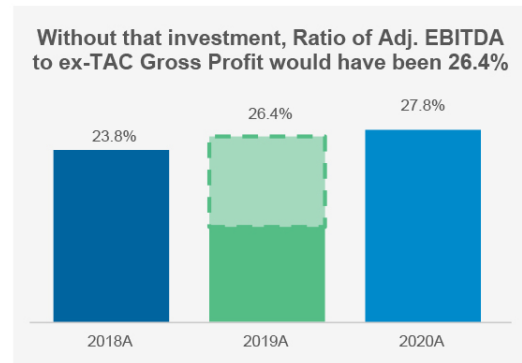
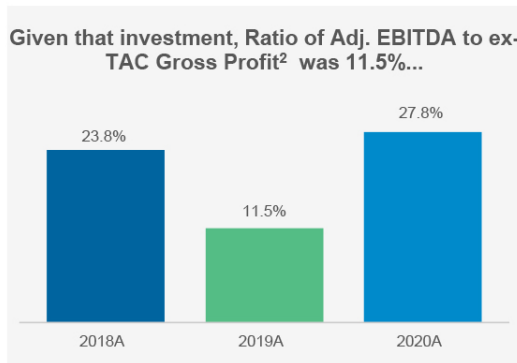
- Growth from Core Open Web business only
- Conservative growth assumed for existing base
- Additional upside from existing growth initiatives and inorganic

### LONG-TERM MODEL

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

# 2019 METRICS WERE INFLUENCED BY OUR INVESTMENT STRATEGY

In 2019, Taboola made the decision to invest \$60 million in long-term partnerships with a number of very large, brand name publishing networks<sup>1</sup>

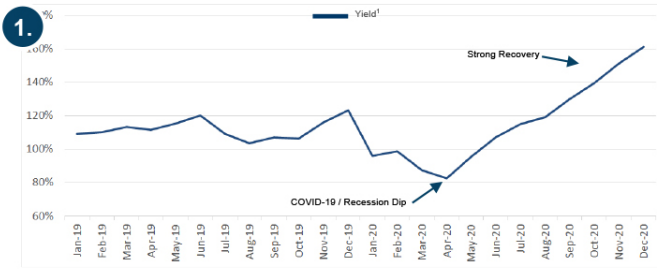


In 2020 that investment has paid off as Ratio of Adj. EBITDA to ex-TAC Gross Profit was above 27% - higher than historical trends

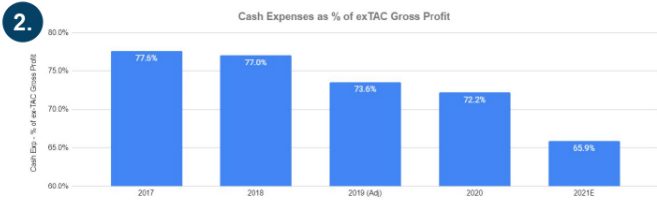


(1) "Invest" means initial losses on these publisher networks plus management's estimate of margin lost on other publishers due to lower yields as demand was spread thinner.  
 (2) Non-GAAP measure, see appendix for reconciliation to GAAP

# COVID-19 IN 2020 PROVED THE RESILIENCY OF OUR MODEL



Relentless Focus on Yields...



... Combined with Historically Low Costs

Exited 2020 stronger than we entered with sustainably higher profitability

## 1. Sustainable yield increase, driving higher margins

- Worked with publisher partners to optimize for yield
- Signed more advertisers seeking consumers digitally
- Dramatic improvements in algorithms

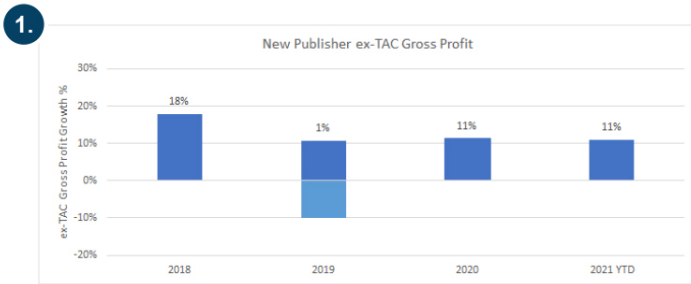
## 2. Reset cost base

- Hiring freeze permanently "right sized" organization (sustainable)
- Reduced travel, real estate and overhead (partially sustainable)

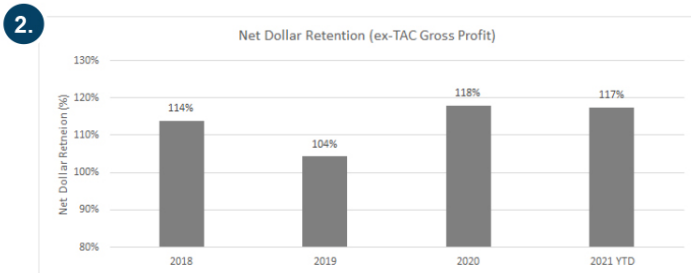


(1) Yield is a normalized measure of performance that controls for changes due to traffic shifts.  
 (2) Cash Expenses is the difference between Adj. EBITDA and exTAC Gross Profit. 2019 is adjusted to reflect Ratio of Adj. EBITDA to ex-TAC Gross Profit as detailed on the preceding slide.

# GROWTH DRIVEN BY CORE OPEN WEB INSTALLED BASE



Continued growth from new supply...



... helps provide fuel for growth from a strong installed base.

- 1. New Publisher<sup>1</sup> ex-TAC Gross Profit**
- Historically 10-15% new supply growth
  - Projecting similar range going forward

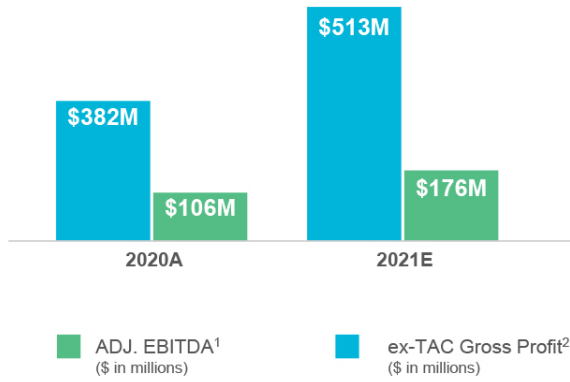
- 2. Net Dollar Retention<sup>2</sup> Growth Has Two Elements**
- Improvements in yield
  - More supply from existing publishers
  - Historically 110-120% on average



(1) New digital property partners within the first 12 months that were live on our network

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

# SELECTED NON-GAAP METRICS



(1),(2),(3),(4) Adj. EBITDA, ex-TAC Gross Profit, and Ratio of Adj. EBITDA to ex-TAC Gross Profit, and Adj. Gross Profit Margin are Non-GAAP measures, see appendix for reconciliation to GAAP. Adj. Gross Profit Margin is projected to exceed 80% in 2021. Adj. Gross Profit Margin is calculated by dividing Gross Profit by ex-TAC Gross Profit.  
 Note: Growth rates reflect 2021 growth over 2020. 2021 projection reflects the mid-point of current company guidance.

**34% - 35%**  
ex-TAC Gross Profit Growth

**34% - 35%**  
Ratio of Adj EBITDA to ex-TAC Gross Profit<sup>3</sup>

**64% - 66%**  
Adj EBITDA Growth

**80%+**  
Adj. Gross Profit Margin<sup>4</sup>

# Taboola

Thank you.

# APPENDIX

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# OUR MODEL IN A NUTSHELL

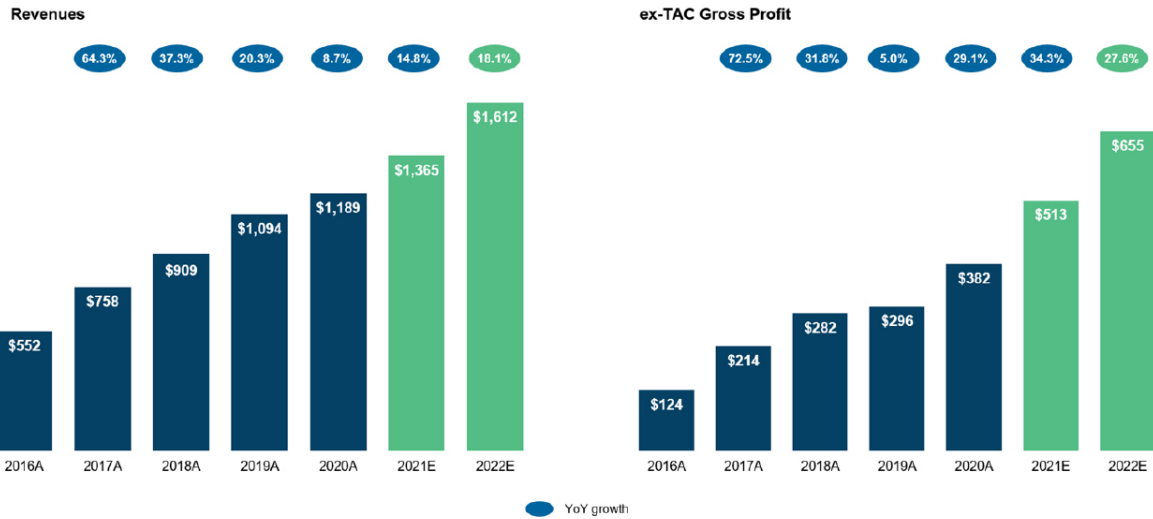
Model components:	Sample inputs / financials:	Illustrative Taboola economics:
Revenues <sup>(1)</sup>	\$909	\$1.00 (100%)
–		
Traffic Acq Cost (Value to publishers)	(\$627)	(\$0.69)
=		
ex-TAC Gross Profit <sup>(2)</sup>	\$282	\$0.31
–		
Cost of Revenues	(\$48)	(\$0.05)
=		
Gross profit	\$234	\$0.26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



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



# HISTORICAL & PROJECTED REVENUES & EX-TAC GROSS PROFIT<sup>1</sup> (REPORTED BASIS)



(1) Non-GAAP measure, see appendix for reconciliation to GAAP  
 Note: 2021 and 2022 projections reflect the mid-point of current company guidance.

# KEY MODEL ASSUMPTIONS

## ex-TAC Gross Profit<sup>1</sup>

- Historically, Taboola grew 20%+ (CAGR '17A-'20E)
- In 2020, Taboola generated \$382 million ex-TAC Gross Profit
- For FY 2021, the Company currently expects ex-TAC Gross Profit in range of \$512 - 515M

## ADJUSTED EBITDA<sup>2</sup>

- \$106 million in 2020 and growing faster than ex-TAC Gross Profit
- For FY 2021, the Company currently expects Adjusted EBITDA in range of \$174 - 177M
- Rule of 40: ex-TAC growth + Ratio of Adj. EBITDA to ex-TAC Gross Profit<sup>3</sup> always above 40%

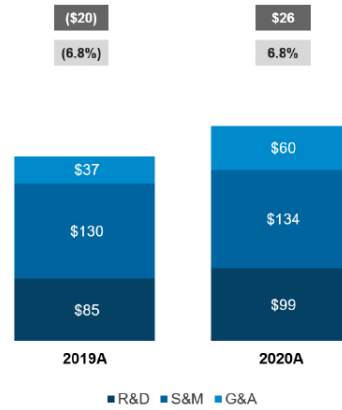
## COST ASSUMPTIONS

- Return to "normal" operations and cost basis in H2 2021 (conservative)
- Two primary costs (headcount and hardware / IT) grow commensurate with revenue growth
- Higher costs (and lower operating margin) in 2021 driven by transaction related share-based compensation expenses

Taboola

## Operating costs:

(\$ in millions)



■ R&D ■ S&M ■ G&A

■ Operating income (\$ in millions)

■ Operating margin (% of ex-TAC revenue)

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

# SELECTED GAAP AND NON-GAAP METRICS

(\$ in millions, FYE)	2018A	2019A	2020A	2021E	Long-Term Model
<b>Revenues</b>	<b>\$909</b>	<b>\$1,094</b>	<b>\$1,189</b>	<b>\$1,365</b>	
% YoY growth	20.0%	20.3%	8.7%	14.8%	
<b>ex-TAC Gross Profit</b>	<b>\$282</b>	<b>\$296</b>	<b>\$382</b>	<b>\$513</b>	
% YoY growth	31.8%	5.1%	29.1%	34.3%	20%+
<b>Gross Profit</b>	<b>\$234</b>	<b>\$232</b>	<b>\$319</b>	<b>\$428</b>	
% margin	83.1%	78.4%	83.6%	83.5%	
% YoY growth	31.1%	-0.9%	37.7%	34.1%	
<b>Adj. EBITDA</b>	<b>\$67</b>	<b>\$34</b>	<b>\$106</b>	<b>\$176</b>	
% margin	23.8%	11.5%	27.8%	34.2%	30%+
% YoY growth	39.6%	-49.1%	211.6%	65.3%	



(1) Non-GAAP measures, see appendix for reconciliation to GAAP  
 Note: 2021 projections reflect the midpoint of current company guidance.

# FY 2021 & FY 2022 GUIDANCE: REPORTED BASIS WITH CONNEXITY AS OF SEPTEMBER 1

(\$'s in millions)

	Guidance		FY '22 vs. FY '21 (Midpoint)
	FY 2021	FY 2022	
<b>Revenues (1)</b>	<b>\$1,363 to \$1,367M</b>	<b>\$1,588 to \$1,633M</b>	<b>18.1%</b>
<b>ex-TAC Gross Profit (2)</b>	<b>\$512 to \$515M</b>	<b>\$645 to \$665M</b>	<b>27.7%</b>
<b>Gross Profit</b>	<b>\$427 to \$430M</b>	<b>\$530 to \$550M</b>	<b>25.9%</b>
<b>Adjusted EBITDA (2)</b>	<b>\$174 to \$177M</b>	<b>\$193 to \$213M</b>	<b>15.4%</b>

(1) Note that the guidance for revenues has been adjusted to reflect the revised gross versus net accounting change for Connexity

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

# REVENUES GUIDANCE COMPARISON

(\$'s in millions)

	Q3 '21 Guidance		Q4 '21 Guidance			FY '21 Guidance			FY '22 Guidance		
	Original Guidance (9/28/21)	Adjusted Original Guidance (a)	Original Guidance (9/28/21)	Adjusted Original Guidance (a)	Adjusted Original, and raised (11/9/21)	Original Guidance (9/28/21)	Adjusted Original Guidance (a)	Adjusted Original, and raised (11/9/21)	Original Guidance (9/28/21)	Adjusted Original Guidance (a)	Adjusted Original, unchanged (11/9/21)
<b>Revenues</b>	\$338 - \$342M	\$331 - \$335M	\$421 - \$425M	\$388 - \$392M	\$392 - \$396M	\$1,392 - \$1,400M	\$1,351 - \$1,359M	\$1,363 - \$1,367M	\$1,698 - \$1,748M	\$1,588 - \$1,633M	\$1,588 - \$1,633M

(a) To account for Connexity Gross / Net Accounting change.

## ADDITIONAL MODELING ASSUMPTIONS

- Interest expense of approximately \$3.5M per quarter associated with \$300M term loan related to the Connexity acquisition
- Share based compensation of approximately \$126M in 2021 unusually high as a result of going public triggering event, 2022 estimated at \$73M
- Depreciation & Amortization expected to be approximately \$55M in 2021; increase related to Connexity Purchase Price Accounting allocation
- Fully weighted diluted share count was approximately 272M as of Sep 1, 2021 following the close of the Connexity acquisition
- Free Cash Flow expected to be 60% of Adjusted EBITDA in long-term models

# ADJUSTED EBITDA RECONCILIATION

(\$ in Millions)	2016A	2017A	2018A	2019A	2020A
<b>Net income (loss)</b>	<b>(\$2.7)</b>	<b>\$2.8</b>	<b>\$10.7</b>	<b>(\$28.0)</b>	<b>\$8.5</b>
<b>Adjustments:</b>					
Financial expenses (income)	0.8	(0.3)	1.3	3.4	2.7
Tax expenses	4.3	5.1	5.3	5.0	14.9
Depreciation and Amortization	13.3	28.2	35.3	39.4	34.0
Share Based Compensation	6.3	10.8	10.5	8.2	28.3
Revaluation of contingent Liability	1.4	1.6	3.8	-	-
M&A cost	-	-	-	6.1	17.8
<b>Adjusted EBITDA</b>	<b>\$23.4</b>	<b>\$48.2</b>	<b>\$66.9</b>	<b>\$34.1</b>	<b>\$106.2</b>

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

# 2021 QUARTERLY RESULTS: ADJUSTED EBITDA RECONCILIATION

(\$ in Millions)	Q1-21A	Q2-21A	Q3-21A
<b>Net income (loss)</b>	<b>\$18.6</b>	<b>(\$61.4)</b>	<b>\$17.3</b>
<b>Adjustments:</b>			
Financial expenses (income)	0.8	0.1	(14.0)
Tax expenses	2.2	7.9	(3.5)
Depreciation and Amortization	8.2	8.6	13.2
Share Based Compensation	5.1	78.5	19.9
M&A Cost and One-Time Transaction Cost of Going Public	(1.4)	7.1	6.0
Holdback compensation expenses			0.8
<b>Adjusted EBITDA</b>	<b>\$33.5</b>	<b>\$40.8</b>	<b>\$39.7</b>

<sup>1</sup>A substantial majority is Share-based compensation expenses related to going public.

<sup>2</sup>Relates to the acquisition of ION Acquisition Corp. 1 Ltd. and going public.



# EX-TAC GROSS PROFIT RECONCILIATION

(\$ in Millions)	2015A	2016A	2017A	2018A	2019A	2020A	2021E
<b>Revenues</b>	<b>\$335.6</b>	<b>\$552.1</b>	<b>\$757.9</b>	<b>\$909.2</b>	<b>\$1,093.8</b>	<b>\$1,188.9</b>	<b>\$1,364.6</b>
Traffic Acquisition Cost (TAC)	272.7	427.7	544.2	627.7	\$798.0	\$806.5	\$851.4
Other Cost of Revenues	12.1	23.2	35.1	47.3	63.9	62.9	\$84.8
<b>Gross Profit</b>	<b>\$50.8</b>	<b>\$101.2</b>	<b>\$178.6</b>	<b>\$234.2</b>	<b>\$231.9</b>	<b>\$319.5</b>	<b>\$428.5</b>
Other Cost of Revenues	62.6	23.2	35.1	47.3	63.9	62.9	84.8
<b>ex-TAC Gross Profit</b>	<b>(\$11.8)</b>	<b>\$124.4</b>	<b>\$213.7</b>	<b>\$281.5</b>	<b>\$295.8</b>	<b>\$382.4</b>	<b>\$513.3</b>

Note: 2021 projections reflect the midpoint of current company guidance.

# RATIO OF ADJUSTED EBITDA TO EX-TAC GROSS PROFIT RECONCILIATION

(\$ in Millions)	2016A	2017A	2018A	2019A	2020A
<b>Gross Profit</b>	<b>\$101</b>	<b>\$179</b>	<b>\$234</b>	<b>\$232</b>	<b>\$320</b>
Net Income (loss)	(3)	3	11	(25)	8
<i>Ratio of Net income (loss) to Gross profit</i>	-3%	2%	5%	-11%	3%
<b>ex-TAC Gross Profit</b>	<b>\$124</b>	<b>\$214</b>	<b>\$282</b>	<b>\$296</b>	<b>\$382</b>
Adjusted EBITDA	23.4	48.2	67	33.9	106
<i>Ratio of Adjusted EBITDA to ex-TAC Gross Profit</i>	19%	23%	24%	11%	28%

# EX-TAC GROSS PROFIT MARGIN RECONCILIATION

(\$ in Millions)	2016A	2017A	2018A	2019A	2020A
<b>Revenues</b>	<b>\$552</b>	<b>\$758</b>	<b>\$909</b>	<b>\$1,094</b>	<b>\$1,189</b>
<b>Gross Profit</b>	101	179	234	232	320
<i>Gros Profit Margin</i>	18%	24%	26%	21%	27%
<b>Revenues</b>	<b>\$552</b>	<b>\$758</b>	<b>\$909</b>	<b>\$1,094</b>	<b>\$1,189</b>
<b>ex-TAC Gross Profit</b>	124	214	282	296	382
<i>ex-TAC Gross Profit Margin</i>	23%	28%	31%	27%	32%

# HISTORICAL & PROJECTED ADJ. GROSS PROFIT MARGIN RECONCILIATION

(\$ in Millions)	2020A	2021E
<b>Revenues</b>	<b>\$1,189</b>	<b>\$1,365</b>
Traffic Acquisition Cost (TAC)	\$807	\$851
<b>ex-TAC Gross Profit</b>	<b>\$382</b>	<b>\$513</b>
Other Cost of Revenues	63	\$85
<b>Gross Profit</b>	<b>\$319</b>	<b>\$428</b>
<i>Gross Profit Margin</i>	<i>27%</i>	<i>31%</i>
<i>Adj. Gross Profit Margin</i>	<i>84%</i>	<i>83%</i>

**Taboola** Note: Adj. Gross Profit Margin is calculated by dividing Gross profit by ex-TAC Gross Profit. 2021 projections reflect midpoint of company's current guidance.

# HISTORICAL AND PROJECTED FREE CASH FLOW RECONCILIATION

(\$ in millions, FYE)	2019A	2020A	2021E
<b>Net cash from operating activities</b>	<b>\$18</b>	<b>\$139</b>	<b>\$80</b>
<b>Net cash used in investing activities</b>	<b>(\$44)</b>	<b>(\$18)</b>	<b>(\$33)</b>
Intangible assets	0	(9)	(12)
Purchase of IT equipment (servers)	(44)	(9)	(21)
<b>Free Cash Flow</b>	<b>(\$26)</b>	<b>\$121</b>	<b>\$47</b>

(1) Adj. EBITDA Plus the change in working capital reflects the Net cash provided by operating activities. For estimated periods, Net cash from operating activities assumes 53-57 days payables outstanding and 40-45 days sales outstanding.

# CONSOLIDATED BALANCE SHEET

(\$ in millions)	As of Dec 31, 2019	As of Dec 31, 2020
Cash, cash equivalents and short-term deposits	\$ 116	\$ 243
<b>Total Assets</b>	<b>\$ 482</b>	<b>\$ 580</b>
<b>Total Liabilities &amp; Convertible Shares</b>	<b>\$ 475</b>	<b>\$ 533</b>
Accumulated Deficit	\$ (40)	\$ (31)
Additional Paid-in-capital	\$ 47	\$ 78
<b>Total Shareholders' Equity</b>	<b>\$ 7</b>	<b>\$ 47</b>

## 2021 QUARTERLY RESULTS: EX-TAC GROSS PROFIT RECONCILIATION

(\$ in Millions)	Q1-21A	Q2-21A	Q3-21A
<b>Revenues</b>	<b>\$303.0</b>	<b>\$329.1</b>	<b>\$338.8</b>
Traffic Acquisition Cost (TAC)	197.0	212.2	211.9
Other Cost of Revenues	16.4	16.6	19.2
<b>Gross Profit</b>	<b>\$89.6</b>	<b>\$100.3</b>	<b>\$107.7</b>
Other Cost of Revenues	16.4	16.6	19.2
<b>ex-TAC Gross Profit</b>	<b>\$106.0</b>	<b>\$116.9</b>	<b>\$126.9</b>

## 2021 FULL YEAR GUIDANCE: EX-TAC GROSS PROFIT RECONCILIATION

(\$ in Millions)	2021E
<b>Revenues</b>	<b>\$1,363 - \$1,367</b>
Traffic Acquisition Cost (TAC)	(\$850 - \$853)
Other Cost of Revenues	(\$84 - \$86)
<b>Gross Profit</b>	<b>\$427 - \$430</b>
Other Cost of Revenues	\$84 - \$86
<b>ex-TAC Gross Profit</b>	<b>\$512 - \$515</b>