

Taboola Reports Strong Q4 Net Income and Adj. EBITDA; Profits Beat High End of Guidance for Q4 and FY 2023; 2024 Guidance Calls for Record Year With Substantial Growth Across All Key Metrics

Key Highlights

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

- Q4 2023 Revenue +13%, Gross profit +4%, and ex-TAC Gross Profit +6% inline with guidance midpoint (including small impact from changes to Microsoft's ad platform)
- Q4 2023 strong Net income, and Adj. EBITDA beat above high end of guidance range

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

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

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

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

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

Improving yield - fast adoption of AI (Maximize Conversion), back to yield growth in 2024

- Returning to positive yield growth beginning in Q2 2024. Investments in AI panning out
- Performance advertising benefiting from Maximize Conversion adoption at 50%+ of revenue
- eCommerce grew double digits in 2023 and positioned well for success
- Deep learning-AI/data actions set to drive yield in 2024 and beyond...

New York, NY, February 28, 2024 -- Taboola (Nasdaq: TBLA), a market leading technology company powering recommendations for the open web, today announced its results for the quarter ended December 31, 2023.

"We had a strong end to 2023, with Q4 2023 revenue up 13%, ex-TAC Gross Profit up 6% versus the prior year, and Adjusted EBITDA of \$50.1M significantly exceeding the top end of our guidance range. 2024 is a step function growth year for us: ex-TAC is expected to grow 25% vs 2023, Adj. EBITDA of \$200M+ is over 2x 2023, Free Cash Flow of \$100M+ is almost 2x 2023 - all driven by Yahoo ramping with \$100M+ in Q1 2024, our investment in AI panning out with yields growing in 2024, another iconic consumer company selecting Taboola as a new official advertising partner, and our growth engines (eCommerce, Taboola News and Bidder) all having a lot of momentum. More than anything, I'm super proud of our Taboolars' dedication and ability to stay high performing through the most difficult of circumstances. We have ended 2023 with the wind at our backs and 2024 is shaping up to be a

record year for Taboola,” said Adam Singolda, CEO of Taboola.

Q4 2023 Highlights

- Q4 2023 Revenues of \$419.8M, Gross profit of \$138.3M, ex-TAC Gross Profit of \$168.5M, Net income of \$3.7M, Non-GAAP Net Income of \$31.4M and Adjusted EBITDA of \$50.1M (beat high end of guidance range of \$26M - \$33M).
- Revenue Highlights
 - Revenue growth driven by new publisher partners added to the Taboola network.
 - Publisher wins that were new and from competitors included A360 Media, Postmedia, Diario, Deutsche Welle, Times Internet, Nine Entertainment and Bunshun Online.
 - Renewed relationships with many well-known publishers including NBC News, McClatchy, Editora Globo, R7, Prisa, Alayans Media, and Ynet.
- Notable product launches and advancements
 - Maximize Conversions, our first offering in our AI-bidding technology suite, reached over 50 percent of advertiser spend with great brands using it including Hyundai, ERGO, Leica Camera, Sonova, Peugeot, and Opel.
 - Taboola Generative AI Admaker released, which allows advertisers to edit existing creative automatically - 25% of new creatives generated use Generative AI tools.

FY 2023 Highlights

- 2023 Revenues of \$1,439.7M, Gross profit of \$425.6M, ex-TAC Gross Profit of \$535.8M, Net loss of \$82.0M, Non-GAAP Net Income of \$32.6M and Adjusted EBITDA of \$98.7M.
- FY 2023 Net cash provided by operating activities of \$84.4M and Free Cash Flow of \$52.2M.
- FY 2023 eCommerce grew double-digits and exceeded expectations, accounting for ~20% of ex-TAC in 2023.
- FY 2023 Taboola News, distributing content to Android OEMs exceeded 2023 expectations, and grew revenue to over \$100M in 2023. Together with Header Bidding (excluding Microsoft), accounted for ~10% of ex-TAC.

FY 2024 Guidance Summary

- Initiating 2024 top line guidance that expects significant growth versus prior year; revenue and ex-TAC Gross profit midpoints expected to grow ~33% and ~25%, respectively.
- Reiterating 2024 Adjusted EBITDA \$200M+; Free Cash Flow \$100M+.

For more commentary on the quarter, please refer to Taboola’s Q4 and Full Year 2023 [Shareholder Letter](#) and [Investor Presentation](#), both of which are posted on Taboola’s website today at <https://investors.taboola.com>.

Fourth Quarter and Full Year 2023 Results Summary

(dollars in millions, except share and per share data)

| | Three months ended December 31, | | Year ended December 31, | |
|--|------------------------------------|-------------|----------------------------|-------------|
| | 2023 | 2022 | 2023 | 2022 |
| | Unaudited | | | |
| Revenues | \$ 419.8 | \$ 371.3 | \$ 1,439.7 | \$ 1,401.2 |
| Gross profit | \$ 138.3 | \$ 133.2 | \$ 425.6 | \$ 464.3 |
| Net income (loss) | \$ 3.7 | \$ 15.2 | \$ (82.0) | \$ (12.0) |
| EPS diluted (1) | \$ 0.01 | \$ 0.06 | \$ (0.24) | \$ (0.05) |
| Ratio of net income (loss) to gross profit | 2.7% | 11.4% | (19.3%) | (2.6%) |
| Cash flow provided by operating activities | \$ 22.8 | \$ 20.1 | \$ 84.4 | \$ 53.5 |
| Cash, cash equivalents, short-term deposits and investments | \$ 181.8 | \$ 262.8 | \$ 181.8 | \$ 262.8 |
| Weighted-average shares used in computing net income (loss) per share, diluted (1) | 357,796,637 | 263,160,470 | 346,376,114 | 254,284,781 |

Non-GAAP Financial Data *

| | | | | |
|---|----------|----------|----------|----------|
| ex-TAC Gross Profit | \$ 168.5 | \$ 158.9 | \$ 535.8 | \$ 569.6 |
| Adjusted EBITDA | \$ 50.1 | \$ 63.5 | \$ 98.7 | \$ 156.7 |
| Non-GAAP Net Income | \$ 31.4 | \$ 43.3 | \$ 32.6 | \$ 91.4 |
| Ratio of Adjusted EBITDA to ex-TAC Gross Profit | 29.7% | 40.0% | 18.4% | 27.5% |
| Free Cash Flow | \$ 10.5 | \$ 13.6 | \$ 52.2 | \$ 18.6 |

¹ The weighted-average shares for the three months and the year ended December 31, 2023 includes 45,198,702 Non-voting Ordinary shares.

First Quarter and Full Year 2024 Guidance

For the First Quarter and Full Year 2024, the Company currently expects:

| | Q1 2024 Guidance | FY 2024 Guidance |
|-----------------------------|---------------------|---------------------|
| | Unaudited | |
| (dollars in millions) | | |
| Revenues | \$387 - \$413 | \$1,892 - \$1,942 |
| Gross profit | \$94 - \$106 | \$535 - \$555 |
| ex-TAC Gross Profit* | \$123 - \$135 | \$656 - \$679 |
| Adjusted EBITDA* | \$10 - \$17 | \$200+ |
| Non-GAAP Net Income (Loss)* | (\$15) - (\$3) | \$84 - \$104 |

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

Webcast Details

Taboola's senior management team will discuss the Company's earnings on a call that will take place on February 28, 2024, at 8:30 AM ET. The call can be accessed via webcast at <https://investors.taboola.com>. To access the call by phone, please go to this link to register <https://register.vevent.com/register/Blde7d71bf81ff40529269fd4f8823c5b9> and you will be provided with dial in details. The webcast will be available for replay for one year, through the close of business on February 28, 2024.

***About Non-GAAP Financial Information**

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

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

Note Regarding Forward-Looking Statements

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

These forward-looking statements are based upon estimates and assumptions that, while considered reasonable by the Company and its management, are inherently uncertain. Uncertainties and risk factors that could affect the Company’s future performance and cause results to differ from the forward-looking statements in this press release include, but are not limited to: the Company’s ability to grow and manage growth profitably, maintain relationships with customers and retain its management and key employees; changes in applicable laws or regulations; the Company’s estimates of expenses and profitability and underlying assumptions with respect to accounting presentations and purchase price and other adjustments; the extent to which we will voluntarily prepay additional long-term debt or buyback any of our Ordinary shares pursuant to authority granted by the Company’s Board of Directors, which may depend upon market and economic conditions, other business opportunities and priorities and, with respect to the buyback of our Ordinary shares, the availability of sufficient continuing authority being approved and re-approved as necessary by the Tel Aviv District Court Economic Department to permit share buybacks (and our continued use of a net issuance mechanism to satisfy tax withholding obligations related to equity-based compensation on behalf of our directors, officers and other employees) or other factors; the new \$100 million buyback authorization referenced in this press release replaces our former share buyback plan which was largely exhausted; the Company’s ability to transition to and fully launch the native advertising service for Yahoo on the currently anticipated schedule; the ability to generate or achieve the increase in Adjusted EBITDA and Free Cash Flow in 2024 or our expected revenue run-rate once Yahoo integration is live, in each case to the levels assumed in this press release or at all; ability to attract new digital properties and advertisers; ability to meet minimum guarantee requirements in contracts with digital properties; intense competition in the digital advertising space, including with competitors who have significantly more resources; ability to grow and scale the Company’s ad and content platform through new relationships with advertisers and digital properties; ability to secure high quality content from digital properties; ability to maintain relationships with current advertiser and digital property partners; ability to prioritize investments to improve profitability and free cash flow; ability to make continued investments in the Company’s AI-powered technology platform; the need to attract, train and retain highly-skilled technical workforce; changes in the regulation of, or market practice with respect to, “third party cookies” and its impact on digital advertising; continued engagement by users who interact with the Company’s platform on various digital properties; reliance on a limited number of partners for a significant portion of the Company’s revenue; changes in laws and regulations related to privacy, data protection, advertising regulation, competition and other areas related to digital advertising; ability to enforce, protect and maintain intellectual property rights; risks related to the fact

that we are incorporated in Israel and governed by Israeli law; the potential impacts of the war in Israel to the Company's operations; and other risks and uncertainties set forth in the Company's Annual Report on Form 10-K for the year ended December 31, 2023 under Part 1, Item 1A "Risk Factors" and in the Company's subsequent filings with the Securities and Exchange Commission.

Nothing in this 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 is a market leading technology powering recommendations for the open web.

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

Approximately 17,000 advertisers use Taboola to reach nearly 600 million daily active users in a brand-safe environment. Following the acquisition of Connexity in 2021, Taboola is a leader in powering e-commerce recommendations, driving more than 1 million monthly transactions each month. Leading brands, including Walmart, Macy's, Wayfair, Skechers and eBay are among key customers.

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

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CONSOLIDATED BALANCE SHEETS

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

| | December 31, 2023 | December 31, 2022 |
|---|----------------------|----------------------|
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash and cash equivalents | \$ 176,108 | \$ 165,893 |
| Short-term investments | 5,725 | 96,914 |
| Restricted deposits | 1,407 | 750 |
| Trade receivables (net of allowance for credit losses of \$10,207 and \$6,748 as of December 31, 2023 and 2022, respectively) | 306,307 | 256,708 |
| Prepaid expenses and other current assets | 69,865 | 73,643 |
| Total current assets | 559,412 | 593,908 |
| NON-CURRENT ASSETS | | |
| Long-term prepaid expenses | 39,602 | 42,945 |
| Commercial agreement asset | 289,451 | — |
| Restricted deposits | 4,247 | 4,059 |
| Deferred tax assets, net | — | 3,821 |
| Operating lease right of use assets | 61,746 | 66,846 |
| Property and equipment, net | 72,155 | 73,019 |
| Intangible assets, net | 125,258 | 189,156 |
| Goodwill | 555,931 | 555,869 |
| Total non-current assets | 1,148,390 | 935,715 |
| Total assets | \$ 1,707,802 | \$ 1,529,623 |

CONSOLIDATED BALANCE SHEETS

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

| | December 31, 2023 | December 31, 2022 |
|---|----------------------|----------------------|
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| CURRENT LIABILITIES | | |
| Trade payables | \$ 282,012 | \$ 247,504 |
| Short-term operating lease liabilities | 20,264 | 14,753 |
| Accrued expenses and other current liabilities | 118,689 | 102,965 |
| Current maturities of long-term loan | 3,000 | 3,000 |
| Total current liabilities | 423,965 | 368,222 |
| LONG-TERM LIABILITIES | | |
| Long-term loan, net of current maturities | 142,164 | 223,049 |
| Long-term operating lease liabilities | 49,450 | 57,928 |
| Warrants liability | 6,129 | 6,756 |
| Deferred tax liabilities, net | 14,815 | 34,133 |
| Other long-term liabilities | 14,217 | 5,000 |
| Total long-term liabilities | 226,775 | 326,866 |
| SHAREHOLDERS' EQUITY | | |
| Ordinary shares with no par value- Authorized: 700,000,000 as of December 31, 2023 and 2022; 295,670,620 and 254,133,863 shares issued and outstanding as of December 31, 2023 and 2022, respectively | — | — |
| Non-voting Ordinary shares with no par value- Authorized: 46,000,000 as of December 31, 2023 and 2022; 45,198,702 and 0 shares issued and outstanding as of December 31, 2023 and 2022, respectively | — | — |
| Treasury Ordinary shares, at cost - 15,240,471 and 0 shares as of December 31, 2023 and 2022, respectively | (55,513) | — |
| Additional paid-in capital | 1,262,093 | 903,789 |
| Accumulated other comprehensive income (loss) | 942 | (834) |
| Accumulated deficit | (150,460) | (68,420) |
| Total shareholders' equity | 1,057,062 | 834,535 |
| Total liabilities and shareholders' equity | \$ 1,707,802 | \$ 1,529,623 |

CONSOLIDATED STATEMENTS OF INCOME (LOSS)

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

| | Three months ended December 31, | | Year ended December 31, | |
|--|------------------------------------|-------------------|----------------------------|---------------------|
| | 2023 | 2022 | 2023 | 2022 |
| | Unaudited | | | |
| Revenues | \$ 419,774 | \$ 371,267 | \$ 1,439,685 | \$ 1,401,150 |
| Cost of revenues: | | | | |
| Traffic acquisition cost | 251,264 | 212,399 | 903,866 | 831,508 |
| Other cost of revenues | 30,260 | 25,694 | 110,261 | 105,389 |
| Total cost of revenues | 281,524 | 238,093 | 1,014,127 | 936,897 |
| Gross profit | 138,250 | 133,174 | 425,558 | 464,253 |
| Operating expenses: | | | | |
| Research and development | 34,379 | 28,548 | 136,255 | 129,276 |
| Sales and marketing | 64,911 | 55,814 | 246,342 | 246,803 |
| General and administrative | 30,165 | 23,777 | 106,698 | 101,839 |
| Total operating expenses | 129,455 | 108,139 | 489,295 | 477,918 |
| Operating income (loss) | 8,795 | 25,035 | (63,737) | (13,665) |
| Finance income (expenses), net | (1,421) | (3,176) | (12,804) | 9,213 |
| Income (loss) before income taxes expenses | 7,374 | 21,859 | (76,541) | (4,452) |
| Income tax expenses | (3,651) | (6,675) | (5,499) | (7,523) |
| Net income (loss) | \$ 3,723 | \$ 15,184 | \$ (82,040) | \$ (11,975) |
| Net income (loss) per share attributable to Ordinary and Non-voting Ordinary shareholders, basic | \$ 0.01 | \$ 0.06 | \$ (0.24) | \$ (0.05) |
| Weighted-average shares used in computing net income (loss) per share, basic | 348,538,870 | 261,922,644 | 346,376,114 | 254,284,781 |
| Net income (loss) per share attributable to Ordinary and Non-voting Ordinary shareholders, diluted | \$ 0.01 | \$ 0.06 | \$ (0.24) | \$ (0.05) |
| Weighted-average shares used in computing net income (loss) per share, diluted | 357,796,637 | 263,160,470 | 346,376,114 | 254,284,781 |

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

U.S. dollars in thousands

| | Three months ended December 31, | | Year ended December 31, | |
|---|------------------------------------|------------------|----------------------------|--------------------|
| | 2023 | 2022 | 2023 | 2022 |
| | Unaudited | | | |
| Net income (loss) | \$ 3,723 | \$ 15,184 | \$ (82,040) | \$ (11,975) |
| Other comprehensive income (loss): | | | | |
| Unrealized gains (losses) on available-for-sale marketable securities, net | 12 | 183 | 515 | (521) |
| Unrealized gains (losses) on derivative instruments, net | 1,148 | 1,707 | 1,261 | (313) |
| Other comprehensive income (loss) | 1,160 | 1,890 | 1,776 | (834) |
| Comprehensive income (loss) | \$ 4,883 | \$ 17,074 | \$ (80,264) | \$ (12,809) |

SHARE-BASED COMPENSATION BREAK-DOWN BY EXPENSE LINE

U.S. dollars in thousands

| | Three months ended December 31, | | Year ended December 31, | |
|--|------------------------------------|------------------|----------------------------|------------------|
| | 2023 | 2022 | 2023 | 2022 |
| | Unaudited | | | |
| Cost of revenues | \$ 842 | \$ 865 | \$ 3,924 | \$ 3,092 |
| Research and development | 6,190 | 5,545 | 24,471 | 26,433 |
| Sales and marketing | 3,584 | 4,264 | 16,397 | 22,615 |
| General and administrative | 4,847 | 5,276 | 19,539 | 22,781 |
| Total share-based compensation expenses | \$ 15,463 | \$ 15,950 | \$ 64,331 | \$ 74,921 |

DEPRECIATION AND AMORTIZATION BREAK-DOWN BY EXPENSE LINE

U.S. dollars in thousands

| | Three months ended December 31, | | Year ended December 31, | |
|--|------------------------------------|------------------|----------------------------|------------------|
| | 2023 | 2022 | 2023 | 2022 |
| | Unaudited | | | |
| Cost of revenues | \$ 11,260 | \$ 8,160 | \$ 39,024 | \$ 33,349 |
| Research and development | 770 | 474 | 2,528 | 2,468 |
| Sales and marketing | 13,539 | 13,240 | 54,105 | 54,157 |
| General and administrative | 234 | 636 | 855 | 1,247 |
| Total depreciation and amortization expense | \$ 25,803 | \$ 22,510 | \$ 96,512 | \$ 91,221 |

CONSOLIDATED STATEMENTS OF CASH FLOWS

U.S. dollars in thousands

| | Three months ended December 31, | | Year ended December 31, | |
|---|------------------------------------|-----------|----------------------------|-------------|
| | 2023 | 2022 | 2023 | 2022 |
| | Unaudited | | | |
| <u>Cash flows from operating activities</u> | | | | |
| Net income (loss) | \$ 3,723 | \$ 15,184 | \$ (82,040) | \$ (11,975) |
| <u>Adjustments to reconcile net income (loss) to net cash flows provided by operating activities:</u> | | | | |
| Depreciation and amortization | 25,803 | 22,510 | 96,512 | 91,221 |
| Share-based compensation expenses | 15,463 | 15,950 | 64,331 | 74,921 |
| Net loss (gain) from financing expenses | (2,085) | (3,257) | (816) | 4,476 |
| Revaluation of the Warrants liability | 106 | 2,517 | (627) | (24,471) |
| Amortization of loan and credit facility issuance costs | 399 | 1,003 | 1,619 | 2,009 |
| Amortization of premium and accretion of discount on short-term investments, net | 9 | (357) | (914) | (679) |
| Loss from disposal of property and equipment | 1,571 | — | 1,571 | — |

Change in operating assets and liabilities:

| | | | | |
|---|---------------|---------------|---------------|---------------|
| Increase in trade receivables, net | (74,189) | (71,914) | (49,599) | (11,242) |
| Decrease (increase) in prepaid expenses and other current assets and long-term prepaid expenses | 3,380 | 3,136 | 5,934 | (10,785) |
| Increase (decrease) in trade payables | 34,341 | 37,834 | 36,563 | (16,825) |
| Increase (decrease) in accrued expenses and other current liabilities and other long-term liabilities | 19,825 | 3,584 | 25,202 | (21,932) |
| Decrease in deferred taxes, net | (7,278) | (7,653) | (15,496) | (17,329) |
| Change in operating lease right of use assets | 4,383 | 3,992 | 16,830 | 15,528 |
| Change in operating lease liabilities | (2,659) | (2,471) | (14,697) | (19,433) |
| Net cash provided by operating activities | 22,792 | 20,058 | 84,373 | 53,484 |

Cash flows from investing activities

| | | | | |
|---|----------------|---------------|---------------|------------------|
| Purchase of property and equipment, including capitalized internal-use software | (12,294) | (6,438) | (32,133) | (34,914) |
| Cash paid in connection with acquisitions, net of cash acquired | — | — | — | (7,981) |
| Proceeds from (investment in) restricted deposits | (136) | (7) | (730) | 91 |
| Proceeds from maturities of short-term investments | 6,825 | 23,464 | 114,494 | 29,624 |
| Investments in (purchase of) short-term investments | — | 1 | (21,991) | (126,381) |
| Net cash provided by (used in) investing activities | (5,605) | 17,020 | 59,640 | (139,561) |

Cash flows from financing activities

| | | | | |
|--|-----------------|-----------------|------------------|-----------------|
| Exercise of options and vested RSUs | 1,524 | 920 | 6,953 | 8,387 |
| Payment of tax withholding for share-based compensation expenses | (591) | (1,641) | (3,804) | (5,751) |
| Repurchase of Ordinary shares | (32,356) | — | (55,513) | — |
| Repayment of long-term loan | (50,000) | (62,014) | (82,250) | (64,264) |
| Costs associated with entering into a revolving credit facility | — | (184) | — | (1,245) |
| Net cash used in financing activities | (81,423) | (62,919) | (134,614) | (62,873) |

Exchange rate differences on balances of cash and cash equivalents

| | | | | |
|---|-------------------|-------------------|-------------------|-------------------|
| Increase (decrease) in cash and cash equivalents | (62,151) | (22,584) | 10,215 | (153,426) |
| Cash and cash equivalents - at the beginning of the period | 238,259 | 188,477 | 165,893 | 319,319 |
| Cash and cash equivalents - at the end of the period | \$ 176,108 | \$ 165,893 | \$ 176,108 | \$ 165,893 |

| | Three months ended December 31, | | Year ended December 31, | |
|--|------------------------------------|----------|----------------------------|-----------|
| | 2023 | 2022 | 2023 | 2022 |
| Unaudited | | | | |
| Supplemental disclosures of cash flow information: | | | | |
| <u>Cash paid during the year for:</u> | | | | |
| Income taxes | \$ 8,076 | \$ 6,199 | \$ 18,011 | \$ 28,798 |
| Interest | \$ 3,908 | \$ 5,618 | \$ 18,488 | \$ 20,712 |
| <u>Non-cash investing and financing activities:</u> | | | | |
| Purchase of property and equipment, including capitalized internal-use software | \$ 639 | \$ 1,657 | \$ 639 | \$ 1,657 |
| Share-based compensation included in capitalized internal-use software | \$ 522 | \$ 472 | \$ 2,253 | \$ 1,932 |
| Creation of operating lease right-of-use assets | \$ 1,126 | \$ 5,621 | \$ 11,730 | \$ 17,269 |
| Issuance of Ordinary shares and Non-voting Ordinary shares related to Commercial agreement | \$ — | \$ — | \$ 288,063 | \$ — |

APPENDIX: Non-GAAP Reconciliation

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

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

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

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

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

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

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

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

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 December 31, | | Year ended December 31, | |
|---|------------------------------------|------------|----------------------------|-------------|
| | 2023 | 2022 | 2023 | 2022 |
| | (dollars in thousands) | | | |
| Gross profit | \$ 138,250 | \$ 133,174 | \$ 425,558 | \$ 464,253 |
| Net income (loss) | \$ 3,723 | \$ 15,184 | \$ (82,040) | \$ (11,975) |
| Ratio of net gain (loss) to gross profit | 2.7% | 11.4% | (19.3%) | (2.6%) |
| ex-TAC Gross Profit | \$ 168,510 | \$ 158,868 | \$ 535,819 | \$ 569,642 |
| Adjusted EBITDA | \$ 50,061 | \$ 63,495 | \$ 98,677 | \$ 156,676 |
| Ratio of Adjusted EBITDA margin to ex-TAC Gross Profit | 29.7% | 40.0% | 18.4% | 27.5% |

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

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

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

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

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

⁴ Represents income or loss related to the remeasurement of monetary assets and liabilities to the Company's functional currency using exchange rates in effect at the end of the reporting period.

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

| | Three months ended | | Year ended | |
|--|---------------------------|------------------|---------------------|------------------|
| | December 31, | | December 31, | |
| | 2023 | 2022 | 2023 | 2022 |
| | (dollars in thousands) | | | |
| Net cash provided by operating activities | \$ 22,792 | \$ 20,058 | \$ 84,373 | \$ 53,484 |
| Purchases of property and equipment, including capitalized internal-use software | (12,294) | (6,438) | (32,133) | (34,914) |
| Free Cash Flow | \$ 10,498 | \$ 13,620 | \$ 52,240 | \$ 18,570 |

APPENDIX: Non-GAAP Guidance Reconciliation

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

(Unaudited)

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

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

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

provided by operating activities is included. For the same reasons, we are unable to address the probable significance of the unavailable information.