As filed with the Securities and Exchange Commission on August 31, 2021

Registration No. 333-257879

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

Amendment No. 1 to FORM F-1

REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

TABOOLA.COM LTD.

(Exact Name of Registrant as Specified in Its Charter)

State of Israel	**7370**	**Not applicable**
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification Number)

Taboola.com Ltd.
16 Madison Square West
7th Floor
New York, NY
10010
(212) 206-7633
(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)
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Approximate date of commencement of proposed sale to the public: From time to time after this Registration Statement becomes effective.

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

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

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

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

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

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards† provided pursuant to Section 7(a)(2)(B) of the Securities Act . ☐

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

CALCULATION OF REGISTRATION FEE

Title Of Securities To Be Registered(1)	Amount To Be Registered(2)	Proposed Maximum Offering Price Per Share(3)	Proposed Maximum Aggregate Offering Price	Amount Of Registration Fee(4)
Ordinary shares, no par value per share	28,620,000(5)	$9.44	$270,172,800(3)	$29,475.85
Warrants to purchase ordinary shares	7,175,000(6)	—	—(7)	$ —
Ordinary shares, no par value per share, underlying the warrants	12,350,000(8)	$9.44	$116,584,000(3)	$12,719.31
Total			$386,756,800	$42,195.16(9)

(1) The securities are being registered solely in connection with the resale of ordinary shares by the selling securityholders named in this registration statement.

(2) Pursuant to Rule 416 under the Securities Act of 1933, as amended (the "Securities Act"), the registrant is also registering an indeterminate number of additional securities that may become issuable as a result of any stock dividend, stock split, recapitalization or other similar transaction.

(3) Estimated solely for the purpose of calculating the registration fee in accordance with Rule 457(c) and Rule 457(g) under the Securities Act, based on the average of the high and low prices of the registrant's ordinary shares on July 8, 2021, as reported on The Nasdaq Global Market, which was approximately $9.44 per share.

(4) Calculated by multiplying the proposed maximum aggregate offering price of securities to be registered by 0.0001091.

(5) 28,620,000 ordinary shares registered for sale by the Selling Securityholders named in this registration statement.

(6) Represents the resale of 7,175,000 private placement warrants.

(7) No separate fee due in accordance with Rule 457(i).

(8) 12,350,000 ordinary shares issuable upon the exercise of the private placement warrants and public warrants (as defined below), based on the number of public warrants outstanding on as of July 8, 2021.

(9) Previously paid.

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

SUBJECT TO COMPLETION, DATED AUGUST 31, 2021

PRELIMINARY PROSPECTUS

TABOOLA.COM LTD.

40,970,000 Ordinary Shares
7,175,000 Warrants to Purchase Ordinary Shares

The selling securityholders named in this prospectus (the "Selling Securityholders") may offer and sell from time to time up to 28,620,000 of our ordinary shares, no par value per share purchased in a private placement in connection with our Business Combination, and warrants ("private placement warrants") to purchase up to 7,175,000 ordinary shares issued in a private placement to ION Holdings 1, LP and ION Co-Investment LLC (the "Sponsors").

In addition, this prospectus relates to the issuance by us of up to 5,175,000 ordinary shares that are issuable by us upon the exercise of the public warrants (as defined below), which were previously registered, and up to 7,175,000 ordinary shares underlying private placement warrants.

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

Our ordinary shares and warrants are listed on The Nasdaq Global Market under the symbols "TBLA" and "TBLAW", respectively. On August 27, 2021, the last reported sales price of our ordinary shares was $8.75 per share and the last reported sales price of our warrants was $2.06 per warrant.

Investing in our securities involves a high degree of risk. You should review carefully the risks and uncertainties described under the heading "Risk Factors" beginning on page 14 of this prospectus, and under similar headings in any amendment or supplements to this prospectus.

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

The date of this prospectus is August , 2021.

TABLE OF CONTENTS

	Page
Frequently Used Terms	1
Cautionary Note Regarding Forward-Looking Statements	3
Summary of the Prospectus	5
The Offering	13
Risk Factors	14
Use of Proceeds	45
Market Price of our Securities	46
Unaudited Pro Forma Condensed Combined Financial Information	47
Management's Discussion and Analysis of Financial Condition and Results of Operations	61
Business	80
Management	93
Description of Securities	117
Beneficial Ownership of Securities	129
Taboola Ordinary Shares Eligible for Future Sale	131
Selling Stockholders	133
Certain Relationships and Related Party Transactions	138
U.S. Federal Income Tax Considerations	140
Certain Material Israeli Tax Considerations	148
Plan of Distribution	153
Legal Matters	155
Experts	155
Where You Can Find More Information	155
Index to Financial Statements	F-1

No one has been authorized to provide you with information that is different from that contained in this prospectus. This prospectus is dated as of the date set forth on the cover hereof. You should not assume that the information contained in this prospectus is accurate as of any date other than that date.

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

FREQUENTLY USED TERMS

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

"Board" means the board of directors of ION.

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

"Class A Ordinary Shares" means each Class A ordinary share of ION, par value $0.0001 per share. All Class A common stock was reclassified as Taboola Ordinary Shares upon the consummation of the Business Combination.

"Class B Ordinary Shares" means each Class B ordinary share of ION, par value $0.0001 per share. All Class B common stock was reclassified as Taboola Ordinary Shares upon the consummation of the Business Combination.

"Effective Time" means the effective time of the closing of the Business Combination.

"Founder Shares" means 6,468,750 Class B Ordinary Shares purchased by the Sponsors, directors and executive officers of ION for an aggregate of $25,000 (including the 718,750 Class B Ordinary Shares issued to the Founders in connection with the share capitalization effected on October 1, 2020), which immediately prior to the Effective Time automatically converted into 6,468,750 Class A Ordinary Shares.

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

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

"ION Ordinary Shares" means Class A Ordinary Shares and Class B Ordinary Shares.

"ION Unit" means each issued and outstanding unit of ION, consisting of one Class A Ordinary Share and one-fifth of one ION Warrant.

"ION Warrants" means each warrant of ION entitling the holder to purchase one Class A Ordinary Shares per warrant at a price of $11.50 per share.

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

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

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

"PIPE Investment" means the commitment by the PIPE Investors to purchase an aggregate of 13,500,000 PIPE Shares from Taboola at a price per share of $10.00, for gross proceeds to Taboola of $135,000,000.

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

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

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

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

"Secondary Purchases" means the commitment by the Secondary Investors to purchase Taboola Ordinary Shares from certain employees and shareholders of Taboola, and, under certain circumstances, from Taboola, in an aggregate of 15,120,000 Secondary Shares at a price per share of $10.00, for gross proceeds of $151,200,000.

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

“Sponsor Support Agreement” means the agreement pursuant to which the Sponsors agreed to undertake certain actions in support of the Business Combination, including, but not limited to, delivering a voting proxy pursuant to which the Sponsors voted in favor of the proposals presented for approval herein.

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

“Stock Split” means the forward stock split to cause the value of the outstanding Taboola Ordinary Shares immediately prior to the Effective Time to equal $10.00 per share.

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

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

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

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

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

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements in this registration statement/prospectus may constitute "forward-looking statements" for purposes of the federal securities laws. Taboola's forward-looking statements include, but are not limited to, statements regarding Taboola or its management team's expectations, hopes, beliefs, intentions or strategies regarding the future. In addition, any statements that refer to projections, forecasts or other characterizations of future events or circumstances, including any underlying assumptions, are forward-looking statements. The words "anticipate," "appear," "approximate," "believe," "continue," "could," "estimate," "expect," "foresee," "intends," "may," "might," "plan," "possible," "potential," "predict," "project," "seek," "should," "would" and similar expressions (or the negative version of such words or expressions) may identify forward-looking statements, but the absence of these words does not mean that a statement is not forward-looking. Forward-looking statements in this registration statement/prospectus may include, for example, statements about:

- our financial performance following the Business Combination;
- the impact of the COVID-19 pandemic on our business and the actions we may take in response thereto; and
- the outcome of any known and unknown litigation and regulatory proceedings.

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

You should not place undue reliance on these forward-looking statements. As a result of a number of known and unknown risks and uncertainties, our actual results or performance may be materially different from those expressed or implied by these forward-looking statements. Some factors that could cause actual results to differ include:

- the outcome of any legal proceedings that may be instituted against ION or Taboola, the combined company or others following the announcement of the Business Combination;
- the ability to meet stock exchange listing standards following the consummation of the Business Combination;
- the risk that the Business Combination disrupts current plans and operations of ION or Taboola as a result of the consummation of the Business Combination;
- the ability to recognize the anticipated benefits of the Business Combination, which may be affected by, among other things, competition, the ability of the combined company to grow and manage growth profitably, maintain relationships with customers and retain its management and key employees;
- costs related to the Business Combination;
- changes in applicable laws or regulations;
- Taboola's estimates of expenses and profitability and underlying assumptions with respect to shareholder redemptions and purchase price and other adjustments;
- ability to attract new digital properties and advertisers or maintain enough business with existing 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 Taboola's ad and content platform through new relationships with advertisers and digital properties;
- ability to secure high quality content from advertisers;
- ability to make continued investments in Taboola'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 Taboola's platform on various digital properties;
- the impact of the ongoing COVID-19 pandemic;
- 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; and
- and other risks and uncertainties set forth in the section entitled "Risk Factors" in this registration statement/prospectus.

SUMMARY OF THE PROSPECTUS

This summary highlights selected information from this prospectus and does not contain all of the information that is important to you in making an investment decision. This summary is qualified in its entirety by the more detailed information included in this prospectus. Before making your investment decision with respect to our securities, you should carefully read this entire prospectus, including the information under "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations," and the financial statements included elsewhere in this prospectus.

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

General

Taboola is a technology company that powers recommendations across the Open Web with an artificial intelligence-based, algorithmic engine developed over the 13 years since the company's founding in 2007. Taboola partners with websites, devices, and mobile apps, collectively referred to as digital properties, to recommend editorial content and advertisements on the Open Web, outside of the closed ecosystems of the "walled gardens" such as Facebook, Google, and Amazon. Digital properties use Taboola's recommendation platform to achieve their business goals, such as driving new audiences to their sites and apps, or increasing engagement with existing audiences. Taboola also provides monetization opportunities to digital properties by surfacing paid recommendations by advertisers. Unlike walled gardens, Taboola is a business-to-business company with no competing consumer interests. Taboola empowers advertisers to leverage its AI-powered recommendation platform to reach targeted audiences utilizing effective, native ad-formats across digital properties. Taboola generates revenues when people click on or, in some cases, view the ads that appear within its recommendation platform. Advertisers pay Taboola for those clicks or impressions, and Taboola shares a portion of the resulting revenue with the digital properties who display those ads.

On October 6, 2020, ION completed its initial public offering of ION Units, with each unit consisting of one Class A Ordinary Share and one-fifth of one ION Warrant, with each whole ION Warrant entitling the holder thereof to purchase one Class A Ordinary Share at a price of $11.50, raising total gross proceeds of approximately $258,750,000. On June 29, 2021, Merger Sub merged with and into ION, with ION continuing as the surviving company. As a result of such merger and the other transactions contemplated by the Merger Agreement, ION became a direct, wholly-owned subsidiary of Taboola.

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

Recent Developments

Selected Unaudited Financial Results as of and for the Three and Six Months Ended June 30, 2021

Set forth below are our selected unaudited financial results as of and for the three and six months ended June 30, 2021 and the corresponding amounts for the three months ended June 30, 2020. We are only presenting selected unaudited financial results and we are not presenting complete financial results for the three and six months ended June 30, 2021 or 2020 because we are a "foreign private issuer" for SEC reporting purposes. This selected unaudited financial information included below does not present and is not required to present all of the information that would be required to be included in a Form 10-Q filed with the SEC, does not include notes, and should not be viewed as a substitute for complete interim financial statements prepared in accordance with the SEC requirements for quarterly financial reports. The selected unaudited financial results set forth below have been prepared by, and are the responsibility of, management and are based on a number of assumptions. Neither Taboola's independent auditors, nor any other independent accountants, have audited, reviewed, compiled, examined, or performed any procedures with respect to the selected unaudited financial results, nor have they expressed any opinion or any other form of assurance on such information, and assume no responsibility for, and disclaim any association with, the selected unaudited financial results. In addition, the selected unaudited financial results set forth below are not necessarily indicative of the results we may achieve in any future periods. For additional information, see "Risk Factors."

The following tables present selected historical consolidated financial data for our business. You should read this information in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations," our consolidated audited financial statements and related notes and the other information included

elsewhere in this registration statement. We derived the consolidated balance sheet data as of December 31, 2020 from our audited consolidated financial statements that are included elsewhere in this registration statement.

Key Financial and Operating Metrics

We regularly monitor a number of metrics in order to measure our current performance and project our future performance. These metrics aid us in developing and refining our growth strategies and making strategic decisions.

	Three Months Ended June 30,	
(dollars in thousands)	**2021**	**2020**
Revenues	$329,072	$267,668
Gross Profit	$100,245	$ 84,104
Net Income (loss)[1]	$ (61,416)	$ 12,905
Ratio of Net income (loss) to Gross profit	(61.3)%	15.3%
Cash Flow from Operations	$ 23,083	$ 36,834
Cash, cash equivalents and short-term deposits	$585,243	$152,740
Non-GAAP Financial Data*		
ex-TAC Gross Profit	$116,870	$ 98,885
Adjusted EBITDA	$ 40,802	$ 34,865
Ratio of Adjusted EBITDA to ex-TAC Gross Profit	34.9%	35.3%
Free Cash Flow	$ 6,945	$ 33,177

(1) Includes share-based compensation expense of $78.5 million in Q2 2021 compared to $2.2 million in Q2 2020

Consolidated Balance Sheets as of June 30, 2021 and December 31, 2020

	June 30, 2021	December 31, 2020
(dollars in thousands)	**Unaudited**	**Audited**
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$585,243	$242,811
Restricted deposits	1,061	3,664
Trade receivables	139,019	158,050
Prepaid expenses and other current assets	37,636	21,609
Total current assets	762,959	426,134
NON-CURRENT ASSETS		
Long-term prepaid expenses	20,923	5,289
Restricted deposits	3,367	3,300
Deferred tax assets	2,281	1,382
Right of use assets	58,385	68,058
Property and equipment, net	58,310	52,894
Intangible assets, net	2,627	3,905
Goodwill	19,206	19,206
	165,099	154,034
Total assets	928,058	580,168
LIABILITIES, CONVERTIBLE PREFERRED SHARES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Trade payable	$157,658	$189,352
Lease liability	15,287	15,746
Accrued expenses and other current liabilities	101,029	95,135
Total current liabilities	273,974	300,233
LONG TERM LIABILITIES		
Deferred tax liabilities	27	45
Warrant liability	54,155	—

Lease liability	52,564	63,044
Total long-term liabilities	106,746	63,089

(dollars in thousands)	June 30, 2021 Unaudited	December 31, 2020 Audited
CONVERTIBLE PREFERRED SHARES		
Preferred A, B, B-1, B-2, C, D and E shares with no par value - Authorized: 123,389,750 shares at December 31, 2020; Issued and outstanding: 121,472,152 shares at December 31, 2020: Aggregate liquidation preference of 308,765 as of December 31, 2020.	—	170,206
SHAREHOLDERS' EQUITY		
Ordinary shares with no par value – Authorized: 700,000,000 and 176,535,661 shares as of June 30, 2021 and December 31, 2020 respectively; 211,198,259 and 41,357,049 shares issued and outstanding as of June 30, 2021 and December 31, 2020, respectively.	—	—
Additional paid-in capital	621,664	78,137
Accumulated deficit	(74,326)	(31,497)
Total shareholders' equity	547,338	46,640
Total liabilities, convertible preferred shares, and shareholders' equity	$928,058	$580,168

Consolidated Statements of Income (Loss) for the three months and six months ended June 30, 2021 and 2020

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
	Unaudited		Unaudited	
Revenues	$ 329,072	$ 267,668	$ 632,022	$ 547,014
Cost of revenues:				
Traffic acquisition cost	212,202	168,783	409,238	379,161
Other cost of revenues	16,625	14,781	33,040	30,973
Total cost of revenues	228,827	183,564	442,278	410,134
Gross profit	100,245	84,104	189,744	136,880
Operating expenses:				
Research and development expenses	30,050	21,908	53,943	43,907
Sales and marketing expenses	69,136	31,396	103,444	66,832
General and administrative expenses	54,468	12,576	64,144	27,755
Total operating expenses	153,654	65,880	221,531	138,494
Operating income (loss) before finance expenses	(53,409)	18,224	(31,787)	(1,614)
Finance expenses, net	(85)	(654)	(883)	(206)
Income (loss) before income taxes	(53,494)	17,570	(32,670)	(1,820)
Provision for income taxes	(7,922)	(4,665)	(10,159)	(9,128)
Net income (loss)	$ (61,416)	$ 12,905	$ (42,829)	$ (10,948)
Less: Undistributed earnings allocated to participating securities	(6,029)	(5,646)	(11,944)	(11,228)
Net Income (loss) attributable to ordinary shares - basic and diluted	(67,445)	7,259	(54,773)	(22,176)
Net income (loss) per share attributable to ordinary shareholders, basic	$ (1.39)	$ 0.19	$ (1.18)	$ (0.54)
Weighted-average shares used in computing net income (loss) per share attributable to ordinary shareholders, basic	48,518,124	37,895,239	46,351,830	41,217,908
Net income (loss) per share attributable to ordinary shareholders, diluted	$ (1.39)	$ 0.12	$ (1.18)	$ (0.54)
Weighted-average shares used in computing net income (loss) per share attributable to ordinary shareholders, diluted	48,518,124	60,096,610	46,351,830	41,217,908

Share Based Compensation Break-Down by Expense Line

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
(dollars in thousands)	(Unaudited)		(Unaudited)	
Cost of revenues	455	111	580	252
Research and development	8,947	1,037	12,385	2,051
Sales and marketing	35,040	919	36,171	1,897
General and administrative	34,081	156	34,518	293
Total share-based compensation expense	78,523	2,223	83,654	4,493

Consolidated Statements of Cash Flows for the three months and six months ended June 30, 2021 and 2020

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
	Unaudited		Unaudited	
Cash flows from operating activities:				
Net income (loss)	$(61,416)	$ 12,905	$(42,829)	$(10,948)
Adjustments to reconcile net income (loss) to net cash flows provided by operating activities:				
Depreciation and amortization	8,646	9,076	16,890	18,827
Share based compensation expenses	78,523	2,223	83,654	4,493
Net loss (gain) from financing expenses	(2,970)	(517)	(1,357)	824
Increase in deferred taxes, net	(1,693)	(890)	(917)	(1,456)
Revaluation of the warrant liability	272		272	
Accrued interest, net	—	155	—	332
Change in operating assets and liabilities:				
Decrease (increase) in trade receivables	(13,410)	18,248	19,031	43,296
Decrease (increase) in prepaid expenses and other current assets and long-term prepaid expenses	(16,998)	9,069	(33,757)	14,985
Increase (decrease) in trade payable	16,497	(30,722)	(31,025)	(35,535)
Increase in accrued expenses and other current liabilities	15,671	16,578	5,284	14,333
Change in operating lease Right of use assets	3,659	3,343	7,291	6,639
Change in operating Lease liabilities	(3,698)	(2,634)	(8,557)	(7,948)
Net cash provided by operating activities	23,083	36,834	13,980	47,842
Cash flows from investing activities				
Purchase of property and equipment, including capitalized platform costs	(16,138)	(3,657)	(21,675)	(10,634)
Cash paid in connection with acquisitions	—	—	—	(202)
Decrease (increase) in restricted deposits	(118)	(12,965)	2,536	(2)
Decrease in short-term deposits	—	24,968	—	24,964
Net cash provided by (used in) investing activities	(16,256)	8,346	(19,139)	14,126

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
	Unaudited		Unaudited	
Cash flows from financing activities				
Exercise of options	1,368	400	4,919	677
Issuance of share, net of offering costs	290,908	—	287,432	—
Issuance of warrant	53,883		53,883	
Net cash provided by financing activities	346,159	400	346,234	677
Exchange differences on balances of cash, cash equivalents	2,970	517	1,357	(824)
Increase in cash, cash equivalents	355,956	46,097	342,432	61,821
Cash, cash equivalents - at the beginning of the period	229,287	102,644	242,811	86,920
Cash, cash equivalents - at end of the period	$585,243	$148,741	$585,243	$148,741
Supplemental disclosures of cash flow information:				
Cash paid for income taxes	$ 4,502	$ 431	$ 5,831	$ 963
Supplemental disclosures of noncash investing and financing activities:				
Deferred offering costs incurred during the period included in the Long-term prepaid expenses	$ 2,950	$ —	$ 2,950	$ —
Purchase of property, plant and equipment	$ 966	$ 3,030	$ 966	$ 3,030

Reconciliation of GAAP to non-GAAP Financial Measures

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
	(Unaudited)		(Unaudited)	
	(dollars in thousands)		(dollars in thousands)	
Revenues	$329,072	$267,668	$632,022	$547,014
Traffic acquisition cost	212,202	168,783	409,238	379,161
Other cost of revenues	16,625	14,781	33,040	30,973
Gross Profit	$100,245	$ 84,104	$189,744	$136,880
Add back: Other cost of revenues	16,625	14,781	33,040	30,973
ex-TAC Gross Profit	$116,870	$ 98,885	$222,784	$167,853

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
	(Unaudited)		(Unaudited)	
	(dollars in thousands)		(dollars in thousands)	
Net income (loss)	$(61,416)	$12,905	$(42,829)	$(10,948)
Adjusted to exclude the following:				
Financial expenses, net	85	654	883	206
Tax expenses	7,922	4,665	10,159	9,128
Depreciation and amortization	8,646	9,076	16,890	18,827
Share-based compensation expenses(1)	78,523	2,223	83,654	4,493
M&A costs(2)	7,042	5,342	5,588	11,439
Adjusted EBITDA	$ 40,802	$34,865	$ 74,345	$ 33,145

(1) For the 2021 periods, a substantial majority is Share-based compensation expenses related to going public.

(2) 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. 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 June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
	(Unaudited)		(Unaudited)	
	(dollars in thousands)		(dollars in thousands)	
Gross profit	$100,245	$84,104	$189,744	$136,880
Net income (loss)	$ (61,416)	$12,905	$ (42,829)	$ (10,948)
Ratio of Net income (loss) to Gross profit	(61.3)%	15.3%	(22.6)%	(8.0)%
ex-TAC Gross Profit	$116,870	$98,885	$222,784	$167,853
Adjusted EBITDA	$ 40,802	$34,865	$ 74,345	$ 33,145
Ratio of Adjusted EBITDA Margin to ex-TAC Gross Profit	34.9%	35.3%	33.4%	19.7%

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
	(Unaudited)		(Unaudited)	
	(dollars in thousands)		(dollars in thousands)	
Net cash provided by operating activities	$ 23,083	$36,834	$ 13,980	$ 47,842
Purchases of property and equipment, including capitalized platform costs	(16,138)	(3,657)	(21,675)	(10,634)
Free Cash Flow	$ 6,945	$33,177	$ (7,695)	$ 37,208

Second Quarter Financial Highlights

- Revenue grew $61 million or 22.9% year-over-year.
  - New digital property partners[1] drove $23 million of growth
  - Existing digital property partners[2] grew $38 million which translates to net dollar retention[3] (NDR) of 114% and reflects strong improvement in yield as well as lower demand in the prior year due to COVID.
- Gross Profit grew $16.1 million or 19.2% year-over-year and ex-TAC Gross Profit grew $18 million or 18.2% year-over-year.
  - In each case, the increase in gross profit was driven primarily by growth from new digital property partners,[1] and growth from existing digital property partners that was driven by strong improvements in yield. These gains year over year were partially offset by the withholding in the prior year of $10 million in guarantee TAC payments to publishers that we subsequently paid in the fourth quarter of 2020.

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

[2] 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)

[3] 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.

- Operating expenses grew $87.8 million or 133.2% year-over-year. Excluding higher share based compensation of $76.0 million year over year, mostly triggered from going public, operating expenses grew $11.8 million or 18.5% year-over-year. This increase was driven by:
  - A $0.2M increase in research and development as 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.
  - A $3.6M increase in sales and marketing expenses to support our business growth.
  - An $8.0M increase in general and administrative expenses related to public company investments and a partial return to more normal operations following the COVID pandemic.
- Net loss of $61.4 million was $74.3 million lower year over year primarily driven by the higher share based compensation. Adjusted EBITDA of $40.8 million increased by $5.9 million year over year driven by the higher revenue.
  - Net income (loss) to Gross profit Margin was (61.3)% and the Ratio of Adjusted EBITDA to ex-TAC Gross Profit was 34.9%.
- GAAP EPS was $(1.39) in Q2. The EPS was based on GAAP shares outstanding of 48.5 million.
- Cash Flow from Operations of $23.1 million and Free Cash Flow of $6.9 million declined year over year driven by higher purchases of property and equipment and changes in working capital.

The Connexity Acquisition

On July 22, 2021, we entered into a definitive purchase agreement to acquire Connexity, an independent e-Commerce media platform in the open web, serving over 1,600 direct merchants, and 6,000 publishers, from Symphony Technology Group for approximately $800.0 million, subject to customary purchase price adjustments for working capital, the payment of existing Connexity debt, expenses and the other terms and conditions such as the holdback and retention plans and other indebtedness described in the Purchase Agreement. Based on December 31st 2020 balance sheet figures, the customary purchase price adjustments include the payment of approximately $65.6 million in existing Connexity debt, expenses and the other terms and conditions, such as the holdback and retention plans of approximately $70.3 million and other indebtedness of approximately $27.4 million, as described in the Purchase Agreement. Approximately $488.0 million will be paid in cash, using approximately $188.0 million from cash on hand and $300.0 million from committed debt financing. Approximately $148.7 million of the purchase price is to be paid pursuant to the issuance of Taboola Ordinary Shares. An additional $30.3 million in equity consideration will be issued and is subject to retention by Taboola pursuant to certain holdback arrangements entered into with current employees of Connexity, to be delivered to such employees in installments over three years following the closing of the closing of the Connexity Acquisition, subject to continued employment by such persons with Taboola and an additional $40 million is expected to be paid in future retention equity incentive awards. The total equity consideration to be issued is $219.0 million. The exact number of ordinary shares issued will depend on the volume weighted average price of Taboola's shares over the five business days ending three business days prior to the closing.

The Connexity Acquisition aligns with our "Recommend Anything" growth strategy to introduce new types of recommendations and enter new segments, while leveraging our scale and recommendations platform to deliver value to our 9,000 digital property partners, 13,000 direct advertisers and 500 million daily active users.

We expect the transaction to close in the third quarter of 2021, subject to receipt of regulatory approvals and satisfaction of customary closing conditions. Until the transaction closes, both companies will continue to operate independently.

In connection with the Connexity Acquisition, Taboola entered into a commitment letter (the "Commitment Letter") with JPMorgan Chase Bank, N.A. and Credit Suisse (collectively, the "Commitment Parties") pursuant to which, subject to the terms and conditions set forth in the Commitment Letter, the Commitment Parties have committed to arrange and provide to Taboola, Inc., a wholly-owned subsidiary of Taboola, as the borrower, a senior secured term loan "B" credit facility in an aggregate principal amount of up to $300.0 million (the "Term Loan Facility"). The Term Loan Facility will mature on the seventh anniversary of initial incurrence thereof and amortize in quarterly installments equal to 0.25% of the initial principal amount thereof. Interest in respect of the Term Loan

Facility will be determined based on a margin to LIBOR or an alternate base rate, in each case, to be set in the syndication of the Term Loan Facility. The Term Loan Facility will contain voluntary and mandatory prepayment provisions, representations and warranties, affirmative and negative covenants and events of default, in each case that are customary for facilities of the type. The Term Loan Facility will not contain any financial maintenance covenants.

Risks Related to Our Business

Investing in our securities involves risks. You should carefully consider the risks described in “Risk Factors” before making a decision to invest in our ordinary shares. If any of these risks actually occurs, our business, financial condition and results of operations would likely be materially adversely affected. In such case, the trading price of our securities would likely decline, and you may lose all or part of your investment. Set forth below is a summary of some of the principal risks we face:

- Taboola may be unable to attract new digital properties and advertisers, sell additional offerings to its existing digital properties and advertisers, or maintain enough business with its existing digital properties and advertisers;
- If Taboola’s performance under contracts with digital properties where Taboola is obligated to pay a specified minimum guaranteed amount per thousand impressions does not meet the minimum guarantee requirements, its gross profit could be negatively impacted and its results of operations and financial condition could be harmed;
- Taboola may not be able to compete successfully against current and future competitors;
- Taboola’s future growth and success depends on its ability to continue to scale its existing offerings and to introduce new solutions that gain acceptance and that differentiate it from its competitors;
- If Taboola fails to make the right investment decisions in its offerings and technology platform, or if Taboola is unable to generate or otherwise obtain sufficient funds to invest in them, Taboola may not attract and retain digital properties and advertisers;
- If Taboola’s ability to personalize its advertisements and content to users is restricted or prohibited due to various privacy regulations, Taboola could lose digital properties and advertisers;
- If Taboola’s AI powered platform fails to accurately predict what ads and content would be of most interest to users or if Taboola fails to continue to improve on its ability to further predict or optimize user engagement or conversion rates for its advertisers, its performance could decline and Taboola could lose digital properties and advertisers;
- Taboola’s business depends on continued engagement by users who interact with its platform on various digital properties;
- The effects of health epidemics, such as the recent global COVID-19 pandemic, have had and could in the future have an adverse impact on Taboola’s revenue, its employees and results of operations;
- Historically, the majority of Taboola’s agreements with digital properties have typically required them to provide it exclusivity for the term of the agreement; to the extent that such exclusivity is reduced or eliminated for any reason, digital properties could elect to implement competitive platforms or services that could be detrimental to its performance;
- Taboola’s business depends on strong brands and well-known digital properties, and failing to maintain and enhance its brands and well-known digital properties would hurt its ability to expand its number of advertisers and digital properties;
- Taboola is a multinational organization faced with complex and changing laws and regulations regarding privacy, data protection, content, competition, consumer protection, and other matters;
- Conditions in Israel could adversely affect Taboola’s business;

THE OFFERING

Securities offered by the Selling Securityholders	We are registering the resale by the Selling Securityholders named in this prospectus, or their permitted transferees, of an aggregate of 28,620,000 ordinary shares and warrants to purchase 7,175,000 ordinary shares. In addition, we are registering up to 5,175,000 ordinary shares issuable upon exercise of the public warrants that were previously registered and up to 7,175,000 ordinary shares underlying private placement warrants issued in a private placement to the Sponsor.
Terms of the Offering	The Selling Securityholders will determine when and how they will dispose of the ordinary shares and warrants registered under this prospectus for resale.
Shares outstanding prior to the offering	As of June 30, 2021, we had 210,891,354 ordinary shares issued and outstanding. Subsequent to June 30, 2021, we will issue additional ordinary shares in connection with the Connexity Acquisition.
Shares outstanding after the offering	218,066,354 ordinary shares (assuming the exercise for cash of warrants to purchase 7,175,000 ordinary shares).
Use of proceeds	We will not receive any of the proceeds from the sale of the warrants or ordinary shares by the Selling Securityholders except with respect to amounts received by us due to the exercise of the warrants. We expect to use the proceeds received from the exercise of the warrants, if any, for working capital and general corporate purposes.
Nasdaq ticker symbol	Our ordinary shares and warrants are listed on Nasdaq under the symbols “TBLA” and “TBLAW.”

RISK FACTORS

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

Risks Related to Taboola's Business and Our Industry

If we are unable to attract new digital properties and advertisers, sell additional offerings to our existing digital properties and advertisers, or maintain enough business with our existing digital properties and advertisers, our revenue growth prospects will be adversely affected.

We must add new digital properties and advertisers, and encourage existing digital properties and advertisers to add additional offerings from us, in order to sustain or increase our revenue. As the digital advertising industry matures and as competitors introduce more competitive pricing or differentiated products or services that compete with or are perceived to compete with ours, our ability to sell our solutions to new and existing digital properties and advertisers could be impaired. In addition, we may reach a point of saturation at which we cannot continue to grow our revenue from existing digital properties and advertisers because of internal limits they may place on the allocation of space on their sites, allocation of their advertising budgets to digital media, to particular campaigns, to a particular provider, or other reasons. We may also lose revenues if our existing digital properties and advertisers reduce the amount of business they do with us for any reason, including nonrenewal of their agreements with us. If we are unable to attract new digital properties and advertisers or obtain new business from existing digital properties and advertisers or maintain enough business with our existing digital properties and advertisers, our revenue, our revenue growth prospects and business will be adversely affected.

If our performance under contracts with digital properties, where we are obligated to pay a specified minimum guaranteed amount per thousand impressions, do not meet the minimum guarantee requirements, our gross profit could be negatively impacted and our results of operations and financial condition could be harmed.

A significant amount of our revenue comes from contracts with digital properties where we are obligated to pay a specified minimum guaranteed amount per thousand impressions to the digital property. In each of the years ended December 31, 2018 through 2020, our guarantee costs, which we calculate as total payments due under guarantee arrangements in excess of amounts we otherwise would have been required to pay under revenue sharing arrangements, as a percentage of our total payments to digital properties, or TAC, was approximately 15% or less. Although we focus on achieving sufficient revenue per impression through the improvement of our algorithms and using our scale to exceed the minimum guarantees made to digital properties, we may not succeed in doing so. In addition, due to unfavorable macroeconomic, competitive or other conditions, we may be unable to perform as expected under arrangements that provide for such minimum guarantees, in which case our gross profit could be negatively impacted and our results of operation and financial condition could be adversely affected.

We may not be able to compete successfully against current and future competitors because competition in our industry is intense and many competitors, such as Google and Facebook, have substantially more resources than we do. Our competitors may also offer solutions that are perceived by our digital properties and advertisers to be more attractive than our platform. These factors could result in declining revenue or inhibit our ability to grow our business.

Competition for our clients' advertising budgets is intense. We compete for a share of total advertising budgets with online search and display advertising, including large "walled garden" advertising platforms such as Google and Facebook, and with traditional advertising media, such as direct mail, television, radio, cable and print. Many current and potential competitors have competitive advantages relative to us, such as longer operating histories, greater name recognition, larger client bases, greater access to advertising inventory on premium websites and significantly greater financial, technical, sales and marketing resources. Thus, increased competition may result in the loss of business or the inability to win new business, which could negatively affect our revenue and future operating results and our ability to grow our business.

We also expect competition on the digital property side to continue increasing as the industry grows. Increased competition may require us to increase the revenue share with our digital properties, charge less for our solutions, or offer other pricing models that are less attractive to us, any of which could decrease our revenues and margins and harm our results of operations.

Our future growth and success depends on our ability to continue to scale our existing offerings and to introduce new solutions that gain acceptance from digital properties and advertisers and that differentiate us from our competitors.

Our future success depends on our ability to effectively scale our offerings as our business grows to keep pace with demand for our solutions, and achieve long-term profitability. If we fail to implement these changes on a timely basis, or if we are unable to implement them effectively or at all due to factors beyond our control or other reasons, our business may suffer. We may not be successful in addressing these and other challenges we may face in the future. As a growing company in a rapidly evolving industry, our business prospects depend in large part on our ability to:

- develop and offer a competitive technology platform and offerings that meet our digital properties' and advertisers' needs as they change;
- continuously innovate and improve on the algorithms underlying our technology in order to deliver positive results for our advertisers and digital properties;
- build a reputation for superior solutions and create trust and long-term relationships with digital properties and advertisers;
- distinguish ourselves from strong competitors in our industry;
- maintain and expand our relationships with advertisers who can provide quality content and advertisements;
- respond to evolving industry and government oversight, standards and regulations that impact our business, particularly in the areas of native advertising, data collection and consumer privacy;
- prevent or otherwise mitigate failures or breaches of security or privacy; and
- attract, hire, integrate and retain qualified and motivated employees.

If we are unable to meet one or more of these objectives or otherwise adequately address the risks and difficulties that we face, our business may suffer, our revenue may decline and we may not be able to achieve further growth or long-term profitability.

If we do not manage our growth effectively, the quality of our platform or our relationships with our digital properties and advertisers may suffer, and our operating results may be negatively affected.

Our business has grown rapidly. We rely heavily on information technology, or IT, systems to manage critical functions such as content recommendation, campaign management and operations, payment from advertisers and to digital properties, data storage and retrieval, revenue recognition, budgeting, forecasting, financial reporting and other administrative functions. To manage our growth effectively, we must continue to improve and expand our infrastructure, including our IT, financial and administrative systems and controls. We must also continue to manage our employees, operations, finances, research and development and capital investments efficiently. Our productivity and the quality of our platform may be adversely affected if we do not integrate and train our new employees, particularly our research and development, sales and account management personnel, quickly and effectively and if we fail to appropriately coordinate across our executive, finance, human resources, legal, marketing, sales, operations and advertiser support teams. If we continue our rapid growth, we will incur additional expenses, and our growth may place a strain on our resources, infrastructure and ability to maintain the quality of our platform. If we do not adapt to meet these evolving growth challenges, and if the current and future members of our management team do not effectively scale with our growth, the quality of our platform may suffer and our corporate culture may be harmed. Failure to manage our future growth effectively could cause our business to suffer, which, in turn, could have an adverse impact on our financial condition and results of operations.

If we fail to make the right investment decisions in our offerings and technology platform, or if we are unable to generate or otherwise obtain sufficient funds to invest in them, we may not attract and retain digital properties and advertisers and our revenue and results of operations may decline.

Our industry is subject to rapid changes in standards, regulations, technologies, products and service offerings, as well as in digital property and advertiser demands and expectations. We continuously need to make decisions regarding which offerings and technology to invest in to meet such demands and evolving industry standards and regulatory requirements. We may make wrong decisions regarding these investments. If new or existing competitors

offer more attractive offerings, we may lose digital property and/or advertisers, or advertisers may decrease their spending on our platform. New digital property or advertiser demands, superior competitive offerings, new industry standards or regulations could render our existing solutions unattractive, unmarketable or obsolete and require us to make substantial unanticipated changes to our technology platform or business model. Our failure to adapt to a rapidly changing market or to anticipate digital property and/or advertiser demands could harm our business and our financial performance.

We have had, and may in the future continue to have, significant fluctuations in our operating results, which make our future results difficult to predict and could cause our operating results to fall below investors' expectations.

Our quarterly and annual operating results have fluctuated significantly in the past. Similarly, we expect our future operating results to fluctuate for the foreseeable future due to a variety of factors, many of which are beyond our control. Our fluctuating results could cause our performance to fall below the expectations of investors, and adversely affect the price of our ordinary shares. Because our business is changing and evolving rapidly, our historical operating results may not be useful in predicting our future operating results and it is difficult for us to accurately predict future results. In addition, our rapid growth has limited our ability to reliably track key business metrics and so we have limited understanding of certain aspects of our operations. For example, we do not have good visibility into the seasonality of our business due to the fact that our rapid growth may have masked seasonality. Factors that may increase the volatility of our operating results include the following:

- the addition or loss of new digital properties;
- changes in demand and pricing for our platform;
- the seasonal nature of advertisers' spending on digital advertising campaigns;
- changes in our pricing policies or the pricing policies of our competitors;
- the introduction of new technologies, product or service offerings by our competitors;
- changes in advertisers' budget allocations or marketing strategies;
- changes and uncertainty in the regulatory environment for us or advertisers;
- changes in the economic prospects of our digital properties and advertisers or the economy generally, which could alter current or prospective advertisers' spending priorities, or could increase the time or costs required to complete sales with digital properties or advertisers;
- changes in the availability of advertising inventory or in the cost to reach end consumers through digital advertising;
- changes in our capital expenditures as we acquire the hardware, equipment and other assets required to support our business;
- costs related to acquisitions of people, businesses or technologies; and
- traffic patterns.

Based upon all of the factors described above and others that we may not anticipate, including those beyond our control, we have a limited ability to forecast our future revenue, costs and expenses. As a result, our operating results may from time to time fall below our estimates or the expectations of investors.

If the use of "third party cookies" is rejected by Internet users, subject to unfavorable legislation or regulation, restricted, blocked or limited by technical changes on end users' devices or Internet browsers, or our ability to use cookie data is otherwise restricted and we are unable to track users in some other way, our performance could decline and we could lose digital properties and advertisers and as a result, revenue.

We use "cookies" (small text files) to gather important data to help deliver our solutions. These cookies are placed through an Internet browser on an Internet user's computer and correspond to a data set that we keep on our servers. Some of our cookies are "third party" cookies where we do not have a direct relationship with the Internet user. Our cookies collect information, such as when an Internet user views an internet site, clicks on an ad, or visits one of our digital properties. We use these cookies to help us achieve our digital property or advertisers' campaign goals, to help us ensure that the same Internet user does not unintentionally see the same recommendations too

frequently, to report aggregate information to our advertisers regarding the performance of their campaigns and to detect and prevent fraudulent activity. We also use data from cookies to help us decide on an opportunity to place a recommendation in a certain location, at a given time, in front of a particular Internet user. A lack of data associated with cookies may detract from our ability to make decisions about an advertiser's campaign, and undermine the effectiveness of our solutions.

Cookies may easily be deleted or blocked by Internet users. All of the most commonly used Internet browsers (including Chrome, Firefox, Internet Explorer, Edge and Safari) allow Internet users to prevent cookies from being accepted by their browsers. Internet users can also delete cookies from their computers at any time. Some Internet users also download "ad blocking" software that prevents cookies from being stored on a user's computer. If more Internet users adopt these settings or delete their cookies more frequently than they currently do, our business could be harmed. Recently, there has been a general trend among Internet users to refuse to accept cookies on their Internet browsers. In addition, the Safari, Firefox and Edge browsers block cookies by default, and other browsers may do so in the future. Unless such default settings in browsers were altered by Internet users, we would be able to set fewer of our cookies in browsers, which could adversely affect our business. In addition, companies such as Google have publicly disclosed their intention to move away from cookies to another form of persistent unique identifier, or ID, to indicate Internet users in the bidding process on advertising exchanges. If such companies do not use shared IDs across the entire digital advertising ecosystem, this could have a negative impact on our ability to find the same anonymous user across different web properties, and reduce the effectiveness of our solutions. These web browser developers have significant resources at their disposal and command substantial market share, and any restrictions they impose could foreclose our ability to understand the preferences of a substantial number of consumers.

In addition, in the European Union, or EU, Directive 2009/136/EC, commonly referred to as the "Cookie Directive," directs EU member states to ensure that accessing information on an Internet user's computer, such as through a cookie, is allowed only if the Internet user has given his or her consent. As there were different transpositions of the Cookie Directive in domestic laws across the EU Member States, there are currently different interpretations of what constitutes valid consent (e.g., explicit versus implied consent) across the EU, posing a risk of regulatory divergence and creating legal uncertainty for businesses. The EU also has released a proposed replacement to the Cookie Directive, commonly known as the "ePrivacy Regulation," to, among other things, better align EU member states and the rules governing online tracking technologies and electronic communications, such as unsolicited marketing and cookies, with the requirements of the European General Data Protection Regulation (GDPR). While the ePrivacy Regulation was originally intended to be adopted on May 25, 2018 (alongside the GDPR), it is currently going through the European legislative process, and commentators now expect it to be adopted in the coming years. Like the GDPR, the proposed ePrivacy Regulation has extra-territorial application as it applies to businesses established outside the EU who provide publicly-available electronic communications services to, or gather data from the devices of, users in the EU. The ePrivacy Regulation may impose burdensome requirements around obtaining consent and impose fines for violations that are materially higher than those imposed under the European Union's current ePrivacy Directive and related EU member state legislation. Additionally, the use of cookies, as well as the use of the data collected using cookies, may be subject to further legislation or regulation. The United States and other governments have enacted or are considering legislation that regulate the level of consumer notice and consent required before a company can employ cookies or other electronic tracking tools.

Limitations on the use or effectiveness of cookies, or other limitations on our ability to collect and use data for advertising, whether imposed by EU member state implementations of the Cookie Directive, by the new ePrivacy Regulation, or otherwise, may impact the performance of our platform. We may be required to, or otherwise may determine that it is advisable to, make significant changes in our business operations and product and services to obtain user opt-in for cookies and use of cookie data, or develop or obtain additional tools and technologies to compensate for a lack of cookie data. We may not be able to make the necessary changes in our business operations and products and services to obtain user opt-in for cookies and use of cookie data, or develop, implement or acquire additional tools that compensate for the lack of data associated with cookies. Moreover, even if we are able to do so, such additional products and tools may be subject to further legislation or regulation, time consuming to develop or costly to obtain, and less effective than our current use of cookies.

If Taboola's ability to personalize its advertisements and content to users is restricted or prohibited due to various privacy regulations, we could lose digital properties and advertisers, which could cause our financial condition, results of operations and revenues to decline.

The efficacy of our platform for both advertisers and digital properties relies, in part, on our ability to personalize the recommendations we serve to Internet users. If we are unable to personalize due to changes in various privacy regulations or for some other reason beyond our control, the efficacy of our platform may be negatively affected causing our business to suffer, which, in turn, could have an adverse impact on our financial condition, results of operations and revenues.

If Taboola's AI powered platform fails to accurately predict what ads and content would be of most interest to users or if we fail to continue to improve on our ability to further predict or optimize user engagement or conversion rates for our advertisers, our performance could decline and we could lose digital properties and advertisers, which could cause our results of operations and revenues to decline.

The effective delivery of our solution depends on the ability of Taboola's AI powered platform to predict what ads and content would be of most interest to users so that our advertisers can achieve desirable returns on their advertising spend. We need to continuously deliver satisfactory results for our advertisers and digital properties in terms of predicting user engagement and conversion rates in order to maintain and increase revenue, which in turn depends in part on the optimal functioning of Taboola's AI powered platform. In addition, as we have increased the number of advertisers and digital properties that use our offerings on a global basis, we have experienced significant growth in the amount and complexity of data processed by Taboola's AI and the number of ad and content impressions we deliver. As the amount of data and number of variables processed by Taboola's AI powered platform increase, the risk of errors in the type of data collected, stored, generated or accessed also increases. In addition, the calculations that the algorithms must compute become increasingly complex and the likelihood of any defects or errors increases. If we were to experience significant errors or defects in Taboola's AI powered platform, our solution could be impaired or stop working altogether, which could prevent us from generating any revenue until the errors or defects were detected and corrected. Other negative consequences from significant errors or defects in Taboola's AI powered platform could include:

- a loss of advertisers and digital properties;
- fewer user visits to our digital properties;
- lower click-through rates;
- lower conversion rates;
- lower profitability per impression, up to and including negative margins;
- lower return on advertising spend for advertisers;
- lower price for the advertising inventory we are able to offer to digital properties;
- delivery of advertisements that are less relevant or irrelevant to users;
- liability for damages or regulatory inquiries or lawsuits; and
- harm to our reputation.

Furthermore, the ability of Taboola's AI powered platform to accurately predict engagement by a user depends in part on our ability to continuously innovate and improve the algorithms underlying Taboola's AI powered platform in order to deliver positive results for our advertisers and digital properties that can be clearly attributed to the services we provide. The failure to do so could result in delivering poor performance for our advertisers and a reduced ability to secure advertising inventory. If failures in Taboola's AI powered platform or our inability to innovate and improve the algorithms underlying Taboola's AI powered platform result in advertisers and digital properties ceasing to partner with us, we cannot guarantee that we will be able to replace, in a timely or effective manner, departing advertisers with new advertisers that generate comparable revenue or departing digital properties with new digital properties. As a result, the failure by Taboola's AI powered platform to accurately predict user engagement or conversion rates and to continue to do so over time could result in significant costs to us and our results of operation and financial condition could be adversely affected.

Our business depends on continued engagement by users who interact with our platform on various digital properties. If users begin to ignore our platform or direct their attention to other elements on the digital property, our performance could decline and we could lose digital properties and advertisers, which could cause our results of operations and revenues to decline.

Our ability to sustain continued engagement by users who interact with our platform on various digital properties depends on our ability to continue to provide attractive content to users. If users begin to ignore our platform or direct their attention to other elements on the digital property, our performance could decline and digital property and advertiser satisfaction with our platform may decrease. Technological and other developments may also cause changes in consumer behavior that could affect the attractiveness of our content and ads to users.

While we have adopted a number of strategies and initiatives to address these challenges, there can be no guarantee that our efforts will be successful. If we are unable to demonstrate the continuing value of our platform to advertisers and digital properties, our results may suffer. A decrease in advertising expenditures by our advertisers could lead to a reduction in our ability to obtain high-quality content from digital properties, which in turn could have an adverse effect on our results of operations and revenues.

The effects of health epidemics, such as the recent global COVID-19 pandemic, have had and could in the future have an adverse impact on our revenue, our employees and results of operations.

Our business and operations have been and could in the future be adversely affected by health epidemics, such as the global COVID-19 pandemic. The COVID-19 pandemic and efforts to control its spread have curtailed the movement of people, goods and services worldwide, including in the regions in which we and our clients and partners operate, and are significantly impacting economic activity and financial markets. Many marketers have decreased or paused their advertising spending as a response to the economic uncertainty, decline in business activity, and other COVID-related impacts, which have negatively impacted, and may continue to negatively impact, our revenue and results of operations, the extent and duration of which we may not be able to accurately predict. For instance, we experienced a notable decline in advertising rates soon after the onset of the COVID-19 pandemic, and we attribute a 12% reduction in our second quarter of 2020 revenue to the pandemic. We took certain steps to address the reduction in advertising rates, which resulted in a gradual recovery in revenue that continued throughout the remainder of the year. See "Taboola's Management's Discussion and Analysis of Financial Condition and Results of Operations—Key Factors and Trends Affecting our Performance—Impact of COVID-19." In addition, our advertisers' businesses or cash flows have been and may continue to be negatively impacted by COVID-19, which has and may continue to lead them to seek adjustments to payment terms or delay making payments or default on their payables, any of which may impact the timely receipt and/or collectability of our receivables.

Our operations are subject to a range of external factors related to the COVID-19 pandemic that are not within our control. We have taken precautionary measures intended to minimize the risk of the spread of the virus to our employees, partners and clients, and the communities in which we operate. A wide range of governmental restrictions has also been imposed on our employees' and clients' physical movement to limit the spread of COVID-19. There can be no assurance that precautionary measures, whether adopted by us or imposed by others, will be effective, and such measures could negatively affect our sales, marketing, and client service efforts, delay and lengthen our sales cycles, decrease our employees' and clients' productivity, or create operational or other challenges, any of which could harm our business and results of operations.

The economic uncertainty caused by the COVID-19 pandemic may continue to make it difficult for us to forecast revenue and operating results and to make decisions regarding operational cost structures and investments. We have committed, and we plan to continue to commit, resources to grow our business, including to expand our international presence, employee base, and technology development, and such investments may not yield anticipated returns, particularly if worldwide business activity continues to be impacted by COVID-19. The duration and extent of the impact from the COVID-19 pandemic depend on future developments that cannot be accurately predicted at this time, and if we are not able to respond to and manage the impact of such events effectively, our business may be harmed.

We have historically relied, and expect to continue to rely, on a small number of partners and their respective affiliates for a significant percentage of our revenue. The loss of all or a significant part of their business or an adverse change in the terms of our agreements could significantly harm our reputation, business, financial condition and results of operations.

In 2020, our largest digital property, Microsoft and affiliates, accounted for approximately 20% of our gross revenues generated from advertisers on digital properties, and our top five digital properties accounted for approximately 30% of our gross revenues. We have long-term contracts with our large digital properties, which, in general, contain minimum guarantee requirements. The typical contract length with our large digital properties is over two years (without any right by these properties to terminate earlier than that absent cause).

The loss of all or a significant part of our business with our largest partners, particularly Microsoft and its affiliates, or unfavorable changes in the terms of our agreements with these partners could significantly harm our reputation, business, financial condition and results of operations.

We do not have long-term commitments from our advertisers, and we may not be able to retain advertisers or attract new advertisers that provide us with revenue that is comparable to the revenue generated by any advertisers we may lose.

Most of our advertisers do business with us by placing insertion orders for particular advertising campaigns. If we perform well on a particular campaign, then the advertiser may place new insertion orders with us for additional advertising campaigns. We rarely have any commitment from an advertiser beyond the campaign governed by a particular insertion order and, even then, each particular insertion order may not be completed since advertisers can typically terminate a campaign at any time on twenty-four hours' notice. As a result, our success is dependent upon our ability to outperform our competitors and win repeat business from existing advertisers, while continually expanding the number of advertisers for whom we provide services. In addition, it is relatively easy for advertisers to seek an alternative provider for their campaigns because there are no significant switching costs. In addition, advertising agencies, with whom we do business, often have relationships with many different providers, each of whom may be running portions of the same campaign. Because we generally do not have long-term contracts, it may be difficult for us to accurately predict future revenue streams. We cannot provide assurance that our current advertisers will continue to use our solutions, or that we will be able to replace departing advertisers with new advertisers that provide us with comparable revenue.

We may not be able to retain digital properties or attract new digital properties that provide us with digital space that is sufficient for our volume of sponsored content or comparable to the digital space provided by any digital properties we may lose.

We do business with our partners by allowing them to share in the revenues we receive from advertisers from campaigns that are placed on their digital properties. If the content we place on the digital property is successful, and the partner is satisfied with our performance and ability to generate revenue, the digital property partner may continue to want us to place content on their website. Alternatively, if we cannot maintain the quality of the content, digital property satisfaction with our platform may decrease. As our advertiser content may appear on multiple digital properties, any decrease in quality may rapidly affect many digital properties in a short period of time. Our commitments from digital properties are for various periods of time, but our success is dependent upon our ability to successfully execute campaigns using available digital space and maintaining partner satisfaction, while continually expanding the number of digital properties from whom we purchase digital space as needed to meet content volume. In addition, after expiration of our agreements, it is easy for digital properties to seek an alternative supplier of content for their digital space because there are no switching costs. We also face a risk that digital property contract renewals decrease our margins as digital properties may seek to negotiate a higher revenue share. Thus, we cannot provide assurance that our current partners will continue to want us to place content on their digital properties, or that we will be able to replace departing digital properties with new digital properties that provide us with sufficient or comparable digital space. In addition, certain trends in the industry designed to achieve a different user experience may significantly impact our business. For example, a partner may redesign its digital property causing us to have less real estate for our content or placing us in less profitable locations of the website.

If our access to quality digital properties or content from advertisers is diminished or if we fail to acquire new content, our revenue could decline and our growth prospects could be impeded.

We must maintain a consistent supply of attractive content and quality digital properties on which we place content. If our access to attractive content diminishes, our ability to pay digital properties will diminish, and if access

to quality digital properties diminishes then advertisers may not want to work with us. Thus, our success depends both on our ability to secure quality content and digital real estate.

The amount, quality and cost of supply available to us can change over time. Our digital properties' contracts are for various periods. As a result, we cannot provide any assurance that we will have ongoing access to a consistent supply of quality digital real estate. Moreover, the number of competitors in our industry is substantial and continues to increase, which could negatively affect the terms of doing business with our digital property partners and ultimately our gross margin. If we are unable to compete favorably for digital properties, we may not be able to place content at competitive rates or find alternative sources of supply with comparable traffic patterns and consumer demographics in a timely manner. Similarly, if we are unable to maintain a consistent supply of quality content from advertisers for any reason, our business, digital property partners retention and loyalty, financial condition and results of operations would be harmed.

If we are successful in attracting more advertising inventory from digital properties than we can satisfy with demand from advertisers, our relationship with certain digital properties, our revenues and our business could be adversely impacted.

Our business model depends on our ability to coordinate the supply of advertising inventory from our digital property partners with demand for that inventory from advertisers. Any material failure to effectively maintain a sufficient number of advertisers relative to the inventory we have available could cause digital properties not to utilize our platform or impair Taboola's AI's ability to accurately predict user engagement. As a result, our relationships with certain digital properties, our revenues and our business could be adversely impacted.

If Taboola fails to maintain the quality of content or to prevent low quality, offensive or other non-compliant content from appearing on the digital properties, we could lose digital properties and advertisers, which could cause our results of operations and revenues to decline.

Advertiser and digital property satisfaction with our solution depends on our ability to place high quality advertiser content with content from digital properties that is well-suited to the advertiser's product or service. If we are unable to keep our advertisers' content from being placed with low quality, offensive or other non-compliant editorial content, or if we are unable to keep low quality, offensive or other non-compliant ads off of our network of digital properties, our reputation and business may suffer. As we grow our business to serve a larger number of advertisers and digital properties, it could become more challenging to prevent low quality, offensive or other non-compliant content from being shown. In addition, the categories of content that our digital properties accept may change over time and as these categories are removed from our inventory, we could suffer a decrease in cost-per-click and overall revenue. If we are unable to maintain the quality of our advertiser and digital properties, our reputation and business may suffer and we may not be able to retain or secure additional advertiser or digital property relationships.

Historically, the majority of our agreements with digital properties have typically required them to provide us with exclusivity for the term of the agreement. To the extent that such exclusivity is reduced or eliminated for any reason, including due to changes in market practice or changes in or in response to laws, rules or regulations, digital properties could elect to implement competitive platforms or services that could be detrimental to our performance, thereby reducing our revenues and harming our business.

Although the majority of our agreements with digital properties have historically required digital properties to provide us with exclusivity for the term of the agreement, there is no guarantee that we will be able to continue to obtain such exclusive arrangements or to renew existing arrangements on similar terms in the future. To the extent that such exclusivity is reduced or eliminated for any reason, including due to changes in market practice or changes in or in response to laws, rules or regulations, our partners could elect to implement other platforms or services on their digital properties or to seek out other third parties with which to do business, which could be detrimental to our performance, thereby reducing our revenues and having an adverse effect on our business.

If we fail to detect fraudulent clicks, including non-human traffic, serve advertisements on undesirable websites, or serve content that is inappropriate to certain of our digital properties, our reputation will suffer, which would harm our brand and reputation and negatively impact our business, financial condition and results of operations.

Our business depends in part on providing our advertisers and digital properties with a service that they trust, and we have contractual commitments to take reasonable measures to prevent click fraud or distributing content on undesirable digital properties. We use proprietary technology to detect click fraud and block inventory that we know

or suspect to be fraudulent. Preventing and combating fraud requires constant vigilance, and we may not always be successful in our efforts to do so. In addition, as we continue to improve our click fraud detection mechanisms, we may find that a portion of our traffic is the result of click fraud, and eliminating this fraudulent traffic would reduce our revenues. We also use proprietary technology to prevent our advertisers' content from appearing on undesirable digital properties, but we may not be successful in doing so, which would harm our relationship with advertisers. Any of these things would harm our brand and reputation and negatively impact our business, financial condition and results of operations.

Our platform and business are subject to a wide variety of risks from individuals from inside and outside our company. Our policies and procedures may be inadequate to protect us from material losses or other harm caused by these bad actors, which could negatively impact our business, results of operations and reputation.

Our platform and business are subject to a wide variety of risks from individuals both inside and outside our company. We have established policies and procedures to manage our exposure to risk, including risks arising from the actions of our employees. These policies may not be adequate or effective in managing our future risk exposure or protecting us against unidentified or unanticipated risks. Although we regularly update our policies and procedures, including with respect sanctions, bribery, money laundering and insider trading, we may fail to predict future risks due to rapid changes in the market and regulatory conditions and in new markets we enter. Although we have established internal controls to ensure our risk management policies and procedures are adhered to by our employees as we conduct our business, our internal controls may not effectively prevent or detect any non-compliance of our policies and procedures. In particular, these measures may not adequately address or prevent all illegal, improper, or otherwise inappropriate activity from occurring and such conduct could expose us to liability, including through litigation, or adversely affect our brand or reputation. Further, any negative publicity related to the foregoing, whether such an incident occurred on our platform or on our competitors' platforms, could adversely affect public perception of our industry as a whole, which could negatively affect demand for platforms like ours, and potentially lead to increased regulatory or litigation exposure. Any of the foregoing risks could negatively impact our business, results of operations and reputation.

Our business depends on strong brands and well-known digital properties, and failing to maintain and enhance our brands and well-known digital properties would hurt our ability to expand our number of advertisers and digital properties.

Building and maintaining market awareness, brand recognition and goodwill in a cost-effective manner is important to our overall success in achieving widespread acceptance of our existing and future solutions. In particular, our business depends on access to strong brands and well-known digital properties, such as prominent media outlets, and failing to maintain and enhance our relationships with such brands and digital properties would hurt our ability to strengthen our own brand and to expand our current number of advertisers and digital properties. Our efforts in developing our brand may be hindered by the marketing efforts of our competitors, to the degree our competitors are able to decrease the number of high-profile digital properties we are able to work with. Alternatively, if a significant number of well-known digital properties ceased to do business with us due to changing market conditions or for other reasons, our own brand image and reputation could suffer and our business and results of operations could be adversely affected.

The widespread use of technologies that can block or limit the display of our ads could adversely affect our financial results and business.

Technologies have been developed, and will likely continue to be developed, that can block the display of our ads or content or block our ad measurement tools, particularly for advertising displayed on personal computers. We generate substantially all of our revenue from advertising, including revenue resulting from the display of ads via our platform on personal computers. Revenue generated from the display of ads on personal computers has been impacted by these technologies from time to time. As a result, these technologies may have an adverse effect on our financial results and, if such technologies continue to proliferate, in particular with respect to mobile platforms, our future financial results may be harmed.

Our business depends on continued and unimpeded access to the Internet and digital properties by us and our users. Internet access providers, device manufacturers, browser developers or owners of digital properties may be able to restrict, block, degrade, or charge for access to certain of our products and services, which could lead to significant degradation of our service or additional expenses and the loss of users and advertisers.

Our products and services depend on the ability of consumers to access the Internet. Currently, this access is provided by companies that have significant market power in the broadband and internet access marketplace, including incumbent telephone companies, cable companies, mobile communications companies, and government-owned service providers. Some of these providers may take measures that could degrade, disrupt, or increase the cost of user access by restricting or prohibiting the use of their infrastructure to support our platform, by charging increased fees to us or our users, or by providing our competitors preferential access. Some jurisdictions have adopted regulations prohibiting certain forms of discrimination by internet access providers; however, substantial uncertainty exists in the United States and elsewhere regarding such protections. For example, in 2018 the United States Federal Communications Commission repealed net neutrality rules, which could permit internet access providers to restrict, block, degrade, or charge for access. In addition, our platform may be subject to government-initiated restrictions or blockages. COVID-19 has also resulted in quarantines, shelter in place orders, and work from home directives, all of which have increased demands for internet access and may create access challenges. These could result in a decrease of users interacting with our platform, and could impair our ability to attract new advertisers and digital properties.

In addition, we rely on data signals from user activity on websites that we do not control in order to deliver relevant and effective ads on behalf of our advertisers. Our advertising revenue is dependent on targeting and measurement tools that incorporate these signals, and any changes in our ability to use such signals will adversely affect our business. For example, legislative and regulatory changes, such as the GDPR and CCPA, may impact our ability to use such signals in our ad products. In addition, mobile operating system and browser providers, such as Apple and Google, have announced product changes as well as future plans to limit the ability of application developers to use these signals to target and measure advertising on their platforms. These developments may limit our ability to target and measure the effectiveness of ads on our platform, and any additional loss of such signals in the future will adversely affect our targeting and measurement capabilities and negatively impact our advertising revenue.

Large and established internet and technology companies may be able to independently transform the marketplace for data and native advertising and significantly impair our ability to operate.

Large and established internet and technology companies such as Amazon, Apple, Facebook and Google may have the power to significantly change the very nature of the internet display advertising marketplace, and these changes could materially disadvantage us. For example, Amazon, Apple, Facebook and Google have substantial resources and have a significant share of widely adopted industry platforms such as web browsers, mobile operating systems and advertising exchanges and networks. In addition, these or other companies may bundle other services alongside the services that compete with our solutions, thus potentially creating a more competitive platform than ours. Therefore, these companies could leverage their position to make changes to their web browsers, mobile operating systems, platforms, exchanges, networks or other products or services that could be significantly harmful to our business and results of operations.

From time to time certain of our digital properties, typically small and medium digital properties, have, and in the future may continue to, violate the terms of their agreements with us by depriving us of their contractually required advertising inventory.

If a significant number of these digital properties violate their agreements, it could be impractical for us to pursue remedies against all of them and as a result we may lack sufficient or timely advertising inventory for our advertiser clients. As a result, advertisers may be less likely to contract with us in the future. The combined effect of this disruption to our anticipated advertising inventory, and related supply and demand dynamics, could have an adverse effect on our revenue, business operations and reputation.

We may invest in or acquire other businesses, which could require significant management attention, disrupt our business, dilute stockholder value and adversely affect our financial condition and results of operations.

As part of our business strategy, we have made and may make future investments in or acquisitions of complementary companies, products or technologies. These activities involve significant risks to our business. We may not be able to find suitable acquisition candidates, and we may not be able to complete such acquisitions on

favorable terms, if at all. If we do complete acquisitions, they may not ultimately strengthen our competitive position. Any acquisitions we complete could be viewed negatively by our partners and clients, which could have an adverse impact on our business. In addition, if we are unsuccessful at integrating employees or technologies acquired, our financial condition and results of operations, including revenue growth, could be adversely affected. Any acquisition and subsequent integration will require significant time and resources. We may not be able to successfully evaluate and use the acquired technology or employees, or otherwise manage the acquisition and integration processes successfully. We will be required to pay cash, incur debt and/or issue equity securities to pay for any such acquisition, each of which could adversely affect our financial condition. Our use of cash to pay for acquisitions would limit other potential uses of our cash, including investments in our sales and marketing and product development organizations, and in infrastructure to support scalability. The issuance or sale of equity or convertible debt securities to finance any such acquisitions would result in dilution to our stockholders. If we incur debt, it would result in increased fixed obligations and could also impose covenants or other restrictions that could impede our ability to manage our operations.

If we do not effectively grow and train our sales team and account managers, we may be unable to add new digital properties and advertisers or increase sales to our existing digital properties and advertisers, and our business would be adversely affected.

We continue to be substantially dependent on our sales team and account managers to obtain new digital properties and advertisers and to drive sales from our existing digital properties and advertisers. We believe that there is significant competition for sales personnel with the skills and technical knowledge that we require. Our ability to achieve significant revenue growth will depend, in large part, on our success in recruiting, training, integrating and retaining sufficient numbers of sales personnel to support our growth. New hires require significant training and it may take significant time before they achieve full productivity. Our recent hires and planned hires may not become productive as quickly as we expect, and we may be unable to hire or retain sufficient numbers of qualified individuals in the markets where we do business or plan to do business. In addition, if we continue to grow rapidly, a large percentage of our sales team will be new to the company and our solutions. If we are unable to hire and train sufficient numbers of effective sales personnel, or the sales personnel are not successful in obtaining new digital properties and advertisers or increasing sales to our existing digital property and advertiser base, our business would be adversely affected. Finally, managing our sales team and account managers, particularly in light of our growth, and enforcing compliance with our sales policies is a challenge for us.

If we do not effectively maintain and grow our research and development team with top talent, including employees who are trained in artificial intelligence, machine learning and advanced algorithms, we may be unable to continue to improve on our artificial intelligence, our performance could decline and we could lose digital properties and advertisers, which could cause our results of operations and revenues to decline.

Our future success depends on our ability to continue to attract, retain and motivate highly skilled employees, software engineers and other employees with the technical skills in artificial intelligence, machine learning and advanced algorithms that will enable us to deliver effective advertising and content solutions. Competition for highly skilled employees in our industry is intense, in particular in the fields of artificial intelligence and data science, and we expect certain of our key competitors, who generally are larger than us and have access to more substantial resources, to pursue top talent even more aggressively.

We may be unable to attract or retain such highly skilled personnel who are critical to our success, which could hinder our ability to keep pace with innovation and technological change in our industry or result in harm to our key advertiser and digital property relationships, loss of key information, expertise or proprietary knowledge and unanticipated recruitment and training costs. The loss of the services of such key employees could make it more difficult to successfully operate our business and pursue our business goals.

Our growth depends, in part, on the success of our strategic relationships with third parties, including ready access to hardware in key locations to facilitate the delivery of our platform and reliable management of Internet traffic.

We anticipate that we will continue to depend on various third-party relationships in order to grow our business. We continue to pursue additional relationships with third parties, such as technology and content providers, content delivery networks, data partnerships, co-location facilities and other strategic partners. Identifying, negotiating and documenting relationships with third parties requires significant time and resources, as does integrating third-party data and services. Our agreements with providers of technology, computer hardware, co-location facilities, and

content are typically non-exclusive, do not prohibit them from working with our competitors or from offering competing services and do not typically have minimum purchase commitments. Our competitors may be effective in providing incentives to third parties to favor their products or services over ours or to otherwise prevent or reduce purchases of our solutions. In addition, these third parties may go out of business, no longer offer their services to us or not perform as expected under our agreements with them, and we may have disagreements or disputes with such third parties, which could negatively affect our brand and reputation.

In particular, our continued growth depends on our ability to source computer hardware, including servers built to our specifications, and the ability to locate those servers and related hardware in co-location facilities in the most desirable locations to facilitate the timely delivery of our services. Disruptions in the services provided at co-location facilities that we rely upon can degrade the level of services that we can provide, which could harm our business. We also rely on our integration with many third-party technology providers to execute our business on a daily basis. We rely on a third-party domain name service, or DNS, to direct traffic to our closest data center for efficient processing. If our DNS provider experiences disruptions or performance problems, this could result in inefficient balancing of traffic across our servers as well as impairing or preventing web browser connectivity to our site, which could harm our business.

Our future success depends on the continuing efforts of our key employees, including our founder, and on our ability to hire, train, motivate and retain additional employees, including key employees.

Our future success depends heavily upon the continuing services of our key employees, including our founder and CEO, Adam Singolda, and on our ability to attract and retain members of our management team and other highly skilled employees, including software engineers, analytics and operations employees and sales professionals. The market for talent in our key areas of operations, including New York, Tel Aviv, California, Bangkok, Sao Paulo and London, is intensely competitive. Our competitors may provide more generous benefits, more diverse opportunities and better chances for career advancement than we do. Some of these advantages may be more appealing to high-quality candidates than those we have to offer. Any of our employees may terminate his or her employment with us at any time.

New employees often require significant training and, in many cases, take significant time before they achieve full productivity. As a result, we may incur significant costs to attract and retain employees, including significant expenditures related to salaries and benefits and compensation expenses related to equity awards, and we may lose new employees to our competitors or other companies before we realize the benefit of our investment in recruiting and training them. Moreover, new employees may not be or become as productive as we expect, as we may face challenges in adequately or appropriately integrating them into our workforce and culture. In addition, as we move into new geographies, we will need to attract and recruit skilled employees in those areas.

Even if we are successful in hiring qualified new employees, we may be subject to allegations that we have improperly solicited such employees while they remained employed by our competitors, that such employees have improperly solicited other colleagues of theirs employed by the same competitors or that such employees have divulged proprietary or other confidential information to us in violation of their agreements with such competitors. If we are unable to attract, integrate and retain suitably qualified individuals, our business, financial position and results of operations would be harmed.

Our corporate culture has contributed to our success. If we cannot maintain it as we grow, we could lose the innovation, creativity and teamwork fostered by our culture, and our business could be harmed.

We are undergoing rapid growth and we intend to further expand our overall headcount and operations both domestically and internationally and through acquisitions, and we may not be able to do so while effectively maintaining our corporate culture. We believe our corporate culture has been a critical component of our success as we believe it fosters innovation, teamwork, passion for partners and clients and focus on execution, while facilitating knowledge sharing across our organization. As we grow and change, we may find it difficult to preserve our corporate culture, which could reduce our ability to innovate and operate effectively. In turn, the failure to preserve our culture could negatively affect our ability to attract, recruit, integrate and retain employees, continue to perform at current levels and effectively execute our business strategy.

Many advertisers typically spend less in the first quarter and more in the fourth quarter of each calendar year. Our historical revenue growth has mitigated the impact of these seasonal fluctuations in advertising activity. If our growth declines or these typical advertising patterns become more pronounced, seasonality could have a material impact on our revenue, cash flows and operating results.

Our revenue, cash flow and other key operating and performance metrics may vary from quarter to quarter due to the seasonal nature of our advertiser clients' spending on advertising campaigns. For example, many advertisers tend to devote more of their advertising budgets to the fourth calendar quarter to coincide with consumer holiday spending and correspondingly to spend less in the first quarter. Moreover, advertising inventory in the fourth quarter may be more expensive due to increased demand for it. Our historical revenue growth has masked the impact of seasonality in the past, but if our growth rate declines or seasonal spending becomes more pronounced, seasonality could have a more significant impact on our revenue, cash flow and results of operations from period to period.

We usually incur the cost of an advertiser's campaign before we bill for services. Such advertisers may have or develop high-risk credit profiles, which may result in credit risk.

We usually incur the cost of an advertiser's campaign before we bill for services. A portion of our advertiser-side business is sourced through advertising agencies, and we contract with these agencies as agent for a disclosed principal, which is the advertiser. Typically, the advertising agency pays for our services once it has received payment from the advertiser for our services. Our agreements with these agencies typically provide that if the advertiser does not pay the agency, the agency is not liable to us, and we must seek payment solely from the advertiser.

In addition, contracting with advertisers who have or develop high-risk credit profiles, subjects us to credit risk. This credit risk may vary depending on the nature of the advertiser's business and the advertiser's monetization of the traffic generated. Any inability to collect costs we have advanced or other amounts due to us, including write-offs of accounts receivable, could have a materially negative effect on our results of operations.

We often pay our digital properties their share of the revenue generated by an advertiser's campaigns whether or not we have received payment from the advertisers and even if we never receive payment from such advertiser. In addition, we agree with digital properties on a fixed cost for the digital space but a large portion of our revenue from advertisers is tied to the performance of the campaign. As a result, our results of operations and financial condition could be adversely impacted if we do not receive timely payment from our advertisers or if our campaigns do not perform as expected.

Risks Related to Laws and Regulations

We are a multinational organization faced with complex and changing employment regulation in many jurisdictions and are therefore subject to a large number of risks relating to our employees. Failure to appropriately manage these risks can result in a material disruption of our operations, revenues and business.

Various foreign and domestic labor laws govern our relationship with our employees and affect our operating costs. These laws include overtime and sick pay, paid time off, work scheduling, healthcare reform, unemployment tax rates, workers' compensation rates and applicable local labor or works council laws. A number of factors could adversely affect our operating results, including additional government-imposed increases in overtime and sick pay, paid leaves of absence, mandated health benefits, and changing regulations from the National Labor Relations Board in the United States or similar agencies in other jurisdictions. Complying with any new legislation or reversing changes implemented under existing law could be time-intensive and expensive and may adversely affect our business.

We are a multinational organization faced with complex and changing laws and regulations regarding privacy, data protection, content, competition, consumer protection, and other matters. Many of these laws and regulations are subject to change and uncertain interpretation, and could result in claims, changes to our business practices, monetary penalties, increased cost of operations, or declines in user engagement, or otherwise harm our business.

We are subject to a variety of laws and regulations in the United States and other countries that involve matters central to our business, including privacy, data protection, content, competition, consumer protection, and other matters. The expansion of our activities in certain jurisdictions, or other actions that we may take may subject us to additional laws, regulations, or other government scrutiny. In addition, foreign data protection, privacy, content, competition, and other laws and regulations can impose different obligations or be more restrictive than those in the United States. For additional discussion of data privacy and data protection laws applicable to our business, *see "Risk*

Factors—Risks Related to Laws and Regulations—Legislation and regulation of online businesses, including privacy and data protection regimes, could create unexpected costs, subject us to enforcement actions for compliance failures, or cause us to change our technology platform or business model, which could have a material adverse effect on our business."

Laws and regulations of the countries and their legal subdivisions in which we operate or conduct business or in which our employees reside, which in some cases can be enforced by private parties in addition to government entities, are constantly evolving and can be subject to significant change. As a result, the application, interpretation, and enforcement of these laws and regulations are often uncertain, particularly in the new and rapidly evolving industry in which we operate, and may be interpreted and applied inconsistently from country to country and inconsistently with our current policies and practices. For example, regulatory or legislative actions affecting the manner in which we display content to our users could adversely affect user growth and engagement. Such actions could affect the manner in which we provide access to our platform or adversely affect our financial results.

These laws and regulations, as well as any associated claims, inquiries, or investigations or any other government actions, have in the past led to, and may in the future lead to, unfavorable outcomes including increased compliance costs, delays or impediments in the development of new products, negative publicity and reputational harm, increased operating costs, diversion of management time and attention, and remedies that harm our business, including fines or demands or orders that we modify or cease existing business practices.

Legislation and regulation of online businesses, including privacy and data protection regimes, could create unexpected costs, subject us to enforcement actions for compliance failures, or cause us to change our technology platform or business model, which could have a material adverse effect on our business.

Government regulation could increase the costs of doing business online. U.S. and many other governments have enacted or are considering legislation and regulation related to online advertising to which we are or may become subject, and we expect to see an increase in legislation and regulation related to digital advertising, the collection and use of Internet user data and unique device identifiers, such as IP address or unique mobile device identifiers, and other data protection and privacy regulation. The regulatory environment related to privacy and data protection is increasingly rigorous, with new and constantly changing requirements applicable to our business, and enforcement practices are likely to remain uncertain for the foreseeable future. Such legislation and regulation could affect the costs of doing business online, and could reduce the demand for our solutions or otherwise harm our business, financial condition and results of operations. These laws and regulations may be interpreted and applied differently over time and from jurisdiction to jurisdiction, and it is possible that they will be interpreted and applied in ways that may have a material adverse effect on our results of operations, financial condition and cash flows. For example, a wide variety of provincial, state, national and international laws and regulations apply to the collection, use, retention, protection, disclosure, transfer and other processing of personal data. While we generally have not collected data from Internet users that is traditionally considered personally identifiable data, such as name, email address, address, phone numbers, social security numbers, credit card numbers, financial or health data, we typically do collect and store IP addresses, other device identifiers that are or may be considered personal data in some jurisdictions or otherwise may be the subject of legislation or regulation.

For example, in the United States, various federal and state regulators, including governmental agencies like the Federal Trade Commission, or the FTC, have adopted, or are considering adopting, laws and regulations concerning privacy and data protection. Certain state laws may be more stringent or broader in scope, or offer greater individual rights, with respect to personal information than federal, international or other state laws, and such laws may differ from each other, all of which may complicate compliance efforts. For example, the California Consumer Privacy Act of 2018, or the CCPA, which increases privacy rights for California residents and imposes obligations on companies that process their personal information (including device identifiers, IP addresses, cookies and geo-location), came into effect on January 1, 2020. Among other things, the CCPA requires covered companies to provide new disclosures to California consumers and provide such consumers new data protection and privacy rights, including the ability to opt-out of certain sales of personal information. The CCPA provides for civil penalties for violations, as well as a private right of action for certain data breaches that result in the loss of personal information. Additionally, voters approved a new privacy law, the California Privacy Rights Act, or the CPRA, in November 2020. Beginning on January 1, 2023, the CPRA will significantly modify the CCPA, including by expanding consumers' rights with respect to certain sensitive personal information. State laws are changing rapidly and there is discussion in Congress of a new comprehensive federal data privacy law to which we would become subject if it is enacted.

Internationally, laws, regulations and standards in many jurisdictions apply broadly to the collection, use, retention, security, disclosure, transfer and other processing of personal data. For example, the GDPR, which became effective in May 2018, greatly increased the European Commission's jurisdictional reach of its laws and adds a broad array of requirements for handling personal data (including online identifiers and location data). EU member states are tasked under the GDPR to enact, and have enacted, certain implementing legislation that adds to and/or further interprets the GDPR requirements and potentially extends our obligations and potential liability for failing to meet such obligations. The GDPR, together with national legislation, regulations and guidelines of the EU member states and the United Kingdom governing the processing of personal data, impose strict obligations and restrictions on the ability to collect, use, retain, protect, disclose, transfer and otherwise process personal data. In particular, the GDPR includes obligations and restrictions concerning the consent and rights of individuals to whom the personal data relates, the transfer of personal data out of the European Economic Area or the United Kingdom, security breach notifications and the security and confidentiality of personal data. The GDPR authorizes fines for certain violations of up to 4% of global annual revenue or €20 million, whichever is greater. In addition, some countries are considering or have passed legislation implementing data protection requirements or requiring local storage and processing of data or similar requirements that could increase the cost and complexity of delivering our services.

Evolving and changing definitions of personal data, within the EU, the United States and elsewhere, especially relating to classification of IP addresses, machine or device identifiers and other information, have in the past and could cause us in the future, to change our business practices, expend significant costs to modify our data processing practices or policies, distract management or divert resources from other initiatives and project, or limit or inhibit our ability to operate or expand our business. Data protection and privacy-related laws and regulations are evolving and could result in ever-increasing regulatory and public scrutiny and escalating levels of enforcement and sanctions. While we currently take steps to avoid collecting personal data that would enable the direct identification of Internet users, we may inadvertently receive this information from advertisers or advertising agencies or through the process of delivering our service. Additionally, while we take measures to protect the security of information that we collect, use and disclose in the operation of our business, and to offer certain privacy protections with respect to such information, such measures may not always be effective. Our advertising clients or digital property partners have or may in the future impose new restrictions relating to the GDPR, the CCPA and other privacy and data protection laws and regulations with which we must adapt and comply. Our failure to comply with applicable laws and regulations, or to protect personal data, could result in enforcement or litigation action against us, including fines, sanctions, penalties, judgments, imprisonment of our officers and public censure, claims for damages by consumers and other affected individuals, damage to our reputation and loss of goodwill, any of which could have a material adverse impact on our business, financial condition and results of operations. Even the perception of privacy concerns, whether or not valid, could harm our reputation and inhibit adoption of our solutions by current and future clients and partners.

Potential "Do Not Track" standards or government regulation could negatively impact our business by limiting our access to the user data that informs the advertising campaign we run, and as a result could degrade our performance for our digital properties and advertisers.

As the use of cookies has received ongoing media attention in recent years, some government regulators and privacy advocates have suggested creating a "Do Not Track" standard that would allow Internet users to express a preference, independent of cookie settings in their web browser, not to have their website browsing recorded. All the major Internet browsers have implemented some version of a "Do Not Track" setting. Microsoft's Internet Explorer includes a "Do Not Track" setting that is selected "on" by default. However, there is limited guidance, consensus and industry standards regarding the definition of "tracking," what message is conveyed by a "Do Not Track" setting and how to respond to a "Do Not Track" preference. We could face competing policy standards, or standards that put our business model at a competitive disadvantage to other companies that collect data from Internet users, standards that reduce the effectiveness of our solutions, or standards that require us to make costly changes to our solutions. The FTC has stated that it will pursue a legislative solution if the industry cannot agree upon a standard. "Do Not Track" has seen renewed emphasis from proponents of the CCPA, and the CCPA, in certain circumstances, requires browser-based or similar "do not sell" signals. If a standard is imposed by state or federal legislation, or agreed upon by standard setting groups, that requires us to recognize a "Do Not Track" signal and prohibits us from using data as we currently do, then that could hinder growth of advertising and content production on the web generally, and limit the quality and amount of data we are able to store and use, which would cause us to change our business practices and adversely affect our business.

Potential regulation or oversight over native advertising disclosure standards could negatively impact our business by affecting click through rates, which in turn affects the profitability of our digital properties and advertisers.

As "native" advertising, or advertising content designed to blend in with editorial content, increases in popularity among advertisers, digital properties, marketers and regulators are still considering varying approaches and guidelines relating to the labelling of such content. In the United States, the FTC requires that all online advertising must meet a few basic principles: it must be truthful and not misleading, it must substantiate any express or implied claims, it cannot be unfair or deceptive, and any disclosures necessary to make an ad accurate must be clear and conspicuous. The FTC clarified those requirements in March 2013 with a document titled "Dot Com Disclosures: Information about Online Advertising." Although open to interpretation, those guidelines suggested paid online ads must be disclosed and adequately labeled to users. In December 2013, the FTC held a workshop to discuss whether media outlets are adequately identifying sponsored stories. No clear answers were derived from the workshop, as the FTC did not offer specific guidance on exactly how that content should be labeled. However, failing to clearly disclose something material in an advertisement would, in the views of some participants, be a violation of Section 5 of the Federal Trade Commission Act of 1914. Also, in May 2019, the Interactive Advertising Bureau (IAB), a self-regulatory agency, released its "Native Advertising Playbook 2.0" with the aim of providing a framework for native advertising, including how to clearly and prominently disclose the material as an advertisement. The playbook explains that native advertising must plainly disclose that the ad has been paid for in a conspicuous manner, but does not provide much in the way of additional disclosure guidance. Similarly, self-regulatory bodies such as the National Advertising Division ("NAD"), the investigative unit of the advertising industry's system of self-regulation administered by the Council of Better Business Bureaus, which has in the past year investigated several advertisers for their native advertising practices in the print and digital space as part of its routine monitoring program, has not provided specific guidance to digital properties and marketers. The NAD's guidance has relied on the FTC's advice to search engine companies, which emphasizes the need for visual cues, labels or other techniques to effectively distinguish advertisements in order to avoid misleading consumers, but does not specify what cues, labels or techniques should be used. In the past, both NAD and Advertising Standards Authority, the UK's independent regulator of advertising, have handled complaints filed against us with respect to our labeling. While those complaints have since been resolved and we seek to comply with respect to the clear labeling rules and guidance issued by NAD and ASA, it is possible that the FTC or one of these self-regulatory bodies could disagree and find that our disclosures are not sufficiently clear or conspicuous to avoid misleading consumers and should be modified. Similar or more stringent standards and self-regulatory principals have been or could be implemented in other countries as well.

If we make mistakes in the implementation of such guidance, or our commitments with respect to these principles, we could be subject to negative publicity, government investigation, government or private litigation, or investigation by self-regulatory bodies or other accountability groups. Any such action against us could be costly and time consuming, require us to change our business practices, cause us to divert management's attention and our resources and be damaging to our reputation and our business. Moreover, additional or different disclosures may lead to a reduction in end-user's interaction with sponsored content we distribute resulting in reduced profitability to our digital properties and ourselves.

We are a multinational organization faced with complex and changing advertising regulation in many jurisdictions in which we operate, and we are obligated to comply with such advertising regulations in connection with the advertising we distribute on behalf of our advertiser clients. If we fail to comply with these advertising regulations we or our advertisers could be subject to liability or forced to reduce or suspend operations until we are able to comply, which could reduce our revenues.

We are subject to complex and changing advertising regulations in many jurisdictions in which we operate, and we are obligated to comply with such advertising regulations in connection with the advertising we distribute on behalf of our advertiser clients. For example, much of the federal oversight on digital advertising in the U.S. currently comes from the FTC, which has primarily relied upon Section 5 of the Federal Trade Commission Act, which prohibits companies from engaging in "unfair" or "deceptive" trade practices, including alleged violations of representations concerning privacy protections and acts that allegedly violate individuals' privacy interests. If we or our advertiser clients are not able to comply with these laws or regulations or if we become liable under these laws or regulations, we could be directly harmed, and we may be forced to implement new measures to reduce our exposure to this liability. This may require us to expend substantial resources or to alter our business strategy, which would negatively affect our business, financial condition and results of operations.

We are a multinational organization and could be held liable in some jurisdictions in which we operate for the content or advertisements that we distribute on behalf of our advertiser clients, which could expose us to damages or other legal liability.

Our platform allows our advertisers' advertisements to be displayed on the digital properties of our partners. Although Section 230 of the Communications Decency Act provides immunity, subject to certain conditions, to certain online platforms from claims related to third-party content, the law relating to the liability of online service providers for others' activities on their services may change. Congressional efforts to restrict the scope of the protections available to online platforms under Section 230, and our current protections from liability for third-party content in the United States, could decrease or change as a result. Claims may be brought against us for defamation, negligence, breach of contract, copyright and trademark infringement, unfair competition, unlawful activity, torts, fraud, or other legal theories based on the nature and content of information available on or via our platform.

We may be subject to claims by virtue of our involvement in hosting, transmitting or providing access to content created by third parties. Defense of any such actions could be costly and involve significant time and attention of our management and other resources, may result in monetary liabilities or penalties, or may require us to change our business in an adverse manner. If the content or ads displayed on our platform are found to be illegal under applicable local law, we may be exposed to fines, civil penalties or consent decrees for such violations of law, which could adversely affect our revenue, reputation and results of operations. In extreme cases, false advertising could lead not only to civil penalties and fines, but also allegations of criminal wrongdoing.

From time to time we are subject to litigation, administrative inquiries and similar governmental procedures, which may be extremely costly to defend, could result in substantial judgment or settlement costs or subject us to other remedies. Litigation and other disputes can also divert management's attention from our operations and hurt our reputation.

From time to time we are involved in various legal proceedings or government investigations, including, but not limited to, actions relating to breach of contract, intellectual property infringement, competition law or other issues. For example, in April 2021, we became aware that the Antitrust Division of the U.S. Department of Justice is conducting a criminal investigation of hiring activities in our industry, including us. We are cooperating with the Antitrust Division. While there can be no assurances as to the ultimate outcome, we do not believe that our conduct violated applicable law. Claims may be expensive to defend, may divert management's time away from our operations, and may affect the availability and premiums of our liability insurance coverage, regardless of whether they are meritorious or ultimately lead to a judgment against us. We cannot assure you we will be able to successfully defend or resolve any current or future litigation matters, in which case those litigation matters could have a material and adverse effect on our business, financial condition, operating results, cash flows, reputation and prospects.

We are a multinational organization faced with increasingly complex tax issues in many jurisdictions, and we could be obligated to pay additional taxes in various jurisdictions as a result of new taxes and related laws, which may materially affect our business and results of operations.

As a multinational organization, operating in multiple jurisdictions such as Israel, the United States, the European Union, United Kingdom, Turkey, Brazil, China, Japan, South Korea, India and Thailand, among others, we may be subject to taxation in several jurisdictions around the world with increasingly complex tax laws, the application of which may be uncertain. The amount of taxes we pay in these jurisdictions could increase substantially as a result of changes in the applicable tax principles, including increased tax rates, new tax laws or revised interpretations of existing tax laws and precedents, which could have a material adverse effect on our liquidity and results of operations. In addition, as internet commerce and globalization continue to evolve, increasing regulation by government authorities becomes more likely. Our business could be negatively impacted by the application of existing laws and regulations or the enactment of new laws applicable to digital advertising. The cost to comply with such laws or regulations could be significant, and we may be unable to pass along those costs to our clients in the form of increased fees, which may negatively affect our business and results of operation. We are subject to regular review and audit by Israeli, US and other foreign tax authorities. Although we believe our tax estimates are reasonable, the authorities in these jurisdictions could review our tax returns and impose additional taxes, interest and penalties, and the authorities could claim that various withholding requirements apply to us or our subsidiaries or assert that benefits of tax treaties are not available to us or our subsidiaries, any of which could materially affect our income tax provision, net income, or cash flows in the period or periods for which such determination and settlement is made.

Our tax rate may vary significantly depending on our stock price.

The tax effects of the accounting for stock-based compensation may significantly impact our effective tax rate from period to period. In periods in which our stock price is higher than the grant price of the stock-based compensation vesting in that period, we will recognize excess tax benefits that will decrease our effective tax rate, while in periods in which our stock price is lower than the grant price of the stock-based compensation vesting in that period, our effective tax rate may increase. The amount and value of stock-based compensation issued relative to our earnings in a particular period will also affect the magnitude of the impact of stock-based compensation on our effective tax rate. These tax effects are dependent on our stock price, which we do not control, and a decline in our stock price could significantly increase our effective tax rate and adversely affect our financial results.

We could be required to collect additional sales, use, value added, digital services or other similar taxes or be subject to other liabilities that may increase the costs our clients would have to pay for our products and adversely affect our results of operations.

We collect value added and other similar taxes in a number of jurisdictions. One or more countries or U.S. states may seek to impose incremental or new sales, use, value added, digital services, or other tax collection obligations on us. A successful assertion by one or more U.S. states or foreign countries or change of law requiring us to collect taxes where we presently do not do so, or to collect more taxes in a jurisdiction in which we currently do collect some taxes, could result in substantial liabilities, including taxes on past sales, as well as interest and penalties. Furthermore, certain jurisdictions, such as the United Kingdom, France, India and Italy have recently introduced a digital services tax, which is generally a tax on gross revenue generated from users or customers located in those jurisdictions, and other jurisdictions have enacted or are considering enacting similar laws. A successful assertion by a U.S. state or local government, or other country or jurisdiction that we should have been or should be collecting additional sales, use, value added, digital services or other similar taxes could, among other things, result in substantial tax payments, create significant administrative burdens for us, discourage potential customers from subscribing to our platform due to the incremental cost of any such sales or other related taxes, or otherwise harm our business.

The Israeli tax benefits we currently receive require us to meet several conditions and may be terminated or reduced in the future, which would likely increase our taxes, possibly with a retroactive effect.

Some of our operations in Israel, referred to as “Privileged Enterprise” for FY 2018-2019 and “Preferred Technological Enterprise” commencing FY 2020 carry certain tax benefits under the Law for the Encouragement of Capital Investments, 5719-1959 (the “Investment Law”). In order to be eligible for tax benefits under the Investment Law, our Privileged/Preferred Technological Enterprises must comply with various conditions set forth in the Investment Law, as well as periodic reporting obligations. If we do not meet the requirements for maintaining these benefits or if our assumptions regarding the key elements affecting our tax rates are rejected by the Israeli tax authorities, they may be reduced or cancelled and the relevant operations would be subject to Israeli corporate tax at the standard rate, which is 23% in 2018 and thereafter.

In addition to being subject to the standard corporate tax rate, we could be required to refund any tax benefits we have already received, plus interest and penalties thereon under this program or similar programs we have utilized in the past. Even if we continue to meet the relevant requirements, the tax benefits our current “Privileged/Preferred Technological Enterprise” receive may not be continued in the future at their current levels or at all. If these tax benefits were reduced or eliminated, the amount of taxes we pay would likely increase, as all of our Israeli operations would consequently be subject to corporate tax at the standard rate, which could adversely affect our results of operations. Additionally, if we increase our activities outside of Israel, for example, by way of acquisitions, our increased activities may not be eligible for inclusion in Israeli tax benefit programs. If Israel discontinues or modifies these programs and potential tax benefits, our business, financial condition and results of operations could be adversely affected.

Transfer pricing rules may adversely affect our corporate income tax expense.

Many of the jurisdictions in which we conduct business have detailed transfer pricing rules, which require contemporaneous documentation establishing that all transactions with non-resident related parties be priced using arm’s length pricing principles. The tax authorities in these jurisdictions could challenge our related party transfer pricing policies and as a consequence the tax treatment of corresponding expenses and income. International transfer pricing is an area of taxation that depends heavily on the underlying facts and circumstances and generally involves

a significant degree of judgment. If any of these tax authorities were to be successful in challenging our transfer pricing policies, we may be liable for additional corporate income tax, and penalties and interest related thereto, which may have a significant impact on our results of operations and financial condition.

We may be exposed to liabilities under the U.S. Foreign Corrupt Practices Act and other U.S. and foreign anti-corruption, anti-money laundering, export control, sanctions and other trade laws and regulations, and any determination that we violated these laws could have a material adverse effect on our business.

We are subject to export control and import laws and regulations, including the U.S. Export Administration Regulations, U.S. Customs regulations and various economic and trade sanctions regulations administered by the U.S. Treasury Department's Office of Foreign Assets Control. We are also subject to the U.S. Foreign Corrupt Practices Act of 1977, as amended, the U.S. domestic bribery statute contained in 18 U.S.C. § 201, the U.S. Travel Act, the USA PATRIOT Act, the United Kingdom Bribery Act 2010, the Proceeds of Crime Act 2002, Chapter 9 (sub-chapter 5) of the Israeli Penal Law, 1977, the Israeli Prohibition on Money Laundering Law—2000 and possibly other anti-bribery and anti-money laundering laws in countries outside of the United States in which we conduct our activities. Compliance with these laws has been the subject of increasing focus and activity by regulatory authorities, both in the United States and elsewhere, in recent years. Anti-corruption laws are interpreted broadly and prohibit companies and their employees and third-party intermediaries from authorizing, promising, offering, providing, soliciting or accepting, directly or indirectly, improper payments or benefits to or from any person whether in the public or private sector. Although we endeavor to conduct our business in accordance with applicable laws and regulations, we cannot guarantee compliance.

Noncompliance with anti-corruption, anti-money laundering, export control, sanctions and other trade laws could subject us to whistleblower complaints, investigations, sanctions, settlements, prosecution, other enforcement actions, disgorgement of profits, significant fines, damages, other civil and criminal penalties or injunctions, suspension and/or debarment from contracting with certain persons, the loss of export privileges, reputational harm, adverse media coverage and other collateral consequences. If subpoenas or investigations are launched, or governmental or other sanctions are imposed, or if we do not prevail in any possible civil or criminal litigation, our business, results of operations and financial condition could be materially harmed. Responding to any action will likely result in a materially significant diversion of management's attention and resources and significant defense and compliance costs and other professional fees. In addition, regulatory authorities may seek to hold us liable for successor liability for violations committed by companies in which we invest or that we acquire. As a general matter, enforcement actions and sanctions could harm our business, results of operations and financial condition.

If we are a "passive foreign investment company" (PFIC) in the year of the offering or in any future year, a U.S. investor in our ordinary shares or warrants may be subject to adverse U.S. federal income tax consequences.

Under the Internal Revenue Code of 1986, as amended (the "**Code**"), we will be classified as a PFIC for any taxable year in which, either (i) at least 75% of our gross income in a taxable year, including our pro rata share of the gross income of any corporation in which we are considered to own at least 25% of the shares by value, is passive income or (ii) at least 50% of our assets in a taxable year (ordinarily determined based on fair market value and averaged quarterly over the year), including our pro rata share of the assets of any corporation in which we are considered to own at least 25% of the shares by value, are held for the production of, or produce, passive income. Passive income generally includes, among other things, dividends, interest, rents and royalties (other than rents or royalties derived from the active conduct of a trade or business) and gains from the disposition of passive assets. PFIC status is determined annually and depends on the composition of a company's income and assets and the fair market value of its assets and no assurance can be given as to whether we will be a PFIC in 2021 or for any future taxable years. In addition, our U.S. counsel expresses no opinion with respect to our PFIC status for 2021 or future taxable year, in particular because our PFIC status for any taxable year will generally be determined in part by reference to the value of our assets and our revenues. In addition, our U.S. counsel expresses no opinion with respect to our PFIC status for 2021 or future taxable years.

If we are a PFIC for any taxable year during which a U.S. investor holds our ordinary shares or warrants, we would continue to be treated as a PFIC with respect to that U.S. investor for all succeeding years during which the U.S. investor holds our ordinary shares or warrants, even if we ceased to meet the threshold requirements for PFIC status, unless certain exceptions apply. Such a U.S. investor may be subject to adverse U.S. federal income tax consequences, including (i) the treatment of all or a portion of any gain on the disposition of our ordinary shares or warrants as ordinary income (and therefore ineligible for the preferential rates that apply to capital gains with

reUspect to some U.S. investors), (ii) the application of a deferred interest charge on such gain and the receipt of certain dividends on our ordinary shares, (iii) the ineligibility to claim the preferential tax rate afforded to certain non-corporate U.S. investors on "qualified dividend income" with respect to dividends on our ordinary shares and (iv) compliance with certain reporting requirements.

For further discussion, see "U.S. Federal Income Tax Considerations — Tax Consequences to U.S. Holders of Ownership and Disposition of Our Ordinary Shares and Warrants."

It may be difficult to enforce a U.S. judgment against Taboola or its respective directors and officers outside the United States, or to assert U.S. securities law claims outside of the United States.

A number of Taboola directors and executive officers are not residents of the United States, and the majority of Taboola's assets and the assets of these persons are located outside the United States. As a result, it may be difficult or impossible for investors to effect service of process upon Taboola within the United States or other jurisdictions, including judgments predicated upon the civil liability provisions of the federal securities laws of the United States. Additionally, it may be difficult to assert U.S. securities law claims in actions originally instituted outside of the United States. Foreign courts may refuse to hear a U.S. securities law claim because foreign courts may not be the most appropriate forum in which to bring such a claim. Even if a foreign court agrees to hear a claim, it may determine that the law of the jurisdiction in which the foreign court resides, and not U.S. law, is applicable to the claim. Further, if U.S. law is found to be applicable, the content of applicable U.S. law must be proved as a fact, which can be a time-consuming and costly process, and certain matters of procedure would still be governed by the law of the jurisdiction in which the foreign court resides.

Risks Related to Our Intellectual Property and Technology

Our proprietary rights may be difficult to enforce, particularly because in many instances we rely on trade secrets rather than patents or similar registered legal protections. This could enable others to copy or use aspects of our platform without compensating us, which could erode our competitive advantages and harm our business.

Our success depends, in part, on our ability to protect proprietary methods and technologies that we develop under the intellectual property laws of Israel, the United States and other countries, so that we can prevent others from using our inventions and proprietary information. If we fail to protect our intellectual property rights adequately, our competitors might gain access to our technology, and our business could be adversely affected. We rely on trademark, copyright, trade secret and confidentiality procedures and contractual provisions to protect our proprietary methods and technologies. We have not received any patents covering our proprietary methods or technologies.

Unauthorized parties may attempt to copy aspects of our technology or obtain and use information we regard as proprietary. We generally enter into confidentiality and/or license agreements with our employees, consultants, vendors and advertisers, and generally limit access to and distribution of our proprietary information. However, any steps taken by us may not prevent misappropriation of our technology and proprietary information. Policing unauthorized use of our technology is difficult. In addition, the laws of some foreign countries may not be as protective of intellectual property rights as those of the United States, and mechanisms for enforcement of our proprietary rights in such countries may be inadequate. From time to time, legal action by us may be necessary to enforce our intellectual property rights, to protect our trade secrets, to determine the validity and scope of the proprietary rights of others, or to defend against claims of infringement. Although we rely on trade secret laws to protect our intellectual property, we may encounter difficulties enforcing our rights given the lack of patent protection. Such litigation could result in substantial costs and the diversion of limited resources and could negatively affect our business, financial condition and results of operations. If we are unable to protect our proprietary rights, including aspects of our technology platform, we may find ourselves at a competitive disadvantage to others who have not incurred the same level of expense, time and effort to create and protect their intellectual property.

We may be subject to intellectual property rights claims by third parties, which are extremely costly to defend, could require us to pay significant damages and could limit our ability to use certain technologies.

Third parties may assert claims of infringement of intellectual property rights in proprietary technology against us or against our digital properties or advertisers for which we may be held liable or have an indemnification obligation. Our risk of third-party claims may be increased to the extent we rely on unaffiliated persons or firms, over whom we have less control than we would have over our own employees, to develop code. Any claim of infringement by a third party, even those without merit, could cause us to incur substantial costs defending against the claim and could distract our management from operating our business.

Although third parties may offer a license to their technology, the terms of any offered license may not be acceptable and the failure to obtain a license or the costs associated with any license could cause our business, financial condition and results of operations to be materially and adversely affected. In addition, some licenses may be non-exclusive, and therefore our competitors may have access to the same technology licensed to us. Alternatively, we may be required to develop non-infringing technology, which could require significant effort and expense and ultimately may not be successful. Furthermore, a successful claimant could secure a judgment or we may agree to a settlement that prevents us from distributing certain products or performing certain services or that requires us to pay substantial damages, including treble damages if we are found to have willfully infringed such claimant's patents or copyrights, royalties or other fees. Any of these events could seriously harm our business financial condition and results of operations.

Legal claims against us resulting from the actions of our advertisers or digital properties could damage our reputation and be costly to defend.

We receive representations from advertisers that the content we place on their behalf does not infringe on any third-party rights. We also rely on representations from our digital properties that they maintain adequate privacy policies that allow us to place pixels on their properties and collect data from users that visit those websites to aid in delivering our solutions. However, we do not independently verify whether we are permitted to deliver advertising to our digital properties' Internet users or that the content we deliver is legally permitted. If any of our advertisers' or digital properties' representations are untrue and our advertisers or digital properties do not abide by foreign, federal, state or local laws or regulations governing their content or privacy practices, we could become subject to legal claims against us, we could be exposed to potential liability (for which we may or may not be indemnified by our advertisers or digital properties), and our reputation could be damaged. Even in those instances where our advertisers and digital properties do indemnify us, it is possible these entities may not be willing or able to cover the claims and we will be responsible for the cost of litigation or required to pay substantial damages.

Indemnity provisions in various agreements potentially expose us to substantial liability for intellectual property infringement and other losses.

Our agreements with digital properties, advertiser and other third parties may include indemnification provisions under which we agree to indemnify them for losses suffered or incurred as a result of claims of intellectual property infringement, damages caused by us to property or persons, or other liabilities relating to or arising from our products, services, or other contractual obligations. The term of these indemnity provisions generally survives termination or expiration of the applicable agreement. Large indemnity payments would harm our business, financial condition and results of operations.

Our solution relies on third-party open-source software components, and failure to comply with the terms of the underlying open-source software licenses could restrict our ability to sell our platform.

Our platform, including our computational infrastructure, relies on software licensed to us by third-party authors under "open-source" licenses. The use of open-source software may entail greater risks than the use of third-party commercial software, as open-source licensors generally do not provide warranties or other contractual protections regarding infringement claims or the quality of the code. Some open-source licenses contain requirements that we make available source code for modifications or derivative works we create based upon the type of open-source software we use. If we combine our proprietary software with open-source software in a certain manner, we could, under certain open-source licenses, be required to release the source code of our proprietary software to the public. This would allow our competitors to create similar solutions with less development effort and time and ultimately put us at a competitive disadvantage.

Although we monitor our use of open-source software to avoid subjecting our products to conditions we do not intend, the terms of many open-source licenses have not been interpreted by United States courts, and there is a risk that these licenses could be construed in a way that could impose unanticipated conditions or restrictions on our ability to commercialize our services. Moreover, we cannot guarantee our processes for controlling our use of open-source software will be effective. If we are held to have breached the terms of an open-source software license, we could be required to seek licenses from third parties to continue operating our platform on terms that are not economically feasible, to re-engineer our platform or the supporting computational infrastructure to discontinue use of certain code, or to make generally available, in source code form, portions of our proprietary code, any of which could adversely affect our business, financial condition and results of operations.

We may experience cybersecurity breaches, attacks or threats, or other outages or disruptions of our services, including scheduled or unscheduled downtime, which could harm our brand and reputation and negatively impact our revenue and results of operations.

As we grow our business, we expect to continue to invest in technology services, hardware and software, including data centers, network services, storage and database technologies. Creating the appropriate support for our technology platform, including large-scale serving infrastructure and big data transmission, storage and computation infrastructure, is expensive and complex, and our execution could result in inefficiencies or operational failures and increased vulnerability to cyber-attacks or breaches, which, in turn, could diminish the quality of our services and our performance for our digital properties and our advertisers. Cyber-attacks could include denial-of-service attacks impacting service availability (including the ability to deliver ads) and reliability; the exploitation of software vulnerabilities in Internet facing applications; phishing attacks or social engineering of system administrators (tricking company employees into releasing control of their systems to a hacker); or the introduction of computer viruses, ransomware or malware into our systems with a view to steal confidential or proprietary data. Cyber-attacks of increasing sophistication may be difficult to detect and could result in the theft of our intellectual property and our data or our digital properties' or advertisers' data. In addition, we are vulnerable to unintentional errors as well as malicious actions by persons with authorized access to our systems that exceed the scope of their access rights, or unintentionally or intentionally alter parameters or otherwise interfere with the intended operations of our platform.

A hack into our system or a technology glitch may cause a catastrophic effect where a large number of digital properties will stop using our service in a short period of time. While we take measures to protect the security of the systems and information used in the operation of our business, and to implement certain privacy protections with respect to such information, such measures may not always be effective. The steps we take to increase the reliability, integrity and security of our systems as they scale may be expensive and may not prevent system failures, unintended vulnerabilities or other cybersecurity incidents, including those resulting from the increasing number of persons with access to our systems, complex interactions within our technology platform and the increasing number of connections with third party partners and vendors' technology. Furthermore, because the methods of cyber-attack and deception change frequently, are increasingly complex and sophisticated, and can originate from a wide variety of sources, including nation-state actors, despite our reasonable efforts to ensure the integrity of our systems, we may not be able to anticipate, detect, appropriately react and respond to, or implement effective preventative measures against, all cybersecurity incidents. In addition to our own systems, we use third-party vendors to store, transmit and otherwise process certain of our confidential or proprietary data on our behalf. Due to applicable laws and regulations or contractual obligations, we may be held responsible for any cybersecurity incident attributed to our service providers as they relate to the information we share with them. Although we contractually require these service providers to implement and use reasonable security measures, we cannot control third parties and cannot guarantee a security breach will not occur in their systems.

We may be required to expend significant capital and other resources to protect against, respond to, and recover from any potential, attempted, or existing cybersecurity incidents. As cybersecurity incidents continue to evolve, we may be required to expend significant additional resources to continue to modify or enhance our protective measures or to investigate and remediate any information security vulnerabilities. In addition, our remediation efforts may not be successful. The inability to implement, maintain and upgrade adequate safeguards could have a material adverse effect on our results of operations, financial condition and cash flow. Operational errors or failures or successful cyber-attacks, media reports about such an incident, whether accurate or not, or our failure to make adequate or timely disclosures to the public or law enforcement agencies following any such event, whether due to delayed discovery or a failure to follow existing protocols, could result in damage to our reputation, loss of current and new digital properties or advertisers and other partners and clients, the disclosure of personal, confidential, sensitive or proprietary data, interruptions to our operations and distraction to our management, and significant legal, regulatory and financial liabilities and lost revenues, which could harm our business.

While we currently maintain cybersecurity insurance, such insurance may not be sufficient in type or amount to cover us against claims related to breaches, failures or other cybersecurity-related incidents, and we cannot be certain that cyber insurance will continue to be available to us on economically reasonable terms, or at all, or that any insurer will not deny coverage as to any future claim. The successful assertion of one or more large claims against us that exceed available insurance coverage, or the occurrence of changes in our insurance policies, including premium increases or the imposition of large deductible or co-insurance requirements, could have a material adverse effect on our results of operations, financial condition and cash flows.

Defects, errors or failures in our technology platform, including our software and systems, could adversely affect our business, operating results and growth prospects.

We depend upon the sustained and uninterrupted performance of our technology platform to operate fundamental aspects of our business. If our technology platform cannot scale to meet demand, or if there are defects or errors in our execution of any of these functions on our platform, then our business could be harmed. Our software and systems are complex and may contain defects or errors, or may experience failures when implemented or when new functionality is released, as we may modify, enhance, upgrade and implement new software, systems, procedures and controls to reflect changes in our business, technological advancements and changing industry trends. Undetected errors and failures may occur, especially when new versions or updates are made. Despite testing by us, errors or bugs in our software have in the past, and may in the future, not be found until the software is in our live operating environment. Any defects, errors, failures or other similar performance problems or disruptions in our software or systems could materially and adversely affect our business, financial condition and results of operations. Defects, errors, failures or other similar performance problems or disruptions, whether in connection with day-to-day operations or otherwise, could damage our clients' businesses and result in negative publicity, damage to our brand and reputation, loss of or delay in market acceptance of our solutions, increased costs or loss of revenue, loss of competitive position or claims by advertisers for losses sustained by them. In such an event, we may be required or choose to expend additional resources to help mitigate any problems resulting from defects, errors or failures in our software or systems. Alleviating problems resulting from defects, errors or failures in our software or systems could require significant expenditures of capital and other resources and could cause interruptions, delays or the cessation of our business, any of which would adversely impact our financial position, results of operations and growth prospects. In addition, if we experience any defects, errors, failures or other performance problems, our partners could seek to terminate or elect not to renew their contracts, delay or withhold payment or make claims against us. Any of these actions could result in liability, lost business, increased insurance costs, difficulty in collecting accounts receivable, costly litigation or adverse publicity, which could materially and adversely affect our business, financial condition and results of operations. Additionally, our software utilizes open-source software and any defects or errors in such open-source software could materially and adversely affect our business, financial condition and results of operations.

We rely on third-party service providers for many aspects of our business, and any disruption of service experienced by such third-party service providers or our failure to manage and maintain existing relationships or identify other high-quality, third-party service providers could harm our business, results of operations and growth prospects.

We rely on a variety of third-party service providers in connection with the operation of our solutions. Any performance issues, errors, bugs or defects in third-party software or services could result in errors, defects or a failure of our solutions, which could materially and adversely affect our business, financial condition and results of operations. Many of our third-party service providers attempt to impose limitations on their liability for such performance issues, errors, bugs or defects, and if enforceable, we may have additional liability to our clients or to other third parties that could harm our reputation and increase our operating costs. Additionally, in the future, we might need to license other software or services to enhance our solutions and meet evolving client demands and requirements, which may not be available to us on commercially reasonable terms or at all. Any limitations in our ability to use or obtain third-party software or services could significantly increase our expenses and otherwise result in delays, a reduction in functionality or errors or failures of our solutions until equivalent technology or content is either developed by us or, if available, identified, obtained through purchase or licensed and integrated into our solutions, which could adversely affect our business. In addition, third-party software and services may expose us to increased risks, including risks associated with the integration of new technology, the diversion of resources from the development of our own proprietary technology and our inability to generate revenue from new technology sufficient to offset associated acquisition and maintenance costs, all of which may increase our expenses and materially and adversely affect our business, financial condition and results of operations. We will need to maintain our relationships with third-party service providers and obtain software and services from such providers that do not contain any errors or defects. Any failure to do so could adversely affect our ability to deliver effective solutions to our clients and adversely affect our business.

Risks Related to Being a Public Company

Our management team has limited experience managing a public company.

Most members of our management team have limited experience managing a publicly traded company, interacting with public company investors, and complying with the increasingly complex laws, rules and regulations that govern public companies. As a public company, we are subject to significant obligations relating to reporting, procedures and internal controls, and our management team may not successfully or efficiently manage such obligations. These obligations and scrutiny will require significant attention from our management and could divert their attention away from the day-to-day management of our business, which could adversely affect our business, financial condition and results of operations.

It is possible that our internal control over financial reporting is not effective because it cannot detect or prevent material errors at a reasonable level of assurance. Our past or future financial statements may not be accurate and we may not be able to timely report our financial condition or results of operations, which may adversely affect investor confidence in us and the price of our ordinary shares.

As a private company, we had not been required to evaluate our internal control over financial reporting in a manner that meets the standards of publicly traded companies required by Section 404(a) of the Sarbanes Oxley Act, or Section 404. As a public company, we have significant requirements for enhanced financial reporting and internal controls. The process of designing, implementing, testing and maintaining effective internal controls is a continuous effort that requires us to anticipate and react to changes in our business and the economic and regulatory environments. In this regard, we will need to continue to dedicate internal resources, potentially engage outside consultants, adopt a detailed work plan to assess and document the adequacy of internal control over financial reporting, continue steps to improve control processes as appropriate, validate through testing whether such controls are functioning as documented, and implement a continuous reporting and improvement process for internal control over financial reporting.

It is possible that our internal control over financial reporting is not effective because it cannot detect or prevent material errors at a reasonable level of assurance. If we are unable to establish or maintain appropriate internal financial reporting controls and procedures, it could cause us to fail to meet our reporting obligations on a timely basis, result in material misstatements in our consolidated financial statements and adversely affect our operating results. In addition, we will be required, pursuant to Section 404, to furnish a report by our management on, among other things, the effectiveness of our internal control over financial reporting in the second annual report filed with the SEC. This assessment will need to include disclosure of any material weaknesses identified by our management in our internal control over financial reporting. The rules governing the standards that must be met for our management to assess our internal control over financial reporting are complex and require significant documentation and testing. Testing and maintaining internal controls may divert our management’s attention from other matters that are important to our business. In addition, pursuant to Section 404, we will be required to include in the annual reports that we file with the SEC an attestation report on our internal control over financial reporting issued by our independent registered public accounting firm.

Furthermore, as a public company, we may, during the course of our testing of our internal controls over financial reporting, or during the subsequent testing by our independent registered public accounting firm, identify deficiencies which would have to be remediated to satisfy the SEC rules for certification of our internal controls over financial reporting. As a consequence, we may have to disclose in periodic reports we file with the SEC significant deficiencies or material weaknesses in our system of internal controls. The existence of a material weakness would preclude management from concluding that our internal controls over financial reporting are effective, and would preclude our independent auditors from issuing an unqualified opinion that our internal controls over financial reporting are effective. In addition, disclosures of this type in our SEC reports could cause investors to lose confidence in the accuracy and completeness of our financial reporting and may negatively affect the trading price of our ordinary shares, and we could be subject to sanctions or investigations by regulatory authorities. Moreover, effective internal controls are necessary to produce reliable financial reports and to prevent fraud. If we have deficiencies in our disclosure controls and procedures or internal controls over financial reporting, it could negatively impact our business, results of operations and reputation.

We are a foreign private issuer and, as a result, we are not subject to U.S. proxy rules and are subject to Exchange Act reporting obligations that, to some extent, are more lenient and less frequent than those of a U.S. domestic public company.

Because we qualify as a foreign private issuer under the Exchange Act, we are exempt from certain provisions of the Exchange Act that are applicable to U.S. domestic public companies, including (1) the sections of the Exchange Act regulating the solicitation of proxies, consents or authorizations in respect of a security registered under the Exchange Act, (2) the sections of the Exchange Act requiring insiders to file public reports of their share ownership and trading activities and liability for insiders who profit from trades made in a short period of time and (3) the rules under the Exchange Act requiring the filing with the SEC of quarterly reports on Form 10-Q containing unaudited financial and other specified information, although we are subject to Israeli laws and regulations with regard to certain of these matters and intend to furnish comparable quarterly information on Form 6-K. In addition, foreign private issuers are not required to file their annual report on Form 20-F until 120 days after the end of each fiscal year, while U.S. domestic issuers that are accelerated filers are required to file their annual report on Form 10-K within 75 days after the end of each fiscal year and U.S. domestic issuers that are large accelerated filers are required to file their annual report on Form 10-K within 60 days after the end of each fiscal year. Foreign private issuers are also exempt from Regulation FD, which is intended to prevent issuers from making selective disclosures of material information. As a result of all of the above, you may not have the same protections afforded to shareholders of a company that is not a foreign private issuer.

We may lose our foreign private issuer status in the future, which could result in significant additional costs and expenses.

As discussed above, we are a foreign private issuer, and therefore, we are not required to comply with all of the periodic disclosure and current reporting requirements of the Exchange Act. The determination of foreign private issuer status is made annually on the last business day of an issuer’s most recently completed second fiscal quarter, and, accordingly, the next determination will be made with respect to us on June 30, 2022. In the future, we would lose our foreign private issuer status if (1) more than 50% of our outstanding voting securities are owned by U.S. residents and (2) a majority of our directors or executive officers are U.S. citizens or residents, or we fail to meet additional requirements necessary to avoid loss of foreign private issuer status. If we lose our foreign private issuer status, we will be required to file with the SEC periodic reports and registration statements on U.S. domestic issuer forms, which are more detailed and extensive than the forms available to a foreign private issuer. We will also have to mandatorily comply with U.S. federal proxy requirements, and our officers, directors and principal shareholders will become subject to the short-swing profit disclosure and recovery provisions of Section 16 of the Exchange Act. In addition, we will lose our ability to rely upon exemptions from certain corporate governance requirements under the listing rules of Nasdaq. As a U.S. listed public company that is not a foreign private issuer, we will incur significant additional legal, accounting and other expenses that we will not incur as a foreign private issuer.

As we are a “foreign private issuer” and follow certain home country corporate governance practices, our shareholders may not have the same protections afforded to shareholders of companies that are subject to all Nasdaq corporate governance requirements.

As a foreign private issuer, we have the option to follow certain home country corporate governance practices rather than those of Nasdaq, provided that we disclose the requirements we are not following and describe the home country practices we are following. We rely on this “foreign private issuer exemption” with respect to Nasdaq rules for shareholder meetings quorums and rules requiring shareholder approval. We may in the future elect to follow home country practices with regard to other matters. As a result, our shareholders may not have the same protections afforded to shareholders of companies that are subject to all Nasdaq corporate governance requirements.

We incur increased costs as a result of operating as a public company, and our management is required to devote substantial time to new compliance initiatives and corporate governance practices.

As a public company, we will incur significant legal, accounting and other expenses that we did not incur as a private company. The Sarbanes-Oxley Act, the Dodd-Frank Wall Street Reform and Consumer Protection Act, the listing requirements of Nasdaq and other applicable securities rules and regulations impose various requirements on public companies, including establishment and maintenance of effective disclosure and financial controls and corporate governance practices. Our management and other personnel continue to devote a substantial amount of time to these compliance initiatives. Moreover, these rules and regulations will continue to increase our legal and financial

compliance costs and will make some activities more time-consuming and costly. For example, we expect that these rules and regulations may make it more difficult and more expensive for us to obtain director and officer liability insurance, and could also make it more difficult for us to attract and retain qualified members of our board.

We continue to evaluate these rules and regulations and cannot predict or estimate the amount of additional costs we may incur or the timing of such costs. These rules and regulations are often subject to varying interpretations, in many cases due to their lack of specificity, and, as a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies. This could result in continuing uncertainty regarding compliance matters and higher costs necessitated by ongoing revisions to disclosure and governance practices.

We are required to comply with the SEC's rules implementing Sections 302 and 404 of the Sarbanes-Oxley Act, which requires management to certify financial and other information in our annual reports and provide an annual management report on the effectiveness of control over financial reporting. Though we are required to disclose material changes in internal control over financial reporting on an annual basis, we will not be required to make our first annual assessment of our internal control over financial reporting pursuant to Section 404 until the year following our first annual report required to be filed with the SEC. To achieve compliance with Section 404 within the prescribed period, we are engaged in a process to document and evaluate our internal control over financial reporting, which is both costly and challenging. In this regard, we will need to continue to dedicate internal resources, potentially engage outside consultants and adopt a detailed work plan to assess and document the adequacy of internal control over financial reporting, continue steps to improve control processes as appropriate, validate through testing that controls are functioning as documented and implement a continuous reporting and improvement process for internal control over financial reporting.

We currently have limited accounting personnel and we have begun the process of evaluating the adequacy of our accounting personnel staffing level and other matters related to our internal control over financial reporting. Despite our efforts, there is a risk that we will not be able to conclude, within the prescribed timeframe or at all, that our internal control over financial reporting is effective as required by Section 404. If we identify one or more material weaknesses, it could result in an adverse reaction in the financial markets due to a loss of confidence in the reliability of our financial statements. As a result, the market price of our ordinary shares could be negatively affected, and we could become subject to litigation including shareholder suits or investigations by the stock exchange on which our securities are listed, the SEC or other regulatory authorities, which could require additional financial and management resources.

Risks Related to Our Ordinary Shares

Our share price may be volatile, and you may lose all or part of your investment.

The market price of our ordinary shares could be highly volatile and may fluctuate substantially as a result of many factors, including:

- actual or anticipated fluctuations in our results of operations;
- variance in our financial performance from the expectations of market analysts or others;
- announcements by us or our competitors of significant business developments, changes in significant customers, acquisitions or expansion plans;
- our involvement in litigation;
- our sale of ordinary shares or other securities in the future;
- market conditions in our industry;
- changes in key personnel;
- the trading volume of our ordinary shares;
- changes in the estimation of the future size and growth rate of our markets; and
- general economic and market conditions.

In addition, the stock markets have experienced extreme price and volume fluctuations. Broad market and industry factors may materially harm the market price of our ordinary shares, regardless of our operating performance. In the past, following periods of volatility in the market price of a company's securities, securities class

action litigation has often been instituted against that company. If we were involved in any similar litigation we could incur substantial costs and our management's attention and resources could be diverted.

An active trading market for our ordinary shares may not be sustained to provide adequate liquidity.

An active trading market may not be sustained for our ordinary shares. The lack of an active market may impair your ability to sell your shares at the time you wish to sell them or at a price that you consider reasonable. An inactive market may also impair our ability to raise capital by selling ordinary shares and may impair our ability to acquire other companies by using our shares as consideration.

The market price of our ordinary shares could be negatively affected by future issuances or sales of our ordinary shares.

As of June 30, 2021, we have 210,891,354 ordinary shares outstanding. Subsequent to June 30, 2021, we will issue additional ordinary shares in connection with the Connexity Acquisition. Sales by us or our shareholders of a substantial number of ordinary shares, the issuance of ordinary shares as consideration for acquisitions, or the perception that these sales might occur, could cause the market price of our ordinary shares to decline or could impair our ability to raise capital through a future sale of, or pay for acquisitions using, our equity securities.

As of June 30, 2021, we had 31,932,902 shares available for future grant under our share option plans and 70,279,619 ordinary shares that were subject to share options and restricted share units. Of this amount, 34,259,127 are vested and/or exercisable.

We do not expect to pay any dividends in the foreseeable future.

We have never declared or paid any dividends on our ordinary shares. We do not anticipate paying any dividends in the foreseeable future. We currently intend to retain future earnings, if any, to finance operations and expand our business.

Our board of directors has sole discretion over whether to pay dividends. If our board of directors decides to pay dividends, the form, frequency and amount will depend upon our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors that our directors may deem relevant. In addition, the Israel Companies Law imposes restrictions on our ability to declare and pay dividends. Payment of dividends may also be subject to Israeli withholding taxes.

If securities or industry analysts do not publish research or reports about our business, or if they issue an adverse or misleading opinion regarding our stock, our stock price and trading volume could decline.

The trading market for our ordinary shares is and will be influenced by the research and reports that industry or securities analysts publish about us or our business. If no or few securities or industry analysts commence coverage of us, the trading price for our ordinary shares would be negatively impacted. In the event we obtain securities or industry analyst coverage, if any of the analysts who cover us issue an adverse or misleading opinion regarding us, our business model, our intellectual property or our stock performance, or if our results of operations fail to meet the expectations of analysts, our stock price would likely decline. If one or more of these analysts cease coverage of us or fail to publish reports on us regularly, we could lose visibility in the financial markets, which in turn could cause our stock price or trading volume to decline.

Future resales of Taboola Ordinary Shares and/or Taboola Warrants may cause the market price of such securities to drop significantly, even if its business is doing well.

If any of Taboola's large shareholders or members of its management were to sell substantial amounts of Taboola Ordinary Shares and/or Taboola Warrants in the public markets, or the market perceives that such sales may occur, this could have the effect of increasing the volatility in, and put significant downward pressure on, the trading price of Taboola Ordinary Shares and/or Taboola Warrants. Any such volatility or decrease in the trading price of Taboola Ordinary Shares and/or Taboola Warrants could also adversely affect Taboola's ability to raise capital through an issue of equity securities in the future.

Taboola may issue additional Taboola Ordinary Shares or other equity securities without your approval, which would dilute your ownership interests and may depress the market price of Taboola Ordinary Shares.

Taboola may issue additional Taboola Ordinary Shares or other equity securities in the future in connection with, among other things, future capital raising and transactions and future acquisitions, without your approval in many circumstances. Taboola's issuance of additional Taboola Ordinary Shares or other equity securities would have the following effects:

- Taboola's existing shareholders' proportionate ownership interest in Taboola may decrease;
- the amount of cash available per share, including for payment of dividends in the future, may decrease;
- the relative voting strength of each previously outstanding Taboola Ordinary Share may be diminished; and
- the trading price of Taboola Ordinary Shares may decline.

Risks Related to the Warrants

Taboola may redeem your unexpired Taboola Warrants prior to their exercise at a time that is disadvantageous to you, thereby making your Taboola Warrants worth less.

Under the terms of the public Warrants, Taboola may exercise the redemption right even if it is unable to register or qualify the underlying securities for sale under all applicable state securities laws. Redemption of the outstanding Taboola Warrants could force holders (i) to exercise the Taboola Warrants and pay the exercise price therefor at a time when it may be disadvantageous to do so, (ii) to sell the Taboola Warrants at the then-current market price when the holder might otherwise wish to hold its Taboola Warrants or (iii) to accept the nominal redemption price which, at the time the outstanding Taboola Warrants are called for redemption, is likely to be substantially less than the market value of the Taboola Warrants. The Taboola Warrants exchanged for ION Warrants that were issued in a private placement are not expected to be redeemable by Taboola so long as they are held by the Sponsors or their permitted transferees.

There can be no assurance that Taboola Warrants received by holders of ION Warrants in the Business Combination will be in the money at the time they become exercisable or otherwise, and they may expire worthless.

The exercise price of the Taboola Warrants issued in exchange for the outstanding ION Warrants is $11.50 per Class A Ordinary Share. There can be no assurance that the Taboola Warrants will be in the money following the time they become exercisable and prior to their expiration, and as such, the Taboola Warrants may expire worthless.

Risks Relating to Our Incorporation and Location in Israel

Conditions in Israel could adversely affect our business.

We are incorporated under the laws of the State of Israel, and our principal research and development facilities, including our major data centers, are located in Israel. Accordingly, political, economic and military conditions in Israel directly affect our business. Since the State of Israel was established in 1948, a number of armed conflicts have occurred between Israel and its Arab neighbors. In the event that our facilities are damaged as a result of hostile action or hostilities otherwise disrupt the ongoing operation of its facilities, our ability to deliver products to advertisers could be materially adversely affected.

Several countries, principally in the Middle East, still restrict doing business with Israel and Israeli companies, and additional countries may impose restrictions on doing business with Israel and Israeli companies if hostilities in Israel or political instability in the region continues or increases. Any hostilities involving Israel or the interruption or curtailment of trade between Israel and its present trading partners, or significant downturn in the economic or financial condition of Israel, could adversely affect our operations and product development, and could cause our sales to decrease.

In addition, many Israeli citizens are obligated to perform several days, and in some cases more, of annual military reserve duty each year until they reach the age of 40 (or older, for reservists who are military officers or who have certain occupations) and, in the event of a military conflict, may be called to active duty. In response to increases in terrorist activity, there have been periods of significant call-ups of military reservists. It is possible that there will be military reserve duty call-ups in the future. Our operations could be disrupted by such call-ups, particularly if such call-ups include the call-up of members of our management. Such disruption could materially adversely affect our business, financial condition and results of operations.

Investors' rights and responsibilities as our shareholders will be governed by Israeli law, which may differ in some respects from the rights and responsibilities of shareholders of non-Israeli companies.

We were incorporated under Israeli law and the rights and responsibilities of our shareholders are governed by our articles of association and Israeli law. These rights and responsibilities differ in some respects from the rights and responsibilities of shareholders of U.S. and other non-Israeli corporations. In particular, a shareholder of an Israeli company has a duty to act in good faith and in a customary manner in exercising its rights and performing its obligations towards the company and other shareholders and to refrain from abusing its power in the company, including, among other things, in voting at the general meeting of shareholders on certain matters, such as an amendment to the company's articles of association, an increase of the company's authorized share capital, a merger of the company and approval of related party transactions that require shareholder approval. A shareholder also has a general duty to refrain from discriminating against other shareholders. In addition, a controlling shareholder or a shareholder who knows that it possesses the power to determine the outcome of a shareholders' vote or to appoint or prevent the appointment of an office holder in the company has a duty to act in fairness towards the company. These provisions may be interpreted to impose additional obligations and liabilities on our shareholders that are not typically imposed on shareholders of U.S. corporations.

Provisions of Israeli law and our amended and restated articles of association may delay, prevent or make undesirable an acquisition of all or a significant portion of our shares or assets.

Provisions of Israeli law and our amended and restated articles of association could have the effect of delaying or preventing a change in control and may make it more difficult for a third-party to acquire us or our shareholders to elect different individuals to our board of directors, even if doing so would be considered to be beneficial by some of our shareholders, and may limit the price that investors may be willing to pay in the future for our ordinary shares. Among other things:

- Israeli corporate law regulates mergers and requires that a tender offer be effected when more than a specified percentage of shares in a company are purchased;
- Israeli corporate law requires special approvals for certain transactions involving directors, officers or significant shareholders and regulates other matters that may be relevant to these types of transactions;
- Israeli corporate law does not provide for shareholder action by written consent for public companies, thereby requiring all shareholder actions to be taken at a general meeting of shareholders;
- our amended and restated articles of association divide our directors into three classes, each of which is elected once every three years;
- our amended and restated articles of association generally require a vote of the holders of a majority of our outstanding ordinary shares entitled to vote present and voting on the matter at a general meeting of shareholders (referred to as simple majority), and the amendment of a limited number of provisions, such as the provision empowering our board of directors to determine the size of the board, the provision dividing our directors into three classes, the provision that sets forth the procedures and the requirements that must be met in order for a shareholder to require the Company to include a matter on the agenda for a general meeting of the shareholders and the provisions relating to the election and removal of members of our board of directors and empowering our board of directors to fill vacancies on the board, require a vote of the holders of 65% of our outstanding ordinary shares entitled to vote at a general meeting;
- our amended and restated articles of association do not permit a director to be removed except by a vote of the holders of at least 65% of our outstanding shares entitled to vote at a general meeting of shareholders; and
- our amended and restated articles of association provide that director vacancies may be filled by our board of directors.

Further, Israeli tax considerations may make potential transactions undesirable to us or some of our shareholders whose country of residence does not have a tax treaty with Israel granting tax relief to such shareholders from Israeli tax. For example, Israeli tax law does not recognize tax-free share exchanges to the same extent as U.S. tax law. With respect to mergers, Israeli tax law allows for tax deferral in certain circumstances but makes the deferral contingent on the fulfillment of numerous conditions, including, a holding period of two years from the date of the transaction during which certain sales and dispositions of shares of the participating companies are restricted. Moreover, with

respect to certain share swap transactions, the tax deferral is limited in time, and when such time expires, the tax becomes payable even if no disposition of the shares has occurred.

Our amended and restated articles of association provide that unless the Company consents otherwise, the competent courts of Tel Aviv, Israel shall be the sole and exclusive forum for substantially all disputes between the Company and its shareholders under the Companies Law and the Israeli Securities Law, which could limit its shareholders ability to brings claims and proceedings against, as well as obtain favorable judicial forum for disputes with the Company, its directors, officers and other employees.

Unless we agree otherwise, the competent courts of Tel Aviv, Israel shall be the exclusive forum for (i) any derivative action or proceeding brought on behalf of the Company, (ii) any action asserting a claim of breach of fiduciary duty owed by any director, officer or other employee of the Company to the Company or the Company's shareholders, or (iii) any action asserting a claim arising pursuant to any provision of the Companies Law or the Israeli Securities Law. Such exclusive forum provision in our amended and restated articles of association will not relieve the Company of its duties to comply with federal securities laws and the rules and regulations thereunder, and shareholders of the Company will not be deemed to have waived the Company's compliance with these laws, rules and regulations. This exclusive forum provision may limit a shareholders' ability to bring a claim in a judicial forum of its choosing for disputes with the Company or its directors or other employees which may discourage lawsuits against the Company, its directors, officers and employees. The foregoing exclusive forum provision is intended to apply to claims arising under Israeli Law and would not apply to claims for which the federal courts of the United States would have exclusive jurisdiction, whether by law or pursuant to our amended and restated articles of association, including claims under the Securities Act for which there is a separate exclusive forum provision in our amended and restated articles of association. See "—*Our amended and restated articles of association provide that unless we consent to an alternate forum, the federal district courts of the United States shall be the exclusive forum of resolution of any claims arising under the Securities Act which may impose additional litigation costs on our shareholders*."

General Risks

Fluctuations in the exchange rates of foreign currencies could result in currency transaction losses that negatively impact our financial results.

We currently have sales denominated in currencies other than the US dollar. In addition, we incur a portion of our operating expenses in British pounds, Euro, Israeli shekels, Turkish lira, Japanese Yen and Thai baht, among others. Any fluctuation in the exchange rates of these foreign currencies could negatively impact our business, financial condition and results of operations. We have not previously engaged in foreign currency hedging. If we decide to hedge our foreign currency exposure, we may not be able to hedge effectively due to lack of experience, unreasonable costs or illiquid markets. In addition, those activities may be limited in the protection they provide us from foreign currency fluctuations and can themselves result in losses.

Economic downturns and political and market conditions beyond our control could adversely affect our business, financial condition and results of operations.

Our business depends on the overall demand for advertising and on the economic health of our current and prospective advertisers. Economic downturns or instability in political or market conditions may cause current or new advertisers to reduce their advertising budgets. Adverse economic conditions and general uncertainty about economic recovery are likely to affect our business prospects. This could expose us to increased credit risk on advertiser insertion orders, which, in turn, could negatively impact our business, financial condition and results of operations. In addition, continued geopolitical turmoil in many parts of the world have, and may continue to, put pressure on global economic conditions, which could lead to reduced spending on advertising.

We may require additional capital to support growth, and such capital might not be available on terms acceptable to us, if at all. This could hamper our growth and adversely affect our business.

We intend to continue to make investments to support our business growth and may require additional funds to respond to business challenges, including the need to develop new features or enhance our platform, improve our operating infrastructure or acquire complementary businesses and technologies. Accordingly, we may need to engage in public or private equity, equity-linked or debt financings to secure additional funds. If we raise additional funds through future issuances of equity or convertible debt securities, our existing stockholders could suffer significant

dilution, and any new equity securities we issue could have rights, preferences and privileges superior to those of our existing stockholders. Any debt financing that we secure in the future could involve restrictive covenants relating to our capital raising activities and other financial and operational matters, including the ability to pay dividends. This may make it more difficult for us to obtain additional capital and to pursue business opportunities, including potential acquisitions. We may not be able to obtain additional financing on terms favorable to us, if at all. If we are unable to obtain adequate financing on terms satisfactory to us when we require it, our ability to continue to support our business growth and respond to business challenges could be significantly impaired, and our business could be adversely affected.

We are exposed to the risk of natural disasters, political events, war, terrorism and pandemics, each of which could disrupt our business and adversely affect our results of operations.

Events beyond our control could have an adverse effect on our business, financial condition, results of operations and cash flows. Disruption to our platform resulting from natural disasters, political events, war, terrorism, pandemics or other reasons could impair our ability to continue to provide uninterrupted platform service to our advertisers and digital properties. Similarly, disruptions in the operations of our key third-parties, such as data centers, servers or other technology providers, could have a material adverse effect on our business.

While we have disaster recovery arrangements in place, they have not been tested under actual disasters or similar events and may not effectively permit us to continue to provide our platform. If any of these events were to occur to our business, our business, results of operations, or financial condition could be adversely affected.

Expansion of current and new partners and clients in our existing international markets is important to our long-term success, and our limited experience in operating our business in certain locations increases the risk that our international operations will not be successful.

As of December 31, 2020, we have offices in Israel, the United States, the United Kingdom, Brazil, Turkey, Thailand, India, Japan, China, South Korea, Australia, Mexico, Germany, Spain and France. Expansion into new international markets requires additional management attention and resources in order to tailor our solutions to the unique aspects of each country. In addition, we face the following additional risks associated with our expansion into international locations:

- challenges caused by distance, language and cultural differences;
- longer payment cycles in some countries;
- credit risk and higher levels of payment fraud;
- compliance with applicable foreign laws and regulations, including laws and regulations with respect to privacy, consumer protection, spam and content, and the risk of penalties to our users and individual members of management if our practices are deemed to be out of compliance;
- unique or different market dynamics or business practices;
- currency exchange rate fluctuations;
- foreign exchange controls;
- political and economic instability and export restrictions;
- potentially adverse tax consequences; and
- higher costs associated with doing business internationally.

These risks could harm our international expansion efforts, which could have a materially adverse effect on our business, financial condition or results of operations.

USE OF PROCEEDS

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

We will receive up to an aggregate of approximately $82,512,500 from the exercise of the warrants, assuming the exercise in full of all such warrants for cash. We expect to use the net proceeds from the exercise of the warrants for general corporate purposes, which may include acquisitions and other business opportunities and the repayment of indebtedness. Our management will have broad discretion over the use of proceeds from the exercise of the warrants.

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

MARKET PRICE OF OUR SECURITIES

Our ordinary shares and warrants began trading on The Nasdaq Global Market ("Nasdaq") under the symbols "TBLA" and "TBLAW," respectively, on June 30, 2021. ION's Class A ordinary shares, warrants, and units were previously listed on the NYSE under the symbols "ION," "ION.WS,"and "ION.U," respectively. ION's Class A Ordinary Shares, warrants, and units each commenced separate public trading on June 30, 2021. ION's units automatically separated into the component securities upon consummation of the Business Combination and, as a result, no longer trade as a separate security. Prior the Closing, each unit of ION consisted of one Class A Ordinary Share and one-fifth of one public warrant of ION, whereby each public warrant entitled the holder to purchase Class A Ordinary Shares at an exercise price of $11.50 per Class A Ordinary Share. Upon the closing of the Business Combination, ION's Class A Ordinary Shares were converted into our ordinary shares. On August 27, 2021, the closing sale prices of our ordinary shares and warrants were $8.75 and $2.06, respectively. As of June 30, 2021, there were approximately 170 holders of record of our ordinary shares and 3 holders of record of our warrants. Such numbers do not include beneficial owners holding our securities through nominee names.

UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

Introduction

The following unaudited pro forma combined financial information present the combination of the financial information of ION, Connexity and Taboola, adjusted to give effect to the Business Combination and consummation of the Transactions, the completion of the PIPE transactions and the Connexity Acquisition. The following unaudited pro forma combined financial information has been prepared in accordance with Article 11 of Regulation S-X.

ION Acquisition Corp. 1 Ltd. (“ION”) was a blank check company formed under the laws of the Cayman Islands. ION was formed for the purpose of effecting a merger, share exchange, asset acquisition, share purchase, reorganization or similar business combination with one or more businesses or entities. As of December 31, 2020, there was $259 million held in the Trust Account.

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

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

The following unaudited pro forma combined balance sheet as of December 31, 2020 assumes that the Transactions and the Connexity Acquisition occurred on December 31, 2020. The unaudited pro forma combined statement of operations for the year ended December 31, 2020 present pro forma effect to the Transactions and the Connexity Acquisition as if they had been completed on January 1, 2020.

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

This information should be read together with ION’s, Connexity’s and Taboola’s audited financial statements and related notes, the section titled *“Management’s Discussion and Analysis of Financial Condition and Results of Operations”* and other financial information included elsewhere in this registration statement/prospectus.

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

- Taboola's existing shareholders will have the greatest voting interest in the combined entity.
- Taboola's directors will represent the majority of the board of directors of the combined company following the consummation of the Business Combination;
- Taboola’s senior management will be the senior management of the combined company following the consummation of the Business Combination;
- Taboola is the larger entity based on historical operating activity and has the larger employee base.
- The Subscription Agreements related to the PIPE, which were executed concurrently with and following the Merger Agreement, resulted in the issuance of Taboola Ordinary Shares, leading to an increase in share premium.

The Connexity Acquisition will be accounted for using the acquisition method of accounting in accordance with Accounting Standards Codification 805, Business Combinations (“ASC 805”), which requires, among other things, that the assets acquired and liabilities assumed be recognized at their fair values, with any excess of the purchase price over the estimated fair values of the identifiable net assets acquired recorded as goodwill. The Connexity Acquisition has not yet closed. The valuation of the acquired assets as a result of the Connexity Acquisition presented herein is preliminary and subject to change. The unaudited pro forma adjustments, which are described in the accompanying

notes, may be revised as additional information becomes available and is evaluated. Therefore, it is likely that the actual adjustments will differ from the pro forma adjustments and it is possible the difference may be material. Taboola believes that these assumptions and methodologies provide a reasonable basis for presenting all of the significant effects of the Transactions based on information available to management at the time and that the pro forma adjustments give appropriate effect to those assumptions and are properly applied in the unaudited pro forma combined financial information. As part of the preparation of these unaudited pro forma combined financial statements, certain reclassifications were made to align Connexity's and Taboola's financial statement presentation. Upon completion of the Connexity Acquisition, management is performing a comprehensive review of Connexity's and Taboola's accounting policies. As a result of the review, management may identify differences between the accounting policies of the two entities which, when conformed, could have a material impact on the financial statements of the combined company following consummation of the Business Combination.

Description of the Transactions

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

Merger Consideration

The pro forma equity valuation of the combined company upon consummation of the Transactions is estimated to approximate $2.6 billion. Upon consummation of the Transactions, the securityholders of Taboola owned approximately 71% of the issued and outstanding (not on a fully-diluted basis) Taboola Ordinary Shares and the securityholders of ION and certain accredited investors purchasing PIPE Shares and Secondary Shares owned the remaining Taboola Ordinary Shares.

Pursuant to the Merger Agreement, immediately prior to at the effective time of the Business Combination (the "Effective Time"), (i) each preferred share, with no par value, of Taboola (each, a "Taboola Preferred Share") was converted into ordinary shares, with no par value, of Taboola (each, a "Taboola Ordinary Share") in accordance with Taboola's organizational documents and (ii) immediately following such conversion but prior to the Effective Time, Taboola effected a stock split of each Taboola Ordinary Share into such number of Taboola Ordinary Shares calculated in accordance with the terms of the Merger Agreement such that each Taboola Ordinary Share will have a value of $10.00 per share after giving effect to such stock split (the "Stock Split" and, together with the conversion of Taboola Preferred Shares, the "Capital Restructuring").

Pursuant to the Merger Agreement, immediately prior to the Effective Time, each (i) Class B ordinary share, par value $0.0001 per share, of ION ("Class B Ordinary Shares") was automatically converted into one (1) Class A ordinary share, par value $0.0001 per share, of ION ("Class A Ordinary Shares") in accordance with the terms of ION's organizational documents and, after giving effect to such automatic conversion, at the Effective Time and as a result of the Business Combination, each issued and outstanding Class A Ordinary Share was no longer outstanding and was automatically converted into the right of the holder thereof to receive one Taboola Ordinary Share after giving effect to the Capital Restructuring and (ii) issued and outstanding ION Warrants sold to the public and to ION's sponsors in a private placement in connection with ION's initial public offering ("ION Warrants") were automatically and irrevocably assumed by Taboola and converted into a corresponding warrant for Taboola Ordinary Shares ("Taboola Warrants") exercisable for Taboola Ordinary Shares. Immediately prior to the Effective Time, the Class A Ordinary Shares and the public ION Warrants comprising each issued and outstanding ION unit, consisting of one (1) Class A Ordinary Share and one-fifth (1/5th) of one (1) public ION Warrant, will be automatically separated and the holder thereof will be deemed to hold one (1) Class A Ordinary Share and one-fifth (1/5th) of one (1) public ION Warrant. No fractional public ION Warrants were issued in connection with such separation such that if a holder of such ION Units would be entitled to receive a fractional public ION Warrant upon such separation, the number of public ION Warrants to be issued to such holder upon such separation was rounded down to the nearest whole number of public ION Warrants.

Concurrently with and following the execution of the Merger Agreement, Taboola and certain accredited investors ("PIPE Investors") entered into a series of subscription agreements ("Subscription Agreements"),

providing for the purchase by the PIPE Investors at the Effective Time of an aggregate of 13,500,000 Taboola Ordinary Shares ("PIPE Shares") at a price per share of $10.00 (assuming the Stock Split has been effected), for gross proceeds to Taboola of $135,000,000 (collectively, the "PIPE"). The closing of the PIPE is conditioned upon the consummation of the Transactions.

Concurrently with and following the execution of the Merger Agreement, Taboola and certain accredited investors (the "Secondary Investors") entered into share purchase agreements with certain shareholders of Taboola (the "Secondary Share Purchase Agreements") pursuant which the Secondary Investors committed to purchase Taboola Ordinary Shares from certain shareholders of Taboola, and, under certain circumstances, from Taboola, an aggregate of up to 15,120,000 Taboola Ordinary Shares (the "Secondary Shares") at a price per share of $10.00 (assuming the Stock Split has been effected), for gross proceeds of up to $151,200,000 (the "Secondary Purchases").

The following represents the aggregate merger consideration issued (excluding the Secondary Shares) by Taboola:

	Purchase price	Shares Issued
	(in thousands, other than share amounts)[1]	
Share Consideration to ION	$240,069	30,471,516
PIPE	$135,000	13,500,000

(1) The value of Taboola Ordinary Shares is reflected at $10 per share, assuming the consummation of the expected Stock Split.

The following summarizes the unaudited pro forma Taboola Ordinary Shares issued and outstanding (not on a fully-diluted basis), assuming no Warrants have been exercised and assuming the Minimum Cash Condition has not been waived:

Ownership

	Shares	%
Total Taboola		
ION Shareholders	30,471,516	14.73%
Existing Taboola Shareholders[1]	147,709,201	71.43%
PIPE[2]	28,620,000	13.84%
Total Taboola Ordinary Shares Outstanding at Closing	206,800,717	

(1) Calculated as of December 31, 2020 on the basis of 162,829,201 Taboola Ordinary Shares outstanding after giving effect to the Stock Split assuming a forward stock split ratio of 1: 2.700701493 and calculated in the manner set forth in "-Beneficial Ownership of Securities" below other than with respect to the date of such calculation, less the amount of 15,120,000 Taboola Ordinary Shares to be sold by Secondary Investors pursuant to the Secondary Purchase Agreements.

(2) Calculated as the sum of 13,500,000 Taboola Ordinary Shares to be issued to PIPE Investors pursuant to the Subscription Agreements and 15,120,000 Taboola Ordinary Shares to be sold to Secondary Investors pursuant to the Secondary Purchase Agreements.

The unaudited pro forma combined financial information has been prepared to give effect to the redemption by ION shareholders of 1,872,234 shares of ION's Class A Ordinary Shares.

Description of the Connexity Acquisition

On July 22, 2021, Taboola entered into a Stock Purchase Agreement (the "Purchase Agreement") by and among Taboola, Inc., a wholly-owned subsidiary of Taboola ("Buyer"), Shop Management, LLC and, for certain specified sections of the Purchase Agreement, Taboola, pursuant to which Buyer agreed to acquire all of the issued and outstanding shares of Shop Holding Corporation ("Connexity") for approximately $800.0 million, subject to customary purchase price adjustments for working capital, the payment of existing Connexity debt, expenses and the other terms and conditions such as the holdback and retention plans and other indebtedness described in the Purchase Agreement. Based on December 31st 2020 balance sheet figures, the customary purchase price adjustments includes the payment of approximately $65.6 million in existing Connexity debt, expenses and the other terms and conditions such as the holdback and retention plans of approximately $70.3 million and other indebtedness of approximately $27.4 million, as described in the Purchase Agreement. Approximately $488.0 million will be paid in cash, using approximately $188.0 million from cash on hands and $300.0 million from committed debt financing. Approximately

$148.7 million of the Purchase Price is to be paid pursuant to the issuance of Taboola Ordinary Shares. An additional $30.3 million in equity consideration will be issued and is subject to retention by Taboola pursuant to certain holdback arrangements entered into with current employees of Connexity, to be delivered to such employees in installments over three years following the closing of the Connexity Acquisition, subject to continued employment by such persons with Taboola and an additional $40.0 million is expected to be paid in future retention equity incentive awards. The total equity consideration to be issued is $219.0 million. Since the $30.3 million in holdback equity consideration and the $40.0 million in separate equity incentive awards are contingent upon future services, each is excluded from the purchase price. The exact number of Taboola Ordinary Shares to be issued as equity consideration will depend on the volume weighted average price of Taboola’s stock over the five business days ending three business days prior to the closing of the Connexity Acquisition.

The following unaudited pro forma combined financial statements give effect to the Connexity Acquisition, including (i) an assumed issuance of $300.0 million of committed debt financing and (ii) an assumed issuance of up to $148.7 million of Taboola Ordinary Shares (assumed to be 14,864,600 Taboola Ordinary Shares, using an assumed price of $10.00 per share).

The following unaudited pro forma combined balance sheet as of December 31, 2020 and the unaudited pro forma combined statement of operations for the year ended December 31, 2020 are based on the historical financial statements of ION, Connexity and Taboola. The unaudited pro forma adjustments are based on information currently available, assumptions, and estimates underlying the pro forma adjustments and are described in the accompanying notes. Actual results may differ materially from the assumptions used to present the accompanying unaudited pro forma combined financial information.

UNAUDITED PRO FORMA COMBINED BALANCE SHEET

AS OF DECEMBER 31, 2020

(dollars in thousands)

	As of December 31, 2020								
	ION (Historical)	Taboola (Historical)	ION Pro Forma Transaction accounting adjustments	Total		Connexity (Historical)	Connexity Pro Forma Transaction accounting adjustments		Pro Forma Combined
ASSETS									
Current assets:									
Cash and cash equivalents	$ 1,077	$242,811	$ 334,390	**$578,278**	(A)	$ 24,297	($ 300,792)	(CX6)	$ 301,783
Short term deposits	—	—	—	**—**		—	—		—
Restricted deposits	—	3,664	—	**3,664**		—	—		3,664
Trade receivable, net	—	158,050	—	**158,050**		69,680	—		227,730
Prepaid expenses and other current assets	311	21,609	—	**21,920**		1,567	—		23,487
Cash and marketable securities held in trust account	258,795	—	(258,795)	**—**	(B)	—	—		—
Other current assets - discontinued operations	—	—	—	**—**		197	—		197
Total current assets	**260,183**	**426,134**	**75,595**	**761,912**		**95,741**	**(300,792)**		**556,861**
Non-current assets:									
Long-term prepaid expenses	—	5,289	(2,096)	**3,193**	(E)	—	—		3,193
Restricted deposits	—	3,300	—	**3,300**		—	—		3,300
Deferred tax assets	—	1,382	—	**1,382**		9,222	—		10,604
Right of use assets	—	68,058	—	**68,058**		—	7,553	(CX17)	75,611
Property and equipment, net	—	52,894	—	**52,894**		7,373	(5,499)	(CX5)	54,768
Intangible assets, net	—	3,905	—	**3,905**		24,921	157,219	(CX5)	186,045
Goodwill	—	19,206	—	**19,206**		31,344	540,116	(CX5)	590,666
Other assets - continuing operations	—	—	—	**—**		198	—		198
Other assets - discontinued operations	—	—	—	**—**		6	—		6
Total assets	**$260,183**	**$580,168**	**$ 73,499**	**$913,850**		**$168,805**	**$ 398,597**		**$1,481,252**
LIABILITIES									
Current liabilities:									
Trade payables	—	$189,352	—	**$189,352**		$ 71,482	—		$ 260,834
Lease liability	—	15,746	—	**15,746**		—	3,996	(CX17)	19,742
Accrued expenses and other current liabilities	655	95,135	(2,096)	**93,694**	(E)	13,905	(9,298)	(CX5)	98,301
Accrued offering cost	97	—	—	**97**		—	—		97
Advance from related party	—	—	—	**—**		—	—		—
Promissory note-related party	—	—	—	**—**		—	—		—
Customer deposits	—	—	—	**—**		548	—		548
Current portion of term loan, net of discount	—	—	—	**—**		8,107	(8,107)	(CX3)	—
Deferred consideration	—	—	—	**—**		8,553	(8,553)	(CX1)	—
Current portion of Taboola loan	—	—	—	**—**		—	3,000		3,000
Other current liabilities - discontinued operations	—	—	—	**—**		1,017	—		1,017
Total current liabilities	**752**	**300,233**	**(2,096)**	**298,889**		**103,612**	**(18,962)**		**383,539**
Warrants liability	52,506	—	—	**52,506**		—	—		52,506
Deferred tax liabilities	—	45	—	**45**		4,650	39,064		43,759
Lease liability	—	63,044	—	**63,044**		—	3,709	(CX17)	66,753
Taboola loan	—	—	—	**—**		—	285,780	(CX4)	285,780
Term loan, net of discount	—	—	—	**—**		57,534	(57,534)	(CX3)	—
Other current liabilities - continued operations	—	—	—	**—**		903	—		903

Total long-term liabilities	52,506	63,089	—	115,595	63,087	271,019	449,701

	As of December 31, 2020								
	ION (Historical)	Taboola (Historical)	ION Pro Forma Transaction accounting adjustments	Total		Connexity (Historical)	Connexity Pro Forma Transaction accounting adjustments		Pro Forma Combined
Convertible preferred shares	—	170,206	(170,206)	**—**	(F)	—	—		—
Class A Ordinary shares subject to possible redemption	201,925	—	(201,925)	**—**	(G)	—	—		—
Shareholders' Equity									**—**
Ordinary shares	1	—	(1)	**—**		—	—		—
Additional paid-in capital	25,942	78,137	430,890	**534,969**	(I)	91,420	57,226	(CX7)	683,615
Accumulated other comprehensive loss-foreign currency translation adjustment	—	—	—	**—**		3,673	(3,673)		—
Accumulated deficit	(20,943)	(31,497)	16,837	**(35,603)**	(J)	(92,987)	92,987		(35,603)
Total shareholders' equity	**5,000**	**46,640**	**447,726**	**499,366**		**2,106**	**146,540**		**648,012**
Total Liabilities, Convertible Preferred Shares And Shareholders' Equity	**$260,183**	**$580,168**	**$ 73,499**	**$913,850**		**$168,805**	**$398,597**		**$1,481,252**

UNAUDITED PRO FORMA COMBINED STATEMENT OF INCOME (LOSS)

FOR THE YEAR ENDED DECEMBER 31, 2020

(Dollars in thousands)

	For the year ended December 31, 2020								
	Taboola (Historical)	**ION (Historical)**	**ION Pro Forma Adjustments**	**Total**		**Connexity (Historical)**	**Connexity Pro Forma Adjustments**		**Pro Forma Combined**
Revenues	$ 1,188,893	$ —	$ —	**$ 1,188,893**		$ 163,370			$ 1,352,263
Cost of revenues:									
Traffic acquisition cost	806,541	—	—	**806,541**		94,048			900,589
Other cost of revenues	62,855	—	—	**62,855**			27,530	(CX10) (CX14) (CX16)	90,385
Total cost of revenues	869,396	—	—	**869,396**					990,974
Gross profit	319,497	—	—	**319,497**					361,289
Data acquisition costs						260	(260)	(CX16)	—
Other direct variable costs						3,293	(3,293)	(CX16)	—
Operating expenses						34,180	(34,180)	(CX16)	—
Depreciation expenses						4,471	(4,471)	(CX16)	—
Amortization of intangible assets						4,930	(4,930)	(CX16)	—
Total cost of revenues and operation expenses						**141,182**			**—**
Operating expenses:								(CX14) (CX16)	
Research and development expenses	99,423	—	—	**99,423**			10,331		109,754
Sales and marketing expenses	133,741	—	—	**133,741**			35,658	(CX10)	169,399
General and administrative expenses	60,140	757	4,106	**65,003**	(E)		28,672	(CX11)	93,675
Total Operating expenses	**293,304**	**757**	**4,106**	**298,167**		**—**			**372,828**
Operating income (loss) before finance expenses	26,193	(757)	(4,106)	**21,330**		22,188	(55,057)		(11,539)
Other income (loss), net	—	(20,231)	—	**(20,231)**		(357)	(63)	(CX16)	(20,651)
Finance expenses, net	(2,753)	45	(45)	**(2,753)**	(L)	(5,869)	(11,985)	(CX12) (CX13)	(20,607)
Income (loss) before income taxes	**23,440**	**(20,943)**	**(4,151)**	**(1,654)**		**15,962**			**(52,797)**
Provision for income taxes	14,947	—	—	**14,947**		(8,560)	8,468	(CX15)	14,855
Net income (loss)	**8,493**	**(20,943)**	**(4,151)**	**(16,601)**	(K)	**24,522**			**(67,652)**
Discontinued Operations, net of tax	—	—	—	**—**		(12,697)			(12,697)
Net income (loss)	**$ 8,493**	**$(20,943)**	**$(4,151)**	**$ (16,601)**		**$ 11,825**			**$ (80,349)**

NOTES TO UNAUDITED PRO FORMA COMBINED FINANCIAL INFORMATION

1. Basis of Presentation

The unaudited pro forma combined financial information has been prepared to illustrate the effect of the Transactions as well as the consummation of the PIPE and the Connexity Acquisition and has been prepared for informational purposes only.

The historical consolidated financial statements of Taboola and the historical financial statements of ION and Connexity have been adjusted in the pro forma combined financial information to give effect to pro forma events that are (1) directly attributable to the Transactions as well as the consummation of the PIPE and Connexity Acquisition, (2) factually supportable and (3) with respect to the pro forma combined statement of income (loss), expected to have a continuing impact on the combined results following the Transactions as well as the consummation of the PIPE and the Connexity Acquisition. The adjustments presented in the unaudited pro forma combined financial information are based on currently available information and certain information that the management of Taboola believes is reasonable under the circumstances. The unaudited pro forma adjustments may be revised as additional information becomes available.

Taboola and ION did not have any historical relationship prior to the Transactions. Accordingly, no pro forma adjustments were required to eliminate activities between the companies.

With respect to the Connexity Acquisition no pro forma adjustments were required to eliminate activities between the companies.

The unaudited pro forma combined balance sheet as of December 31, 2020, assumes that the Transactions as well as the consummation of the PIPE and the Connexity Acquisition occurred on December 31, 2020. The unaudited pro forma combined statement of income (loss) for the year ended December 31, 2020 presents pro forma effect to the Transactions as well as the consummation of the PIPE and the Connexity Acquisition as if they had been completed on January 1, 2020.

The unaudited pro forma combined balance sheet as of December 31, 2020 has been prepared using, and should be read in conjunction with, the following:

- ION's audited balance sheet as of December 31, 2020 and the related notes included elsewhere in this registration statement/prospectus;
- Taboola's audited consolidated balance sheet as of December 31, 2020 and the related notes included elsewhere in this registration statement/prospectus; and
- Connexity's audited consolidated balance sheet as of December 31, 2020 and the related notes included elsewhere in this registration statement/prospectus.

The unaudited pro forma combined statement of income (loss) for the year ended December 31, 2020 has been prepared using, and should be read in conjunction with, the following:

- ION's audited statement of income for the period from August 6, 2020 (inception) through December 31, 2020 and the related notes included elsewhere in this registration statement /prospectus;
- Taboola's audited consolidated statements of income (loss) for the year ended December 31, 2020 and the related notes, included elsewhere in this registration statement/prospectus; and
- Connexity's audited consolidated statements of income (loss) for the year ended December 31, 2020 and the related notes, included elsewhere in this registration statement/prospectus.

Management has made significant estimates and assumptions in its determination of the pro forma adjustments. As the unaudited pro forma combined financial information has been prepared based on these preliminary estimates, the final amounts recorded may differ materially from the information presented.

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

The pro forma adjustments reflecting the consummation of the Transactions and the Connexity Acquisition are based on certain currently available information and certain assumptions and methodologies that Taboola believes are reasonable under the circumstances. The unaudited pro forma adjustments, which are described in the accompanying notes, may be

revised as additional information becomes available and is evaluated. Therefore, it is likely that the actual adjustments will differ from the pro forma adjustments and it is possible the difference may be material. Taboola believes that these assumptions and methodologies provide a reasonable basis for presenting all of the significant effects of the Transactions based on information available to management at the time and that the pro forma adjustments give appropriate effect to those assumptions and are properly applied in the unaudited pro forma combined financial information.

In March 2021, the Company's Board of Directors approved a grant of 1,637,651 restricted share units and 1,431,183 options to its employees, and also approved grants of 1,437,230 restricted share units and 1,437,230 options to certain senior executive officers which are subject to Shareholder's approval. The restricted share units and options vest quarterly over a 4-year period, except for options and restricted share units granted to certain senior executives, which vest over a 4-year period starting from January 1, 2022. All of the RSUs and options are subject to the Company's shares commencing public trading no later than September 30, 2021, failing which the grants will be forfeited. The Company's management has recommended to the board of directors an additional grant of 1,687,185 restricted share and 911,033 options units to certain of its employees and an additional 2,874,459 restricted share units and 2,874,459 options for certain executive officers to be made immediately prior to the consummation of the merger. The restricted share units and options vest quarterly over a 4-year period, except for options and restricted share units granted to certain senior executive officers, which vest over a 4-year period starting from January 1, 2022.

In April 2021, the Company's Board of Directors approved an additional grant of 278,164 restricted share units and 109,168 options to its employees. In addition, the Company's management has recommended to the board of directors an additional grant of 242,461 restricted share units and 85,072 options to certain of its employees. The restricted share units and options vest quarterly over a 4-year period. All of the RSUs and options are subject to the Company's shares commencing public trading no later than September 30, 2021, failing which the grants will be forfeited.

As of June 30, 2021 all awards that were subject to approval were approved by the Board of Directors.

The unaudited pro forma combined financial information set forth in this registration statement / prospectus does not reflect such grant or the potential vesting of such RSUs and options.

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

2. Accounting Policies

As part of the preparation of these unaudited pro forma combined financial statements, certain reclassifications were made to align ION's and Taboola's financial statement presentation. Upon completion of the Transactions, management is performing a comprehensive review of ION's and Taboola's accounting policies. As a result of the review, management may identify differences between the accounting policies of the two entities which, when conformed, could have a material impact on the financial statements of the combined company following consummation of the Business Combination. Based on its initial analysis, ION has identified the presentation differences, if any, that would have an impact on the unaudited pro forma combined financial information and recorded the necessary adjustments, if any.

As part of the preparation of these unaudited pro forma combined financial statements, certain reclassifications were made to align Connexity's and Taboola's financial statement presentation. Upon completion of the Connexity Acquisition, management is performing a comprehensive review of Connexity's and Taboola's accounting policies. As a result of the review, management may identify differences between the accounting policies of the two entities which, when conformed, could have a material impact on the financial statements of the combined company following consummation of the Business Combination.

3. Adjustments to Unaudited Pro Forma Combined Financial Information

The unaudited pro forma combined financial information has been prepared to illustrate the effect of the Transactions as well as the consummation of the PIPE and the Connexity Acquisition and has been prepared for informational purposes only. The historical financial statements have been adjusted in the unaudited pro forma

combined financial information to give pro forma effect to events that are (1) directly attributable to the Transactions as well as the consummation of the PIPE and the Connexity Acquisition, (2) factually supportable, and (3) with respect to the statements of income (loss), expected to have a continuing impact on the results of the combined company following consummation of the Business Combination. ION and Taboola have not had any historical relationship prior to the Business Combination. Accordingly, no pro forma adjustments were required to eliminate activities between the companies. Connexity and Taboola have not had any historical relationship prior to the Connexity Acquisition. Accordingly, no pro forma adjustments were required to eliminate activities between the companies.

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

The unaudited pro forma basic and diluted earnings per share amounts presented in the unaudited pro forma combined statements of income (loss) are based upon the number of ION's shares outstanding, that were converted into Taboola shares in the Business Combination, the conversion of each outstanding Taboola convertible preferred share into Taboola Ordinary Shares in accordance with Taboola's organizational documents, assuming the Transactions occurred on January 1, 2020, as well as the assumed issuance of $148.7 million of Taboola Ordinary Shares (assumed to be 14,865 thousands shares of Taboola Ordinary Shares, using an assumed price of $10.0 per share).

Adjustments to Unaudited Pro Forma Combined Balance Sheets

The adjustments included in the unaudited pro forma combined balance sheets as of December 31, 2020 are as follows:

(A) Represents pro forma adjustments to the cash balance to reflect the following:

	(in thousands)	
Reclassification of Marketable securities held in Trust Account	$258,795	**(B)**
Redemption of ION Class A Ordinary shares	(18,726)	**(C)**
Proceeds from PIPE	135,000	**(D)**
Payment transaction costs	(40,679)	**(E)**
	$334,390	**(A)**

(B) Reflects the reclassification of $258,795 thousands of cash and marketable securities held in the ION trust account that becomes available following the Business Combination.

(C) Represents redemption of 1,872,234 shares of ION Class A ordinary shares, an aggregate of $18.7 million, at a redemption price of approximately $10.0 per share.

(D) Reflects the proceeds of $135,000 thousands from the issuance and sale of 13,500,000 Taboola Ordinary Shares at $10.00 per share in a private placement pursuant to the Subscription Agreements.

(E) Represents transaction costs of approximately $40.7 million incurred by Taboola and ION in consummating the transaction (out of which $2.1 million were recorded as accrued expenses). The transaction costs incurred by Taboola and ION are partly related to the issuance of New Taboola Warrants, based on the fair value of the warrants as of December 31, 2020; an amount equal to $36.6 million is attributed to the issuance of New Taboola shares, and was accordingly recognized as a decrease to additional paid-in capital; an amount equal to $4.1 million is attributed to the issuance of Taboola Warrants, and was accordingly recognized as accumulated deficit.

(F) Reflects the conversion of 121,472,152 shares of Taboola convertible preferred shares into 121,472,152 Taboola Ordinary Shares.

(G) Reflects the reclassification of $201,925 thousands related to Class A Ordinary Shares subject to possible redemption to permanent equity.

(H) Represents the amount of the formation and operating costs recorded in ION Acquisition Corp as well as the revaluation of warrants and related transaction costs.

(CX1) Reflects the amount of the deferred consideration already paid by Connexity during 2021 as part of Skimbit Ltd. (Skimlinks) acquisition. For additional information regarding the acquisition of Skimlinks by

Connexity in May 2020, see Note 4 to the December 31, 2020 Audited Consolidated Financial Statements of Shop Holding Corporation included elsewhere in this registration statement/prospectus.

(CX2) Reflects the issuance of equity consideration of $219 million excluding the $40 million of future retention payments and $30.3 million of holdback not reflected in the purchase price, resulting in issuance of equity consideration of $148.7 million.

(CX3) Represents early repayment of Connexity term loan in the amount of $65,641 thousands in connection with the Connexity Acquisition. Early repayment resulted in an additional finance expense equal to 3% of the balance (approximately 1,969 thousand).

(CX4) Reflect the new debt of $289 million, net of issuance cost of $11 million incurred by Taboola to finance the acquisition of CNX, which bears an interest of LIBOR +4%.

(CX5) The Company has performed a preliminary valuation analysis of the fair market value of Connexity's assets to be acquired and liabilities to be assumed. Using the total consideration for the acquisition, the Company has estimated the allocations to such assets and liabilities. The following table summarizes the allocation of the preliminary purchase price. Represents adjustments to the preliminary estimated fair values of the net assets acquired in the Connexity Acquisition as reflected below:

	(in thousands)
Assets acquired	98,488
Intangible assets, net	182,140
Goodwill	571,460
Liabilities assumed	(149,747)
Connexity term loan	(65,641)
Total Consideration[(1)]	636,700

(1)

	(in thousands)
Cash consideration, net of equity consideration[(CX6)]	488,054
Equity consideration	148,646
Total Consideration	636,700

This preliminary purchase price allocation has been used to prepare the transaction accounting adjustments in the pro forma balance sheet and income statement. The final purchase price allocation will be determined when the Company has completed the detailed valuations and necessary calculations as described in more detail in the explanatory notes below. The final allocation could differ materially from the preliminary allocation used in the transaction accounting adjustments. The final allocation may include (1) changes in the right of uses assets and lease liability (2) changes in allocations to intangible assets, such as trade names, technology and customer relationships, as well as goodwill; and (3) other changes to assets and liabilities

(CX6) Represents pro forma adjustments to the cash balance to reflect the following:

	(in thousands)	
Represents the payment of the deferred consideration payable by Connexity as part of Skimlinks acquisition	(8,553)	**(CX1)**
Taboola assumed loan to finance the Connexity acquisition	300,000	**(CX4)**
Payment of Connexity Term Loan	(65,641)	
Payment of the Cash consideration of the Connexity Acquisition	(488,054)	
Other indebtedness items	(27,324)	
Taboola loan issuance cost	(11,220)	**(CX4)**
	$(300,792)	**(CX6)**

(CX7) Represents pro forma adjustments to additional paid-in capital balance to reflect the following:

	(in thousands)	
Issuance of Ordinary Shares as part of the Connexity Acquisition consideration assuming $10 per share	148,646	**(CX2)**
Reclassification of Connexity additional paid in capital	(91,420)	**(CX8)**
	$ 57,226	**(CX7)**

(CX8) Represents pro forma adjustments to additional paid in capital balance of $91,420 of Connexity.

(CX9) Represents pro forma adjustments to Accumulated other comprehensive loss- foreign currency translation adjustment balance to reflect the reclassification of $3,673 of Connexity expenses.

(I) Represents pro forma adjustments to additional paid-in capital balance to reflect the following:

	(in thousands)	
Payment of transaction fees	$ (36,573)	**(E)**
Issuance of Taboola Ordinary Shares from PIPE	135,000	**(D)**
Conversion of Taboola preferred share to Taboola Ordinary Shares	170,206	**(F)**
Reclassification of Class A Ordinary Shares subject to redemption	201,925	**(G)**
Redemption of ION Class A Ordinary shares	(18,726)	**(C)**
Reclassification of Class A Ordinary Shares par value that are not subject to redemption	1	
Reclassification of ION expenses	(20,943)	**(H)**
	$430,890	**(I)**

(J) Represents pro forma adjustments to accumulated deficit balance to reflect the following:

	(in thousands)	
Payment of transaction Cost	$ (4,106)	**(E)**
Reclassification of ION expenses	20,943	**(H)**
	$16,837	**(J)**

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

(K) Represents pro forma adjustments to statement of income (loss) to reflect the following:

	(in thousands)	
Elimination of interest earned on funds in ION Trust account	$ (45)	**(L)**
Payment of transaction costs	(4,106)	**(E)**
	$(4,151)	**(K)**

(L) Elimination of $45 thousand of interest earned on money in ION trust account based on pro forma assumption that the Transactions occurred on January 1, 2020.

(CX10) Represents the amortization of the Identifiable Intangible Assets in the total amount of $182,140 thousands over periods of 3-5 years. Total amortization of $30,660 thousands are being recognized $6,279 thousands and $24,381 thousands in Cost of revenues and sales and marketing expenses, respectively.

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

	Estimated fair value (in thousands)	Estimated useful life in years	Annual 2020 amortization (in thousands)
Merchant/Network Affiliate Relationships	69,000	5	13,800
Publisher Relationships	43,783	5	8,757
Tradename	20,472	3	6,824
Technology	48,885	5	9,777
Total	**182,140**		**39,158**
Historical amortization expenses			(8,498)
Transaction accounting adjustment to amortization			30,660

(CX11) Represents estimated transaction costs of $6,464 thousands of Taboola and Connexity comprises of Legal services, accounting and insurance expenses.

(CX12) Represents estimated debt finance expenses using the effective interest rate, resulting in $14,927 thousands (interest and amortization of the issuance cost $13,500 and $1,427 thousands, respectively) for the first year as a result of the loan Taboola borrowed to finance the acquisition in the amount of $300,000 thousands.

(CX13) Finance income related to Connexity legacy debt in the amount of $2,942 thousands related to reversal of the interest expenses of the loan offset by penalty of early repayment of the loan.

(CX14) Represents the amortization of: (1) the retention arrangements in the approximate amount of $40 million in Taboola ordinary shares over 5 years (2) the holdback agreement in the amount of $30.3 million which is amortized over 3 years (3) the special bonus payment of $18.2 million. The total expenses in the unaudited proforma statement of income (loss) resulted in $36.3 million. The total allocation of those expenses is $9.1 million, $8.1 million, $7.3 million and $11.8 million in COR, R&D, S&M and G&A, respectively.

(CX15) Reflect the additional tax expenses related to the deferred tax liability driven by the acquisition of the identified intangible assets.

(CX16) To reflect the reclassification of the statement of income (loss) of Connexity to conform to the financial statement presentation of Taboola:

	(in thousands)
Data acquisition costs	(260)
Other direct variable costs	(3,293)
Operating expenses	(34,180)
Depreciation expenses	(4,471)
Amortization of intangible assets	(4,930)
Other cost of revenues	19,383
Research and development expenses	6,596
Sales and marketing expenses	8,349
General and administrative expenses	12,743
Other income (loss), net	63

(CX17) The company adopted ASC 842 and, as a result, recognized a Right of use asset and Lease liability in the amounts of $7.5 million and $7.7 million, respectively.

4. Net income (loss) per Share

Net income (loss) per share calculated using the historical weighted average shares outstanding, and the issuance of additional shares in connection with the Transactions, assuming the shares were outstanding since January 1, 2020. As the Transactions, the PIPE consummation and the Connexity Acquisition are being reflected as if they had occurred at the beginning of the period presented, the calculation of weighted average shares outstanding for basic

and diluted net loss per share assumes that the shares issuable relating to the Transactions, the PIPE consummation and the Connexity Acquisition have been outstanding for the entire period presented. With respect to the shares that were redeemed, this calculation is retroactively adjusted to eliminate such shares for the entire period.

Represents the net income (loss) per share calculated using the historical weighted average shares outstanding, and the issuance of additional shares in connection with the Business Combination and the Connexity Acquisition as well as the conversion of each outstanding Taboola convertible preferred share into Taboola Ordinary Shares in accordance with Taboola's organizational documents, assuming the shares were outstanding since January 1, 2020. As the Business Combination and the Connexity Acquisition are being reflected as if it had occurred at the beginning of the period presented, the calculation of weighted average shares outstanding for basic and diluted net loss per share assumes that the shares issuable relating to the Business Combination have been outstanding for the entire period presented.

	Year ended December 31, 2020
Pro forma net income (loss) (in thousands)	(67,652)
Net income (loss) per share-basic and diluted[1]	(0.30)
Weighted average shares outstanding-basic and diluted[3]	225,562,267
ION Public Shareholders	30,471,516
PIPE	13,500,000
Secondary Investors	15,120,000
Taboola Shareholders[1][2]	30,133,999
Taboola Legacy converted preferred shares[1]	121,472,152
Issuance of Shares as part of the Connexity Acquisition transaction consideration	14,864,600

(1) The pro forma shares attributable to Taboola shareholders is calculated by applying the exchange ratio of 1 to 2.700701493 to the historical Taboola Ordinary Shares and preferred shares of Taboola outstanding as of December 31, 2020, all of which will be converted into Taboola Ordinary Shares in accordance with Taboola's organizational documents immediately before consummation of the Business Combination.

(2) The pro forma basic and diluted shares of Taboola shareholders exclude 12,350,000 of warrants, as these are not deemed a participating security and their effect is antidilutive.

(3) The weighted average shares outstanding and net earnings per share information reflect the Transactions as if they had occurred on January 1, 2020. As the Business Combination is being reflected as if it had occurred at the beginning of the periods presented, the calculation of weighted average shares outstanding for basic and diluted net loss per share assumes that the shares issuable relating to the Business Combination have been outstanding for the entire periods presented. The Company's basic and diluted loss per share is calculated by dividing net loss attributable to ordinary shareholders by the weighted-average number of ordinary shares outstanding for the period, without consideration of potentially dilutive securities. The Weighted average number of shares in computing the basic and diluted loss per share is identical, since including some potential shares of ordinary shares (such as the outstanding share options) in the computation of the diluted net loss per share for the periods presented would have had an anti-dilutive effect.

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

(5) The transaction consideration for which share should be issued amount to $148.7 million. The calculation of the number of shares to be issued was calculated assuming a fair value of $10 per share.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion and analysis of our financial condition and results of operations together with Taboola's audited consolidated financial statements and the related notes appearing elsewhere in this registration statement/prospectus and the pro forma financial information as of and for the year ended December 31, 2020 under the heading "Unaudited Pro Forma Combined Financial Information" included elsewhere in this registration statement. Some of the information contained in this discussion and analysis is set forth elsewhere in this registration statement/prospectus, including information with respect to Taboola's plans and strategy for Taboola's business, and includes forward-looking statements that involve risks and uncertainties. As a result of many factors, including those factors set forth in the section titled "Risk Factors" and "Special Note Regarding Forward-Looking Statements," Taboola's actual results could differ materially from the results described in or implied by the forward-looking statements contained in the following discussion and analysis. Throughout this section, unless otherwise noted or the context requires otherwise, "we," "us," "our" and the "Company" refer to Taboola and its consolidated subsidiaries, and in references to monetary amounts, "dollars" and "$" refer to U.S. Dollars, and "NIS" to refers to New Israeli Shekels.

Overview

Taboola is a technology company that powers recommendations across the Open Web with an artificial intelligence, or AI-based, algorithmic engine that we have developed over the past 13 years.

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

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

We empower advertisers to leverage our AI-powered recommendation platform to reach targeted audiences, utilizing effective, native ad-formats across digital properties. We generate revenues when people click on or, in some cases, view the ads that appear within our recommendation platform. Advertisers pay us for those clicks or impressions and we share the resulting revenue with the digital properties who display those ads.

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

Our annual Revenues grew to $1,188.9 million in 2020, from $1,093.8 million in 2019 and $909.2 million in 2018. Over the same three years, our Gross profit grew to $319.5 million, from $232.0 million and $234.2 million, and our ex-TAC Gross Profit grew to $382.4 million, from $295.8 million and $281.5 million, respectively. Our Net income (loss) for the same three years was $8.5 million, ($28.0) million and $10.7 million, respectively, while our Adjusted EBITDA was $106.2 million, $34.1 million and $66.9 million, respectively. For more information about ex-TAC Gross Profit and Adjusted EBITDA, see *"Management's Business Discussion and Analysis of Financial Condition and Results of Operations—Non-GAAP Financial Measures."*

Merger Agreement

On January 25, 2021, we and one of our subsidiaries entered into a Merger Agreement with ION Acquisition Corp. 1 Ltd. Under that agreement, our subsidiary merged with and into ION, with ION continuing as the surviving company and becoming our direct, wholly-owned subsidiary. The Merger Agreement and the related transactions were unanimously approved by both our board of directors and the Board. The Business Combination closed on

June 29, 2021 after receipt of the required approval by our shareholders and ION's shareholders and the fulfillment of certain other conditions. In connection with the Merger Agreement, we also obtained commitments for the purchase in private transactions expected to close concurrently with the Business Combination of approximately $285 million of Taboola ordinary shares, of which approximately $150 million was purchased directly from certain of our existing shareholders, primarily from early investors.

For further information please refer to the "Unaudited Pro Forma Combined Financial Information."

Key Factors and Trends Affecting our Performance

We believe that our performance and future success depend on several factors that present significant opportunities for us but also pose risks and challenges, including those discussed below and in the section entitled *"Risk Factors."*

Maintaining and Growing Our Digital Property Partners

We have a robust network of digital property partners under contracts that provide exclusivity and cover multiple years at inception. These agreements typically require that our code be integrated on the digital property web page because of the nature of providing both editorial and paid recommendations. This means that in the vast majority of our business, we do not bid for ad placements, as traditionally happens in the advertising technology space, but rather see all users that visit the pages on which we appear. This is true across all platforms and in all geographies. Due to our multi-year exclusive contracts and high retention rates, our supply is relatively consistent and predictable. We had approximately 9,000, 7,000 and 6,000 digital property partners in the fourth quarter of 2020, 2019 and 2018, respectively.

We have a strong record of growing the revenue generated from our digital property partners. We grow our digital property partner relationships in four ways. First, we grow the revenue from these partnerships by increasing our yield over time. We do this by improving our algorithms, expanding our advertiser base and increasing the amount of data that helps target our ads. Second, we continuously innovate with new product offerings and features that increase revenue. Third, we innovate by launching new advertising formats. Fourth, we work closely with our digital property partners to find new placements and page types where we can help them drive more revenue.

We have two primary models for sharing revenue with digital property partners. The most common model is a straight revenue share model. In this model, we agree to pay our partner a fixed percentage of the revenue that we generate from advertisements placed on their digital properties. The second model includes guarantees. Under this model, we pay our partners the greater of a fixed percentage of the revenue we generate and a guaranteed amount per thousand page views. In the past, we have and may continue to be required to make significant payments under these guarantees.

Growing Our Advertiser Client Base

We have a large and growing network of advertisers, across multiple verticals. We had approximately 13,000, 12,000 and 10,000 advertiser clients working with us directly, or through advertising agencies, worldwide during the fourth quarter of 2020, 2019 and 2018, respectively. A large portion of our revenue comes from advertisers with specific performance goals, such as obtaining subscribers for email newsletters or acquiring leads for product offerings. These performance advertisers use our service when they obtain a sufficient return on ad spend to justify their ad spend. We grow the revenue from performance advertisers in three ways. First, we improve the performance of our network by developing new product features, improving our algorithms and optimizing our supply. Second, we secure increased budgets from existing advertisers by offering new ad formats and helping them achieve additional goals. Third, we grow our overall advertiser base by bringing on new advertisers that we have not worked with previously. In addition to our core performance advertisers, video brand advertisers are a small but growing portion of our revenue.

Improving Network Yield

One way that we grow our revenue is by increasing the yield on our network, which is a general term for the revenue that we make per advertising placement. Because we generally fill close to 100% of advertising impressions available, yield is generally not affected by changing fill rates, but rather is impacted in four ways. First, we increase our yield by improving the algorithms that select the right ad for a particular user in a particular context.

These algorithms are based on Deep Learning technology and are a key competitive advantage. Second, we continuously innovate and develop new product offerings and features for advertisers, which help increase their success rates on our network and improve yield. Third, as we grow our advertiser base and mix of advertisers, including adding advertisers able to pay higher rates, our yields increase because of increasing competitive pressure in our auction. Finally, we increase our yield by optimizing the way we work with digital properties, including changing formats and placements. Increasing yield drives higher revenues on all digital property partners. Increasing yield also generally increases margins for ex-TAC Gross Profit, a non-GAAP measure, for those digital property partners to whom we are paying guarantees.

Product and Research & Development

We view research and development expenditures as investments that help grow our business over time. These investments, which are primarily in the form of employee salaries and related expenditures and hardware infrastructure, can be broken into two categories. This first category includes product innovations that extend the capabilities of our current product offerings and help us expand into completely new markets. This includes heavy investment in AI (specifically Deep Learning) in the form of server purchases and expenses for data scientists. This category of investment is important to maintain the growth of the business but can also generally be adjusted up or down based on management’s perception of the potential value of different investment options. The second category of investments are those that are necessary to maintain our core business. These investments include items such as purchasing servers and other infrastructure necessary to handle increasing loads of recommendations that need to be served, as well as the people necessary to maintain the value delivered to our customers and digital property partners, such as investments in code maintenance for our existing products. This type of investment scales at a slower rate than the growth of our core business.

Managing Seasonality

The global advertising industry has historically been characterized by seasonal trends that also apply to the digital advertising ecosystem in which we operate. In particular, advertisers have historically spent relatively more in the fourth quarter of the calendar year to coincide with the year-end holiday shopping season, and relatively less in the first quarter. We expect these seasonality trends to continue, and our operating results will be affected by those trends with revenue and margins being seasonally strongest in the fourth quarter and seasonally weakest in the first quarter.

Privacy Trends and Government Regulation

We are subject to U.S. and international laws and regulations regarding data privacy, digital advertising and the collection of user data. In addition, large Internet and technology companies such as Google and Apple are making their own decisions as to how to protect consumer privacy, which impacts the whole digital ecosystem. Because we power editorial recommendations, digital properties typically embed our code directly on their web pages. This makes us less susceptible to many of these regulations and industry trends because we are able to drop first party cookies. In addition, because of this integration on our partners’ pages, we have rich contextual information to use to further refine the targeting of our recommendations.

Impact of COVID-19

In December 2019, COVID-19 was first reported to the World Health Organization, or WHO, and in January 2020, the WHO declared the outbreak to be a public health emergency. In March 2020, the WHO characterized COVID-19 as a pandemic. The spread of COVID-19 initially significantly impacted the digital advertising industry, reducing advertising budgets, lowering ad rates and leading advertisers to defer planned ad campaigns.

We experienced a notable decline in advertising rates soon after the onset of the COVID-19 pandemic, and we attribute an approximately 12% reduction in our second quarter of 2020 revenue to the pandemic. We took three steps to address the reduction in advertising rates, which resulted in a gradual recovery in revenue that continued throughout the remainder of the year. First, we worked with our digital property partners to optimize yield by focusing on revenue-generating enhancements. Second, we focused our sales efforts on finding advertisers that were still spending online and trying to reach consumers who were sheltering at home. This effort, combined with a return of spend from certain types of advertisers, allowed us to grow our advertiser base and increase yield. Finally, we

continued our investment in our algorithms that help improve yields. After the reduction in advertising and rates in the first two quarters of 2020, we saw a strong recovery in our network yield in the third quarter. We expect the improvement in yields, as well as our lower overall cost base, to carry forward to 2021.

As a result of the pandemic, we restricted employee travel, asked all non-essential personnel to work from home, cancelled physical participation in sales activities, meetings, events and conferences, which reduced our operating expenses. We also examined the efficiency and impact of expenditures across our business and found more efficient ways to work in many cases. This included imposing a hiring freeze while we worked to optimize the way we conducted business. As part of our close relationship with our digital property partners, certain of our partners that had guarantee compensation arrangements agreed to forgo their guarantee compensation and instead shift to 100% revenue share until yield recovered. In connection with these arrangements, for certain digital property partners, we extended their agreements. In the fourth quarter of 2020, we returned to guarantee arrangements with substantially all of the affected digital property partners and agreed with them to undo the 100% revenue share arrangement, reinstate the original payment terms, and receive payments, retroactively, of the guarantee under the original compensation terms.

The ultimate societal and economic impact of the COVID-19 pandemic remains unknown. In particular, we cannot predict whether any worsening or continuation of the pandemic, or any resulting recession, will adversely affect our business.

Key Financial and Operating Metrics

We regularly monitor a number of metrics in order to measure our current performance and project our future performance. These metrics aid us in developing and refining our growth strategies and making strategic decisions.

	Year Ended December 31,		
	2020	2019	2018
	(dollars in thousands)		
Revenues	$1,188,893	$1,093,830	$909,246
Gross profit	$ 319,497	$ 231,969	$234,230
ex-TAC Gross Profit(1)	$ 382,352	$ 295,829	$281,526
Net cash provided by operating activities	$ 139,087	$ 18,056	$ 76,977
Free Cash Flow(1)	$ 121,313	$ (26,272)	$ 44,820
Net income (loss)	$ 8,493	$ (28,025)	$ 10,661
Adjusted EBITDA(1)	$ 106,193	$ 34,082	$ 66,932
Net income (loss) Margin	0.7%	(2.6)%	1.2%
Ratio of Net income (loss) to Gross profit	2.7%	(12.1%)	4.6%
Ratio of Adjusted EBITDA to ex-TAC Gross Profit(1)	27.8%	11.5%	23.8%
Cash, cash equivalents and short-term deposits	$ 242,811	$ 115,883	$145,259

(1) Non-GAAP measure. Refer to “Non-GAAP Financial Measures” below for an explanation and reconciliation to GAAP metrics.

Revenues

Substantially all of our Revenues are generated from advertisers. We enter into commercial arrangements with advertisers defining the terms of our service and the basis for our charges. Generally, our charges are based on a CPC or CPM basis. For campaigns priced on a CPC basis, we recognize these Revenues when a user clicks on an advertisement we deliver. For campaigns priced on a CPM basis, we recognize these Revenues when an advertisement is displayed.

Gross profit

Gross profit is calculated as presented on our consolidated statement of income (loss) for the periods presented.

ex-TAC Gross Profit

We calculate ex-TAC Gross Profit as Gross profit adjusted to include Other cost of revenues.

Net cash provided by operating activities

Net cash provided by operating activities is our Net income (loss) adjusted for non-cash charges and net cash provided by changes in our working capital.

Free Cash Flow

We calculate Free Cash Flow as Net cash provided by operating activities minus purchases of property, plant and equipment, including capitalized platform costs. We expect our Free Cash Flow to fluctuate in future periods as we invest in our business to support our plans for growth.

Net income (loss)

Net income (loss) is calculated as presented on our consolidated statement of income (loss) for the periods presented.

Adjusted EBITDA

We calculate Adjusted EBITDA as Net income (loss) before net financial expenses, income tax provision and depreciation and amortization, further adjusted to exclude share-based compensation and other noteworthy income and expense items such as certain merger or acquisition related costs, which may vary from period-to-period.

Net income (loss) Margin

Net income (loss) Margin is Net income (loss) divided by Revenues.

Ratio of Net income (loss) to Gross profit

We calculate Ratio of Net income (loss) to Gross Profit as Net income (loss) divided by Gross profit.

Ratio of Adjusted EBITDA to ex-TAC Gross Profit

We calculate Ratio of Adjusted EBITDA to ex-TAC Gross Profit as Adjusted EBITDA divided by ex-TAC Gross Profit.

Cash, cash equivalents and short-term deposits

Cash equivalents are short-term highly liquid investments that are readily convertible to cash with original maturities of three months or less. Short-term deposits are bank deposits with maturities of more than three months but less than one year.

Non-GAAP Financial Measures

We are presenting the following non-GAAP financial measures because we use them, among other things, as key measures for our management and board of directors in managing our business and evaluating our performance. We believe they also provide supplemental information that may be useful to investors. The use of these measures may improve comparability of our results over time by adjusting for items that may vary from period to period or not be representative of our ongoing operations.

These non-GAAP measures are subject to significant limitations, including those identified below. In addition, other companies may use similarly titled measures but calculate them differently, which reduces their usefulness as comparative measures. Non-GAAP measures should not be considered in isolation or as a substitute for GAAP measures. They should be considered as supplementary information in addition to GAAP operating and financial performance measures.

ex-TAC Gross Profit

We believe that ex-TAC Gross Profit, which we calculate as Gross profit adjusted to include Other cost of revenues, is useful because traffic acquisition cost, or 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. We use ex-TAC Gross Profit as part of our business planning, for example in decisions regarding the timing and amount of investments in areas such as infrastructure.

Limitations on the use of ex-TAC Gross Profit include the following:

- Traffic acquisition cost is a significant component of our Cost of revenues but is not the only component; and
- ex-TAC Gross Profit is not comparable to our Gross profit and by definition ex-TAC Gross Profit presented for any period will be higher than our Gross profit for that period

The following table provides a reconciliation of Revenues and Gross profit to ex-TAC Gross Profit:

	Year Ended December 31,		
	2020	2019	2018
	(dollars in thousands)		
Revenues	$1,188,893	$1,093,830	$909,246
Traffic acquisition cost	806,541	798,001	627,720
Other cost of revenues	62,855	63,860	47,296
Gross profit	$ 319,497	$ 231,969	$234,230
Adjusted to include the following:			
Other cost of revenues	62,855	63,860	47,296
ex-TAC Gross Profit	$ 382,352	$ 295,829	$281,526

Adjusted EBITDA and Ratio of Adjusted EBITDA to ex-TAC Gross Profit

We believe that Adjusted EBITDA is useful because it allows us and others to measure our performance without regard to items such as share-based compensation expense, depreciation and interest expense and other items that can vary substantially depending on our financing and capital structure, and the method by which assets are acquired. We use Adjusted EBITDA and GAAP financial measures for planning purposes, including the preparation of our annual operating budget, as a measure of performance and the effectiveness of our business strategies, and in communications with our board of directors. We may also use Adjusted EBITDA as a metric for determining payment of cash or other incentive compensation.

Limitations on the use of Adjusted EBITDA include the following:

- although depreciation expense is a non-cash charge, the assets being depreciated may have to be replaced in the future, and Adjusted EBITDA does not reflect cash capital expenditure requirements for such replacements or for new capital expenditure requirements;
- Adjusted EBITDA excludes share-based compensation expense, which has been, and will continue to be for the foreseeable future, a significant recurring expense for our business and an important part of our compensation strategy;
- Adjusted EBITDA does not reflect, to the extent applicable for a period presented: (1) changes in, or cash requirements for, our working capital needs; (2) interest expense, or the cash requirements necessary to service interest or if applicable principal payments on debt, which reduces cash available to us; or (3) tax payments that may represent a reduction in cash available to us; and
- the expenses and other items that we exclude in our calculation of Adjusted EBITDA may differ from the expenses and other items, if any, that other companies may exclude from Adjusted EBITDA when they report their operating results.

We calculate Adjusted EBITDA as Net income (loss) before net financial expenses, income tax provision and depreciation and amortization, further adjusted to exclude share-based compensation and other noteworthy income and expense items such as certain merger or acquisition related costs, which may vary from period-to-period.

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

	Year Ended December 31,		
	2020	2019	2018
	(dollars in thousands)		
Net income (loss)	$ 8,493	$(28,025)	$10,661
Adjusted to exclude the following:			
Financial expenses	2,753	3,392	1,346
Tax expenses	14,947	4,997	5,326
Depreciation and amortization	33,957	39,364	35,272
Share-based compensation expenses	28,277	8,249	10,451
M&A costs[(1)]	17,766	6,105	—
Revaluation of contingent liability	—	—	3,876
Adjusted EBITDA	$106,193	$34,082	$66,932

(1) Costs primarily related to the proposed strategic transaction with Outbrain Inc., which we elected not to consummate.

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 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:

	Year Ended December 31,		
	2020	2019	2018
	(dollars in thousands)		
Gross profit	$319,497	$231,969	$234,230
Net income (loss)	$ 8,493	$ (28,025)	$ 10,661
Ratio of Net income (loss) to Gross profit	2.7%	(12.1%)	4.6%
ex-TAC Gross Profit	$382,352	$295,829	$281,526
Adjusted EBITDA	$106,193	$ 34,082	$ 66,932
Ratio of Adjusted EBITDA to ex-TAC Gross Profit	27.8%	11.5%	23.8%

Free Cash Flow

We believe that Free Cash Flow, which we calculate as Net cash provided by operating activities minus purchases of property and equipment, including capitalized platform costs, is useful to provide management and others with information about the amount of cash generated from our operations that can be used for strategic initiatives, including investing in our business, making strategic acquisitions, and strengthening our balance sheet. We expect our Free Cash Flow to fluctuate in future periods as we invest in our business to support our plans for growth. Limitations on the use of Free Cash Flow include the following:

- it should not be inferred that the entire Free Cash Flow amount is available for discretionary expenditures. For example, cash is still required to satisfy other working capital needs, including short-term investment policy, restricted cash, and intangible assets;
- Free Cash Flow has limitations as an analytical tool, and it should not be considered in isolation or as a substitute for analysis of other GAAP financial measures, such as Net cash provided by operating activities; and
- this metric does not reflect our future contractual commitments.

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

	Year Ended December 31,		
	2020	2019	2018
	(dollars in thousands)		
Net cash provided by operating activities	$139,087	$ 18,056	$76,977
Purchases of property and equipment, including capitalized platform costs	17,774	44,328	32,157
Free Cash Flow	$121,313	$(26,272)	$44,820

Components of Our Results of Operations

Revenues

Substantially all of our Revenues are generated from advertisers. We enter into commercial arrangements with advertisers defining the terms of our service and the basis for our charges. Generally, our charges are based on a CPC or CPM basis. For campaigns priced on a CPC basis, we recognize these Revenues when a user clicks on an advertisement we deliver. For campaigns priced on a CPM basis, we recognize these Revenues when an advertisement is displayed.

Cost of revenues

Our cost of revenue primarily includes Traffic acquisition cost and other cost of revenue.

Traffic acquisition cost

Traffic acquisition cost or TAC consist primarily of cost related to digital property compensation for placing our platform on their digital property and cost for advertising impressions purchased from real-time advertising exchanges and other third parties. Traffic acquisition costs also include up-front payments, incentive payments, or bonuses paid to the digital property partners, which are amortized over the respective contractual term of the digital property arrangement. Taboola has two primary compensation models for digital properties. The most common model is a revenue share model. In this model, Taboola agrees to pay a fixed percentage of the revenue that it generates from advertisements placed on the digital properties. The second model includes guarantees. Under this model, Taboola pays a greater of a fixed percentage of the revenue generated and a committed guaranteed amount per thousand page views (“Minimum guarantee model”). Actual compensation is settled on a monthly basis. Expenses under both the revenue share model as well as the Minimum guarantee model are recorded as incurred, based on actual revenues generated by Taboola at the respective month.

Other cost of revenues

Other cost of revenues consist of data center and related costs, depreciation expense related to hardware supporting our platform, amortization expense related to capitalized internal use software and acquired technology, depreciation of communication equipment, personnel costs, and allocated facilities costs. Personnel costs include salaries, bonuses, share-based compensation, and employee benefit costs, and are primarily attributable to our operations group, which supports our platform and our clients.

Gross profit

Gross profit, calculated as revenues less cost of revenues, has been, and will continue to be, affected by various factors, including fluctuations in the amount and mix of revenue and the amount and timing of investments to expand our partner and client base. We hope to increase both our Gross profit in absolute dollars and as a percentage of revenue through enhanced operational efficiency and economies of scale.

Operating Expenses

Research and development expenses

Research and development expenses consist primarily of personnel costs, including salaries, bonuses, share-based compensation and employee benefits costs, allocated facilities costs, professional services and depreciation. We expect research and development expenses to increase in future periods to support our growth,

including continuing to invest in optimization, accuracy and reliability of our platform and other technology improvements to support and drive efficiency in our operations. These expenses may vary from period to period as a percentage of revenue, depending primarily upon when we choose to make more significant investments.

Sales and marketing expenses

Sales and marketing expenses consist of payroll and other personnel related costs, including salaries, share-based compensation, employee benefits, and travel for our sales and marketing departments. We expect to increase selling and marketing expense to support the overall growth in our business.

General and administrative expenses

General and administrative expenses consist of payroll and other personnel related costs, including salaries, share-based compensation, employee benefits and expenses for executive management, legal, finance and others. In addition, general and administrative expense include fees for professional services and occupancy costs. We expect our general and administrative expense to increase as we scale up headcount with the growth of our business, and as a result of operating as a public company, including compliance with the rules and regulations of the Securities Exchange Commission, legal, audit, additional insurance expenses, investor relations activities, and other administrative and professional services.

Other income (expenses), net

Finance expenses, net

Finance expenses, net, primarily consists of interest income (expense), gains (losses) from foreign exchange fluctuations and bank fees.

Provision for income taxes

The statutory corporate tax rate in Israel was 23% for 2020, 2019 and 2018, although Taboola benefits from certain tax benefits under Israeli law (refer to the Note 14 to our audited consolidated financial statements included in this registration statement/prospectus).

Pursuant to the Israeli Law for Encouragement of Capital Investments-1959 (the “Investments Law”) and its various amendments, under which the Company has been granted Privileged Enterprise” status, we were granted a tax exemption status for the years 2018 and 2019. The 2018 tax exemption resulted in approximately $10.4 million of potential tax savings. In 2019 we did not benefit from the Privileged Enterprise status because we did not have taxable income. The benefits available to a Privileged Enterprise in Israel relate only to taxable income attributable to the specific investment program and are conditioned upon terms stipulated in the Investment Law. The Company received a Tax Ruling from the Israeli Tax Authority that its activity is an industrial activity and therefore eligible for the status of a Privileged Enterprise, provided that the Company meets the requirements under the ruling. If Taboola does not fulfill these conditions, in whole or in part, the benefits can be revoked, and Taboola may be required to refund the benefits, in an amount linked to the Israeli consumer price index plus interest. As of December 31, 2020, management believes that the Company meets the aforementioned conditions.

For 2020 and subsequent tax years, we adopted The “Preferred Technology Enterprises” (“PTE”) Incentives Regime (Amendment 73 to the Investment Law) granting a 12% tax rate in central Israel on income deriving from benefited intangible assets, subject to a number of conditions being fulfilled, including a minimal amount or ratio of annual R&D expenditure and R&D employees, as well as having at least 25% of annual income derived from exports to large markets. PTE is defined as an enterprise which meets the aforementioned conditions and for which total consolidated revenues of its parent company and all subsidiaries are less than NIS 10 billion.

As of December 31, 2020, Taboola has an accumulated tax loss carry-forward of approximately $12 million. These tax losses in Israel can be offset indefinitely. Non-Israeli subsidiaries are taxed according to the tax laws in their respective countries of residence.

The following table provides consolidated statements of income (loss) data for the periods indicated:

	Year Ended December 31,			2020 vs. 2019		2019 vs. 2018	
	2020	2019	2018	$Change	% Change	$Change	% Change
	(dollars in thousands)			(thousands)		(thousands)	
Revenues	$1,188,893	$1,093,830	$909,246	$95,063	8.7%	$184,584	20.3%
Cost of revenues:							
Traffic acquisition cost	806,541	798,001	627,720	8,540	1.1%	170,281	27.1%
Other cost of revenues	62,855	63,860	47,296	(1,005)	(1.6)%	16,564	35.0%
Total cost of revenues	869,396	861,861	675,016	7,535	0.9%	186,845	27.7%
Gross profit	319,497	231,969	234,230	87,528	37.7%	(2,261)	(1.0)%
Operating expenses:							
Research and development expenses	99,423	84,710	73,024	14,713	17.4%	11,686	16.0%
Sales and marketing expenses	133,741	130,353	109,671	3,388	2.6%	20,682	18.9%
General and administrative expenses	60,140	36,542	34,202	23,598	64.6%	2,340	6.8%
Total operating expenses	293,304	251,605	216,897	41,699	16.6%	34,708	16.0%
Operating income (loss) before finance expenses	26,193	(19,636)	17,333	45,829	(233.4)%	(36,969)	(213.3)%
Finance expenses, net	2,753	3,392	1,346	(639)	(18.8)%	2,046	152.0%
Income (loss) before income taxes	23,440	(23,028)	15,987	46,468	(201.8)%	(39,015)	(244.0)%
Provision for income taxes	14,947	4,997	5,326	9,950	199.1%	(329)	(6.2)%
Net income (loss)	$ 8,493	$ (28,025)	$ 10,661	$36,518	(130.3)%	$ (38,686)	(362.9)%

Comparison of the Years Ended December 31, 2020 and 2019

Revenues increased $95.1 million, or 8.7%, for the year ended December 31, 2020 compared to the year ended December 31, 2019. New digital property partners within the first 12 months that were live on our network contributed approximately $84 million of new Revenues. 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), contributed approximately $11 million.

Gross Profit increased $87.5 million, or 37.7%, for the year ended December 31, 2020 compared to the year ended December 31, 2019.

Ex-TAC Gross Profit, a non-GAAP measure, increased $86.5 million, or 29.2%, for the year ended December 31, 2020 compared to the year ended December 31, 2019. 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), contributed a majority of the increase in ex-TAC Gross Profit. New digital property partners within the first 12 months that were live on our network contributed the remainder of the increase in revenues.

Cost of revenues increased $7.5 million, or 0.9%, for the year ended December 31, 2020 compared to the year ended December 31, 2019.

Traffic acquisition cost increased $8.5 million, or 1.1%, for the year ended December 31, 2020 compared to the year ended December 31, 2019, reflecting the increase in Revenues. Revenues increased at a faster pace than Traffic acquisition cost due to increased yield on digital properties with guarantee obligations and a mix shift to higher margin digital properties. The cost of guarantees (total payments due under guarantee arrangements in excess of amounts the Company would otherwise be required to pay under revenue sharing arrangements) as a percentage of traffic acquisition costs were approximately 15% or less for both years.

Other cost of revenues decreased $1.0 million, or 1.6%, for the year ended December 31, 2020 compared to the year ended December 31, 2019, primarily as a result of a decrease in our data center costs attributable to improved efficiencies, and lower depreciation and amortization expenses.

Research and development expenses increased by $14.7 million, or 17.4%, for the year ended December 31, 2020 compared to the year ended December 31, 2019, primarily as a result of an increase of $23.3 million in employee-related costs primarily attributable to higher compensation, partially offset by $3.5 million lower depreciation expenses, $3.2 million of higher capitalized costs related to new features and products and $1.9 million reduced IT related cost attributable to improved efficiencies.

Sales and marketing expenses increased by $3.4 million, or 2.6%, for the year ended December 31, 2020 compared to the year ended December 31, 2019, primarily as a result of an increase of $7.3 million in employee-related costs primarily attributable to higher compensation, partially offset by an decrease of $2.9 million in marketing event costs.

General and administrative expenses increased by $23.6 million, or 64.6%, for the year ended December 31, 2020 compared to the year ended December 31, 2019, primarily as a result of an increase of $11.0 million in acquisition related expenses related to our terminated acquisition of Outbrain in 2020, an increase of $6.9 million in employee-related costs primarily attributable to higher compensation and $2.2 million higher bad debt expenses.

Finance expenses, net decreased by $0.6 million, or 18.8%, for the year ended December 31, 2020 compared to the year ended December 31, 2019, primarily as a result of $1.8 million decrease in our foreign currency exchange loss, which was partially offset by $1.0 million increase in interest income from investments.

Income (loss) before income taxes increased by $46.5 million, or 201.8%, for the year ended December 31, 2020 compared to the year ended December 31, 2019, primarily due to increase in revenues of $95.1 million, partially offset by $37.5 increase in employee-related costs and $11.0 million of acquisition-related expenses related to the proposed strategic transaction with Outbrain Inc., which we elected not to consummate.

Tax expense increased by $9.9 million, or 199.1%, for the year ended December 31, 2020 compared to the year ended December 31, 2019, primarily driven by higher taxes in foreign jurisdictions of $9.8 million, and an increase in our uncertain tax positions of $1.7 million, partially offset by a decrease in valuation allowance for deferred tax assets of $1.2 million.

Comparison of the Years Ended December 31, 2019 and 2018

Revenues increased $184.6 million, or 20.3%, for the year ended December 31, 2019 compared to the year ended December 31, 2018. New digital property partners within the first 12 months that were live on our network contributed approximately $168 million of new Revenues. 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), contributed approximately $17 million.

Gross Profit decreased $2.3 million, or 1.0%, for the year ended December 31, 2019 compared to the year ended December 31, 2018.

Ex-TAC Gross Profit, a non-GAAP measure, increased $14.3 million, or 5.1%, for the year ended December 31, 2019 compared to the year ended December 31, 2018. 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), contributed a substantial majority of the increase in ex-TAC Gross Profit. New digital property partners within the first 12 months that were live on our network contributed the remainder of the increase in revenues.

Cost of revenues increased $186.8 million, or 27.7%, for the year ended December 31, 2019 compared to the year ended December 31, 2018.

Traffic acquisition cost increased $170.3 million, or 27.1%, for the year ended December 31, 2019 compared to the year ended December 31, 2018, reflecting the increase in Revenues. Traffic acquisition cost rose at a faster pace than Revenues due to our strategic decision to offer enhanced guarantee obligations to attract certain new digital properties. The cost of guarantees as a percentage of traffic acquisition costs were approximately 15% or less for both years.

Other cost of revenues increased $16.6 million, or 35.0%, for the year ended December 31, 2019 compared to the year ended December 31, 2018, primarily as a result of a $5.9 million increase in our data center costs attributable to higher usage of our platform, $4.8 million of higher depreciation and amortization expenses and $3.2 million in employee-related costs primarily attributable to an increase in headcount.

Research and development expenses increased by $11.7 million, or 16.0%, for the year ended December 31, 2019 compared to the year ended December 31, 2018, primarily as a result of an increase of $12.8 million in employee-related costs primarily attributable to an increase in headcount additions to focus on development of our platform and investing in innovation, partially offset by $3.6 million of higher capitalized costs related to new features and products compared to the prior period.

Sales and marketing expenses increased by $20.7 million, or 18.9%, for the year ended December 31, 2019 compared to the year ended December 31, 2018, primarily as a result of an increase of $15.4 million in employee-related costs primarily attributable to an increase in headcount to support our continued growth and expansion of our Digital Properties and Advertiser client base and an increase of $4.1 million in marketing event costs.

General and administrative expenses increased by $2.3 million, or 6.8%, for the year ended December 31, 2019 compared to the year ended December 31, 2018. This increase was primarily as a result of $6.1 million in acquisition related expenses related to our terminated acquisition of Outbrain in 2020. The 2018 General and administrative expenses of $34.2 million included $3.9 million related to the achievement of the earn out component of the acquisition of ConvertMedia in 2016.

Finance expenses increased by $2.0 million, or 152.0%, for the year ended December 31, 2019 compared to the year ended December 31, 2018, primarily as a result of $2.2 million increase in our foreign currency exchange loss, partially offset by $0.3 million increase in interest income from investments.

Income (loss) before income taxes decreased by $39 million, or 244.0%, for the year ended December 31, 2019 compared to the year ended December 31, 2018, primarily due to increase in employee-related cost of $31.2 million and $6.1 million of acquisition related expenses related to the proposed strategic transaction with Outbrain Inc., which we elected not to consummate.

Tax expense decreased by $0.3 million, or 6.2%, for the year ended December 31, 2019 compared to the year ended December 31, 2018, primarily driven by a decrease in our uncertain tax positions of $0.6 million, partially offset by an increase related to tax assessments in Israel and taxes in foreign jurisdictions of $0.3 million.

Liquidity and Capital Resources

Our primary cash needs are for working capital, acquisitions, contractual obligations and other commitments. To date, we have financed our operations primarily through private equity financings and, more recently, cash generated by operations. We generated cash from operations of $139.1 million in 2020, $18.1 million in 2019 and $77.0 million in 2018.

As part of our growth strategy, we have made and expect to continue to make significant investments in research and development and in our technology platform. We also plan to consider possible future acquisitions. To fund our growth, depending on the magnitude and timing of our growth investments and the size and structure of any possible future acquisition, we may supplement our available cash from operations with issuances of equity or debt securities and/or make other borrowings, which could be material.

As of December 31, 2020, we had $242.8 million of cash and cash equivalents and $7.0 million in restricted deposits, used as security for our lease commitments. We believe that this, together with net proceeds from our engagements with advertisers, clients and digital property partners, will provide us with sufficient liquidity to meet our working capital and capital expenditure needs for at least the next 12 months. In the future, we may be required to obtain additional equity or debt financing in order to support our continued capital expenditures and operations. In the event that additional financing is required from outside sources, we may not be able to raise it on terms acceptable to us or at all. If we are unable to raise additional capital or generate cash flows necessary to expand our operations and invest in new technologies, this could reduce our ability to compete successfully and harm our business, growth, and results of operations.

In light of the recent worldwide COVID-19 pandemic, we are closely monitoring the effect that current economic conditions may have on our working capital requirements. To date, the pandemic has not had a material negative impact on our cash flow or liquidity. We cannot provide any assurance regarding future possible COVID-19-related impacts on our business.

Our future capital requirements and the adequacy of available funds will depend on many factors, including those set forth under “Risk Factors.”

Cash Flows

The following table summarizes our cash flows for the periods indicated:

	Year Ended December 31,		
	2020	2019	2018
	(dollars in thousands)		
Cash Flow Data:			
Net cash provided by operating activities	$139,087	$ 18,056	$ 76,977
Net cash provided by (used in) investing activities	10,883	(47,466)	(38,935)
Net cash provided by (used in) financing activities	2,603	991	(12,156)
Effect of exchange rate changed on cash	3,318	454	(2,111)
Net increase (decrease) in cash, cash equivalents and restricted cash	$155,891	$(27,965)	$ 23,775

Operating Activities

During the year ended December 31, 2020, Net cash provided by operating activities of $139.1 million was due to our net income of $8.5 million and positive adjustments for non-cash charges of $56.1 million and net cash inflows of $74.5 million provided by changes in working capital.

The $56.1 million of non-cash charges primarily consisted of depreciation and amortization of $34.0 million and share-based compensation of $28.3 million which were partially offset by an aggregate of $(6.6) million of finance expenses and decrease in deferred taxes.

The $74.5 million increase in cash resulting from changes in working capital primarily consisted of a $34.3 million increase in other current liabilities, $23.4 million increase in trade payables, a $18.0 million decrease in other current assets (including prepaid expenses) and a $2.1 million increase due to changes in operating lease liabilities and right of use assets, partially offset by a $(3.3) million increase in account receivables. The changes in working capital were driven by increased payables due to the growth in operation, improved collections and higher employee compensation.

During the year ended December 31, 2019, Net cash provided by operating activities of $18.1 million was primarily due to our net loss of $(28.0) million and positive adjustments for non-cash charges of $46.8 million and net cash outflows of $(0.7) million used by changes in working capital.

The $46.8 million non-cash charges primarily consisted of depreciation and amortization of $39.4 million and share-based compensation of $8.3 million, which were partially offset by finance expenses, accrued interest and decrease in deferred taxes of $(0.9) million.

The $(0.7) million increase in cash resulting from changes in working capital primarily consisted of a $31.6 million increase in trade payables, a $5.2 million increase in accrued expenses and other current liabilities and a $2.6 million increase due to changes in operating lease liabilities and right of use assets, which were offset by a $(24.8) million decrease in other current assets (including prepaid expenses) and a $(15.3) million increase in account receivables. The change in working capital was primarily driven by increased revenues, timing of collections and our strategic decision to offer enhanced guarantee obligations to attract certain new digital properties.

During the year ended December 31, 2018, Net cash provided by operating activities of $77.0 million was primarily related to our net income of $10.7 million, positive adjustments for non-cash charges of $51.3 million and net cash inflows of $15.0 million used by changes in our operating assets and liabilities.

The $51.3 million non-cash charges primarily consisted of depreciation and amortization of $35.3 million, share-based compensation of $10.5 million, a revaluation of contingent consideration of $3.9 million and finance expenses, accrued interest and decrease in deferred taxes of $1.8 million.

The $15.0 million increase in cash resulting from changes in working capital primarily consisted of a $26.9 million increase in trade payables, and a $19.6 increase in accrued expenses and other current liabilities partially offset by a $(29.1) million increase in account receivables and a $(2.5) million decrease in other current assets (including prepaid expenses). The change in working capital was primarily driven by increased revenues.

Investing Activities

During the year ended December 31, 2020, Net cash provided by investing activities was $10.9 million, consisting of $29.0 million of proceeds from short-term and restricted deposits partially offset by $17.8 million purchases of property and equipment, including capitalized platform costs.

During the year ended December 31, 2019, Net cash used for investing activities was $47.5 million, consisting of $44.3 million purchases of property and equipment, including capitalized platform costs and $4.0 million business acquisition, partially offset by $0.8 million of proceeds from short term investments and restricted deposits.

During the year ended December 31, 2018, Net cash used for investing activities was $38.9 million, consisting of $32.2 million purchases of property and equipment, including capitalized platform costs and $7.4 million investments in short term investments and restricted deposits, partially offset by $0.5 million proceeds from sale of property and equipment.

Financing Activities

During the year ended December 31, 2020, Net cash provided by financing activities was $2.6 million, resulting from proceeds received from share option exercises.

During the year ended December 31, 2019, Net cash provided by financing activities was $1.0 million, resulting from proceeds received from share option exercises.

During the year ended December 31, 2018, Net cash used in financing activities was $12.2 million, primarily driven by payment of contingent consideration of $12.8 million, partially offset by $0.6 million proceeds of share option exercises.

Contractual Obligations

The following table discloses aggregate information about material contractual obligations and the periods in which they are due as of December 31, 2020. Future events could cause actual payments to differ from these estimates.

	Contractual Obligations by Period					
	2021	**2022**	**2023**	**2024**	**2025**	**Thereafter**
	(dollars in thousands)					
Operating Leases[1]	$17,953	$13,145	$6,716	$5,131	$3,754	$13,557
Non-cancellable purchase obligations[2]	4,445	1,571	883	1	—	—
Total Contractual Obligations	$22,398	$14,716	$7,599	$5,132	$3,754	$13,557

(1) Represents future minimum lease commitments under non-cancellable operating lease agreements.

(2) Primarily represents non-cancelable amounts for contractual commitments in respect of software and information technology.

The commitment amounts in the table above are associated with contracts that are enforceable and legally binding and that specify all significant terms, including fixed or minimum services to be used, fixed, minimum or variable price provisions, and the approximate timing of the actions under the contracts. The table does not include obligations under agreements that we can cancel without a significant penalty. The table above does not reflect any reduction for prepaid obligations as of December 31, 2020. As of December 31, 2020, we have a provision related to unrecognized tax benefit liabilities totaling $2.4 million and other provisions related to severance pay and contribution plans, which have been excluded from the table above as we do not believe it is practicable to make reliable estimates of the periods in which payments for these obligations will be made.

Other Commercial Commitments

In the ordinary course of our business, we enter into agreements with certain digital properties, under which, in some cases we agree to pay them a guaranteed amount, generally per thousand page views on a monthly basis. These agreements could cause a gross loss on digital property accounts in which the guarantee is higher than the actual revenue generated. These contracts generally range in duration from 2 to 5 years, though some can be shorter or longer. These contracts are not included in the table above.

Off-Balance Sheet Arrangements

As of December 31, 2020, we did not have any off-balance sheet arrangements, as defined in Item 303(a)(4)(ii) of Regulation S-K, such as the use of unconsolidated subsidiaries, structured finance, special purpose entities or variable interest entities.

Critical Account Policies and Estimates

Our discussion and analysis of financial condition results of operations are based upon our consolidated financial statements included elsewhere in this registration statement. The preparation of our consolidated financial statements in accordance with GAAP requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses. We base our estimates on past experience and other assumptions that we believe are reasonable under the circumstances, and we evaluate these estimates on an ongoing basis. Actual results may differ from those estimates.

Our critical accounting policies are those that materially affect our consolidated financial statements and involve difficult, subjective or complex judgments by management. A thorough understanding of these critical accounting policies is essential when reviewing our consolidated financial statements. We believe that the critical accounting policies listed below involve the most difficult management decisions because they require the use of significant estimates and assumptions as described above.

See Note 2 to our audited financial statements included elsewhere in this registration statement for more information.

Revenue Recognition

We recognize revenues in accordance with ASC No. 606, “Revenue from Contracts with Customers.” Under this standard, we recognize revenue when the customer obtains control of promised goods or services in an amount that reflects the consideration we expect to receive in exchange for those goods or services. To determine revenue recognition for contracts that are within the scope of the standard, we perform the following five steps:

1. Identify the contract with a customer
2. Identify the performance obligations in the contract, including whether they are distinct in the context of the contract;
3. Determine the transaction price, including the constraint on variable consideration;
4. Allocate the transaction price to the performance obligations in the contract; and
5. Recognize revenue as the Company satisfies the performance obligations.

Our customers are the advertisers that advertise on our platform. Advertisers accept our terms of service upon signature on an insertion order, or IO, and registration to the platform.

For campaigns priced on a cost-per-click, or CPC, basis, we bill the customers and recognize revenues when a user clicks on an advertisement displayed.

For campaigns priced on a cost-per-thousand impression, or CPM, basis, we will bill our customers and recognize revenues based on the number of times an advertisement is displayed to a user.

The determination of whether revenue should be reported gross of amounts billed to advertisers (gross basis) or net of payments to digital properties partners (net basis) requires significant judgment and is based on management assessment of whether we are acting as the principal or an agent in the transaction. We have determined that we act as principal in its arrangements because we have the ability to direct the services to our customers. We have contracts with our digital properties that provide exclusivity and cover multiple years at inception. These agreements typically require that our code be integrated on the digital property web page. Thus, in the vast majority of our business, we do not bid for ad placement, but rather we control the specified pages before they are transferred to the customer, see all users that visit the respective pages and are able to run a predictive auction and direct the ad placement to the relevant customer. We further concluded that (i) we are primarily responsible for fulfilling the promise to provide the service in the arrangement; and (ii) we have latitude in establishing the contract price with the advertisers. In addition, Taboola has inventory risk on a portion of our multi-year agreement with digital properties. Therefore, based on these and other factors, we report revenue earned on a gross basis.

Practical Expedients

We do not disclose the value of unsatisfied performance obligations for (i) contracts with an original expected length of one year or less and (ii) contracts for which we recognize revenue at the amount to which we have the right to invoice for services performed.

We generally expense sales commissions when incurred because the amortization period would have been one year or less. These costs are recorded within sales and marketing expenses.

Internal Use Software costs

According to ASC 350-40 we capitalize certain internal use software development costs associated with creating and enhancing internal use software related to its platform and technology infrastructure. These costs include personnel and related employee benefits expenses for employees who are directly associated with and who devote time to software projects, and services consumed in developing or obtaining the software. Software development costs that do not meet the criteria for capitalization are expensed as incurred and recorded in technology and development expenses in the consolidated statements of income (loss).

Software development activities generally consist of three stages, (i) the planning stage, (ii) the application and infrastructure development stage, and (iii) the post-implementation stage. Costs incurred in the planning and post implementation stages of software development, including costs associated with the post-configuration training and repairs and maintenance of the developed technologies, are expensed as incurred. We capitalize costs associated with software developed for internal use when both the preliminary project stage is completed and management has authorized further funding for the completion of the project. Costs incurred in the application and infrastructure development stages, including significant enhancements and upgrades, are capitalized. Capitalization ends once a project is substantially complete and the software and technologies are ready for their intended purpose. Internal use software development costs are amortized using a straight-line method over the estimated useful life of three years, commencing when the software is ready for its intended use.

Share-Based Compensation

Share-based compensation expense related to share-based awards is recognized based on the fair value of the awards granted and recognized as an expense over the requisite service period for share options and performance-based RSUs. We elect the straight-line recognition method for awards subject to graded vesting based only on a service condition and the accelerated method for awards that are subject to performance. The compensation expense associated with performance based RSUs is adjusted based on the probability in achieving performance targets. Forfeitures are accounted for as they occur instead of estimating the number of awards expected to be forfeited.

The fair value of each option award is estimated on the grant date using the Black-Scholes option pricing model. The Black-Scholes option pricing model requires the input of highly subjective assumptions, including the fair value of the underlying ordinary shares, the expected term of the award, the expected volatility of the price of the Company’s ordinary shares, risk-free interest rates, and the expected dividend yield of ordinary shares. The fair value of each RSU award is based on the fair value of the underlying ordinary shares on the grant date. The assumptions used to determine the fair value of the share awards represent management’s best estimates. These estimates involve inherent uncertainties and the application of management’s judgment.

The fair value of each option award is estimated on the date of grant using the Black-Scholes model using the following assumptions:

	Year Ended December 31,		
	2020	**2019**	**2018**
Volatility	50.0% - 54.0%	47.6% - 48.8%	51.1% - 52.5%
Risk-free interest	0.38% - 0.67%	1.65% - 2.34%	2.26% - 2.68%
Dividend yield	0%	0%	0%
Expected Term (in years)	6.25	6.25	6.25

Fair Value of Taboola Ordinary Shares. As Taboola Ordinary Shares had not been publicly traded, the fair value was determined by our board of directors, with input from management and valuation reports prepared by third-party valuation specialists.

Risk-Free Interest Rate. The risk-free rate for the expected term of the options is based on the Black-Scholes option-pricing model on the yields of U.S. Treasury securities with maturities appropriate for the expected term of employee share option awards.

Expected Term. The expected term represents the period that options are expected to be outstanding. We determine the expected term using the simplified method. The simplified method deems the term to be the average of the time-to-vesting and the contractual life of the options.

Expected Volatility. Since we had no trading history of Taboola Ordinary Shares, the expected volatility was derived from the average historical share volatilities of several unrelated public companies within our industry over a period equivalent to the option's expected term.

Expected Dividend Yield. We have never declared or paid any cash dividends and do not presently plan to pay cash dividends in the foreseeable future. As a result, an expected dividend yield of zero percent was used.

Ordinary Shares Valuations

The fair value of the Taboola Ordinary Shares underlying our equity awards was determined by our board of directors, after considering contemporaneous third-party valuations and input from management. The valuations of Taboola Ordinary Shares were determined in accordance with the guidelines outlined in the American Institute of Certified Public Accountants Practice Aid, Valuation of Privately-Held-Company Equity Securities Issued as Compensation.

The assumptions we used in the valuation models were based on future expectations combined with management judgment, and considered numerous objective and subjective factors to determine the fair value of Taboola Ordinary Shares as of the date of each option grant, including the following factors:

- the prices, rights, preferences, and privileges of our preferred shares relative to our common share;
- our operating and financial performance;
- current business conditions and projections;
- the likelihood of achieving a liquidity event, such as an initial public offering or sale of our company, given prevailing market conditions;
- any adjustment necessary to recognize a lack of marketability of the Taboola Ordinary Shares underlying the granted options; and
- the market performance of comparable publicly-traded companies.

In valuing Taboola Ordinary Shares, absent an arm's-length current/recent round of financing, the fair value of our business, or equity value, was determined using both the income approach and market approach. The income approach estimates value based on the expectation of future cash flows that the company will generate. These future cash flows are discounted to their present values using a discount rate based on the capital rates of return for comparable publicly traded companies and is adjusted to reflect the risks inherent in the company's cash flows relative to those inherent in the companies utilized in the discount rate calculation. The market approach estimates value based on a comparison of the company to comparable public companies in a similar line of business.

We used the Hybrid method which is the combination of Probability Weighted Expected Return Method ("PWERM") and option pricing method ("OPM") to determine our Ordinary Share value.

The PWERM involves the estimation of the value of our company under multiple future potential outcomes and estimates the probability of each potential outcome. The per-share value of our Ordinary Shares as determined through the PWERM was ultimately based upon probability-weighted per share values resulting from the various future scenarios, which include an initial public offering and continued operation as a private company.

The OPM allocates the overall company value in one of the scenarios to the various share classes based on differences in liquidation preferences, participation rights, dividend policy, and conversion rights, using a series of call options.

After the value for Taboola Ordinary Shares was determined, a discount for lack of marketability ("DLOM") was applied to arrive at the fair value of the Taboola Ordinary Shares on a non-marketable basis. A DLOM is applied in order to reflect the lack of a recognized market for a closely held interest and the fact that a non-controlling equity

interest may not be readily transferable. A market participant purchasing this share would recognize this illiquidity associated with the shares, which would reduce the overall fair market value.

After the completion of the Business Combination, the Taboola Ordinary Shares are now publicly traded, and we will rely on the closing price of the Taboola Ordinary Shares as reported on the date of grant to determine the fair value of the Taboola Ordinary Shares going forward.

Leases

In February 2016, the FASB issued ASU 2016-02, “Leases” (“ASC 842”), on the recognition, measurement, presentation and disclosure of leases for both parties to a contract (i.e., lessees and lessors). The new standard requires lessees to apply a dual approach, classifying leases as either finance or operating leases based on the principle of whether or not the lease is effectively a financed purchase by the lessee.

We adopted the new standard as of January 1, 2019, which requires the recognition of the right-of-use assets, or ROU assets, and related lease liabilities on the balance sheet using a modified retrospective approach. The consolidated financial statements related to periods prior to January 1, 2019 were not restated and continue to be reported under ASC Topic 840—Leases (“ASC 840”), which did not require the recognition of operating lease liabilities on the balance sheet. As a result, the consolidated financial statements related to periods prior to January 1, 2019 are not entirely comparative with current and future periods. As permitted under ASC 842, we have elected not to recognize short-term leases on the balance sheet, nor separate lease and non-lease components.

The ROU asset and lease liability are initially measured at the present value of the lease payments, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, our incremental borrowing rate based on the information available at the date of adoption in determining the present value of the lease payments.

Our incremental borrowing rate is estimated to approximate the interest rate on similar terms and payments and in economic environments where the leased asset is located.

Some of our leases contain one or more options to extend. The exercise of lease renewal options is typically at our sole discretion. We consider various factors such as market conditions and the terms of any renewal options that may exist to determine whether it is reasonably certain to exercise the options to extend the lease.

Some of the real estate leases contain variable lease payments, including payments based on a Consumer Price Index (“CPI”). Variable lease payments based on a CPI are initially measured using the index in effect at lease adoption. Additional payments based on the change in a CPI are recorded as a period expense when incurred.

As of the adoption date, we recognized a lease liability of $80.1 million and a corresponding ROU asset of $74 million; there was no equity impact from the adoption. The difference between the lease liability and the ROU asset primarily represents the existing deferred rent liabilities balances before adoption, resulting from historical straight-lining of operating leases, which was effectively reclassified upon adoption to reduce the measurement of the ROU asset.

Income Taxes

We are subject to income taxes in Israel, the U.S., and other foreign jurisdictions. These foreign jurisdictions may have different statutory rates than in Israel. Income taxes are accounted in accordance with ASC 740, Income Taxes (“ASC 740”). Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statements carrying amounts of existing assets and liabilities and their respective tax basis as well as operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

The financial effect of changes in tax laws or rates is accounted for in the period of enactment. Valuation allowances are provided when necessary to reduce deferred tax assets to the amount expected to be realized.

We recognize income tax benefits from uncertain tax positions only if we believe that it is more likely than not that the tax position will be sustained upon examination by the taxing authorities based on the technical merits of the position. The tax benefits recognized in the financial statements from such uncertain tax positions are then measured

based on the largest benefit that is more likely than not to be realized upon the ultimate settlement. Although we believe we have adequately reserved for our uncertain tax positions, we can provide no assurance that the final

tax outcome of these matters will not be materially different. We make adjustments to these reserves when facts and circumstances change, such as the closing of a tax audit or the refinement of an estimate. To the extent that the final tax outcome of these matters is different from the amounts recorded, such differences will affect the provision for income taxes in the period in which such determination is made. We classify interest and penalties on income taxes (which includes uncertain tax positions) as taxes on income.

Recent Accounting Pronouncements

See the section titled “Summary of Significant Accounting Policies” in Note 2 of the notes to our consolidated financial statements included elsewhere in this registration statement/prospectus for more information.

Quantitative and Qualitative Disclosures about Market Risk

Market risk represents the risk of loss that may impact our financial position because of adverse changes in financial market prices and rates. Our market risk exposure is primarily a result of exposure resulting from potential changes in inflation, exchange rates or interest rates. We do not hold financial instruments for trading purposes.

Foreign Currency Exchange Risk

A 10% increase or decrease of the NIS, euro, British pound sterling, or the Japanese yen against the U.S. dollar would have impacted the Consolidated Statements of Income (loss) as follows:

	Operating income impact Year Ended December 31,					
	2020		2019		2018	
	(dollars in thousands)					
	+10%	-10%	+10%	-10%	+10%	-10%
NIS/USD	$(5,488)	$ 5,488	$(5,481)	$ 5,481	$(7,529)	$ 7,529
EUR/USD	$ 4,250	$(4,250)	$ 3,671	$(3,671)	$ 4,395	$(4,395)
GBP/USD	$(4,935)	$ 4,935	$(5,072)	$ 5,072	$(3,875)	$ 3,875
JPY/USD	$ 1,692	$(1,692)	$ 1,765	$(1,765)	$ 1,780	$(1,780)

Interest Rate Risk

Interest rate risk is the risk that the value or yield of fixed-income investments may decline if interest rates change. Fluctuations in interest rates may impact the level of interest expense recorded on future borrowings. We do not enter into derivative financial instruments, including interest rate swaps, for hedging or speculative purposes.

Credit Risk

Credit risk with respect to accounts receivable is generally not significant, as we routinely assess the creditworthiness of our partners and clients. We generally have not experienced any material losses related to receivables from advertisers during the three years ended December 31, 2020. We do not require collateral. Due to these factors, no additional credit risk beyond amounts provided for collection losses is believed by management to be probable in our accounts receivable.

As of December 31, 2020, we maintained cash and cash equivalents primarily in banks in Israel, United States and United Kingdom. In the United States and United Kingdom, the Company deposits are maintained with commercial banks, which are insured by the U.S. Federal Deposit Insurance Corporation (“FDIC”) and Financial Services Compensation Scheme (“FSCS”), which is authorized by the Bank of England (acting in its capacity as the Prudential Regulation Authority (PRA), respectively. In Israel, commercial banks do not have government-sponsored deposit insurance. At various times, we have deposits in excess of the maximum amounts insured by the FDIC and FSCS. Historically we have not experienced losses related to these balances and believe our credit risk in this area is reasonable. As of December 31, 2020, we maintained balances of approximately $33.6 million and $41.8 million with U.S. banks in excess of the amounts insured by the FDIC and in the United Kingdom banks in excess of the amounts insured by the FSCS, respectively.

BUSINESS

Our Mission

We power recommendations for the Open Web, helping people all around the world discover things they may like, but never knew existed.

Our Company

Taboola is a technology company that powers recommendations across the Open Web with an artificial intelligence, or AI-based, algorithmic engine that we have developed over the past 13 years.

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

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

We empower advertisers to leverage our proprietary AI-powered recommendation platform to reach targeted audiences utilizing effective, native ad formats across digital properties. We generate revenues when people click on or, in some cases, view the ads that appear within our recommendation platform. Advertisers pay us for those clicks or impressions and we share the resulting revenue with the digital properties who display those ads.

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

Our annual Revenues grew to $1,188.9 million in 2020, from $1,093.8 million in 2019 and $909.2 million in 2018. Over the same three years our Gross profit grew to $319.5 million, from $232.0 million and $234.2 million, and our ex-TAC Gross Profit grew to $382.4 million, from $295.8 million and $281.5 million, respectively. Our Net income (loss) for the same three years was $8.5 million, ($28.0) million and $10.7 million, respectively, while our Adjusted EBITDA was $106.2 million, $34.1 million and $66.9 million, respectively. For more information about ex-TAC Gross Profit and Adjusted EBITDA, see "Management's Business Discussion and Analysis of Financial Condition and Results of Operations- Non-GAAP Financial Measures."

Industry Trends

Advertising Budgets Shift to Digital Marketing. Over the last decade, advertising budgets have been shifting from traditional media, such as print newspapers, magazines and television, to digital channels. This trend has been driven by a shift in consumer attention to digital properties, and access to vast amounts of consumer data, giving advertisers an opportunity to reach consumers at scale with precise targeting, thereby driving a higher return on their investment.

Walled Gardens Dominate Digital Advertising Spend. According to eMarketer, more than half of digital advertising budgets are spent within the closed ecosystems of tech giants like Google, Facebook and Amazon, which we refer to as "walled gardens". With the proliferation of these walled gardens and the time spent by consumers within them, the Open Web is fighting for user attention and as a result for advertising dollars.

Highly Fragmented Open Web. According to a 2020 report by Jounce Media, advertisers spent approximately $64 billion advertising on the Open Web in 2020. Because the Open Web is, by definition, highly fragmented, it is harder for advertisers to access than the walled gardens.

The Technology behind Digital Advertising has become Increasingly Complex. Technologies for more automated and efficient buying and selling of digital advertising have been gaining traction for several years with both advertising buyers and digital properties. The ability to collect, collate and analyze intent data points using AI and machine-learning technology is a key differentiator for advertisers, digital properties and advertising intermediaries. Data insights can now be used to optimize digital advertising campaigns in ways that were not previously possible. This means that advertising intermediaries who do not have access to data or are not using AI to power their platforms may be at a disadvantage.

Native Format Proliferation. According to eMarketer, native ads - ads that match the look, feel and function of the media format in which they appear, such as those used by Taboola - accounted for approximately 63% of total U.S. display ad spending in 2020, and spending on native ads in the U.S. is forecasted to grow by approximately 21% in 2021. Native advertising is a format that has been popularized by social media and is now familiar to consumers.

Increasing Reliance by Consumers on Social Media, Apps and Mobile Devices as a Source of News. According to Pew Research, in 2018, social media sites surpassed print newspapers as a news source for Americans: one in five U.S. adults said they often get news via social media. Consumers continue to shift away from traditional media sources for their news and are increasingly moving towards social media and messaging services to find the news. This trend has led to a proliferation of mobile apps designed to deliver news in real time to consumers.

Increasing Focus on Privacy and the Disappearance of Third Party Cookies. Government regulators, consumers, and technology companies recently turned their attention toward the use of consumer data and related privacy practices. This led to increased regulation, such as the General Data Protection Regulation, or GDPR, and the California Consumer Privacy Act, or CCPA. In parallel, major internet browsers, including Safari, Chrome and Firefox, announced that by 2022, they will phase out third-party cookies. These changes pose a challenge for the digital marketing landscape, which currently relies extensively on third-party cookie data for personalization and must adapt to comply with increasing regulation of consumer data.

Our Market Opportunity

We believe the Open Web needs a technology partner that enables digital properties to compete effectively with the scale and technological advantages of the tech giants. We believe our recommendation technology is applicable to a wide range of digital properties, including websites, apps, devices, and in the future, connected TVs and other mediums.

Unlike walled gardens, we are a B2B company with no competing consumer interests. We do not compete with our digital property partners for users’ attention. Our motivations are aligned: when our partners win, we win, and we grow together. This win-win mentality applies to our relationships with digital property partners and our advertiser clients. Our advertiser clients typically utilize a performance-based pricing model, which means they only pay us after a desired event, typically a click, occurs. In addition, our deep relationships with digital properties offer a compelling value for advertisers, granting consolidated access to Open Web audiences and, thus, reducing the effects of fragmentation. In the fourth quarter of 2020, we worked with over 13,000 advertisers to serve ads to users across the Open Web and reached over 500 million daily active users, which, for this figure, we calculated as the average daily number of users that have been exposed to Taboola content recommendations at least twice in the preceding seven days. We and our digital property partners both benefit when users stay engaged with content on the digital property. To that end, we share advertising revenue as well as content-consumption data with digital properties, which they can use to make editorial decisions that best accommodate their audiences’ interests and increase user engagement.

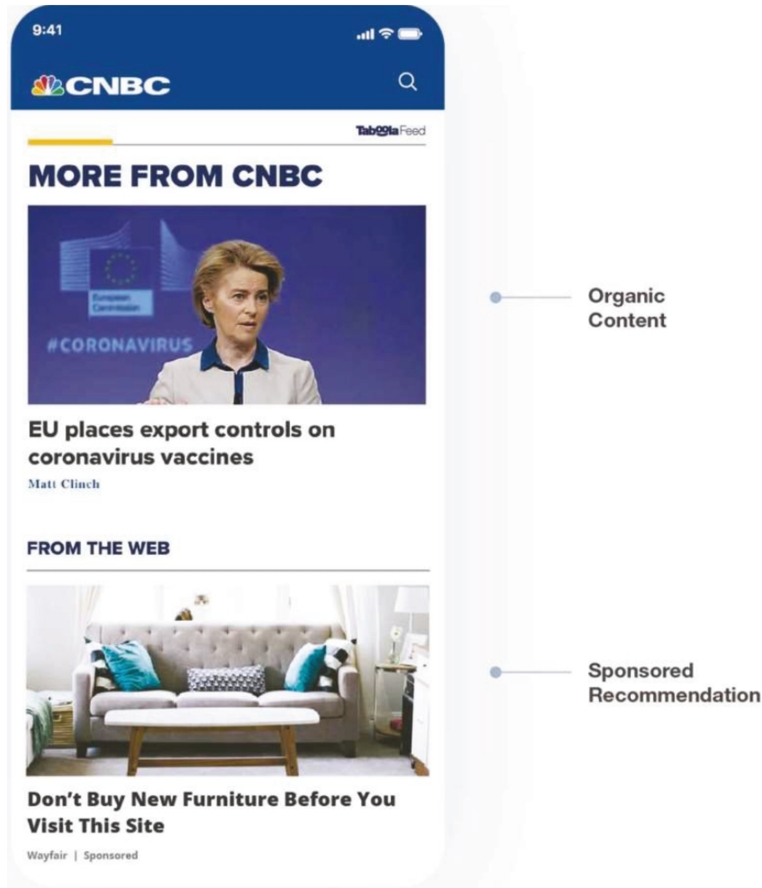
What We Do: Our Recommendation Platform

At the core of the Taboola platform is our AI-powered predictive recommendation engine, which predicts what people may find interesting by employing unique Deep Learning technology and utilizing a broad range of inputs.

We serve two types of personalized recommendations: (1) editorial, or “organic”, content from the site that the user is currently visiting, in order to engage the user and increase their chances of staying on the site longer; and (2) third-party ads paid for by our advertiser partners. Our recommendations support text, image and video formats.

We generate revenue by enabling advertisers to place bids for the right to serve their ads to targeted audiences across the Taboola network of digital properties, including some of the most premium sites in the world.

Representative Product Implementation



Our Platform for Digital Properties

Through our technology, data and advertiser relationships, we help digital properties achieve three key goals:

- *Engagement*: We keep users engaged with the digital property they are currently visiting, helping digital properties grow their business and not lose users to walled gardens. Digital properties work extremely hard to create engaging content and rely, in part, on Taboola to surface that content to the right user at the right time. To that end, the more content people read, the more time they spend on that digital property's site, and the greater the opportunity for the digital property to monetize their business by, among other things, serving ads and offering subscriptions. In 2020, people clicked on Taboola recommendations tens of billions of times a year, and about half of those clicks were on editorial content, keeping users on the site that they were on.
- *Audience*: Digital properties using our platform can grow their audience in five main ways: (1) using our Taboola Newsroom product, they can use the readership data we compile from across the Taboola network to inform editorial decisions and optimize their content strategy, ultimately bringing new users to their property; (2) creating audience exchange programs between their own sites and those of other digital properties on our network, diversifying their audiences and introducing their content to new users; (3) acquiring new quality audiences from across the Taboola network of digital properties; (4) driving subscriptions to newsletters and paid subscriptions which, help bring loyal readers again and again to their site; and (5) distributing their editorial content onto devices, OEMs, mobile carriers and more.

- *Monetization*: We enable digital properties to monetize their content with seamlessly integrated native ads, typically displayed in a feed format appearing at the end of an article, as well as other prime locations such as homepages, section fronts and middle of the articles. When people click on these ads, and in certain cases when they view the ads, advertisers pay us and we then share this revenue with the digital property on which the click or impression occurred.

Our Platform for Advertisers

Advertisers utilize Taboola's platform and leverage our AI-powered recommendation engine to reach their audiences throughout the buyer journey, from building brand awareness to increasing customer loyalty. Using Taboola's predictive engine, advertisers can engage consumers at the right time with the right content, using text, image or video formats. Taboola allows advertisers to run campaigns either directly through Taboola, using Taboola's campaign management dashboard, or programmatically.

We believe we offer advertisers a compelling alternative, or complement, to the walled gardens:

- *Massive reach*: With an average of over 500 million daily active users in the fourth quarter of 2020, our platform creates opportunities to reach people on the Open Web when they're most receptive to brand messages and new content.
- *Targeting*: Our recommendation platform allows advertisers to target their campaigns according to multiple parameters, such as context, user location, device and network connection type. Additionally, we use the advertiser's own data to target demographics, interests, "lookalike audiences" and more. Our predictive engine and large readership dataset enable advertisers to reach their target audiences with the right message, at the right time and in the right context. In contrast with social networks, where advertisers reach users based on carefully curated personas as well as other signals, our advertisers reach users based on signals from what people are reading on the Open Web, which we believe is a more authentic representation of their true interests.
- *Impactful Native Ad Formats*: Our close partnerships with premium digital properties allow us to develop highly impactful ad experiences that support a variety of ad formats and achieve diverse advertiser goals, from awareness, to consideration, to purchase.
- *Brand Safe*: Ads distributed by Taboola are typically served on pages that display editorial content rather than the ubiquitous user-generated content of platforms such as YouTube or Facebook. In addition, our ad platform allows advertisers to control the properties and topics on which their content appears, ensuring that their ads are displayed within suitable environments.

Our Recommendation Technology

Our R&D team has spent over a decade developing our proprietary AI-based recommendation technology, solving an incredibly complex problem — how to construct a personalized recommendation feed from millions of available articles, videos and ads, in real-time, when you have over 500 million daily active users and need to optimize for diverse outcomes and support multiple pricing models.

Rather than rely on knowledge of what people are searching for or what they share on social media, our predictive algorithms employ unique Deep Learning technology to develop a powerful model of people's interests across the Open Web. Our technology performs exceptionally well on diverse types of input data, such as text, images and video, and is designed to discover non-trivial relations between content and users in a specific context. We predict which recommendations users are most likely to engage with based on a broad set of 'signals' that fall into the following categories:

- *User Behavior*. We are experts in analyzing pseudonymized user behavior across the Open Web. We gather a massive amount of content consumption data from users who visit our partners' digital properties, which our Deep Learning engines then ingest.
- *Context*. Our algorithms ingest contextual signals, such as geographic location of the user, what device the user is using, time of day, day of week, page layout, page language and more.
- *Analysis of Recommended Items*. We analyze recommended items, including paid advertisements, editorial articles, images and videos, to identify signals such as topic, title, thumbnail image, semantics and sentiment.

Generating a Rich Recommendation Feed

We serve the majority of our recommendations within a feed that was modeled after widely popular social media feeds and adapted for the Open Web. While the feed format provides a good user experience, it requires technological expertise that is an order of magnitude more complex than optimizing a single ad.

This is both a competitive advantage and a technological challenge that requires our algorithms to optimize multiple placements simultaneously across an entire web page, while also supporting the unique objectives of our various partners. Indeed, any recommendation we generate takes into consideration the other advertisements and editorial content recommendations that we display in the same feed. The effect of the sum of these parts allows us to predict the user engagement in different contexts, and make algorithmic decisions concerning the content we serve the user next.

In order to populate recommendations within a feed, our technology must consider the whole page, and recommend content or ads within the context of that page. This has implications both on the algorithms to predict engagement, as well as on how ad auctions are conducted. We have built an efficient algorithm to estimate the incrementality of new items based on what is already in the feed, and taking into account both how strong the item is standalone, as well as how similar it is to the other items already in the feed.

Additionally, our Deep Learning engine allows us to optimize for multiple objectives simultaneously, which delivers efficacy to advertisers, increases user engagement and supports the achievement of many other business goals in tandem. As opposed to other digital ad intermediaries who optimize the placements of a single ad unit in an environment they do not control, we influence, and more often create, the setting in which ads appear as we control the entire feed of content and ads, and optimize across the entire feed, page or session.

Lastly, we have built a robust ability to conform our recommendation feeds to the design of our digital property partners' pages and layouts. Presenting a variable mix of both editorial and paid content in this native format also mitigates the risk of user fatigue, commonly referred to as "banner blindness," that has been noted in traditional display ads.

How We Recommend Editorial Content

Recommending editorial, or organic, content produced by digital properties enables us to help our publisher partners keep users active on their site for a longer period of time, increasing their exposure to more personalized editorial content — thus increasing overall satisfaction and loyalty.

To successfully recommend editorial content items, we developed algorithms that extract and analyze content consumption patterns from our entire network of digital properties. Our recommendations also rely on our deep understanding of reading habits based on our analysis of redundancy, recency, vertical, longevity, relevance device type and other factors.

In order to refine our ability to recommend editorial content even further, we have built multiple crawlers to ingest editorial content, categorize it, and extract named entities and topics using our Natural Language Understanding platform, which transforms human language into a machine-readable format. We also automated the assimilation, classification and generation of creatives, including images, videos, titles and descriptions.

We also take into consideration the optimization of recommendations to support our publishers' goals, including subscriptions, pages per session, session duration, subscriptions to newsletters and more.

How We Recommend Ads

Recommending ads is particularly complex because the process requires accurately predicting multiple facets of the user's interaction:

- The probability the user will interact (click on an ad, or go to an advertiser's site/app after seeing an ad), given a specific user and context.
- The probability a user will convert (into a lead, sales or other KPIs the advertiser wishes to optimize) after she clicked/viewed an ad, given a specific user and context.
- The price of a specific item (we support cost per click ("CPC") and cost per thousand impressions ("CPM").

Our ultimate measure of success in recommending ads is achieving the advertiser's goals. In order to do so, Taboola's algorithms are designed to select the right opportunity to engage the right user with the right ad, while at the same time optimizing pricing and selecting the best creative assets to use. Our technology is designed to predict the value of each item and optimize both the advertising creatives and the format mix in each auction.

As described above, in order to make effective recommendations, our technology must first predict a user's engagement with a given advertisement. When combined with the bid for each item, and the prediction of the conversion, this allows us to calculate the relative value of each item available for recommendation. To create an efficient marketplace, our algorithms support diverse pricing models, including CPC and CPM, and are able to conduct efficient auctions between them in order to maximize available inventory for advertisers with diverse marketing objectives. We optimize bids for a particular ad, advertiser, user and context, while factoring in constraints, such as geographic location targeting or audience segment targeting, regardless of pricing model.

In order to assist advertisers in executing efficient and effective campaigns, we developed a pricing automation tool called Smart Bid. Smart Bid is an automated campaign bidding strategy that utilizes platform data to bid effectively in real-time on impressions that are most likely to lead to conversions.

To maximize the probability of a user engaging with an ad, we support flexible native ad formats that include images, videos, text and interactive elements; we also support specialized elements, such as product price, discount, number of items left in stock, mobile app rating and more. Selecting the optimal ad also involves determining the best version and format of the ad from a very large number of combinations; Taboola does so by running a scalable infrastructure of multi-variant testing, which in turn allows the algorithm to choose the best creative combination efficiently.

We are Built for the Open Web

In support of our win-win approach to partnerships, our recommendation technology is built to operate differently. Because we power editorial recommendations, digital properties typically embed our code directly on their web page. This means we can serve our own first-party cookie, much like what digital properties do on their own sites and applications.

Our recommendation platform allows both digital properties and advertisers to control their brand identity within Taboola's network. For example, digital properties can set “acceptance profiles” to determine which types of advertisers we will recommend, and advertisers can target or block selected digital properties. To consistently regulate the quality of our network, we also maintain a public content policy and employ a content review team that reviewed over eight million items in the fourth quarter of 2020. This combination of technology and human review is designed to create a consistently high level of brand safety and quality content within our network.

While developing our recommendation technology, privacy is always at the top of our mind. We have long established and adopted privacy-by-design as a central element of our technology, and product design and development cycles, with a strong commitment to ensuring best practices in privacy, security and safety for our partners and users. Since 2017, we have had a designated Data Privacy Officer along with a team of privacy specialists. These specialists are integrated within our R&D and Product organizations and processes, and consider all facets of user privacy as key elements in the design of any new technology, solution or feature of our recommendation platform. We also perform ongoing Privacy Impact Assessments to monitor potential risks during the product lifecycle and proactively mitigate those risks.

Infrastructure

To successfully deliver optimized recommendations to over 500 million daily active users, and 500,000 recommendation requests every second, we developed powerful software and hardware infrastructures from the ground up.

Our data infrastructure was designed and implemented with several principles to ensure both very high accuracy and high speed to process and ingest every new data input at a very high scale and throughput. This infrastructure continuously “feeds” the predictive Deep Learning models, granting access to rich user history and enabling enrichment of data.

In order to support the massive amount of text analysis, processing, named entities and general semantic understanding, we have built a Natural Language Understanding platform with a large scale knowledge graph.

Designed to recognize multiple languages, topics, concepts, named entities and categories for the entire Taboola platform, this platform is built using Deep Learning technologies.

The ability to control the entire feed across multiple canvases is enabled by building state of the art client-side technologies to render and serve a rich feed of content across billions of devices, canvases and user touch points. This process operates within strict SLA and performance constraints, which requires us to develop our technology to work efficiently on low-end and high-end devices and canvases.

As of December 31, 2020, we utilized approximately 8,000 servers; three back-end data centers processing over 100TB of data per day to train our AI engine; and seven front-end global data centers that, together, have served up to one trillion recommendations monthly. We use around 330,000 CPU and GPU cores, 1.5PB of memory and around 10,000TB of storage overall.

Deployment of our code to the production environment is fully automated and includes execution of tens of thousands of automated tests for each code change, using AI to locate anomalies in the code to prevent errors. This allows our R&D to develop software quickly and enables us to continuously deliver reliable code and AI models to production. To address the extreme complexity of operating at such a massive scale, we use cutting-edge technologies, such as Tensorflow, Spark, Cassandra and Kafka, as well as highly sophisticated code we developed to allow these tools to meet our scale and reliability requirements.

Our Team

We have assembled a world class team of engineers and data scientists with a business-focused, innovative engineering culture. We have access to top talent in Israel, Europe, U.S. and Taiwan, including very strong talent in AI, Deep Learning, high-scale infrastructure and browser-based technologies. We believe our engineering culture plays a key role in our success: we assign business KPIs to R&D teams so technological decisions and priorities are aligned with business needs; we empower engineers to own features end-to-end, from ideation to full adoption; and we put special emphasis on collaboration. Our engineering culture relies strongly on experimentation and multi-variants testing. We continuously deploy and run hundreds of different AI models, UI variations and optimizations, in effect measuring hundreds of KPIs. We build our infrastructure such that it enables this culture of continuous improvement.

Our Competitive Strengths

We believe the following key strengths provide us with competitive advantages:

- *Performance of our AI Technology*. We have spent 13 years developing our AI-powered recommendation technology to drive high yield for digital properties, high returns on advertising spend for advertisers,
- and relevant recommendations to consumers, who spend more time consuming content on digital properties.
- *More than Monetization*. The value we provide to digital properties goes beyond monetization. Our technology helps digital properties grow their audience by optimizing audience exchange programs; recommending content created by the digital properties to increase the time consumers spend on these properties; helping editorial teams make data-driven decisions, and more. We work daily with our extensive network of global digital properties to improve our platform and create more value for the entire Taboola network.
- *Exclusive, Multi-Year Partnerships with Digital Properties*. Over the last 13 years, we have established long-standing, exclusive relationships with digital properties on the Open Web. They have chosen to work with Taboola across all types of platforms, including desktop, mobile and tablet devices. This provides Taboola and Taboola advertisers with predictable access to audiences and supply.
- *Direct Relationships with Advertisers*. We work directly with the majority of the advertisers that use our platform. This allows us to build strong relationships, help advertisers succeed on our platform, and evolve our technology based on direct feedback.
- *High Reach and Scale*. We have more than 500 million daily active users across the globe, enabling advertisers to run campaigns at scale

- *Network Effect*. As more digital properties use our platform, we gather more content consumption data. More data makes our AI-driven algorithms more effective in making predictions, which in turn enables us to deliver better performance for advertisers, which drives higher yields for digital properties. These higher yields make it easier to retain digital properties and acquire new partners.
- *Founder-led Experienced Management Team*. Our founder, Adam Singolda, has successfully led the company as CEO since its founding in 2007. Most of the company's senior management has worked together with our founder for many years: the average tenure of our senior management is over eight years, demonstrating strong execution and achieving rapid growth.
- *Strong Financial Profile*. We designed our business to be highly scalable, with a focus on sustainable long-term development. Since our inception in 2007, we have demonstrated consistent growth in revenues and were profitable in 2020.
- *Preparing for a World Without Third Party Cookies*. Our direct integration with many digital properties has helped us navigate changes in the industry. Our engineers continue to work closely with industry stakeholders to ensure we will be prepared if third-party cookies are fully blocked, as many industry observers expect, and we continue to invest in innovative solutions that deliver relevant and engaging discovery experiences for our users

Our Growth Opportunities

We intend to grow our business by focusing on the following key areas:

- *Continued Investment in AI*. Continuously investing in our AI technology is at the heart of what we do. We believe AI is critical to engaging Open Web users and will ultimately provide better service and greater monetization to advertisers and digital properties, increasing our yields and accelerating our growth.
- *Grow our Core Digital Property and Advertiser Client Base*. While we already have an extensive network of global digital properties and advertisers, we believe the efficacy of our recommendation platform gives us the opportunity to expand our partnerships and client base even further. We expect to continue investing in our technology, expanding our global presence, and growing our sales and client service teams to support further growth.
- *Add User Touchpoints*. At our core, Taboola is a recommendation engine. We believe many types of digital properties need a recommendation engine to engage their consumers, find new audiences and monetize. This includes eCommerce websites, connected TVs, devices and more. In 2018, we launched Taboola News, an offering which seamlessly integrates premium content from our digital properties into connected devices. We believe our existing partnerships with leading device manufacturers and mobile carriers, as well as potential future partnerships with connected TV vendors and others, presents a substantial growth opportunity for both Taboola and our partners.
- *Add New Types of Recommendations*. From experience, we know recommendation engines become better when they are able to recommend a greater variety of content. For example, in 2016, we predicted that video content presented a huge opportunity for advertisers to reach their audiences in a highly impactful way, for digital properties to drive better monetization and for users to engage with suggested videos, similar to how they are used on social networks such as Instagram. To that end, we added support for video formats in our recommendation platform and saw significant returns from doing so. From 2017 to 2020, we grew video revenues from approximately $20 million to approximately $90 million. Similarly, we believe there is opportunity to further diversify our recommendation offerings and intend to invest in new formats and advertising partnerships to improve both consumer experience and yield. The ability to display a variety of media formats in novel combinations is key to preventing "banner blindness" that plagues traditional display formats and making our recommendation engine even better.
- *Pursue Value-Enhancing Acquisition Opportunities*. The Open Web remains highly fragmented, which presents attractive opportunities for us to grow through strategic and value-enhancing acquisitions. A key aspect of our long-term growth strategy is to continue to pursue acquisitions that expand our offerings into new and evolving digital properties and to capture more of the advertising spend within the Open Web. Consistent with that strategy, we are continually evaluating potential acquisition opportunities in light of changing industry trends and competitive conditions.

Our Partners and Clients

We primarily have two types of clients: digital properties that use Taboola to drive new audiences, engagement and monetization; and advertisers, and their agents, that use Taboola to achieve a variety of marketing objectives.

Digital Properties

Taboola had approximately 9,000 digital property partners in the fourth quarter of 2020, including many premium properties such as Microsoft, NBCUniversal, CBSi, The Independent and Daily Mail. These partners value our ability to drive new audiences to their sites, engage their users, and monetize their digital properties, while our data insights assist them in making informed editorial decisions. Our value is evidenced by our many multi-year, exclusive partnerships. As of December 31, 2020, our average contract term length with our digital properties was over two years as measured by contract duration at inception; some of our largest partners have even longer-term agreements.

Microsoft is our largest partner. Other than Microsoft, no other digital property partner accounted for 2.5% or more of our Revenues generated from advertisers on digital properties in 2020.

Advertisers

We had approximately 13,000 advertiser clients working with us directly, or through advertising agencies, worldwide during the fourth quarter of 2020. The vast majority of our Revenues comes from advertisers working with us directly, rather than via an agency. We support the leading programmatic channels via integrations with leading demand side platforms, or DSPs. Thanks to the effectiveness of our recommendation engine, many of our advertiser clients are considered “always on,” which means they continuously invest on our platform, rather than running finite campaigns.

Our advertiser customer base is highly diverse. Some of the verticals we have seen strong adoption in are health & fitness, finance, hobbies & interests, technology & computing, home & garden, shopping and automotive. Our ten largest advertisers accounted for less than 15% of total Revenues on our network in 2020, with none larger than 3%.

Sales and Marketing

To support our “win-win” approach to working with both digital properties and advertisers, we employ a global sales team tasked with signing new partners and growing existing implementations. Our team is deployed around the world with sales hubs in Bangkok, London, New York, and Sao Paulo, supported by regional satellite offices in order to best serve our geographically diverse client base.

Selling to Digital Properties

Our sales teams are responsible for adding new partnerships with digital properties. Once a digital property joins our network, our account management team works with the digital property’s stakeholders to understand their goals, help them reach those goals, and identify new opportunities for mutual growth on an ongoing basis.

Selling to Advertisers

We sell to advertisers through our global sales team and a “self-service” website. Our sales team onboards new customers, mostly large advertisers, through direct outreach from one of our international sales offices. Our account management teams provide ongoing guidance and data insights that inform campaign strategies and help advertisers learn how to maximize their return on investment with Taboola. Advertisers can also choose our self-service platform to launch and manage campaigns. We support advertisers through our online Help Center, in-product instructions, and a large number of video tutorials.

Marketing

To support our global sales force, our marketing team presents at industry conferences and hosts webinars and customer events. In addition, our marketing team invests in public relations, advertises online to build brand awareness and acquire new customers, creates case studies, sponsors third-party research, authors data insight reports, creates marketing collateral, publishes blog posts and creates and sponsors events online and in-person.

Competition

We operate in a highly competitive industry. Our main competition for advertising budgets and digital property partnerships are walled gardens and advertising intermediaries:

Walled Gardens. We compete for advertising dollars with the closed ecosystems of technology companies such as Google, Facebook and Amazon. In many cases we also compete with those companies, in particular Google, for real estate on digital properties. As described above, unlike the walled gardens, our business is based on a "win-win" model of partnership, where we do not compete with our partners and our goals are aligned.

Advertising Intermediaries. A large number of companies provide a solution to one or more of the steps involved in the buying and selling of advertisements online. These include The Trade Desk, Magnite, PubMatic, Xandr, Verizon Media, Outbrain, Plista, TripleLift, RevContent and others. While these companies may be in competition with us, some are also partners of ours.

When competing for advertiser business, we compete for budgets based on price, reach, speed, brand safety and performance. When competing for digital properties' business, we are measured on our ability to generate revenue and support other business goals, such as audience development.

Intellectual Property

Our proprietary recommendation engine and associated algorithms and technologies are key to our success, and we rely upon a combination of trade secret, trademark, copyright, and patent laws in the United States and abroad as well as confidentiality agreements and technical measures to establish, maintain and protect our intellectual property and protect our proprietary recommendation engine and associated algorithms and technologies.

Historically, we have not patented our proprietary technology in order to keep our technology architecture, trade secrets, and engineering roadmap private; however, as of December 31, 2020, we had twenty patents issued. We register certain domain names, trademarks and service marks in the United States and in certain locations outside the United States. We also rely upon common law protection for certain trademarks. We generally enter into confidentiality and invention assignment agreements with our employees and contractors, and confidentiality agreements with our partners and clients with whom we conduct business, in order to limit access to, and disclosure and use of, our proprietary information.

Our in-house know-how is also an important element of our intellectual property. The development and management of our platform requires sophisticated coordination among many specialized employees. We believe duplication of this coordination by competitors or individuals seeking to copy our platform would be difficult. The risk of a competitor effectively replicating the functionality of our platform is further mitigated by the fact that our service offerings are cloud-based and served through a third party content delivery network, which is designed to protect our core technology from being exposed or accessible to a user or a competitor. To protect our technology, we implement multiple layers of security and our protection measures are ISO 27001 certified.

Regulation

Privacy and data protection laws play a significant role in our business. International regulations for the collection and use of consumer data by advertising networks, advertisers and digital properties is frequently evolving. The U.S. and various other governments have enacted, considered or are considering legislation with respect to the collection, augmentation, use and sharing of data.

Our ability, to collect, augment, analyze, use and share data relies upon the ability to uniquely identify devices across websites and applications, and to collect data about user interactions with those devices for purposes such as serving relevant ads and measuring the effectiveness of ads. Laws, regulations and industry standards related to the collection of data and identification of those devices are constantly evolving. This includes those related to the level of consumer notice and consent required before a company can employ cookies or other electronic tools to collect data about interactions with users online.

Taboola's General Privacy Practices

Taboola is committed to protecting personal data and providing users transparency and control over the use of their data in online advertising. We seek to strictly enforce our privacy and data protection policies, knowing this is important to our partners, clients, users and vendors.

Historically, we have not collected any data that would enable the direct identification of Internet users. As of December 31, 2020, we used only pseudonymous data about Internet users on our platform to manage and execute digital advertising campaigns. We either collect this data directly from users' devices or it is passed to us by third parties. We provide consumers with notice about our use of cookies and our collection and use of data in connection with the delivery of targeted advertising and allow them to opt-out from the use of data we collect for the delivery of targeted advertising.

We are members of or participants in industry self-regulatory organizations, including the Digital Advertising Alliance, the Digital Advertising Alliance Canada, and the European Interactive Digital Advertising Alliance. Taboola also adheres to the Interactive Advertising Bureau's Self-Regulatory Principles for Online Behavioral Advertising, and the IAB Europe OBA Framework. In addition, Taboola is a proud member in good standing of the Network Advertising Initiative, an association dedicated to responsible data collection use in digital advertising, and we adhere to the NAI Code of Conduct for Web and Mobile. Taboola also has partnerships with a number of industry groups, including the Coalition for Better Ads, the Trustworthy Accountability Group and the Future of Privacy Forum.

Our privacy team delivers company-wide privacy training, enforces our privacy policies and is integral to ensuring that we consider the privacy implications in all aspects of our proprietary platform. We regularly review and document our internal privacy policies, amend existing policies as necessary, and enforce these policies with our clients, publisher partners and vendors. Taboola's operation of its platform and services is subject to global privacy regulations, including, without limitation, the following:

Privacy Regulation in the U.S.

In the United States, at both the federal and state level, there are laws that govern activities such as the collection and use of data by companies. At the federal level, online advertising activities are subject to regulation by the FTC, which has regularly relied upon Section 5 of the Federal Trade Commission Act to enforce against unfair and deceptive trade practices, including alleged violations of consumer privacy interests. Some proposed and newly enacted legislation has affected and will continue to affect our operations and those of our industry partners.

For example, the California Consumer Privacy Act of 2018, or CCPA, which went into effect January 1, 2020, defines "personal information" broadly enough to include online identifiers provided by individuals' devices, such as IP addresses, and establishes a new privacy framework for covered businesses. The CCPA imposes more stringent obligations on companies regarding the level of information and control they provide to users about the collection and sharing of their data. Moreover, the California Privacy Rights Act, or CPRA, was approved by California voters in November 2020 and will further modify and expand the CCPA, including by expanding consumers' rights with respect to certain personal information and creating a new state agency to oversee implementation and enforcement efforts.

Privacy Regulation in Europe

Our business activities are also subject to foreign legislation and regulation. In the European Economic Area or EEA, separate laws and regulations (and member states' implementations thereof) govern the processing of personal data, and these laws and regulations continue to impact us. The General Data Protection Regulation, GDPR, came into effect on May 25, 2018. Like the CCPA, the GDPR defines "personal data" broadly, and it enhances data protection obligations for controllers of such data and for service providers, called "processors," processing the data. It also provides certain rights, such as access and deletion, to the individuals about whom the personal data relates and we have adapted our services to accommodate such rights. The digital advertising industry has collaborated to create a user-facing framework, which we use as of December 31, 2020 for establishing and managing legal bases under the GDPR and other EEA privacy laws including the EU Directive 2002/58/EC (as amended by Directive 2009/136/EC).

For the transfer of personal data from the EEA to the U.S., we rely upon direct contractual agreements between Taboola's European corporate entity, Taboola Europe Limited, and Taboola's U.S. corporate entity, Taboola, Inc., based on the EU's standard contractual clauses. These contractual agreements obligate Taboola's U.S. operations to uphold adequate data protection measures (appropriate safeguards, enforceable data subject rights, and effective legal remedies for data subjects) on all data that Taboola transfers to the U.S. from the EEA on its own behalf and on behalf of its clients and partners. However, standard contractual clauses have been subjected to regulatory and judicial scrutiny and the legal bases for cross-border data transfers are constantly evolving. A recent decision of the Court of Justice of the European Union ("Schrems II") ruled that standard contractual clauses are not sufficient, on their own,

to provide appropriate safeguards for transfers of personal data from the European Union to the United States (and other non-EEA countries) and that companies that engage in these transfers, like Taboola, need to undertake data transfer risk assessments and implement any "supplementary measures" necessary to address any risks identified in order to ensure that the data they transfer continues to be protected to a standard that is essentially equivalent with the GDPR.

On January 31, 2020, the United Kingdom ceased to be a member state of the European Union. It remained subject to European Union laws however, including the GDPR, until December 31, 2020 throughout a Brexit "transition period". Upon expiry of the Brexit transition period, European Union law ceased to apply to the UK and the GDPR was saved into United Kingdom domestic legislation by virtue of section 3 of the UK's European Union (Withdrawal) Act 2018, creating a "UK GDPR". The effect of this has been that, notwithstanding the expiry of the Brexit transition period, GDPR standards continue to apply in substance in the UK by virtue of the UK GDPR, and apply to Taboola's UK operations and processing of personal data about individuals in the UK.

Privacy Regulation in the Asia-Pacific Region

Our business activities are also subject to legislation and regulation in the Asia-Pacific region. Following the implementation of the GDPR, many jurisdictions have moved to amend, release, review and strengthen their existing data privacy and cyber-security laws, and there has been a progressive effort in the region to work towards coordination of their otherwise disparate laws. Many countries have also sought out adequacy decisions from the EU. New Zealand's updated Privacy Act and South Korea's amendments to its Personal Information Protection Act, went into effect in 2020, largely aligning with requirements of the GDPR. Thailand and Japan's new similar updates and regulations will also become effective in 2021 and 2022, respectively. Other jurisdictions, such as India, Singapore, Malaysia and Hong Kong, are reviewing their existing privacy regimes, with an eye toward similar data protection developments.

To address this range of developments, Taboola's data protection program is largely rooted in the GDPR and ISO 27001 security standards, and any international data transfers from the Asia-Pacific region are governed by direct contractual agreements between the regional entities and Taboola's Israeli parent corporate entity, Taboola.com Ltd. Otherwise, our privacy team works to oversee compliance with these Asia-Pacific regional requirements and to address compliance with our region-specific clients and business teams.

Human Capital

We strive to create a diverse, inclusive and ambitious environment where every employee can discover and unleash their potential to achieve individual and collective success. Our employees are our most valuable asset.

Employees

On December 31, 2020, we had 1,354 employees, the majority of which have been employed by Taboola for over two years. We have approximately 500 employees working in research and development, with an average tenure of three years.

As of December 31, 2020, our employees are not covered by a collective bargaining agreement, except as required by law under arrangements in France, Spain, and Brazil, covering a total of approximately 47 employees. We have never experienced a general strike or similar work stoppage.

Transparency

The ability to be transparent and share and discuss our business challenges and opportunities openly and broadly with all our employees is important to our success. We promote an open dialogue with our employees through all-hands meetings, usually twice a month, which include Q&A sessions with senior leadership. We conduct annual and topic-specific employee feedback surveys which consistently receive 80% or higher response rate. Survey results are shared publicly with our managers and employees. In 2020, over 85% of our employees expressed confidence in our leadership team. We continue to adjust our investment in human capital based on the feedback from our employees.

Talent Acquisition and Development

We are focused on recruiting and retaining talented employees across the organization, with a particular focus on unique talent in algorithms, product, customer relationship management and many other areas that are critical to our success. We continue to invest to hire and retain top talent in all of our offices. We were recognized by Dun &

Bradstreet as the 6th best high-tech company to work for in Israel in 2020. Our strong external reputation led to over 15,000 candidates applying to work at Taboola each quarter in 2020. For new hires, we developed an onboarding program tailored towards their roles and responsibilities. On an ongoing basis, we invest in training and development programs that help our employees achieve their career goals, build management skills and lead their organizations. We have two formal career feedback discussions per year where managers and their employees discuss progress and feedback for each other every year. We believe in developing and promoting top talent from within: in 2020, one out of every five of our employees was offered an opportunity for career advancement within the company.

Performance and Alignment

We have a “pay for performance” culture that we believe drives superior results. We invest in our workforce by offering competitive salaries, incentives, and benefits. We align the interests of our employees with those of Taboola through a broad-based equity award program, generally with a four-year vesting schedule. Typically, employee bonus plans are based on both personal and company goals.

Diversity, Equity and Inclusion

In 2020, we further formalized and elevated our existing diversity efforts by launching a global Diversity, Equity and Inclusion, or DEI, taskforce. The DEI task force works with our senior management team to address global DEI topics and develop relevant initiatives to ensure we continue to build a culture where every employee feels valued, seen, and heard. We created a mechanism for employees to anonymously voice concerns. We have a number of Employee Resource Groups and culture committees supporting our initiatives globally, including groups led by self-identified members of various ethnic, racial, gender, sexual orientation, and other identity groups. We are committed to building a long-term plan that will help foster a community that is diverse, equitable, and inclusive, both internally and externally.

Facilities

Our corporate headquarters is in New York City and our core research and development team is in Tel Aviv. We maintain offices in major cities around the world to serve our geographically diverse client base. Additionally, we operate data centers in the United States, Israel, Hong Kong, Singapore and Holland and have ten data centers which are operated under collocation agreements with seven third-party data center providers. Certain of our real property and other leases are further described in Note 8 of Notes to Consolidated Financial Statements elsewhere in this registration statement/prospectus.

We lease all of our facilities. We do not own any real property. We believe our current facilities are adequate to meet our immediate needs.

Legal Proceedings

From time to time we are a party to various litigation matters incidental to the conduct of our business. We are not presently party to any legal proceedings the resolution of which we believe would have a material adverse effect on our consolidated business prospects, financial condition, liquidity, results of operation, cash flows or capital levels.

MANAGEMENT

Management and Board of Directors

The following persons serve as Taboola's executive officers and directors following the Business Combination. For biographical information concerning the executive officers and directors, see below.

Name	Age	Position
Adam Singolda	39	Founder, Chief Executive Officer and Director
Eldad Maniv	51	President and Chief Operating Officer
Lior Golan	50	Chief Technology Officer
Stephen Walker	52	Chief Financial Officer
Kristy Sundjaja	43	Senior Vice President, People Operations
Zvi Limon	62	Chairman of the Board
Erez Shachar	57	Director
Nechemia J. Peres	62	Director
Richard Scanlon	52	Director
Deirdre Bigley	56	Director
Lynda Clarizio	60	Director
Gilad Shany	44	Director

Executive Officers

Adam Singolda has been the Chief Executive Officer, as well as a director, of Taboola since its founding in 2007. He also serves as a member of the board of directors of K Health, the healthcare startup he co-founded in 2016. Prior to that Mr. Singolda studied Computer Science at The Open University of Israel and spent 6½ years serving in an advanced cyber technology unit of the Israel Defense Forces, serving as a research and development engineer and manager. He graduated IDF officers' academy with honors. Mr. Singolda's experience as the founder and Chief Executive Officer of Taboola makes him exceptionally well qualified to serve on our board of directors.

Eldad Maniv has been the President and Chief Operating Officer of Taboola since 2012. Mr. Maniv leads Taboola's worldwide operations including Taboola's sales, professional services, and human resources organizations. Mr. Maniv has spent approximately two decades building technology companies in the United States and Israel, having previously served in executive positions at BMC Software, Zend Technologies, and Identify Software. Earlier in his career, he founded NextNine which was acquired by Honeywell. Mr. Maniv holds a B.S. degree from the Talpiot program at the Hebrew University in Jerusalem, and served five years as a systems engineering officer in an intelligence unit of the Israel Defense Forces. He currently serves as a director on the boards of Verbit.ai and YouAppi.

Lior Golan has been Chief Technology Officer of Taboola since 2009 and is responsible for Taboola's product and technical strategy worldwide. Prior to joining Taboola, Mr. Golan was co-founder, Chief Technology Officer, and Vice President of Research & Development of Cyota, a leader in consumer Internet security. After Cyota was acquired by RSA Security in 2005, Mr. Golan spent two years as Chief Technology Officer and Vice President of Strategy of the RSA Security Consumer Division and was responsible for leading the product and business direction of its consumer business. Mr. Golan holds a B.S. degree from the Talpiot program at the Hebrew University in Jerusalem and served eight years in an intelligence unit of the Israel Defense Forces.

Stephen Walker has been Chief Financial Officer for Taboola since June 2020. Prior to that, he served as Taboola's Senior Vice President of Worldwide Sales Operations from 2015 to 2020 and as the General Manager of Taboola-X product between 2014 and 2015. From 2007 until 2014, he served as President and Chief Operating Officer of Perfect Market, until it was acquired by Taboola. Earlier, Mr. Walker held positions in Idealab's New Ventures Group and led several of Idealab's portfolio companies. Mr. Walker has a B.S. degree in Computer Science and Finance from Boston College and an MBA degree from Harvard Business School.

Kristy Sundjaja has been Senior Vice President of People Operations for Taboola since 2019. Prior to joining Taboola in 2017, she co-founded Exceptional Artists Foundation, a non-profit organization empowering the disabled community, and remains as its President. From 2012 to 2017, Ms. Sundjaja was the Chief of Staff and the Global Head of People at LivePerson. Between 2009 and 2012, Ms. Sundjaja was the Head of Industry Transformation

Teams at New York City Economic Development Corporation. Prior to that, Ms. Sundjaja was an Associate Partner at Oliver Wyman where she worked between 1999 and 2009. Ms. Sundjaja graduated from the University of Pennsylvania with a B.S. degree in Economics from the Wharton School and a B.S. degree and an M.S. degree in Engineering. She also holds an MBA degree from Columbia University.

Directors

Zvi Limon has sat on Taboola's board of directors since 2007 and served as its Chairman of the Board since 2018. Mr. Limon is a General Partner and co-founder of Magma Venture Partners. He has been an active investor in public and private technology companies in Israel and abroad since 1990. Prior to that, Mr. Limon was a management consultant at Bain & Co. in London and Shaldor Ltd. in Israel. Mr. Limon holds an MBA degree from the INSEAD Business School and a B.A. in Business Administration and Economics from Bar Ilan University. Mr. Limon brings extensive experience to our board due to his years of providing strategic and investment advisory services to companies and his deep understanding of our company from his years of service on our board of directors. He is also an experienced board member of various public and private companies.

Erez Shachar has sat on Taboola's board of directors since 2007. Mr. Shachar is the co-founder and managing partner of Qumra Capital Management Ltd., a venture capital firm founded in 2014. Since 2004, Mr. Shachar has also served as managing partner of Evergreen Venture Partners Ltd., a venture capital firm, focusing on investment opportunities in technology companies. Mr. Shachar has served as a member of the board of directors of Fiverr, Varonis Systems, Peer 39, Traiana Inc., Identify, Itemfield Inc., eGlue Business Technologies Inc., and Aduva Inc. Also, as of December 31, 2020, Mr. Shachar serves as a member of the board of directors of several private companies, including Talkspace and Riskified. Prior to his Venture Capital career, Mr. Shachar was the CEO of Nur Macroprinters, (NASD: NURM) which was acquired by HP. Mr. Shachar holds a B.S. degree in Math and Computer Science from Tel Aviv University and an M.B.A. from the INSEAD Business School. Mr. Shachar's brings to our board due to his extensive experience providing strategic and investment advisory services to companies, his understanding of our company acquired during his years of service on our board of directors, and his experience as a board member of various public and private companies.

Nechemia J. Peres has sat on Taboola's board of directors since 2013. Mr. Peres is the managing general partner and co-founder of Pitango Venture Capital, Israel's largest venture capital group since its inception in 1996. Mr. Peres serves on the boards of directors of numerous Pitango portfolio companies. Mr. Peres also founded the Mofet Israel Technology Fund in 1992, one of Israel's first venture capital funds. Mr. Peres is chairman of the Peres Center for Peace and Innovation. He co-founded and chaired the Israel Venture Association (IATI—Israel Advanced Technology Industries) and he chaired the Israel America Chamber of Commerce from 2008 to 2011. He received a Bachelor of Science in industrial engineering and management and an M.B.A. degree from Tel Aviv University. Mr. Peres's extensive experience providing strategic and investment advisory services to companies, his understanding of our company acquired during his years of service on our board of directors, and his experience as a board member of various public and private companies brings value to our board.

Richard (Rick) Scanlon has sat on Taboola's board of directors since 2018 and has been an investor in our company since 2011. In addition to his work at Taboola, Mr. Scanlon is a founding partner of Innovation Endeavors which merged with Marker LLC in 2017, a New York and Israel-based venture capital firm he founded in 2011. At Marker LLC, Mr. Scanlon invested in a number of industry leading high-growth technology companies including Yext, Datorama, Dynamic Yield, Yotpo, Team8, Overwolf, Tufin, and Taboola. Prior to founding Marker LLC, Mr. Scanlon was a managing partner at Crescent Point, a Singapore-based venture and private equity firm he co-founded in 2003. Earlier in his career, Mr. Scanlon was an investment banker at Morgan Stanley and Credit Suisse. He earned a B.A. degree from Middlebury College, where he is currently a member of the Middlebury College Board of Trustees. Mr. Scanlon's extensive experience providing strategic and investment advisory services to companies, his understanding of our company acquired during his years of service on our board of directors, and his experience as a board member of various public and private companies make him a valuable asset to our board.

Deirdre Bigley has served as a member of our board of directors since April 2021. Ms. Bigley currently serves as Chief Marketing Officer of Bloomberg, L.P., a global business and financial information and news leader, which she joined in 2009. Prior to joining Bloomberg, Ms. Bigley spent 13 years at IBM, where she held several executive positions, including Vice President of Worldwide Advertising and Interactive, and Vice President of Worldwide Brand. Ms. Bigley currently serves as a member of the board of directors of Wix.com Ltd. and Shutterstock, Inc. She also serves as a member of the board of directors of MAKERS. Ms. Bigley holds a Bachelor of Arts degree in English

Literature from West Chester University. Ms. Bigley's extensive marketing leadership experience, together with her corporate background, enable her to advise our Board on key strategic and operational issues.

Lynda Clarizio has been a member of the Board since April 2021. Ms. Clarizio has over 20 years of experience in the media industry growing and scaling businesses with a focus on data and technology. She is the Co-Founder of Brilliant Friends Investing, a seed investment group of C-suite women funding women-led businesses, and is a Strategic Advisor to VidMob, Inc., a marketing creative platform. Ms. Clarizio previously served as President of U.S. Media at Nielsen Holdings plc, a global measurement and data analytics company, where she worked from 2013 to 2018. From 2012 to 2013 she served as Executive Vice President, Corporate Development and Operations of AppNexus, Inc., a programmatic advertising platform. From 2009 to 2012, Ms. Clarizio served as Chief Executive Officer and President of InVision, Inc., a provider of multi-platform advertising solutions. From 1999 to 2009, she held a variety of executive positions with AOL Inc., a media technology company, including President of Platform-A (AOL's global advertising business) and President of Advertising.com (an AOL subsidiary). Prior to joining AOL, Ms. Clarizio was a partner in the Washington, DC law firm Arnold & Porter, where she practiced law from 1987 through 1999. Ms. Clarizio is a member of the Boards of Directors of CDW Corporation, Intertek Group plc, Emerald Holding, Inc., Simpli.fi Holdings, OpenSlate, Resonate and Cambri and is the Vice-Chair of Human Rights First. She is a graduate of Princeton University, where she earned an A.B., and of Harvard Law School, where she earned a J.D. Ms. Clarizio's extensive media and data analytics industry leadership experience, together with her corporate development and legal background, enable her to advise our Board on key strategic and operational issues.

Gilad Shany will serve as a member of Taboola's board of directors following the Business Combination. In 2018, Mr. Shany co-founded ION Crossover Partners Ltd., an Israeli-based crossover fund, where he currently serves as the Managing Partner. Prior to co-founding ION Crossover Partners, Mr. Shany served as General Partner of Magma Venture Partners. He previously served as Vice President of Baron Capital, where he gained over 10 years of experience investing in innovative growth companies in public and private markets. He led investments with various international companies, including Tesla Inc. (NASDAQ: TSLA), Mobileye NV (acquired by Intel $15.3BN), Mellanox Technologies (acquired by NVIDIA $6.9BN), Varonis Systems Inc. (VRNS), Fiverr (FVRR) and Monday.com, among others. Prior to that Mr. Shany spent 14 years with the Israel Air Force and served as Head of Aerial Defense in the Israel Air Force from 2007 to 2008. Mr. Shany holds a B.S. degree in Physics, Astronomy, and Philosophy from Tel Aviv University in Israel. Mr. Shany also holds an MBA from the Wharton School at the University of Pennsylvania. Mr. Shany's extensive experience as an executive and investor, together with his educational background, will make him a valuable addition to our board of directors.

Family Relationships

There are no family relationships between any of our executive officers and our directors.

Arrangements for Election of Directors and Members of Management

Following the Business Combination, there will be no arrangements or understandings with major shareholders or others pursuant to which any of our executive officers or directors are selected.

Corporate Governance Practices

As an Israeli company, we are subject to various corporate governance requirements under the Israel Companies Law (the "Companies Law"). However, pursuant to regulations promulgated under the Companies Law, companies with shares traded on certain U.S. stock exchanges, including Nasdaq, may, subject to certain conditions, "opt out" from the requirements to appoint external directors and related rules concerning the composition of the audit committee and compensation committee of the board of directors, other than the gender diversification rule, which requires the appointment of a director from the other gender if, at the time a director is appointed, all members of the board of directors are of the same gender. In accordance with these regulations, we elected to "opt out" from these requirements of the Companies Law. Under these regulations, the exemptions from such Companies Law requirements will continue to be available to us so long as: (i) we do not have a "controlling shareholder", as such term is defined under the Companies Law, (ii) our shares are traded on certain U.S. stock exchanges, including the NYSE and NASDAQ, and (iii) we comply with the director independence requirements and the audit committee and compensation committee composition requirements under U.S. laws, including the rules of the applicable exchange, that are applicable to U.S. domestic issuers.

We are a "foreign private issuer", as such term is defined in Rule 405 under the Securities Act. As a foreign private issuer we are permitted to comply with Israeli corporate governance practices instead of the corporate governance rules of Nasdaq, provided that we disclose which requirements we are not following and the equivalent Israeli requirement.

We rely on this "foreign private issuer exemption" with respect to the quorum requirement for shareholder meetings and with respect to Nasdaq shareholder approval rules. Whereas under the corporate governance rules of Nasdaq, a quorum requires the presence, in person or by proxy, of holders of at least 33⅔% of the total issued outstanding voting power of our shares at each general meeting of shareholders, pursuant to our Amended and Restated Articles of Association and as permitted under the Companies Law, the quorum required for a general meeting of shareholders consists of at least two shareholders present in person or by proxy in accordance with the Companies Law who hold or represent at least 33⅔% of the total outstanding voting power of our shares, except if (i) any such general meeting of shareholders was initiated by and convened pursuant to a resolution adopted by the board of directors and (ii) at the time of such general meeting, we qualify as a "foreign private issuer," in which case the requisite quorum will consist of two or more shareholders present in person or by proxy who hold or represent at least 25% of the total outstanding voting power of our shares (and if the meeting is adjourned for a lack of quorum, the quorum for such adjourned meeting will be, subject to certain exceptions, any number of shareholders). We otherwise intend to comply with the rules generally applicable to U.S. domestic companies listed on Nasdaq. We may, however, in the future decide to rely upon the "foreign private issuer exemption" for purposes of opting out of some or all of the other corporate governance rules.

Board of Directors

Under the Companies Law and our Amended and Restated Articles of Association, our business and affairs are managed under the direction of our board of directors. Our board of directors may exercise all powers and may take all actions that are not specifically granted to our shareholders or to executive management. Our Chief Executive Officer (referred to as a "general manager" under the Companies Law) is responsible for our day-to-day management. Our Chief Executive Officer is appointed by, and serves at the discretion of, our board of directors, subject to the employment agreement that we have entered into with him. All other executive officers are appointed by the Chief Executive Officer, subject to applicable corporate approvals, and are subject to the terms of any applicable employment or consulting agreements that we may enter into with them.

Under our Amended and Restated Articles of Association, the number of directors on our board of directors will be no less than three and no more than eleven, divided into three classes with staggered three-year terms. Each class of directors consists, as nearly as possible, of one-third of the total number of directors constituting the entire board of directors. At each annual general meeting of our shareholders, the election or re-election of directors following the expiration of the term of office of the directors of that class of directors will be for a term of office that expires on the third annual general meeting following such election or re-election. Therefore, beginning with the annual general meeting of 2022, each year the term of office of only one class of directors will expire.

Our directors are divided among the three classes as follows:

- the Class I directors will be Erez Shachar, Deirdre Bigley and Lydia Clarizio, and their terms will expire at the annual general meeting of shareholders to be held in 2022;
- the Class II directors, will be Gilad Shany, Nechemia Peres and Richard Scanlon, and their terms will expire at our annual meeting of shareholders to be held in 2023; and
- the Class III directors will be Zvi Limon and Adam Singolda, and their term will expire at our annual meeting of shareholders to be held in 2024.

Our directors will generally be appointed by a simple majority vote of holders of Taboola Ordinary Shares, participating and voting (in person or by proxy) at an annual general meeting of our shareholders, provided that (i) in the event of a contested election, the method of calculation of the votes and the manner in which the resolutions will be presented to our shareholders at the general meeting shall be determined by our board of directors in its discretion, and (ii) in the event that our board of directors does not or is unable to make a determination on such matter, then the directors will be elected by a plurality of the voting power represented at the general meeting in person or by proxy and voting on the election of directors.

Each director will hold office until the annual general meeting of our shareholders for the year in which such director's term expires, unless the tenure of such director expires earlier pursuant to the Companies Law or unless such director is removed from office as described below.

Under our Amended and Restated Articles of Association, the approval of the holders of at least 65% of the total voting power of our shareholders is generally required to remove any of our directors from office or amend the provision requiring the approval of at least 65% of the total voting power of our shareholders to remove any of our directors from office. In addition, vacancies on our board of directors may be filled by a vote of a simple majority of the directors then in office. A director so appointed will hold office until the next annual general meeting of our shareholders for the election of the class of directors in respect of which the vacancy was created. In the case of a vacancy due to the number of directors being less than the maximum number of directors stated in our Amended and Restated Articles of Association, the new director filling the vacancy will serve until the next annual general meeting of our shareholders for the election of the class of directors to which such director was assigned by our board of directors.

Chairperson of the Board

Our Amended and Restated Articles of Association, provide that the board of directors shall appoint a member of the board to serve as the Chairperson. Under the Companies Law, the chief executive officer of a public company, or a relative of the chief executive officer, may not serve as the chairperson of the board of directors, and the chairperson of the board of directors, or a relative of the chairperson, may not be vested with authorities of the Chief Executive Officer unless approved by a special majority of the company's shareholders. The shareholders' approval can be effective for a period of five years following an initial public offering, and subsequently, for additional periods of up to three years.

In addition, a person who is subordinated, directly or indirectly, to the chief executive officer may not serve as the chairperson of the board of directors, the chairperson of the board of directors may not be vested with authorities that are granted to persons who are subordinated to the chief executive officer, and the chairperson of the board of directors may not serve in any other position in the company or in a controlled subsidiary, but may serve as a director or chairperson of a controlled subsidiary.

External Directors

Under the Companies Law, companies incorporated under the laws of the State of Israel that are "public companies," including companies with shares listed on Nasdaq, are required to appoint at least two external directors. Pursuant to regulations promulgated under the Companies Law, companies with shares traded on certain U.S. stock exchanges, including Nasdaq, which do not have a "controlling shareholder," may, subject to certain conditions, "opt out" from the Companies Law requirements to appoint external directors and related Companies Law rules concerning the composition of the audit committee and compensation committee of the board of directors (other than the gender diversification rule under the Companies Law, which requires the appointment of a director from the other gender if at the time a director is appointed all members of the board of directors are of the same gender). In accordance with these regulations, we have elected to "opt out" from the Companies Law requirement to appoint external directors and related Companies Law rules concerning the composition of the audit committee and compensation committee of our board of directors.

Director Independence

Nasdaq listing standards require that a majority of our board of directors be independent. An "independent director" is defined generally as a person who has no material relationship with the listed company (either directly or as a partner, stockholder, or officer of an organization that has a relationship with the listed company). Our board of directors has determined that Zvi Limon, Erez Shachar, Nechemia Peres, Richard Scanlon, Deirdre Bigley, Lynda Clarizio, and Gilad Shany are "independent directors" as defined in Nasdaq listing standards and applicable SEC rules.

Audit Committee

Companies Law Requirements

Under the Companies Law, the board of directors of a public company must appoint an audit committee. The audit committee must be comprised of at least three directors.

Listing Requirements

Under the corporate governance rules of Nasdaq, we are required to maintain an audit committee consisting of at least three independent directors, each of whom is financially literate and one of whom has accounting or related financial management expertise.

Our audit committee consists of Richard Scanlon, Gilad Shany, Deirdre Bigley and Zvi Limon. Richard Scanlon serves as the chairperson of the audit committee. All members of our audit committee meet the requirements for financial literacy under the applicable rules and regulations of the SEC and the corporate governance rules of Nasdaq. Our board of directors has determined that Richard Scanlon is an audit committee financial expert as defined by the SEC rules and has the requisite financial experience as defined by the corporate governance rules of Nasdaq.

Our board of directors has determined that each member of our audit committee is “independent”, as such term is defined in Rule 10A-3(b)(1) under the Exchange Act, which is different from the general test for independence of board and committee members.

Audit Committee Role

Our board of directors has adopted an audit committee charter setting forth the responsibilities of the audit committee, which are consistent with the Companies Law, the SEC rules, and the corporate governance rules of Nasdaq. These responsibilities include:

- retaining and terminating our independent auditors, subject to ratification by the board of directors, and in the case of retention, subject to ratification by the shareholders;
- pre-approving audit and non-audit services to be provided by the independent auditors and related fees and terms;
- overseeing the accounting and financial reporting processes of our company;
- managing audits of our financial statements
- preparing all reports as may be required of an audit committee under the rules and regulations promulgated under the Exchange Act;
- reviewing with management and our independent auditor our annual and quarterly financial statements prior to publication, filing, or submission to the SEC;
- recommending to the board of directors the retention and termination of the internal auditor, and the internal auditor’s engagement fees and terms, in accordance with the Companies Law, as well as approving the yearly or periodic work plan proposed by the internal auditor;
- reviewing with our general counsel and/or external counsel, as deemed necessary, legal and regulatory matters that may have a material impact on the financial statements;
- identifying irregularities in our business administration, inter alia, by consulting with the internal auditor or with the independent auditor, and suggesting corrective measures to the board of directors;
- reviewing policies and procedures with respect to transactions (other than transactions related to compensation or terms of services) between the Company and officers and directors, affiliates of officers or directors, or transactions that are not in the ordinary course of the Company’s business and deciding whether to approve such acts and transactions if so required under the Companies Law; and
- establishing procedures for handling employee complaints relating to the management of our business and the protection to be provided to such employees.

Compensation Committee

Companies Law Requirements

Under the Companies Law, the board of directors of a public company must appoint a compensation committee, which must be comprised of at least three directors.

Listing Requirements

Under the corporate governance rules of Nasdaq, we are required to maintain a compensation committee consisting of at least two independent directors.

Our compensation committee consists of Erez Shachar, Nechemia J. Peres and Zvi Limon. Erez Shachar serves as chairperson of the compensation committee. Our board of directors has determined that each member of our compensation committee is independent under the corporate governance rules of Nasdaq, including the additional independence requirements applicable to the members of a compensation committee.

Compensation Committee Role

In accordance with the Companies Law, the responsibilities of the compensation committee are, among others, as follows:

- making recommendations to the board of directors with respect to the approval of the compensation policy for office holders and, once every three years, with respect to any extensions to a compensation policy that was adopted for a period of more than three years;
- reviewing the implementation of the compensation policy and periodically making recommendations to the board of directors with respect to any amendments or updates to the compensation policy;
- resolving whether to approve arrangements with respect to the terms of office and employment of office holders; and
- exempting, under certain circumstances, a transaction with our Chief Executive Officer from the approval of our shareholders

Our board of directors has adopted a compensation committee charter setting forth the responsibilities of the committee, which are consistent with the corporate governance rules of Nasdaq and include among others:

- recommending to our board of directors for its approval a compensation policy, in accordance with the requirements of the Companies Law, as well as other compensation policies, incentive-based compensation plans, and equity-based compensation plans, overseeing the development and implementation of such policies, and recommending to our board of directors any amendments or modifications the committee deems appropriate, including as required under the Companies Law;
- reviewing and approving the granting of options and other incentive awards to our Chief Executive Officer and other executive officers, including reviewing and approving corporate goals and objectives relevant to the compensation of our Chief Executive Officer and other executive officers, including evaluating their performance in light of such goals and objectives;
- approving and exempting certain transactions regarding office holders’ compensation pursuant to the Companies Law; and
- administering our equity-based compensation plans, including without limitation, approving the adoption of such plans, amending and interpreting such plans, and the awards and agreements issued pursuant thereto, and making and determining the terms of awards to eligible persons under the plans.

Compensation Policy under the Companies Law

In general, under the Companies Law, the board of directors of a public company must approve a compensation policy after receiving and considering the recommendations of the compensation committee. In addition, our compensation policy must be approved at least once every three years, first, by our board of directors, upon recommendation of our compensation committee, and second, by a simple majority of Taboola Ordinary Shares present, in person or by proxy, and voting (excluding abstentions) at a general meeting of shareholders, provided that either:

- the majority of such Taboola Ordinary Shares is comprised of shares held by shareholders who are not controlling shareholders and shareholders who do not have a personal interest in such compensation policy; or
- the total number of shares of non-controlling shareholders and shareholders who do not have a personal interest in the compensation policy voting against the policy does not exceed two percent (2%) of the aggregate voting rights in the company.

Under special circumstances, the board of directors may approve the compensation policy despite the objection of the shareholders on the condition that the compensation committee and then the board of directors decide, on the basis of detailed grounds, and after discussing again with the compensation policy, that approval of the compensation policy, despite the objection of shareholders, is for the benefit of the company.

If a company adopts a compensation policy in advance of its initial public offering (or in this case, prior to the closing of the Business Combination) and describes such compensation policy in the prospectus for such offering, then such compensation policy shall be deemed a validly adopted policy in accordance with the Companies Law requirements described above. Furthermore, if the compensation policy is established in accordance with the aforementioned relief, then it will remain in effect for a term of five years from the date such company becomes a public company.

The compensation policy must be based on certain considerations include certain provisions and reference certain matters as set forth in the Companies Law. The compensation policy must serve as the basis for decisions concerning the financial terms of employment or engagement of office holders, including exculpation, insurance, indemnification, or any monetary payment or obligation of payment in respect of employment or engagement. The compensation policy must be determined and later reevaluated according to certain factors, including: the advancement of the company's objectives, business plan and long-term strategy; the creation of appropriate incentives for office holders, while considering, among other things, the company's risk management policy; the size and the nature of the company's operations; and with respect to variable compensation, the contribution of the office holder towards the achievement of the company's long-term goals and the maximization of its profits, all with a long-term objective and according to the position of the office holder. The compensation policy must furthermore consider the following additional factors:

- the education, skills, experience, expertise, and accomplishments of the relevant office holder;
- the office holder's position and responsibilities;
- prior compensation agreements with the office holder;
- the ratio between the cost of the terms of employment of an office holder and the cost of the employment of other employees of the company, including employees employed through contractors who provide services to the company; in particular the ratio between such cost to the average and median salary of such employees of the company, as well as possible impacts of compensation disparities between them on the work relationships in the company;
- if the terms of employment include variable components, the possibility of reducing variable components at the discretion of the board of directors and setting a limit on the value of non-cash variable equity-based components; and
- if the terms of employment include severance compensation, the term of employment or office of the office holder, the terms of the office holder's compensation during such period, the company's performance during such period, the office holder's individual contribution to the achievement of the company goals and the maximization of its profits, and the circumstances under which the office holder is leaving the company.

The compensation policy must also include, among other things:

- with regards to variable components:
  - with the exception of office holders who report to the chief executive officer, a means of determining the variable components on the basis of long-term performance and measurable criteria; provided that the company may determine that an immaterial part of the variable components of the compensation package of an office holder shall be awarded based on non-measurable criteria, or if such amount is not higher than three months' salary per annum, taking into account such office holder's contribution to the company; or
  - the ratio between variable and fixed components, as well as the limit of the values of variable components at the time of their payment, or in the case of equity-based compensation, at the time of grant.

- a condition under which the office holder will refund to the company, according to conditions to be set forth in the compensation policy, any amounts paid as part of the office holder's terms of employment, if such amounts were paid based on information later to be discovered to be wrong, and such information was restated in the company's financial statements;
- the minimum holding or vesting period of variable equity-based components to be set in the terms of office or employment, as applicable, while taking into consideration long-term incentives; and
- a limit to retirement grants

Our compensation policy is designed to retain and motivate our directors and executive officers, incentivize superior individual excellence, align the interests of our directors and executive officers with our long-term performance, and provide a risk management tool. To that end, a portion of our executive officer compensation package is targeted to reflect our short and long-term goals, as well as the executive officer's individual performance. Our compensation policy also includes measures designed to reduce the executive officer's incentives to take excessive risks that may harm the Company in the long-term, such as limits on the value of cash bonuses and equity-based compensation, limitations on the ratio between the variable and the total compensation of an executive officer, and minimum vesting periods for equity-based compensation.

Our compensation policy also addresses our executive officers' individual characteristics (such as their respective position, education, scope of responsibilities, and contribution to the attainment of our goals) as the basis for compensation variation among our executive officers and considers the internal ratios between compensation of our executive officers and directors and other employees. Pursuant to our compensation policy, the compensation that may be granted to an executive officer may include: base salary, annual bonuses, and other cash bonuses (such as a signing bonus and special bonuses with respect to any special achievements, such as outstanding personal achievement, outstanding personal effort, or outstanding company performance), equity-based compensation, benefits and retirement and termination of service arrangements. All cash bonuses are limited to a maximum amount linked to the executive officer's base salary.

An annual cash bonus may be awarded to executive officers upon the attainment of pre-set periodic objectives and individual targets. The annual cash bonus that may be granted to our executive officers, other than our Chief Executive Officer, will be based on performance objectives and a discretionary evaluation of the executive officer's overall performance by our Chief Executive Officer and subject to minimum thresholds. The annual cash bonus that may be granted to executive officers, other than our Chief Executive Officer, may alternatively be based entirely on a discretionary evaluation. Furthermore, our Chief Executive Officer is entitled to approve performance objectives for executive officers who report to him.

The measurable performance objectives of our Chief Executive Officer is determined annually by our compensation committee and board of directors. A non-material portion of the Chief Executive Officer's annual cash bonus, as provided in our compensation policy, may be based on a discretionary evaluation of the Chief Executive Officer's overall performance by the compensation committee and the board of directors.

Under our compensation policy, our executive officers' (including members of our board of directors) equity-based compensation is designed in a manner consistent with the underlying objectives in determining the base salary and the annual cash bonus, with its main objectives being to enhance the alignment between the executive officers' interests with our long-term interests and those of our shareholders and to strengthen the retention and the motivation of executive officers in the long term. Our compensation policy provides for executive officer compensation in the form of share options or other equity-based awards, such as restricted shares and restricted share units, in accordance with our then-current equity incentive plan. All equity-based incentives granted to executive officers shall be subject to vesting periods in order to promote long-term retention of those executive officers. Equity-based compensation shall be granted from time to time and be individually determined and awarded according to the performance, educational background, prior business experience, qualifications, role, and the personal responsibilities of the executive officer.

In addition, our compensation policy contains compensation recovery provisions which allow us, under certain conditions, to recover bonuses paid in excess, enable our Chief Executive Officer to approve an immaterial change in the terms of employment of an executive officer who reports directly him (provided that such changes are in accordance with our compensation policy), and allow us to exculpate, indemnify, and insure our executive officers and directors to the maximum extent permitted by Israeli law subject to certain limitations set forth therein.

Our compensation policy also provides for compensation to the members of our board of directors either (i) in accordance with the amounts provided in the Companies Regulations (Rules Regarding the Compensation and Expenses of an External Director) of 2000, as amended by the Companies Regulations (Relief for Public Companies Traded in Stock Exchange Outside of Israel) of 2000, as such regulations may be amended from time to time, or (ii) in accordance with the amounts determined in our compensation policy.

Nominating and Governance Committee

Our nominating and governance committee consists of Nechemia J. Peres, Gilad Shany, Erez Shachar and Lynda Clarizio. Lynda Clarizio serves as chairperson of the nominating and governance committee. Our board of directors has adopted a nominating and governance committee charter setting forth the responsibilities of the committee, which include:

- overseeing and assisting our board in reviewing and recommending nominees for election of directors;
- assessing the performance of the members of our board; and
- establishing and maintaining effective corporate governance policies and practices, including, but not limited to, developing and recommending to our board a set of corporate governance guidelines applicable to our business.

Compensation of Directors and Executive Officers

Directors

Under the Companies Law, the compensation of a public company's directors requires the approval of (i) its compensation committee, (ii) its board of directors and, unless exempted under regulations promulgated under the Companies Law, (iii) the approval of its shareholders at a general meeting. In addition, if the compensation of a public company's directors is inconsistent with the company's compensation policy, then those inconsistent provisions must be separately considered by the compensation committee and board of directors, and approved by the shareholders by a special vote in one of the following two ways:

- at least a majority of the shares held by all shareholders who are not controlling shareholders and do not have a personal interest in such matter, present and voting at such meeting, vote in favor of the inconsistent provisions of the compensation package, excluding abstentions; or
- the total number of shares of non-controlling shareholders and shareholders who do not have a personal interest in such matter voting against the inconsistent provisions of the compensation package does not exceed two percent (2%) of the aggregate voting rights in the Company.

Executive Officers other than the Chief Executive Officer

The Companies Law requires the compensation of a public company's office holders (other than the chief executive officer) be approved in the following order: (i) the compensation committee, (ii) the company's board of directors, and (iii) if such compensation arrangement is inconsistent with the company's stated compensation policy, the company's shareholders (by a special vote as discussed above with respect to the approval of director compensation).

However, there are exceptions to the foregoing approval requirements with respect to non-director office holders. If the shareholders of the company do not approve the compensation of a non-director office holder, the compensation committee and board of directors may override the shareholders' disapproval for such non-director office holder provided that the compensation committee and the board of directors each document the basis for their decision to override the disapproval of the shareholders and approve the compensation.

An amendment to an existing compensation arrangement with a non-director office holder requires only the approval of the compensation committee, if the compensation committee determines that the amendment is immaterial. However, if the non-director office holder is subordinate to the chief executive officer, an amendment to an existing compensation arrangement shall not require the approval of the compensation committee if (i) the amendment is approved by the chief executive officer, (ii) the company's compensation policy allows for such immaterial amendments to be approved by the chief executive officer and (iii) the engagement terms are consistent with the company's compensation policy.

Chief Executive Officer

Under the Companies Law, the compensation of a public company's chief executive officer is required to be approved by: (i) the company's compensation committee, (ii) the company's board of directors and (iii) the company's shareholders (by a special vote as discussed above with respect to the approval of director compensation). However, if the shareholders of the company do not approve the compensation arrangement with the chief executive officer, the compensation committee and board of directors may override the shareholders' decision provided that they each document the basis for their decision and the compensation is in accordance with the company's compensation policy.

In the case of a new chief executive officer, the compensation committee may waive the shareholder approval requirement with regard to the compensation of a candidate for the chief executive officer position if the compensation committee determines that: (i) the compensation arrangement is consistent with the company's compensation policy, (ii) the chief executive officer candidate did not have a prior business relationship with the company or a controlling shareholder of the company and (iii) subjecting the approval of the engagement to a shareholder vote would impede the company's ability to employ the chief executive officer candidate. However, if the chief executive officer candidate will serve as a member of the board of directors, such candidate's compensation terms as chief executive officer must be approved in accordance with the rules applicable to approval of compensation of directors.

Aggregate Compensation of Executive Officers and Directors

The aggregate compensation, including share-based compensation, paid by us and our subsidiaries to our executive officers and directors as a group for the year ended December 31, 2020 was approximately $16.0 million. This does not include any amount set aside or accrued to provide pension, severance, retirement or similar benefits or expenses, nor does it include business travel, relocation, professional and business association dues and expenses reimbursed to office holders, and other benefits commonly reimbursed or paid by companies in Israel. The amount also does not include an extraordinary bonus in the aggregate amount of approximately $8.5 million paid to our executive officers in recognition of the Company's exceptional 2020 financial results and their efforts during 2020 in preparation for and in connection with the anticipated Business Combination.

As of December 31, 2020, options to purchase 14,887,466 ordinary shares granted to our executive officers and directors as a group were outstanding under our equity incentive plans at a weighted average exercise price of $0.38 per ordinary share. As of December 31, 2020, 11,178,872 restricted share units granted to our executive officers were outstanding under our equity incentive plans at a weighted average exercise price of $0.04 per ordinary share. Of these outstanding restricted share units, a total of 8,200,565 vested according to their terms due to the closing of the Business Combination.

For 2021, assuming targeted performance levels are achieved, we expect that the aggregate cash compensation payable by us and our subsidiaries to our executive officers as a group will be approximately $4.9 million and the aggregate share based compensation will be approximately $67 million, of which, approximately $55 million is attributable to the restricted share units that vested according to their terms due to the closing of the Business Combination. This does not include any amount set aside or accrued to provide pension, severance, retirement or similar benefits or expenses, nor does it include business travel, relocation, professional and business association dues and expenses reimbursed to office holders, and other benefits commonly reimbursed or paid by companies in Israel.

In conjunction with the Business Combination, in March 2021, our Board of Directors approved an aggregate grant of 1,916,927 options and 1,479,090 restricted share units to our executive officers.

The Company's management recommended to the Board of Directors an additional aggregate grant of 2,874,458 options and 2,874,458 restricted share units to our executive officers, which were made immediately prior to the consummation of the merger.

Following the closing of the Business Combination, we pay each of our non-employee directors a board annual retainer of $35,000 (or $110,000 for the chairperson), with additional annual payment for service on board committees as follows: $10,000 (or $20,000 for the chairperson) per membership of the audit committee, $7,500 (or $15,000 for the chairperson) per membership of the compensation committee and $3,000 (or $7,500 for the chairperson) per membership of the nominating and governance committee or any other board committee.

In addition, upon election or appointment, non-employee directors will be granted with restricted share unit award under our equity incentive plan at a value of $360,000, which will vest over a period of one year, and thereafter, provided the director is still in office, an annual restricted share unit award of $180,000, which will vest over a period of one year.

Taboola.com, Ltd. Employee Stock Purchase Plan

The Taboola.com, Ltd. Employee Stock Purchase Plan (the "ESPP") became effective on June 28, 2021, which is the date determined by the committee appointed by the Board to administer the ESPP (the "Committee"). The ESPP provides our employees and employees of participating subsidiaries with an opportunity to acquire a proprietary interest in our company through the purchase of shares of our common stock. With respect to its employees in the United States, the ESPP is intended to qualify as an "employee stock purchase plan" under Section 423 of the Internal Revenue Code of 1986, as amended (the "Code") and the ESPP is interpreted in a manner that is consistent with that intent. However, in order to ensure our employees located in jurisdictions other than the United States may receive similar benefits under the ESPP, the Committee may, in its sole discretion, establish subplans to the ESPP that may not qualify under Section 423 of the Code.

Administration. Our ESPP will be administered by the Committee, which will have the authority to take any actions necessary or desirable for the administration of the ESPP, including adopting sub-plans applicable to particular participating subsidiaries or locations, which sub-plans may be designed to be outside the scope of Section 423 of the Code, or special rules applicable to participants in particular participating subsidiaries or particular locations. The Committee may change the minimum amounts of compensation (as defined in the ESPP) for payroll deductions, the frequency with which a participant may elect to change his or her rate of payroll deductions, the dates by which a participant is required to submit an enrollment form and the effective date of a participant's withdrawal from the ESPP due to a termination or transfer of employment or change in employment status. The Committee may delegate some or all of its authority to the extent permitted by law to one or more officers of the Company or one or more committees of the Board.

Shares Reserved. The maximum number of shares of our common stock available for issuance under the ESPP will initially not exceed in the aggregate 6,386,580 ordinary shares of our common stock. The share pool will be increased on the first day of each fiscal year during the term of the ESPP in an amount equal to the lesser of (i) 6,386,580 ordinary shares of our common stock, (ii) 2% of the total number of shares of our common stock outstanding (on a fully diluted basis) on the last day of the immediately preceding fiscal year and (iii) such number of shares as determined by the Board in its discretion.

Eligibility. With respect to employees who qualify to participate in an "employee stock purchase plan" pursuant to Section 423 of the Code, unless otherwise determined by the Committee in a manner that is consistent with Section 423 of the Code, any employee of ours or a participating subsidiary who has been employed by us or a participating subsidiary for at least 6 months and is customarily employed for at least 20 hours per week and more than 5 months in any calendar year is eligible to participate in an offering period, subject to the requirements of Section 423 of the Code. An eligible employee will not be granted an option if such grant would result in the employee owning 5% or more of the total combined voting power or value of all classes of our and our subsidiaries' stock or if such grant would permit the employee to purchase our and our subsidiaries' stock at a rate that exceeds $25,000 of the fair market value of the stock for each calendar year in which such option is outstanding at any time. The Committee may also determine additional employees to participate in sub-plans that are not subject to Section 423 of the Code.

Offering Periods. Unless otherwise determined by the Committee, each offering period under the ESPP will have a duration of six months commencing on January 1st or July 1st.

Participation. Participation in the ESPP is voluntary. Eligible employees may elect to participate in the ESPP by completing an enrollment form and submitting it in accordance with the enrollment procedures established by the Committee, upon which the employee authorizes payroll deductions from his or her paycheck on each payroll date during the offering period in an amount equal to at least 1% but not more than 5% of his or her compensation.

Participants may decrease or increase their rate of payroll deductions only once during an offering period by submitting a new enrollment form which must be submitted at least fifteen (15) days before the purchase date (as defined in the ESPP). The deduction rate selected for an offering period will remain in effect for subsequent offering periods unless the participant (i) submits a new enrollment form authorizing a new rate of payroll deductions, (ii) withdraws from the ESPP or (iii) terminates employment or otherwise becomes ineligible to participate in the ESPP.

Grant and Exercise of Options. Each participant will be granted, on the first trading day of each offering period, an option to purchase, on the last trading day of the offering period, a number of shares of our common stock determined by dividing the participant's accumulated payroll deductions by the applicable purchase price. The purchase price for the option will equal to 85% of the fair market value of a share on the purchase date. A participant's option will be exercised automatically on the purchase date to purchase the maximum number of whole shares of our common stock that can be purchased with the amounts in the participant's notional account.

Withdrawal. Participants may withdraw from an offering at any time prior to the last day of the offering period by submitting a revised enrollment form indicating his or her election to withdraw at least fifteen (15) days before the purchase date. The accumulated payroll deductions held on behalf of the participant in his or her notional account will be paid to the participant promptly following receipt of the participant’s revised enrollment form indicating their election to withdraw, and the participant's option will be automatically terminated.

Termination of Employment; Change in Employment Status; Transfer of Employment. On termination of a participant's employment for any reason, or a change in the participant's employment status following which the participant is no longer an eligible employee, the participant will be deemed to have withdrawn from the ESPP effective as of the date of such termination of employment or change in status, the accumulated payroll deductions remaining in the participant's notional account will be returned to the participant, and the participant's option will be automatically terminated.

Over-subscribed Offerings. If the Committee determines that, on a particular purchase date, the number of shares with respect to which options are to be exercised either exceeds the number of shares available under the ESPP, the shares will be allocated pro rata in a uniform manner as practicable and as the Committee deems equitable.

Adjustments Upon Changes in Capitalization; Corporate Transactions. In the event of any dividend or other distribution, recapitalization, stock split, reorganization, merger, consolidation, spin-off, combination, repurchase, or exchange of shares or other securities of our company or other change in our company's structure affecting our common stock, then in order to prevent dilution or enlargement of the benefits intended to be made available under the ESPP, the Committee will make equitable adjustments to the number and class of shares that may be issued under the ESPP, the purchase price per share, and the number of shares covered by each outstanding option.

In the event of a corporate transaction (as defined in the ESPP), each outstanding option will be assumed (or an equivalent option substituted) by the successor corporation or a parent or subsidiary of such successor corporation. If the successor corporation refuses to assume or substitute such option, the offering period will be shortened by setting a new purchase date on which the offering period will end. The new purchase date for the offering period will occur before the date of the corporate transaction.

Dissolution or Liquidation. Unless otherwise determined by the Committee, in the event of a proposed dissolution or liquidation of our company, any offering period in progress will be shortened by setting a new purchase date and the offering period will end immediately prior to the proposed dissolution or liquidation. Participants will be provided with written notice of the new purchase date and that the participant’s option will be exercised automatically on such date, unless before such time, the participant has withdrawn from the offering.

Amendment and Termination. The Committee may, in its sole discretion, amend, suspend or terminate the ESPP at any time and for any reason. The Committee may elect, upon termination of the ESPP, to terminate any outstanding offering period either immediately or once shares have been purchased on the next purchase date or permit the offering period to expire in accordance with its terms.

Equity Incentive Plans

General

Authorized Shares. As of June 30, 2021, there are zero Taboola Ordinary Shares reserved and available for issuance under Taboola’s legacy share incentive plans described herein (excluding the 2021 Share Incentive Plan (the “2021 Plan”) and Employee Stock Purchase Plan) (such plans, the “Legacy Plans”) (without giving effect to the Stock Split). Ordinary shares subject to awards granted under such plans that expire or become unexercisable without having been exercised in full will become available again for future grant under the 2021 Plan upon its adoption by Taboola’s board of directors and the receipt of shareholder approval. Following the effective date of the registration statement on Form F-4, Taboola no longer grants any awards under the Legacy Plans, though previously granted awards under such plans remain outstanding and governed by the applicable plan

Administration. Taboola’s board of directors, or a duly authorized committee of Taboola’s board of directors, administers each of the Legacy Plans. Under the Legacy Plans, the administrator has the authority, subject to applicable law, to interpret the terms of the Legacy Plans and any notices of grant or options granted thereunder, designate recipients of option grants, determine and amend the terms of awards, including the exercise price of an option award, the fair market value of a Taboola Ordinary Share, the time and vesting schedule applicable to an option grant or the method of payment for an award, accelerate or amend the vesting schedule applicable to an option grant and the applicability of an early exercise mechanism and take all other actions and make all other determinations necessary for the administration of the Legacy Plans.

The administrator also has the authority to amend and rescind rules and regulations relating to the Legacy Plans or terminate the Legacy Plans at any time before their expiration.

Eligibility. The Legacy Plans provide for granting awards under various tax regimes, including in compliance with Section 102 (“Section 102”) of the Israeli Income Tax Ordinance (New Version), 5721-1961, or the “Ordinance”, and Section 3(i) of the Ordinance, and for awards granted to our United States employees or service providers, including those who are deemed to be residents of the United States for tax purposes, Section 422 of the Code and Section 409A of the Code.

Section 102 allows employees, directors and officers who are not controlling shareholders and are considered Israeli residents to receive favorable tax treatment for compensation in the form of shares or options under certain terms and conditions. Our non-employee service providers and controlling shareholders who are considered Israeli residents may only be granted options under section 3(i) of the Ordinance, which does not provide for similar tax benefits. Section 102 includes two alternatives for tax treatment involving the issuance of options or shares to a trustee for the benefit of the grantees and also includes an additional alternative for the issuance of options or shares directly to the grantee. Section 102(b)(2) of the Ordinance, the most favorable tax treatment for the grantee, permits the issuance to a trustee under the “capital gain track.”

Options granted under the Legacy Plans to our employees who are U.S. residents may qualify as “incentive stock options” within the meaning of Section 422 of the Code, or may be non-qualified stock options. The exercise price of a stock option may not be less than 100% of the fair market value of the underlying share on the date of grant (or 110% in the case of incentive stock options granted to certain significant shareholders).

Grants. All awards granted pursuant to the Legacy Plans are evidenced by an award agreement that sets forth the terms and conditions of the award, including the type of award, number of shares subject to such award, vesting schedule and conditions (including performance goals or measures) and the exercise price, if applicable. Certain awards under the Legacy Plans may constitute or provide for a deferral of compensation, subject to Section 409A of the Code, which may impose additional requirements on the terms and conditions of such awards.

Each award will expire ten years from the date of the grant thereof, unless such shorter term of expiration is otherwise designated by the administrator.

Exercise. An award under the Legacy Plans may be exercised by providing Taboola with a written or electronic notice of exercise and full payment of the exercise price for such shares underlying the award, if applicable, in such form and method as may be determined by the administrator and permitted by applicable law. An award may not be exercised for a fraction of a share. With regard to tax withholding, exercise price and purchase price obligations arising in connection with awards under the Legacy Plans, the administrator may, in its discretion, among others, accept cash or otherwise provide for net withholding of shares. Some of the award agreements include an early exercise mechanism pursuant to which a grantee of options may elect at any time before the grantee's termination date to exercise all or part of the unvested portion of the options.

2007 Share Option Plan

Taboola’s 2007 Share Incentive Plan (the “2007 Plan”) was adopted by its board of directors on November 13, 2007 and amended on November 9, 2014 and on January 13, 2021, and the U.S. Appendix to the 2007 Plan was approved by Taboola’s shareholders on August 1, 2010. The 2007 Plan provides for the grant of options to employees, directors, office holders, service providers and consultants of Taboola and its subsidiaries.

Termination of Employment. In the event of termination of a grantee’s employment or service with Taboola or any of its affiliates, all vested and exercisable awards held by such grantee as of the date of termination may be exercised within twelve months after such date of termination, unless otherwise determined by the administrator.

After such twelve month period, all such unexercised awards will terminate and the shares covered by such awards shall again be available for issuance under the 2007 Plan or the 2021 Plan.

In the event of termination of a grantee's employment or service with Taboola or any of its affiliates due to such grantee's death or "disability" (as defined in the 2007 Plan), all vested and exercisable awards held by such grantee as of the date of termination may be exercised by the grantee or the grantee's legal guardian, estate, or by a person who acquired the right to exercise the award by bequest or inheritance, as applicable, within twelve months after such date of termination, unless otherwise provided by the administrator. Any awards which are unvested as of the date of such termination or which are vested but not then exercised within the twelve months period following such date, will terminate and the shares covered by such awards shall again be available for issuance under the 2007 Plan or, the 2021 Plan.

Notwithstanding any of the foregoing, if a grantee's employment or services with Taboola or any of its affiliates is terminated for "cause" (as defined in the 2007 Plan), unless otherwise determined by Taboola's board of directors, or a duly authorized committee of Taboola's board of directors, all outstanding awards held by such grantee (whether vested or unvested) will terminate on the date of such termination and the shares covered by such awards shall again be available for issuance under the 2007 Plan or, the 2021 Plan, and all shares issued upon previous exercise of options of such grantee shall be subject to repurchase at their nominal value.

Transactions. In the event of a share split, reverse share split, share dividend, recapitalization, combination or reclassification of our shares, or any other increase or decrease in the number of issued shares effected without receipt of consideration Taboola (but not including the conversion of any convertible securities of Taboola), the administrator in its sole discretion shall make an appropriate adjustment in the number of shares related to each outstanding award and to the number of shares reserved for issuance under the 2007 Plan, to the class and kind of shares subject to the 2007 Plan, as well as the exercise price per share of each outstanding award, as applicable, the terms and conditions concerning vesting and exercisability and the term and duration of outstanding awards, or any other terms that the administrator adjusts in its discretion, or the type or class of security, asset or right underlying the award (which need not be only that of Taboola, and may be that of the surviving corporation or any affiliate thereof or such other entity party to any of the above transactions); provided that any fractional shares resulting from such adjustment shall be rounded to the nearest whole share.

In the event of a merger or consolidation of Taboola, or a sale of all, or substantially all, of Taboola's shares or assets or other transaction having a similar effect on Taboola, or change in the composition of the board of directors, or liquidation or dissolution, or such other transaction or circumstances that the board of directors determines to be a relevant transaction, then without the consent of the grantee, the administrator may, but is not required to, (i) cause any outstanding award to be assumed or substituted by such successor corporation, or (ii) regardless of whether or not the successor corporation assumes or substitutes the award (a) provide the grantee with the option to exercise the award as to all or part of the shares, and may provide for an acceleration of vesting of unvested awards, or (b) cancel the award and pay in cash, shares of Taboola, the acquirer or other corporation which is a party to such transaction or other property as determined by the administrator as fair in the circumstances. Notwithstanding the foregoing, the administrator may upon such event amend, modify or terminate the terms of any award as it shall deem, in good faith, appropriate.

2016 Share Incentive Plan

Taboola's 2016 Share Incentive Plan (the "2016 Plan") was adopted by its board of directors on September 1, 2016 and amended on January 13, 2021 and was approved by Taboola's shareholders on April 2, 2017. The 2016 Plan provides for the grant of options (including incentive stock options and nonqualified stock options), ordinary shares, restricted shares, restricted share units and other share-based awards to employees, directors, office holders, service providers and consultants of Taboola and its subsidiaries.

Termination of Employment. In the event of termination of a grantee's employment or service with Taboola or any of its affiliates, all vested and exercisable awards held by such grantee as of the date of termination may be exercised within three months after such date of termination, unless otherwise determined by the administrator. After such three month period, all such unexercised awards will terminate and the shares covered by such awards shall again be available for issuance under the 2016 Plan or, the 2021 Plan.

In the event of termination of a grantee's employment or service with Taboola or any of its affiliates due to such grantee's death or "disability" (as defined in the 2016 Plan), all vested and exercisable awards held by such grantee

as of the date of termination may be exercised by the grantee or the grantee's legal guardian, estate, or by a person who acquired the right to exercise the award by bequest or inheritance, as applicable, within twelve months after such date of termination, unless otherwise provided by the administrator. Any awards which are unvested as of the date of such termination or which are vested but not then exercised within the twelve months period following such date, will terminate and the shares covered by such awards shall again be available for issuance under the 2016 Plan or, the 2021 Plan.

Notwithstanding any of the foregoing, if a grantee's employment or services with Taboola or any of its affiliates is terminated for "cause" (as defined in the 2016 Plan), unless otherwise determined by Taboola's board of directors, or a duly authorized committee of Taboola's board of directors, all outstanding awards held by such grantee (whether vested or unvested) will terminate on the date of such termination and the shares covered by such awards shall again be available for issuance under the 2016 Plan or, the 2021 Plan.

Transactions. In the event of a share split, reverse share split, share dividend, recapitalization, combination or reclassification of our shares, or any other increase or decrease in the number of issued shares effected without receipt of consideration Taboola (but not including the conversion of any convertible securities of Taboola), the administrator in its sole discretion shall make an appropriate adjustment in the number of shares related to each outstanding award and to the number of shares reserved for issuance under the 2016 Plan, to the class and kind of shares subject to the 2016 Plan, as well as the exercise price per share of each outstanding award, as applicable, the terms and conditions concerning vesting and exercisability and the term and duration of outstanding awards, or any other terms that the administrator adjusts in its discretion, or the type or class of security, asset or right underlying the award (which need not be only that of Taboola, and may be that of the surviving corporation or any affiliate thereof or such other entity party to any of the above transactions); provided that any fractional shares resulting from such adjustment shall be rounded to the nearest whole share.

In the event of a merger or consolidation of Taboola, or a sale of all, or substantially all, of Taboola's shares or assets or other transaction having a similar effect on Taboola, or change in the composition of the board of directors, or liquidation or dissolution, or such other transaction or circumstances that the board of directors determines to be a relevant transaction, then without the consent of the grantee, the administrator may, but is not required to, (i) cause any outstanding award to be assumed or substituted by such successor corporation, or (ii) regardless of whether or not the successor corporation assumes or substitutes the award (a) provide the grantee with the option to exercise the award as to all or part of the shares, and may provide for an acceleration of vesting of unvested awards, or (b) cancel the award and pay in cash, shares of Taboola, the acquirer or other corporation which is a party to such transaction or other property as determined by the administrator as fair in the circumstances. Notwithstanding the foregoing, the administrator may upon such event amend, modify or terminate the terms of any award as it shall deem, in good faith, appropriate.

2017 Executive Share Incentive Plan

Taboola's 2017 Executive Share Incentive Plan (the "Executive Plan") was adopted by its board of directors on February 27, 2017 and amended on January 13, 2021, and was approved by Taboola's shareholders on April 2, 2017. The Executive Plan provides for the grant of options (including incentive stock options and nonqualified stock options), ordinary shares, restricted shares, restricted share units and other share-based awards to employees, directors, office holders, service providers and consultants of Taboola and its subsidiaries.

Termination of Employment. In the event of termination of a grantee's employment or service with Taboola or any of its affiliates, all vested and exercisable awards held by such grantee as of the date of termination may be exercised within three months after such date of termination, unless otherwise determined by the administrator. After such three month period, all such unexercised awards will terminate and the shares covered by such awards shall again be available for issuance under the Executive Plan or the 2021 Plan.

In the event of termination of a grantee's employment or service with Taboola or any of its affiliates due to such grantee's death or "disability" (as defined in the Executive Plan), all vested and exercisable awards held by such grantee as of the date of termination may be exercised by the grantee or the grantee's legal guardian, estate, or by a person who acquired the right to exercise the award by bequest or inheritance, as applicable, within twelve months after such date of termination, unless otherwise provided by the administrator. Any awards which are unvested as of the date of such termination or which are vested but not then exercised within the twelve months period following such date, will terminate and the shares covered by such awards shall again be available for issuance under the Executive Plan or the 2021 Plan.

Notwithstanding any of the foregoing, if a grantee's employment or services with Taboola or any of its affiliates is terminated for "cause" (as defined in the Executive Plan), unless otherwise determined by Taboola's board of directors, or a duly authorized committee of Taboola's board of directors, all outstanding awards held by such grantee (whether vested or unvested) will terminate on the date of such termination and the shares covered by such awards shall again be available for issuance under the Executive Plan or the 2021 Plan.

Transactions. In the event of a share split, reverse share split, share dividend, recapitalization, combination or reclassification of our shares, or any other increase or decrease in the number of issued shares effected without receipt of consideration Taboola (but not including the conversion of any convertible securities of Taboola), the administrator in its sole discretion may, and where required by applicable law shall, without the need for a consent of any holder, make an appropriate adjustment in order to adjust (i) the number and class of shares reserved and available for the outstanding awards, (ii) the number and class of shares covered by outstanding awards, (iii) the exercise price per share covered by any award, (iv) the terms and conditions concerning vesting and exercisability and the term and duration of the outstanding awards, and (vi) any other terms of the award that in the opinion of the administrator should be adjusted; provided that any fractional shares resulting from such adjustment shall be rounded to the nearest whole share.

In the event of a merger or consolidation of Taboola, or a sale of all, or substantially all, of Taboola's shares or assets or other transaction having a similar effect on Taboola, or liquidation or dissolution, or such other transaction or circumstances that the board of directors determines to be a relevant transaction, then without the consent of the grantee, (i) unless otherwise determined by the administrator, any outstanding award will be assumed or substituted by such successor corporation, and (ii) regardless of whether or not the successor corporation assumes or substitutes the award, the administrator may (a) provide the grantee with the option to exercise the award as to all or part of the shares, and may provide for an acceleration of vesting of unvested awards, (b) cancel the award and pay in cash, shares of Taboola, the acquirer or other corporation which is a party to such transaction or other property as determined by the administrator as fair in the circumstances. Notwithstanding the foregoing, the administrator may upon such event amend, modify or terminate the terms of any award as it shall deem, in good faith, appropriate.

2020 Share Incentive Plan

Taboola' 2020 Share Incentive Plan (the "2020 Plan") was adopted by its board of directors on September 17, 2020 and amended on January 13, 2021 and was ratified by Taboola's shareholders on November 22, 2020. The 2020 Plan provides for the grant of options (including incentive stock options and nonqualified stock options), ordinary shares, restricted shares, restricted share units and other share-based awards to employees, directors, office holders, service providers and consultants of Taboola and its subsidiaries.

Termination of Employment. In the event of termination of a grantee's employment or service with Taboola or any of its affiliates, all vested and exercisable awards held by such grantee as of the date of termination may be exercised within three months after such date of termination, unless otherwise determined by the administrator. After such three month period, all such unexercised awards will terminate and the shares covered by such awards shall again be available for issuance under the 2020 Plan or the 2021 Plan.

In the event of termination of a grantee's employment or service with Taboola or any of its affiliates due to such grantee's death or "disability" (as defined in the 2020 Plan), all vested and exercisable awards held by such grantee as of the date of termination may be exercised by the grantee or the grantee's legal guardian, estate, or by a person who acquired the right to exercise the award by bequest or inheritance, as applicable, within twelve months after such date of termination, unless otherwise provided by the administrator. Any awards which are unvested as of the date of such termination or which are vested but not then exercised within the twelve months period following such date, will terminate and the shares covered by such awards shall again be available for issuance under the 2020 Plan or the 2021 Plan.

Notwithstanding any of the foregoing, if a grantee's employment or services with Taboola or any of its affiliates is terminated for "cause" (as defined in the 2020 Plan), unless otherwise determined by Taboola's board of directors, or a duly authorized committee of Taboola's board of directors, all outstanding awards held by such grantee (whether vested or unvested) will terminate on the date of such termination and all shares issued upon previous exercise or vesting of awards of such grantee shall be subject to repurchase at their nominal value, for no value or for the exercise price previously received by Taboola, as the administrator deems fit, and the shares covered by such awards shall again be available for issuance under the 2020 Plan or the 2021 Plan.

Transactions. In the event of a share split, reverse share split, share dividend, recapitalization, combination or reclassification of our shares, or any other increase or decrease in the number of issued shares effected without receipt of consideration Taboola (but not including the conversion of any convertible securities of Taboola), the administrator in its sole discretion may, and where required by applicable law shall, without the need for a consent of any holder, make an appropriate adjustment in order to adjust (i) the number and class of shares reserved and available for the outstanding awards, (ii) the number and class of shares covered by outstanding awards, (iii) the exercise price per share covered by any award, (iv) the terms and conditions concerning vesting and exercisability and the term and duration of the outstanding awards, and (v) the type or class of security, asset or right underlying the award (which need not be only that of Taboola, and may be that of the surviving corporation or any affiliate thereof or such other entity party to any of the above transactions), and (vi) any other terms of the award that in the opinion of the administrator should be adjusted; provided that any fractional shares resulting from such adjustment shall be rounded to the nearest whole share.

In the event of a merger or consolidation of Taboola, or a sale of all, or substantially all, of Taboola's shares or assets or other transaction having a similar effect on Taboola, or change in the composition of the board of directors, or liquidation or dissolution, or such other transaction or circumstances that the board of directors determines to be a relevant transaction, then without the consent of the grantee, (i) unless otherwise determined by the administrator, any outstanding award will be assumed or substituted by such successor corporation, and (ii) regardless of whether or not the successor corporation assumes or substitutes the award the administrator may (a) provide the grantee with the option to exercise the award as to all or part of the shares, and may provide for an acceleration of vesting of unvested awards, (b) cancel the award and pay in cash, shares of Taboola, the acquirer or other corporation which is a party to such transaction or other property as determined by the administrator as fair in the circumstances. Notwithstanding the foregoing, the administrator may upon such event amend, modify or terminate the terms of any award as it shall deem, in good faith, appropriate, (c) terminate without payment of any consideration of any outstanding award that is not exercised in accordance with its terms upon or prior to the consummation of such transaction, or (d) provide that the terms of any award shall be otherwise amended, modified or terminated, as determined by the administrator to be fair in the circumstances.

2021 Share Incentive Plan

The Taboola.com Ltd. Share Incentive Plan, or the 2021 Plan, was adopted by its board of directors on January 25, 2021, and was ratified by the Taboola shareholders on June 24, 2021, under which it may grant equity awards to attract, motivate and retain talent. Following the effective date of our registration statement on Form F-4, Taboola no longer grants any awards under the Legacy Plans, though previously granted awards under such plans remain outstanding and governed by the applicable plan.

Authorized Shares. The maximum number of Taboola ordinary shares available for issuance under the 2021 Plan is equal to the sum of (i) 31,932,902 shares, (ii) any shares subject to awards under the 2007 Plan, 2016 Plan, Executive Plan, and 2020 Plan which have expired, or were cancelled, terminated, forfeited or settled in cash in lieu of issuance of shares or became unexercisable without having been exercised, and (iii) an annual increase on the first day of each year beginning in 2022 and on January 1st of each calendar year thereafter during the term of the Plan, equal to the lesser of (A) 5% of the outstanding shares on the last day of the immediately preceding calendar year and (B) such amount as determined by Taboola's board of directors if so determined prior to January 1 of a calendar year. No more than 31,932,902 shares may be issued upon the exercise of incentive stock options, or ISOs. If permitted by Taboola, shares tendered to pay the exercise price or withholding tax obligations with respect to an award granted under the 2021 Plan or any Additional Plan may again be available for issuance under the 2021 Plan. Taboola's board of directors may also reduce the number of ordinary shares reserved and available for issuance under the 2021 Plan in its discretion.

Administration. Taboola's board of directors, or a duly authorized committee of Taboola's board of directors, administers the 2021 Plan. Under the 2021 Plan, the administrator has the authority, subject to applicable law, to interpret the terms of the 2021 Plan and any award agreements or awards granted thereunder, designate recipients of awards, determine and amend the terms of awards, including the exercise price of an option award, the fair market value of an ordinary share, the time and vesting schedule applicable to an award or the method of payment for an award, accelerate or amend the vesting schedule applicable to an award, prescribe the forms of agreement for use under the 2021 Plan and take all other actions and make all other determinations necessary for the administration of the 2021 Plan.

The administrator also has the authority to amend and rescind rules and regulations relating to the 2021 Plan or terminate the 2021 Plan at any time before the date of expiration of its ten year term.

Eligibility. The 2021 Plan provides for granting awards under various tax regimes, including, without limitation, in compliance with Section 102 of the Ordinance, and Section 3(i) of the Ordinance and for awards granted to Taboola's United States employees or service providers, including those who are deemed to be residents of the United States for tax purposes, Section 422 of the Code and Section 409A of the Code. Generally, any employee, director, officer, consultant, advisor or any other person or entity providing services to Taboola (including any prospective employee, director, officer, consultant, advisor) may be eligible to receive awards under the 2021 Plan subject to the Committee's discretion and taking into account the qualification under each tax retime pursuant to which awards are granted.

Grants. All awards granted pursuant to the 2021 Plan will be evidenced by an award agreement, in a form approved, from time to time, by the administrator in its sole discretion. The award agreement will set forth the terms and conditions of the award, including the type of award, number of shares subject to such award, vesting schedule and conditions (including performance goals or measures) and the exercise price, if applicable. Certain awards under the 2021 Plan may constitute or provide for a deferral of compensation, subject to Section 409A of the Code, which may impose additional requirements on the terms and conditions of such awards.

Each award will expire 10 years from the date of the grant thereof, unless such shorter term of expiration is otherwise designated by the administrator.

Awards. The 2021 Plan provides for the grant of stock options (including incentive stock options and nonqualified stock options), ordinary shares, restricted shares, restricted share units, stock appreciation rights and other share-based awards.

Options granted under the 2021 Plan to Taboola's employees who are U.S. residents may qualify as "incentive stock options" within the meaning of Section 422 of the Code, or may be non-qualified stock options. The exercise price of a stock option may not be less than 100% of the fair market value of the underlying share on the date of grant (or 110% in the case of ISOs granted to certain significant shareholders).

Exercise. An award under the 2021 Plan may be exercised by providing Taboola with a written or electronic notice of exercise and full payment of the exercise price for such shares underlying the award, if applicable, in such form and method as may be determined by the administrator and permitted by applicable law. An award may not be exercised for a fraction of a share. With regard to tax withholding, exercise price and purchase price obligations arising in connection with awards under the 2021 Plan, the administrator may, in its discretion, accept cash, provide for net withholding of shares in a cashless exercise mechanism or direct a securities broker to sell shares and deliver all or a part of the proceeds to Taboola or the trustee.

Transferability. Other than by will, the laws of descent and distribution or as otherwise provided under the 2021 Plan, neither the options nor any right in connection with such options are assignable or transferable.

Termination of Employment. In the event of termination of a grantee's employment or service with Taboola or any of its affiliates, all vested and exercisable awards held by such grantee as of the date of termination may be exercised within three months after such date of termination, unless otherwise determined by the administrator. After such three month period, all such unexercised awards will terminate and the shares covered by such awards shall again be available for issuance under the 2021 Plan.

In the event of termination of a grantee's employment or service with Taboola or any of its affiliates due to such grantee's death or permanent disability, or in the event of the grantee's death within the three month period (or such longer period as determined by the administrator) following his or her termination of service, all vested and exercisable awards held by such grantee as of the date of termination may be exercised by the grantee or the grantee's legal guardian, estate, or by a person who acquired the right to exercise the award by bequest or inheritance, as applicable, within twelve months after such date of termination, unless otherwise provided by the administrator. Any awards which are unvested as of the date of such termination or which are vested but not then exercised within the twelve months period following such date, will terminate and the shares covered by such awards shall again be available for issuance under the 2021 Plan.

Notwithstanding any of the foregoing, if a grantee's employment or services with Taboola or any of its affiliates is terminated for "cause" (as defined in the 2021 Plan), all outstanding awards held by such grantee (whether vested or unvested) will terminate on the date of such termination and the shares covered by such awards shall again be available for issuance under the 2021 Plan.

Voting Rights. Except with respect to restricted share awards, grantees will not have the rights as a shareholder of Taboola with respect to any shares covered by an award until the award has vested and/or the grantee has exercised such award, paid any exercise price for such award and becomes the record holder of the shares. With respect to restricted share awards, grantees will possess all incidents of ownership of the restricted shares, including the right to vote and receive dividends on such shares.

Dividends. Grantees holding restricted share awards will be entitled to receive dividends and other distributions with respect to the shares underlying the restricted share award. Any stock split, stock dividend, combination of shares or similar transaction will be subject to the restrictions of the original restricted share award. Grantees holding restricted share units will not be eligible to receive dividend but may be eligible to receive dividend equivalents.

Transactions. In the event of a share split, reverse share split, share dividend, recapitalization, combination or reclassification of Taboola's shares, or any other increase or decrease in the number of issued shares effected without receipt of consideration by Taboola (but not including the conversion of any convertible securities of Taboola), the administrator in its sole discretion may, and where required by applicable law shall, without the need for a consent of any holder, make an appropriate adjustment in order to adjust (i) the number and class of shares reserved and available for the outstanding awards, (ii) the number and class of shares covered by outstanding awards, (iii) the exercise price per share covered by any award, (iv) the terms and conditions concerning vesting and exercisability and the term and duration of the outstanding awards, and (v) the type or class of security, asset or right underlying the award (which need not be only that of Taboola, and may be that of the surviving corporation or any affiliate thereof or such other entity party to any of the above transactions), and (vi) any other terms of the award that in the opinion of the administrator should be adjusted; provided that any fractional shares resulting from such adjustment shall be rounded down to the nearest whole share unless otherwise determined by the administrator. In the event of a distribution of a cash dividend to all shareholders, the administrator may determine, without the consent of any holder of an award, that the exercise price of an outstanding and unexercised award shall be reduced by an amount equal to the per share gross dividend amount distributed by Taboola, subject to applicable law.

In the event of a merger or consolidation of Taboola, or a sale of all, or substantially all, of Taboola's shares or assets or other transaction having a similar effect on Taboola, or change in the composition of the board of directors, or liquidation or dissolution, or such other transaction or circumstances that the board of directors determines to be a relevant transaction, then without the consent of the grantee, (i) unless otherwise determined by the administrator, any outstanding award will be assumed or substituted by such successor corporation, or (ii) regardless of whether or not the successor corporation assumes or substitutes the award (a) provide the grantee with the option to exercise the award as to all or part of the shares, and may provide for an acceleration of vesting of unvested awards, (b) cancel the award and pay in cash, shares of Taboola, the acquirer or other corporation which is a party to such transaction or other property as determined by the administrator as fair in the circumstances, or (c) provide that the terms of any award shall be otherwise amended, modified or terminated, as determined by the administrator to be fair in the circumstances. Unless otherwise determined by the administrator, to the extent any awards are not assumed or substituted by the successor corporation, such awards shall vest in full and be entitled to receive the consideration payable to shareholders generally (subject to any applicable exercise price and taxes in respect of any award) in such event. Notwithstanding the foregoing, the administrator may upon such event amend, modify or terminate the terms of any award as it shall deem, in good faith, appropriate.

Internal Auditor

Under the Companies Law, the board of directors of a public company must appoint an internal auditor based on the recommendation of the audit committee. The role of the internal auditor is, among other things, to review the company's compliance with applicable law and orderly business procedure. Under the Companies Law, the internal auditor cannot be an interested party, an office holder, or a relative of an interested party or an office holder. Nor may the internal auditor be the company's independent auditor or its representative. An "interested party" is defined in the Companies Law as (i) a holder of 5% or more of the issued share capital or voting power in a company, (ii) any person or entity who has the right to designate one or more directors or to designate the chief executive officer of the company, or (iii) any person who serves as a director or as chief executive officer of the company. The company is currently in the process of appointing an internal auditor.

Approval of Related Party Transactions under Israeli Law

Fiduciary Duties of Directors and Executive Officers

The Companies Law codifies the fiduciary duties that office holders owe to a company. An office holder is defined in the Companies Law as a general manager, chief business manager, deputy general manager, vice general manager, any other person assuming the responsibilities of any of these positions regardless of such person’s title, a director, and any other manager directly subordinate to the general manager. Each person listed in the table under “Management - Management and Board of Directors” is an office holder under the Companies Law.

An office holder’s fiduciary duties consist of a duty of care and a duty of loyalty. The duty of care requires an office holder to act with the level of care with which a reasonable office holder in the same position would act under the same circumstances. The duty of care includes, among other things, a duty to use reasonable means, in light of the circumstances, to obtain:

- information on the business advisability of a given action brought for the office holder’s approval or performed by virtue of the office holder’s position; and
- all other important information pertaining to such action.

The duty of loyalty requires an office holder to act in good faith and in the best interests of the Company, and includes, among other things, the duty to:

- refrain from any act involving a conflict of interest between the performance of the office holder’s duties in the company and the office holder’s other duties or personal affairs;
- refrain from any activity that is competitive with the business of the company;
- refrain from exploiting any business opportunity of the company for the purpose of gaining a personal advantage for the office holder or others; and
- disclose to the company any information or documents relating to the company’s affairs which the office holder received as a result of the office holder’s position.

Under the Companies Law, a company may approve an act, specified above, which would otherwise constitute a breach of the office holder’s fiduciary duty, provided that the office holder acted in good faith, neither the act nor its approval harms the company, and the personal interest of the office holder is disclosed a sufficient time before the approval of such act. Any such approval is subject to the terms of the Companies Law setting forth, among other things, the appropriate bodies of the company required to provide such approval and the methods of obtaining such approval.

Disclosure of Personal Interests of an Office Holder and Approval of Certain Transactions

The Companies Law requires that an office holder promptly disclose to the board of directors any personal interest and all related material information known to such office holder concerning any existing or proposed transaction with the company. A personal interest includes an interest of any person in an act or transaction of a company, including a personal interest of one’s relative or of a corporate body in which such person or a relative of such person is a 5% or greater shareholder, director, or general manager or in which such person has the right to appoint at least one director or the general manager, but excluding a personal interest stemming solely from one’s ownership of shares in the company. A personal interest includes the personal interest of a person for whom the office holder holds a voting proxy or the personal interest of the office holder with respect to the officer holder’s vote on behalf of a person for whom he or she holds a proxy even if such shareholder has no personal interest in the matter.

If it is determined that an office holder has a personal interest in a non-extraordinary transaction (meaning any transaction that is in the ordinary course of business, on market terms or that is not likely to have a material impact on the company’s profitability, assets or liabilities), approval by the board of directors is required for the transaction unless the company’s articles of association provide for a different method of approval. Any such transaction that is adverse to the company’s interests may not be approved by the board of directors.

Approval first by the company’s audit committee and subsequently by the board of directors is required for an extraordinary transaction (meaning any transaction that is not in the ordinary course of business, not on market terms or that is likely to have a material impact on the company’s profitability, assets or liabilities) in which an office holder has a personal interest.

A director and any other office holder who has a personal interest in a transaction which is considered at a meeting of the board of directors or the audit committee may generally (unless it is with respect to a transaction which is not an extraordinary transaction) not be present at such a meeting or vote on that matter unless a majority of the directors or members of the audit committee, as applicable, have a personal interest in the matter. If a majority of the members of the audit committee or the board of directors have a personal interest in the matter, then all of the directors may participate in deliberations of the audit committee or board of directors, as applicable, with respect to such transaction and vote on the approval thereof and, in such case, shareholder approval is also required.

Certain disclosure and approval requirements apply under Israeli law to certain transactions with controlling shareholders, certain transactions in which a controlling shareholder has a personal interest, and certain arrangements regarding the terms of service or employment of a controlling shareholder. For these purposes, a controlling shareholder is any shareholder that has the ability to direct the company's actions, including any shareholder holding 25% or more of the voting rights if no other shareholder owns more than 50% of the voting rights in the company. Two or more shareholders with a personal interest in the approval of the same transaction are deemed to be one shareholder.

For a description of the approvals required under Israeli law for compensation arrangements of officers and directors, see "*Management—Compensation of Directors and Executive Officers.*"

Shareholder Duties

Pursuant to the Companies Law, a shareholder has a duty to act in good faith and in a customary manner toward the company and other shareholders and to refrain from abusing his or her power with respect to the company, including, among other things, in voting at a general meeting and at shareholder class meetings with respect to the following matters:

- an amendment to the company's articles of association;
- an increase of the company's authorized share capital;
- a merger; or
- interested party transactions that require shareholder approval.

In addition, a shareholder has a general duty to refrain from discriminating against other shareholders.

Certain shareholders also have a duty of fairness toward the company. These shareholders include any controlling shareholder, any shareholder who knows that it has the power to determine the outcome of a shareholder vote, and any shareholder who has the power to appoint or to prevent the appointment of an office holder of the company or exercise any other rights available to it under the company's articles of association with respect to the company. The Companies Law does not define the substance of this duty of fairness, except to state that the remedies generally available upon a breach of contract will also apply in the event of a breach of the duty of fairness.

Exculpation, Insurance and Indemnification of Office Holders

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

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

- a financial liability imposed on him or her in favor of another person pursuant to a judgment, including a settlement or arbitrator's award approved by a court. However, if an undertaking to indemnify an office holder with respect to such liability is provided in advance, then such an undertaking must be limited to events which, in the opinion of the board of directors, can be foreseen based on the company's activities when the undertaking to indemnify is given, and to an amount or according to criteria determined by the board of directors as reasonable under the circumstances, and such undertaking shall detail the above mentioned events and amount or criteria;

- reasonable litigation expenses, including legal fees, incurred by the office holder (1) as a result of an investigation or proceeding instituted against him or her by an authority authorized to conduct such investigation or proceeding, provided that (i) no indictment was filed against such office holder as a result of such investigation or proceeding; and (ii) no financial liability, such as a criminal penalty, was imposed upon him or her as a substitute for the criminal proceeding as a result of such investigation or proceeding or, if such financial liability was imposed, it was imposed with respect to an offense that does not require proof of criminal intent; and (2) in connection with a monetary sanction;
- reasonable litigation expenses, including legal fees, incurred by the office holder or imposed by a court in proceedings instituted against him or her by the company, on its behalf or by a third-party or in connection with criminal proceedings in which the office holder was acquitted or as a result of a conviction for an offense that does not require proof of criminal intent;
- expenses, including reasonable litigation expenses and legal fees, incurred by an office holder in relation to an administrative proceeding instituted against such office holder, or certain compensation payments made to an injured party imposed on an office holder by an administrative proceeding, pursuant to certain provisions of the Israeli Securities Law, 1968 (the "Israeli Securities Law"); and
- expenses, including reasonable litigation expenses and legal fees, incurred by an office holder in relation to an administrative proceeding instituted against such office holder pursuant to certain provisions of the Israeli Economic Competition Law, 5758-1988.

An Israeli company may insure an office holder against the following liabilities incurred for acts performed as an office holder if and to the extent provided in the company's articles of association:

- a breach of the duty of loyalty to the company, to the extent that the office holder acted in good faith and had a reasonable basis to believe that the act would not prejudice the Company;
- a breach of the duty of care to the company or to a third-party, including a breach arising out of the negligent conduct of the office holder;
- a financial liability imposed on the office holder in favor of a third-party;
- a financial liability imposed on the office holder in favor of a third-party harmed by a breach in an administrative proceeding; and
- expenses, including reasonable litigation expenses and legal fees, incurred by the office holder as a result of an administrative proceeding instituted against him or her, pursuant to certain provisions of the Israeli Securities Law.

An Israeli company may not indemnify or insure an office holder against any of the following:

- a breach of the duty of loyalty, except to the extent that the office holder acted in good faith and had a reasonable basis to believe that the act would not prejudice the company;
- a breach of the duty of care committed intentionally or recklessly, excluding a breach arising out of the negligent conduct of the office holder;
- an act or omission committed with intent to derive illegal personal benefit; or
- a fine, monetary sanction, or forfeit levied against the office holder.

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

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

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

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

In the opinion of the SEC, indemnification of directors and office holders for liabilities arising under the Securities Act, however, is against public policy and therefore unenforceable.

DESCRIPTION OF SECURITIES

Description of Taboola Ordinary Shares

General

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

Share Capital

The authorized share capital of the company consists of 700,000,000 Taboola Ordinary Shares, no par value. As of June 30, 2020 we had 210,891,354 ordinary shares issued and outstanding.

All of the outstanding Taboola Ordinary Shares are validly issued, fully paid and non-assessable. The Taboola Ordinary Shares are not redeemable and do not have any preemptive rights.

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

The following descriptions of share capital and provisions of the Amended and Restated Articles of Association are summaries and are qualified by reference to our Amended and Restated Articles of Association.

Registration Number and Purposes of the Company

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

Voting Rights

All Taboola Ordinary Shares have identical voting and other rights in all respects.

Transfer of Shares

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

Election of Directors

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

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

shareholders for the election of the class of directors in respect of which the vacancy was created, or in the case of a vacancy due to the number of directors being less than the maximum number of directors stated in our amended and restated articles of association, until the next annual general meeting of our shareholders for the election of the class of directors to which such director was assigned by our board of directors.

Dividend and Liquidation Rights

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

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

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

Exchange Controls

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

Registration Rights

Concurrently with the execution and delivery of the Merger Agreement, each of the Sponsors, and certain of Taboola's shareholders entered into an Amended and Restated Investors' Rights Agreement (the "Investors' Rights Agreement"), to be effective as of the Effective Time, pursuant to which Taboola agreed to file a registration statement as soon as practicable upon receipt of a request from certain significant shareholders of Taboola to register the resale of certain registrable securities under the Securities Act, subject to required notice provisions to other shareholders party thereto. Taboola has also agreed to provide customary "piggyback" registration rights with respect to such registrable securities and, subject to certain circumstances, to file a resale shelf registration statement to register the resale under the Securities Act of such registrable securities. Taboola has also agreed to file a resale shelf registration statement to register the resale of Taboola Warrants held by the Sponsors. In addition, in connection with the execution of the Investors' Rights Agreement, ION has agreed to terminate the existing ION registration rights agreement.

The Investors' Rights Agreement also provides that (a) the Taboola Ordinary Shares held by shareholders of Taboola that held such shares prior to the Closing (excluding the PIPE Shares and Secondary Shares (as defined below) and publicly listed Taboola Ordinary Shares acquired after the Closing) and any Taboola Ordinary Shares issuable upon the exercise of Taboola Warrants and any other securities convertible or exercisable for Taboola Ordinary Shares held by security holders prior to the Closing will be locked-up for one hundred eighty (180) days following the Closing (except that any party to the Investors' Rights Agreement who is an employee of Taboola may sell Taboola Ordinary Shares to the extent permitted by Taboola's Articles of Association to be adopted in connection with the Transactions), (b) the Taboola Shares held by the Sponsors after the Closing (other than the PIPE Shares, the Secondary Shares (as defined below), any Taboola Ordinary Shares underlying Taboola Warrants issued in exchange for ION Warrants held by the Sponsors at the Closing and publicly listed Taboola Ordinary Shares acquired after the Closing) will be locked-up until the earlier of (i) one (1) year from the Closing and (ii) the date on which the closing price of Taboola Ordinary Shares equals or exceeds $12.00 per share for any twenty (20) trading days

within any thirty (30) trading day period commencing at least one hundred fifty (150) days following the Closing and (c) the Taboola Warrants issued in exchange for ION Warrants at the Closing and any Taboola Ordinary Shares underlying such warrants that are held by the Sponsors will be locked-up for thirty (30) days following the Closing.

The Investors' Rights Agreement also provides that Taboola will pay certain expenses relating to such registrations and indemnify the securityholders against certain liabilities. The rights granted under the Investors' Rights Agreement supersede any prior registration, qualification, or similar rights of the parties with respect to their Taboola securities or ION securities, and all such prior agreements shall be terminated.

Shareholder Meetings

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

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

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

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

Quorum

Pursuant to our Amended and Restated Articles of Association, holders of the Taboola Ordinary Shares have one vote for each Taboola Ordinary Share held on all matters submitted to a vote of the shareholders at a general meeting of shareholders. The quorum required for Taboola's general meetings of shareholders consists of at least two shareholders present in person or by proxy who hold or represent at least 33⅓% of the total outstanding voting power of our shares, except that if (i) any such general meeting was initiated by and convened pursuant to a resolution

adopted by the board of directors and (ii) at the time of such general meeting we qualify as a "foreign private issuer," the requisite quorum will consist of two or more shareholders present in person or by proxy who hold or represent at least 25% of the total outstanding voting power of our shares. The requisite quorum may be present within half an hour of the time fixed for the commencement of the general meeting. A general meeting adjourned for lack of a quorum shall be adjourned either to the same day in the next week, at the same time and place, to such day and at such time and place as indicated in the notice to such meeting, or to such day and at such time and place as the chairperson of the meeting shall determine. At the reconvened meeting, any number of shareholders present in person or by proxy shall constitute a quorum, unless a meeting was called pursuant to a request by our shareholders, in which case the quorum required is one or more shareholders, present in person or by proxy and holding the number of shares required to call the meeting as described under *"Description of Taboola Ordinary Shares—Shareholder Meetings."*

Vote Requirements

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

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

Access to Corporate Records

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

Anti-Takeover Provisions

Acquisitions under Israeli Law

Full Tender Offer

A person wishing to acquire shares of a public Israeli company who would, as a result, hold over 90% of the target company's voting rights or the target company's issued and outstanding share capital (or of a class thereof), is required by the Companies Law to make a tender offer to all of the company's shareholders for the purchase of all of the issued and outstanding shares of the company (or the applicable class). If (a) the shareholders who do not accept the offer hold less than 5% of the issued and outstanding share capital of the company (or the applicable class)

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

Special Tender Offer

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

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

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

In the event that a special tender offer is accepted, then the purchaser or any person or entity controlling it or under common control with the purchaser or such controlling person or entity at the time of the offer may not make a subsequent tender offer for the purchase of shares of the target company and may not enter into a merger with the target company for a period of one year from the date of the offer, unless the purchaser or such person or entity

undertook to effect such an offer or merger in the initial special tender offer. Shares purchased in contradiction to the special tender offer rules under the Companies Law will have no rights and will become dormant shares.

Merger

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

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

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

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

Anti-Takeover Measures

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

Borrowing Powers

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

Changes in Capital

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

Exclusive Forum

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

Transfer Agent and Registrar

The transfer agent and registrar for Taboola Ordinary Shares is Broadridge Corporate Issuer Solutions, Inc. Its address is 51 Mercedes Way, Edgewood, NY 11717, and its telephone number is .

Description of Taboola Warrants

Public Warrants

Each whole warrant entitles the registered holder to purchase one ordinary share of Taboola at a price of $11.50 per share, subject to adjustment as discussed below, at any time, provided in each case that there is an effective registration statement under the Securities Act covering the Taboola Ordinary Shares issuable upon exercise of the warrants and a current prospectus relating to them is available (or Taboola permits holders to exercise their warrants on a cashless basis under the circumstances specified in the warrant assignment, assumption and amendment agreement) and such shares are registered, qualified or exempt from registration under the securities, or blue sky, laws of the state of residence of the holder. Pursuant to the warrant assignment, assumption and amendment agreement, a warrant holder may exercise its warrants only for a whole number of Taboola Ordinary Shares. This means only a whole warrant may be exercised at a given time by a warrant holder. No fractional warrants will be issued upon separation of the units and only whole warrants will trade. The warrants (other than the warrants held by ION Co-Investment LLC, which will expire five years from October 1, 2021) will expire June 29, 2026 or earlier upon redemption or liquidation. The warrants are not exercisable until 30 days following the closing of the Business Combination.

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

Taboola has agreed that the ordinary shares issuable upon exercise of the warrants will be registered on a registration statement on Form F-1. Taboola will use its best efforts to cause the same to be filed 30 days after the closing of the Business Combination and become effective and to maintain the effectiveness of such registration statement, and a current prospectus relating thereto, until the expiration of the warrants in accordance with the provisions of the warrant assignment, assumption and amendment agreement. If a registration statement covering the ordinary shares issuable upon exercise of the warrants is not effective by the sixtieth (60th) business day after the closing of the Business Combination, warrant holders may, until such time as there is an effective registration statement and during any period when Taboola will have failed to maintain an effective registration statement, exercise warrants on a "cashless basis" in accordance with Section 3(a)(9) of the Securities Act or another exemption.

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

Redemption of warrants when the price per Taboola ordinary share equals or exceeds $18.00. Once the warrants become exercisable, Taboola may redeem the outstanding warrants (except as described herein with respect to the private placement warrants):

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

If and when the warrants become redeemable by Taboola, Taboola may exercise its redemption right even if it is unable to register or qualify the underlying securities for sale under all applicable state securities laws.

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

Redemption of warrants when the price per Taboola ordinary share equals or exceeds $10.00. Once the warrants become exercisable, Taboola may redeem the outstanding warrants (except as described herein with respect to the private placement warrants):

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

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

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

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

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

The exact fair market value and redemption date may not be set forth in the table above, in which case, if the fair market value is between two values in the table or the redemption date is between two redemption dates in the table, the number of Taboola Ordinary Shares to be issued for each warrant exercised will be determined by a straight-line interpolation between the number of shares set forth for the higher and lower fair market values and the earlier and later redemption dates, as applicable, based on a 365 or 366-day year, as applicable. For example, if the volume weighted average price of Taboola Ordinary Shares during the 10 trading days immediately following the date on which the notice of redemption is sent to the holders of the warrants is $11.00 per share, and at such time there are 57 months until the expiration of the warrants, holders may choose to, in connection with this redemption feature, exercise their warrants for 0.277 Taboola Ordinary Shares for each whole warrant. For an example where the exact fair market value and redemption date are not as set forth in the table above, if the volume-weighted average price of Taboola Ordinary Shares during the 10 trading days immediately following the date on which the notice of redemption is sent to the holders of the warrants is $13.50 per share, and at such time there are 38 months until the expiration of the warrants, holders may choose to, in connection with this redemption feature, exercise their warrants for 0.298 Taboola Ordinary Shares for each whole warrant. In no event will the warrants be exercisable on a cashless basis in connection with this redemption feature for more than 0.361 Taboola Ordinary Shares per warrant (subject to adjustment). Finally, as reflected in the table above, if the warrants are out of the money and about to expire, they cannot be exercised on a cashless basis in connection with a redemption by Taboola pursuant to this redemption feature, since they will not be exercisable for any Taboola Ordinary Shares.

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

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

Redemption Procedures

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

Anti-dilution Adjustments

If the number of outstanding Taboola Ordinary Shares is increased by a share capitalization payable in Taboola Ordinary Shares, or by a sub-division of ordinary shares or other similar event, then, on the effective date of such share capitalization, sub-division or similar event, the number of Taboola Ordinary Shares issuable on exercise of each warrant will be increased in proportion to such increase in the outstanding ordinary shares. A rights offering made to all or substantially all holders of ordinary shares entitling holders to purchase Taboola Ordinary Shares at a price less than the fair market value will be deemed a share capitalization of a number of Taboola Ordinary Shares equal to the product of (i) the number of Taboola Ordinary Shares actually sold in such rights offering (or issuable under any other equity securities sold in such rights offering that are convertible into or exercisable for Taboola Ordinary Shares) and (ii) the quotient of (x) the price per Taboola ordinary share paid in such rights offering and (y) the fair market value. For these purposes (i) if the rights offering is for securities convertible into or exercisable

for Taboola Ordinary Shares, in determining the price payable for Taboola Ordinary Shares, there will be taken into account any consideration received for such rights, as well as any additional amount payable upon exercise or conversion and (ii) fair market value means the volume weighted average price of Taboola Ordinary Shares as reported during the 10 trading day period ending on the trading day prior to the first date on which the Taboola Ordinary Shares trade on the applicable exchange or in the applicable market, regular way, without the right to receive such rights.

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

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

After the Effective Time, whenever the number of Taboola Ordinary Shares purchasable upon the exercise of the warrants is adjusted, as described above, the warrant exercise price will be adjusted by multiplying the warrant exercise price immediately prior to such adjustment by a fraction (x) the numerator of which will be the number of Taboola Ordinary Shares purchasable upon the exercise of the warrants immediately prior to such adjustment, and (y) the denominator of which will be the number of Taboola Ordinary Shares so purchasable immediately thereafter.

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

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

public warrants is required to make any change that adversely affects the interests of the registered holders of public warrants, and, solely with respect to any amendment to the terms of the private placement warrants, 50% of the then outstanding private placement warrants. You should review a copy of the warrant assignment, assumption and amendment agreement for a complete description of the terms and conditions applicable to the warrants.

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

Private Placement Warrants

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

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

BENEFICIAL OWNERSHIP OF SECURITIES

The following table sets forth information regarding the beneficial ownership of our ordinary shares by:

- each person who is, or is expected to be, the beneficial owner of more than 5% of the outstanding shares of any series of our voting ordinary shares;
- each of our current executive officers and directors;
- ll executive officers and directors of the Company, as a group, upon the closing of the Business Combination.

The beneficial ownership of ordinary shares of the Company is based on 210,891,354 ordinary shares issued and outstanding as of June 30, 2021.

Beneficial ownership is determined according to the rules of the SEC, which generally provide that a person has beneficial ownership of a security if he, she or it possesses sole or shared voting or investment power over that security, including options and warrants that are currently exercisable or exercisable within sixty (60) days.

Unless otherwise indicated, we believe that all persons named in the table have sole voting and investment power with respect to all of our ordinary shares beneficially owned by them.

	Number of Shares Beneficially Owned	Percentage of Outstanding Shares
5% Holders:		
Evergreen(1)	24,275,381	11.5%
Marker(2)	15,044,534	7.1%
Pitango(3)	12,387,648	5.9 %
Name and Address of Beneficial Owners Executive Officers and Directors		
Adam Singolda(4)	14,095,627	6.7%
Eldad Maniv(5)	11,091,753	5.3%
Lior Golan(6)	6,787,156	3.2%
Stephen Walker*	—	—
Kristy Sundjaja*	—	—
Zvi Limon	2,580,993	1.2%
Erez Shachar(7)	24,275,381	11.5%
Nechemia J. Peres(8)	12,387,648	5.9 %
Richard Scanlon(9)	15,044,534	7.1%
Gilad Shany*	—	—
All Executive Officers and Directors as a Group	87,346,063	38.6%

* Less than 1%.

(1) Consists of 21,822,632 ordinary shares held by Evergreen V, L.P and 2,452,749 ordinary shares held by Evergreen VA, L.P (the “Evergreen Entities”). Evergreen 5 G.P. Ltd. is the General Partner of the General Partner of the Evergreen Entities. Erez Shachar, Boaz Dinte, Amichai Hammer, Adi Gan and Ronit Bendori are the principals of Evergreen Venture Partners Ltd., the sole shareholder of Evergreen 5 GP Ltd., and hold the voting and dispositive power for the Evergreen Entities. Investment and voting decisions with respect to the shares held by the Evergreen Entities are made by the principals of Evergreen Venture Partners Ltd. The address for Evergreen V, L.P and Evergreen VA, L.P. is Museum Building, 7th Floor; 4 Berkovich St.; Tel Aviv 6133002, Israel.

(2) Consists of 9,863,188 ordinary shares held by Marker Lantern II Ltd., 3,416,534 ordinary shares held by Marker TA Investments Ltd., 1,254,300 ordinary shares held by Marker II LP. Taboola Series E LP, and 510,512 ordinary shares held by Marker Follow-On Fund, LP. The address for Marker Lantern II Ltd., Marker TA Investments Ltd., Marker II LP. Taboola Series E LP and Marker Follow-On Fund, LP is 110 E 59th St. 28th Floor, New York, NY 10022.

(3) Consists of 10,746,734 ordinary shares held by Pitango Venture Capital Fund VI L.P. (the “Pitango Entities”). Pitango V.C. Fund VI, L.P. is the General Partner of the Pitango Entities and Pitango GP Capital Holdings Ltd. is the General Partner of the General Partner of the Pitango Entities. Messrs. Zeev Binman, Aaron Mankovski, Isaac Hillel, Nechemia (Chemi) Peres and Rami Kalish are the managing partners of Pitango GP Capital Holdings Ltd. and hold the voting and dispositive power for the Pitango Entities. Investment and voting decisions with respect to the shares held by the Pitango Entities are made by the managing partners of Pitango GP Capital Holdings Ltd. 1,384,470 ordinary shares held by Pitango Venture Capital Fund VIA, L.P and 256,444 ordinary shares held by Pitango Venture Capital Principals Fund VI L.P, The address for Pitango Venture Capital Fund VI L.P, Pitango Venture Capital Fund VIA, L.P and Pitango Venture Capital Principals Fund VI L.P is 11 HaMenofim St. Bldg. B Herzliya 4672562, Israel.

(4) Consists of 5,267,827 ordinary shares and 8,827,800 ordinary shares underlying vested restricted stock units or options to acquire ordinary shares exercisable with 60 days of June 30, 2021.

(5) Consists of 2,786,755 ordinary shares and 8,304,998 ordinary shares underlying vested restricted stock units or options to acquire ordinary shares exercisable with 60 days of June 30, 2021.

(6) Consists of 133,118 ordinary shares and 6,654,038 ordinary shares underlying vested restricted stock units or options to acquire ordinary shares exercisable with 60 days of June 30, 2021.

(7) Erez Shachar is a Managing Partner of Evergreen Venture Partners and may be deemed to share voting and dispositive power of the shares held by the Evergreen entities described above. Mr. Shahchar otherwise disclaims beneficial ownership over the shares beneficially owned by the Evergreen entities described above.

(8) Nechemia J. Peres is a Managing Partner and Co-Founder of Pitango Venture Capital and may be deemed to share voting and dispositive power of the shares held by the Pitango entities described above. Mr. Peres otherwise disclaims beneficial ownership over the shares beneficially owned by the Pitango entities described above.

(9) Richard Scanlon is a Managing Partner and Founder of Marker LLC and exercises voting and dispositive power of the shares held by the Marker entities described above. Mr. Scanlon otherwise disclaims beneficial ownership over the shares beneficially owned by the Marker entities described above.

TABOOLA ORDINARY SHARES ELIGIBLE FOR FUTURE SALE

Taboola has 700,000,000 ordinary shares authorized and 210,891,354 ordinary shares issued and outstanding. All of Taboola's Ordinary Shares issued in connection with the Business Combination are freely transferable by persons other than by Taboola's "affiliates" without restriction or further registration under the Securities Act, except 6,468,750 Taboola Ordinary Shares issued to the Sponsors, which are subject to the lock-up described below, and the PIPE Shares and Secondary Shares. The remaining Taboola Ordinary Shares held by existing Taboola shareholders are subject to the lock-up restrictions described below. Taboola Warrants will become exercisable 30 days following the closing of the Business Combination and we expect the Taboola Ordinary Shares underlying such Taboola Warrants to be freely transferable upon such exercise. Sales of substantial amounts of Taboola's Ordinary Shares in the public market could adversely affect prevailing market prices of Taboola's Ordinary Shares.

Lock-up Periods and Registration Rights

IRA Lock-up

In connection with the Business Combination, each of Taboola, ION Holdings 1, LP and ION Co-Investment LLC (together with ION Holdings 1, LP, the "Sponsors"), and certain of Taboola's shareholders entered into an Amended and Restated Investors' Rights Agreement (the "IRA"), effective as of the consummation of the closing of the Business Combination on June 29, 2021 (the "Closing"). Pursuant to its terms, the IRA provides for the following lock-up periods: (a) the Taboola Ordinary Shares held by shareholders of Taboola prior to the Closing (excluding the PIPE Shares, Secondary Shares and publicly listed Taboola Ordinary Shares acquired after the Closing) and any Taboola Ordinary Shares issuable upon the exercise of Taboola Warrants and any other securities convertible or exercisable for Taboola Ordinary Shares held by security holders prior to the Closing are locked-up for one hundred eighty (180) calendar days following the Closing (except that any party to the IRA that is an employee or service provider of Taboola or one of its subsidiaries may sell Taboola Ordinary Shares to the extent permitted by Taboola's Articles of Association, (b) the Taboola Ordinary Shares held by the Sponsors after the Closing (other than the PIPE Shares, the Secondary Shares, any Taboola Ordinary Shares underlying Taboola Warrants issued in exchange for ION Warrants held by the Sponsors at the Closing and publicly listed Taboola Ordinary Shares acquired after the Closing) are locked-up until the earliest of (i) one (1) year from the Closing, (ii) the date on which the closing price of Taboola's Ordinary Shares equals or exceeds $12.00 per share for any twenty (20) trading days within any thirty (30) trading day period commencing at least one hundred fifty (150) calendar days following the Closing and (iii) the date on which Taboola completes a liquidation, merger, share exchange, reorganization or other similar transaction that results in all of Taboola's shareholders having the right to exchange their Taboola Ordinary Shares for cash, securities or other property and (c) with respect to the Taboola Warrants issued in exchange for ION Warrants at the Closing and any Taboola Ordinary Shares underlying such warrants that are held by the Sponsors are locked-up for thirty (30) calendar days following the Closing.

IRA Registration Rights

Subject to the lockup periods described above, certain shareholders are also entitled to registration rights pursuant to the terms of the IRA. Taboola has agreed to file a registration statement as soon as practicable upon a request from certain significant shareholders of Taboola to register the resale of certain registrable securities under the Securities Act (such request, a "demand registration"), subject to required notice provisions to other shareholders party thereto. Taboola has also agreed to provide customary "piggyback" registration rights with respect to any valid demand registration request. Subject to certain circumstances, Taboola is also required to file a resale shelf registration statement to register the resale under the Securities Act of such registrable securities. Finally, Taboola has agreed to file a resale shelf registration statement within thirty (30) calendar days after the Closing to register the resale of Taboola Warrants held by the Sponsors. The IRA provides that Taboola will pay certain expenses relating to such registrations and indemnify the securityholders against certain liabilities.

Articles of Association Lock-up

The Articles of Association provide that each shareholder of Taboola's Ordinary Shares immediately prior to Closing will not, unless Taboola consents in writing and subject to certain customary exceptions, be permitted to transfer or sell any Taboola Ordinary Shares owned by such shareholder for one hundred eighty (180) calendar days following the Closing, provided that shareholders who are employees or service providers of Taboola or its subsidiaries may transfer or sell up to 15%, in the aggregate, during the Lock-up period, of Taboola Ordinary Shares

held by or for the benefit of such shareholder as of February 28, 2021, calculated assuming the exercise of all outstanding options and vesting of all outstanding restricted stock units, less any Secondary Shares transfered by such shareholder pursuant to the Secondary Share Purchase Agreements.

PIPE Resale Shelf

Pursuant to the Subscription Agreements relating to the PIPE, Taboola has agreed that, within thirty (30) calendar days after the consummation of the Business Combination, it will file with the SEC (at Taboola's sole cost and expense) a registration statement registering the resale of the PIPE Shares (the "Resale Registration Statement"), and Taboola will use its commercially reasonable efforts to have the Resale Registration Statement declared effective as soon as practicable after the filing thereof, subject to certain conditions.

Rule 144

Pursuant to Rule 144 under the Securities Act ("Rule 144"), a person who has beneficially owned restricted Taboola Ordinary Shares for at least six months would, subject to the restrictions noted in the section below, be entitled to sell their securities provided that (i) such person is not deemed to have been an affiliate of Taboola at the time of, or at any time during the three months preceding, a sale and (ii) Taboola has been subject to the Exchange Act periodic reporting requirements for at least three months before the sale and has filed all required reports under Section 13 or 15(d) of the Exchange Act during the twelve months (or such shorter period as Taboola was required to file reports) preceding the sale.

Persons who have beneficially owned restricted Taboola Ordinary Shares for at least six months but who are affiliates of Taboola at the time of, or at any time during the three months preceding, a sale, would be subject to additional restrictions, by which such person would be entitled to sell within any three-month period only a number of securities that does not exceed the greater of:

- 1% of the total number of Taboola's Ordinary Shares then outstanding; or
- the average weekly reported trading volume of the Taboola Ordinary Shares during the four calendar weeks preceding the filing of a notice on Form 144 with respect to the sale.

Sales by affiliates of Taboola under Rule 144 are also limited by manner of sale provisions and notice requirements and to the availability of current public information about Taboola.

SELLING STOCKHOLDERS

On June 29, 2021, we consummated the Business Combination.

The Selling Securityholders may offer and sell, from time to time, any or all of the ordinary shares or warrants being offered for resale by this prospectus.

In addition, this prospectus relates to the offer and sale of up to 5,175,000 ordinary shares that are issuable by us upon the exercise of the Public Warrants, which were previously registered.

The term "Selling Securityholders" includes the securityholders listed in the table below and their permitted transferees.

The table below provides, as of the date of this prospectus, information regarding the beneficial ownership of our ordinary shares and warrants of each Selling Securityholder, the number of ordinary shares and number of warrants that may be sold by each Selling Securityholder under this prospectus and that each Selling Securityholder will beneficially own after this offering. We have based percentage ownership on 210,891,354 ordinary shares outstanding as of June 30, 2021.

Because each Selling Securityholder may dispose of all, none or some portion of their securities, no estimate can be given as to the number of securities that will be beneficially owned by a Selling Securityholder upon termination of this offering. For purposes of the table below, however, we have assumed that after termination of this offering none of the securities covered by this prospectus will be beneficially owned by the Selling Securityholder and further assumed that the Selling Securityholders will not acquire beneficial ownership of any additional securities during the offering. In addition, the Selling Securityholders may have sold, transferred or otherwise disposed of, or may sell, transfer or otherwise dispose of, at any time and from time to time, our securities in transactions exempt from the registration requirements of the Securities Act after the date on which the information in the table is presented.

	Ordinary Shares				Warrants to Purchase Ordinary Shares			
Name	Number Beneficially Owned Prior to Offering	Number Registered for Sale Hereby	Number Beneficially Owned After Offering	Percent Owned After Offering	Number Beneficially Owned Prior to Offering	Number Registered for Sale Hereby	Number Beneficially Owned After Offering	Percent Owned After Offering
Alberta Investment Management Corporation (AIMCo)[1]	250,000	250,000	—	—	—	—	—	—
Alyeska Master Fund, L.P. [2]	725,000	725,000	—	—	—	—	—	—
Amicle Capital LLC[3]	150,000	150,000	—	—	—	—	—	—
Anfield LTD.[4]	200,000	200,000	—	—	—	—	—	—
Arena Capital Fund, LP – Series 3[5]	75,000	75,000	—	—	—	—	—	—
Arena Capital Fund, LP – Series 4[6]	75,000	75,000	—	—	—	—	—	—
Arena Capital Fund, LP – Series 5[7]	75,000	75,000	—	—	—	—	—	—
Arena Capital Fund, LP – Series 6[8]	75,000	75,000	—	—	—	—	—	—
Arena Capital Fund, LP – Series 9[9]	200,000	200,000	—	—	—	—	—	—
Atreides Foundation Master Fund LP[10]	725,000	725,000	—	—	—	—	—	—
Baron Global Advantage Fund[11]	1,326,490	1,326,490	—	—	—	—	—	—
Baron International Growth Fund[12]	229,509	229,509	—	—	—	—	—	—
Baron Opportunity Fund[13]	444,001	444,001	—	—	—	—	—	—
BlackRock Capital Allocation Trust[14]	76,200	76,200	—	—	—	—	—	—
BlackRock Global Allocation Fund, Inc.[15]	837,100	837,100	—	—	—	—	—	—

Name	Ordinary Shares				Warrants to Purchase Ordinary Shares			
	Number Beneficially Owned Prior to Offering	Number Registered for Sale Hereby	Number Beneficially Owned After Offering	Percent Owned After Offering	Number Beneficially Owned Prior to Offering	Number Registered for Sale Hereby	Number Beneficially Owned After Offering	Percent Owned After Offering
BlackRock Global Allocation Portfolio of BlackRock Series Fund, Inc.[16]	6,600	6,600	—	—	—	—	—	—
BlackRock Global Allocation V.I. Fund of BlackRock Variable Series Funds, Inc. [17]	280,100	280,100	—	—	—	—	—	—
BlackRock Global Long/Short Credit Fund of BlackRock Funds IV[18]	20,700	20,700	—	—	—	—	—	—
BlackRock Strategic Income Opportunities Portfolio of BlackRock Funds V[19]	506,559	506,559	—	—	—	—	—	—
Clal Insurance Company LTD[20]	500,000	500,000	—	—	—	—	—	—
D.E. Shaw Oculus Portfolios, L.L.C.[21]	87,500	87,500	—	—	—	—	—	—
D.E. Shaw Valence Portfolios, L.L.C.[22]	262,500	262,500	—	—	—	—	—	—
Destra Investments LP[23]	200,000	200,000	—	—	—	—	—	—
Exor Seeds, LP[24]	500,000	500,000	—	—	—	—	—	—
Federated Global Investment Management Corp.[25]	1,200,000	1,200,000	—	—	—	—	—	—
FLAPPER CO fbo FIAM Target Date Blue Chip Growth Commingled Pool [26]	59,205	59,205	—	—	—	—	—	—
Mag & Co fbo Fidelity Blue Chip Growth Commingled Pool[27]	25,717	25,717	—	—	—	—	—	—
THISBE & Co: FBO Fidelity Blue Chip Growth Institutional Trust[28]	2,044	2,044	—	—	—	—	—	—
Mag & Co fbo Fidelity Growth Company Commingled Pool[29]	1,000,000	1,000,000	—	—	—	—	—	—
Powhatan & Co., LLC fbo Fidelity Mt. Vernon Street Trust : Fidelity Growth Company K6 Fund[30]	500,000	500,000	—	—	—	—	—	—
Mag & Co fbo Fidelity Securities Fund: Fidelity Blue Chip Growth Fund[31]	741,714	741,714	—	—	—	—	—	—
Booth & Co FBO Fidelity Securities Fund: Fidelity Blue Chip Growth K6 Fund[32]	81,357	81,357	—	—	—	—	—	—
Booth & Co fbo Fidelity Securities Fund: Fidelity Flex Large Cap Growth Fund[33]	1,475	1,475	—	—	—	—	—	—
WAVECHART + CO fbo Fidelity Securities Fund: Fidelity Series Blue Chip Growth Fund[34]	88,488	88,488	—	—	—	—	—	—
Ghisallo Master Fund LP (Key Square)[35]	350,000	350,000	—	—	—	—	—	—
Hachshara Insurance Company LTD[36]	200,000	200,000	—	—	—	—	—	—
Halman Aldubi Provident and Pension Funds LTD [37]	300,000	300,000	—	—	—	—	—	—
Hedosophia Public Investments Limited[38]	2,000,000	2,000,000	—	—	—	—	—	—
Integrated Core Strategies (US) LLC (Millennium) [39]	350,000	350,000	—	—	—	—	—	—
ION Israel Fund Ltd[40]	1,084,600	1,084,600	—	—	—	—	—	—

Name	Ordinary Shares				Warrants to Purchase Ordinary Shares			
	Number Beneficially Owned Prior to Offering	Number Registered for Sale Hereby	Number Beneficially Owned After Offering	Percent Owned After Offering	Number Beneficially Owned Prior to Offering	Number Registered for Sale Hereby	Number Beneficially Owned After Offering	Percent Owned After Offering
ION Crossover Partners L.P. (41)	900,000	900,000	—	—	—	—	—	—
ION Holdings 1, LP(42)	—	—	—	—	5,780,000	5,780,000	—	—
Laurion Capital Master Fund Ltd. (43)	200,000	200,000	—	—	—	—	—	—
Master Total Return Portfolio of Master Bond LLC(44)	272,741	272,741	—	—	—	—	—	—
Meitav DS Provident Funds and Pension Ltd(45)	300,000	300,000	—	—	—	—	—	—
Menora Mivtachim Insurance Ltd. (46)	104,000	104,000	—	—	—	—	—	—
Menora Mivtachim Pensions and Gemel Ltd.(47)	688,000	688,000	—	—	—	—	—	—
Menora Mivtachim Vehistradrut Hamehandesim Nihul Kupot Gemel Ltd.(48)	8,000	8,000	—	—	—	—	—	—
Migdal sal- domestic equities(49)	500,000	500,000	—	—	—	—	—	—
Millais Limited (BlueCrest) (50)	200,000	200,000	—	—	—	—	—	—
MMF LT, LLC (Moore)(51)	350,000	350,000	—	—	—	—	—	—
More Provident Funds LTD (52)	300,000	300,000	—	—	—	—	—	—
MYDA Advantage, LP(53)	50,000	50,000	—	—	—	—	—	—
MYDA SPAC Select, LP (54)	50,000	50,000	—	—	—	—	—	—
Nineteen77 Global Merger Arbitrage Master Limited(55)	161,525	161,525	—	—	—	—	—	—
Nineteen77 Global Merger Arbitrage Opportunity Fund(56)	26,950	26,950	—	—	—	—	—	—
Nineteen77 Global Multi-Strategy Alpha Master Limited(57)	161,525	161,525	—	—	—	—	—	—
Noked Bonds LP(58)	14,000	14,000	—	—	—	—	—	—
Noked Equity LP(59)	32,000	32,000	—	—	—	—	—	—
Noked Long LP(60)	16,000	16,000	—	—	—	—	—	—
Noked Opportunity LP(61)	38,000	38,000	—	—	—	—	—	—
Psagot Provident Funds and Pension LTD(62)	500,000	500,000	—	—	—	—	—	—
Senvest Master Fund, LP(63)	400,000	400,000	—	—	—	—	—	—
Senvest Technology Partners Master Fund, LP(64)	100,000	100,000	—	—	—	—	—	—
Shalom Meckenzie(65)	1,000,000	1,000,000	—	—	—	—	—	—
Shotfut Menayot Chool Phoenix Amitim(66)	2,160,000	2,160,000	—	—	—	—	—	—
Suvretta Capital Management, LLC(67)	350,000	350,000	—	—	—	—	—	—
Sycomore Allocation Patrimoine(68)	150,000	150,000	—	—	—	—	—	—
Sycomore L/S Opportunities(69)	350,000	350,000	—	—	—	—	—	—
The Phoenix Insurance Company Ltd(70)	540,000	540,000	—	—	—	—	—	—
TOMS Capital Investments LLC(71)	1,500,000	1,500,000	—	—	—	—	—	—
Ulysses Partners L.P.(72)	468,944	468,944	—	—	—	—	—	—
ION Tech Fund LP(73)	150,800	150,800	—	—	—	—	—	—
Norges Bank Investment Management (NBIM)(74)	1,084,600	1,084,600	—	—	—	—	—	—
ION Co-Investment LLC(76)	—	—	—	—	1,395,000	1,395,000	—	—

(1) The address of Alberta Investment Management Corporation (AIMCo) is 1600-10250, 101 St. Edmonton, Alberta NWT5J3P4, Canada
(2) The address of Alyeska Master Fund, L.P. is 77 W. Wacker, Suite 700, Chicago, IL 60601
(3) The address of Amicle Capital LLC is 230 Mason Street, Greenwich, CT 06830
(4) The address of Anfield LTD. is 5 Badner St., Ramat Gan 5254223, Israel
(5) The address of Arena Capital Fund, LP – Series 3 is 12121 Wilshire Blvd., Los Angeles, CA 90025
(6) The address of Arena Capital Fund, LP – Series 4 is 12121 Wilshire Blvd., Los Angeles, CA 90025
(7) The address of Arena Capital Fund, LP – Series 5 is 12121 Wilshire Blvd., Los Angeles, CA 90025
(8) The address of Arena Capital Fund, LP – Series 6 is 12121 Wilshire Blvd., Los Angeles, CA 90025
(9) The address of Arena Capital Fund, LP – Series 9 is 12121 Wilshire Blvd., Los Angeles, CA 90025
(10) The address of Atreides Foundation Master Fund LP is One International Place, Suite 44100, Boston, MA 02110
(11) The address of Baron Global Advantage Fund is 767 Fifth Avenue, 48th Fl, New York, NY 10153
(12) The address of Baron International Growth Fund is 767 Fifth Avenue, 48th Fl, New York, NY 10153
(13) The address of Baron Opportunity Fund is 767 Fifth Avenue, 48th Fl, New York, NY 10153
(14) The address of BlackRock Capital Allocation Trust is 55 East 52nd Street, New York, NY 10055
(15) The address of BlackRock Global Allocation Fund, Inc. is 55 East 52nd Street, New York, NY 10055
(16) The address of BlackRock Global Allocation Portfolio of BlackRock Series Fund, Inc. is 55 East 52nd Street, New York, NY 10055
(17) The address of BlackRock Global Allocation V.I. Fund of BlackRock Variable Series Funds, Inc. is 55 East 52nd Street, New York, NY 10055
(18) The address of BlackRock Global Long/Short Credit Fund of BlackRock Funds IV is 55 East 52nd Street, New York, NY 10055
(19) The address of BlackRock Strategic Income Opportunities Portfolio of Funds V is 55 East 52nd Street, New York, NY 10055
(20) The address of Clal Insurance Company LTD is 36 Raul Wellenberg St., Tel Aviv, Israel
(21) The address of D.E. Shaw Oculus Portfolios, L.L.C. is 1166 Avenue of the Americas, 9th Floor, New York, NY 10036
(22) The address of D.E. Shaw Valence Portfolios, L.L.C. is 1166 Avenue of the Americas, 9th Floor, New York, NY 10036
(23) The address of Destra Investments LP is St. Julian’s Court, Guernsey GY1 6AX
(24) The address of Exor Seeds, L.P. is 767 Fifth Avenue, Floor 12A, New York, NY 10153
(25) The address of Federated Global Investment Management Corp. is 4000 Ericson Drive, Warrendale, PA 15086
(26) The address of FIAM Target Date Blue Chip Growth Commingled Pool is PO Box 5756, Boston, MA 02206
(27) The address of Fidelity Blue Chip Growth Commingled Pool is 140 Broadway, New York, NY 10005
(28) The address of Fidelity Blue Chip Growth Institutional Trust is PO Box 5756, Boston, MA 02206
(29) The address of Fidelity Growth Company Commingled Pool is 140 Broadway, New York, NY 10005
(30) The address of Fidelity Mt. Vernon Street Trust: Fidelity Growth Company K6 Fund is 500 Grant Street, AIM 151-2700, Pittsburgh, PA 15258
(31) The address of Fidelity Blue Chip Growth Fund is P.O. Box 35308, Newark, NJ 07101
(32) The address of Fidelity Blue Chip Growth K6 Fund is 333 South Wabash Ave, 32nd Floor, Chicago, IL 60604
(33) The address of Fidelity Flex Large Cap Growth Fund is 333 South Wabash Ave, 32nd Floor, Chicago, IL 60604
(34) The address of Fidelity Series Blue Chip Growth Fund is PO Box 5756, Boston, MA 02206
(35) The address of Ghisallo Master Fund LP (Key Square) is Grand Cayman, CI KY1-9008, Grand Cayman KY1-1107
(36) The address of Hachshara Insurance Company LTD is Hamelacha 6, Holon, Israel
(37) The address of Halman Aldubi Provident and Pension Funds Ltd. is 26 Harokmimst, Building D, Azrieli Center, Holon, Israel
(38) The address of Hedosophia Public Investments Limited is St. Peter Port, Guernsey GY 1 2QJ
(39) The address of Integrated Core Strategies (US) LLC (Millenium) is 666 Fifth Avenue, 8th Floor, New York, NY 10103
(40) The address of ION Israel Fund Ltd is 89 Medinat Hayehudim St., Herzeliya, Israel
(41) The address of ION Crossover Partners is 89 Medinat Hayehudim St., Herzeliya, Israel
(42) The address of ION Holdings 1, LP is 89 Medinat Hayehudim St., Herzeliya, Israel
(43) The address of Laurion Capital Master Fund Ltd. is 360 Madison Ave., Suite 1900, New York, NY 10017
(44) The address of Master Total Return Portfolio of Master Bond LLC is 55 East 52nd Street, New York, NY 10055
(45) The address of Meitav DS Provident Funds and Pension Ltd is 30 Sheshet Hayamim Rd, Champion Tower, Bnei Brak, Israel
(46) The address of Menora Mivtachim Insurance Ltd. is 23 Jabotinsky, Ramat Gan, Israel
(47) The address of Menora Mivtachim Pensions and Gemel Ltd. is 23 Jabotinsky, Ramat Gan, Israel
(48) The address of Menora Mivtachim Vehistradrut Hamehandesim Nihul Kupot Gemel Ltd. is 23 Jabotinsky, Ramat Gan, Israel
(49) The address of Migdal sal- domestic equities is Efal 4, Petach Tikva, Israel
(50) The address of Millais Limited (BlueCrest)is 767 5th Avenue, 9th Floor, New York,, NY 10153
(51) The address of MMF LT, LLC (Moore) is 11 Times Square, New York, NY 10036
(52) The address of More Provident Funds LTD is 2 Ben Gurion, Ramat Gan, Israel
(53) The address of MYDA Advantage, LP is 45 Bayview Avenue, Inwood, NY 11096

(54) The address of MYDA SPAC Select, LP is 46 Bayview Avenue, Inwood, NY 11097

(55) The address of Nineteen77 Global Merger Arbitrage Master Limited is UBS O'Connor LLC, One N. Wacker Drive, 31st Floor, Chicago, IL 60606

(56) The address of Nineteen77 Global Merger Arbitrage Opportunity Fund is UBS O'Connor LLC, One N. Wacker Drive, 31st Floor, Chicago, IL 60606

(57) The address of Nineteen77 Global Multi-Strategy Alpha is One N. Wacker Drive, 31st Floor, Chicago, IL 60606

(58) The address of Noked Bonds LP is 30 Haarba'a St., Tel Aviv, Israel

(59) The address of Noked Equity LP is 30 Haarba'a St., Tel Aviv, Israel

(60) The address of Noked Long LP is 30 Haarba'a St., Tel Aviv, Israel

(61) The address of Noked Opportunity LP is 30 Haarba'a St., Tel Aviv, Israel

(62) The address of Psagot Provident Funds and Pension LTD is 12 Ehad Ha'am St., Tel Aviv, Israel

(63) The address of Senvest Master Fund, LP is 540 Madison Ave. 32nd Floor, New York, NY 10022

(64) The address of Senvest Technology Partners Master Fund, LP is 540 Madison Ave. 32nd Floor, New York, NY 10022

(65) The address of Shalom Meckenzie is Hasikma 67, Savyon, Israel

(66) The address of Shotfut Menayot Chool Phoenix Amitim is Derech Hashalom 53, Givatayim 5345433, Israel

(67) The address of Suvretta Capital Management, LLC is 540 Madison Avenue, 7th Floor, New York, NY 10022

(68) The address of Sycomore Allocation Patrimoine is 14 Avenue Hoche, 75008 Paris, France

(69) The address of Sycomore L/S Opportunitiesis 14 Avenue Hoche, 75008 Paris, France

(70) The address of The Phoenix Insurance Company Ltd is Derech Hashalom 53, Givatayim 5345433, Israel

(71) The address of Toms Capital Investments LLC is 450 West 14th St., New York, NY 10014

(72) The address of Ulysses Partners L.P. is 1 Rockefeller Plaza, 20th Floor, New York, NY 10020

(73) The address of ION Tech Fund LP is 89 Medinat Hayehudim St., Herzeliya, Israel

(74) The address of Norges Bank Investment Management (NBIM) is 89 Medinat Hayehudim St., Herzeliya, Israel

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

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

The following is a summary of transactions since January 1, 2020 to which we and ION have been a participant.

Certain Relationships and Related Person Transactions—ION

Founder Shares

During the period ended August 13, 2020, the Sponsors and directors of ION paid $25,000 to cover certain offering and formation costs of ION in consideration for 5,750,000 Class B Ordinary Shares (the "Founder Shares"). On October 1, 2020, ION effected a share capitalization of 718,750 shares and, as a result, there were 6,468,750 Class B Ordinary Shares issued and outstanding prior to the Business Combination. The Founder Shares included an aggregate of up to 843,750 shares that were subject to forfeiture depending on the extent to which the underwriters' over-allotment option was exercised, so that the number of Founder Shares would equal, on an as-converted basis, approximately 20% of ION's issued and outstanding ordinary shares after the IPO. As a result of the underwriters' election to fully exercise their over-allotment option, 843,750 Founder Shares were no longer subject to forfeiture.

The Sponsors and directors of ION agreed, subject to limited exceptions, not to transfer, assign or sell any of their Founder Shares until the earliest of: (A) one year after the completion of the Business Combination and (B) subsequent to the Business Combination, (x) if the closing price of the ordinary shares equals or exceeds $12.00 per share (as adjusted for share splits, share dividends, rights issuances, subdivisions, reorganizations, recapitalizations and the like) for any 20 trading days within any 30-trading day period commencing at least 150 days after the Business Combination, or (y) the date on which ION completes a liquidation, merger, share exchange or other similar transaction that results in all of the shareholders having the right to exchange their ordinary shares for cash, securities or other property.

Advance from Related Party

Subsequent to September 30, 2020, the ION Sponsor paid for certain offering costs in the amount of $325,000 on behalf of ION in connection with the IPO. As of December 31, 2020, advances amounting to $325,000 were repaid.

Related Party Promissory Note

On August 12, 2020, ION issued an unsecured promissory note (the "Promissory Note") to the ION Sponsor, pursuant to which ION could borrow up to an aggregate principal amount of $300,000. The Promissory Note was non-interest bearing and payable on the earlier of (i) December 31, 2020 and (ii) the completion of the IPO. The Promissory Note has been repaid in full.

Administrative Services Agreement

ION entered into an agreement, commencing on October 2, 2020, to pay the Sponsor up to $10,000 per month for office space, utilities, administrative services and remote support services. Upon completion of the Business Combination, ION ceased paying these monthly fees.

Certain Relationships and Related Person Transactions—Taboola

For a description of the procedures governing the approval of related party transactions, see "Management—Approval of Related Party Transactions under Israeli Law."

Investors' Rights Agreement

In connection with the Business Combination, each of Taboola, ION Holdings 1, LP and ION Co-Investment LLC (together with ION Holdings 1, LP, the "Sponsors"), and certain of Taboola's shareholders entered into an Amended and Restated Investors' Rights Agreement (the "Investors' Rights Agreement"), effective as of the consummation of the closing of the Business Combination on June 29, 2021 (the "Closing"), pursuant to which Taboola agreed to file a registration statement as soon as practicable upon a request from certain significant shareholders of Taboola to register the resale of certain registrable securities under the Securities Act, subject to required notice provisions to other shareholders party thereto. Taboola also agreed to provide customary "piggyback" registration rights with respect to such registrable securities and, subject to certain circumstances, Taboola is required to file a resale shelf registration statement to register the resale under the Securities Act of such registrable securities.

Taboola also agreed to file a resale shelf registration statement within thirty (30) days of the Closing to register the resale of Taboola Warrants held by the Sponsors. The Investors' Rights Agreement provides that Taboola will pay certain expenses relating to such registrations and indemnify the securityholders against certain liabilities.

Loans Granted to Members of the Board of Directors or Executive Management

As of the date of this registration statement/prospectus, Taboola has no outstanding loan or guarantee commitments to members of the board of directors or management.

Indemnification Agreements

We have entered into indemnification agreements with our directors and executive officers. See "Management—Approval of Related Party Transactions under Israeli Law—Exculpation, Insurance and Indemnification of Office Holders" for additional information.

U.S. FEDERAL INCOME TAX CONSIDERATIONS

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

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

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

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

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

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

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

- a citizen or individual resident of the United States;
- a corporation, or other entity taxable as a corporation for U.S. federal income tax purposes, created or organized in or under the laws of the United States, any state therein or the District of Columbia; or
- an estate or trust the income of which is subject to U.S. federal income taxation regardless of its source.

Dividends and Other Distributions on Our Ordinary Shares

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

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

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

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

Subject to the PFIC rules discussed below under the heading "— *Passive Foreign Investment Company Rules*," upon any sale, exchange or other taxable disposition of our ordinary shares or warrants, a U.S. Holder generally will recognize gain or loss in an amount equal to the difference between (i) the sum of (x) the amount of cash and (y) the fair market value of any other property, received in such sale, exchange or other taxable disposition and (ii) the U.S. Holder's adjusted tax basis in such ordinary share or warrant (determined as described above or below), in each

case as calculated in U.S. dollars. Any such gain or loss generally will be capital gain or loss and will be long-term capital gain or loss if the U.S. Holder's holding period for such ordinary share or warrant exceeds one year. Long-term capital gain realized by a non-corporate U.S. Holder generally will be taxable at a reduced rate. The deduction of capital losses is subject to limitations.

Any gain or loss recognized on the sale, exchange or other taxable disposition of our ordinary shares or warrants generally will be U.S.-source income or loss for purposes of computing the foreign tax credit allowable to a U.S. Holder. Consequently, a U.S. Holder may not be able to claim a credit for any non-U.S. tax imposed upon a disposition of our ordinary shares or warrants unless such credit can be applied (subject to applicable limitations) against tax due on other income treated as derived from foreign sources. Prospective U.S. Holders should consult their tax advisors as to the foreign tax credit implications of such sale, exchange or other taxable disposition of our ordinary shares or warrants.

Exercise, Lapse or Redemption of Our Warrants

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

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

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

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

The tax consequences of a cashless exercise of our warrants occurring after our giving notice of an intention to redeem our warrants are unclear under current law. Such cashless exercise may be treated either as if we redeemed such warrants for our ordinary shares or as an exercise of our warrants. If the cashless exercise of our warrants for our ordinary shares is treated as a redemption, then such redemption generally should be treated as a tax-deferred recapitalization for U.S. federal income tax purposes, in which case a U.S. Holder should not recognize any gain or

loss on such redemption, and accordingly, a U.S. Holder's basis in our ordinary shares received should equal the U.S. Holder's basis in our warrant and the holding period of our ordinary shares would include the holding period of our warrant. If the cashless exercise of our warrants after our giving notice of an intention to redeem our warrants is treated as an exercise of our warrants, the tax consequences generally should be as described above regarding a cashless exercise of our warrants. Due to the lack of clarity under current law regarding the treatment of a cashless exercise of our warrants after our giving notice of an intention to redeem our warrants, there can be no assurance as to which, if any, of the alternative tax consequences described above would be adopted by the IRS or a court of law. Accordingly, U.S. Holders should consult their tax advisors regarding the tax consequences of the exercise of our warrants occurring after our giving notice of an intention to redeem our warrants as described above.

Possible Constructive Distributions

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

Passive Foreign Investment Company Rules

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

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

PFIC status is determined annually and depends on the composition of a company's income and assets and the fair market value of its assets and no assurance can be given as to whether we will be a PFIC in 2021 or for any future taxable year, in particular because our PFIC status for any taxable year will generally be determined in part by reference to the value of our assets and our revenues. In addition, our U.S. counsel expresses no opinion with respect to our PFIC status for 2021 or future taxable years.

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

received by such U.S. Holder in respect of our ordinary shares during the three preceding taxable years of such U.S. Holder or, if shorter, such U.S. Holder's holding period for our ordinary shares).

Under these rules:

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

PFIC Elections.

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

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

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

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

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

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

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

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

Related PFIC Rules.

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

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

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

Additional Reporting Requirements

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

D. Information Reporting and Backup Withholding

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

Backup withholding generally will not apply, however, to a U.S. Holder if (i) the U.S. Holder is a corporation or other exempt recipient or (ii) the U.S. Holder provides a correct taxpayer identification number and certifies that it is not subject to backup withholding.

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

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

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

- a non-resident alien individual, other than a former citizen or resident of the U.S. subject to U.S. tax as an expatriate,
- a foreign corporation, or
- a foreign estate or trust.

Dividends and Other Distributions on Our Ordinary Shares.

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

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

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

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

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

A Non-U.S. Holder described in the first bullet point above will be subject to regular U.S. federal income tax on the net gain derived from the sale generally in the same manner as discussed in the section above under " — *Tax Consequences to U.S. Holders of Ownership and Disposition of Our Ordinary Shares and Warrants — 2. Gain or Loss on Sale, Taxable Exchange or Other Taxable Disposition of Our Ordinary Shares and Warrants*," unless an applicable income tax treaty provides otherwise. In addition, earnings and profits of a corporate Non-U.S. Holder that are attributable to such gain, as determined after allowance for certain adjustments, may be subject to an additional branch profits tax at a rate of 30%, or at a lower rate as may be specified by an applicable income tax treaty.

Exercise, Lapse or Redemption of Our Warrants.

The U.S. federal income tax treatment of a Non-U.S. Holder's exercise of our warrants, or the lapse of our warrants held by a Non-U.S. Holder, generally will correspond to the U.S. federal income tax treatment of the exercise or lapse of a warrant by a U.S. Holder, as described under "— *Tax Consequences to U.S. Holders of Ownership and Disposition of Our Ordinary Shares and Warrants —3. Exercise, Lapse or Redemption of Our Warrants*," above, although to the extent a cashless exercise results in a taxable exchange, the consequences would be similar to those described under the heading "—*Tax Consequences to Non-U.S. Holders of Ownership and Disposition of Our Ordinary Shares and Warrants —3. Gain or Loss on Sale, Exchange, or other Taxable Disposition of Our Ordinary Shares and Warrants*" for a Non-U.S. Holder's gain on the sale or other disposition of our warrants.

D. Information Reporting and Backup Withholding

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

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

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

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

CERTAIN MATERIAL ISRAELI TAX CONSIDERATIONS

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

Israeli tax considerations

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

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

General corporate tax structure in Israel

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

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

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

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

Following are the main tax benefits available to Industrial Companies:

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

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

Tax benefits and grants for research and development

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

- the expenditures are approved by the relevant Israeli government ministry, determined by the field of research;
- the research and development must be for the promotion of the company; and
- the research and development is carried out by or on behalf of the company seeking such tax deduction.

The amount of such deductible expenses is reduced by the sum of any funds received through government grants for the finance of such scientific research and development projects. No deduction under these research and development deduction rules is allowed if such deduction is related to an expense invested in an asset depreciable under the general depreciation rules of the Ordinance. Expenditures that are unqualified under the conditions above are deductible in equal amounts over three years.

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

Law for the Encouragement of Capital Investments, 5719-1959

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

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

Tax benefits under the 2011 amendment

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

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

Taboola currently does not intend to implement the 2011 Amendment.

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

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

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

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

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

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

Taxation of our shareholders

Capital gains taxes applicable to Israeli resident shareholders

An Israeli resident corporation that derives capital gains from the sale of shares in an Israeli resident company will generally be subject to tax on the real capital gains generated on such sale at the corporate tax rate of 23% (in 2021). An Israeli resident individual will generally be subject to capital gain tax at the rate of 25%. However, if the individual shareholder claims deduction of interest and linkage differences expenses in connection with the purchase and holding of such shares or is a "substantial shareholder" at the time of the sale or at any time during the preceding twelve months period, such gain will be taxed at the rate of 30%. A "substantial shareholder" is generally a person who alone or together with such person's relative or another person who collaborates with such person on a permanent basis, holds, directly or indirectly, at least 10% of any of the "means of control" of the corporation. "Means of control" generally include the right to vote, receive profits, nominate a director or an executive officer, receive assets upon liquidation, or order someone who holds any of the aforesaid rights how to act, regardless of the source of such right. Individual holders dealing in securities in Israel for whom the income from the sale of securities is considered "business income" as defined in Section 2(1) of the Ordinance are taxed at the marginal tax rates applicable to business income (up to 47% in 2021). Certain Israeli institutions who are exempt from tax under Section 9(2) or Section 129(C)(a)(1) of the Ordinance (such as exempt trust fund, pension fund) may be exempt from capital gains tax from the sale of the shares.

Capital gains taxes applicable to non-Israeli resident shareholders

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

Capital gains taxes applicable to Israeli resident shareholders

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

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

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

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

Taxation of Israeli shareholders on receipt of dividends

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

Taxation of non-Israeli shareholders on receipt of dividends

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

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

Surtax

Individuals who are subject to tax in Israel (whether any such individual is an Israeli resident or non-Israeli resident) are also subject to an additional tax at a rate of 3% on annual income (including, but not limited to, dividends, interest and capital gain) exceeding NIS 647,640 for 2021, which amount is linked to the annual change in the Israeli consumer price index.

Estate and Gift Tax

Israeli law presently does not impose estate or gift taxes.

PLAN OF DISTRIBUTION

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

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

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

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

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

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

The Selling Securityholders and any underwriters, broker-dealers or agents that participate in the sale of the ordinary shares or interests therein may be “underwriters” within the meaning of Section 2(11) of the Securities Act.

Any discounts, commissions, concessions or profit they earn on any resale of the shares may be underwriting discounts and commissions under the Securities Act. Selling securityholders who are "underwriters" within the meaning of Section 2(11) of the Securities Act will be subject to the prospectus delivery requirements of the Securities Act.

In addition, a Selling Stockholder that is an entity may elect to make a pro rata in-kind distribution of securities to its members, partners or stockholders pursuant to the registration statement of which this prospectus is a part by delivering a prospectus with a plan of distribution. Such members, partners or stockholders would thereby receive freely tradeable securities pursuant to the distribution through a registration statement.

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

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

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

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

We have agreed with the Selling Securityholders to keep the registration statement of which this prospectus constitutes a part effective until all of the shares covered by this prospectus have been disposed of pursuant to and in accordance with the registration statement or the securities have been withdrawn.

LEGAL MATTERS

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

EXPERTS

The consolidated financial statements of the Taboola.com Ltd. and its subsidiaries as of December 31, 2020, December 31, 2019 and December 31, 2018, and for each of the three years in the period ended December 31, 2020 appearing in this registration statement/prospectus, have been so included in reliance on the report of Kost Forer Gabbay & Kasierer, a member firm of Ernst & Young Global, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

The financial statements of ION Acquisition Corp 1 Ltd. as of December 31, 2020 and for the period from August 6, 2020 (inception) through December 31, 2020 and as of August 13, 2020 and for the period from August 6, 2020 (inception) through August 13, 2020 appearing in this registration statement, have been audited by Kost Forer Gabbay & Kasierer, a member firm of Ernst & Young Global, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

WHERE YOU CAN FIND MORE INFORMATION

We have filed a registration statement on Form F-1, including exhibits, under the Securities Act of 1933, as amended, with respect to the ordinary shares offered by this prospectus. This prospectus does not contain all of the information included in the registration statement. For further information pertaining to us and our securities, you should refer to the registration statement and our exhibits.

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

TABLE OF CONTENTS

INDEX TO FINANCIAL STATEMENTS

	Page
Consolidated Financial Statements of Taboola.com Ltd.	
Report of Independent Registered Public Accounting Firm	F-2
Consolidated Balance Sheets as of December 31, 2020 and 2019	F-4
Consolidated Statements of Income (Loss) for each of the three years in the period ended December 31, 2020	F-5
Consolidated Statements of Convertible Preferred Shares and Shareholder Equity for each of the three years in the period ended December 31, 2020	F-6
Consolidated Statements of Cash Flow for each of the three years in the period ended December 31, 2020	F-7
Notes to Consolidated Financial Statements for each of the three years in the period ended December 31, 2020	F-9
Audited Financial Statements of ION Acquisition Corp. 1 Ltd.	
Report of Independent Registered Public Accounting Firm	F-34
Balance Sheet as of December 31, 2020	F-35
Statement of Operations	F-36
Statement of Changes in Shareholders’ Equity	F-37
Statement of Cash Flows	F-38
Notes to Financial Statements	F-39
Audited Financial Statements of ION Acquisition Corp. 1 Ltd.	
Report of Independent Registered Public Accounting Firm.	F-54
Balance Sheet as of August 13, 2020	F-55
Statements of Operations for the period from August 6, 2020 (Inception) through August 13, 2020	F-56
Statement of Changes in Shareholder’s Equity for the period from August 6, 2020 (Inception) through August 13, 2020	F-57
Statement of Cash Flow for the period from August 6, 2019 (Inception) through August 13, 2020	F-58
Notes to Financial Statements	F-59
Unaudited Interim Financial Statements of ION Acquisition Corp. 1 Ltd.	
Condensed Balance Sheet (unaudited) as of March 31, 2021	F-69
Condensed Statement of Operations (unaudited) for the three months ended March 31, 2021	F-70
Condensed Statement of Cash Flows (unaudited) for the three months ended March 31, 2021	F-72
Notes to Unaudited Condensed Financial Statements	F-73
Audited Consolidated Financial Statements of Shop Holding Corporation	
Report of Independent Auditor	F-85
Consolidated Balance Sheets as of December 31, 2020 and 2019	F-86
Consolidated Statements of Income for the years ended December 31, 2020 and 2019	F-87
Consolidated Statements of Comprehensive Income for the years ended December 31, 2020 and 2019	F-88
Consolidated Statements of Stockholder’s Equity (Deficit) for the years ended December 31, 2020 and 2019	F-89
Consolidated Statements of Cash Flows for the years ended December 31, 2020 and 2019	F-90
Notes to Consolidated Financial Statements for the years ended December 31, 2020 and 2019	F-92
Unaudited Consolidated Interim Financial Statements of Shop Holding Corporation	
Consolidated Balance Sheets (unaudited) as of June 30, 2021 and 2020	F-115
Consolidated Statements of Income (Loss) (unaudited) for the six months ended June 30, 2021 and 2020	F-116
Consolidated Statements of Comprehensive Income (Loss) (unaudited) for the six months ended June 30, 2021 and 2020	F-117
Consolidated Statements of Stockholder’s Equity (Deficit) (unaudited) for the six months ended June 30, 2021 and 2020	F-118
Consolidated Statements of Cash Flows (unaudited) for the six months ended June 30, 2021 and 2020	F-119
Notes to Unaudited Consolidated Financial Statements for the six months ended June 30, 2021 and 2020	F-121

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Board of Directors of TABOOLA.COM LTD.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Taboola.com Ltd. and subsidiaries (together "Taboola" or the "Company") as of December 31, 2020 and 2019, the related consolidated statements of income (loss), statement of convertible preferred shares and shareholders' equity and cash flows for each of the three years in the period ended December 31, 2020, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2020 and 2019, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2020, in conformity with U.S. generally accepted accounting principles.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Title	***Revenue Recognition-principle versus agent***
Description of the Matter	As described in note 2 to the consolidated financial statements, the Company follows the guidance provided in ASC 606, Revenue from Contracts with Customers, for determining whether the Company is the principal or an agent in arrangements with its customers. This determination depends on the facts and circumstances of each arrangement and, in some instances involves significant judgment. The Company has determined that it acts as principal in its arrangements because it has the ability to control and direct the specified ad placements before they are transferred to the customers. The Company further concluded that (i) it is primarily responsible for fulfilling the promise to provide the service in the arrangement; and (ii) it has latitude in establishing the contract price with the advertisers. In addition, the Company has inventory risk on a portion of its multi-year agreement with digital properties.
	Auditing the Company's determination of whether revenue should be reported gross of amounts billed to advertisers (gross basis) or net of payments to digital properties partners (net basis) requires a high degree of auditor judgment due to the subjectivity in determining whether the Company is principal in its arrangements. These judgments have a significant impact on the presentation and disclosure of the Company's revenue in its financial statements.
How WeAddressed the Matter in Our Audit	Our audit procedures related to the Company’s revenue transactions included, among other, evaluating the Company's assessment of the indicators of control over the promised service, which included determining whether the Company was primarily responsible for fulfilling the promised service, has discretion in establishing pricing and has inventory risk on a portion of its contracts with digital properties. We also reviewed on a sample basis, the arrangement terms, both with customers and digital properties vendors for traffic acquisition and assessed the impact of those terms and attributes on revenue presentation. In addition, we assessed the appropriateness of the related disclosures in the consolidated financial statements.

/s/ KOST FORER GABBAY & KASIERER
A Member of Ernst & Young Global
We have served as the Company’s auditor since 2014.
Tel-Aviv, Israel
March 24, 2021
Except for Note 1(f) to which the date is
July 13, 2021

TABOOLA.COM LTD.
CONSOLIDATED BALANCE SHEETS

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

	December 31,	
	2020	2019
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$242,811	$ 86,920
Short term deposits	—	28,963
Restricted deposits	3,664	6,177
Trade receivables (net of allowance for credit losses of $ 4,096 and $ 2,845 as of December 31, 2020, and 2019, respectively)	158,050	154,756
Prepaid expenses and other current assets	21,609	36,172
Total current assets	426,134	312,988
NON-CURRENT ASSETS		
Long-term prepaid expenses	5,289	7,125
Restricted deposits	3,300	683
Deferred tax assets	1,382	673
Right of use assets	68,058	67,181
Property and equipment, net	52,894	67,777
Intangible assets, net	3,905	6,465
Goodwill	19,206	19,206
Total non-current assets	154,034	169,110
Total assets	$580,168	$482,098
LIABILITIES, CONVERTIBLE PREFERRED SHARES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Trade payable	$ 189,352	$ 167,178
Lease liability	15,746	12,826
Accrued expenses and other current liabilities	95,135	58,897
Total current liabilities	300,233	238,901
LONG TERM LIABILITIES		
Deferred tax liabilities	45	2,716
Lease liability	63,044	63,008
Total long-term liabilities	63,089	65,724
COMMITMENTS AND CONTINGENCIES (Note 10)		
CONVERTIBLE PREFERRED SHARES		
Preferred A, B, B-1, B-2, C, D and E shares with no par value - Authorized: 123,389,750 shares at December 31, 2020 and 2019; Issued and outstanding: 121,472,152 shares at December 31, 2020 and 2019: Aggregate liquidation preference of 308,765 and 285,833 as of December 31, 2020 and 2019, respectively	170,206	170,206
SHAREHOLDERS' EQUITY		
Ordinary shares with no par value- Authorized: 176,535,661 shares as of December 31, 2020 and 2019 41,357,049 and 44,903,273 shares issued and outstanding as of December 31, 2020 and 2019, respectively	—	—
Additional paid-in capital	78,137	47,257
Accumulated deficit	(31,497)	(39,990)
Total shareholders' equity	46,640	7,267
Total liabilities, convertible preferred shares, and shareholders' equity	$ 580,168	$ 482,098

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

TABOOLA.COM LTD.
CONSOLIDATED STATEMENTS OF INCOME (LOSS)

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

	Year ended December 31,		
	2020	**2019**	**2018**
Revenues	$ 1,188,893	$ 1,093,830	$ 909,246
Cost of revenues:			
Traffic acquisition cost	806,541	798,001	627,720
Other cost of revenues	62,855	63,860	47,296
Total cost of revenues	869,396	861,861	675,016
Gross profit	319,497	231,969	234,230
Operating expenses:			
Research and development expenses	99,423	84,710	73,024
Sales and marketing expenses	133,741	130,353	109,671
General and administrative expenses	60,140	36,542	34,202
Total operating expenses	293,304	251,605	216,897
Operating income (loss) before finance expenses	26,193	(19,636)	17,333
Finance expenses, net	2,753	3,392	1,346
Income (loss) before income taxes	23,440	(23,028)	15,987
Provision for income taxes	14,947	4,997	5,326
Net income (loss)	$ 8,493	$ (28,025)	$ 10,661
Less: Undistributed earnings allocated to participating securities	(22,932)	(21,173)	(19,604)
Net loss attributable to ordinary shares – basic and diluted	(14,439)	(49,198)	(8,943)
Net loss per share attributable to ordinary shareholders, basic and diluted	$ (0.36)	$ (1.11)	$ (0.21)
Weighted-average shares used in computing net loss per share attributable to ordinary shareholders, basic and diluted	40,333,870	44,324,234	43,439,838

The accompanying notes are an integral part of the financial statements.

TABOOLA.COM LTD.
STATEMENT OF CONVERTIBLE PREFERRED SHARES AND SHAREHOLDERS' EQUITY

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

	Convertible Preferred shares		Ordinary shares		Additional paid-in Capital	Accumulated deficit	Total Shareholders' equity
	Number	Amount	Number	Amount			
Balance as January 1, 2018	121,472,152	$170,206	42,811,347	$—	$26,969	$(22,626)	$ 4,343
Share based compensation expenses	—	—	—	—	10,451	—	10,451
Exercise of options	—	—	1,077,364	—	597	—	597
Net income	—	—	—	—	—	10,661	10,661
Balance as of December 31, 2018	121,472,152	170,206	43,888,711	—	38,017	(11,965)	26,052
Share based compensation expenses	—	—	—	—	8,249	—	8,249
Exercise of options	—	—	1,014,562	—	991	—	991
Net loss	—	—	—	—	—	(28,025)	(28,025)
Balance as of December 31, 2019	121,472,152	170,206	44,903,273	—	47,257	(39,990)	7,267
Cancellation of dormant restricted shares	—	—	(7,411,689)	—	—	—	—
Share based compensation expenses	—	—	—	—	28,277	—	28,277
Exercise of options	—	—	3,865,465	—	2,603	—	2,603
Net Income	—	—	—	—	—	8,493	8,493
Balance as of December 31, 2020	121,472,152	$170,206	41,357,049	$—	$78,137	$(31,497)	$ 46,640

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

TABOOLA.COM LTD.
CONSOLIDATED STATEMENTS OF CASH FLOWS

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

	Year ended December 31,		
	2020	2019	2018
Cash flows from operating activities:			
Net income (loss)	$ 8,493	$(28,025)	$ 10,661
Adjustments to reconcile net income (loss) to net cash flows provided by operating activities:			
Depreciation and amortization	33,957	39,364	35,272
Loss from sale of property and equipment	—	—	184
Share based compensation expenses	28,277	8,249	10,451
Revaluation of contingent consideration	—	—	3,876
Net loss (gain) from financing expenses	(3,318)	(454)	2,111
Decrease in deferred taxes, net	(3,380)	(239)	(359)
Accrued interest, net	520	(161)	(205)
Change in operating assets and liabilities:			
Increase in trade receivables	(3,294)	(15,326)	(29,115)
Decrease (increase) in prepaid expenses and other current assets and long-term prepaid expenses	17,975	(24,757)	(2,461)
Increase in trade payable	23,434	31,622	26,926
Change in operating lease Right of use assets	13,758	12,452	—
Change in operating Lease liabilities	(11,679)	(9,893)	—
Increase in accrued expenses and other current liabilities	34,344	5,224	19,636
Net cash provided by operating activities	139,087	18,056	76,977
Cash flows from investing activities			
Purchase of property and equipment, including capitalized platform costs	(17,774)	(44,328)	(32,157)
Proceeds from sale of property and equipment	—	—	455
Cash paid in connection with acquisitions (see note 1c)	(202)	(3,966)	—
Decrease (increase) in restricted deposits	(104)	(583)	179
Decrease (increase) in short-term deposits	28,963	1,411	(7,412)
Net cash provided by (used in) investing activities	10,883	(47,466)	(38,935)
Cash flows from financing activities			
Exercise of options	2,603	991	597
Payment of contingent consideration		—	(12,753)
Net cash provided by (used in) financing activities	2,603	991	(12,156)
Exchange differences on balances of cash, cash equivalents	3,318	454	(2,111)
Increase (decrease) in cash, cash equivalents	155,891	(27,965)	23,775
Cash, cash equivalents — at the beginning of the period	86,920	114,885	91,110
Cash, cash equivalents — at end of the period	$242,811	$ 86,920	$114,885

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

TABOOLA.COM LTD.
CONSOLIDATED STATEMENTS OF CASH FLOWS

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

	Year ended December 31,		
	2020	**2019**	**2018**
Supplemental disclosures of cash flow information:			
Cash paid for income taxes	$9,980	$7,947	$6,146
Supplemental disclosures of noncash investing and financing activities:			
Deferred offering costs incurred during the period included in the Long—term prepaid expenses	$2,096	$ —	$ —
Purchase of property, plant and equipment	$1,879	$3,139	$2,032
Acquisition of Celltick activity (see note 1c)	$ —	$ 202	$ —

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

NOTE 1:- GENERAL

a. Taboola.com Ltd. a privately held Israeli company, was incorporated and commenced its operations on September 3, 2006. Taboola has twenty-four subsidiaries worldwide (together with its subsidiaries, collectively, the “Company” or “Taboola”).

Taboola is a technology company that empowers advertisers to leverage its Artificial Intelligence, or AI, powered platform to reach targeted audiences with an effective, native ad-format across websites, devices and services such as mobile apps and games (collectively referred to as “digital properties”). Digital properties use Taboola’s recommendation platform to monetize their content, increase user engagement and build new audiences.

b. On August 22, 2016 (the “Closing Date”), the Company acquired 100% of the outstanding shares of ConvertMedia Ltd. (“CML”) (the “Acquisition”). CML provides video advertising solutions that enable advertisers to reach audiences on a wide range of platforms and devices and enable publishers to monetize their traffic.

Under the terms of the Acquisition, the total consideration was comprised of: (i) upfront cash consideration of $20,403 and (ii) up to $15,000 of earn-out cash considerations, payable over 24 months following the Closing Date, upon attainment of certain milestones.

The fair value of the earn-out amount (the “Contingent Consideration”) was estimated at $4,645 by utilizing the income approach, taking into account the potential cash payments discounted to arrive at a present value amount, based on the Company's expectation as to future operational milestones.

On August 22, 2018 the final earn-out was set to $12,753 based on certain milestones. The earn-out was fully paid during November 2018. There has been a change of $3,876 to the estimated fair value of the Contingent Consideration for the year ended on December 31, 2018. The change in the estimated fair value of the Contingent Consideration was recorded as part of the operating expenses.

c. On March 2, 2019 the Company entered into an agreement to acquire certain assets of Celltick Technologies Ltd. for approximate net consideration of $4,168 (the “Celltick Acquisition”). The Company determined that the acquired assets were obtained on April 4, 2019, date on which the Company obtained control. The Company accounted for the Celltick Acquisition as a business combination in accordance with ASC 805 “Business Combinations”. The effects on the Company’s consolidated total revenue and net loss were immaterial. As a result, pro forma results of operations for this acquisition have not been presented.

The following table summarizes, the estimated fair values of the assets acquired with respect to the Celltick acquisition, which are included in the consolidated financial statements:

Intangibles	$3,556
Goodwill	597
Total assets acquired	4,153
Net tangible assets	15
Net asset acquired	$4,168

In performing the purchase price allocation, the Company considered, among other factors, the intention for future use of acquired assets, analyses of historical financial performance and estimates of future performance of the assets purchased in the Celltick Acquisition. The following table sets forth the components of intangible assets associated with the acquisition:

	Fair value	Useful life	Amortization method
Customer relationships	3,196	5 years	Straight-Line method
Technology	360	3 years	Straight-Line method
	3,556		

Goodwill of $597, which is deductible for tax purposes, was recorded in connection with the Celltick acquisition, and was primarily attributed to synergies arising from the acquisition of Celltick.

The Company incurred transaction costs in connection with the acquisition of $125. These transaction costs were included in general and administrative expenses in the consolidated statements of income (loss).

d. On October 3, 2019 the Company entered into a merger agreement with Outbrain Inc. (the " Outbrain Merger Agreement") for cash consideration of $250,000 and 29.6% of the shares of Taboola.com Ltd.

On November 25, 2019, the Company and one of its subsidiaries entered into a credit agreement (the "Credit Agreement") with a consortium of banks for a $250,000 loan facility to be used in connection with consummation of the Outbrain Merger Agreement. The loan was conditional on, and was to be funded only upon, closing of the Outbrain Merger Agreement.

On August 7, 2020, the Company terminated the Credit Agreement. In connection with termination of the Credit Agreement, the Company paid penalties and legal fees amounting to $3,236 recognized as part of the general and administrative expenses in the Company's consolidated statements of income (loss).

On October 3, 2020, the Outbrain Merger Agreement expired and was not renewed.

e. Merger Agreement

On January 25, 2021, the Company and Toronto Sub Ltd., a Cayman Islands exempted company and wholly owned subsidiary of the Taboola ("Merger Sub") entered into a merger agreement ("Merger Agreement"), with ION Acquisition Corp. 1 Ltd., a Cayman Islands exempted company ("ION"). Pursuant to the Merger Agreement, Merger Sub will merge with and into ION, with ION surviving the merger (the "Business Combination"). As a result of the Business Combination, and upon consummation of the Business Combination and the other transactions contemplated by the Merger Agreement (the "Transactions"), ION will become a wholly owned subsidiary of Taboola, with the securityholders of ION becoming security holders of Taboola.

Pursuant to the Merger Agreement, at the effective time of the Business Combination (the "Effective Time"), (a) each issued and outstanding unit of ION, consisting of one Class A ordinary share of ION, par value $0.0001 per share, of ION ("Class A Ordinary Shares") and one-fifth of one warrant of ION entitling the holder to purchase one Class A Ordinary Share per warrant at a price of $11.50 per share ("ION Warrants"), will be automatically separated and the holder thereof will be deemed to hold one Class A Ordinary Share and one-fifth of one ION Warrant, (b) each Class A Ordinary Share outstanding immediately prior to the Effective Time will be exchanged for one ordinary share no par value per share of Taboola ("Taboola Ordinary Shares"), (c) each Class B ordinary shares, par value $0.0001 per share, of ION ("Class B Ordinary Shares" and, together with Class A Ordinary Shares, "ION Ordinary Shares"), outstanding immediately prior to the Effective Time, will be exchanged for one Taboola Ordinary Share and (d) each ION Warrant outstanding immediately prior to the Effective Time, will be assumed by Taboola and will become a warrant of Taboola.

Prior to the Effective Time, each outstanding Taboola convertible preferred share will be converted into Taboola Ordinary Shares in accordance with Taboola's organizational documents and Taboola intends to effect a stock split to cause the value of the outstanding Taboola Ordinary Shares immediately prior to the Effective Time to equal $10.00 per share (the "Stock Split").

Concurrently with and following the execution of the Merger Agreement, Taboola and certain accredited investors ("PIPE Investors") entered into a series of subscription agreements ("Subscription Agreements"), providing for the purchase by the PIPE Investors at the Effective Time of an aggregate of 13,500,000 Taboola Ordinary Shares ("PIPE Shares") at a price per share of $10.00 (assuming the Stock Split has been effected), for gross proceeds to Taboola of $135,000,000 (collectively, the "PIPE"). The closing of the PIPE is conditioned upon the consummation of the Transactions.

Concurrently with and following the execution of the Merger Agreement, Taboola and certain accredited investors (the "Secondary Investors") entered into share purchase agreements with certain shareholders of Taboola (the "Secondary Share Purchase Agreements") pursuant which the Secondary Investors committed to purchase Taboola Ordinary Shares from certain shareholders of Taboola, and, under certain circumstances, from Taboola, an aggregate of up to 15,120,000 Taboola Ordinary Shares (the "Secondary Shares") at a price per share of $10.00 (assuming the Stock Split has been effected), for gross proceeds up to of $151,200,000 (the "Secondary Purchases").

f. In June, 2021, the Company's board of directors and the stockholders of the Company approved a 2.700701493 for 1 stock split, to align the value of 1 ordinary share of the Company to the value of 1 share of ION which became effective on June 29, 2021. As a result, all Ordinary shares, Convertible Preferred Shares, Restricted Shares, Restricted Share Unit, options for Ordinary Shares, exercise price and net loss per share amounts were adjusted retroactively for all periods presented in these consolidated financial statements as if the stock split had been in effect as of the date of these consolidated financial statements.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S GAAP") and include the accounts of Tabbola.com Ltd. and its wholly owned subsidiaries. All intercompany balances and transactions have been eliminated in consolidation.

Use of estimates

The preparation of the consolidated financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates, judgments and assumptions. The Company's management believes that the estimates, judgments and assumptions used are reasonable based upon information available at the time they are made. These estimates, judgments and assumptions can affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. On an ongoing basis, the Company's management evaluates estimates, including those related to accounts receivable and allowance for credit losses, acquired intangible assets and goodwill, the useful life of intangible assets and property and equipment, fair values of share-based awards, deferred taxes and uncertain tax positions, and contingent liabilities. Such estimates are based on historical experience and on various other assumptions that are believed to be reasonable, the results of which form the basis for making judgments about the carrying values of assets and liabilities.

The novel coronavirus ("COVID-19") pandemic has created, and may continue to create, significant uncertainty in macroeconomic conditions, and the extent of its impact on the Company's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and the impact on the Company's customers and its sales cycles. The Company considered the impact of COVID-19 on the estimates and assumptions and determined that there were no material adverse impacts on the consolidated financial statements for the period ended December 31, 2020.

As events continue to evolve and additional information becomes available, the Company's estimates and assumptions may change materially in future periods.

Financial statements in U.S. dollars

Most of the Company's revenues and costs of revenues are denominated in United States dollars ("dollars").

While some of the Company's revenues and operational costs are incurred in other currencies, the Company's management believes that the dollar is the primary currency of the economic environment in which the Company and its subsidiaries operates and therefore, is the Company's functional and reporting currency. Accordingly, transactions denominated in currencies other than the functional currency are re-measured to the functional currency in accordance with ASC No. 830, "Foreign Currency Matters" at the exchange rate at the date of the transaction or the average exchange rate in the month.

At the end of each reporting period, monetary assets and liabilities are re-measured to the functional currency using exchange rates in effect at the balance sheet date. Non-monetary assets and liabilities are re-measured at historical exchange rates. Gains and losses related to re-measurement are recorded as financial income (expense) in the consolidated statements of income (loss) as appropriate.

Cash and cash equivalents

Cash equivalents are short-term highly liquid investments that are readily convertible to cash with original maturities of three months or less.

Short-term deposits

Short-term deposits are bank deposits with maturities of more than three months but less than one year. The short-term deposits as of December 31, 2019, are denominated primarily in USD and bear interest at an average annual rate of 2.56%.

Restricted deposits

Restricted deposits are primarily invested in certificates of deposit and are used as security for the Company's lease commitments.

Fair Value Measurements

Fair value is defined as the exchange price that would be received from the sale of an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The Company measures financial assets and liabilities at fair value at each reporting period using a fair value hierarchy which requires the Company to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. A financial instrument’s classification within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

Three levels of inputs may be used to measure fair value:

Level 1 - Observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 - Includes other inputs that are directly or indirectly observable in the marketplace.

Level 3 - Unobservable inputs which are supported by little or no market activity.

The carrying amounts of cash and cash equivalents, trade receivables, short-term deposits, trade payables approximate their fair value due to the short-term maturity of such instruments.

Trade receivables and allowance for credit losses

Trade receivables are recorded at the invoiced amount and amounts for which revenue has been recognized but not invoiced, net of allowance for credit losses. Payment terms and conditions vary by contract type, although terms generally include a requirement to pay within 30 days of the invoice.

The Company’s expected loss allowance methodology for accounts receivable is developed using historical collection experience and current and future economics and market conditions.

The estimate of the amount that may not be collected is based on the geographic location, aging and customer financial condition. Additionally, specific allowance amounts are established to record the appropriate provision for customers that have a higher probability of default. The Company writes off receivables when they are deemed uncollectible, having exhausted all collection efforts.

Concentrations of credit risks

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash, cash equivalents, short-term deposits, restricted deposit, and trade receivables.

The Company’s cash, cash equivalents, short-term deposits and restricted deposits are invested in major banks mostly in Israel, in addition to the United States and United Kingdom. The Company maintains cash and cash equivalents with diverse financial institutions and monitors the amount of credit exposure to each financial institution. In the United States and United Kingdom, the Company deposits are maintained with commercial banks, which are insured by the U.S. Federal Deposit Insurance Corporation (“FDIC”) and Financial Services Compensation Scheme (“FSCS”), which is authorized by the Bank of England (acting in its capacity as the Prudential Regulation Authority (PRA). At various times the Company has deposits in excess of the maximum amounts insured by the FDIC and FSCS. In Israel, commercial banks do not have government-sponsored deposit insurance. As of December 31, 2020, the Company has not experienced credit losses related to these balances.

As of December 31, 2020, the Company maintained balances of approximately $33,652 and $41,818 with U.S. banks in excess of the amounts insured by the FDIC and in United Kingdom banks in excess of the amounts insured by the FSCS, respectively.

The Company’s trade receivables are geographically diversified and derived mainly from sales in the United States. Concentration of credit risk with respect to trade receivables is limited by credit limits, ongoing credit evaluation and account monitoring procedures. The Company performs ongoing credit evaluations of its accounts receivables and establishes an allowance for expected losses as necessary.

As of December 31, 2020, and 2019, no single customer represented 10% or more of accounts receivable. No single customer accounted for more than 10% of total revenue for the periods presented.

Deferred Offering Costs

Deferred offering costs consist primarily of accounting, legal, and other fees related to the Company’s Merger agreement. Upon consummation of the Business combination and related Transactions, the deferred offering costs will be reclassified to shareholders’ equity and recorded against the proceeds from the Transaction. In the event the Business Combination and the related Transaction is aborted, deferred offering costs will be expensed. The Company capitalized $2,096 of deferred offering costs within the long-term prepaid expenses in the consolidated balance sheets as of December 31, 2020. No offering costs were capitalized as of December 31, 2019.

Property and equipment

Property and equipment are stated at cost, net of accumulated depreciation. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets at the following annual rates:

	%
Computer equipment and licenses	33
Platform Cost	33
Office furniture and equipment	6 – 15
Leasehold improvements	Over the shorter of expected lease or estimated useful life

Internal Used Software costs

According to ASC 350-40 The Company capitalizes certain internal use software development costs associated with creating and enhancing internal use software related to its platform and technology infrastructure. These costs include personnel and related employee benefits expenses for employees who are directly associated with and who devote time to software projects, and services consumed in developing or obtaining the software. Software development costs that do not meet the criteria for capitalization are expensed as incurred and recorded in research and development expenses in the consolidated statements of income (loss).

Software development activities generally consist of three stages, (i) the planning stage, (ii) the application and infrastructure development stage, and (iii) the post implementation stage. Costs incurred in the planning and post implementation stages of software development, including costs associated with the post configuration training and repairs and maintenance of the developed technologies, are expensed as incurred. The Company capitalizes costs associated with software developed for internal use when both the preliminary project stage is completed, and management has authorized further funding for the completion of the project. Costs incurred in the application and infrastructure development stages, including significant enhancements and upgrades, are capitalized. Capitalization ends once a project is substantially complete, and the software and technologies are ready for their intended purpose.

Internal use software development costs are amortized using a straight-line method over the estimated useful life of three years, commencing when the software is ready for its intended use.

The Company capitalized platform costs of $ 9,205 and $5,970 for the years ended December 31, 2020 and 2019 respectively. The Company's capitalized platform amortization is included in cost of revenues in the Company's consolidated statements of income (loss) and totaled to $ 1,486, $1,273 and $1,056 for the years ended December 31, 2020, 2019 and 2018, respectively.

Intangible Assets

Intangible assets consist of identifiable intangible assets that the Company has acquired from previous business combinations, namely customer relationships and developed technology. Intangible assets are recorded at fair value, net of accumulated amortization. The Company amortizes its intangible assets reflecting the pattern in which the economic benefits of the intangible assets are consumed. When a pattern cannot be reliably determined, the Company uses a straight-line amortization method.

Impairment of long-lived assets

The Company's long-lived assets are reviewed for impairment in accordance with ASC No, 360 “Property, Plant and Equipment” whenever events or changes in circumstances indicate that the carrying amount of an asset (or asset group) may not be recoverable. Recoverability of assets (or asset group) to be held and used is measured by a comparison of the carrying amount of an asset to the future undiscounted cash flows expected to be generated by the assets. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. During 2020, 2019 and 2018, no impairment losses have been recorded.

Goodwill

Goodwill represents the excess of the purchase price over the estimated fair value of net tangible and identifiable intangible assets acquired in business combinations. The Company’s annual impairment assessment of its single reporting unit is performed as of the fourth quarter of each year. Assessments are performed at other times if events or circumstances indicate it is more likely than not that the asset is impaired. Events or changes in circumstances which could trigger an impairment review include a significant adverse change in legal factors or in the business climate, an adverse action or assessment by a regulator, unanticipated competition, a loss of key personnel, significant changes in the manner of the Company’s use of the acquired assets, or the strategy for the Company’s overall business, significant negative industry or economic trends, or significant underperformance relative to expected historical or projected future results of operations. If the Company determines that it is more likely than *not* that the fair value of a reporting unit is less than its carrying value, then the Company prepares a quantitative analysis to determine whether the carrying value of a reporting unit exceeds its estimated fair value. If the carrying value of a reporting unit exceeds its estimated fair value, the Company recognizes an impairment of goodwill for the amount of this excess. There were no impairment charges to goodwill during the periods presented.

Segment Information

Operating segments are components of an enterprise for which separate financial information is available and is evaluated regularly by the Company’s chief operating decision maker in deciding how to allocate resources and assessing performance. The Company’s chief operating decision maker is its Chief Operations Officer. The Chief Operations Officer reviews financial information presented on a consolidated basis, for purposes of allocating resources and evaluating financial performance.

The Company has one business activity and there are no segment managers accountable for operations, operating results beyond revenue or gross profit, or plans for levels or components below the consolidated unit level. Accordingly, the Company has a single reporting segment.

Revenue recognition

On January 1, 2018, the Company adopted Accounting Standards Update 2014-09, “Revenue from Contracts with Customers (“ASC 606”) using a modified retrospective approach applied to all contracts. The adoption of ASC 606 did not result in a change in timing or amount of revenue recognized.

Under the standard, the Company recognizes revenue when its customer obtains control of promised goods or services in an amount that reflects the consideration that the Company expects to receive in exchange for those goods or services. To determine revenue recognition for contracts that are within the scope of the standard, the Company perform the following five steps:

(i) Identify the contract with a customer;

(ii) Identify the performance obligations in the contract, including whether they are distinct in the context of the contract;

(iii) Determine the transaction price, including the constraint on variable consideration;

(iv) Allocate the transaction price to the performance obligations in the contract;

(v) Recognize revenue as the Company satisfies the performance obligations.

The Company’s customers are the advertisers that advertise on the Company's platform. Advertisers accept the Company’s terms of service upon signature on an IO (insertion order) and registration to the platform.

For campaigns priced on a cost-per-click (“CPC”) basis, the Company bills the customers and recognizes revenues when a user clicks on an advertisement displayed. For campaigns priced on a cost-per-thousand impression basis (“CPM”), the Company will bill its customers and recognize revenues based on the number of times an advertisement is displayed to a user.

The determination of whether revenue should be reported gross of amounts billed to advertisers (gross basis) or net of payments to digital properties partners (net basis) requires significant judgment and is based on management assessment of whether Taboola is acting as the principal or an agent in the transaction. Taboola has determined that it acts as principal in its arrangements because it has the ability to direct the services to its customers. The Company has contracts with its digital properties that provide exclusivity and cover multiple years at inception. These agreements typically require that the Company's code be integrated on the digital property web page. Thus, in the vast majority of the Company's business, it does not bid for an ad placement, but rather it controls the specified pages before they are transferred to the customer, see all users that visit the respective pages and is able to run a predictive auction and direct the ad placement to the relevant customer. The Company further concluded that (i) Taboola is primarily responsible for fulfilling the promise to provide the service in the arrangement; and (ii) Taboola has latitude in establishing the contract price with the advertisers. In addition, Taboola has inventory risk on a portion of its multi-year agreement with digital properties. Therefore, based on these and other factors, Taboola reports revenue earned on a gross basis.

Practical Expedients

The Company does not disclose the value of unsatisfied performance obligations for (i) contracts with an original expected length of one year or less and (ii) contracts for which the Company recognizes revenue at the amount to which it has the right to invoice for services performed.

The Company generally expenses sales commissions when incurred because the amortization period would have been one year or less. These costs are recorded within sales and marketing expenses.

Cost of revenues

The Company’s cost of revenue primarily includes Traffic acquisition costs and other cost of revenue.

Traffic acquisition cost. Traffic acquisition cost, or TAC consists primarily of cost related to digital property compensation for placing Taboola’s platform on their digital property and cost for advertising impressions purchased from real-time advertising exchanges and other third parties. Traffic acquisition costs also include up-front payments, incentive payments, or bonuses paid to the digital property partners, which are amortized over the respective contractual term of the digital property arrangement. Taboola has two primary compensation models for digital properties. The most common model is a revenue share model. In this model, Taboola agrees to pay a fixed percentage of the revenue that it generates from advertisements placed on the digital properties. The second model includes guarantees. Under this model, Taboola pays a greater of a fixed percentage of the revenue generated and a committed guaranteed amount per thousand page views (“Minimum guarantee model”). Actual compensation is settled on a monthly basis. Expenses under both the revenue share model as well as the Minimum guarantee model are recorded as incurred, based on actual revenues generated by Taboola at the respective month.

Other cost of revenue. Other cost of revenue consists of data center and related costs, depreciation expense related to hardware supporting Taboola’s platform, amortization expense related to capitalized internal use software and acquired technology, depreciation of communication equipment, personnel costs, and allocated facilities costs. Personnel costs include salaries, bonuses, share-based compensation, and employee benefit costs, and are primarily attributable to the operations group, which supports the Company’s platform and clients.

Research and development expenses

Research and development expenses consist primarily of personnel costs, including salaries, bonuses, share-based compensation and employee benefits costs, allocated facilities costs, professional services and depreciation.

Accounting for share-based compensation

Share-based compensation expense related to share-based awards is recognized based on the fair value of the awards granted and recognized as an expense over the requisite service period for share options and performance-based RSUs. The Company elects the straight-line recognition method for awards subject to graded vesting based only on a service condition and the accelerated method for awards that are subject to a performance condition. The compensation expense associated with performance based RSUs is adjusted based on the probability in achieving performance targets. Forfeitures are accounted for as they occur instead of estimating the number of awards expected to be forfeited.

The fair value of each option award is estimated on the grant date using the Black-Scholes option pricing model. The Black-Scholes option pricing model requires the input of highly subjective assumptions, including the fair value of the underlying ordinary shares, the expected term of the award, the expected volatility of the price of the Company's ordinary shares, risk-free interest rates, and the expected dividend yield of ordinary shares. The fair value of each RSU award is based on the fair value of the underlying ordinary shares on the grant date. The assumptions used to determine the fair value of the share awards represent management's best estimates. These estimates involve inherent uncertainties and the application of management's judgment.

The fair value of each option award is estimated using the following assumptions:

	Year ended December 31,		
	2020	**2019**	**2018**
Volatility	50.0% - 54.0%	47.6% - 51%	51.1% - 52.5%
Risk-free interest rate	0.38% - 0.67%	2.31% - 2.59%	2.12% - 2.74%
Dividend yield	0%	0%	0%
Expected term (in years)	6.25	6.25	6.25

These assumptions and estimates were determined as follows:

Fair Value of Ordinary Shares. As the Company's ordinary shares are not publicly traded, the fair value was determined by the Company's board of directors, with input from management and valuation reports prepared by independent third-party valuation specialists.

Risk-Free Interest Rate. The risk-free rate for the expected term of the options is based on the Black-Scholes option-pricing model on the yields of U.S. Treasury securities with maturities appropriate for the expected term of employee share option awards.

Expected Term. The expected term represents the period that options are expected to be outstanding. The Company determines the expected term using the simplified method. The simplified method deems the term to be the average of the time-to-vesting and the contractual life of the options.

Expected Volatility. Since the Company has no trading history of its ordinary shares, the expected volatility is derived from the average historical share volatilities of several unrelated public companies within the Company's industry that the Company considers to be comparable to its own business over a period equivalent to the option's expected term.

Expected Dividend Yield. The Company has never declared or paid any cash dividends and does not presently plan to pay cash dividends in the foreseeable future. As a result, an expected dividend yield of zero percent was used.

Income taxes

The Company is subject to income taxes in Israel, the U.S., and other foreign jurisdictions. These foreign jurisdictions may have different statutory rates than in Israel and U.S.. Income taxes are accounted in accordance with ASC 740, Income Taxes ("ASC 740"). Deferred tax assets and liabilities are recognized for the future tax

consequences attributable to differences between the financial statements carrying amounts of existing assets and liabilities and their respective tax basis as well as operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

The financial effect of changes in tax laws or rates is accounted for in the period of enactment. Valuation allowances are provided when necessary to reduce deferred tax assets to the amount expected to be realized.

The Company recognizes income tax benefits from uncertain tax positions only if it believes that it is more likely than not that the tax position will be sustained upon examination by the taxing authorities based on the technical merits of the position. The tax benefits recognized in the financial statements from such uncertain tax positions are then measured based on the largest benefit that is more likely than not to be realized upon the ultimate settlement.

Although the Company believes that it has adequately reserved for its uncertain tax positions, it can provide no assurance that the final tax outcome of these matters will not be materially different. The Company makes adjustments to these reserves when facts and circumstances change, such as the closing of a tax audit or the refinement of an estimate. To the extent that the final tax outcome of these matters is different from the amounts recorded, such differences will affect the provision for income taxes in the period in which such determination is made. The Company classifies interest and penalties on income taxes (which includes uncertain tax positions) as taxes on income.

Net income (loss) Per Share Attributable to Ordinary Shareholders

The Company computes net income (loss) per share using the two-class method required for participating securities. The two-class method requires income available to ordinary shareholders for the period to be allocated between ordinary shares and participating securities based upon their respective rights to receive dividends as if all income for the period had been distributed. The Company considers its convertible preferred shares to be participating securities as the holders of the convertible preferred shares would be entitled to dividends that would be distributed to the holders of ordinary shares, on a pro-rata basis assuming conversion of all convertible preferred shares into ordinary shares. These participating securities do not contractually require the holders of such shares to participate in the Company’s losses. As such, net loss for the periods presented was not allocated to the Company’s participating securities.

Recently adopted accounting pronouncements

a. In February 2016, the FASB issued ASU 2016-02, “Leases” (“ASC 842”), on the recognition, measurement, presentation and disclosure of leases for both parties to a contract (i.e., lessees and lessors). The new standard requires lessees to apply a dual approach, classifying leases as either finance or operating leases based on the principle of whether or not the lease is effectively a financed purchase by the lessee.

   The Company adopted the new standard as of January 1, 2019, which requires the recognition of the right-of-use assets, or ROU assets, and related lease liabilities on the balance sheet using a modified retrospective approach. The consolidated financial statements related to periods prior to January 1, 2019 were not restated and continue to be reported under ASC Topic 840—Leases (“ASC 840”), which did not require the recognition of operating lease liabilities on the balance sheet. As permitted under ASC 842, the Company has elected not to recognize short-term leases on the balance sheet, nor separate lease and non-lease components.

   The ROU asset and lease liability are initially measured at the present value of the lease payments, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate based on the information available at the date of adoption in determining the present value of the lease payments.

   The Company's incremental borrowing rate is estimated to approximate the interest rate on similar terms and payments and in economic environments where the leased asset is located.

   Some of the Company's leases contain one or more options to extend. The exercise of lease renewal options is typically at the Company's sole discretion. The Company considers various factors such as market conditions and the terms of any renewal options that may exist to determine whether it is reasonably certain to exercise the options to extend the lease.

Some of the real estate leases contain variable lease payments, including payments based on a Consumer Price Index ("CPI"). Variable lease payments based on a CPI are initially measured using the index in effect at lease adoption. Additional payments based on the change in a CPI are recorded as a period expense when incurred.

As of the adoption date, the Company recognized a lease liability of $80,135 and a corresponding ROU asset of $74,041; there was no equity impact from the adoption. The difference between the lease liability and the ROU asset primarily represents the existing deferred rent liabilities balances before adoption, resulting from historical straight-lining of operating leases, which was effectively reclassified upon adoption to reduce the measurement of the ROU asset.

b. Effective January 1, 2020, the Company adopted ASU 2016-13, Financial Instruments – Credit Losses (Topic 326) ("ASU"): Measurement of Credit Losses on Financial Instruments.

   This ASU replaces the incurred loss impairment model with an expected credit loss impairment model for financial instruments. The ASU requires entities to consider forward-looking information to estimate expected credit losses, resulting in earlier recognition of losses for receivables that are current or not yet due, which were not considered under the previous accounting guidance. Adoption of this standard did not have a material impact on the Company's consolidated financial statements.

c. In January 2017, the FASB issued Accounting Standards Update No. 2017-04, Simplifying the Test for Goodwill Impairment ("ASU 2017-04"), which simplifies the accounting for goodwill impairments by eliminating Step 2 from the goodwill impairment test. If the carrying amount of a reporting unit exceeds its fair value, an impairment loss shall be recognized in an amount equal to that excess, versus determining an implied fair value in Step 2 to measure the impairment loss. ASU 2017-04 is effective for annual periods beginning after December 15, 2019, and interim periods therein. Adoption of this standard did not have a material impact on the Company's consolidated financial statements.

d. In August 2018, the FASB issued ASU 2018-15, "Intangibles-Goodwill and Other-Internal-Use Software (Subtopic 350-40): Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract," which aligns the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software. The new standard requires capitalized costs to be amortized on a straight-line basis generally over the term of the arrangement, and the financial statement presentation for these capitalized costs would be the same as that of the fees related to the hosting arrangements. The new standard was adopted for interim and annual periods beginning January 1, 2020 using the prospective adoption approach. Adoption of this standard did not have a material impact on the Company's consolidated financial statements.

Recently Accounting Pronouncement not yet adopted:

a. In December 2019, the FASB issued ASU 2019-12 to simplify the accounting for income taxes. The guidance eliminates certain exceptions related to the approach for intra period tax allocation, the methodology for calculating income taxes in an interim period, and the recognition of deferred tax liabilities for outside basis differences related to changes in ownership of equity method investments and foreign subsidiaries. The guidance also simplifies aspects of accounting for franchise taxes and enacted changes in tax laws or rates and clarifies the accounting for transactions that result in a step-up in the tax basis of goodwill. The standard will be effective for the Company beginning January 1, 2021, with early adoption permitted. The Company is currently in the process of evaluating the impact of this new pronouncement on its consolidated financial statements and related disclosures.

NOTE 3:- CASH AND CASH EQUIVALENTS

The following table presents for each reported period, the breakdown of cash and cash equivalents:

	December 31, 2020	December 31, 2019
Cash	$115,693	$58,691
Money market funds	10	28,162
Time deposits	127,108	67
Total Cash and cash equivalents	$242,811	$86,920

NOTE 4:- PREPAID EXPENSES AND OTHER CURRENT ASSETS

	December 31, 2020	December 31, 2019
Prepaid expenses	$ 7,605	$20,256
Government institutions	10,100	11,686
Other current assets	3,904	4,230
	$21,609	$36,172

NOTE 5:- PROPERTY AND EQUIPMENT, NET

Property and equipment consist of the following:

	December 31, 2020	December 31, 2019
Cost:		
Computer equipment and licenses	$ 132,373	$132,772
Office furniture and equipment	5,308	4,836
Leasehold improvements	17,901	17,463
Platform Cost	21,259	12,054
	176,841	167,125
Accumulated depreciation	(123,947)	(99,348)
Property and equipment, net	$ 52,894	$ 67,777

Depreciation and amortization expenses for the years ended December 31, 2020, 2019 and 2018 were $31,397, $35,943 and $29,867, respectively. During 2020, the Company wrote off fully depreciated fixed assets in the amount of $6,798.

NOTE 6:- INTANGIBLE ASSETS, NET

Intangible assets consist of the following as of December 31, 2020:

	Gross Fair Value	Accumulated Amortization	Net Book Value	Weighted-Average Remaining Useful Life (in years)
Acquired technology	$16,855	$(15,686)	$1,169	0.73
Customer relationship	12,256	(9,520)	2,736	3.25
Total	$29,111	$(25,206)	$3,905	

Intangible assets consist of the following as of December 31, 2019:

	Gross Fair Value	Accumulated Amortization	Net Book Value	Weighted-Average Remaining Useful Life
				(in years)
Acquired technology	$16,855	$(13,912)	$2,943	1.70
Customer relationship	12,256	(8,734)	3,522	4.21
Total	$29,111	$(22,646)	$6,465	

Amortization expenses related to intangible assets amounted to $ 2,560, $ 3,421 and $ 5,405 for the years ended December 31, 2020, 2019 and 2018, respectively.

The estimated future amortization expense of other intangible assets as of December 31, 2020 is as follows:

Year ended December 31:	
2021	$1,981
2022	873
2023	842
2024	209
	$3,905

NOTE 7:- GOODWILL

The following table represents the changes to goodwill:

	Carrying Amount
Balance as of December 31, 2018	$18,609
Addition from acquisition	597
Balance as of December 31, 2019	$19,206
Addition from acquisition	—
Balance as of December 31, 2020	$19,206

NOTE 8:- ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	December 31	
	2020	2019
Accrued expenses	$ 9,601	$ 5,825
Employees and related benefits	35,195	19,228
Accrued vacation pay	10,827	6,283
Advances from customers	24,753	17,391
Government authorities	13,528	6,808
Other	1,231	3,362
	$95,135	$58,897

NOTE 9:- LEASES

The Company adopted ASC 842 as of January 1, 2019. As part of the implementation, the Company recognized its lease liabilities, including the current and non-current portions, within its consolidated balance sheet as of the adoption date, which represents the present value of the Company’s obligation related to the estimated future lease payments. The Company also recognized a right-of-use asset, or ROU asset, which represents the right to use the leased asset over the period of the lease. The ROU asset was calculated as the lease liability less any asset or liability balances that existed at the time of adoption.

The main operating leases expense include leases of office locations, data centers, and vehicles. The lease terms of the Company's operating leases generally range from 2 years to 10 years, with various expiration dates through fiscal year 2029. Several of the Company's leases contain one or more options to extend.

The Company considers various factors such as market conditions and the terms of any renewal options that may exist to determine whether it is reasonably certain to exercise the options to extend the lease. As of December 31, 2020, the weighted average remaining lease term of leases included in the lease liability is 5.78 years and the weighted average discount is 3.81%. The Company lease agreements generally do not contain any material residual value guarantees or material restrictive covenants.

The cumulative effect of the changes made to the consolidated balance sheet as of January 1, 2019 for the adoption of Topic 842 were as follows:

	December 31, 2018	Adjustments	January 1, 2019
Accrued liabilities	59,565	(6,094)	53,471
Right of use assets	—	74,041	74,041
Lease liability	—	80,135	80,135

The components of lease expense and supplemental cash flow information related to leases for the year ended December 31, 2020 were as follows:

	December 31,	
	2020	2019
Components of lease expense:		
Operating lease cost	$16,594	$15,620
Short term lease cost	628	1,249
Supplemental cash flow information:		
Cash paid for amounts included in the measurement of lease liabilities	17,217	15,802
Supplemental non-cash information on lease liabilities arising from obtaining right-of-use assets	$14,635	$ 5,592

Maturities of lease liabilities as of December 31, 2020 were as follows:

	December 31, 2020
2021	18,326
2022	16,672
2023	14,532
2024	12,847
2025	9,138
Thereafter,	17,082
Total undiscounted lease payments	88,597
Less: Interest	9,807
Present value of lease liabilities	78,790

NOTE 10:- COMMITMENTS AND CONTINGENCIES

Commercial Commitments

In the ordinary course of the business, the Company enters into agreements with certain digital properties, under which, in some cases it agrees to pay them a guaranteed amount, generally per thousand pageviews on a monthly basis. These agreements could cause a gross loss on digital property accounts in which the guarantee is higher than the actual revenue generated. These contracts generally range in duration from 2 to 5 years, though some can be shorter or longer.

Non-cancelable Purchase Obligations

In the normal course of business, the Company enters into non-cancelable purchase commitments with various parties to purchase primarily software and IT related-based services. As of December 31, 2020, the Company had outstanding non-cancelable purchase obligations in the amount of $6,900.

Legal Proceedings

a. In October 2019, one of the Company's digital properties (the "Digital Property") filed a claim against the Company in the Paris Commercial Court for approximately $706 (the "Claim"). According to the Claim, the Company allegedly has failed to pay certain minimum guarantee payments for the years 2016 to 2019. It is the Company's position that there are no merits to the Claim because the Digital Property did not act in accordance with the agreement and a counterclaim in the amount of $1,970 was filed by the Company for a refund of certain compensation that was paid. A virtual trial took place on February 24, 2021, and the Paris Commercial Court dismissed 20 Minutes' claims and ordered them to pay an amount of approximate $12 thousands in costs to Taboola. On June 1, 2021, 20 Minutes filed an appeal against the decision of the Paris Commercial Court, and will have to file their briefs before September 1, 2021

b. In the ordinary course of business, the Company may be subject from time to time to various proceedings, lawsuits, disputes, or claims. The Company investigates these claims as they arise and record a provision, as necessary. Provisions are reviewed and adjusted to reflect the impact of negotiations, estimated settlements, legal rulings, advice of legal counsel and other information and events pertaining to a particular matter. Although claims are inherently unpredictable, the Company is currently not aware of any matters that, it believes would individually or taken together, have a material adverse effect on its business, financial position, results of operations, or cash flows.

NOTE 11:- CONVERTIBLE PREFERRED SHARES

a. Convertible preferred shares consisted of the following:

	Authorized		Issued and outstanding		Carrying amount	Aggregate Liquidation Preference As of December 31, 2020
	Number of shares					
	December 31,		December 31,			
	2020	2019	2020	2019		
Share no par value:						
Series A	10,136,610	10,136,610	9,959,482	9,959,482	3,679	4,456
Series B	14,860,556	14,860,556	14,595,020	14,595,020	7,811	12,140
Series B-1	16,018,971	16,018,971	15,726,525	15,726,525	9,093	12,750
Series B-2	10,665,211	10,665,211	10,477,750	10,477,750	5,816	7,728
Series C	17,771,107	17,771,107	17,459,714	17,459,714	13,893	20,605
Series D	17,288,776	17,288,776	16,986,675	16,986,675	19,069	30,246
Series E	36,648,519	36,648,519	36,266,986	36,266,986	110,845	220,841
	123,389,750	123,389,750	121,472,152	121,472,152	170,206	308,766

The Company issued Series A, B, B-1, B-2, C, D and E convertible preferred shares between the years 2007 and 2016. The deemed liquidation preference provisions of the convertible preferred shares are considered contingent redemption provisions that are not solely within the Company's control. Accordingly, the convertible preferred shares have been presented outside of permanent equity in the mezzanine section of the consolidated balance sheets.

b. Preferred share rights:

1. Voting:

Each preferred shareholder is entitled to the number of votes equal to the number of shares of ordinary share into which each share of preferred share is convertible at the time of such vote.

2. Dividends:

   Each holder of the preferred shares shall be entitled to receive, pro-rata, and in preference to any other class or series of shares in the Company, dividends in an amount equal to the original issue price of the preferred shares, held thereby (adjusted for share combinations or subdivisions or other recapitalizations of the Company's shares), plus interest thereon at a rate per annum equal to eight percent (8%) compounded annually in the following order:

   Preferred E Shares, (2) Preferred D Shares, (3) the Preferred C Shares, B-2 Shares, B-1 Shares and B Shares as a group, (4) the preferred B shares, and (5) the Preferred A Shares.

3. Liquidation rights:

   In the event of a Liquidation Event of the Company all assets of the Company available for distribution among the holders of the Company's shares shall be distributed. According to the liquidation preference, shareholders of Series E Preferred Shares, Series D Preferred Shares, Series C Preferred Shares and both Series B-1 and Series B-2 Preferred Shares, Series B Preferred Shares and Series A Preferred Shares shall be entitled to receive, prior and in preference to any distribution of proceeds to other classes of shares (as further detailed below), the amounts described below.

4. Liquidation preference:

   In the event of a Liquidation Event, the holders of the then outstanding shares of Series A Preferred, Series B Preferred, Series B-1 Preferred, Series B-2 Preferred, Series C Preferred, Series D Preferred and Series E Preferred shall be entitled to receive for each share an amount equal to the original issue price of $ 0.1628, $ 0.3259, $ 0.3591, $ 0.3591, $ 0.6177 $ 0.9709, and $3.8603 respectively per share of Preferred Share held by them (as may be adjusted), plus all declared but unpaid dividends, payable in preference and priority to any payments made to the holders of the then outstanding Ordinary Shares (“Liquidation Preference”), provided that if the amounts distributed upon the Liquidation Event are not sufficient for paying the Liquidation Preference to each class of Preferred Share, then (i) initially, each Preferred E Share shall entitle its holder, on a pro-rata basis, to a per share distribution in the amount of the Original Issue Price for the Preferred E Shares (adjusted for share combinations or subdivisions or other recapitalizations of the Company's shares), plus interest thereon at a rate per annum equal to eight percent (8%) compounding annually and all accrued and unpaid dividends and less any dividend amounts paid thereon, (ii) thereafter, each Preferred D Share shall entitle its holder, on a pro-rata basis, to a per share distribution in the amount of the Original Issue Price for the Preferred D Shares (adjusted for share combinations or subdivisions or other recapitalizations of the Company's shares), plus interest thereon at a rate per annum equal to eight percent (8%) compounding annually and all accrued and unpaid dividends and less any dividend amounts paid thereon, (iii) thereafter, each Preferred C Share ,Preferred B-1 and Preferred B-2 Class Share shall entitle its holder, on a pro-rata basis, to a per share distribution in the amount of the Original Issue Price for the Preferred C Shares, Preferred B-1 and Preferred B-2 shares plus interest thereon at a rate per annum equal to eight percent (8%) compounding annually and all accrued and unpaid dividends and less any dividend amounts paid thereon, (iv) thereafter, each Preferred B Share shall entitle its holder, on a pro-rata basis, to a per share distribution in the amount of the Original Issue Price for the Preferred B Shares (adjusted for share combinations or subdivisions or other recapitalizations of the Company's shares), plus interest thereon at a rate per annum equal to eight percent (8%) compounded annually and all accrued and unpaid dividends and less any dividend amounts paid thereon to the holders of Preferred B Shares, and (v) thereafter, each Preferred A Share shall entitle its holder, on a pro-rata basis, to a per share distribution in the amount of the Original Issue Price for the Preferred A Shares (adjusted for share combinations or subdivisions or other recapitalizations of the Company's shares), plus interest thereon at a rate per annum equal to eight percent (8%) compounding annually and all accrued and unpaid dividends and less any dividend amounts paid thereon to the holders of Preferred A Shares.

   Upon the completion of the distribution of the Liquidation Preference to the holders of Preferred Share, any remaining proceeds shall be distributed pro-rata (treating the Preferred A Shares, the

Preferred B Shares and the Preferred B-Sub Class Shares, Preferred C Shares and the Preferred D Shares on an as-converted basis) among the holders of the Preferred A Shares, of the Preferred B Shares, of the Preferred B-Sub Class Shares, of the Preferred C Shares, of the Preferred D Shares and of all other shareholders of the Company.

Notwithstanding the above, if a pro rata distribution to all shareholders of the proceeds of the Liquidation Event would result in each of the classes of Preferred Shares receiving an amount equal to or greater than their respective original issue price plus accrued dividends, then the proceeds will be distributed to all shareholders pro rata without regard to the liquidation preference.

5. Conversion:

Each Preferred Share shall be (i) convertible into Ordinary Shares at the option of the holder thereof, at any time after the date on which such Preferred Share was issued by the Company (the "Original Issue Date"), (ii) automatically converted into Ordinary Shares, at any time after the Original Issue Date, in the event that the holders of at least a majority of the Preferred Shares, on an as converted basis, consent to such conversion, except with respect to conversion of the Preferred E Shares, which shall require the consent of the holders of a majority of the Preferred E Shares; and (iii) automatically converted into Ordinary Shares simultaneously with the closing of an initial public offering (IPO) (x) in which the gross cash proceeds to the Company (before underwriting discounts, commissions and fees) are at least 50 (fifty) million USD and (y) in the case of the Preferred E Shares only (unless holders of a majority of the Preferred E Shares otherwise agree), only if the price per share to the public is at least equal to the Conversion Price of the Preferred E Shares. Each Preferred Share shall be convertible into such number of fully paid and non-assessable Ordinary Shares as is determined by dividing the applicable Original Issue Price by the applicable Conversion Rate at the time of conversion of such Preferred Share. The Original Issue Price shall be adjusted accordingly, pursuant to different events, including, inter alia, sub-division, recapitalization, reorganization, reclassification, consolidation, combination, split etc.

NOTE 12:- SHAREHOLDERS' EQUITY

a. Composition of share capital of the Company:

	Number of shares			
	December 31, 2020		December 31, 2019	
	Authorized	Outstanding	Authorized	Outstanding
Ordinary shares (no par value)	176,535,661	41,357,049	176,535,661	44,903,273

Each share of Ordinary Share is entitled to one vote. The holders of Ordinary Shares and the holders of Series A Preferred Shares, Series B Preferred Shares, Series B-1 Preferred Shares, Series B-2 Preferred Shares, Series C Preferred Shares Series D Preferred Shares and Series E Preferred Shares have the right to be invited to the General Meeting of the Company, the right to participate in and to vote in the General Meeting of the Company, the right to receive dividends, the right to participate in the distribution of assets upon liquidation.

b. Share option plan:

During the years 2007, 2016, 2017 and 2020 the Company adopted several Share Incentive Plans (together the "Company's share incentive plan" or "Plans"). The Company adopted the Plans to provide incentives to employees, directors, consultants and/or contractors.

Under each of the Plans, the Company's employees, directors, consultants and/or contractors may be granted any equity-related award, including option to acquire the Company ordinary shares; restricted share; and restricted share unit ("RSU").

The options generally vest over 4 years and expire 10 years after the date of grant. RSUs granted are subject to a two-tiered vesting arrangement, including a time-based vesting component which is generally over 4 years, and an additional vesting condition of a Merger/Sale or IPO being consummated within 5 years of the grant. Any equity grant that is forfeited or canceled before expiration becomes available for future grants under the Plans.

As of December 31, 2020, 76,950,183 Ordinary shares are reserved for issuance of options, restricted shares, and restricted share units, pursuant to the Plans.

The following is a summary of share option activity and related information for the periods through December 31, 2020: (including employees, directors, officers and consultants of the Company)

		Options Outstanding		
	Outstanding Share Options	Weighted-Average Exercise Price	Weighted Average Remaining Contractual Life (Years)	Aggregate Intrinsic Value
Balance as of January 1, 2018	36,731,523	$1.65	6.41	126,601
Granted	7,217,895	$3.29		
Exercised	(1,077,364)	$0.55		3,675
Forfeited	(1,739,365)	$3.39		
Balance as of December 31, 2018	41,132,689	$1.90	6.21	134,721
Granted	6,233,489	$3.75		
Exercised	(1,014,562)	$0.98		3,199
Forfeited	(3,307,638)	$3.36		
Balance as of December 31, 2019	43,043,978	$2.07	4.78	140,159
Granted	8,819,919	$1.27		
Exercised	(3,865,465)	$0.67		20,649
Forfeited	(1,933,983)	$3.64		
Balance as of December 31, 2020	46,064,449	$1.54	5.62	247,117
Exercisable as of December 31, 2020	34,903,253	$1.44	4.54	190,844

The aggregate intrinsic value in the table above represents the total intrinsic value that would have been received by the option holders had all option holders exercised their options on the last date of the period.

The weighted-average grant date fair value of options granted during the years ended December 31, 2020, 2019 and 2018, was $ 5.61, $ 4.10, and $3.94, respectively.

As of December 31, 2020, unrecognized share-based compensation cost related to unvested share options was $ 40,865, which is expected to be recognized over a weighted-average period of 2.25 years.

On September 17, 2020, the Company's board of directors approved a one-time share option repricing for 18,553,684 awards. Pursuant to the option repricing, the option awards of 1,369 grantees, with an exercise price of each option above $2.63, was amended to $2.63. All other terms remain unchanged. The total incremental value from the modification amounted to $14,530 out of which $6,514 was recognized as additional share-based compensation expense for the year ended December 31, 2020.

The following is a summary of the RSU activity and related information for the periods through December 31, 2020: (including employees of the Company)

	Outstanding Restricted Shares Unit	Weighted-Average Grant Date Fair Value Per Share
Balance as of January 1, 2018	4,513,026	
Granted *)	306,327	3.99
Vested	—	
Forfeited	(35,752)	3.49
Balance as of December 31, 2018	4,783,601	3.85
Granted *)	521,235	4.13
Vested	—	
Forfeited	(544,623)	3.78
Balance as of December 31, 2019	4,760,213	3.88
Granted *)	10,950,669	5.94
Vested	—	
Forfeited	(2,955,715)	3.84
Balance as of December 31, 2020	12,755,167	5.64

The total equity-based compensation expense related to all of the Company's equity-based awards recognized for the year ended December 31, 2020, 2019 and 2018, was comprised as follows:

	Year ended December 31,		
	2020	2019	2018
Cost of revenues	$ 788	$ 420	$ 656
Research and development	16,491	3,166	3,401
Sales and marketing	6,930	3,749	5,166
General and administrative	4,068	914	1,228
Total share-based compensation expense	$28,277	$8,249	$10,451

Restricted shares

a. In 2017, the Company granted restricted shares and restricted share units to a number of executive employees with vesting based on certain annual business targets. No compensation expenses were recorded in 2019 and 2018.

b. On January 30, 2020, three grantees of an aggregate of 7,411,689 unvested Restricted shares granted under the 2017 Plan unilaterally waived and terminated their rights under the Restricted Share award agreement and transferred the Restricted Shares back to the Company for no consideration, which then became Dormant Shares. On March 25, 2020, the Board of Directors of the Company cancelled such Dormant Shares and removed them from the equity accounts of the Company. On January 30, 2020, a grantee of 2,882,324 unvested Restricted Share Units granted under the 2017 Plan unilaterally waived and terminated his rights under the Restricted Share Unit award agreement and transferred his rights to the Restricted Share Units back to the Company for no consideration.

c. In October 2020, the Company granted 10,314,654 restricted share units and 5,157,327 options to acquire Ordinary Shares of the Company at a zero-exercise price to certain executives. The restricted share units were subject to multiple vesting conditions: time-based vesting and an additional condition that a Triggering Event be consummated no later than December 31, 2021. The Triggering Event is defined as, among other things, the Company's shares becoming publicly traded, or a sale of the Company, or a merger of the Company with another company. If the Triggering Event is not consummated by such date, the RSUs are forfeited. 6,598,489 of the RSUs are considered to have satisfied the time-based vesting condition as

of the date of grant, and the remainder satisfies the time-based condition on a monthly basis over 24 months from the date of grant, conditioned on continued service to the Company. Of the options granted, 1,441,162 options were fully vested as of the grant date, 1,858,083 vested in a lump sum on December 31, 2021, and the remainder vest on a monthly basis over 24 months from the date of grant, conditioned on continued service to the Company.

NOTE 13:- EMPLOYEES CONTRIBUTION PLAN

a. Pursuant to Israel's Severance Pay Law, Israeli employees are entitled to severance pay equal to one month's salary for each year of employment, or a portion thereof. The employees of the Israeli subsidiary elected to be included under section 14 of the Severance Pay Law, 1963 ("section 14"). According to this section, these employees are entitled only to monthly deposits, at a rate of 8.33% of their monthly salary, made in their name with insurance companies. Payments in accordance with section 14 release the Company from any future severance payments (under the above Israeli Severance Pay Law) in respect of those employees; therefore, related assets and liabilities are not presented in the balance sheet. During the years ended December 31, 2020, 2019 and 2018, the Company recorded $4,744, $4,322 and $2,972, respectively, in severance expenses related to these employees.

b. The Company offers a 401(k) Savings plan in the U.S. that qualifies as a deferred salary arrangement under Section 401 (k) of the Internal Revenue Code (the "401(k) Plan"). Under the 401(k) Plan, participating employees can contribute up to 100% of their eligible compensation, subject to certain limitations. The 401(k) Plan provides for a discretionary employer matching contribution. The Company matches 50% of participating employee contributions to the plan up to 6% of the employee's eligible compensation. During the years ended December 31, 2020, 2019 and 2018, the Company recorded $1,143, $881 and $797, respectively, of expenses related to the 401(k) plan.

NOTE 14:- INCOME TAXES

a. Tax rates

Ordinary taxable income in Israel is subject to a corporate tax rate of 23%. Non-Israeli subsidiaries are taxed according to the tax laws in their respective countries of residence.

b. Tax benefits

The Law for the Encouragement of Industry (Taxes), 1969

The Law for the Encouragement of Industry (Taxes), 1969 (the "Encouragement of Industry Law"), provides several tax benefits for "Industrial Companies." Pursuant to the Encouragement of Industry Law, a company qualifies as an Industrial Company if it is a resident of Israel, the enterprise should be located in Israel and at least 90% of its income in any tax year (exclusive of income from government loans, capital gains, interest and dividends) is generated from an "Industrial Enterprise" that it owns. An Industrial Enterprise is defined as an enterprise whose principal activity, in a given tax year, is industrial activity.

An Industrial Company is entitled to certain tax benefits, including: (i) a deduction of the cost of purchases of patents, know-how and certain other intangible property rights (other than goodwill) used for the development or promotion of the Industrial Enterprise in equal amounts over a period of eight years, beginning from the year in which such rights were first used, (ii) the right to elect to file consolidated tax returns, under certain conditions, with additional Israeli Industrial Companies controlled by it, and (iii) the right to deduct expenses related to public offerings in equal amounts over a period of three years beginning from the year of the offering.

Eligibility for benefits under the Encouragement of Industry Law is not contingent upon the approval of any governmental authority. The Company believes that it currently qualifies as an industrial company within the definition of the Industry Encouragement Law.

Tax benefits under the Law for the Encouragement of Capital Investments, 1959:

Pursuant to the Israeli Law for Encouragement of Capital Investments-1959 (the "Investments Law") and its various amendments, under which the Company has been granted "Privileged Enterprise" status. The Company has utilized a tax exemption status for the years 2018 and 2019. In 2019 the Company did not benefit from the Privileged Enterprise status because the Company did not have taxable income.

The benefits available to a Privileged Enterprise in Israel relate only to taxable income attributable to the specific investment program and are conditioned upon terms stipulated in the Investment Law. If the Company does not fulfill these conditions, in whole or in part, the benefits can be revoked, and the Company may be required to refund the benefits, in an amount linked to the Israeli consumer price index plus interest.

The Company received a Tax Ruling from the Israeli Tax Authority that its activity is an industrial activity and therefore eligible for the status of a Privileged Enterprise, provided that the Company meets the requirements under the ruling. As of December 31, 2020, management believes that the Company meets the aforementioned conditions.

If the Company pays a dividend out of income derived from the Privileged Enterprise during the tax exemption period, it will be subject to corporate tax in respect of the gross amount distributed, including any taxes thereon, at the rate which would have been applicable had it not enjoyed the tax exemption, generally 10%-25%, depending on the percentage of Taboola's Ordinary shares held by foreign shareholders.

As of December 31, 2020, $45,244 is tax-exempt attributable to the Privileged Enterprise programs. If such tax-exempt income is distributed, it would be taxed at the reduced corporate tax of 10%-25% applicable to such profits.

The Company does not intend to distribute any amounts of its undistributed tax-exempt income as dividends as it intends to reinvest its tax-exempt income within the Company. Accordingly, no deferred income taxes have been provided on income attributable to the Company's Privileged Enterprise program as the undistributed tax-exempt income is essentially permanent in duration.

The New Technological Enterprise Incentives Regime (Amendment 73 to the Investment Law):

The Company applies various benefits allotted to it under the revised Investment Law as per Amendment 73, to the Investment Law regimes through regulations that have come into effect from January 1, 2017. Applicable benefits under the new regime include:

- Introduction of a benefit regime for “Preferred Technology Enterprises” (“PTE”), granting a 12% tax rate in central Israel on income deriving from benefited intangible assets, subject to a number of conditions being fulfilled, including a minimal amount or ratio of annual R&D expenditure and R&D employees, as well as having at least 25% of annual income derived from exports to large markets. PTE is defined as an enterprise which meets the aforementioned conditions and for which total consolidated revenues of its parent company and all subsidiaries are less than NIS 10 billion. A “Special preferred technological enterprise” (“SPTE”) from which total consolidated revenues of the Group of which the Company is a member exceeds NIS 10 billion in the tax year will be subject to tax at a rate of 6% on preferred income from the enterprise, regardless of the enterprise's geographical location.
- A 12% capital gains tax rate on the sale of a preferred intangible asset to a foreign affiliated enterprise, provided that the asset was initially purchased from a foreign resident at an amount of NIS 200 million or more.
- A withholding tax rate of 20% for dividends paid from PTE income (with an exemption from such withholding tax applying to dividends paid to an Israeli company) may be reduced to 4% on dividends paid to a foreign resident company, subject to certain conditions regarding percentage of foreign ownership of the distributing entity.

The Company adopted the PTE status commencing 2020 and believes it is eligible for its tax benefits.

c. *U.S. Tax reform*

On December 22, 2017, the Tax Cuts and Jobs Act (P.L. 115-97) (“TCJA”) was enacted, making significant changes to the U.S. tax law. Changes include, but are not limited to, a corporate income tax rate decrease from 35% to 21%, effective for tax years beginning January 1, 2018 and the transition of U.S. international taxation from a worldwide tax system to a modified territorial system, with a one-time mandatory transition tax on U.S. shareholder’s share of post-1986 earnings of all foreign corporations in which it owns at least 10%.

In addition to lowering the statutory corporate income tax rate from 35% to 21%, and among other U.S. international tax provisions, the TCJA introduced the Base Erosion Anti-abuse Tax ("BEAT") which applies a minimum tax on multinational corporations by requiring companies subject to the BEAT to pay the greater of their regular tax liability (less certain credits, including foreign tax credits) or 10% for taxable years beginning in 2019 (12.5% after 2026) of a modified tax base which adds back certain related party payments. The BEAT comparison to the standard corporate income tax must be done each year if the taxpayer's "base erosion" related party payments exceed 3% of total deductions on its U.S. tax return ("base erosion percentage" is generally the aggregate amount of base erosion tax benefits divided by aggregate amount of all allowable deductions).

The BEAT applies to "applicable taxpayers" making "base erosion payments" (deductible payments) to foreign related parties. "Applicable taxpayers" are U.S. corporations the average annual gross receipts of which for the 3-taxable-year period ending with the preceding taxable year are at least $500,000. Taboola Inc. is an "applicable taxpayer" for BEAT purposes in 2020.

The components of the income (loss) before taxes were as follows:

	Year ended December 31,		
	2020	2019	2018
Israel	$12,450	$(46,387)	$(5,613)
Foreign	10,990	23,359	21,600
Total	$23,440	$(23,028)	$15,987

Taxes on income (tax benefit) are comprised as follows:

	Year ended December 31,		
	2020	2019	2018
Current:			
Israel	$ 338	$ 621	$ —
Foreign	16,327	4,726	5,677
Total current income tax expense	16,665	5,347	5,677
Deferred:			
Israel	1,678	(106)	(209)
Foreign	(3,396)	(244)	(142)
Total deferred income tax benefit	(1,718)	(350)	(351)
Total income taxes	$14,947	$4,997	$5,326

A reconciliation of the Company's theoretical income tax expense to actual income tax expense is as follows:

	December 31		
	2020	2019	2018
Income (loss) before taxes on income, as reported in the consolidated statements of income (loss)	23,440	(23,028)	15,987
Statutory tax rate in Israel	23%	23%	23%
Privileged Enterprise	(15%)	(3%)	(17%)
Permanent difference - nondeductible expenses	24%	(15%)	24%
Measurement difference of pretax income of subsidiaries	0%	1%	6%
Change in valuation allowance	(11%)	(33%)	(2%)
Unrecognized tax benefits	5%	2%	1%
BEAT	44%	—	—
Other	(6%)	3%	(2%)
Effective tax rate	64%	(22%)	33%

Deferred tax assets and liabilities:

Deferred taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. As of December 31, 2020, and 2019 the deferred tax assets and liabilities presented in the balance sheet are comprised as follow:

	December 31	
	2020	2019
Deferred tax assets	$1,382	$ 673
Deferred tax liabilities	(45)	(2,716)
Deferred tax asset (liabilities), net	$1,337	$(2,043)

As of December 31, 2020, and 2019 the Company's deferred taxes were in respect of the following:

	December 31	
	2020	2019
Carry forward tax losses	$ 1,472	$ 697
Research and development cost	2,792	8,403
Operating leases liabilities	13,870	13,578
Reserves, allowances and other	4,593	1,049
Deferred tax assets before valuation allowance	22,727	23,727
Valuation allowance	6,741	9,377
Deferred tax assets	15,986	14,350
Acquired intangibles	(743)	(823)
Property and equipment	(1,557)	(3,121)
Operating lease right-of-use assets	(12,179)	(12,207)
Other	(170)	(242)
Deferred tax liabilities	(14,649)	(16,393)
Deferred tax asset (liability), net	$ 1,337	$ (2,043)

A valuation allowance is provided when it is more likely than not that the deferred tax assets will not be realized. The Company has established a valuation allowance to offset certain deferred tax assets at December 31, 2020 and 2019 due to the uncertainty of realizing future tax benefits from its net operating loss carryforwards and other deferred tax assets.

As of December 31, 2020, Taboola Ltd. has an accumulated tax loss carry-forward of approximately $12 million. These tax losses in Israel can be offset indefinitely.

As of December 31, 2020, $17,580 of undistributed earnings held by the Company’s foreign subsidiaries are designated as indefinitely reinvested. If these earnings were re-patriated to Israel, it would be subject to income taxes and to an adjustment for foreign tax credits and foreign withholding taxes in the amount of $2,257. The Company did not recognize deferred taxes liabilities on undistributed earnings of its foreign subsidiaries, as the Company intends to indefinitely reinvest those earnings.

A reconciliation of the beginning and ending balance of total unrecognized tax positions is as follows:

	Year ended December 31,	
	2020	2019
Unrecognized tax position, beginning of year	$1,177	$1,653
Increase (decrease) related to prior years’ tax positions	—	(162)
Increases related to current years’ tax positions	1,935	162
Decreases due to lapses of statutes of limitations	(742)	(476)
Unrecognized tax position, end of year	$2,370	$1,177

As of December 31, 2020, the total amount of gross uncertain tax benefits was $2,370, out of which an amount of $2,124 if recognized would affect the Company’s effective tax rate. The Company currently does not expect uncertain tax positions to change significantly over the next 12 months, except in the case of settlements with tax authorities, the likelihood and timing of which is difficult to estimate.

Tax assessments:

The Company has final tax assessments in Israel through 2017, in UK through 2014, and in US through 2016.

NOTE 15:- RELATED PARTY TRANSACTIONS

In August 2016, the Company entered into an agreement with Via Transportation Israel Ltd. (“Via”) to sublet certain office space in Tel Aviv that had previously housed the Company’s Israeli operations. One of the directors of the Company served at the time as a director of Via. The sublease agreement was terminated by mutual consent of the parties in September 2018. The total payments to the Company under the agreement was $679 for the year ended December 31, 2018.

NOTE 16:- SEGMENT INFORMATION

The following table represents total revenue by geographic area based on the advertisers’ billing address:

	Year ended December 31,			
	2020	2019	2018	
Israel	$ 176,014	$ 163,632	$102,720	
United Kingdom	50,996	41,339	41,242	
United States	511,982	547,722	521,934	
Germany	103,154	82,945	63,443	6
France	50,646	36,456	26,214	
Rest of the World	296,101	221,736	153,693	
Total	$1,188,893	$1,093,830	$909,246	

The Company’s long-lived assets, net by geographic area are summarized as follows:

	Year ended December 31,	
	2020	2019
Israel	$39,276	$45,552
United Kingdom	2,241	2,862
United States	9,620	17,572
Rest of the World	1,757	1,791
Total	$52,894	$67,777

NOTE 17:- NET LOSS PER SHARE ATTRIBUTABLE TO ORDINARY SHAREHOLDERS

The following table sets forth the computation of basic and diluted net loss per share attributable to ordinary shareholders for the periods presented:

	Year ended December 31,		
	2020	2019	2018
Numerator:			
Net income (loss)	$ 8,493	$(28,025)	$ 10,661
Less: Undistributed earnings allocated to participating securities	(22,932)	(21,173)	(19,604)
Net loss attributable to ordinary shares – basic and diluted	(14,439)	(49,198)	(8,943)

	Year ended December 31,		
	2020	2019	2018
Denominator:			
Weighted-average shares used in computing net loss per share attributable to ordinary shareholders, basic and diluted	40,333,870	44,324,234	43,439,838
Net loss per share attributable to ordinary shareholders, basic and diluted	$ (0.36)	$ (1.11)	$ (0.21)

The potential shares of ordinary shares that were excluded from the computation of diluted net loss per share attributable to ordinary shareholders for the periods presented because including them would have been anti-dilutive are as follows:

	Year ended December 31,		
	2020	2019	2018
Convertible preferred shares	121,472,152	121,472,152	121,472,152
RSU	12,755,167	4,760,213	4,783,601
Outstanding share options	44,468,446	43,043,978	41,132,688
Total	178,695,765	169,276,343	167,388,441

NOTE 18:- SUBSEQUENT EVENTS

The Company has evaluated subsequent events from the balance sheet date through March 24, 2021, the date at which the consolidated financial statements were available to be issued.

a. On January 24, 2021, the shareholders of the company approved an increase in the registered capital of the company so that the registered capital will be divided into 330,000,000 Ordinary Shares; 10,136,610 Series A Preferred Shares; 14,860,556 Series B Preferred Shares; 16,018,971 Series B-1 Preferred Shares; 10,665,211 Series B-2 Preferred Shares; 17,771,107 Series C Preferred Shares; 17,288,776 Series D Preferred Shares; and 36,648,519 Series E Preferred Shares; all of no-par value.

b. In March 2021, the Company's Board of Directors approved a grant of 1,637,651 restricted share units and 1,431,183 options to its employees, and also approved grants of 1,437,230 restricted share units and 1,437,230 options to certain senior executive officers which are subject to Shareholder's approval. The restricted share units and options vest quarterly over a 4-year period, except for options and restricted share units granted to certain senior executives, which vest over a 4-year period starting from January 1, 2022. All of the RSUs and options are subject to the Company's shares commencing public trading no later than September 30, 2021, failing which the grants will be forfeited. The Company's management has recommended to the board of directors an additional grant of 1,687,185 restricted share and 911,033 options units to certain of its employees and an additional 2,874,459 restricted share units and 2,874,459 options for certain executive officers to be made immediately prior to the consummation of the merger. The restricted share units and options vest quarterly over a 4-year period, except for options and restricted share units granted to certain senior executive officers, which vest over a 4-year period starting from January 1, 2022.

NOTE 19:- SUBSEQUENT EVENTS (UNAUDITED)

a. In April 2021, the Company's Board of Directors approved an additional grant of 278,164 restricted share units and 109,168 options to its employees. In addition, the Company's management has recommended to the board of directors an additional grant of 242,461 restricted share units and 85,072 options to certain of its employees. The restricted share units and options vest quarterly over a 4-year period. All of the RSUs and options are subject to the Company's shares commencing public trading no later than September 30, 2021, failing which the grants will be forfeited.

   As of June 30, 2021 all awards that were subject to approval were approved by the Board of Directors.

b. In April 2021, the Company became aware that the Antitrust Division of the U.S. Department of Justice is conducting a criminal investigation of hiring activities in the Company's industry, including the Company.

The Company is cooperating with the Antitrust Division. While there can be no assurances as to the ultimate outcome, the Company does not believe that its conduct violated applicable law.

c. On June 29, 2021, Merger Sub merged with and into ION, with ION continuing as the surviving company. As a result of such merger and the other transactions contemplated by the Merger Agreement, ION became a direct, wholly-owned subsidiary of Taboola. As a result, Taboola's shares and warrants became listed on The Nasdaq Global Market under the symbols “TBLA” and “TBLAW”, respectively.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and the Board of Directors of ION ACQUISITION CORP 1 LTD.

Opinion on the Financial Statements

We have audited the accompanying balance sheet of ION ACQUISITION CORP 1 LTD. (the "Company") as of December 31, 2020 and the related statement of operations, changes in shareholders' equity and cash flows for the period from August 6, 2020 (the day of inception) through December 31, 2020, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2020, and the results of its operations and its cash flows for period from August 6, 2020 (the day of inception) to December 31, 2020, in conformity with U.S. generally accepted accounting principles.

Restatement of Financial Statements

As discussed in Note 2 to the financial statements, the 2020 financial statements have been restated to correct a misstatement.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audit we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

/s/ KOST FORER GABBAY & KASIERER

A Member of Ernst & Young Global
We have served as the Company's auditor since 2020
Tel-Aviv, Israel
March 22, 2021 except for the effects of the restatement discussed in Note 2 as to which the date is April 29, 2021

TABLE OF CONTENTS

ION ACQUISITION CORP 1 LTD.
BALANCE SHEET
DECEMBER 31, 2020

	As Restated
ASSETS	
Current assets:	
Cash	$ 1,076,872
Prepaid expenses	310,698
Total Current Assets	1,387,570
Cash and marketable securities held in Trust Account	258,794,822
Total Assets	$260,182,392
LIABILITIES AND SHAREHOLDERS' EQUITY	
Current liabilities:	
Accrued expenses	$ 654,531
Accrued offering costs	96,596
Warrants liability	52,506,049
Total Liabilities	$ 53,257,176
Commitments	
Class A ordinary shares subject to possible redemption, 20,189,024, shares at redemption value	$201,925,208
Shareholders' Equity	
Preference shares, $0.0001 par value; 5,000,000 shares authorized; none issued and outstanding	
Class A ordinary shares, $0.0001 par value; 500,000,000 shares authorized; 5,685,976 shares issued and outstanding (excluding 20,189,024 shares subject to possible redemption)	$ 569
Class B ordinary shares, $0.0001 par value; 50,000,000 shares authorized; 6,468,750 shares issued and outstanding	647
Additional paid-in capital	25,941,986
Accumulated deficit	(20,943,194)
Total Shareholders' Equity	**$ 5,000,008**
Total Liabilities and Shareholders' Equity	**$260,182,392**

The accompanying notes are an integral part of the financial statements.

ION ACQUISITION CORP 1 LTD.
STATEMENT OF OPERATIONS
FOR THE PERIOD FROM AUGUST 6, 2020 (INCEPTION) THROUGH DECEMBER 31, 2020

	As Restated
Operating costs	$ 756,593
Loss from operations	**(756,593)**
Other income (loss), net:	
Interest income on marketable securities held in Trust Account	42,308
Unrealized gain on marketable securities held in Trust Account	2,514
Underwriting discounts and transactions costs attributed to warrant liability	(177,233)
Change in fair value of the warrants liability	(20,054,190)
Other loss, net	(20,186,601)
Net loss	**$(20,943,194)**
Weighted average shares outstanding, basic and diluted[1]	8,358,653
Basic and diluted net loss per non-redeemable ordinary share[2]	**$ (2.51)**

(1) Excludes an aggregate of up to 20,189,024 shares subject to possible redemption at December 31, 2020.

(2) Net loss per ordinary share - basic and diluted excludes income attributable to ordinary shares subject to possible redemption of $ 34,836 for the period from August 6, 2020 (inception) through December 31, 2020 (see Note 2).

The accompanying notes are an integral part of the financial statements.

TABLE OF CONTENTS

ION ACQUISITION CORP 1 LTD.
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE PERIOD FROM AUGUST 6, 2020 (INCEPTION) THROUGH DECEMBER 31, 2020

As Restated

	Class A Ordinary Shares		Class B Ordinary Shares		Additional Paid-in Capital	Retained Earnings	Total Shareholders' Equity
	Shares	Amount	Shares	Amount			
Balance – August 6, 2020 (inception)	—	$ —	—	$ —	$ —	$ —	$ —
Issuance of Class B ordinary shares to Initial Shareholders	—	—	6,468,750	647	24,353	—	25,000
Issuance of 25,875,000 Class A shares, net of underwriting discounts and offering costs	25,875,000	2,587	—	—	227,842,841	—	227,845,428
Class A ordinary shares subject to possible redemption	(20,189,024)	(2,018)	—	—	(201,925,208)	—	(201,927,226)
Net loss	—	—	—	—	—	(20,943,194)	(20,943,194)
Balance – December 31, 2020 (As Restated)	**5,685,976**	**$ 569**	**6,468,750**	**$647**	**$ 25,941,986**	**$(20,943,194)**	**$ 5,000,008**

The accompanying notes are an integral part of the financial statements.

ION ACQUISITION CORP 1 LTD.
STATEMENT OF CASH FLOWS
FOR THE PERIOD FROM AUGUST 6, 2020 (INCEPTION) THROUGH DECEMBER 31, 2020

	As Restated
Cash Flows from Operating Activities:	
Net loss	$ (20,943,194)
Adjustments to reconcile net loss to net cash used in operating activities:	
Payment of formation costs through issuance of Class B ordinary shares	5,000
Underwriting discounts and transactions costs attributed to warrant liability	177,233
Interest earned on marketable securities held in Trust Account	(42,308)
Unrealized gain on marketable securities held in Trust Account	(2,514)
Changes in operating assets and liabilities:	
Prepaid expenses	(310,698)
Accrued expenses	654,531
Change in fair value of warrants	20,054,190
Net cash used in operating activities	**(407,760)**
Cash Flows from Investing Activities:	
Investment of cash in Trust Account	(258,750,000)
Net cash used in investing activities	**(258,750,000)**
Cash Flows from Financing Activities:	
Proceeds from sale of Units, net of underwriting discounts paid	253,575,000
Proceeds from sale of Private Placement Warrants	7,175,000
Advances from related party	325,000
Repayment of advances from related party	(325,000)
Repayment of promissory note – related party	(92,468)
Payment of offering costs	(422,900)
Net cash provided by financing activities	**260,234,632**
Net Change in Cash	**1,076,872**
Cash – Beginning	—
Cash – Ending	**$ 1,076,872**
Non-Cash Investing and Financing Activities:	
Offering costs paid by Initial Shareholders in exchange for the issuance of Class B ordinary shares	$ 20,000
Offering costs included in accrued offering costs	$ 96,596
Offering costs paid through promissory note - related party	$ 92,468

The accompanying notes are an integral part of the financial statements.

ION ACQUISITION CORP 1 LTD.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1. DESCRIPTION OF ORGANIZATION AND BUSINESS OPERATIONS

ION Acquisition Corp. 1 Ltd. (the "Company") is a blank check company incorporated as a Cayman Islands exempted company on August 6, 2020. The Company was formed for the purpose of effecting a merger, share exchange, asset acquisition, share purchase, reorganization or similar business combination with one or more businesses or entities (a "Business Combination").

The Company is not limited to a particular industry or sector for purposes of consummating a Business Combination. The Company is an early stage and emerging growth company and, as such, the Company is subject to all of the risks associated with early stage and emerging growth companies.

As of December 31, 2020, the Company had not commenced any operations. All activity for the period from August 6, 2020 (inception) through December 31, 2020 relates to the Company's formation and the initial public offering (the "Initial Public Offering"), which is described below, identifying a target company for a Business Combination, activities in connection with the proposed acquisition of Taboola.com Ltd., a company organized under the laws of the State of Israel ("Taboola") (see Note 11). The Company will not generate any operating revenues until after the completion of a Business Combination, at the earliest. The Company will generate non-operating income in the form of interest income from the proceeds derived from the Initial Public Offering and recognizes changes in the fair value of warrants liability as other income (expense).

The registration statement for the Company's Initial Public Offering was declared effective on October 1, 2020. On October 6, 2020 the Company consummated the Initial Public Offering of 25,875,000 units (the "Units" and, with respect to the Class A ordinary shares included in the Units sold, the "Public Shares" and one-fifth of one redeemable warrant included in the Units sold, the "Public Warrant"), which includes the full exercise by the underwriters of their over-allotment option in the amount of 3,375,000 Units, at $10.00 per Unit, generating gross proceeds of $258,750,000 which is described in Note 3.

Simultaneously with the closing of the Initial Public Offering, the Company consummated the sale of 7,175,000 warrants (the "Private Placement Warrants") at a price of $1.00 per Private Placement Warrant in a private placement to ION Holdings 1, LP (the "Sponsor") and ION Co-Investment (an affiliate of the underwriters) (collectively, the "Initial Shareholders"), generating gross proceeds of $7,175,000, which is described in Note 5.

Transaction costs amounted to $5,806,964, consisting of $5,175,000 of underwriting fees and $631,964 of other offering costs.

Following the closing of the Initial Public Offering on October 6, 2020, an amount of $258,750,000 ($10.00 per Unit) from the net proceeds of the sale of the Units in the Initial Public Offering and the sale of the Private Placement Warrants was placed in a trust account (the "Trust Account") and will be invested in U.S. government securities, within the meaning set forth in Section 2(a)(16) of the Investment Company Act, with a maturity of 185 days or less, or in any open-ended investment company that holds itself out as a money market fund investing solely in U.S. Treasuries and meeting certain conditions under Rule 2a-7 of the Investment Company Act of 1940, as amended (the "Investment Company Act"), as determined by the Company, until the earliest of: (i) the completion of a Business Combination and (ii) the distribution of the funds in the Trust Account to the Company's shareholders, as described below.

The Company's management has broad discretion with respect to the specific application of the net proceeds of the Initial Public Offering and the sale of the Private Placement Warrants, although substantially all of the net proceeds are intended to be applied generally toward consummating a Business Combination. The stock exchange listing rules require that the Business Combination must be with one or more operating businesses or assets with a fair market value equal to at least 80% of the assets held in the Trust Account (excluding any deferred underwriting commissions and taxes payable on the interest earned on the Trust Account). The Company will only complete a Business Combination if the post-Business Combination company owns or acquires 50% or more of the issued and outstanding voting securities of the target or otherwise acquires a controlling interest in the target business sufficient for it not to be required to register as an investment company under the Investment Company Act. There is no assurance that the Company will be able to successfully effect a Business Combination.

The Company will provide the holders of the public shares (the “Public Shareholders”) with the opportunity to redeem all or a portion of their public shares upon the completion of the Business Combination, either (i) in connection with a general meeting called to approve the Business Combination or (ii) by means of a tender offer. The decision as to whether the Company will seek shareholder approval of a Business Combination or conduct a tender offer will be made by the Company, solely in its discretion. The Public Shareholders will be entitled to redeem their Public Shares, equal to the aggregate amount then on deposit in the Trust Account, calculated as of two business days prior to the consummation of the Business Combination (initially $10.00 per Public Share), including any interest (which interest shall be net of taxes payable), divided by the number of then issued and outstanding public shares, subject to certain limitations as described in the prospectus. The per-share amount to be distributed to the Public Shareholders who properly redeem their shares will not be reduced by any deferred underwriting commissions the Company will pay to the underwriters. There will be no redemption rights upon the completion of a Business Combination with respect to the Company’s warrants.

The Company will proceed with a Business Combination only if the Company has net tangible assets of at least $5,000,001 and, if the Company seeks shareholder approval, it receives an ordinary resolution under Cayman Islands law approving a Business Combination, which requires the affirmative vote of a majority of the shareholders who attend and vote at a general meeting of the Company. If a shareholder vote is not required and the Company does not decide to hold a shareholder vote for business or other legal reasons, the Company will, pursuant to its Amended and Restated Memorandum and Articles of Association, conduct the redemptions pursuant to the tender offer rules of the Securities and Exchange Commission (“SEC”), and file tender offer documents containing substantially the same information as would be included in a proxy statement with the SEC prior to completing a Business Combination. If the Company seeks shareholder approval in connection with a Business Combination, the Initial Shareholders have agreed to vote their Founder Shares (as defined in Note 6) and any Public Shares purchased during or after the Initial Public Offering in favor of approving a Business Combination. Additionally, each Public Shareholder may elect to redeem their Public Shares, without voting, and if they do vote, irrespective of whether they vote for or against a proposed Business Combination.

Notwithstanding the foregoing, if the Company seeks shareholder approval of the Business Combination and the Company does not conduct redemptions pursuant to the tender offer rules, a Public Shareholder, together with any affiliate of such shareholder or any other person with whom such shareholder is acting in concert or as a “group” (as defined under Section 13 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”)), will be restricted from redeeming its shares with respect to more than an aggregate of 20% of the Public Shares without the Company’s prior written consent.

The Initial Shareholders (a) have agreed to waive their redemption rights with respect to any Founder Shares and Public Shares held by them in connection with the completion of a Business Combination and (b) will agree not to propose an amendment to the Amended and Restated Memorandum and Articles of Association (i) to modify the substance or timing of the Company’s obligation to allow redemption in connection with the Company’s initial Business Combination or to redeem 100% of the Public Shares if the Company does not complete a Business Combination within the Combination Period (as defined below) or (ii) with respect to any other provision relating to shareholders’ rights or pre-initial business combination activity, unless the Company provides the Public Shareholders with the opportunity to redeem their Public Shares upon approval of any such amendment at a per-share price, payable in cash, equal to the aggregate amount then on deposit in the Trust Account, including interest (which interest shall be net of taxes payable), divided by the number of then issued and outstanding Public Shares.

The Company will have until October 6, 2022 to consummate a Business Combination (the “Combination Period”). However, if the Company has not completed a Business Combination within the Combination Period, the Company will (i) cease all operations except for the purpose of winding up, (ii) as promptly as reasonably possible but not more than ten business days thereafter, redeem 100% of the Public Shares, at a per-share price, payable in cash, equal to the aggregate amount then on deposit in the Trust Account, including interest (less up to $100,000 of interest to pay dissolution expenses and which interest shall be net of taxes payable), divided by the number of then issued and outstanding Public Shares, which redemption will completely extinguish the rights of the Public Shareholders as shareholders (including the right to receive further liquidating distributions, if any), and (iii) as promptly as reasonably possible following such redemption, subject to the approval of the Company’s remaining Public Shareholders and its Board of Directors, liquidate and dissolve, subject in each case to the Company’s

obligations under Cayman Islands law to provide for claims of creditors and the requirements of other applicable law. There will be no redemption rights or liquidating distributions with respect to the Company's warrants, which will expire worthless if the Company fails to complete a Business Combination within the Combination Period.

The Initial Shareholders have agreed to waive their rights to liquidating distributions from the Trust Account with respect to the Founder Shares if the Company fails to complete a Business Combination within the Combination Period. However, if the Initial Shareholders or any of their respective affiliates acquire Public Shares, such Public Shares will be entitled to liquidating distributions from the Trust Account if the Company fails to complete a Business Combination within the Combination Period. In the event of such distribution, it is possible that the per share value of the assets remaining available for distribution will be less than the Initial Public Offering price per Unit ($10.00).

In order to protect the amounts held in the Trust Account, the Sponsor will agree that it will be liable to the Company if and to the extent any claims by a third party (other than the Company's independent registered public accounting firm) for services rendered or products sold to the Company, or a prospective target business with which the Company has discussed entering into a transaction agreement, reduce the amount of funds in the Trust Account to below the lesser of (1) $10.00 per Public Share and (2) the actual amount per Public Share held in the Trust Account as of the date of the liquidation of the Trust Account, if less than $10.00 per share due to reductions in the value of trust assets, less taxes payable; provided that such liability will not apply to any claims by a third party or prospective target business who executed a waiver of any and all rights to the monies held in the Trust Account nor will it apply to any claims under the Company's indemnity of the underwriters of the Initial Public Offering against certain liabilities, including liabilities under the Securities Act of 1933, as amended (the "Securities Act"). In the event that an executed waiver is deemed to be unenforceable against a third party, the Sponsor will not be responsible to the extent of any liability for such third-party claims. The Company will seek to reduce the possibility that the Sponsor will have to indemnify the Trust Account due to claims of creditors by endeavoring to have all vendors, service providers (other than the Company's independent registered public accounting firm), prospective target businesses or other entities with which the Company does business, execute agreements with the Company waiving any right, title, interest or claim of any kind in or to monies held in the Trust Account.

NOTE 2. RESTATEMENT OF PREVIOUSLY ISSUED FINANCIAL STATEMENTS

On April 12, 2021, the Staff of the U.S. Securities and Exchange Commission ("SEC") released the Staff Statement on Accounting and Reporting Considerations for Warrants Issued by Special Purpose Acquisition Companies ("SPACs") (the "Statement"). The SEC Staff Statement addresses certain accounting and reporting considerations related to warrants of a kind similar to those issued by the Company at the time of its initial public offering in October 2020.

As described in note 1 above, in connection with the Company's Initial Public Offering ("IPO") on October 6, 2020, the Company issued to investors 25,875,000 units, consisting of one share of Class A ordinary share and one-fifth of one redeemable warrant ("Public Warrant"). Simultaneously with the closing of the IPO, the Company's Initial Shareholders purchased an aggregate of 7,175,000 private placement warrants ("Private Placement Warrants"). Each whole Public Warrant and Private Placement Warrant entitles the holder to purchase one Class A ordinary share at an exercise price of $11.50 per whole share, subject to adjustment. Both the Public Warrants and Private Placement Warrants (together the "Warrants") were classified as equity in the Company's previously issued audited balance sheet as of December 31, 2020 and October 6, 2020.

In light of the Statement and guidance in Accounting Standards Codification ("ASC") 815-40, "Derivatives and Hedging — Contracts in Entity's Own Equity", in particular as applicable to certain provisions in the Warrants related to tender or exchange offer provisions as well as provisions that provided for potential changes to the settlement amounts dependent upon the characteristics of the holder of the warrant, the Company evaluated the terms of the Warrants agreement entered into in connection with the Company's IPO and concluded that the Company's Warrants include provisions that, based on ASC 815-40, preclude the Warrants from being classified as components of equity. The Warrants are not eligible for an exception from derivative accounting, and therefore should be classified as a liability measured at fair value, with changes in fair value reported each period in earnings.

The Company's management and the audit committee of the Company's Board of Directors concluded that it is appropriate to restate all of the Company's previously issued audited financial statements to reflect these Warrants as liability, with subsequent changes in their fair value recorded as income or expense in the statements of operations for all periods since issuance.

The following tables summarize the effect of the restatement on each financial statement line item as of the dates, and for the period, indicated:

	As Previously Reported	Adjustment	As Restated
Balance Sheet as of October 6, 2020			
Warrants liability	$ —	$ 32,451,859	$ 32,451,859
Total liabilities	936,964	32,451,859	33,388,823
Class A ordinary shares subject to possible redemption[(1)]	255,138,030	(32,451,859)	222,686,171
Class A ordinary shares	36	325	361
Additional paid-in capital	$ 5,004,323	$ (325)	$ 5,003,998
Balance Sheet as of December 31, 2020			
Warrants liability	$ —	$ 52,506,049	$ 52,506,049
Total liabilities	751,127	52,506,049	53,257,176
Class A ordinary shares subject to possible redemption[(1)]	254,431,257	(52,506,049)	201,925,208
Class A ordinary shares	44	525	569
Additional paid-in capital	5,711,088	20,230,898	25,941,986
Accumulated deficit	(711,771)	(20,231,423)	(20,943,194)
Statement of Operations for the Period From August 6, 2020 (Inception) through December 31, 2020			
Change in fair value of warrant liabilities	$ —	$(20,054,190)	$(20,054,190)
Underwriting discounts and transactions costs attributed to warrants liability	—	(177,233)	(177,233)
Other income (loss), net	44,822	(20,231,423)	(20,186,601)
Net loss	(711,771)	(20,231,423)	(20,943,194)
Basic and diluted weighted average shares outstanding, Non-redeemable ordinary shares	6,365,182	1,993,471	8,358,653
Basic and diluted net loss per share, Non-redeemable ordinary shares	$ (0.12)	$ (2.39)	$ (2.51)
Statement of Cash Flows for the Period From August 6, 2020 (Inception) through December 31, 2020			
Cash Flows from Operating Activities:			
Net loss	$ (711,771)	$(20,231,423)	$(20,943,194)
Adjustments to reconcile net loss to net cash used in operating activities:			
Change in fair value of warrants liability	—	20,054,190	20,054,190
Underwriting discounts and transactions costs attributed to warrants liability	—	177,233	177,233

(1) Class A ordinary shares subject to possible redemption as Previously Reported as of October 6, 2020 and December 31, 2020 were 25,513,803 and 25,438,719, respectively that are Adjusted by (3,245,185) and (5,249,695), respectively and are As Restated at 22,268,618 and 20,189,024, respectively.

The restatement affects certain notes to the financial statements, and conforming changes have been made to Notes 1, 2, 3, 8, 9, 10 and 11.

NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (As Restated)

Basis of Presentation

The accompanying financial statements are presented in conformity with accounting principles generally accepted in the United States of America ("GAAP") and pursuant to the rules and regulations of the SEC.

Emerging Growth Company

The Company is an “emerging growth company,” as defined in Section 2(a) of the Securities Act, as modified by the Jumpstart Our Business Startups Act of 2012 (the “JOBS Act”), and it may take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies including, but not limited to, not being required to comply with the independent registered public accounting firm attestation requirements of Section 404 of the Sarbanes-Oxley Act of 2002, reduced disclosure obligations regarding executive compensation in its periodic reports and proxy statements, and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and shareholder approval of any golden parachute payments not previously approved.

Further, Section 102(b)(1) of the JOBS Act exempts emerging growth companies from being required to comply with new or revised financial accounting standards until private companies (that is, those that have not had a Securities Act registration statement declared effective or do not have a class of securities registered under the Exchange Act) are required to comply with the new or revised financial accounting standards. The JOBS Act provides that a company can elect to opt out of the extended transition period and comply with the requirements that apply to non-emerging growth companies but any such election to opt out is irrevocable. The Company has elected not to opt out of such extended transition period which means that when a standard is issued or revised and it has different application dates for public or private companies, the Company, as an emerging growth company, can adopt the new or revised standard at the time private companies adopt the new or revised standard. This may make comparison of the Company’s financial statements with another public company which is neither an emerging growth company nor an emerging growth company which has opted out of using the extended transition period difficult or impossible because of the potential differences in accounting standards used.

Use of Estimates

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

Making estimates requires management to exercise significant judgment. It is at least reasonably possible that the estimate of the effect of a condition, situation or set of circumstances that existed at the date of the financial statements, which management considered in formulating its estimate, could change in the near term due to one or more future confirming events. Accordingly, the actual results could differ significantly from those estimates.

Cash and Cash Equivalents

The Company considers all short-term investments with an original maturity of three months or less when purchased to be cash equivalents. The Company did not have any cash equivalents as of December 31, 2020.

Marketable Securities Held in Trust Account

At December 31, 2020, substantially all of the assets held in the Trust Account were held in U.S. Treasury Bills.

Warrants Liability

The Company evaluated the Public Warrants and Private Placement Warrants (collectively, “Warrants”, which are discussed in Note 9, and Note 10) in accordance with ASC 815-40, “Derivatives and Hedging — Contracts in Entity’s Own Equity”, and concluded that a provision in the Warrant Agreement related to certain tender or exchange offers, as well as provisions that provided for potential changes to the settlement amounts dependent upon the characteristics of the holder of the warrant, preclude the Warrants from being accounted for as components of equity. As the Warrants meet the definition of a derivative as contemplated in ASC 815 and are not eligible for an exception from derivative accounting, the Warrants are recorded as derivative liabilities on the Balance Sheet and measured at fair value at inception (on the date of the IPO) and at each reporting date in accordance with ASC 820, “Fair Value Measurement”, with changes in fair value recognized in the Statement of Operations in the period of change.

Class A Ordinary Shares Subject to Possible Redemption

The Company accounts for its Class A ordinary shares subject to possible redemption in accordance with the guidance in Accounting Standards Codification (“ASC”) Topic 480 “Distinguishing Liabilities from Equity.” Class A ordinary shares subject to mandatory redemption are classified as a liability instrument and are measured at

fair value. Conditionally redeemable ordinary shares (including ordinary shares that feature redemption rights that are either within the control of the holder or subject to redemption upon the occurrence of uncertain events not solely within the Company's control) are classified as temporary equity. At all other times, ordinary shares are classified as shareholders' equity. The Company's Class A ordinary shares feature certain redemption rights that are considered to be outside of the Company's control and subject to occurrence of uncertain future events. Accordingly, Class A ordinary shares subject to possible redemption are presented at redemption value as temporary equity, outside of the shareholders' equity section of the Company's balance sheet.

Allocation of Proceeds and Issuance Costs

Upon the IPO, the Company issued Class A Ordinary shares and Warrants (Public Warrants and Private placement Warrants). Freestanding instrument issued in a basket transaction should be initially measured at fair value if it is required to be subsequently measured at fair value pursuant to US GAAP, with the residual proceeds from the transaction allocated to any remaining instruments based on their relative fair values. The Company first allocated the proceeds to the Warrants based on their initial fair value measurement of $32,451,859 and then allocated the remaining proceeds to Class A Ordinary shares. Issuance costs including underwriting discounts and offering costs in the total amount of $5,806,964 were attributed both to the issuance of Class A shares and Warrants in the amount of $5,629,731 and $177,233, respectively. Issuance costs attributed to the Warrants were expensed to the statement of operations. A portion of the 25,875,000 Class A Ordinary shares are presented within temporary equity, as certain shares are subject to redemption upon the occurrence of events not solely within the Company's control.

Income Taxes

The Company accounts for income taxes under ASC Topic 740, "Income Taxes," which requires an asset and liability approach to financial accounting and reporting for income taxes. Deferred income tax assets and liabilities are computed for differences between the financial statement and tax bases of assets and liabilities that will result in future taxable or deductible amounts, based on enacted tax laws and rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established, when necessary, to reduce deferred tax assets to the amount expected to be realized.

ASC Topic 740 prescribes a recognition threshold and a measurement attribute for the financial statement recognition and measurement of tax positions taken or expected to be taken in a tax return. For those benefits to be recognized, a tax position must be more likely than not to be sustained upon examination by taxing authorities. The Company's management determined that the Cayman Islands is the Company's major tax jurisdiction. The Company recognizes accrued interest and penalties related to unrecognized tax benefits as income tax expense. As of December 31, 2020, there were no unrecognized tax benefits and no amounts accrued for interest and penalties. The Company is currently not aware of any issues under review that could result in significant payments, accruals or material deviation from its position.

The Company is considered to be an exempted Cayman Islands company with no connection to any other taxable jurisdiction and is presently not subject to income taxes or income tax filing requirements in the Cayman Islands or the United States. As such, the Company's tax provision was zero for the period presented.

Net Loss Per Ordinary Share

Net loss per ordinary share is computed by dividing net loss by the weighted average number of ordinary shares outstanding for the period. The Company applies the two-class method in calculating earnings per share. Ordinary shares subject to possible redemption at December 31, 2020, which are not currently redeemable and are not redeemable at fair value, have been excluded from the calculation of basic net loss per ordinary share since such shares, if redeemed, only participate in their pro rata share of the Trust Account earnings. The Company has not considered the effect of warrants sold in the Initial Public Offering and the private placement to purchase 12,350,000 ordinary shares in the calculation of diluted loss per share, since the exercise of the warrants into ordinary shares is contingent upon the occurrence of future events. As a result, diluted net loss per ordinary share is the same as basic net loss per ordinary share for the period presented.

Reconciliation of Net Loss Per Ordinary Share

The Company's net loss is adjusted for the portion of income that is attributable to ordinary shares subject to possible redemption, as these shares only participate in the earnings of the Trust Account and not the income or losses of the Company. Accordingly, basic and diluted loss per ordinary share is calculated as follows:

	For the Period from August 6, 2020 (Inception) Through December 31, 2020
Net loss	$(20,943,194)
Less: Income attributable to ordinary shares subject to possible redemption	(34,836)
Adjusted net loss	**$(20,978,030)**
Weighted average non-redeemable ordinary shares outstanding, basic and diluted	8,358,653
Basic and diluted net loss per ordinary share	$ (2.51)

Concentration of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist of a cash account in a financial institution which, at times may exceed the Federal Depository Insurance Coverage of $250,000. The Company has not experienced losses on this account and management believes the Company is not exposed to significant risks on such account.

Fair Value of Financial Instruments

The Company follows the guidance in ASC Topic 820, "*Fair Value Measurement*", for its financial assets and liabilities that are re-measured and reported at fair value at each reporting period, and non-financial assets and liabilities that are re-measured and reported at fair value at least annually.

The fair value of the Company's financial assets and liabilities reflects management's estimate of amounts that the Company would have received in connection with the sale of the assets or paid in connection with the transfer of the liabilities in an orderly transaction between market participants at the measurement date. In connection with measuring the fair value of its assets and liabilities, the Company seeks to maximize the use of observable inputs (market data obtained from independent sources) and to minimize the use of unobservable inputs (internal assumptions about how market participants would price assets and liabilities). The following fair value hierarchy is used to classify assets and liabilities based on the observable inputs and unobservable inputs used in order to value the assets and liabilities:

Level 1: Quoted prices in active markets for identical assets or liabilities. An active market for an asset or liability is a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2: Observable inputs other than Level 1 inputs. Examples of Level 2 inputs include quoted prices in active markets for similar assets or liabilities and quoted prices for identical assets or liabilities in markets that are not active.

Level 3: Unobservable inputs based on the Company's assessment of the assumptions that market participants would use in pricing the asset or liability.

See Note 10 for additional information on assets and liabilities measured at fair value.

The fair value of the Company's assets and liabilities, other than the warrants liability described above, which qualify as financial instruments under ASC Topic 820, "Fair Value Measurements and Disclosures," approximate the carrying amounts represented in the accompanying balance sheet, primarily due to their short-term nature. As of December 31, 2020, the Company reported Warrants issued at the consummation of its IPO as financial instruments recorded as liabilities at their respective fair values.

Recent Accounting Standards

Management does not believe that any recently issued, but not yet effective, accounting standards, if currently adopted, would have a material effect on the accompanying financial statements.

NOTE 4. INITIAL PUBLIC OFFERING

Pursuant to the Initial Public Offering, the Company sold 25,875,000 Units, which includes the full exercise by the underwriters of their over-allotment option in the amount of 3,375,000 Units, at a purchase price of $10.00 per Unit. Each Unit consists of one Class A ordinary share and one-fifth of one redeemable warrant ("Public Warrant"). Each whole Public Warrant entitles the holder to purchase one Class A ordinary share at an exercise price of $11.50 per whole share (see Note 7).

NOTE 5. PRIVATE PLACEMENT

Simultaneously with the closing of the Initial Public Offering, the Initial Shareholders purchased an aggregate of 7,175,000 Private Placement Warrants at a price of $1.00 per Private Placement Warrant, for an aggregate purchase price of $7,175,000. Each Private Placement Warrant is exercisable to purchase one Class A ordinary share at a price of $11.50 per share, subject to adjustment (see Note 7). A portion of the proceeds from the Private Placement Warrants were added to the proceeds from the Initial Public Offering held in the Trust Account. If the Company does not complete a Business Combination within the Combination Period, the proceeds from the sale of the Private Placement Warrants will be used to fund the redemption of the Public Shares (subject to the requirements of applicable law) and the Private Placement Warrants will expire worthless.

NOTE 6. RELATED PARTY TRANSACTIONS

Founder Shares

During the period ended August 13, 2020, the Initial Shareholders paid $25,000 to cover certain offering and formation costs of the Company in consideration for 5,750,000 Class B ordinary shares (the "Founder Shares"). On October 1, 2020, the Company effected a share capitalization of 718,750 shares and, as a result, there are 6,468,750 Class B ordinary shares issued and outstanding. All share and per-share amounts have been retroactively restated to reflect the share capitalization. The Founder Shares included an aggregate of up to 843,750 shares that were subject to forfeiture depending on the extent to which the underwriters' over-allotment option was exercised, so that the number of Founder Shares would equal, on an as-converted basis, approximately 20% of the Company's issued and outstanding ordinary shares after the Initial Public Offering. As a result of the underwriters' election to fully exercise their over-allotment option, 843,750 Founder Shares are no longer subject to forfeiture.

The Initial Shareholders have agreed, subject to limited exceptions, not to transfer, assign or sell any of their Founder Shares until the earliest of: (A) one year after the completion of a Business Combination and (B) subsequent to a Business Combination, (x) if the closing price of the Class A ordinary shares equals or exceeds $12.00 per share (as adjusted for share splits, share dividends, rights issuances, subdivisions, reorganizations, recapitalizations and the like) for any 20 trading days within any 30-trading day period commencing at least 150 days after a Business Combination, or (y) the date on which the Company completes a liquidation, merger, share exchange or other similar transaction that results in all of the Public Shareholders having the right to exchange their Class A ordinary shares for cash, securities or other property.

Administrative Services Agreement

The Company entered into an agreement, commencing on October 2, 2020, to pay the Sponsor up to $10,000 per month for office space, utilities, administrative services and remote support services. Upon completion of a Business Combination or its liquidation, the Company will cease paying these monthly fees. For the period from August 6, 2020 (inception) through December 31, 2020, the Company incurred and paid $30,000 in fees for these services.

Advance from Related Party

During the period ended December 31, 2020, the Sponsor paid for certain offering costs on behalf of the Company in connection with the Initial Public Offering. As of December 31, 2020, advances amounting to $325,000 were repaid in full.

Promissory Note — Related Party

On August 12, 2020, the Company issued an unsecured promissory note (the "Promissory Note") to the Sponsor, pursuant to which the Company could borrow up to an aggregate principal amount of $300,000. The Promissory Note was non-interest bearing and payable on the earlier of (i) December 31, 2020 and (ii) the completion of the Initial Public Offering. As of October 6, 2020, there was $92,468 outstanding under the Promissory Note, which was subsequently repaid in full on October 14, 2020.

Related Party Loans

In order to finance transaction costs in connection with a Business Combination, the Sponsor or an affiliate of the Sponsor, or certain of the Company's officers and directors may, but are not obligated to, loan the Company funds as may be required ("Working Capital Loans"). Such Working Capital Loans would be evidenced by promissory notes. The notes may be repaid upon completion of a Business Combination, without interest, or, at the lender's discretion, up to $1,500,000 of notes may be converted upon completion of a Business Combination into warrants at a price of $1.00 per warrant. Such warrants would be identical to the Private Placement Warrants. In the event that a Business Combination does not close, the Company may use a portion of proceeds held outside the Trust Account to repay the Working Capital Loans but no proceeds held in the Trust Account would be used to repay the Working Capital Loans. As of December 31, 2020, the Company did not execute any promissory notes and had no outstanding borrowings under the Working Capital Loans.

Forward Purchase Agreements

The Company entered into forward purchase agreements on September 15, 2020, pursuant to which the forward purchase investors agreed to purchase an aggregate of up to 5,000,000 Class A ordinary shares, at a purchase price of $10.00 per share, or up to $50,000,000 in the aggregate, in private placements that will close substantially concurrently with the closing of a Business Combination. Any reduction in the number of forward purchase shares will be made in the Company's sole discretion. The forward purchase shares are identical to the Public Shares, except that the holders thereof will have certain registration rights. The forward purchase agreements and the registration rights agreement also provide that the forward purchase investors are entitled to registration rights with respect to the forward purchase shares. The proceeds from the sale of the forward purchase shares may be used as part of the consideration to the sellers in a Business Combination, expenses in connection with a Business Combination or for working capital in the post-business combination company. The forward purchases are required to be made regardless of whether any Class A ordinary shares are redeemed by the Public Shareholders and are intended to provide the Company with a minimum funding level for a Business Combination. No forward purchase investor will have the ability to approve the Business Combination prior to the signing of a material definitive agreement. The forward purchase shares will be issued only in connection with the closing of a Business Combination.

NOTE 7. COMMITMENTS

Risks and Uncertainties

Management continues to evaluate the impact of the COVID-19 pandemic and has concluded that while it is reasonably possible that the virus could have a negative effect on the Company's financial position, the results of its operations and/or search for a target company, the specific impact is not readily determinable as of the date of these financial statements. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Registration Rights

Pursuant to a registration rights agreement entered into on October 1, 2020, the holders of the Founder Shares, forward purchase shares, Private Placement Warrants and any warrants that may be issued upon conversion of Working Capital Loans (and any Class A ordinary shares issuable upon the exercise of the Private Placement Warrants or warrants that may be issued upon conversion of the Working Capital Loans and upon conversion of the Founder Shares) will be entitled to registration rights requiring the Company to register a sale of any of the Company's securities held by them pursuant to a registration rights agreement. The holders of these securities will be entitled to make up to three demands, excluding short form demands, that the Company register such securities. In addition, the holders have certain "piggy-back" registration rights with respect to registration statements filed subsequent to the completion of a Business Combination. Notwithstanding the foregoing, ION Co-Investment LLC may not exercise its demand and "piggyback" registration rights after five and seven years, respectively, after the effective date of the registration statement. The Company will bear the expenses incurred in connection with the filing of any such registration statements.

Underwriting Fees

The underwriters were paid a cash underwriting discount of $0.20 per Unit, or $5,175,000 in the aggregate, upon the closing of the Initial Public Offering.

Business Combination Marketing Agreement

The Company engaged Cowen and Company, LLC as an advisor in connection with the Business Combination to assist the Company in holding meetings with its shareholders to discuss the potential Business Combination and the target business's attributes, introduce the Company to potential investors that are interested in purchasing the Company's securities in connection with the potential Business Combination, assist the Company in obtaining shareholder approval for the Business Combination and assist the Company with its press releases and public filings in connection with the Business Combination. Pursuant to the terms of the agreement, the Company will pay Cowen and Company, LLC a marketing fee for such services upon the consummation of a Business Combination in an amount equal to, in the aggregate, 3.5% of the gross proceeds of Initial Public Offering, or $9,056,250 (including proceeds from the full or partial exercise of the over-allotment option). No fee will be due to Cowen and Company, LLC if the Company does not complete a Business Combination.

Forward Purchase Agreement

The Company entered into a forward purchase agreement with ION Crossover Partners LP, The Phoenix Insurance Company Ltd., The Phoenix Insurance Company Ltd. (Nostro) and The Phoenix Excellence Pension and Provident Fund Ltd. (collectively the "Phoenix Entities") to purchase an aggregate of up to 5,000,000 Class A ordinary shares for $10.00 per ordinary share, or up to $50,000,000 in the aggregate, in a private placement to close substantially concurrently with the closing of the Business Combination. If the sale of the forward purchase units fails to close, for any reason, the Company may lack sufficient funds to consummate a Business Combination. The forward purchase shares are identical to the Class A ordinary shares sold in the Initial Public Offering, except that they will be entitled to certain registration rights.

NOTE 8. SHAREHOLDERS' EQUITY (As Restated)

Preference Shares

The Company is authorized to issue 5,000,000 preference shares with a par value of $0.0001 per share, with such designations, voting and other rights and preferences as may be determined from time to time by the Company's board of directors. At December 31, 2020, there were no preference shares issued or outstanding.

Class A Ordinary Shares

The Company is authorized to issue 500,000,000 Class A ordinary shares, with a par value of $0.0001 per share. Holders of Class A ordinary shares are entitled to one vote for each share. At December 31, 2020, there were 5,685,976 Class A ordinary shares issued and outstanding, excluding 20,189,024 Class A ordinary shares subject to possible redemption.

Class B Ordinary Shares

The Company is authorized to issue 50,000,000 Class B ordinary shares, with a par value of $0.0001 per share. Holders of the Class B ordinary shares are entitled to one vote for each share. At December 31, 2020, there were 6,468,750 Class B ordinary shares issued and outstanding.

Holders of Class A ordinary shares and Class B ordinary shares will vote together as a single class on all matters submitted to a vote of shareholders, except as required by law.

The Class B ordinary shares will automatically convert into Class A ordinary shares concurrently with or immediately following the consummation of a Business Combination on a one-for-one basis, subject to adjustment for share splits, share dividends, rights issuances, subdivisions, reorganizations, recapitalizations and the like. In the case that additional Class A ordinary shares, or equity-linked securities, are issued or deemed issued in connection with a Business Combination, the number of Class A ordinary shares issuable upon conversion of all Founder Shares will equal, in the aggregate, 20% of the total number of Class A ordinary shares outstanding after such conversion (after giving effect to any redemptions of Class A ordinary shares by public shareholders), including the total number of Class A ordinary shares issued, or deemed issued or issuable upon conversion or exercise of any equity-linked securities or rights issued or deemed issued, by the Company in connection with or in relation to the consummation of a Business Combination, excluding any Class A ordinary shares or equity-linked securities exercisable for or convertible into Class A ordinary shares issued, or to be issued, to any seller in a Business Combination and any Private Placement Warrants issued to the Sponsor, officers or directors upon conversion of Working Capital Loans; provided that such conversion of Founder Shares will never occur on a less than one-for-one basis.

NOTE 9. WARRANTS (As Restated)

Warrants

Public Warrants may only be exercised for a whole number of shares. No fractional shares will be issued upon exercise of the Public Warrants. The Public Warrants will become exercisable on the later of (a) 30 days after the completion of a Business Combination and (b) one year from the closing of the Initial Public Offering. The Public Warrants will expire five years from the completion of a Business Combination or earlier upon redemption or liquidation.

The Company will not be obligated to deliver any Class A ordinary shares pursuant to the exercise of a warrant and will have no obligation to settle such warrant exercise unless a registration statement under the Securities Act covering the issuance of the Class A ordinary shares issuable upon the exercise of the warrants is then effective and a current prospectus relating thereto is current, subject to the Company satisfying its obligations with respect to registration. No warrant will be exercisable and the Company will not be obligated to issue any shares to holders seeking to exercise their warrants, unless the issuance of the shares upon such exercise is registered, qualified or deemed to be exempt under the securities laws of the state of residence of the registered holder of the warrants.

The Company has agreed that as soon as practicable, but in no event later than 15 business days, after the closing of a Business Combination, it will use its best efforts to file with the SEC a registration statement for the registration, under the Securities Act, of the Class A ordinary shares issuable upon exercise of the warrants. The Company will use its best efforts to cause the same to become effective and to maintain the effectiveness of such registration statement, and a current prospectus relating thereto, until the expiration of the warrants in accordance with the provisions of the warrant agreement. If a registration statement covering the Class A ordinary shares issuable upon exercise of the warrants is not effective by the sixtieth (60th) business day after the closing of a Business Combination, warrant holders may, until such time as there is an effective registration statement and during any period when the Company will have failed to maintain an effective registration statement, exercise warrants on a "cashless basis" in accordance with Section 3(a)(9) of the Securities Act or another exemption. Notwithstanding the above, if the Class A ordinary shares are at the time of any exercise of a warrant not listed on a national securities exchange such that they satisfy the definition of a "covered security" under Section 18(b)(1) of the Securities Act, the Company may, at its option, require holders of Public Warrants who exercise their warrants to do so on a "cashless basis" in accordance with Section 3(a)(9) of the Securities Act and, in the event the Company so elects, the Company will not be required to file or maintain in effect a registration statement, and in the event the Company does not so elect, the Company will use its best efforts to register or qualify the shares under applicable blue sky laws to the extent an exemption is not available.

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

Once the warrants become exercisable, the Company may redeem the outstanding warrants (except as described with respect to the Private Placement Warrants):

- in whole and not in part;
- at a price of $0.01 per warrant;
- upon a minimum of 30 days' prior written notice of redemption to each warrant holder; and
- if, and only if, the closing price of the Class A ordinary shares equals or exceeds $18.00 per share (as adjusted) for any 20 trading days within a 30-trading day period ending three business days before the Company sends the notice of redemption to the warrant holders.

If and when the warrants become redeemable by the Company, the Company may exercise its redemption right even if it is unable to register or qualify the underlying securities for sale under all applicable state securities laws.

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

Once the warrants become exercisable, the Company may redeem the outstanding warrants:

- in whole and not in part;
- at a price of $0.10 per warrant;

- upon a minimum of 30 days' prior written notice of redemption; provided that holders will be able to exercise their warrants on a cashless basis prior to redemption and receive that number of shares determined based on the redemption date and the fair market value of the Class A ordinary shares;
- if, and only if, the closing price of the Class A ordinary shares equals or exceeds $10.00 per share (as adjusted) for any 20 trading days within a 30-trading day period ending three business days before the Company sends the notice of redemption to the warrant holders.

If the Company calls the Public Warrants for redemption, as described above, its management will have the option to require any holder that wishes to exercise the Public Warrants to do so on a "cashless basis," as described in the warrant agreement. The exercise price and number of ordinary shares issuable upon exercise of the Public Warrants may be adjusted in certain circumstances including in the event of a share dividend, extraordinary dividend or recapitalization, reorganization, merger or consolidation. However, except as described below, the Public Warrants will not be adjusted for issuances of ordinary shares at a price below its exercise price. If the Company is unable to complete a Business Combination within the Combination Period and the Company liquidates the funds held in the Trust Account, holders of Public Warrants will not receive any of such funds with respect to their Public Warrants, nor will they receive any distribution from the Company's assets held outside of the Trust Account with respect to such Public Warrants. Accordingly, the Public Warrants may expire worthless.

In addition, if (x) the Company issues additional Class A ordinary shares or Class A equity-linked securities for capital raising purposes in connection with the closing of a Business Combination at an issue price or effective issue price of less than $9.20 per Class A ordinary share (with such issue price or effective issue price to be determined in good faith by the Company's board of directors and, in the case of any such issuance to the Initial Shareholders or their affiliates, without taking into account any Founder Shares held by the Initial Shareholders or such affiliates, as applicable, prior to such issuance) (the "Newly Issued Price"), (y) the aggregate gross proceeds from such issuances represent more than 60% of the total equity proceeds, and interest thereon, available for the funding of a Business Combination on the date of the consummation of a Business Combination (net of redemptions), and (z) the volume weighted average trading price of its Class A ordinary shares during the 10 trading day period starting on the trading day prior to the day on which the Company consummates its Business Combination (such price, the "Market Value") is below $9.20 per share, the exercise price of the warrants will be adjusted (to the nearest cent) to be equal to 115% of the higher of the Market Value and the Newly Issued Price, the $18.00 per share redemption trigger price will be adjusted (to the nearest cent) to be equal to 180% of the higher of the Market Value and the Newly Issued Price, and the $10.00 per share redemption trigger price will be adjusted (to the nearest cent) to be equal to the higher of the Market Value and the Newly Issued Price.

The Private Placement Warrants are identical to the Public Warrants underlying the Units sold in the Initial Public Offering, except that the Private Placement Warrants and the Class A ordinary shares issuable upon the exercise of the Private Placement Warrants will not be transferable, assignable or salable until 30 days after the completion of a Business Combination, subject to certain limited exceptions. Additionally, the Private Placement Warrants will be exercisable on a cashless basis and be non-redeemable, except as described above, so long as they are held by the initial purchasers or their permitted transferees. In addition, the Private Placement Warrants held by the affiliate of the underwriter will not be exercisable more than five years from the effective date of the Initial Public Offering in accordance with FINRA Rule 5110(f)(2)(G)(i). If the Private Placement Warrants are held by someone other than the initial purchasers or their permitted transferees, the Private Placement Warrants will be redeemable by the Company and exercisable by such holders on the same basis as the Public Warrants.

NOTE 10. FAIR VALUE MEASUREMENTS (As Restated)

The following table presents information about the Company's assets and liabilities that are measured at fair value on a recurring basis at December 31, 2020, and indicates the fair value hierarchy of the valuation inputs the Company utilized to determine such fair value:

Description	Level	December 31, 2020
Assets:		
Marketable securities held in Trust Account[1][2]	1	$258,794,029
Liabilities:		
Private Placement Warrants[1]	3	$ 33,864,037
Public Warrants[1]	1	$ 18,642,012

(1) Measured at fair value on a recurring basis.

(2) The fair value of the marketable securities held in the Trust Account approximates the carrying amount primarily due to their short-term nature.

Warrants

The Warrants are accounted for as liabilities in accordance with ASC 815-40 and are presented within warrants liability on the Balance Sheet. The warrants liabilities are measured at fair value at inception and on a recurring basis, with changes in fair value presented within change in fair value of warrants liability in the Statement of Operations.

Initial Measurement

The Company established the initial fair value for the Warrants as of October 6, 2020, the date of the Company's Initial Public Offering, using a Monte Carlo simulation model for the Public Warrants and a Black-Scholes simulation model for the Private Placement Warrants. The Company allocated the proceeds received from (i) the sale of Units (which is inclusive of one share of Class A ordinary shares and one-fifth of one Public Warrant) and (ii) the sale of Private Placement Warrants first to the Warrants based on their fair values as determined at initial measurement, with the remaining proceeds allocated to Class A ordinary shares. The Warrants were classified as Level 3 at the initial measurement date due to the use of unobservable inputs.

The key inputs into the Monte Carlo simulation model for the Public Warrants were as follows at initial measurement:

Input	October 6, 2020 (Initial Measurement)
Risk-free interest rate	0.40%
Expected term (years)	5.73
Expected volatility	22.9%
Exercise price	$11.50
Fair value of Units	$10.00

The key inputs into the Black-Scholes model for the Private Placement Warrants were as follows at initial measurement:

Input	October 6, 2020 (Initial Measurement)	December 31, 2020
Risk-free interest rate	0.32%-0.40%	0.34%-0.43%
Expected term (years)	5-5.73	4.75-5.50
Expected volatility	41.8%-44.6%	41.5%-44.3%
Exercise price	$11.50	$11.50
Fair value of Units	$10.00	
Fair value of Class A ordinary share		$11.77

The Company's use of a Monte Carlo simulation and Black-Scholes model required the use of subjective assumptions:

- The risk-free interest rate assumption was interpolated based on constant maturity U.S. Treasury rates over a term commensurate with the expected term of the warrants.
- The expected term was determined based on the expected date of the initial Business Combination, as the Warrants expire on the date that is 5 years from the completion of the initial Business Combination and for certain Private Warrants 5 years from the date of the initial public offering effective date.
- The expected volatility assumption was based on the implied volatility from a set of comparable publicly-traded warrants as determined based on size and proximity.
- The fair value of the Units, which each consist of one Class A ordinary share and one-fifth of one Public Warrant, represents the price paid in the Initial Public Offering. The fair value of a Class A ordinary share represents the closing price on the measurement date as observed from the ticker IACA.

Subsequent Measurement

The Warrants are measured at fair value on a recurring basis. The subsequent measurement of the Public Warrants as of December 31, 2020 is classified as Level 1 due to the use of an observable market quote in an active market.

The following table presents the changes in the fair value of warrants liability:

	Private Placement	Public	Warrants Liability
Warrants fair value as of August 6, 2020 (day of inception)	$ —	$ —	$ —
Initial measurement on October 6, 2020	24,554,589	7,897,270	32,451,859
Change in valuation inputs or other assumptions[1]	9,309,448	10,744,742	20,054,190
Fair value as of December 31, 2020	$33,864,037	$18,642,012	$52,506,049

(1) Due to the use of quoted prices in an active market (Level 1) to measure the fair value of the Public Warrants, subsequent to initial measurement, the Company had transfer out of Level 3 an amount of $18,642,012 thousand as of December 31, 2020 from Level 3 to Level 1. Private placement Warrants were classified as Level 3 as of October 6, 2020 and December 31, 2020.

NOTE 11. SUBSEQUENT EVENTS

The Company evaluated subsequent events and transactions that occurred after the balance sheet date up to the date that the financial statements were issued. Based upon this review, other than as described below, the Company did not identify any subsequent events that would have required adjustment or disclosure in the financial statements.

On January 25, 2021, the Company entered into an Agreement and Plan of Merger (the "Merger Agreement") with Taboola, and Toronto Sub Ltd., a Cayman Islands exempted company and a direct, wholly-owned subsidiary of Taboola ("Merger Sub").

Pursuant to the Merger Agreement and subject to the terms and conditions set forth therein, Merger Sub will merge with and into the Company (the "Merger"), with the Company continuing as the surviving company after the Merger (the "Surviving Company"). As a result of the Merger and the other transactions contemplated by the Merger Agreement (the "Transactions" or the "Business Combination"), the Company will become a direct, wholly-owned subsidiary of Taboola.

Immediately prior to the effective time of the Merger (the "Effective Time"), (i) each preferred share, with no par value, of Taboola (each, a "Taboola Preferred Share") will be converted into ordinary shares, with no par value, of Taboola (each, a "Taboola Ordinary Share") and (ii) immediately following such conversion but prior to the Effective Time, Taboola will effect a stock split of each Taboola Ordinary Share into such number of Taboola Ordinary Shares calculated in accordance with the terms of the Merger Agreement such that each Taboola Ordinary Share will have a value of $10.00 per share after giving effect to such stock split (the "Stock Split" and, together with the conversion of Taboola Preferred Shares, the "Capital Restructuring").

Pursuant to the Merger Agreement, immediately prior to the Effective Time, each (i) Class B Ordinary Share of the Company will be automatically converted into one (1) Class A Ordinary Share of the Company in accordance with

the terms of the Company's organizational documents and, after giving effect to such automatic conversion, at the Effective Time and as a result of the Business Combination, each issued and outstanding Class A Ordinary Share will no longer be outstanding and will automatically be converted into the right of the holder thereof to receive one Taboola Ordinary Share after giving effect to the Capital Restructuring and (ii) issued and outstanding ION Warrant will automatically and irrevocably be assumed by Taboola and converted into a corresponding Taboola Warrant exercisable for Taboola Ordinary Shares.

Immediately prior to the Effective Time, the Class A Ordinary Shares and the Public Warrants comprising each issued and outstanding ION Unit, consisting of one Class A Ordinary Share and one-fifth of one Public Warrant, will be automatically separated and the holder thereof will be deemed to hold one Class A Ordinary Share and one-fifth of one Public Warrant. No fractional Public Warrants will be issued in connection with such separation such that if a holder of such Public Units would be entitled to receive a fractional Public Warrant upon such separation, the number of Public Warrants to be issued to such holder upon such separation will be rounded down to the nearest whole number of Public Warrants and no cash will be paid in lieu of such fractional Public Warrants.

The Business Combination will be consummated subject to the deliverables and provisions as further described in the Merger Agreement.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and the Board of Directors of ION ACQUISITION CORP 1 LTD.

Opinion on the Financial Statements

We have audited the accompanying balance sheet of ION ACQUISITION CORP 1 LTD. (the "Company") as of August 13, 2020 and the related statement of operations, changes in shareholders' equity and cash flows for the period from August 6, 2020 (the day of inception) through August 13, 2020, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company at August 13, 2020, and the result of its operations and its cash flows for period from August 6, 2020 (the day of inception) to August 13, 2020, in conformity with U.S. generally accepted accounting principles.

The Company's Ability to Continue as a Going Concern

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 2 to the financial statements, the Company had no cash as of August 13, 2020 and expects to continue to incur costs in pursuit of its financial and acquisition plans that raise substantial doubt about its ability to continue as a going concern. Management's evaluation of the events and conditions and management's plans regarding these matters are also described in Note 2. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audit we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

/s/ KOST FORER GABBAY & KASIERER
A Member of Ernst & Young Global
Tel-Aviv, Israel
October 2, 2020
We have served as the Company's auditor since 2020

ION ACQUISITION CORP 1 LTD.
BALANCE SHEET
AUGUST 13, 2020

ASSETS	
Deferred offering costs	$120,000
TOTAL ASSETS	$120,000
LIABILITIES AND SHAREHOLDERS’ EQUITY	
Accrued offering costs	$100,000
Total Current Liabilities	**100,000**
Commitments	
Shareholders’ Equity	
Preference shares, $0.0001 par value; 5,000,000 shares authorized; none issued and outstanding	—
Class A ordinary shares, $0.0001 par value; 500,000,000 shares authorized; no shares issued and outstanding	—
Class B ordinary shares, $0.0001 par value; 50,000,000 shares authorized; 6,468,750 shares issued and outstanding(1)	647
Additional paid-in capital	24,353
Accumulated deficit	(5,000)
Total Shareholders’ Equity	**20,000**
TOTAL LIABILITIES AND SHAREHOLDERS’ EQUITY	**$120,000**

(1) Includes an aggregate of up to 843,750 Class B ordinary shares that are subject to forfeiture depending on the extent to which the underwriters’ over-allotment option is exercised in full or in part (see Note 5). On October 1, 2020, the Company effected a share capitalization of 718,750 shares, resulting in an aggregate of 6,468,750 shares held by the Initial Shareholders (see Note 5)

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

ION ACQUISITION CORP 1 LTD.
STATEMENT OF OPERATIONS
FOR THE PERIOD FROM AUGUST 6, 2020 (INCEPTION) THROUGH AUGUST 13, 2020

Formation and operating costs	$	5,000
Net loss	**$**	**(5,000)**
Weighted average shares outstanding, basic and diluted[1]		5,625,000
Basic and diluted net loss per ordinary share	**$**	**(0.00)**

(1) Excludes an aggregate of up to 843,750 Class B ordinary shares that are subject to forfeiture depending on the extent to which the underwriters' over-allotment option is exercised in full or in part (see Note 5). On October 1, 2020, the Company effected a share capitalization of 718,750 shares, resulting in an aggregate of 6,468,750 shares held by the Initial Shareholders (see Note 5)

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

ION ACQUISITION CORP 1 LTD.
STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY
FOR THE PERIOD FROM AUGUST 6, 2020 (INCEPTION) THROUGH AUGUST 13, 2020

	Class B Ordinary Shares		Additional Paid-in Capital	Accumulated Deficit	Total Shareholder's Equity
	Shares	Amount			
Balance – August 6, 2020 (inception)	**—**	**$ —**	**$ —**	**$ —**	**$ —**
Issuance of Class B ordinary shares to Initial Shareholders[1]	6,468,750	647	24,353	—	25,000
Net loss	—	—	—	(5,000)	(5,000)
Balance – August 13, 2020	**6,468,750**	**$647**	**$24,353**	**$(5,000)**	**$20,000**

(1) Includes an aggregate of up to 843,750 Class B ordinary shares that are subject to forfeiture depending on the extent to which the underwriters' over-allotment option is exercised (see Note 5). On October 1, 2020, the Company effected a share capitalization of 718,750 shares, resulting in an aggregate of 6,468,750 shares held by the Initial Shareholders (see Note 5)

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

ION ACQUISITION CORP 1 LTD.
STATEMENT OF CASH FLOWS
FOR THE PERIOD FROM AUGUST 6, 2020 (INCEPTION) THROUGH AUGUST 13, 2020

Cash Flows from Operating Activities:	
Net loss	$ (5,000)
Adjustments to reconcile net loss to net cash used in operating activities:	
Payment of formation costs through issuance of Class B ordinary shares	5,000
Net cash used in operating activities	**—**
Net Change in Cash	**—**
Cash – Beginning of period	—
Cash – End of period	**$ —**
Non-cash investing and financing activities:	
Deferred offering costs included in accrued offering costs	$100,000
Deferred offering costs paid by Initial Shareholders in exchange for the issuance of Class B ordinary shares	$ 20,000

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

ION ACQUISITION CORP 1 LTD.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 — ORGANIZATION AND PLAN OF BUSINESS OPERATIONS

Ion Acquisition Corp. 1 Ltd. (the “Company”) is a blank check company incorporated as a Cayman Islands exempted company on August 6, 2020. The Company was formed for the purpose of effecting a merger, share exchange, asset acquisition, share purchase, reorganization or similar business combination with one or more businesses or entities (a “Business Combination”).

The Company is not limited to a particular industry or sector for purposes of consummating a Business Combination. The Company is an early stage and emerging growth company and, as such, the Company is subject to all of the risks associated with early stage and emerging growth companies.

As of August 13, 2020, the Company had not commenced any operations. All activity for the period from August 6, 2020 (inception) through August 13, 2020 relates to the Company’s formation and the proposed initial public offering (“Proposed Public Offering”), which is described below. The Company will not generate any operating revenues until after the completion of a Business Combination, at the earliest. The Company will generate non-operating income in the form of interest income from the proceeds derived from the Proposed Public Offering. The Company has selected December 31 as its fiscal year end.

The Company’s ability to commence operations is contingent upon obtaining adequate financial resources through a Proposed Public Offering of 22,500,000 units (the “Units” and, with respect to the Class A ordinary shares included in the Units being offered, the “Public Shares”) at $10.00 per Unit (or 25,875,000 Units if the underwriters’ over-allotment option is exercised in full), which is discussed in Note 3, and the sale of 6,500,000 warrants (or 7,175,000 warrants if the underwriters’ over-allotment option is exercised in full) (the “Private Placement Warrants”) at a price of $1.00 per Private Placement Warrant in a private placement to ION Holdings 1, LP (the “Sponsor”) and ION Co-Investment (an affiliate of the underwriters) (collectively, the “Initial Shareholders”), that will close simultaneously with the Proposed Public Offering.

The Company’s management has broad discretion with respect to the specific application of the net proceeds of the Proposed Public Offering and the sale of the Private Placement Warrants, although substantially all of the net proceeds are intended to be applied generally toward consummating a Business Combination. The stock exchange listing rules require that the Business Combination must be with one or more operating businesses or assets with a fair market value equal to at least 80% of the assets held in the Trust Account (as defined below) (excluding any marketing fees and taxes payable on the interest earned on the Trust Account). The Company will only complete a Business Combination if the post-Business Combination company owns or acquires 50% or more of the issued and outstanding voting securities of the target or otherwise acquires a controlling interest in the target business sufficient for it not to be required to register as an investment company under the Investment Company Act of 1940, as amended (the “Investment Company Act”). There is no assurance that the Company will be able to successfully effect a Business Combination. Upon the closing of the Proposed Public Offering, management has agreed that $10.00 per Unit sold in the Proposed Public Offering, including proceeds of the sale of the Private Placement Warrants, will be held in a trust account (“Trust Account”) and invested in U.S. government securities, within the meaning set forth in Section 2(a)(16) of the Investment Company Act, with a maturity of 185 days or less, or in any open-ended investment company that holds itself out as a money market fund investing solely in U.S. Treasuries and meeting certain conditions under Rule 2a-7 of the Investment Company Act, as determined by the Company, until the earliest of: (i) the completion of a Business Combination and (ii) the distribution of the funds in the Trust Account to the Company’s shareholders, as described below.

The Company will provide the holders of the public shares (the “Public Shareholders”) with the opportunity to redeem all or a portion of their public shares upon the completion of the Business Combination, either (i) in connection with a general meeting called to approve the Business Combination or (ii) by means of a tender offer. The decision as to whether the Company will seek shareholder approval of a Business Combination or conduct a tender offer will be made by the Company, solely in its discretion. The Public Shareholders will be entitled to redeem their Public Shares, equal to the aggregate amount then on deposit in the Trust Account, calculated as of two business days prior to the consummation of the Business Combination (initially anticipated to be $10.00 per Public Share), including any interest (which interest shall be net of taxes payable), divided by the number of then issued and outstanding public shares, subject to certain limitations as described in the prospectus. The per-share amount to be

distributed to the Public Shareholders who properly redeem their shares will not be reduced by any marketing fee the Company will pay to the underwriters (as discussed in Note 6). There will be no redemption rights upon the completion of a Business Combination with respect to the Company's warrants. The Class A ordinary shares will be recorded at redemption value and classified as temporary equity upon the completion of the Proposed Public Offering, in accordance with Accounting Standards Codification ("ASC") Topic 480 "Distinguishing Liabilities from Equity."

The Company will proceed with a Business Combination only if the Company has net tangible assets of at least $5,000,001 and, if the Company seeks shareholder approval, it receives an ordinary resolution under Cayman Islands law approving a Business Combination, which requires the affirmative vote of a majority of the shareholders who attend and vote at a general meeting of the Company. If a shareholder vote is not required and the Company does not decide to hold a shareholder vote for business or other legal reasons, the Company will, pursuant to its Amended and Restated Memorandum and Articles of Association, conduct the redemptions pursuant to the tender offer rules of the Securities and Exchange Commission ("SEC"), and file tender offer documents containing substantially the same information as would be included in a proxy statement with the SEC prior to completing a Business Combination. If the Company seeks shareholder approval in connection with a Business Combination, the Initial Shareholders have agreed to vote their Founder Shares (as defined in Note 5) and any Public Shares purchased during or after the Proposed Public Offering in favor of approving a Business Combination. Additionally, each Public Shareholder may elect to redeem their Public Shares, without voting, and if they do vote, irrespective of whether they vote for or against a proposed Business Combination.

Notwithstanding the foregoing, if the Company seeks shareholder approval of the Business Combination and the Company does not conduct redemptions pursuant to the tender offer rules, a Public Shareholder, together with any affiliate of such shareholder or any other person with whom such shareholder is acting in concert or as a "group" (as defined under Section 13 of the Securities Exchange Act of 1934, as amended (the "Exchange Act")), will be restricted from redeeming its shares with respect to more than an aggregate of 20% of the Public Shares without the Company's prior written consent.

The Initial Shareholders (a) have agreed to waive their redemption rights with respect to any Founder Shares and Public Shares held by them in connection with the completion of a Business Combination and (b) will agree not to propose an amendment to the Amended and Restated Memorandum and Articles of Association (i) to modify the substance or timing of the Company's obligation to allow redemption in connection with the Company's initial Business Combination or to redeem 100% of the Public Shares if the Company does not complete a Business Combination within the Combination Period (as defined below) or (ii) with respect to any other provision relating to shareholders' rights or pre-initial business combination activity, unless the Company provides the Public Shareholders with the opportunity to redeem their Public Shares upon approval of any such amendment at a per-share price, payable in cash, equal to the aggregate amount then on deposit in the Trust Account, including interest (which interest shall be net of taxes payable), divided by the number of then issued and outstanding Public Shares.

The Company will have until 24 months from the closing of the Proposed Public Offering to consummate a Business Combination (the "Combination Period"). However, if the Company has not completed a Business Combination within the Combination Period, the Company will (i) cease all operations except for the purpose of winding up, (ii) as promptly as reasonably possible but not more than ten business days thereafter, redeem 100% of the Public Shares, at a per-share price, payable in cash, equal to the aggregate amount then on deposit in the Trust Account, including interest (less up to $100,000 of interest to pay dissolution expenses and which interest shall be net of taxes payable), divided by the number of then issued and outstanding Public Shares, which redemption will completely extinguish the rights of the Public Shareholders as shareholders (including the right to receive further liquidating distributions, if any), and (iii) as promptly as reasonably possible following such redemption, subject to the approval of the Company's remaining Public Shareholders and its Board of Directors, liquidate and dissolve, subject in each case to the Company's obligations under Cayman Islands law to provide for claims of creditors and the requirements of other applicable law. There will be no redemption rights or liquidating distributions with respect to the Company's warrants, which will expire worthless if the Company fails to complete a Business Combination within the Combination Period.

The Initial Shareholders have agreed to waive their rights to liquidating distributions from the Trust Account with respect to the Founder Shares if the Company fails to complete a Business Combination within the Combination Period. However, if the Initial Shareholders or any of their respective affiliates acquire Public Shares, such Public Shares will be entitled to liquidating distributions from the Trust Account if the Company fails to complete a Business

Combination within the Combination Period. The underwriters have agreed to waive their rights to their marketing fee (see Note 6) held in the Trust Account in the event the Company does not complete a Business Combination within the Combination Period, and in such event, such amounts will be included with the other funds held in the Trust Account that will be available to fund the redemption of the Public Shares. In the event of such distribution, it is possible that the per share value of the assets remaining available for distribution will be less than the Proposed Public Offering price per Unit ($10.00).

In order to protect the amounts held in the Trust Account, the Sponsor will agree that it will be liable to the Company if and to the extent any claims by a third party (other than the Company's independent registered public accounting firm) for services rendered or products sold to the Company, or a prospective target business with which the Company has discussed entering into a transaction agreement, reduce the amount of funds in the Trust Account to below the lesser of (1) $10.00 per Public Share and (2) the actual amount per Public Share held in the Trust Account as of the date of the liquidation of the Trust Account, if less than $10.00 per share due to reductions in the value of trust assets, less taxes payable; provided that such liability will not apply to any claims by a third party or prospective target business who executed a waiver of any and all rights to the monies held in the Trust Account nor will it apply to any claims under the Company's indemnity of the underwriters of the Proposed Public Offering against certain liabilities, including liabilities under the Securities Act of 1933, as amended (the "Securities Act"). In the event that an executed waiver is deemed to be unenforceable against a third party, the Sponsor will not be responsible to the extent of any liability for such third-party claims. The Company will seek to reduce the possibility that the Sponsor will have to indemnify the Trust Account due to claims of creditors by endeavoring to have all vendors, service providers (other than the Company's independent registered public accounting firm), prospective target businesses or other entities with which the Company does business, execute agreements with the Company waiving any right, title, interest or claim of any kind in or to monies held in the Trust Account.

NOTE 2 — SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") and pursuant to the rules and regulations of the SEC.

The Company had no cash as of August 13, 2020 and expects to continue to incur costs in pursuit of its financial and acquisition plans that raise substantial doubt about its ability to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. These conditions raise substantial doubts about the Company's ability to continue to operate as a going concern. The Company's management believes that sufficient funds can be obtained from existing or additional investors or other sources, to provide the necessary liquidity to meet the Company's financing requirements (see note 4).

Emerging Growth Company

The Company is an "emerging growth company," as defined in Section 2(a) of the Securities Act, as modified by the Jumpstart Our Business Startups Act of 2012 (the "JOBS Act"), and it may take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act of 2002, reduced disclosure obligations regarding executive compensation in its periodic reports and proxy statements, and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and shareholder approval of any golden parachute payments not previously approved.

Further, Section 102(b)(1) of the JOBS Act exempts emerging growth companies from being required to comply with new or revised financial accounting standards until private companies (that is, those that have not had a Securities Act registration statement declared effective or do not have a class of securities registered under the Exchange Act) are required to comply with the new or revised financial accounting standards. The JOBS Act provides that a company can elect to opt out of the extended transition period and comply with the requirements that apply to non-emerging growth companies but any such election to opt out is irrevocable. The Company has elected not to opt out of such extended transition period which means that when a standard is issued or revised and it has different application dates for public or private companies, the Company, as an emerging growth company, can adopt the new or revised standard at the time private companies adopt the new or revised standard. This may make comparison of the Company's financial statements with another public company which is neither an emerging growth company nor

an emerging growth company which has opted out of using the extended transition period difficult or impossible because of the potential differences in accounting standards used.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

Making estimates requires management to exercise significant judgment. It is at least reasonably possible that the estimate of the effect of a condition, situation or set of circumstances that existed at the date of the financial statements, which management considered in formulating its estimate, could change in the near term due to one or more future confirming events. Accordingly, the actual results could differ significantly from those estimates.

Deferred Offering Costs

Deferred offering costs consist of legal, accounting and other expenses incurred through the balance sheet date that are directly related to the Proposed Public Offering and that will be charged to shareholders' equity upon the completion of the Proposed Public Offering. Should the Proposed Public Offering prove to be unsuccessful, these deferred costs, as well as additional expenses incurred, will be charged to operations.

Income Taxes

The Company accounts for income taxes under ASC Topic 740, "Income Taxes," which requires an asset and liability approach to financial accounting and reporting for income taxes. Deferred income tax assets and liabilities are computed for differences between the financial statement and tax bases of assets and liabilities that will result in future taxable or deductible amounts, based on enacted tax laws and rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established, when necessary, to reduce deferred tax assets to the amount expected to be realized.

ASC Topic 740 prescribes a recognition threshold and a measurement attribute for the financial statement recognition and measurement of tax positions taken or expected to be taken in a tax return. For those benefits to be recognized, a tax position must be more likely than not to be sustained upon examination by taxing authorities. The Company's management determined that the Cayman Islands is the Company's major tax jurisdiction. The Company recognizes accrued interest and penalties related to unrecognized tax benefits as income tax expense. As of August 13, 2020, there were no unrecognized tax benefits and no amounts accrued for interest and penalties. The Company is currently not aware of any issues under review that could result in significant payments, accruals or material deviation from its position.

The Company is considered to be an exempted Cayman Islands company with no connection to any other taxable jurisdiction and is presently not subject to income taxes or income tax filing requirements in the Cayman Islands or the United States. As such, the Company's tax provision was zero for the period presented.

Net Loss Per Ordinary Share

Net loss per share is computed by dividing net loss by the weighted average number of ordinary shares issued and outstanding during the period, excluding ordinary shares subject to forfeiture. Weighted average shares were reduced for the effect of an aggregate of 843,750 Class B ordinary shares that are subject to forfeiture depending on the extent to which the underwriters' over-allotment option is exercised (see Note 7). At August 13, 2020, the Company did not have any dilutive securities and other contracts that could, potentially, be exercised or converted into ordinary shares and then share in the earnings of the Company. As a result, diluted loss per share is the same as basic loss per share for the period presented.

Concentration of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist of a cash account in a financial institution, which, at times may exceed the Federal Depository Insurance Coverage of $250,000. The Company has not experienced losses on this account and management believes the Company is not exposed to significant risks on such accounts.

Fair Value of Financial Instruments

The fair value of the Company's assets and liabilities, which qualify as financial instruments under ASC Topic 820, "Fair Value Measurement," approximates the carrying amounts represented in the accompanying balance sheet, primarily due to their short-term nature.

Recent Accounting Pronouncements

Management does not believe that any recently issued, but not yet effective, accounting pronouncements, if currently adopted, would have a material effect on the Company's financial statements.

NOTE 3 — PROPOSED PUBLIC OFFERING

Pursuant to the Proposed Public Offering, the Company will offer for sale up to 22,500,000 Units (or 25,875,000 Units if the underwriters' over-allotment option is exercised in full) at a purchase price of $10.00 per Unit. Each Unit will consist of one Class A ordinary share and one-fifth of one redeemable warrant ("Public Warrant"). Each whole Public Warrant will entitle the holder to purchase one Class A ordinary share at an exercise price of $11.50 per whole share (see Note 7).

NOTE 4 — PRIVATE PLACEMENT

The Initial Shareholders have committed to purchase an aggregate of 6,500,000 Private Placement Warrants (or 7,175,000 Private Placement Warrants if the underwriters' over-allotment option is exercised in full) at a price of $1.00 per Private Placement Warrant, for an aggregate purchase price of $6,500,000 (or $7,175,000 if the underwriters' over-allotment option is exercised in full), in a private placement that will occur simultaneously with the closing of the Proposed Public Offering. Each Private Placement Warrant is exercisable to purchase one Class A ordinary share at a price of $11.50 per share, subject to adjustment (see Note 7). A portion of the proceeds from the Private Placement Warrants will be added to the proceeds from the Proposed Public Offering to be held in the Trust Account. If the Company does not complete a Business Combination within the Combination Period, the proceeds from the sale of the Private Placement Warrants will be used to fund the redemption of the Public Shares (subject to the requirements of applicable law) and the Private Placement Warrants will expire worthless.

NOTE 5 — RELATED PARTY TRANSACTIONS

Founder Shares

During the period ended August 13, 2020, the Initial Shareholders paid $25,000 to cover certain offering and formation costs of the Company in consideration for 5,750,000 Class B ordinary shares (the "Founder Shares"). On October 1, 2020, the Company effected a share capitalization of 718,750 shares and, as a result, there are 6,468,750 Class B ordinary shares issued and outstanding. The Founder Shares include an aggregate of up to 843,750 shares that are subject to forfeiture depending on the extent to which the underwriters' over-allotment option is exercised, so that the number of Founder Shares will equal, on an as-converted basis, approximately 20% of the Company's issued and outstanding ordinary shares after the Proposed Public Offering.

All references to ordinary share, share and per share amounts have been retroactively restated to reflect the share capitalization as if it had taken place as of the beginning of the earliest period presented.

Prior to the Proposed Public Offering, the Initial Shareholders will agree, subject to limited exceptions, not to transfer, assign or sell any of their Founder Shares until the earliest of: (A) one year after the completion of a Business Combination and (B) subsequent to a Business Combination, (x) if the closing price of the Class A ordinary shares equals or exceeds $12.00 per share (as adjusted for share splits, share dividends, rights issuances, subdivisions, reorganizations, recapitalizations and the like) for any 20 trading days within any 30-trading day period commencing at least 150 days after a Business Combination, or (y) the date on which the Company completes a liquidation, merger, share exchange or other similar transaction that results in all of the Public Shareholders having the right to exchange their Class A ordinary shares for cash, securities or other property.

Promissory Note — Related Party

On August 12, 2020, the Company issued an unsecured promissory note (the "Promissory Note") to the Sponsor, pursuant to which the Company may borrow up to an aggregate principal amount of $300,000. The Promissory Note is non-interest bearing and payable on the earlier of (i) December 31, 2020 and (ii) the completion of the Proposed Public Offering. As of August 13, 2020, there were no borrowings outstanding under the Promissory Note.

Administrative Services Agreement

The Company will enter into an agreement pursuant to which it will pay the Sponsor up to $10,000 per month for office space, utilities, administrative services and remote support services. Upon completion of a Business Combination or its liquidation, the Company will cease paying these monthly fees.

Forward Purchase Agreements

The Company entered into forward purchase agreements on September 15, 2020, pursuant to which the forward purchase investors agreed to purchase an aggregate of up to 5,000,000 Class A ordinary shares, at a purchase price of $10.00 per share, or up to $50,000,000 in the aggregate, in private placements that will close substantially concurrently with the closing of a Business Combination. Any reduction in the number of forward purchase shares will be made in the Company's sole discretion. The forward purchase shares are identical to the Public Shares, except that the holders thereof will have certain registration rights. The forward purchase agreements and the registration rights agreement also provide that the forward purchase investors are entitled to registration rights with respect to the forward purchase shares. The proceeds from the sale of the forward purchase shares may be used as part of the consideration to the sellers in a Business Combination, expenses in connection with a Business Combination or for working capital in the post-business combination company. The forward purchases are required to be made regardless of whether any Class A ordinary shares are redeemed by the Public Shareholders and are intended to provide the Company with a minimum funding level for a Business Combination. No forward purchase investor will have the ability to approve the Business Combination prior to the signing of a material definitive agreement. The forward purchase shares will be issued only in connection with the closing of a Business Combination.

Related Party Loans

In order to finance transaction costs in connection with a Business Combination, the Sponsor or an affiliate of the Sponsor, or certain of the Company's officers and directors may, but are not obligated to, loan the Company funds as may be required ("Working Capital Loans"). Such Working Capital Loans would be evidenced by promissory notes. The notes may be repaid upon completion of a Business Combination, without interest, or, at the lender's discretion, up to $1,500,000 of notes may be converted upon completion of a Business Combination into warrants at a price of $1.00 per warrant. Such warrants would be identical to the Private Placement Warrants. In the event that a Business Combination does not close, the Company may use a portion of proceeds held outside the Trust Account to repay the Working Capital Loans but no proceeds held in the Trust Account would be used to repay the Working Capital Loans. As of August 13 and 17, 2020, the Company did not execute any promissory notes and had no outstanding borrowings under the Working Capital Loans.

NOTE 6 — COMMITMENTS

Risks and Uncertainties

Management is currently evaluating the impact of the COVID-19 pandemic on the industry and has concluded that while it is reasonably possible that the virus could have a negative effect on the Company's financial position, results of its operations, close of the Proposed Public Offering and/or search for a target company, the specific impact is not readily determinable as of the date of these financial statements. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Registration Rights

The holders of the Founder Shares, forward purchase shares, Private Placement Warrants and any warrants that may be issued upon conversion of Working Capital Loans (and any Class A ordinary shares issuable upon the exercise of the Private Placement Warrants or warrants that may be issued upon conversion of the Working Capital Loans and upon conversion of the Founder Shares) will be entitled to registration rights requiring the Company to register a sale of any of the Company's securities held by them pursuant to a registration rights agreement. The holders of these securities will be entitled to make up to three demands, excluding short form demands, that the Company register such securities. In addition, the holders have certain "piggy-back" registration rights with respect to registration statements filed subsequent to the completion of a Business Combination. Notwithstanding the foregoing, ION Co-Investment LLC may not exercise its demand and "piggyback" registration rights after five and seven years, respectively, after the effective date of the registration statement. The Company will bear the expenses incurred in connection with the filing of any such registration statements.

Underwriting Agreement

The Company will grant the underwriters a 45-day option to purchase up to 3,375,000 additional Units to cover over-allotments at the Proposed Public Offering price, less the underwriting discounts and commissions.

The underwriters will be entitled to a cash underwriting discount of $0.20 per Unit, or $4,500,000 in the aggregate (or $5,175,000 if the underwriters' over-allotment option is exercised in full), payable upon the closing of the Proposed Public Offering.

Business Combination Marketing Agreement

The Company will offer to engage Cowen and Company, LLC as an advisor in connection with the Business Combination to assist the Company in holding meetings with its shareholders to discuss the potential Business Combination and the target business's attributes, introduce the Company to potential investors that are interested in purchasing the Company's securities in connection with the potential Business Combination, assist the Company in obtaining shareholder approval for the Business Combination and assist the Company with its press releases and public filings in connection with the Business Combination. Pursuant to the terms of the agreement, the Company will pay Cowen and Company, LLC a marketing fee for such services upon the consummation of a Business Combination in an amount equal to, in the aggregate, 3.5% of the gross proceeds of Proposed Public Offering (including proceeds from the full or partial exercise of the over-allotment option). No fee will be due to Cowen and Company, LLC if the Company does not complete a Business Combination.

NOTE 7 — SHAREHOLDER'S EQUITY

Preference Shares

The Company is authorized to issue 5,000,000 preference shares with a par value of $0.0001 per share, with such designations, voting and other rights and preferences as may be determined from time to time by the Company's board of directors. At August 13, 2020, there were no preference shares issued or outstanding.

Class A Ordinary Shares

The Company is authorized to issue 500,000,000 Class A ordinary shares, with a par value of $0.0001 per share. Holders of Class A ordinary shares are entitled to one vote for each share. At August 13, 2020, there were no Class A ordinary shares issued or outstanding.

Class B Ordinary Shares

The Company is authorized to issue 50,000,000 Class B ordinary shares, with a par value of $0.0001 per share. Holders of the Class B ordinary shares are entitled to one vote for each share. At August 13, 2020, there were 5,750,000 Class B ordinary shares. On October 1, 2020, the Company effected a share capitalization of 718,750 shares and, as a result, there are 6,468,750 Class B ordinary shares issued and outstanding. Of the Class B ordinary shares, an aggregate of up to 843,750 shares are subject to forfeiture depending on the extent to which the underwriters' over-allotment option is exercised, so that the number of Class B ordinary shares will equal 20% of the Company's issued and outstanding ordinary shares after the Proposed Public Offering.

All references to ordinary share, share and per share amounts have been retroactively restated to reflect the share capitalization as if it had taken place as of the beginning of the earliest period presented.

Holders of Class A ordinary shares and Class B ordinary shares will vote together as a single class on all matters submitted to a vote of shareholders, except as required by law.

The Class B ordinary shares will automatically convert into Class A ordinary shares concurrently with or immediately following the consummation of a Business Combination on a one-for-one basis, subject to adjustment for share splits, share dividends, rights issuances, subdivisions, reorganizations, recapitalizations and the like. In the case that additional Class A ordinary shares, or equity-linked securities, are issued or deemed issued in connection with a Business Combination, the number of Class A ordinary shares issuable upon conversion of all Founder Shares will equal, in the aggregate, 20% of the total number of Class A ordinary shares outstanding after such conversion (after giving effect to any redemptions of Class A ordinary shares by public shareholders), including the total number of Class A ordinary shares issued, or deemed issued or issuable upon conversion or exercise of any equity-linked securities or rights issued or deemed issued, by the Company in connection with or in relation to the consummation

of a Business Combination, excluding any Class A ordinary shares or equity-linked securities exercisable for or convertible into Class A ordinary shares issued, or to be issued, to any seller in a Business Combination and any Private Placement Warrants issued to the Sponsor, officers or directors upon conversion of Working Capital Loans; provided that such conversion of Founder Shares will never occur on a less than one-for-one basis.

Warrants

Public Warrants may only be exercised for a whole number of shares. No fractional shares will be issued upon exercise of the Public Warrants. The Public Warrants will become exercisable on the later of (a) 30 days after the completion of a Business Combination and (b) one year from the closing of the Proposed Public Offering. The Public Warrants will expire five years from the completion of a Business Combination or earlier upon redemption or liquidation.

The Company will not be obligated to deliver any Class A ordinary shares pursuant to the exercise of a warrant and will have no obligation to settle such warrant exercise unless a registration statement under the Securities Act covering the issuance of the Class A ordinary shares issuable upon the exercise of the warrants is then effective and a current prospectus relating thereto is current, subject to the Company satisfying its obligations with respect to registration. No warrant will be exercisable and the Company will not be obligated to issue any shares to holders seeking to exercise their warrants, unless the issuance of the shares upon such exercise is registered, qualified or deemed to be exempt under the securities laws of the state of residence of the registered holder of the warrants.

The Company has agreed that as soon as practicable, but in no event later than 15 business days, after the closing of a Business Combination, it will use its best efforts to file with the SEC a registration statement for the registration, under the Securities Act, of the Class A ordinary shares issuable upon exercise of the warrants. The Company will use its best efforts to cause the same to become effective and to maintain the effectiveness of such registration statement, and a current prospectus relating thereto, until the expiration of the warrants in accordance with the provisions of the warrant agreement. If a registration statement covering the Class A ordinary shares issuable upon exercise of the warrants is not effective by the sixtieth (60th) business day after the closing of a Business Combination, warrant holders may, until such time as there is an effective registration statement and during any period when the Company will have failed to maintain an effective registration statement, exercise warrants on a “cashless basis” in accordance with Section 3(a)(9) of the Securities Act or another exemption. Notwithstanding the above, if the Class A ordinary shares are at the time of any exercise of a warrant not listed on a national securities exchange such that they satisfy the definition of a “covered security” under Section 18(b)(1) of the Securities Act, the Company may, at its option, require holders of Public Warrants who exercise their warrants to do so on a “cashless basis” in accordance with Section 3(a)(9) of the Securities Act and, in the event the Company so elects, the Company will not be required to file or maintain in effect a registration statement, and in the event the Company does not so elect, the Company will use its best efforts to register or qualify the shares under applicable blue sky laws to the extent an exemption is not available.

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

Once the warrants become exercisable, the Company may redeem the outstanding warrants (except as described with respect to the Private Placement Warrants):

- in whole and not in part;
- at a price of $0.01 per warrant;
- upon a minimum of 30 days’ prior written notice of redemption to each warrant holder; and
- if, and only if, the closing price of the Class A ordinary shares equals or exceeds $18.00 per share (as adjusted) for any 20 trading days within a 30-trading day period ending three business days before the Company sends the notice of redemption to the warrant holders; and

If and when the warrants become redeemable by the Company, the Company may exercise its redemption right even if it is unable to register or qualify the underlying securities for sale under all applicable state securities laws.

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

Once the warrants become exercisable, the Company may redeem the outstanding warrants:

- in whole and not in part;
- at a price of $0.10 per warrant;
- upon a minimum of 30 days' prior written notice of redemption; provided that holders will be able to exercise their warrants on a cashless basis prior to redemption and receive that number of shares determined based on the redemption date and the fair market value of the Class A ordinary shares;
- if, and only if, the closing price of the Class A ordinary shares equals or exceeds $10.00 per share (as adjusted) for any 20 trading days within a 30-trading day period ending three business days before the Company sends the notice of redemption to the warrant holders.

If the Company calls the Public Warrants for redemption, as described above, its management will have the option to require any holder that wishes to exercise the Public Warrants to do so on a "cashless basis," as described in the warrant agreement. The exercise price and number of ordinary shares issuable upon exercise of the Public Warrants may be adjusted in certain circumstances including in the event of a share dividend, extraordinary dividend or recapitalization, reorganization, merger or consolidation. However, except as described below, the Public Warrants will not be adjusted for issuances of ordinary shares at a price below its exercise price. Additionally, in no event will the Company be required to net cash settle the Public Warrants. If the Company is unable to complete a Business Combination within the Combination Period and the Company liquidates the funds held in the Trust Account, holders of Public Warrants will not receive any of such funds with respect to their Public Warrants, nor will they receive any distribution from the Company's assets held outside of the Trust Account with respect to such Public Warrants. Accordingly, the Public Warrants may expire worthless.

In addition, if (x) the Company issues additional Class A ordinary shares or Class A equity-linked securities for capital raising purposes in connection with the closing of a Business Combination at an issue price or effective issue price of less than $9.20 per Class A ordinary share (with such issue price or effective issue price to be determined in good faith by the Company's board of directors and, in the case of any such issuance to the Initial Shareholders or their affiliates, without taking into account any Founder Shares held by the Initial Shareholders or such affiliates, as applicable, prior to such issuance) (the "Newly Issued Price"), (y) the aggregate gross proceeds from such issuances represent more than 60% of the total equity proceeds, and interest thereon, available for the funding of a Business Combination on the date of the consummation of a Business Combination (net of redemptions), and (z) the volume weighted average trading price of its Class A ordinary shares during the 10 trading day period starting on the trading day prior to the day on which the Company consummates its Business Combination (such price, the "Market Value") is below $9.20 per share, the exercise price of the warrants will be adjusted (to the nearest cent) to be equal to 115% of the higher of the Market Value and the Newly Issued Price, the $18.00 per share redemption trigger price will be adjusted (to the nearest cent) to be equal to 180% of the higher of the Market Value and the Newly Issued Price, and the $10.00 per share redemption trigger price will be adjusted (to the nearest cent) to be equal to the higher of the Market Value and the Newly Issued Price.

The Private Placement Warrants will be identical to the Public Warrants underlying the Units being sold in the Proposed Public Offering, except that the Private Placement Warrants and the Class A ordinary shares issuable upon the exercise of the Private Placement Warrants will not be transferable, assignable or salable until 30 days after the completion of a Business Combination, subject to certain limited exceptions. Additionally, the Private Placement Warrants will be exercisable on a cashless basis and be non-redeemable, except as described above, so long as they are held by the initial purchasers or their permitted transferees. In addition, the Private Placement Warrants held by the affiliate of the underwriter will not be exercisable more than five years from the effective date of the Proposed Public Offering in accordance with FINRA Rule 5110(f)(2)(G)(i). If the Private Placement Warrants are held by someone other than the initial purchasers or their permitted transferees, the Private Placement Warrants will be redeemable by the Company and exercisable by such holders on the same basis as the Public Warrants.

NOTE 8 — SUBSEQUENT EVENTS

The Company evaluated subsequent events and transactions that occurred after the balance sheet date up to August 17, 2020, the date that the financial statements were available to be issued. Based upon this review, the Company did not identify any other subsequent events, that would have required adjustment or disclosure in the financial statements.

On October 1, 2020, the Company effected a share capitalization of 718,750 shares and, as a result, there are 6,468,750 Class B ordinary shares issued and outstanding. Of the Class B ordinary shares, an aggregate of up to 843,750 shares are subject to forfeiture depending on the extent to which the underwriters' over-allotment option is exercised, so that the number of Class B ordinary shares will equal 20% of the Company's issued and outstanding ordinary shares after the Proposed Public Offering.

All references to ordinary share, share and per share amounts have been retroactively restated to reflect the share capitalization as if it had taken place as of the beginning of the earliest period presented.

ION ACQUISITION CORP 1 LTD.
CONDENSED BALANCE SHEET
(Unaudited)

	March 31, 2021	December 31, 2020
ASSETS		
Current assets		
Cash	$ 787,240	$ 1,076,872
Prepaid expenses	265,550	310,698
Total Current Assets	1,052,790	1,387,570
Cash and marketable securities held in Trust Account	258,817,072	258,794,822
Total Assets	**$259,869,862**	**$260,182,392**
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accrued expenses	$ 2,967,450	$ 654,531
Accrued offering costs	96,596	96,596
Warrant Liabilities	38,088,578	52,506,049
Total Liabilities	**41,152,624**	**53,257,176**
Commitments		
Class A ordinary shares subject to possible redemption, 21,366,185 and 20,189,024, shares at redemption value at March 31, 2021 and December 31, 2020	213,717,230	201,925,208
Shareholders' Equity		
Preference shares, $0.0001 par value; 5,000,000 shares authorized; none issued and outstanding		
Class A ordinary shares, $0.0001 par value; 500,000,000 shares authorized; 4,508,815 and 5,685,976 shares issued and outstanding at March 31, 2021 and December 31, 2020 (excluding 21,366,185 and 20,189,024 shares subject to possible redemption at March 31, 2021 and December 31, 2020)	451	569
Class B ordinary shares, $0.0001 par value; 50,000,000 shares authorized; 6,468,750 shares issued and outstanding	647	647
Additional paid-in capital	14,150,082	25,941,986
Accumulated deficit	(9,151,172)	(20,943,194)
Total Shareholders' Equity	**5,000,008**	**5,000,008**
Total Liabilities and Shareholders' Equity	**$259,869,862**	**$260,182,392**

The accompanying notes are an integral part of the unaudited condensed financial statements.

ION ACQUISITION CORP 1 LTD.
CONDENSED STATEMENT OF OPERATIONS
FOR THE PERIOD FROM JANUARY 1, 2021 THROUGH MARCH 31, 2021
(Unaudited)

Operating costs	$ 2,647,699
Loss from operations	**(2,647,699)**
Other income:	
Interest income on marketable securities held in Trust Account	22,250
Change in fair value of the Warrant Liabilities	14,417,471
Other income	14,439,721
Net income	**$11,792,022**
Weighted average shares outstanding, basic[1]	12,154,726
Basic net income per ordinary share	**$ 0.97**
Weighted average shares outstanding, diluted[1]	12,565,672
Diluted net loss per ordinary share	**$ (0.21)**

(1) Excluded an aggregate of up to 21,366,185 shares subject to possible redemption at March 31, 2021.

The accompanying notes are an integral part of the unaudited condensed financial statements.

ION ACQUISITION CORP 1 LTD.
CONDENSED STATEMENT OF CHANGES IN SHAREHOLDERS’ (DEFICIT) EQUITY
FOR THE PERIOD FROM JANUARY 1, 2021 THROUGH MARCH 31, 2021
(Unaudited)

	Class A Ordinary Shares		Class B Ordinary Shares		Additional Paid-in Capital	Retained Earnings	Total Shareholders’ Equity
	Shares	Amount	Shares	Amount			
Balance – January 1, 2021	**5,685,976**	**$ 569**	**6,468,750**	**$647**	**$ 25,941,986**	**$(20,943,194)**	**$ 5,000,008**
Class A ordinary shares subject to possible redemption	(1,177,161)	(118)	—	—	(11,791,904)	—	(11,792,022)
Net income	—	—	—	—	—	11,792,022	11,792,022
Balance – March 31, 2021	**4,508,815**	**$ 451**	**6,468,750**	**$647**	**$ 14,150,082**	**$ (9,151,172)**	**$ 5,000,008**

The accompanying notes are an integral part of the unaudited condensed financial statements.

ION ACQUISITION CORP 1 LTD.
CONDENSED STATEMENT OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2021
(Unaudited)

Cash Flows from Operating Activities:	
Net profit	$ 11,792,022
Adjustments to reconcile net loss to net cash used in operating activities:	
Interest earned on marketable securities held in Trust Account	(22,250)
Changes in operating assets and liabilities:	
Prepaid expenses	45,148
Accrued expenses – transaction costs	2,312,919
Change in fair value of warrants	(14,417,471)
Net cash used in operating activities	**(289,632)**
Cash Flows from Investing Activities:	
Investment of cash in Trust Account	(—)
Net cash used in investing activities	**(—)**
Cash Flows from Financing Activities:	
Net cash provided by financing activities	—
Net Change in Cash	**(289,632)**
Cash – Beginning	1,076,872
Cash – Ending	**$ 787,240**

The accompanying notes are an integral part of the unaudited condensed financial statements.

ION ACQUISITION CORP 1 LTD.
Notes to Unaudited Condensed Financial Statements

NOTE 1. DESCRIPTION OF ORGANIZATION AND BUSINESS OPERATIONS

ION Acquisition Corp. 1 Ltd. (the "Company") is a blank check company incorporated as a Cayman Islands exempted company on August 6, 2020. The Company was formed for the purpose of effecting a merger, share exchange, asset acquisition, share purchase, reorganization or similar business combination with one or more businesses or entities (a "Business Combination").

The Company is not limited to a particular industry or sector for purposes of consummating a Business Combination. The Company is an early stage and emerging growth company and, as such, the Company is subject to all of the risks associated with early stage and emerging growth companies.

As of March 31, 2021, the Company had not commenced any operations. All activity for the period from August 6, 2020 (inception) through March 31, 2021 relates to the Company's formation and the initial public offering (the "Initial Public Offering"), which is described below, identifying a target company for a Business Combination, and activities in connection with the proposed acquisition of Taboola.com Ltd., a company organized under the laws of the State of Israel ("Taboola"). The Company will not generate any operating revenues until after the completion of a Business Combination, at the earliest. The Company will generate non-operating income in the form of interest income from the proceeds derived from the Initial Public Offering.

The registration statement for the Company's Initial Public Offering was declared effective on October 1, 2020. On October 6, 2020 the Company consummated the Initial Public Offering of 25,875,000 units (the "Units" and, with respect to the Class A ordinary shares included in the Units sold, the "Public Shares") and one-fifth of one redeemable warrant included in the Units sold, the "Public Warrant"),, which includes the full exercise by the underwriters of their over-allotment option in the amount of 3,375,000 Units, at $10.00 per Unit, generating gross proceeds of $258,750,000 which is described in Note 3.

Simultaneously with the closing of the Initial Public Offering, the Company consummated the sale of 7,175,000 warrants (the "Private Placement Warrants") at a price of $1.00 per Private Placement Warrant in a private placement to ION Holdings 1, LP (the "Sponsor") and ION Co-Investment (an affiliate of the underwriters) (collectively, the "Initial Shareholders"), generating gross proceeds of $7,175,000, which is described in Note 4.

Transaction costs amounted to $5,806,964, consisting of $5,175,000 of underwriting fees and $631,964 of other offering costs.

Following the closing of the Initial Public Offering on October 6, 2020, an amount of $258,750,000 ($10.00 per Unit) from the net proceeds of the sale of the Units in the Initial Public Offering and the sale of the Private Placement Warrants was placed in a trust account (the "Trust Account") and will be invested in U.S. government securities, within the meaning set forth in Section 2(a)(16) of the Investment Company Act, with a maturity of 185 days or less, or in any open-ended investment company that holds itself out as a money market fund investing solely in U.S. Treasuries and meeting certain conditions under Rule 2a-7 of the Investment Company Act of 1940, as amended (the "Investment Company Act"), as determined by the Company, until the earliest of: (i) the completion of a Business Combination and (ii) the distribution of the funds in the Trust Account to the Company's shareholders, as described below.

The Company's management has broad discretion with respect to the specific application of the net proceeds of the Initial Public Offering and the sale of the Private Placement Warrants, although substantially all of the net proceeds are intended to be applied generally toward consummating a Business Combination. The stock exchange listing rules require that the Business Combination must be with one or more operating businesses or assets with a fair market value equal to at least 80% of the assets held in the Trust Account (excluding any deferred underwriting commissions and taxes payable on the interest earned on the Trust Account). The Company will only complete a Business Combination if the post-Business Combination company owns or acquires 50% or more of the issued and outstanding voting securities of the target or otherwise acquires a controlling interest in the target business sufficient for it not to be required to register as an investment company under the Investment Company Act. There is no assurance that the Company will be able to successfully effect a Business Combination.

The Company will provide the holders of the public shares (the "Public Shareholders") with the opportunity to redeem all or a portion of their public shares upon the completion of the Business Combination, either (i) in connection with a general meeting called to approve the Business Combination or (ii) by means of a tender offer. The

decision as to whether the Company will seek shareholder approval of a Business Combination or conduct a tender offer will be made by the Company, solely in its discretion. The Public Shareholders will be entitled to redeem their Public Shares, equal to the aggregate amount then on deposit in the Trust Account, calculated as of two business days prior to the consummation of the Business Combination (initially $10.00 per Public Share), including any interest (which interest shall be net of taxes payable), divided by the number of then issued and outstanding public shares, subject to certain limitations as described in the prospectus. The per-share amount to be distributed to the Public Shareholders who properly redeem their shares will not be reduced by any deferred underwriting commissions the Company will pay to the underwriters. There will be no redemption rights upon the completion of a Business Combination with respect to the Company’s warrants.

The Company will proceed with a Business Combination only if the Company has net tangible assets of at least $5,000,001 and, if the Company seeks shareholder approval, it receives an ordinary resolution under Cayman Islands law approving a Business Combination, which requires the affirmative vote of a majority of the shareholders who attend and vote at a general meeting of the Company. If a shareholder vote is not required and the Company does not decide to hold a shareholder vote for business or other legal reasons, the Company will, pursuant to its Amended and Restated Memorandum and Articles of Association, conduct the redemptions pursuant to the tender offer rules of the Securities and Exchange Commission (“SEC”), and file tender offer documents containing substantially the same information as would be included in a proxy statement with the SEC prior to completing a Business Combination. If the Company seeks shareholder approval in connection with a Business Combination, the Initial Shareholders have agreed to vote their Founder Shares (as defined in Note 5) and any Public Shares purchased during or after the Initial Public Offering in favor of approving a Business Combination. Additionally, each Public Shareholder may elect to redeem their Public Shares, without voting, and if they do vote, irrespective of whether they vote for or against a proposed Business Combination.

Notwithstanding the foregoing, if the Company seeks shareholder approval of the Business Combination and the Company does not conduct redemptions pursuant to the tender offer rules, a Public Shareholder, together with any affiliate of such shareholder or any other person with whom such shareholder is acting in concert or as a “group” (as defined under Section 13 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”)), will be restricted from redeeming its shares with respect to more than an aggregate of 20% of the Public Shares without the Company’s prior written consent.

The Initial Shareholders (a) have agreed to waive their redemption rights with respect to any Founder Shares and Public Shares held by them in connection with the completion of a Business Combination and (b) will agree not to propose an amendment to the Amended and Restated Memorandum and Articles of Association (i) to modify the substance or timing of the Company’s obligation to allow redemption in connection with the Company’s initial Business Combination or to redeem 100% of the Public Shares if the Company does not complete a Business Combination within the Combination Period (as defined below) or (ii) with respect to any other provision relating to shareholders’ rights or pre-initial business combination activity, unless the Company provides the Public Shareholders with the opportunity to redeem their Public Shares upon approval of any such amendment at a per-share price, payable in cash, equal to the aggregate amount then on deposit in the Trust Account, including interest (which interest shall be net of taxes payable), divided by the number of then issued and outstanding Public Shares.

The Company will have until October 6, 2022 to consummate a Business Combination (the “Combination Period”). However, if the Company has not completed a Business Combination within the Combination Period, the Company will (i) cease all operations except for the purpose of winding up, (ii) as promptly as reasonably possible but not more than ten business days thereafter, redeem 100% of the Public Shares, at a per-share price, payable in cash, equal to the aggregate amount then on deposit in the Trust Account, including interest (less up to $100,000 of interest to pay dissolution expenses and which interest shall be net of taxes payable), divided by the number of then issued and outstanding Public Shares, which redemption will completely extinguish the rights of the Public Shareholders as shareholders (including the right to receive further liquidating distributions, if any), and (iii) as promptly as reasonably possible following such redemption, subject to the approval of the Company’s remaining Public Shareholders and its Board of Directors, liquidate and dissolve, subject in each case to the Company’s obligations under Cayman Islands law to provide for claims of creditors and the requirements of other applicable law. There will be no redemption rights or liquidating distributions with respect to the Company’s warrants, which will expire worthless if the Company fails to complete a Business Combination within the Combination Period.

The Initial Shareholders have agreed to waive their rights to liquidating distributions from the Trust Account with respect to the Founder Shares if the Company fails to complete a Business Combination within the Combination

Period. However, if the Initial Shareholders or any of their respective affiliates acquire Public Shares, such Public Shares will be entitled to liquidating distributions from the Trust Account if the Company fails to complete a Business Combination within the Combination Period. In the event of such distribution, it is possible that the per share value of the assets remaining available for distribution will be less than the Initial Public Offering price per Unit ($10.00).

In order to protect the amounts held in the Trust Account, the Sponsor will agree that it will be liable to the Company if and to the extent any claims by a third party (other than the Company's independent registered public accounting firm) for services rendered or products sold to the Company, or a prospective target business with which the Company has discussed entering into a transaction agreement, reduce the amount of funds in the Trust Account to below the lesser of (1) $10.00 per Public Share and (2) the actual amount per Public Share held in the Trust Account as of the date of the liquidation of the Trust Account, if less than $10.00 per share due to reductions in the value of trust assets, less taxes payable; provided that such liability will not apply to any claims by a third party or prospective target business who executed a waiver of any and all rights to the monies held in the Trust Account nor will it apply to any claims under the Company's indemnity of the underwriters of the Initial Public Offering against certain liabilities, including liabilities under the Securities Act of 1933, as amended (the "Securities Act"). In the event that an executed waiver is deemed to be unenforceable against a third party, the Sponsor will not be responsible to the extent of any liability for such third-party claims. The Company will seek to reduce the possibility that the Sponsor will have to indemnify the Trust Account due to claims of creditors by endeavoring to have all vendors, service providers (other than the Company's independent registered public accounting firm), prospective target businesses or other entities with which the Company does business, execute agreements with the Company waiving any right, title, interest or claim of any kind in or to monies held in the Trust Account.

On January 25, 2021, the Company entered into an Agreement and Plan of Merger (the "Merger Agreement") with Taboola, and Toronto Sub Ltd., a Cayman Islands exempted company and a direct, wholly-owned subsidiary of Taboola ("Merger Sub").

Pursuant to the Merger Agreement and subject to the terms and conditions set forth therein, Merger Sub will merge with and into the Company (the "Merger"), with the Company continuing as the surviving company after the Merger (the "Surviving Company"). As a result of the Merger and the other transactions contemplated by the Merger Agreement (the "Transactions" or the "Business Combination"), the Company will become a direct, wholly-owned subsidiary of Taboola.

Immediately prior to the effective time of the Merger (the "Effective Time"), (i) each preferred share, with no par value, of Taboola (each, a "Taboola Preferred Share") will be converted into ordinary shares, with no par value, of Taboola (each, a "Taboola Ordinary Share") and (ii) immediately following such conversion but prior to the Effective Time, Taboola will effect a stock split of each Taboola Ordinary Share into such number of Taboola Ordinary Shares calculated in accordance with the terms of the Merger Agreement such that each Taboola Ordinary Share will have a value of $10.00 per share after giving effect to such stock split (the "Stock Split" and, together with the conversion of Taboola Preferred Shares, the "Capital Restructuring").

Pursuant to the Merger Agreement, immediately prior to the Effective Time, each (i) Class B Ordinary Share of the Company will be automatically converted into one (1) Class A Ordinary Share of the Company in accordance with the terms of the Company's organizational documents and, after giving effect to such automatic conversion, at the Effective Time and as a result of the Business Combination, each issued and outstanding Class A Ordinary Share will no longer be outstanding and will automatically be converted into the right of the holder thereof to receive one Taboola Ordinary Share after giving effect to the Capital Restructuring and (ii) issued and outstanding ION Warrant will automatically and irrevocably be assumed by Taboola and converted into a corresponding Taboola Warrant exercisable for Taboola Ordinary Shares.

Immediately prior to the Effective Time, the Class A Ordinary Shares and the Public Warrants comprising each issued and outstanding ION Unit, consisting of one Class A Ordinary Share and one-fifth of one Public Warrant, will be automatically separated and the holder thereof will be deemed to hold one Class A Ordinary Share and one-fifth of one Public Warrant. No fractional Public Warrants will be issued in connection with such separation such that if a holder of such Public Units would be entitled to receive a fractional Public Warrant upon such separation, the number of Public Warrants to be issued to such holder upon such separation will be rounded down to the nearest whole number of Public Warrants and no cash will be paid in lieu of such fractional Public Warrants.

The Business Combination will be consummated subject to the deliverables and provisions as further described in the Merger Agreement.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying unaudited condensed financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”) for interim financial information and in accordance with the instructions to Form 10-Q and Article 8 of Regulation S-X of the SEC. Certain information or footnote disclosures normally included in financial statements prepared in accordance with GAAP have been condensed or omitted, pursuant to the rules and regulations of the SEC for interim financial reporting. Accordingly, they do not include all the information and footnotes necessary for a complete presentation of financial position, results of operations, or cash flows.

In management’s opinion, the Company has made all adjustments (consisting only of normal, recurring adjustments, except as otherwise indicated) necessary to fairly present its financial position, results of operations and cash flows. The Company’s interim period operating results do not necessarily indicate the results that may be expected for any other interim period or for the full fiscal year. These financial statements and accompanying notes should be read in conjunction with the 2020 financial statements and notes thereto included in the Company’s Annual Report on Form 10-K/A for its fiscal year ended December 31, 2020 filed with the SEC on April 29, 2021 (the “2020 Form 10-K/A”). There have been no changes in the significant accounting policies from those that were disclosed in the audited financial statements for the fiscal year ended December 31, 2020 included in the 2020 Form 10-K/A, unless otherwise stated.

Use of Estimates

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

Making estimates requires management to exercise significant judgment. It is at least reasonably possible that the estimate of the effect of a condition, situation or set of circumstances that existed at the date of the financial statements, which management considered in formulating its estimate, could change in the near term due to one or more future confirming events. Accordingly, the actual results could differ significantly from those estimates.

Cash and Cash Equivalents

The Company considers all short-term bank deposits with an original maturity of three months or less when purchased to be cash equivalents. The Company did not have any cash equivalents as of March 31, 2021.

Marketable Securities Held in Trust Account

At March 31, 2021, substantially all of the assets held in the Trust Account were held in U.S. Treasury Bills.

Warrants Liability

The Company evaluated the Public Warrants and Private Placement Warrants (collectively, “Warrants”, which are discussed in Note 7) in accordance with ASC 815-40, “Derivatives and Hedging — Contracts in Entity’s Own Equity”, and concluded that a provision in the Warrant Agreement related to certain tender or exchange offers, as well as provisions that provided for potential changes to the settlement amounts dependent upon the characteristics of the holder of the warrant, preclude the Warrants from being accounted for as components of equity. As the Warrants meet the definition of a derivative as contemplated in ASC 815 and are not eligible for an exception from derivative accounting, the Warrants are recorded as derivative liabilities on the Balance Sheet and measured at fair value at inception (on the date of the IPO) and at each reporting date in accordance with ASC 820, “Fair Value Measurement”, with changes in fair value recognized in the Statement of Operations in the period of change.

Class A Ordinary Shares Subject to Possible Redemption

The Company accounts for its Class A ordinary shares subject to possible redemption in accordance with the guidance in Accounting Standards Codification (“ASC”) Topic 480 “Distinguishing Liabilities from Equity.” Class A ordinary shares subject to mandatory redemption are classified as a liability instrument and are measured at fair value. Conditionally redeemable ordinary shares (including ordinary shares that feature redemption rights that are

either within the control of the holder or subject to redemption upon the occurrence of uncertain events not solely within the Company's control) are classified as temporary equity. At all other times, ordinary shares are classified as shareholders' equity. The Company's Class A ordinary shares feature certain redemption rights that are considered to be outside of the Company's control and subject to occurrence of uncertain future events. Accordingly, Class A ordinary shares subject to possible redemption are presented at redemption value as temporary equity, outside of the shareholders' equity section of the Company's balance sheet.

Net Income (Loss) Per Ordinary Share

Net income (loss) per ordinary share is computed by dividing net income (loss) attributable to non-redeemable Ordinary shares by the weighted average number of ordinary shares outstanding during the period, excluding ordinary shares subject to redemption. At March 31, 2021, except for the Warrants, the Company did not have any dilutive securities and other contracts that could, potentially, be exercised or converted into ordinary shares and then share in the earnings of the Company.

	Three months ended March 31, 2021
Net income (loss):	
Net income	$ 11,792,022
Less-income attributable to shares subject possible to redemption	18,372
Net income attributable to non-redeemable Ordinary shares- Basic	$ 11,773,650
Less - Change in fair value of the Warrant Liabilities	(14,417,471)
Net loss attributable to non-redeemable Ordinary shares- Diluted	$ (2,643,821)
Shares:	
Basic weighted-average number of non-redeemable Ordinary shares outstanding	12,154,726
Incremental shares from assumed exercise of Warrants	410,946
Diluted weighted-average number of non-redeemable Ordinary shares outstanding	12,565,672
Net income per Ordinary share, basic	$ 0.97
Net loss per Ordinary share, diluted	$ (0.21)

Fair Value of Financial Instruments

The Company follows the guidance in ASC Topic 820, " *Fair Value Measurement* ", for its financial assets and liabilities that are re-measured and reported at fair value at each reporting period, and non-financial assets and liabilities that are re-measured and reported at fair value at least annually.

The fair value of the Company's financial assets and liabilities reflects management's estimate of amounts that the Company would have received in connection with the sale of the assets or paid in connection with the transfer of the liabilities in an orderly transaction between market participants at the measurement date. In connection with measuring the fair value of its assets and liabilities, the Company seeks to maximize the use of observable inputs (market data obtained from independent sources) and to minimize the use of unobservable inputs (internal assumptions about how market participants would price assets and liabilities). The following fair value hierarchy is used to classify assets and liabilities based on the observable inputs and unobservable inputs used in order to value the assets and liabilities:

Level 1: Quoted prices in active markets for identical assets or liabilities. An active market for an asset or liability is a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2: Observable inputs other than Level 1 inputs. Examples of Level 2 inputs include quoted prices in active markets for similar assets or liabilities and quoted prices for identical assets or liabilities in markets that are not active.

Level 3: Unobservable inputs based on the Company's assessment of the assumptions that market participants would use in pricing the asset or liability.

See Note 7 for additional information on assets and liabilities measured at fair value.

The fair value of the Company's assets and liabilities, other than the warrants liability described above, which qualify as financial instruments under ASC Topic 820, "Fair Value Measurements and Disclosures," approximate the carrying amounts represented in the accompanying balance sheet, primarily due to their short-term nature. As of March 31, 2021 and December 31, 2020, the Company reported Warrants issued at the consummation of its IPO as financial instruments recorded as liabilities at their respective fair values.

Recent Accounting Standards

Management does not believe that any recently issued, but not yet effective, accounting standards, if currently adopted, would have a material effect on the accompanying condensed financial statements.

NOTE 3. INITIAL PUBLIC OFFERING

Pursuant to the Initial Public Offering, the Company sold 25,875,000 Units, which includes the full exercise by the underwriters of their over-allotment option in the amount of 3,375,000 Units, at a purchase price of $10.00 per Unit. Each Unit consists of one Class A ordinary share and one-fifth of one redeemable warrant ("Public Warrant"). Each whole Public Warrant entitles the holder to purchase one Class A ordinary share at an exercise price of $11.50 per whole share (see Note 8).

NOTE 4. PRIVATE PLACEMENT

Simultaneously with the closing of the Initial Public Offering, the Initial Shareholders purchased an aggregate of 7,175,000 Private Placement Warrants at a price of $1.00 per Private Placement Warrant, for an aggregate purchase price of $7,175,000. Each Private Placement Warrant is exercisable to purchase one Class A ordinary share at a price of $11.50 per share, subject to adjustment (see Note 8). A portion of the proceeds from the Private Placement Warrants were added to the proceeds from the Initial Public Offering held in the Trust Account. If the Company does not complete a Business Combination within the Combination Period, the proceeds from the sale of the Private Placement Warrants will be used to fund the redemption of the Public Shares (subject to the requirements of applicable law) and the Private Placement Warrants will expire worthless.

NOTE 5. RELATED PARTY TRANSACTIONS

Founder Shares

During the period ended August 13, 2020, the Initial Shareholders paid $25,000 to cover certain offering and formation costs of the Company in consideration for 5,750,000 Class B ordinary shares (the "Founder Shares"). On October 1, 2020, the Company effected a share capitalization of 718,750 shares and, as a result, there are 6,468,750 Class B ordinary shares issued and outstanding. All share and per-share amounts have been retroactively restated to reflect the share capitalization. The Founder Shares included an aggregate of up to 843,750 shares that were subject to forfeiture depending on the extent to which the underwriters' over-allotment option was exercised, so that the number of Founder Shares would equal, on an as-converted basis, approximately 20% of the Company's issued and outstanding ordinary shares after the Initial Public Offering. As a result of the underwriters' election to fully exercise their over-allotment option, 843,750 Founder Shares are no longer subject to forfeiture.

The Initial Shareholders have agreed, subject to limited exceptions, not to transfer, assign or sell any of their Founder Shares until the earliest of: (A) one year after the completion of a Business Combination and (B) subsequent to a Business Combination, (x) if the closing price of the Class A ordinary shares equals or exceeds $12.00 per share (as adjusted for share splits, share dividends, rights issuances, subdivisions, reorganizations, recapitalizations and the like) for any 20 trading days within any 30-trading day period commencing at least 150 days after a Business Combination, or (y) the date on which the Company completes a liquidation, merger, share exchange or other similar transaction that results in all of the Public Shareholders having the right to exchange their Class A ordinary shares for cash, securities or other property.

Advance from Related Party

During the period ended December 31, 2020, the Sponsor paid for certain offering costs on behalf of the Company in connection with the Initial Public Offering. As of December 31, 2020, advances amounting to $325,000 were repaid in full.

Promissory Note — Related Party

On August 12, 2020, the Company issued an unsecured promissory note (the “Promissory Note”) to the Sponsor, pursuant to which the Company could borrow up to an aggregate principal amount of $300,000. The Promissory Note was non-interest bearing and payable on the earlier of (i) December 31, 2020 and (ii) the completion of the Initial Public Offering. As of October 6, 2020, there was $92,468 outstanding under the Promissory Note, which was subsequently repaid in full on October 14, 2020.

Administrative Services Agreement

The Company entered into an agreement, commencing on October 2, 2020, to pay the Sponsor up to $10,000 per month for office space, utilities, administrative services and remote support services. Upon completion of a Business Combination or its liquidation, the Company will cease paying these monthly fees. For the three months ended March 31, 2021, the Company incurred and paid $30,000 in fees for these services.

Forward Purchase Agreements

The Company entered into forward purchase agreements on September 15, 2020, pursuant to which the forward purchase investors agreed to purchase an aggregate of up to 5,000,000 Class A ordinary shares, at a purchase price of $10.00 per share, or up to $50,000,000 in the aggregate, in private placements that will close substantially concurrently with the closing of a Business Combination. Any reduction in the number of forward purchase shares will be made in the Company’s sole discretion. The forward purchase shares are identical to the Public Shares, except that the holders thereof will have certain registration rights. The forward purchase agreements and the registration rights agreement also provide that the forward purchase investors are entitled to registration rights with respect to the forward purchase shares. The proceeds from the sale of the forward purchase shares may be used as part of the consideration to the sellers in a Business Combination, expenses in connection with a Business Combination or for working capital in the post-business combination company. The forward purchases are required to be made regardless of whether any Class A ordinary shares are redeemed by the Public Shareholders and are intended to provide the Company with a minimum funding level for a Business Combination. No forward purchase investor will have the ability to approve the Business Combination prior to the signing of a material definitive agreement. The forward purchase shares will be issued only in connection with the closing of a Business Combination.

Related Party Loans

In order to finance transaction costs in connection with a Business Combination, the Sponsor or an affiliate of the Sponsor, or certain of the Company’s officers and directors may, but are not obligated to, loan the Company funds as may be required (“Working Capital Loans”). Such Working Capital Loans would be evidenced by promissory notes. The notes may be repaid upon completion of a Business Combination, without interest, or, at the lender’s discretion, up to $1,500,000 of notes may be converted upon completion of a Business Combination into warrants at a price of $1.00 per warrant. Such warrants would be identical to the Private Placement Warrants. In the event that a Business Combination does not close, the Company may use a portion of proceeds held outside the Trust Account to repay the Working Capital Loans but no proceeds held in the Trust Account would be used to repay the Working Capital Loans. As of March 31, 2021, the Company did not execute any promissory notes and had no outstanding borrowings under the Working Capital Loans.

NOTE 6. COMMITMENTS

Risks and Uncertainties

Management continues to evaluate the impact of the COVID-19 pandemic on the industry and has concluded that while it is reasonably possible that the virus could have a negative effect on the Company’s financial position, the results of its operations and/or search for a target company, the specific impact is not readily determinable as of the date of these financial statements. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Registration Rights

Pursuant to a registration rights agreement entered into on October 1, 2020, the holders of the Founder Shares, forward purchase shares, Private Placement Warrants and any warrants that may be issued upon conversion of Working Capital Loans (and any Class A ordinary shares issuable upon the exercise of the Private Placement Warrants

or warrants that may be issued upon conversion of the Working Capital Loans and upon conversion of the Founder Shares) will be entitled to registration rights requiring the Company to register a sale of any of the Company's securities held by them pursuant to a registration rights agreement. The holders of these securities will be entitled to make up to three demands, excluding short form demands, that the Company register such securities. In addition, the holders have certain "piggy-back" registration rights with respect to registration statements filed subsequent to the completion of a Business Combination. Notwithstanding the foregoing, ION Co-Investment LLC may not exercise its demand and "piggyback" registration rights after five and seven years, respectively, after the effective date of the registration statement. The Company will bear the expenses incurred in connection with the filing of any such registration statements.

Underwriting Fees

The underwriters were paid a cash underwriting discount of $0.20 per Unit, or $5,175,000 in the aggregate, upon the closing of the Initial Public Offering.

Business Combination Marketing Agreement

The Company engaged Cowen and Company, LLC as an advisor in connection with the Business Combination to assist the Company in holding meetings with its shareholders to discuss the potential Business Combination and the target business's attributes, introduce the Company to potential investors that are interested in purchasing the Company's securities in connection with the potential Business Combination, assist the Company in obtaining shareholder approval for the Business Combination and assist the Company with its press releases and public filings in connection with the Business Combination. Pursuant to the terms of the agreement, the Company will pay Cowen and Company, LLC a marketing fee for such services upon the consummation of a Business Combination in an amount equal to, in the aggregate, 3.5% of the gross proceeds of Initial Public Offering, or $9,056,250 (including proceeds from the full or partial exercise of the over-allotment option). No fee will be due to Cowen and Company, LLC if the Company does not complete a Business Combination.

Forward Purchase Agreement

The Company entered into forward purchase agreements with ION Crossover Partners LP, The Phoenix Insurance Company Ltd., The Phoenix Insurance Company Ltd. (Nostro) and The Phoenix Excellence Pension and Provident Fund Ltd. (collectively the "Phoenix Entities") to purchase an aggregate of up to 5,000,000 Class A ordinary shares for $10.00 per ordinary share, or up to $50,000,000 in the aggregate, in a private placement to close substantially concurrently with the closing of the Business Combination. If the sale of the forward purchase units fails to close, for any reason, the Company may lack sufficient funds to consummate a Business Combination. The forward purchase shares are identical to the Class A ordinary shares sold in the Initial Public Offering, except that they will be entitled to certain registration rights.

NOTE 7. FAIR VALUE MEASUREMENTS

Fair Value Hierarchy of Assets and Liabilities

The following table presents information about the Company's assets and liabilities that are measured at fair value on a recurring basis at March 31, 2021 and December 31, 2020, and indicates the fair value hierarchy of the valuation inputs the Company utilized to determine such fair value:

Description	Level	March 31, 2021	December 31, 2020
Assets:			
Marketable securities held in Trust Account[1][2]	1	$258,817,072	$258,794,029
Liabilities:			
Private Placement Warrants[1]	3	$ 26,328,841	$ 33,864,037
Public Warrants[1]	1	$ 11,759,737	$ 18,642,012

(1) Measured at fair value on a recurring basis.

(2) The fair value of the marketable securities held in the Trust Account approximates the carrying amount primarily due to their short-term nature.

Warrants

The Warrants are accounted for as liabilities in accordance with ASC 815-40 and are presented within warrants liability on the Balance Sheet. The warrants liabilities are measured at fair value at inception and on a recurring basis, with changes in fair value presented within change in fair value of warrants liability in the Statement of Operations.

The key inputs into the Black-Scholes model for the Private Placement Warrants were as follows:

Input	March 31, 2021	December 31, 2020
Risk-free interest rate	0.78%-0.98%	0.34%-0.43%
Expected term (years)	4.5-5.25	4.75-5.50
Expected volatility	44.5%-44.9%	41.5%-44.3%
Exercise price	$11.50	$11.50
Fair value of Class A ordinary share	$10.11	$11.77

The Company's use of a Black-Scholes model required the use of subjective assumptions:

- The risk-free interest rate assumption was interpolated based on constant maturity U.S. Treasury rates over a term commensurate with the expected term of the warrants.
- The expected term was determined based on the expected date of the initial Business Combination, as the Warrants expire on the date that is 5 years from the completion of the initial Business Combination and for certain Private Warrants 5 years from the date of the initial public offering effective date.
- The expected volatility assumption was based on the implied volatility from a set of comparable publicly-traded warrants as determined based on size and proximity.
- The fair value of a Class A ordinary share represents the closing price on the measurement date as observed from the ticker IACA.

The Public Warrants as of March 31, 2021 and December 31, 2020 is classified as Level 1 due to the use of an observable market quote in an active market.

The following table presents the changes in the fair value of warrants liability:

	Private Placement	Public	Warrants Liability
Fair value as of December 31, 2020	$33,864,037	$18,642,012	$ 52,506,049
Change in valuation inputs or other assumptions[1]	(7,535,196)	(6,882,275)	(14,417,471)
Fair value as of December 31, 2020	$26,328,841	$11,759,737	$ 38,088,578

NOTE 8. SHAREHOLDERS' EQUITY

Preference Shares

The Company is authorized to issue 5,000,000 preference shares with a par value of $0.0001 per share, with such designations, voting and other rights and preferences as may be determined from time to time by the Company's board of directors. At March 31, 2021, there were no preference shares issued or outstanding.

Class A Ordinary Shares

The Company is authorized to issue 500,000,000 Class A ordinary shares, with a par value of $0.0001 per share. Holders of Class A ordinary shares are entitled to one vote for each share. At March 31, 2021, there were 4,508,815 Class A ordinary shares issued and outstanding, excluding 21,366,185 Class A ordinary shares subject to possible redemption.

Class B Ordinary Shares

The Company is authorized to issue 50,000,000 Class B ordinary shares, with a par value of $0.0001 per share. Holders of the Class B ordinary shares are entitled to one vote for each share. At March 31, 2021, there were 6,468,750 Class B ordinary shares issued and outstanding.

Holders of Class A ordinary shares and Class B ordinary shares will vote together as a single class on all matters submitted to a vote of shareholders, except as required by law.

The Class B ordinary shares will automatically convert into Class A ordinary shares concurrently with or immediately following the consummation of a Business Combination on a one-for-one basis, subject to adjustment for share splits, share dividends, rights issuances, subdivisions, reorganizations, recapitalizations and the like. In the case that additional Class A ordinary shares, or equity-linked securities, are issued or deemed issued in connection with a Business Combination, the number of Class A ordinary shares issuable upon conversion of all Founder Shares will equal, in the aggregate, 20% of the total number of Class A ordinary shares outstanding after such conversion (after giving effect to any redemptions of Class A ordinary shares by public shareholders), including the total number of Class A ordinary shares issued, or deemed issued or issuable upon conversion or exercise of any equity-linked securities or rights issued or deemed issued, by the Company in connection with or in relation to the consummation of a Business Combination, excluding any Class A ordinary shares or equity-linked securities exercisable for or convertible into Class A ordinary shares issued, or to be issued, to any seller in a Business Combination and any Private Placement Warrants issued to the Sponsor, officers or directors upon conversion of Working Capital Loans; provided that such conversion of Founder Shares will never occur on a less than one-for-one basis.

Warrants

Public Warrants may only be exercised for a whole number of shares. No fractional shares will be issued upon exercise of the Public Warrants. The Public Warrants will become exercisable on the later of (a) 30 days after the completion of a Business Combination and (b) one year from the closing of the Initial Public Offering. The Public Warrants will expire five years from the completion of a Business Combination or earlier upon redemption or liquidation.

The Company will not be obligated to deliver any Class A ordinary shares pursuant to the exercise of a warrant and will have no obligation to settle such warrant exercise unless a registration statement under the Securities Act covering the issuance of the Class A ordinary shares issuable upon the exercise of the warrants is then effective and a current prospectus relating thereto is current, subject to the Company satisfying its obligations with respect to registration. No warrant will be exercisable and the Company will not be obligated to issue any shares to holders seeking to exercise their warrants, unless the issuance of the shares upon such exercise is registered, qualified or deemed to be exempt under the securities laws of the state of residence of the registered holder of the warrants.

The Company has agreed that as soon as practicable, but in no event later than 15 business days, after the closing of a Business Combination, it will use its best efforts to file with the SEC a registration statement for the registration, under the Securities Act, of the Class A ordinary shares issuable upon exercise of the warrants. The Company will use its best efforts to cause the same to become effective and to maintain the effectiveness of such registration statement, and a current prospectus relating thereto, until the expiration of the warrants in accordance with the provisions of the warrant agreement. If a registration statement covering the Class A ordinary shares issuable upon exercise of the warrants is not effective by the sixtieth (60th) business day after the closing of a Business Combination, warrant holders may, until such time as there is an effective registration statement and during any period when the Company will have failed to maintain an effective registration statement, exercise warrants on a "cashless basis" in accordance with Section 3(a)(9) of the Securities Act or another exemption. Notwithstanding the above, if the Class A ordinary shares are at the time of any exercise of a warrant not listed on a national securities exchange such that they satisfy the definition of a "covered security" under Section 18(b)(1) of the Securities Act, the Company may, at its option, require holders of Public Warrants who exercise their warrants to do so on a "cashless basis" in accordance with Section 3(a)(9) of the Securities Act and, in the event the Company so elects, the Company will not be required to file or maintain in effect a registration statement, and in the event the Company does not so elect, the Company will use its best efforts to register or qualify the shares under applicable blue sky laws to the extent an exemption is not available.

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

Once the warrants become exercisable, the Company may redeem the outstanding warrants (except as described with respect to the Private Placement Warrants):

- in whole and not in part;
- at a price of $0.01 per warrant;
- upon a minimum of 30 days' prior written notice of redemption to each warrant holder; and
- if, and only if, the closing price of the Class A ordinary shares equals or exceeds $18.00 per share (as adjusted) for any 20 trading days within a 30-trading day period ending three business days before the Company sends the notice of redemption to the warrant holders.

If and when the warrants become redeemable by the Company, the Company may exercise its redemption right even if it is unable to register or qualify the underlying securities for sale under all applicable state securities laws.

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

Once the warrants become exercisable, the Company may redeem the outstanding warrants:

- in whole and not in part;
- at a price of $0.10 per warrant;
- upon a minimum of 30 days' prior written notice of redemption; provided that holders will be able to exercise their warrants on a cashless basis prior to redemption and receive that number of shares determined based on the redemption date and the fair market value of the Class A ordinary shares;
- if, and only if, the closing price of the Class A ordinary shares equals or exceeds $10.00 per share (as adjusted) for any 20 trading days within a 30-trading day period ending three business days before the Company sends the notice of redemption to the warrant holders.

If the Company calls the Public Warrants for redemption, as described above, its management will have the option to require any holder that wishes to exercise the Public Warrants to do so on a "cashless basis," as described in the warrant agreement. The exercise price and number of ordinary shares issuable upon exercise of the Public Warrants may be adjusted in certain circumstances including in the event of a share dividend, extraordinary dividend or recapitalization, reorganization, merger or consolidation. However, except as described below, the Public Warrants will not be adjusted for issuances of ordinary shares at a price below its exercise price. If the Company is unable to complete a Business Combination within the Combination Period and the Company liquidates the funds held in the Trust Account, holders of Public Warrants will not receive any of such funds with respect to their Public Warrants, nor will they receive any distribution from the Company's assets held outside of the Trust Account with respect to such Public Warrants. Accordingly, the Public Warrants may expire worthless.

In addition, if (x) the Company issues additional Class A ordinary shares or Class A equity-linked securities for capital raising purposes in connection with the closing of a Business Combination at an issue price or effective issue price of less than $9.20 per Class A ordinary share (with such issue price or effective issue price to be determined in good faith by the Company's board of directors and, in the case of any such issuance to the Initial Shareholders or their affiliates, without taking into account any Founder Shares held by the Initial Shareholders or such affiliates, as applicable, prior to such issuance) (the "Newly Issued Price"), (y) the aggregate gross proceeds from such issuances represent more than 60% of the total equity proceeds, and interest thereon, available for the funding of a Business Combination on the date of the consummation of a Business Combination (net of redemptions), and (z) the volume weighted average trading price of its Class A ordinary shares during the 10 trading day period starting on the trading day prior to the day on which the Company consummates its Business Combination (such price, the "Market Value") is below $9.20 per share, the exercise price of the warrants will be adjusted (to the nearest cent) to be equal to 115% of the higher of the Market Value and the Newly Issued Price, the $18.00 per share redemption trigger price will be adjusted (to the nearest cent) to be equal to 180% of the higher of the Market Value and the Newly Issued Price, and the $10.00 per share redemption trigger price will be adjusted (to the nearest cent) to be equal to the higher of the Market Value and the Newly Issued Price.

The Private Placement Warrants are identical to the Public Warrants underlying the Units sold in the Initial Public Offering, except that the Private Placement Warrants and the Class A ordinary shares issuable upon the exercise of the Private Placement Warrants will not be transferable, assignable or salable until 30 days after the completion of a Business Combination, subject to certain limited exceptions. Additionally, the Private Placement Warrants will be exercisable on a cashless basis and be non-redeemable, except as described above, so long as they are held by the initial purchasers or their permitted transferees. In addition, the Private Placement Warrants held by the affiliate of the underwriter will not be exercisable more than five years from the effective date of the Initial Public Offering in accordance with FINRA Rule 5110(f)(2)(G)(i). If the Private Placement Warrants are held by someone other than the initial purchasers or their permitted transferees, the Private Placement Warrants will be redeemable by the Company and exercisable by such holders on the same basis as the Public Warrants.

NOTE 9. SUBSEQUENT EVENTS

The Company evaluated subsequent events and transactions that occurred after the balance sheet date up to the date that the financial statements were issued. Based on this review, the Company did not identify any subsequent events that would have required adjustment or disclosure in the financial statements.

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Independent Auditor's Report

To Management
Shop Holding Corporation

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

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

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

Emphasis of Matter

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

Los Angeles, California
August 11, 2021

SHOP HOLDING CORPORATION
CONSOLIDATED BALANCE SHEETS
(in thousands)

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

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

SHOP HOLDING CORPORATION
CONSOLIDATED STATEMENTS OF INCOME
(in thousands)

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

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

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

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

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

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

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

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

TABLE OF CONTENTS

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

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

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

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

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

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

SHOP HOLDING CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. DESCRIPTION OF BUSINESS AND BASIS OF PRESENTATION Description of Business

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

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

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

Basis of Presentation

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND RECENT ACCOUNTING PRONOUNCEMENTS

Summary of Significant Accounting Policies

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

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

Concentrations and Certain Risks — The Company’s revenues are primarily derived from its click-through revenue product listings services, the market of which is highly competitive and rapidly changing. In addition, its

revenues are primarily generated from the United States ("U.S."), the United Kingdom ("U.K."), France, Germany, and Italy. Significant changes in this industry or changes in customer buying or advertiser spending behavior could adversely affect the Company's operating results.

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

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

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

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

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

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

ready for its intended purpose. Costs incurred prior to meeting these criteria and costs associated with ongoing maintenance are expensed as incurred. The Company capitalized costs associated with internal-use software totaling $3.5 million and $3.8 million for continuing operations in the years ended December 31, 2020 and 2019, respectively.

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

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

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

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

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

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

SHOP HOLDING CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

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

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

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

The Company determines revenue recognition through the following steps:

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

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

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

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

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

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

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

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

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

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

- Technology and Development expenses include the costs of full-time personnel, contractors, vendors and other related expenses for the purpose of creating the Company's software technology footprint.

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

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

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

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

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

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

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

There were no stock option awards in 2020.

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

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

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

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

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

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

Recent Accounting Pronouncements

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

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*. The amendments in this update will replace the existing guidance in ASC 840, *Leases*, when it becomes effective. The amendments require lease assets and lease liabilities to be recognized on the balance sheet and disclosure of key information about leasing arrangements. The amendments require a dual approach for lessee accounting under which a lessee would account for leases as finance leases or operating leases. Both finance leases and operating leases will result in the lessee recognizing a right-of-use asset and a corresponding lease liability. For finance leases the lessee would recognize

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

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

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

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

In March 2020, the FASB issued ASU No. 2020-04, *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting.* The amendments in this update provide for optional guidance for a limited period of time to ease the potential burden in accounting for (or recognizing the effects of) reference rate reform on financial reporting. Such amendments include, among other things, the option to apply effective interest rates prospectively for receivables and debt that rely upon benchmarks subject to reference rate reform. The amendments in this update are effective for all entities as of March 12, 2020 through December 31, 2022.

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

3. DISCONTINUED OPERATIONS

Hitwise

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

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

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

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

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

4. ACQUISITIONS

Skimbit Ltd ("Skimlinks")

On May 22, 2020 (the "Skim Closing Date"), the Company entered into a Sale and Purchase Agreement (the "SPA") amongst all owners, whereby the Company acquired all of the issued and outstanding share capital of Skimbit Ltd and Skimbit Ltd became a wholly-owned subsidiary of the Company. Skimlinks is a leader in creating

and monetizing links in premium publisher websites and articles, with businesses primarily in the USA and the UK. The acquisition is expected to help the Company greatly diversify its publisher network and become a leader in premium content monetization.

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

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

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

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

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

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

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

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

5. BALANCE SHEET COMPONENTS

Other Current Assets

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

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

Property and Equipment

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

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

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

Accrued Liabilities

Accrued liabilities consisted of the following (in thousands):

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

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

Goodwill

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

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

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

Intangible Assets

Intangible assets consisted of the following (in thousands):

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

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

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

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

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

7. DEBT

BAML Restated Loan Agreement

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

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

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

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

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

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

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

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

Whitehorse Term Loan

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

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

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

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

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

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

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

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

Summary of Indebtedness

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

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

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

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

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

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

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

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

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

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

Summary of Unsecured Convertible Promissory Notes Payable (Related Party)

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

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

1) At December 31, 2019, X = (25700/24865) = 1.034
2) At December 31, 2019, the Prime Rate was 4.75%

9. STOCK-BASED COMPENSATION PLANS

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

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

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

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

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

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

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

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

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

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

SHOP HOLDING CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

SHOP HOLDING CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

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

Class B: Non-vested

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

Class C Units

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

Class D Units

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

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

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

10. INCOME TAXES

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

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

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

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

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

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

SHOP HOLDING CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

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

SHOP HOLDING CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

11. COMMITMENTS AND CONTINGENCIES

Leases

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

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

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

Other Commitments

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

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

Legal Matters

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

12. EMPLOYEE BENEFIT PLAN

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

13. RELATED PARTY TRANSACTIONS

Unsecured Convertible Promissory Notes Payable

To meet its working capital and business combination needs, the Company issued unsecured promissory notes payable to its Indirect Parent, Shop Holding, LLC (“Holding LLC”). The Company had $24.9 million of outstanding

notes payable at December 31, 2019 (See Note 8 - "Subordinated Unsecured Promissory Notes Payable"). This note was extinguished on May 21, 2020 with the refinancing from the Whitehorse Term Loan.

14. SUBSEQUENT EVENTS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

TABLE OF CONTENTS

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

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

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

TABLE OF CONTENTS

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

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

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

SHOP HOLDING CORPORATION
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

1. DESCRIPTION OF BUSINESS AND BASIS OF PRESENTATION

Description of Business

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

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

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

Basis of Presentation

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND RECENT ACCOUNTING PRONOUNCEMENTS

Summary of Significant Accounting Policies

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

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

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

SHOP HOLDING CORPORATION
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

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

Capitalized Software Development Costs — The Company accounts for costs incurred to develop software for internal use in accordance with Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 350, *Intangibles - Goodwill and Other*. The Company capitalizes costs to develop software when management has determined that the development efforts will result in new or additional functionality and the customized internal-use software systems have reached the application development stage. Such capitalized costs include external direct costs utilized in developing or obtaining the applications and payroll and payroll-related expenses for employees who are directly associated with the applications. Capitalization of such costs begins when the preliminary project stage is complete and ceases at the point in which the project is substantially complete and ready for its intended purpose. Costs incurred prior to meeting these criteria and costs associated with ongoing maintenance are expensed as incurred. The Company capitalized costs associated with internal-use software totaling $1.8 million and $1.7 million for continuing operations in the six months ended June 30, 2021 and 2020, respectively.

SHOP HOLDING CORPORATION
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

SHOP HOLDING CORPORATION
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

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

The Company determines revenue recognition through the following steps:

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

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

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

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

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

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

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

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

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

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

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

matters. General and Administrative expenses also include expenses resulting from actual or potential transactions such as business combinations, mergers, acquisitions, dispositions, financing transactions, and other strategic transactions, including expenses for advisors, consultants, attorneys, and accounting firms.

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

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

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

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

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

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

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

Income Taxes — The Company applies the provisions of ASC 740, *Income Taxes*. Under ASC 740, deferred tax assets and liabilities are determined based on differences between the financial reporting and tax bases of assets and

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

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

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

Recent Accounting Pronouncements

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

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

the effective date to annual reporting periods beginning after December 15, 2021, though early adoption continues to be permitted. The Company is currently assessing the impact these updates will have on the Company's consolidated financial statements.

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

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

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

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

3. DISCONTINUED OPERATIONS

Hitwise

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

SHOP HOLDING CORPORATION
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

4. ACQUISITIONS

Skimbit Ltd ("Skimlinks")

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

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

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

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

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

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

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

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

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

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

5. BALANCE SHEET COMPONENTS

Other Current Assets

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

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

Property and Equipment

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

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

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

Accrued Liabilities

Accrued liabilities consisted of the following (in thousands):

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

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

Goodwill

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

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

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

SHOP HOLDING CORPORATION
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

Intangible Assets

Intangible assets consisted of the following (in thousands):

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

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

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

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

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

7. DEBT

BAML Restated Loan Agreement

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

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

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

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

SHOP HOLDING CORPORATION
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

Whitehorse Term Loan

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

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

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

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

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

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

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

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

Summary of Indebtedness

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

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

SHOP HOLDING CORPORATION
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

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

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

9. STOCK-BASED COMPENSATION PLANS

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

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

The Company’s management determines who will be granted Units and Options, subject to Board approval.Beginning in 2019, in anticipation of engaging in discussions around a strategic sale of the Company’s Connexity Business, Management LLC issued Transaction Incentives to certain management employees of Connexity in recognition of their contribution to the Connexity Business, to reinforce their continued dedication to their duties to the Company and to encourage their efforts towards the consummation of an anticipated sale transaction. The Grants were in the form of Management LLC Class V member units (“Class V Units”). As the employees work for the Company, stock-based compensation expense is recorded by the Company as it relates to the Grants. The Class V Units represent an equity interest in the future profits and appreciation in the value of the Company. The Class V Units have been structured as profits interests, and the design of the Transaction Incentive is such that those profits interests translate to a percentage share in the transaction value (the “Connexity Sale

Proceeds") if the Connexity Business is sold. While employees' profits interests units number is fixed, the mechanics of the plan translate those units into escalating percentage shares of the Connexity Sale Proceeds according to the outcome of the sale - the higher the transaction value, the higher the percentage the employees are eligible to receive.

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

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

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

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

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

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

SHOP HOLDING CORPORATION
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

SHOP HOLDING CORPORATION
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

	Class D Options		
	Options to Purchase Class D Units	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (Years)
Vested and expected to vest at June 30, 2021	100,000	0.01	5.46
Exercisable at June 30, 2021	100,000	0.01	5.46

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

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

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

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

SHOP HOLDING CORPORATION
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

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

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

10. INCOME TAXES

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

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

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

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

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

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

SHOP HOLDING CORPORATION
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

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

As of June 30, 2021 and 2020, certain of the Company’s operations had net operating loss carryforwards of $3.4 million and $0.9 million, respectively, (tax effected, not net of uncertain tax position), including state net

operating loss carryforwards. These are comprised of $3.0 million and $0.8 million, respectively, (tax effected) of federal net operating loss carryforwards expiring between tax year 2036 and tax year 2037 and $0.4 million and $0.1 million, respectively, (tax effected) of state net operating loss carryforwards expiring between tax years 2026 and 2037.

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

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

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

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

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

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

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

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

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

11. COMMITMENTS AND CONTINGENCIES

Leases

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

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

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

Other Commitments

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

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

Legal Matters

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

12. EMPLOYEE BENEFIT PLAN

During the six months ended June 30, 2021 and 2020, eligible U.S. employees were covered by a defined contribution plan for which the Company was the plan sponsor. The plan provided for employer matching contributions of 50% of participant contributions limited to 6% of the participant's salary, subject to certain annual Internal Revenue Service limits. The Company also has various defined contribution/pension plans for its eligible

non-U.S. employees, some of which are required by local laws and allow or require Company contributions. During the six months ended June 30, 2021 and 2020, employer contributions under all defined contribution/pension plans were approximately $0.3 million and $0.2 million, respectively.

13. RELATED PARTY TRANSACTIONS

Unsecured Convertible Promissory Notes Payable

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

14. SUBSEQUENT EVENTS

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

PART II
INFORMATION NOT REQUIRED IN PROSPECTUS

Item 6. Indemnification of Directors and Officers.

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

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

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

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

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

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

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

Item 7. Recent Sales of Unregistered Securities.

Since June 30, 2018 we have made sales of the following unregistered securities:

- On June 30, 2021, we issued 13,500,000 shares of common stock to certain qualified institutional buyers and accredited investors that agreed to purchase such shares in connection with the Business Combination for aggregate consideration of $135,000,000.
- Since June 30, 2018, we have issued 28,179,413 stock options and 18,930,516 restricted stock units. All these stock options and restricted stock units have been issued to employees and executive officers of the Company under Rule 701, Section 4(a)(2) or Regulation S of the Securities Act.

We issued the foregoing securities in transactions not involving an underwriter and not requiring registration under Section 5 of the Securities Act of 1933, as amended, in reliance on the exemption afforded by Section 4(a)(2) thereof.

Item 8. Exhibits and Financial Statements.

(a) Exhibits

Exhibit Number	Description
2.1	Agreement and Plan of Merger, dated as of January 25, 2021, by and among Taboola.com Ltd., Toronto Sub Ltd., and ION Acquisition Corp. 1 Ltd. (incorporated by reference to Exhibit 2.1 to Taboola.com Ltd.'s Form F-4 filed with the SEC on April 30, 2021, as amended).
2.2	First Amendment to Agreement and Plan of Merger, dated as of April 27, 2021, by and among Taboola.com Ltd.,Toronto Sub Ltd., and ION Acquisition Corp. 1 Ltd. (incorporated by reference to Exhibit 2.2 to Taboola.com Ltd.'s Form F-4 filed with the SEC on April 30, 2021, as amended).
2.3*	Stock Purchase Agreement dated as of July 22, 2021, by and among Shop Management LLC, Taboola, Inc. and Taboola.com Ltd.
3.1	Form of 11th Amended and Restated Articles of Association of Taboola.com Ltd. (incorporated by reference to Exhibit 3.2 to Taboola.com Ltd.'s Form F-4 filed with the SEC on April 30, 2021, as amended).
4.1	Warrant Agreement, dated as of October 1, 2020, between Continental Stock Transfer & Trust Company and ION Acquisition Corp. 1 Ltd. (incorporated by reference to Exhibit 4.4 to Taboola.com Ltd.'s Form F-4 filed with the SEC on April 30, 2021, as amended).
4.2	Specimen Ordinary Share Certificate of Taboola.com Ltd. (incorporated by reference to Exhibit 4.5 to Taboola.com Ltd.'s Form F-4 filed with the SEC on April 30, 2021, as amended).
4.3	Specimen Warrant Certificate of Taboola.com Ltd. (incorporated by reference to Exhibit 4.6 to Taboola.com Ltd.'s Form F-4 filed with the SEC on April 30, 2021, as amended).
4.4	Form of Assignment, Assumption and Amendment Agreement, by and among Taboola.com Ltd, ION Acquisition Corp. 1 Ltd and Continental Stock Transfer & Trust Company (incorporated by reference to Exhibit 4.7 to Taboola.com Ltd.'s Form F-4 filed with the SEC on April 30, 2021, as amended).
4.5	Form of Letter Agreement (incorporated by reference to Exhibit 4.9 to Taboola.com Ltd.'s Form F-4 filed with the SEC on April 30, 2021, as amended).
4.6	Amended and Restated Investors' Rights Agreement, dated as of January 25, 2021, by and among Taboola.com Ltd and certain shareholders of Taboola.com Ltd. (incorporated by reference to Exhibit 4.10 to Taboola.com Ltd.'s Form F-4 filed with the SEC on April 30, 2021, as amended).
5.1**	Opinion of Meitar | Law Offices as to the validity of the Taboola.com Ltd. ordinary shares.
5.2**	Opinion of Davis Polk & Wardwell LLP as to the validity of the Taboola.com Ltd. warrants.
10.1	Form of Subscription Agreement by and between Subscriber and Taboola.com Ltd. (incorporated by reference to Exhibit 10.5 to Taboola.com Ltd.'s Form F-4 filed with the SEC on April 30, 2021, as amended).
10.2	Form of Secondary Share Purchase Agreement (Employees) (incorporated by reference to Exhibit 10.6 to Taboola.com Ltd.'s Form F-4 filed with the SEC on April 30, 2021, as amended).
10.3	Form of Secondary Share Purchase Agreement (Institutional Shareholders) (incorporated by reference to Exhibit 10.7 to Taboola.com Ltd.'s Form F-4 filed with the SEC on April 30, 2021, as amended).
10.4†††	Form of 2021 Taboola.com Ltd. Share Incentive Plan (incorporated by reference to Exhibit 10.8 to Taboola.com Ltd.'s Form F-4 filed with the SEC on April 30, 2021, as amended).
10.5†††	Form of 2021 Taboola.com Ltd. Employee Stock Purchase Plan (incorporated by reference to Exhibit 10.9 to Taboola.com Ltd.'s Form F-4 filed with the SEC on April 30, 2021, as amended).

Exhibit Number	Description
10.6	Form of Director and Officer Indemnification Agreement (incorporated by reference to Exhibit 10.10 to Taboola.com Ltd.'s Form F-4 filed with the SEC on April 30, 2021, as amended).
10.7††	Compensation Policy for Directors and Officers (incorporated by reference to Exhibit 10.11 to Taboola.com Ltd.'s Form F-4 filed with the SEC on April 30, 2021, as amended).
21.1	List of subsidiaries of Taboola.com Ltd. (incorporated by reference to Exhibit 21.1 to Taboola.com Ltd.'s Form F-4 filed with the SEC on April 30, 2021, as amended).
23.1*	Consent of Kost Forer Gabbay & Kasierer, a member of Ernst & Young Global, independent registered accounting firm for Taboola.com.Ltd.
23.2*	Consent of Kost Forer Gabbay & Kasierer, a member of Ernst & Young Global, independent registered accounting firm for ION Acquisition Corp. 1 Ltd.
23.3*	Consent of CohnReznick LLP, independent auditor for Shop Holding Corporation.
23.4**	Consent of Meitar | Law Offices (included in Exhibit 5.1).
23.5**	Consent of Davis Polk & Wardwell LLP (included in Exhibit 5.2).
24.1**	Power of Attorney (included on signature page of the Registration Statement).

* Filed herewith.

** Previously filed.

† Schedules and exhibits to this Exhibit omitted pursuant to Regulation S-K Item 601(b)(2). The Registrant agrees to furnish supplementally a copy of any omitted schedule or exhibit to the SEC upon request.

†† Certain confidential portions (indicated by brackets and asterisks) have been omitted from this exhibit.

††† Indicates a management contract or compensatory plan.

Item 9. Undertakings.

The undersigned registrant, hereby undertakes:

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

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

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

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

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

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

(4) That, for the purpose of determining liability under the Securities Act to any purchaser, each prospectus filed pursuant to Rule 424(b) as part of a registration statement relating to an offering, other than registration statements relying on Rule 430B or other than prospectuses filed in reliance on Rule 430A,

shall be deemed to be part of and included in the registration statement as of the date it is first used after effectiveness. Provided, however, that no statement made in a registration statement or prospectus that is part of the registration statement or made in a document incorporated or deemed incorporated by reference into the registration statement or prospectus that is part of the registration statement will, as to a purchaser with a time of contract of sale prior to such first use, supersede or modify any statement that was made in the registration statement or prospectus that was part of the registration statement or made in any such document immediately prior to such date of first use.

(5) To file a post-effective amendment to the registration statement to include any financial statements required by Item 8.A of Form 20-F at the start of any delayed offering or throughout a continuous offering. Financial statements and information otherwise required by Section 10(a)(3) of the Act need not be furnished, provided that the registrant includes in the prospectus, by means of a post-effective amendment, financial statements required pursuant to this paragraph (a)(4) and other information necessary to ensure that all other information in the prospectus is at least as current as the date of those financial statements.

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

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

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

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

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

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

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in Los Angeles, California, on the 31st of August, 2021.

TABOOLA.COM LTD.

By: /s/ Stephen Walker

Chief Financial Officer

Pursuant to the requirements of the Securities Act, this registration statement has been signed by the following persons in the capacities and on August 31st, 2021.

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

EXHIBIT 2.3

[NOTE: Schedules and exhibits to this agreement omitted pursuant to Regulation S-K Item 601(b)(2). The Registrant agrees to furnish supplementally a copy of any omitted schedule or exhibit to the SEC upon request.]

STOCK PURCHASE AGREEMENT

by and among

SHOP MANAGEMENT, LLC,

TABOOLA, INC.

AND, SOLELY FOR THE LIMITED PURPOSES OF SECTIONS 2.02(b), 7.01, 8.01, 10.02, and 12.21

TABOOLA.COM LTD.

July 22, 2021

Table of Contents

		Page
ARTICLE I PURCHASE AND SALE OF SOLD SHARES		1
1.01	The Purchase and Sale of Sold Shares	1
1.02	Closing Calculations	1
1.03	Final Closing Balance Sheet Calculation	2
1.04	Post-Closing Adjustment Payment	3
1.05	Escrow Account	3
1.06	Withholding	4
ARTICLE II THE CLOSING		4
2.01	The Closing	4
2.02	The Closing Transactions	4
2.03	Payments of Equity Consideration to Equityholders.	5
ARTICLE III REPRESENTATIONS AND WARRANTIES OF SELLER		5
3.01	Organization and Power	5
3.02	Subsidiaries	6
3.03	Authorization; No Breach; Valid and Binding Agreement	6
3.04	Capitalization	7
3.05	Accredited Investor.	7
3.06	Financial Statements	8
3.07	Absence of Certain Developments; Undisclosed Liabilities	9
3.08	Real Property	9
3.09	Tax Matters	10
3.10	Contracts and Commitments	12
3.11	Intellectual Property	13
3.12	Litigation	15
3.13	Governmental Consents, etc	15
3.14	Employee Benefit Plans	15
3.15	Insurance	17
3.16	Compliance with Laws	17
3.17	Environmental Matters	17
3.18	Affiliated Transactions	17
3.19	Employees	18
3.20	Brokerage	19
3.21	Customers, Suppliers, Affiliated Networks and Publishers.	19
3.22	Anti-Corruption, Anti-Bribery Laws, Sanctions and Export Controls.	19
3.23	Ultimate Parent.	20
3.24	No Other Representations or Warranties	20

Table of Contents
(contined)

		Page
ARTICLE IV REPRESENTATIONS AND WARRANTIES OF BUYER		21
4.01	Organization and Power	21
4.02	Authorization	21
4.03	No Violation	21
4.04	Governmental Consents, etc	21
4.05	Litigation	21
4.06	Brokerage	21
4.07	SEC Reports and Financial Statements	22
4.08	Equity Consideration	23
4.09	Buyer Financial Resources	23
4.10	Solvency	24
4.11	Buyer Entity	24
4.12	No Other Representations	24
ARTICLE V COVENANTS OF SELLER		24
5.01	Conduct of the Business	24
5.02	Access to Books and Records	26
5.03	Efforts to Consummate	26
5.04	Exclusive Dealing	27
5.05	Payoff Letters and Lien Releases	27
5.06	Notification	27
5.07	280G	27
5.08	Financing Cooperation.	28
5.09	Trademark Phase-out	29
5.10	Transfer of Shares.	29
5.11	Directors and Officers	30
5.12	Financial Statements	30
ARTICLE VI COVENANTS OF BUYER		31
6.01	Access to Books and Records	31
6.02	Notification	31
6.03	Indemnification of Officers and Directors of Group Companies	31
6.04	Efforts to Consummate	32
6.05	Employee Matters	33
6.06	R&W Policy	33
6.07	Financing	34
ARTICLE VII CONDITIONS TO CLOSING		34
7.01	Conditions to Parent’s and Buyer’s Obligations	34
7.02	Conditions to Seller’s Obligations	35
ARTICLE VIII SURVIVAL		36
8.01	Survival	36
ARTICLE IX TERMINATION		37
9.01	Termination	37
9.02	Effect of Termination	38

Table of Contents
(contined)

		Page
ARTICLE X ADDITIONAL COVENANTS		39
10.01	Disclosure Schedules	39
10.02	Regulatory Approvals	39
10.03	Tax Matters.	41
ARTICLE XI DEFINITIONS		42
11.01	Definitions	42
11.02	Other Interpretive Provisions	55
ARTICLE XII MISCELLANEOUS		55
12.01	Press Releases and Communications	55
12.02	Expenses	55
12.03	Notices	56
12.04	Assignment	57
12.05	Severability	57
12.06	References	57
12.07	Construction	57
12.08	Amendment and Waiver	57
12.09	Complete Agreement	57
12.10	Third Party Beneficiaries	58
12.11	Waiver of Trial by Jury	58
12.12	Buyer Deliveries	58
12.13	Delivery by Facsimile or Email	58
12.14	Counterparts	58
12.15	Governing Law	58
12.16	Jurisdiction	58
12.17	No Recourse	59
12.18	Specific Performance	59
12.19	Provisions Respecting Legal Representation	59
12.20	Debt Financing Sources Provisions	60
12.21	Guarantee	60

INDEX OF EXHIBITS

Exhibit A	Reference Statement
Exhibit B	Form of Accredited Investor Questionnaire
Exhibit C	Form of Lock-Up Agreement
Exhibit D	Form of Seller Registration Rights Agreement

STOCK PURCHASE AGREEMENT

THIS STOCK PURCHASE AGREEMENT (this "Agreement"), dated as of July 22, 2021, is made by and among Shop Management, LLC, a Delaware limited liability company ("Seller"), Taboola, Inc., a Delaware corporation ("Buyer"), and, solely for the limited purposes of Sections 2.02(b), 7.01, 8.01, 10.02 and 12.21, Taboola.com Ltd., a company organized under the laws of the State of Israel ("Parent"). Seller and Buyer shall be referred to herein from time to time as a "Party" and collectively as the "Parties." Capitalized terms used and not otherwise defined herein have the meanings set forth in Article XI below.

WHEREAS, Seller directly owns all of the issued and outstanding shares of capital stock designated on Schedule 3.04 (the "Sold Shares") of Shop Holding Corporation, a Delaware corporation (the "Sold Company");

WHEREAS, concurrently with the execution and delivery of this Agreement, and as a condition to the willingness of Parent and Buyer to enter into this Agreement, Parent and certain direct and indirect holders of equity securities of Seller are entering into a Holdback, Contribution and Exchange Agreement (each, a "Holdback Agreement");

WHEREAS, concurrently with the execution and delivery of this Agreement, and as a condition to the willingness of Parent and Buyer to enter into this Agreement, Symphony Technology Group, LLC, STG III, L.P. and STG III-A, L.P. and Parent are entering into a Support Agreement (the "Support Agreement") agreeing to certain matters with respect to the transactions contemplated by this Agreement; and

WHEREAS, Seller desires to sell, and Buyer desires to purchase, the Sold Shares, on the terms and subject to the limitations and conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

ARTICLE I

PURCHASE AND SALE OF SOLD SHARES

1.01 The Purchase and Sale of Sold Shares. Subject to the terms and conditions set forth in this Agreement, on the Closing Date, Seller will sell, assign and transfer to Buyer, and Buyer will purchase and acquire, all of Seller's right, title and interest in and to the Sold Shares, free and clear of all Liens other than (i) generally applicable transfer restrictions imposed by federal and state or foreign securities Laws and (ii) Liens that may be created by or on behalf of Buyer or any of its Affiliates.

1.02 Closing Calculations. Not less than three (3) Business Days prior to the anticipated Closing Date, Seller shall deliver to Buyer (x) a statement setting forth (a) an estimated consolidated balance sheet of the Group Companies as of the Reference Time, (b) a good faith calculation of Seller's estimate of Cash (the "Estimated Cash"), Indebtedness (the "Estimated Indebtedness"), Net Working Capital (the "Estimated Net Working Capital") and Transaction Expenses ("Estimated Transaction Expenses"), in each case, together with reasonable supporting documentation, and (c) the Estimated Consideration, the Holdback Equity (including a person-by-person breakdown), the Holdback Cash Amount (including a person-by-person breakdown) and the Closing Cash Payment (the "Estimated Closing Statement") and (y) the Allocation Schedule. The Estimated Closing Statement and the determinations contained therein shall be prepared in accordance with this Agreement. Seller shall consider in good faith Buyer's comments to the Estimated Closing Statement and Allocation Schedule and shall revise such statement or schedule, as applicable, if, based on its good faith assessment of Buyer's comments, Seller determines such changes are warranted.

1.03 Final Closing Balance Sheet Calculation. As promptly as possible, but in any event within sixty (60) days after the Closing Date, Buyer shall deliver to Seller (a) a consolidated balance sheet of the Group Companies as of the Reference Time (the "Closing Balance Sheet") and (b) a statement showing Buyer's good faith calculation of Cash, Indebtedness, Net Working Capital and Transaction Expenses (the "Closing Statement"). The Closing Balance Sheet shall be prepared, and Cash, Indebtedness, Net Working Capital and Transaction Expenses shall be determined, in accordance with this Agreement and the Reference Statement. The Parties agree that the purpose of preparing the Closing Balance Sheet and determining Cash, Indebtedness, Net Working Capital and Transaction Expenses and the related purchase price adjustment contemplated by this Section 1.03 is to measure the amount of Cash, Indebtedness, Net Working Capital and Transaction Expenses, and, in the case of Net Working Capital, such processes are not intended to permit the introduction of different accounting methods, policies, principles, practices, procedures, classifications or estimation methodologies for the purpose of determining Net Working Capital than the Accounting Principles. The calculations of Cash, Indebtedness and Net Working Capital in the Closing Statement will entirely disregard (i) any purchase accounting or other adjustments arising as a result of the transactions contemplated hereby or any financing or refinancing arrangements entered into at any time by Buyer or its Affiliates or any other transaction entered into by Buyer or its Affiliates in connection with the consummation of the transactions contemplated hereby, and (ii) any of the plans, transactions, fundings, payments or changes that Buyer or its Affiliates initiates or makes or causes to be initiated or made at or after the Closing with respect to the Group Companies or their respective businesses or assets. After delivery of the Closing Statement until the Final Consideration is determined, Seller and its accountants and other representatives shall be permitted reasonable access at reasonable times and upon reasonable notice to review the Group Companies' books and records and any work papers related to the preparation of the Closing Statement. Seller and its accountants and other representatives may make inquiries of Buyer, the Group Companies and their respective accountants and employees involved in the preparation of the Closing Statement regarding questions concerning or disagreements with the Closing Statement arising in the course of their review thereof, and Buyer shall use, and shall cause the Group Companies to use, commercially reasonable efforts to cause any such accountants and employees to cooperate with and respond to such inquiries. If Seller has any objections to the Closing Statement, Seller shall deliver to Buyer a statement setting forth, in reasonable detail, its objections thereto within thirty (30) days of receipt by Seller of the Closing Statement (an "Objections Statement"). If an Objections Statement is not validly delivered by Seller to Buyer within such thirty (30) day period, then the amounts in the Closing Statement shall be final and binding on and non-appealable by the Parties. Seller and Buyer shall negotiate in good faith to resolve any such objections, but if they do not reach a final resolution within fifteen (15) days after the delivery of the Objections Statement, Seller and Buyer shall submit such dispute to the New York, NY office of Deloitte Touche Tohmatsu Limited, or if they are not independent pursuant to the rules and regulations of the U.S. Securities and Exchange Commission (the "SEC") at the time, another nationally recognized independent accounting firm reasonably acceptable to Buyer and Seller (the "Dispute Resolution Arbiter"). Any further submissions to the Dispute Resolution Arbiter must be written and delivered to each party to the dispute. The Dispute Resolution Arbiter shall consider only those items and amounts that are identified in the Objections Statement as being items that Seller and Buyer are unable to resolve. The Dispute Resolution Arbiter's determination shall be based solely on the definitions of Cash, Indebtedness, Net Working Capital and Transaction Expenses contained herein and the provisions of this Agreement, including this Section 1.03. Seller and Buyer shall use their commercially reasonable efforts to cause the Dispute Resolution Arbiter to resolve all disagreements as soon as practicable in amounts between the disputed amounts set forth in the Closing Statement and the Objections Statement. Further, the Dispute Resolution Arbiter's determination shall be based solely on the presentations by Buyer and Seller that are in accordance with the terms and procedures set forth in this Agreement (*i.e.*, not on the basis of an independent review). The resolution of the dispute by the Dispute Resolution Arbiter shall be final and binding on and non-appealable by the Parties. The costs and expenses of the Dispute Resolution Arbiter pursuant to this Section 1.03 shall be allocated by the Dispute Resolution Arbiter between Buyer, on the one hand, and Seller, on the other hand, based upon the percentage that the portion of the contested amount not awarded to each Party bears to the amount actually contested by such Party. For example, if Seller claims Final Consideration is $1,000 greater than the amount determined by Buyer and if the Dispute Resolution Arbiter ultimately resolves the dispute by awarding Seller $600 of the $1,000 contested, then the costs and expenses of arbitration shall be allocated sixty percent (60%) (i.e., 600 ÷ 1,000) to Buyer and forty percent (40%) (i.e., 400 ÷ 1,000) to Seller.

1.04 Post-Closing Adjustment Payment.

(a) If the Final Consideration is greater than the Estimated Consideration, Buyer shall promptly (but in any event within two (2) Business Days) after the final determination of the Final Consideration pursuant to Section 1.03 pay to Seller the amount of such difference by wire transfer of immediately available funds to an account or accounts designated in writing by Seller to Buyer.

(b) If the Final Consideration is less than the Estimated Consideration, Buyer and Seller shall promptly (but in any event within two (2) Business Days) after the final determination of the Final Consideration pursuant to Section 1.03 deliver a joint written instruction to the Escrow Agent to pay to Buyer the absolute value of such difference by wire transfer of immediately available funds from the Escrow Account to one (1) or more accounts designated by Buyer to Seller and the Escrow Agent. Seller shall not have any Liability for any amounts due pursuant to this Section 1.04(b) except to the extent of the funds available in the Escrow Account.

(c) If Buyer fails to timely deliver the Closing Statement in accordance with Section 1.03, then, at the election of Seller in its sole discretion, either (i) the Final Consideration shall be deemed to equal the Estimated Consideration or (ii) Seller shall retain (at the expense of Buyer) the Dispute Resolution Arbiter to provide an audit or other review of the Group Companies' books, review the calculation of the Estimated Consideration and make any adjustments necessary thereto, consistent with the provisions of Section 1.03, following which the Estimated Consideration, as adjusted, shall be deemed to be the Final Consideration hereunder (the determination of such Dispute Resolution Arbiter being conclusive and binding on the Parties).

(d) Exhibit A sets forth an illustrative statement (the "Reference Statement") prepared in good faith by Seller in cooperation with Buyer setting forth the various line items used (or to be used) in, and illustrating as of the date set forth therein, the calculation of Cash, Indebtedness and Net Working Capital (and a reconciliation to GAAP of the various line items used in the Audited Balance Sheet).

1.05 Escrow Account. At the Closing, pursuant to Section 2.02(a), Buyer shall deposit $10,000,000 (such amount the "Escrow Amount") in immediately available funds into an escrow account (the "Escrow Account") to be established and maintained by the Escrow Agent pursuant to the terms and conditions of an escrow agreement in a customary form mutually agreed upon by Buyer and Seller in good faith and acceptable to the Escrow Agent, to be entered into on the Closing Date by Buyer, Seller and the Escrow Agent (the "Escrow Agreement"). The Escrow Amount shall serve as a security for, and the sole source of payment of, Buyer's rights pursuant to Section 1.04, if any. Promptly following the determination of the Final Consideration, and the making of all payments due pursuant to Section 1.04, if any, if there are any amounts remaining in the Escrow Account (the "Remaining Escrow Amount"), then Buyer and Seller shall deliver a joint written instruction to the Escrow Agent to pay to Seller the Remaining Escrow Amount by wire transfer of immediately available funds to an account or accounts designated in writing by Seller.

1.06 Withholding. Notwithstanding any other provision of this Agreement, Buyer, its Affiliates and the Group Companies shall be entitled to deduct and withhold from any amount otherwise payable to any Person pursuant to this Agreement such amounts as it is required to deduct and withhold with respect to the making of such payment under any provision of applicable Law, *provided, however,* that if any of Buyer, its Affiliates, Seller or the Group Companies reasonably determines that any such deduction or withholding is required (other than in respect of "wages" or other payments treated as compensation for services, backup withholding or pursuant to Section 1445 of the Code), (x) in the event such Person is Buyer or its Affiliates (including, following the Closing, the Group Companies), Buyer shall use commercially reasonable efforts to provide Seller, and (y) in the event such Person is Seller or, prior to the Closing, the Group Companies, Seller shall use commercially reasonable efforts to provide Buyer, in each case, with prompt written notice of such intended withholding, and the applicable payor shall use commercially reasonable efforts to assist the applicable payee to reduce or eliminate such withholding; *provided*, *further*, that no deduction or withholding shall be permitted with respect to payments made to Seller under this Agreement if Seller delivers the IRS Form W-9 described in Section 7.01(e)(v) except to the extent that such withholding is required by a change in Law following the date of this Agreement; *provided*, *further*, that any payments in respect of the Shop Holding Issuance (as defined in the Disclosure Schedules) and the Seller Issuance (as defined in the Disclosure Schedules) shall, notwithstanding the foregoing, be paid by Seller to the applicable Group Company and run through the Group Company's payroll procedures and may be subject to withholding. Amounts so withheld and paid over to the appropriate Governmental Entity shall be treated for all purposes of this Agreement as having been paid to the applicable Person in respect of which such deduction and withholding was made.

ARTICLE II

THE CLOSING

2.01 The Closing. The closing of the transactions contemplated by this Agreement (the "Closing") shall take place at the offices of Paul Hastings LLP located at 101 California Street, San Francisco, California 94111, or remotely by the exchange of documents and signatures (or their electronic counterparts), at 8:00 a.m. local time on the second Business Day following satisfaction or due waiver of all of the closing conditions set forth in Article VII hereof (other than those to be satisfied at the Closing itself, but subject to the satisfaction or waiver of such conditions) or on such other date and/or time as is mutually agreeable to Buyer and Seller or (ii) such other date as Buyer and Seller may mutually agree in writing; *provided* that, notwithstanding anything in this Agreement to the contrary, unless Buyer otherwise consents in writing, the Closing shall not occur prior to August 30, 2021. The date and time of the Closing are referred to herein as the "Closing Date."

2.02 The Closing Transactions. Subject to the terms and conditions set forth in this Agreement, the Parties and Parent shall consummate the following transactions at the Closing:

(a) (i) if the Sold Shares are certificated, Seller shall deliver stock certificates (or local legal equivalent) evidencing the Sold Shares to be sold by Seller duly endorsed in blank, or accompanied by stock powers duly executed in blank, and (ii) if the Sold Shares are not certificated, stock powers duly executed in blank with respect to the Sold Shares;

(b) Parent shall provide, on behalf of Buyer, evidence of the issuance of the Equity Consideration in book-entry form to Seller;

(c) Buyer shall deposit the Escrow Amount into the Escrow Account in accordance with the Escrow Agreement;

(d) Buyer shall repay, or cause to be repaid, on behalf of the Group Companies, all amounts necessary to discharge fully the then outstanding balance of all Indebtedness under the Credit Agreements as set forth in the Payoff Letters, by wire transfer of immediately available funds to the account(s) designated by the holders of such Indebtedness in the applicable Payoff Letters;

(e) each of Buyer and Seller shall make such other deliveries as are required by Article VII hereof;

(f) Buyer shall pay, or cause to be paid, on behalf of the Group Companies, the Transaction Expenses set forth in the Estimated Closing Statement, by wire transfer of immediately available funds as directed by Seller at least three (3) Business Days prior to the anticipated Closing Date; and

(g) Buyer shall pay the Closing Cash Payment to the account(s) designated by Seller.

2.03 Payments of Equity Consideration to Equityholders.

(a) Following receipt by Seller of the Equity Consideration pursuant to Section 2.02(b), Seller shall not distribute such Parent Ordinary Shares prior to the Final Tranche Sell Down Date, except to an Equityholder that is a Qualified Investor.

(b) Notwithstanding anything to the contrary in this Agreement or in any other Transaction Document, in no event shall Parent and its Affiliates be obligated to issue to Seller or the Equityholders at the Closing, or shall Sellers or the Equityholders be entitled to receive from Parent and its Affiliates at the Closing, an aggregate number of Parent Ordinary Shares in excess of the Equity Consideration.

(c) Notwithstanding anything to the contrary in this Agreement or any investigation or examination conducted, or any knowledge possessed or acquired, by or on behalf of Parent or Buyer, or any of their respective Affiliates, it is expressly acknowledged and agreed that the preparation of the Allocation Schedule and the allocations set forth therein are the sole responsibility of Seller and that Parent and Buyer and, after the Closing, the Group Companies, and their respective Affiliates shall be entitled to rely on the Allocation Schedule, without any obligation to investigate or verify the accuracy or correctness thereof.

ARTICLE III

REPRESENTATIONS AND WARRANTIES OF SELLER

Except as set forth in the Disclosure Schedules, Seller represents and warrants to Buyer, as of the date hereof, as follows:

3.01 Organization and Power.

(a) Each of Seller and the Sold Company is a legal entity duly organized, incorporated or formed, validly existing and in good standing (with respect to jurisdictions that recognize the concept of good standing) under the Laws of its respective jurisdiction of organization, incorporation or formation. Sold Company has all requisite corporate power and authority necessary to own and operate its properties and other assets and to carry on its businesses as now conducted, except where the failure to hold such power and authority would not, individually or in the aggregate, have a Material Adverse Effect. Sold Company is qualified to do business in every jurisdiction in which its ownership of property or the conduct of business as now conducted requires it to qualify, except where the failure to be so qualified would not have a Material Adverse Effect. True and complete copies of the certificate of incorporation, bylaws or equivalent organizational documents (collectively, the "Organizational Documents") of the Company, in effect as of the date hereof, have been made available to Buyer.

(b) There are no pending, or to the knowledge of Seller, threatened, actions for the dissolution, liquidation or insolvency of any Group Company. True and complete copies of the Organizational Documents of the Subsidiaries of the Company, in effect as of the date hereof, have been made available to Buyer. None of the Group Companies is in violation of its Organizational Documents in any material respect.

3.02 Subsidiaries. Schedule 3.02 accurately sets forth each Subsidiary of the Sold Company, its name, place of incorporation or formation, and the Person(s) owning the outstanding equity interests of such Subsidiary, including the percentage of equity interests owned by each such Person. Each of the Subsidiaries identified on Schedule 3.02 is duly organized, validly existing and in good standing under the Laws of the jurisdiction of its incorporation or organization, has all requisite corporate, or other legal entity, as the case may be, power and authority to own and operate its properties and other assets and to carry on its businesses as now conducted and is qualified to do business in every jurisdiction in which its ownership of property or the conduct of its businesses as now conducted requires it to qualify, except in each such case where the failure to be so qualified would not have a Material Adverse Effect. Neither the Sold Company nor any of its Subsidiaries owns or holds the right to acquire any stock, partnership interest or joint venture interest or other interest (whether equity or debt) in any corporation, organization or entity that is not a Group Company. All of the outstanding shares of capital stock of, or other equity interests in, each Subsidiary of the Sold Company are owned directly or indirectly by the Sold Company, alone or together with one or more of its wholly-owned Subsidiaries, free and clear of all Liens other than (i) Permitted Liens, and (ii) generally applicable transfer restrictions imposed by federal and state or foreign securities

3.03 Authorization; No Breach; Valid and Binding Agreement.

(a) The execution, delivery and performance of this Agreement by Seller and the consummation of the transactions contemplated hereby have been duly and validly authorized by all requisite corporate action, and no other corporate proceedings on its part are necessary to authorize the execution, delivery or performance of this Agreement.

(b) Except for (x) compliance with and filings under the HSR Act, and (y) any violation, conflict, breach or default resulting solely from Buyer being party to the transactions contemplated hereby, the execution, delivery, performance and compliance with the terms and conditions of this Agreement by Seller and the consummation of the transactions contemplated hereby and thereby do not and shall not (i) violate, conflict with, result in any breach of, or constitute a default under any of the provisions of the Organizational Documents of any Group Company in any material respect, (ii) with or without notice or lapse of time or both, violate or result in a breach of or constitute a violation or default under, or give rise to any acceleration of any rights or obligations, right of payment, termination or cancellation under, any Contract of any Group Company, or (iii) violate any Law to which any of the Group Companies is subject or result in the creation of any Lien (other than Permitted Liens) upon any of the properties or other assets of any of the Group Companies, except where the failure of any of the representations and warranties contained in clause (ii), (iii) or (iv) above to be true would not have a Material Adverse Effect.

(c) This Agreement has been duly executed and delivered by Seller and, assuming that this Agreement is a valid and binding obligation of Buyer, this Agreement constitutes a valid and binding obligation of Seller, enforceable in accordance with its terms, except as enforceability may be limited by bankruptcy Laws, other similar Laws affecting creditors' rights and general principles of equity affecting the availability of specific performance and other equitable remedies (collectively, the "Remedies Exception").

3.04 Capitalization.

(a) The number of authorized, issued and outstanding shares of capital stock of the Sold Company is set forth on Schedule 3.04. Each issued and outstanding share of capital stock of the Sold Company is owned, beneficially and of record, by Seller. All of the issued and outstanding shares of capital stock of the Sold Company are duly authorized for issuance and are validly issued, fully paid and non-assessable, free and clear of any and all Liens (other than any restrictions on the sale, transfer or other disposition of such shares of capital stock as a result of such securities not having been registered under the Securities Act or any state or foreign securities Laws). There are (i) no existing Contracts of any character to which any of the Group Companies are a party or otherwise subject to requiring, and there are no securities of any Person outstanding that upon conversion, exercise or exchange would require, the issuance, sale or transfer of any shares of capital stock of, or other equity interests in, any of the Group Companies or other securities convertible into, exchangeable for or evidencing the right to subscribe for, purchase or receive shares of capital stock of, or other equity interests in, any of the Group Companies and (ii) no outstanding or authorized shares of restricted stock, restricted stock units, equity appreciation, phantom equity, profit participation or similar rights with respect to any Group Company. Neither Seller nor any of the Group Companies is a party to, or otherwise subject to, any Contract with respect to the voting, redemption, repurchase, sale, transfer or other disposition or registration of, or granting any preemptive rights, anti-dilutive rights or rights of first refusal or other similar rights with respect to, the capital stock of, or other equity interests in, any of the Group Companies.

(b) Each of Shop Holding, LLC ("Seller Parent") and Seller (a) was formed solely for the purpose of holding the issued and outstanding stock of Seller and the Sold Shares, respectively, (b) does not own any assets or properties (other than the issued and outstanding stock of Seller and the Sold Shares, respectively, and Tax assets and assets incidental to maintaining its legal status or ownership of such equity interests), (c) does not have any employees, (d) does not have any Liabilities or obligations (other than Tax liabilities, de minimis Liabilities incidental to maintaining its legal status or ownership of such equity interests and Transaction Expenses), (e) is not a party to any Contract or transaction (other than the Organizational Documents of such entity, agreements in respect of purchasing the Company's equity interests and their respective equity interests, Equity Plans, a prior agreement for the sale of the Company, the transactions contemplated by this Agreement and the other Transaction Documents to which it is a party) and (f) has not conducted any business operations prior to the date of this Agreement (other than organizational activities, opening and maintaining bank accounts, and those operations conducted in connection with its acquisition of and ownership of the Group Companies), and will not have conducted any business operations prior to the Closing (other than those operations required pursuant to this Agreement and the transactions contemplated hereby).

3.05 Accredited Investor.

(a) Seller is knowledgeable, sophisticated and experienced in business and financial matters, is experienced in evaluating investments in companies such as Parent and qualifies as an "accredited investor" as defined in the Securities Act.

(b) The Parent Ordinary Shares to be acquired by Seller in connection with the consummation of the transactions contemplated hereby (the "Acquired Parent Ordinary Shares") are being acquired for Seller's own account, for investment purposes, and without a view to any distribution thereof.

(c) Seller has been afforded access to information about Parent and the financial condition, results of operations, business, property and management of Parent sufficient to enable it to evaluate its investment in the Acquired Parent Ordinary Shares. Seller has reviewed the financial statements of Parent and such other documents as Seller has reasonably deemed advisable. Seller and its advisors, if any, have been afforded the opportunity to ask questions of Parent. Seller has sought such accounting, legal and tax advice as it has considered necessary to make an informed investment decision with respect to its acquisition of the Acquired Parent Ordinary Shares.

(d) Seller understands that its investment in the Acquired Parent Ordinary Shares involves a high degree of risk and the Acquired Parent Ordinary Shares are, therefore, a speculative investment. Seller is able to bear the economic risk of its investment in the Acquired Parent Ordinary Shares for an indefinite period of time, and is presently able to afford the complete loss of such investment.

(e) Seller acknowledges that it has conducted to its reasonable satisfaction an independent investigation of the financial condition, results of operations, assets, liabilities, properties, taxes and projected operations of Parent and, in making the determination to acquire the Acquired Parent Ordinary Shares, has relied solely on the results of its own independent investigation, and is not relying (for purposes of making any investment decision or otherwise) upon any advice, counsel or representations (whether written or oral) of Parent or any of its officers, employees, agents, advisors or affiliates. Seller further acknowledges and agrees that Buyer has made no representations or warranties either expressed or implied as to the accuracy or completeness of any information regarding Parent furnished or made available to Seller and its representatives, and Seller shall have no claim with respect to any information, documents or materials furnished by or on behalf of Parent or Buyer to Seller.

(f) Seller understands that (i) the Acquired Parent Ordinary Shares are characterized as "restricted securities" under the federal securities laws inasmuch as they are being acquired from Parent in a transaction not involving a public offering and that under such laws and applicable regulations the Acquired Parent Ordinary Shares may be resold without registration under the Securities Act only in certain limited circumstances; (ii) in the absence of an effective registration statement covering the Acquired Parent Ordinary Shares or an available exemption from registration under the Securities Act, the Acquired Parent Ordinary Shares may not be sold; and (iii) no Governmental Entity has passed on or made any recommendation or endorsement of the Acquired Parent Ordinary Shares or the fairness or suitability of the investment in the Acquired Parent Ordinary Shares, nor has any Governmental Entity passed upon or endorsed the merits of the offering of the Acquired Parent Ordinary Shares.

(g) Seller, in making its decision to purchase the Acquired Parent Ordinary Shares, has made its own investment decision regarding its purchase of the Acquired Parent Ordinary Shares (including the income tax consequences of purchasing, owning or disposing of the Acquired Parent Ordinary Shares in light of Seller's particular situation and tax residence(s) as well as any consequences arising under the laws of any taxing jurisdiction).

(h) Seller has not had a "disqualifying event" described in Securities Act Rule 506(d)(1) subsections (i) through (viii).

(i) Seller understands that Parent, as the issuer of the Acquired Parent Ordinary Shares, is relying in part upon the representations and agreements contained in this Agreement for the purpose of determining whether the offer, sale and issuance of the Acquired Parent Ordinary Shares meets the requirements for an applicable exemption from registration under the Securities Act.

3.06 Financial Statements. Schedule 3.06 contains copies of the (i) unaudited consolidated balance sheet of the Group Companies as of May 31, 2021 (the "Latest Balance Sheet") and the related statement of income for the 5-month period ended May 31, 2021 and (ii) audited consolidated balance sheet and statements of operations, and cash flows for the fiscal years ended December 31, 2020 and December 31, 2019 (such audited consolidated balance sheet as of December 31, 2020, the "Audited Balance Sheet" and such financial statements, together with the financial statements referred to in clause (i), the "Financial Statements") have been prepared in accordance with GAAP, consistently applied, and present fairly in all material respects the financial condition and results of operations of the Group Companies as of the times and for the periods referred to therein, subject in the case of the Latest Balance Sheet to changes resulting from normal year-end adjustments, which are not material in the aggregate.

3.07 Absence of Certain Developments; Undisclosed Liabilities.

(a) Since the date of the Latest Balance Sheet, (A) the business of the Group Companies has been conducted, in all material respects, in the Ordinary Course of Business and (B) none of the Group Companies has:

(i) suffered a Material Adverse Effect;

(ii) declared, authorized or effected any recapitalization, reclassification, distribution, dividend, equity split, subdivision, combination or like change in its capitalization;

(iii) subjected any material portion of its properties or assets to any material Lien, except for Permitted Liens (other than in the Ordinary Course of Business);

(iv) sold, assigned or transferred any material portion of its properties or assets, except in the Ordinary Course of Business and except for sales of obsolete assets or assets with *de minimis* or no fair market value;

(v) sold, assigned, transferred, abandoned or permitted to lapse, licensed, incurred any Lien (other than a Permitted Lien) on, or otherwise failed to take any action necessary to maintain, enforce and protect any material Company IP, except non-exclusive licenses in the Ordinary Course of Business;

(vi) made any material capital investment in, or any material loan to, any other Person, except in the Ordinary Course of Business or pursuant to any existing agreement;

(vii) made any material capital expenditures or commitments therefor, except (x) in the Ordinary Course of Business and (y) for such capital expenditures or commitments therefor that are reflected in the Group Companies' current budget that has been made available to Buyer;

(viii) amended or authorized the amendment of its Organizational Documents;

(ix) made any change in its accounting methods, principles or practices, except as required by GAAP;

(x) suffered any material damage, destruction or other casualty loss with respect to material property owned by any Group Company that is not fully covered by insurance; or

(xi) adopted a plan or agreement of complete or partial liquidation or dissolution.

(b) No Group Company has any Liability, except for Liabilities (a) accrued or specifically reserved against in the Latest Balance Sheet, (b) incurred in the Ordinary Course of Business since the date of the Latest Balance Sheet, (c) incurred in connection with this Agreement or the transactions contemplated hereby, (d) pursuant to the terms of any Contract to which any Group Company is party (other than Liabilities for default, breach or non-performance thereunder) (e) for Taxes or (f) that would not have a Material Adverse Effect.

3.08 Real Property.

(a) Schedule 3.08(a) sets forth a list of all material real property that any Group Company uses or occupies, or has the right to use or occupy (collectively, the "Leased Realty"). Seller has provided Buyer with true, correct and complete copies of all Leases (including all modifications, amendments and supplements thereto).

(b) A Group Company possesses a valid leasehold interest in the Leased Realty pursuant to the leases set forth on Schedule 3.08(a) (the "Leases"), free and clear of any Liens except Permitted Liens. Each Lease is in full force and effect and enforceable against the Group Company party to such Lease and, to the knowledge of Seller, each other party thereto in accordance with its terms. With respect to each Lease and except as would not have a Material Adverse Effect or materially and adversely affect the current use by the Group Companies of the Leased Realty, (i) to the knowledge of Seller, there are no disputes with respect to such Lease and (ii) no Group Company has collaterally assigned or granted any other security interest in such Lease or any interest therein. None of the Group Companies or, to the knowledge of Seller, any other party thereto is in material breach of or default under any of the Leases and, to the knowledge of Seller, no event has occurred or condition exists that constitutes, or after notice or lapse of time or both would constitute, a material breach of or default under any of the Leases.

(c) There is no Owned Real Property.

3.09 Tax Matters.

(a) The Group Companies have filed all material Tax Returns that are required to be filed by them (taking into account any extensions of time to file), and all such Tax Returns are true, correct and complete in all material respects. All material Taxes (whether or not shown as owing by the Group Companies on all such Tax Returns) required to be paid with respect to the Group Companies have been fully and timely paid. All material amounts required to be withheld by the Group Companies in connection with any amounts paid or owing to any supplier, independent contractor, creditor, equity holder or other third party for Taxes have been duly and timely withheld and such withheld Taxes have been duly and timely paid to the proper Governmental Entity in material compliance with all applicable Laws.

(b) No Group Company is the subject of a Tax audit, investigation or examination by any Governmental Entity with respect to any material Taxes of any such Group Company. No Governmental Entity has asserted in writing or, to the knowledge of Seller, orally, any deficiency, adjustment or claim with respect to Taxes of the Group Companies against the Group Companies that has not been resolved with respect to any taxable period for which the period of assessment or collection remains open.

(c) None of the Group Companies has received or applied for a Tax ruling or entered into a closing agreement pursuant to Section 7121 of the Code (or any predecessor provision or any similar provision of state, local or non-U.S. Law), in either case that would be binding upon the Group Companies after the Closing Date.

(d) No Group Company (i) is, or during any taxable period for which the period of assessment or collection remains open has been, a member of an affiliated, consolidated, combined, unitary or similar group (other than any such group the common parent of which is a Group Company) or (ii) has any liability for Taxes of any Person (other than the Group Companies) (A) under Treasury Regulations Section 1.1502-6 (or any similar provision of state, local or foreign Law applicable to the Group Companies) or (B) as a transferee or successor.

(e) No Group Company has been a party to a "listed transaction," as such term is defined in Treasury Regulations Section 1.6011-4(b).

(f) No claim that remains pending has been made to a Group Company by any Taxing Authority, in a jurisdiction where such Group Company has not filed a particular type of Tax Return or paid a particular type of Tax, that such Group Company is or may be required to file such type of Tax Return with or pay such type of Tax.

(g) Since January 1, 2017, no Group Company has constituted either a "distributing corporation" or a "controlled corporation" in a transaction that was purported or intended to be governed in whole or in part by Section 355 of the Code.

(h) None of the Group Companies will be required to include any material item of income in, or exclude any material item of deduction from, taxable income for any taxable period (or portion thereof) beginning after the Closing Date as a result of: (i) adjustment under Section 481 of the Code (or any corresponding provision of state, local, or foreign law) by reason of any change in, or use of improper, method of accounting by such Group Company prior to the Closing Date; (ii) any "closing agreement" as described in Section 7121 of the Code (or any corresponding or similar provision of state, local or non-U.S. Law) executed prior to the Closing by or with respect to such Group Company; (iii) any installment sale or open transaction made prior to the Closing made by or with respect to such Group Company; (iv) any prepaid amount or advance payments received or deferred revenue received or accrued on or prior to the Closing Date by such Group Company, in each case, outside of the Ordinary Course of Business; or (v) any intercompany transaction described in Treasury Regulations under Section 1502 of the Code (or any corresponding or similar provision of state, local or non-U.S. Law) entered into prior to the Closing Date by such Group Company.

(i) None of the Group Companies has any obligation to make any payment described in Section 965(h) of the Code.

(j) None of the Group Companies is a party to or bound by any Tax Sharing Agreement, and none of the Group Companies is obligated to make any payments to a former or current owners of any Tax benefit.

(k) None of the Group Companies has any liability with respect to Deferred Taxes.

(l) None of the Group Companies is subject to income Tax in any jurisdiction other than the country in which it was organized. Each of the Group Companies is a non-Israeli resident company that never had any activities in Israel, and its activity is and always has been controlled and managed outside of Israel. Each of the Group Companies' respective directors, officers, managers and general managers are non-Israeli residents and conducted its activity solely outside of Israel. Neither Group Company nor any of the equityholders of any of the Group Companies is an Israeli resident or has a "permanent establishment" (as defined in any applicable income tax treaty) or a fixed place of business in Israel to which its holdings in such Group Company can be attributed.

(m) No UK Group Company is party to an arrangement that has been entered into by such Group Company on or prior to the date of this Agreement and that pursuant to the hybrid and other mismatch rules in Part 6A of the United Kingdom Taxation (International and Other Provisions) Act 2010 (the "UK Hybrid Rules") will either restrict the deduction of any amount or require any amount to be included in income for United Kingdom corporation tax purposes that would not otherwise be included in respect of any UK Group Company.

(n) To the knowledge of Seller, no elections under section 431 of the United Kingdom Income Tax (Earnings and Pensions) Act 2003 have been entered into in respect of any acquisitions of employment related securities by employees. Except where no material UK Tax liability would arise to a Group Company, the employees of the UK Group Company have paid no less than "unrestricted market value" (at the date of acquisition) for their employment related securities in the Company based on independent valuation analysis for UK tax purposes. Membership interests in each of Seller and Seller Parent are treated as securities for UK tax purposes.

(o) None of the Group Companies (i) is a tax resident in Israel or has taxable presence in Israel, or (ii) to the Knowledge of the Seller, has any direct or indirect shareholder or member which is an Israeli tax resident or has a fixed place of business in Israel and who holds, directly or indirectly, 5% or more of such Group Company's equity. To Seller's Knowledge, no Holder (as defined in the Holdback Agreement) is an Israeli tax resident.

(p) Each Incentive Unit (as defined in the Holdback Agreements) granted to any Person who is a United States tax resident satisfies the requirements to constitute "profits interests" for U.S. federal income tax purposes as described in Revenue Procedures 93-27 and 2001-43. Each of Seller and Seller Parent received from each of their respective grantees of an Incentive Unit who is a United States tax resident a copy of a timely and effective election with the Internal Revenue Service under Section 83(b) of the Code relative to each grant of Incentive Units.

(q) Notwithstanding any other provision of this Agreement to the contrary, (i) the representations and warranties set forth in this Section 3.09 and in Section 3.06, Section 3.08 and Section 3.14 shall constitute the sole and exclusive representations and warranties made by Seller and the Company with respect to Tax matters, and no other representation or warranty contained in any other section of this Agreement shall be deemed to be made with respect to Tax matters, and (ii) neither Seller nor the Company makes any representation or warranty with respect to the existence, availability, amount, usability or limitation (or lack thereof) of any net operating loss, net operating loss carryforward, capital loss, capital loss carryforward, basis amount, tax basis or any other Tax attributes of any of the Group Companies with respect to taxable periods (or portions thereof) beginning after the Closing Date.

3.10 Contracts and Commitments.

(a) Except for any Leases or guarantees entered into in connection with any Leases, or as set forth on Schedule 3.10(a), and except for agreements entered into by any Group Company after the date hereof in accordance with Section 5.01, no Group Company is party to any:

(i) Contract or indenture relating to the borrowing of money or to mortgaging, pledging or otherwise placing a Lien (other than a Permitted Lien) on any material portion of the assets of the Group Companies;

(ii) guaranty of any obligation for borrowed money or other material guaranty;

(iii) lease or Contract under which it is lessee, or holds or operates any personal property owned by any other party, for which the annual rental exceeds $25,000 (excluding the Leases);

(iv) Contract with any Specified Customer or Specified Supplier;

(v) Contract with any Specified Affiliated Network;

(vi) Contracts with any Specified Publisher;

(vii) Contracts relating to any business acquisition or disposition entered into by any Group Company within the last three (3) years, or with respect to which there are any remaining material obligations;

(viii) any partnership, joint venture or other similar agreement or arrangement;

(ix) any Contract providing for the settlement or compromise of any Action relating to the Group Companies within the past three (3) years that has obligated a Group Company to pay an amount in excess of $25,000, or that imposes material ongoing obligations or restrictions on any of the Group Companies;

(x) Contracts granting to a Group Company any licenses to Intellectual Property Rights owned by a third party (other than (A) “off-the-shelf” or other commercially available software or software services with annual costs of less than $100,000, (B) Contracts entered into with employees, contractors, consultants, service providers, resellers or distributors in the Ordinary Course of Business, (C) confidentiality agreements entered into in the Ordinary Course, and (D) Open Source Software agreements;

(xi) Contracts pursuant to which a Group Company grants to a third party any licenses to Company IP (other than non-exclusive licenses granted in the Ordinary Course of Business);

(xii) Contract that (A) restrains the ability of a Group Company to compete or conduct business in a product line or line of business or in any territory or (B) restricts a Group Company from purchasing any product or service exclusively from any Person or that contains a "most favored nation" or similar provision;

(xiii) Contract with any employee or individual independent contractor with any Group Company which provides for annual base compensation in excess of $200,000, excluding offer letters which provide for at-will employment and no severance obligations; or

(xiv) any collective bargaining agreement or other Contract with any labor organization or other representative of any employees of a Group Company.

(b) Buyer either has been supplied with, or has been given access to, a true and correct copy of all written Contracts that are referred to or required to be referred to on Schedule 3.10(a) (collectively, such Contracts whether or not written, the "Material Contracts").

(c) Each Material Contract is valid and binding on the Group Companies and is in full force and effect (except as limited by the Remedies Exception). No Group Company has, in any material respect, violated or breached, or committed any default under, any Material Contract. To the knowledge of Seller, no other Person has materially violated or breached, or committed any material default under, any Material Contract. No event has occurred and is continuing through any Group Company's actions or inactions or, to the knowledge of Seller, any actions or inactions by any other party thereto, that will result in a material violation or breach of any of the provisions of any Material Contract.

3.11 Intellectual Property.

(a) All (i) issuances, registrations and applications for the registration or issuance of any Intellectual Property Rights under the authority of any Governmental Entity owned or purported to be owned by or exclusively licensed to any Group Company as of the date hereof, and (ii) Internet domain names registered by or in the name of any Group Company, are set forth on Schedule 3.11(a) (such issuances, registrations and applications set forth on Schedule 3.11(a)(i), collectively, "Registered IP"). All Registered IP used in or necessary for the conduct of the business of the Group Companies as currently conducted are subsisting, enforceable and valid.

(b) The Group Companies own all right, title and interest in or have the right to use, and will continue to have the valid and enforceable right to use immediately after the Closing, all material Technology and Intellectual Property Rights used in or otherwise needed to conduct their businesses as currently conducted. The Group Companies own the Company IP free and clear of all Liens, other than Permitted Liens.

(c) Neither the execution, delivery, or performance of this Agreement (or any of the ancillary agreements) nor the consummation of any of the transactions contemplated by this Agreement (or any of the ancillary agreements) will, with or without notice or lapse of time, result in, or give any other Person the right or option to cause or declare, (i) a loss, or material encumbrance or impairment, of any Company IP; (ii) the release, disclosure, or delivery of any Company IP by or to any escrow agent or other Person, including, without limitation, pursuant to the terms of any source code escrow agreement; (iii) the grant, assignment, or transfer to any other Person of any license or other right or interest under, to, or in any of the Company IP; or (iv) to Seller's knowledge, the encumbrance of any of the Intellectual Property Rights licensed to or owned by Buyer.

(d) Each Person who is or was an employee, or contractor of any Group Company and who contributed to the creation or development of any Company IP (including any Company Product included among the Company IP) that is used in and material to the conduct of the business of the Group Companies as currently conducted has signed a valid and enforceable agreement with the applicable Group Company pursuant to which such Person presently assigns sole and exclusive ownership interest in and to any and all Technology and Intellectual Property Rights included among the Company IP to a Group Company (or a Group Company owns such Technology and/or Intellectual Property Right, as applicable, by operation of law) and such agreement contains confidentiality provisions protecting the Company IP (or such employee or contractor was or is, as applicable, otherwise subject to valid and enforceable obligations of confidentiality protecting the Company IP) and, to the Seller's knowledge, no such agreement has been breached or violated. No Group Company is under any obligation, whether written or otherwise, to develop any software code for any third party (including any customer or end user) whereby such third party will own or have an exclusive license to such software code.

(e) Since January 1, 2019, no Group Company has received any written notices or other written communications alleging infringement, misappropriation or other violation by any Group Company from any third party with respect to any third-party Intellectual Property Rights or contesting the use, or ownership, validity or enforceability of any Company IP (other than routine and non-material office actions and similar correspondences issued in the ordinary course in connection with the prosecution or maintenance of issuances, registrations or applications to issue or register Intellectual Property Rights), nor are any claims pending or threatened in writing against any Group Company alleging infringement, misappropriation or other violation by any Group Company of any third party's Intellectual Property Rights or contesting the use, ownership, validity or enforceability of any Company IP, in each of the foregoing instances, that have had or are reasonably likely to have a material and adverse impact on any of the Group Companies or their ability to conduct the business as currently conducted.

(f) No Group Company has violated, misappropriated or infringed, and no Group Company is currently infringing on, misappropriating or otherwise violating, the Intellectual Property Rights of any other Person, and, to the Seller's knowledge, no other Person is infringing, misappropriating or otherwise violating any Company IP.

(g) The Group Companies take commercially reasonable steps to maintain the confidentiality of (i) trade secrets and (ii) other proprietary information of a confidential nature (in each of (i) and (ii), that is included among the Company IP and material to the conduct of the business of the Group Companies as currently conducted). No Group Company has disclosed any such trade secret or such proprietary information to any third party except pursuant to valid and enforceable confidentiality or non-disclosure obligations restricting any such third party from making unauthorized disclosure of any such any such trade secret or such proprietary information.

(h) No funding from any Governmental Entity was used in the development of any material Company IP and no Governmental Entity has a material claim or right to claim any material right in such Company IP.

(i) The Group Companies possess all source code and other materials used in and necessary to compile and operate the Company Products included among the Company IP and no Group Company has delivered, licensed, disclosed or otherwise made available, and do not have a duty or obligation (whether present, contingent, or otherwise) to disclose, deliver, license, or otherwise make available, any source code for any Company Product that embodies and is included among the Company IP to any Person (other than to employees, contractors, consultants or other third party service providers for the limited purpose of providing services to or on behalf of a Group Company and subject to valid and enforceable obligations of confidentiality and restrictions on unauthorized use). The Company Products included among the Company IP operate in accordance with their documentation in all material respects.

(j) No Group Company has used any Open Source Software in a manner or fashion that, pursuant to the Open Source Software license terms under which such Open Source Software is used, would: (i) require the licensing, disclosure or distribution of any source code for any software included in the Company IP ("Company Owned Software") to licensees or any other Person, (ii) prohibit or limit the receipt of consideration in connection with licensing, sublicensing or distributing any Company Owned Software or that such software must be made available at no charge or otherwise licensed to third parties, (iii) allow any Person to decompile, disassemble or otherwise reverse-engineer any Company Owned Software (except as required or permitted pursuant to applicable Law), or (iv) require the licensing of any Company Owned Software to any other Person to make derivative works or other modifications to the Company Owned Software.

(k) None of the Company Products or Company Owned Software (i) contains any virus, bug, defect, or error that materially and adversely affects the use, functionality, or performance of such Company Product other than those discovered and corrected in the normal course of support and maintenance procedures; or (ii) currently fails to comply in any material respect with any applicable warranty or other contractual commitment relating to the use, functionality, or performance of such Company Owned Software or Company Product.

(l) To the Seller's knowledge, since January 1, 2019, the Group Companies and the conduct of their businesses have at all times complied, and are currently in compliance, in all material respects with all applicable Data Security Requirements. No Actions have been asserted or threatened against the Group Companies by any Person alleging a violation of such Person's privacy, personal or confidentiality rights under any applicable Laws, rules, policies, procedures or contracts.

(m) The IT Assets operate and perform in a manner that permits the Group Companies to conduct their respective businesses as currently conducted in all material respects. The Group Companies take commercially reasonable actions, consistent with current industry standards, to protect the confidentiality, integrity and security of the IT Assets (and all information and transactions stored or contained therein or transmitted thereby) against any unauthorized use, access, interruption, modification or corruption. Since January 1, 2019, there has been no unauthorized use, access, interruption, modification or corruption of any IT Assets (or any information or transactions stored or contained therein or transmitted thereby).

3.12 Litigation. There is no material legal action, suit, arbitration, claim, investigation or proceeding (whether federal, state, local or foreign) ("Action") pending, at Law or in equity, or before or by any Governmental Entity or arbitrator, or, to the knowledge of Seller, threatened against any Group Company or their respective properties, assets or business. No Group Company is subject to any material settlement, stipulation, order, writ, judgment, injunction, decree, ruling, determination or award of any court or of any Governmental Entity or arbitrator ("Order").

3.13 Governmental Consents, etc. Except for (i) the applicable requirements of the Hart-Scott-Rodino Antitrust Improvements Act of 1976 (the "HSR Act"), and (ii) as set forth on Schedule 3.13, (a) none of the Group Companies or Seller is required to submit any notice, report or other filing with any Governmental Entity in connection with the execution, delivery or performance by Seller of this Agreement or the consummation of the transactions contemplated hereby and (b) no consent, approval or authorization of any Governmental Entity is required to be obtained by any Group Company or Seller in connection with Seller's execution, delivery or performance of this Agreement or the consummation of any transaction contemplated hereby.

3.14 Employee Benefit Plans.

(a) Schedule 3.14(a) sets forth, as of the date hereof, each material Company Plan. With respect to each material Company Plan, Seller has provided or made available to Buyer or its representatives prior to the date hereof true and complete copies, as applicable, of: (i) the plan and trust documents and the most recent summary plan description, (ii) the most recent annual report (Form 5500 series) and the schedules thereto, (iii) the most recent financial statements, (iv) the most recent favorable determination letter from the Internal Revenue Service with respect to each Company Plan intended to qualify under Section 401(a) of the Code and (v) any material non-routine correspondence within the past three years to or from the Internal Revenue Service, the U.S. Department of Labor, the U.S. Pension Benefit Guaranty Corporation or any other Governmental Authority.

(b) No Company Plan is (i) a Multiemployer Plan (ii) a "defined benefit plan" (as defined in Section 3(35) of ERISA) or a plan that is otherwise subject to Title IV of ERISA, or (iii) a "multiple employer welfare arrangement" (within the meaning of Section 3(42) of ERISA). No Company Plan provides post-employment or retiree health or other welfare benefits other than health continuation coverage pursuant to COBRA or other applicable Law. No Group Company has, or is reasonably expected to have, any actual or contingent liability with respect to any plan subject to Title IV of ERISA or Section 412 or 430 of the Code, any Multiemployer Plan or otherwise with respect to Section 4980B of the Code, including by reason of being a single employer with any other entity as determined under Section 414 of the Code.

(c) Each Company Plan has been maintained and administered in compliance in all material respects with its terms and the applicable requirements of ERISA, the Code and any other applicable Laws. Each Company Plan that is intended to be qualified within the meaning of Section 401(a) of the Code has received a favorable determination letter or is the subject of a favorable opinion letter from the Internal Revenue Service on the form of such Company Plan and, to the knowledge of Seller, nothing has occurred, whether by action or failure to act, that would reasonably be expected to affect the qualified status of any such Company Plan. The Group Companies have complied in all material respects with the Patient Protection and Affordable Care Act (the "Affordable Care Act") and no event has occurred, and no condition or circumstance exists, that would reasonably be expected to subject the Group Companies to material Liability, penalties, or Taxes under Sections 4980B, 4980D, 4980H, 6721 or 6722 of the Code or any other provision of the Affordable Care Act.

(d) None of the Group Companies has engaged in any transaction with respect to any Company Plan that would subject, or would reasonably be expected to subject, the Group Companies to any material Tax or penalty (civil or otherwise) imposed by ERISA, the Code or other applicable Law. With respect to any Company Plan covered by Subtitle B, Part 4 of Title I of ERISA or Section 4975 of the Code, no non-exempt prohibited transaction has occurred that has caused or would reasonably be expected to cause the Company to incur any material liability under ERISA or the Code.

(e) Neither the execution and delivery of this Agreement nor the consummation of the transactions contemplated hereby would (either alone or in conjunction with any other event) reasonably be expected to cause (i) the accelerated vesting, funding or delivery of, or increase the amount or value of, any payment or benefit to any employee, individual independent contractor, officer or director of the Group Companies, (ii) material payments or benefits to become due or payable to any current or former employee, individual independent contractor, officer or director of the Group Companies, (iii) a material breach of any Company Plan or (iv) payment of any amount that, individually or together with any other such amounts, could reasonably be expected to result in an "excess parachute payment" (as defined in Section 280G(b)(1) of the Code).

(f) No Group Company is party to, nor has any current or contingent obligation to indemnify or gross-up any Person for, any Tax under Section 4999 of the Code or Section 409A of the Code (or any corresponding provisions of state, local or non-U.S. Tax laws).

(g) Except as would not, individually or in the aggregate, reasonably be expected to result in any material liability to the Group Companies, each Group Company that is, in whole or in part, a "nonqualified deferred compensation plan" subject to Section 409A of the Code and in which any employee, individual independent contractor, officer or director participates or has participated in, complies with, and has been maintained in form and operation in accordance in all material respects with the requirements of, Section 409A of the Code, and no amount under any such Company Plan is, has been or is expected to be subject to penalties or interest and/or additional tax set forth under Section 409A(a)(1)(B) of the Code.

(h) As of the date hereof, to the knowledge of Seller, no employee, individual independent contractor, officer or director of any Group Company receiving an annual base compensation in excess of $200,000 has indicated in writing to the Group Company that he or she intends to resign or retire within one (1) year after the Closing Date.

(i) Each Company Plan maintained outside the jurisdiction of the United States, or that covers any employee residing or working outside the United States (a "Foreign Benefit Plan"), which is required to be registered or approved by any Governmental Entity, has been so registered and approved and, to the knowledge of Seller, has been maintained in good standing with applicable requirements of Governmental Entities, and if intended to qualify for special tax treatment, to the knowledge of Seller, there are no existing circumstances or events that have occurred that could reasonably be expected to affect adversely the special tax treatment with respect to such Foreign Benefit Plans.

3.15 Insurance. All of the insurance policies or binders of the Group Companies are in full force and effect, no notice of cancellation has been received and no Group Company is in material default with respect to its obligations, and there is no event that, with notice or lapse of time or both, would constitute a default by any insured, in each case under any of such insurance policies. Seller has made available to Buyer true and accurate copies of all such policies or binders.

3.16 Compliance with Laws. Each of the Group Companies is, and at all times since January 1, 2019 have been, in compliance with all applicable Laws of applicable Governmental Entities and Orders that are applicable to the Group Companies or to the products, conduct of the business or operations of the Group Companies, in each case, in all material respects. All approvals, filings, permits and licenses of Governmental Entities (collectively, "Permits") required to conduct, and material to, the business of the Group Companies are in the possession of the Group Companies, are in full force and effect and are being complied with in all material respects. Except as would not have a Material Adverse Effect, no Group Company has received written notice from any Governmental Entity threatening to suspend, revoke or modify any Permit.

3.17 Environmental Matters.

(a) The Group Companies are in compliance with all applicable Environmental Laws (which compliance includes, but is not limited to, the possession by a Group Company of all permits and other governmental authorizations required under applicable Environmental Laws, and compliance with the terms and conditions thereof) in all material respects. Except as would not have a Material Adverse Effect, no Group Company (i) has transported, produced, processed, manufactured, generated, used, treated, handled, stored, released or disposed, or arranged for the disposal, of any Hazardous Materials in violation of any applicable Environmental Law or (ii) to the knowledge of Seller, owns or operates any property or facility contaminated by any Hazardous Materials which would reasonably be expected to result in liability to the Group Companies under applicable Environmental Law.

(b) There is no material Environmental Claim pending or, to the knowledge of Seller, threatened against the Group Companies.

(c) Seller has delivered or otherwise made available for inspection to Buyer complete and correct copies of material studies, audits, assessments, memoranda and investigations regarding the Group Companies' compliance with applicable Environmental Laws that are in the possession of the Group Companies and that have been prepared in the last three years.

3.18 Affiliated Transactions. No (i) officer or member of the board of directors (or equivalent body) of any of the Group Companies, UPE, STG III-A, L.P. (together with UPE, the "STG Funds") or any of their Affiliates, (ii) individual in such officer's or director's immediate family or (iii) Affiliate of the Group Companies (other than another Group Company) or the STG Funds or any of their Affiliates (other than another Group Group) is a party to any Contract or transaction with any Group Company (other than arising under or in connection with employment related Contracts, Employee Plans and confidentiality Contracts or other Contracts incident to such Person's employment with a Group Company) or has any interest in any property used by any Group Company with a value in excess of $150,000.

3.19 Employees.

(a) Each Group Company is in material compliance with all applicable Laws relating to labor and employment, including those relating to labor management relations, wages, hours, overtime, employee classification, discrimination, sexual harassment or misconduct, civil rights, affirmative action, work authorization, immigration, safety and health, workers compensation, continuation coverage under group health plans, wage payment and the payment and withholding of Taxes. There has not been since January 1, 2019 any action relating to, or any allegation of or relating to, sex-based discrimination, sexual harassment or sexual misconduct, in each case involving any Group Company or any other current or former employee, officer or director of any Group Company, nor has there been since January 1, 2019, to the knowledge of Seller, any settlements or similar out-of-court or pre-litigation agreements relating to any such matters, nor to the knowledge of Seller has any such action been threatened.

(b) No Group Company is a party to any collective bargaining agreement or other Contract with any labor organization or other representative of any employees of a Group Company, nor is any such Contract presently being negotiated, nor, to the knowledge of Seller, are there any union organizing activities involving the employees of any Group Company to authorize representation by any labor organization. There are no strikes, work stoppages, slowdowns, lockouts, arbitrations or grievances, or other labor disputes, pending or, to the knowledge of Seller, threatened against or involving any employees of the Group Companies or the Group Companies. There are no unfair labor practice complaints pending or, to the knowledge of Seller, threatened against any Group Company before the National Labor Relations Board or any other Governmental Authority.

(c) No employee layoff, furlough, facility closure or shutdown, reduction-in-force or reduction in salary or wages affecting any employee of the Group Companies has occurred since January 1, 2019 or is currently contemplated, planned or announced, including without limitation as a result of COVID-19 or any applicable Law, Order or directive by any Governmental Entity in connection with or in response to COVID-19. Each Group Company has not otherwise experienced any material employment-related liability with respect to COVID-19.

(d) Each Group Company is, and has been since January 1, 2019, in compliance with the Worker Adjustment and Retraining Notification Act and any comparable foreign, state or local law, and has no liabilities or other obligations thereunder.

(e) Schedule 3.19(e) sets forth a list of all employees, individual independent contractors and officers of the Group Companies. For each employee and officer, Schedule 3.19(e) includes the following information (on an anonymized basis if so required by applicable Law): (i) name or identification number, (ii) title or job/position, (iii) location of employment, (iv) employing entity, (v) employment status (active or on leave or furlough), (vi) date of hire, (vii) status as full- or part-time, (viii) accrued and unused paid time off, and (ix) annual base salary or wage rate, target bonus, commission or incentive compensation opportunity. For each individual independent contractor, Schedule 3.19(e) includes the following information (on an anonymized basis if so required by applicable Law): (i) name, (ii) duties and (iii) rate of compensation. Ten (10) days prior to the Closing Date, Seller shall provide Buyer with a true and complete revised version of Schedule 3.19(e) updated as of such date.

3.20 Brokerage. Except for fees and expenses of Persons listed on Schedule 3.20 (which shall be a Transaction Expense), there are no brokerage commissions, finders' fees or similar compensation payable in connection with the transactions contemplated by this Agreement based on any agreement made by or on behalf of Seller or the Group Companies.

3.21 Customers, Suppliers, Affiliated Networks and Publishers.

(a) Schedule 3.21(a) sets forth a complete and correct list of the top twenty (20) customers of the Group Companies (excluding affiliated networks) (the "Specified Customers") for the twelve months ended March 31, 2021 (determined on a consolidated basis based on the amount of revenues recognized by the Group Companies). No such Specified Customer has, during the last twelve (12) months, cancelled or terminated or, to the knowledge of Seller, notified the Group Companies in writing of an intent to cancel or otherwise terminate any of its Contracts and there has been no material dispute or, to the knowledge of Seller, threatened material dispute between any Group Company, on the one hand, and any Specified Customer, on the other hand.

(b) Schedule 3.21(b) sets forth a complete and correct list of the top fifteen (15) largest suppliers, vendors or other providers of services, goods and suppliers to the Group Companies ("Specified Suppliers") for the twelve months ended March 31, 2021 (determined by aggregate dollar volume of purchases during such twelve month period or, with respect to traffic sources, determined on a consolidated basis based on the amount of net revenues recognized by the Group Companies). No such Specified Supplier has, during the last twelve (12) months, cancelled or terminated or, to the knowledge of Seller, notified the Group Companies in writing of an intent to cancel or otherwise terminate any of its Contracts and there has been no material dispute or, to the knowledge of Seller, threatened material dispute between any Group Company, on the one hand, and any Specified Supplier, on the other hand.

(c) Schedule 3.21(d) sets forth a complete and correct list of the top five (5) affiliated networks of the Group Companies (the "Specified Affiliated Networks") for the twelve months ended March 31, 2021 (determined on a consolidated basis based on the amount of revenues recognized by the Group Companies). No such Specified Affiliated Network has, during the last twelve (12) months, cancelled or terminated or, to the knowledge of Seller, notified the Group Companies in writing of an intent to cancel or otherwise terminate any of its Contracts and there has been no material dispute or, to the knowledge of Seller, threatened material dispute between any Group Company, on the one hand, and any Specified Affiliated Network, on the other hand.

(d) Schedule 3.21(d) sets forth a complete and correct list of the top fifteen (15) publishers of the Group Companies (the "Specified Publishers") for the twelve months ended March 31, 2021 (determined on a consolidated basis based on the net revenues recognized by the Group Companies). No such Specified Publisher has, during the last twelve (12) months, cancelled or terminated or, to the knowledge of Seller, notified the Group Companies in writing of an intent to cancel or otherwise terminate any of its Contracts and there has been no material dispute or, to the knowledge of Seller, threatened material dispute between any Group Company, on the one hand, and any Specified Publisher, on the other hand.

3.22 Anti-Corruption, Anti-Bribery Laws, Sanctions and Export Controls.

(a) For the past five years, none of the Group Companies nor any director, officer, or employee acting for or on behalf of such Group Company, has, directly or indirectly, in connection with the business of such Group Company, taken any action that would cause such Group Company to be in violation of the U.S. Foreign Corrupt Practices Act of 1977, as amended ("FCPA") or any other similar anti-bribery law applicable to the Group Companies ("Anti-Corruption Laws"), except for any such violation that would not have a Material Adverse Effect.

(b) Each of the Group Companies has maintained and currently maintains (i) books, records and accounts which, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of each of the Group Companies, and (ii) internal accounting controls sufficient to provide reasonable assurances that all transactions and access to assets of each of the Group Companies were, have been and are executed only in accordance with management's general or specific authorization.

(c) Neither any of the Group Companies or any director or officer, nor, to the knowledge of Seller, any employee, agent or representative or other persons acting for or on behalf of such Group Company, is, or is fifty percent (50%) or more owned or controlled by one (1) or more Persons that are: (i) the subject of any sanctions administered by the U.S. Department of the Treasury's Office of Foreign Assets Control ("OFAC"), the U.S. Department of State, the United Nations Security Council, the European Union or any European Union member state, the United Kingdom (including Her Majesty's Treasury) or other relevant sanctions authority (collectively, "Sanctions"), or (ii) located, organized or resident in a country or territory that is the subject of territory-wide Sanctions (as of the date of this agreement, the Crimea region of Ukraine, Cuba, Iran, North Korea, and Syria) (together, any such person a "Sanctions Target").

(d) For the past five years, none of the Group Companies has engaged in, or are now engaged in, directly or, to knowledge of Seller, indirectly, any unlawful dealings or transactions with any Sanctions Target.

(e) Each Group Company is, and for the past five years has been, in compliance in all respects with all applicable Laws concerning the exportation, reexportation, importation and temporary importation of any products, technology, technical data or services (together, "Export Control Laws") and all applicable Sanctions.

(f) None of the Group Companies has been notified that a Governmental Authority is investigating or has in the past five years conducted, initiated or threatened any investigation of any of the Group Companies or any of their respective officers, directors or employees for alleged violation of Anti-Corruption Laws, Sanctions or Export Control Laws in connection with activities relating to the Group Companies.

(g) Except as would not have a Material Adverse Effect, each Group Company has instituted and maintains policies and procedures reasonably designed to promote and achieve compliance with Anti-Corruption Laws, Export Control Laws and Sanctions.

3.23 Ultimate Parent. As of the date hereof, and at all times prior to the Closing, STG III, L.P. ("UPE") is and shall be the "ultimate parent entity" (as determined in accordance with the HSR Act and the rules promulgated thereunder) of Seller.

3.24 No Other Representations or Warranties. NOTWITHSTANDING ANY PROVISION OF THIS AGREEMENT TO THE CONTRARY, WITHOUT LIMITING ANY OTHER TRANSACTION DOCUMENT, EXCEPT FOR THE REPRESENTATIONS AND WARRANTIES EXPRESSLY MADE BY SELLER IN THIS ARTICLE III, NEITHER, SELLER, ANY GROUP COMPANY OR AFFILIATE THEREOF, NOR ANY OTHER PERSON, MAKES ANY REPRESENTATION OR WARRANTY WITH RESPECT TO THE GROUP COMPANIES OR ANY OTHER PERSON OR THEIR RESPECTIVE BUSINESSES, OPERATIONS, ASSETS, LIABILITIES, CONDITION (FINANCIAL OR OTHERWISE) OR PROSPECTS, NOTWITHSTANDING THE DELIVERY OR DISCLOSURE TO BUYER OR ANY OF ITS AFFILIATES OR REPRESENTATIVES OF ANY DOCUMENTATION, FORECASTS, PROJECTIONS OR OTHER INFORMATION WITH RESPECT TO ANY ONE OR MORE OF THE FOREGOING. EXCEPT FOR THE REPRESENTATIONS AND WARRANTIES EXPRESSLY MADE BY SELLER IN THIS ARTICLE III, WITHOUT LIMITING ANY OTHER TRANSACTION DOCUMENT, ALL OTHER REPRESENTATIONS AND WARRANTIES, WHETHER EXPRESS OR IMPLIED, ARE EXPRESSLY DISCLAIMED BY SELLER.

ARTICLE IV

EPRESENTATIONS AND WARRANTIES OF BUYER

Buyer represents and warrants to Seller as of the date hereof as follows:

4.01 Organization and Power. Each of Parent and Buyer is a legal entity duly organized, validly existing and in good standing under the Laws of its jurisdiction of incorporation or organization, with full corporate or similar organizational power and authority to enter into this Agreement and perform its obligations hereunder. There are no pending, or to the knowledge of Buyer, threatened, actions for the dissolution, liquidation or insolvency of Parent or Buyer.

4.02 Authorization. The execution, delivery and performance of this Agreement by Parent and Buyer and the consummation of the transactions contemplated hereby have been duly and validly authorized by all requisite corporate action, and no other proceedings on their part are necessary to authorize the execution, delivery or performance of this Agreement. This Agreement has been duly executed and delivered by Parent and Buyer and, assuming that this Agreement is a valid and binding obligation of Seller, this Agreement constitutes a valid and binding obligation of Parent and Buyer, enforceable in accordance with its terms, subject to the Remedies Exception.

4.03 No Violation. None of (i) Parent's or Buyer's Organizational Documents or (ii) any applicable Law, material Contract, Permit, or Order to which Parent or Buyer is a party or otherwise subject would, in each case, be breached or violated in any material respect by Parent's or Buyer's execution, delivery or performance of this Agreement or the consummation of the transactions contemplated hereby or Buyer's ownership or operation of the business conducted by Group Companies after the date hereof except, in the case of clause (ii), as would not have a Buyer Material Adverse Effect.

4.04 Governmental Consents, etc. Except for the applicable requirements of the HSR Act, neither Parent nor Buyer is required to submit any notice, report or other filing with any Governmental Entity in connection with the execution, delivery or performance by it of this Agreement or the consummation of the transactions contemplated hereby, except as would not have a Buyer Material Adverse Effect. No consent, approval or authorization of any Governmental Entity is required to be obtained by Parent or Buyer in connection with their execution, delivery and performance of this Agreement or the consummation of the transactions contemplated hereby, except as would not have a Buyer Material Adverse Effect.

4.05 Litigation. There is no Action pending or, to Buyer's knowledge, threatened (in writing or otherwise) against Parent or Buyer at Law or in equity, or before or by any Governmental Entity or arbitrator, that would have a Buyer Material Adverse Effect. Neither Parent nor Buyer is subject to any outstanding Order that would have a Buyer Material Adverse Effect.

4.06 Brokerage. There are no brokerage commissions, finders' fees or similar compensation payable in connection with the transactions contemplated by this Agreement based on any agreement made by or on behalf of Parent or Buyer.

4.07 SEC Reports and Financial Statements.

(a) Parent has filed or furnished all forms, statements, documents and reports required to be filed or furnished by it with the SEC in order to satisfy the eligibility requirements for the use of Form F-3 under the Securities Act and the rules and regulations of the SEC promulgated thereunder (such forms, statements, documents and reports, the "Parent SEC Documents"), it being understood that Parent does not have a twelve month equity history. As of their respective filing dates, the Parent SEC Documents complied in all material respects with the requirements of the Securities Act, the Exchange Act, and SOX, as the case may be, and the rules and regulations of the SEC promulgated thereunder applicable to such Parent SEC Documents, and did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. Since June 30, 2021 and prior to the date hereof, neither Parent nor any Subsidiary of Parent has received from the SEC or any other Governmental Entity any written comments or questions with respect to any of the Parent SEC Documents (including the financial statements included therein) that are not resolved.

(b) The financial statements of Buyer included in the Buyer SEC Documents complied as to form in all material respects with the published rules and regulations of the SEC with respect thereto, were prepared in accordance with GAAP applied on a consistent basis throughout the periods indicated (except as may be indicated in the notes thereto, except in the case of pro forma statements) and fairly presented in all material respects the consolidated financial position of Buyer and its consolidated subsidiaries as of the respective dates thereof and the consolidated results of Buyer's operations and cash flows for the periods indicated (subject to, in the case of unaudited statements, normal and recurring year-end audit adjustments).

(c) Except as disclosed in the SEC Documents, as of the date of this Agreement, Parent has no "off-balance sheet arrangements" (as defined in Item 303(a) of Regulation S-K promulgated by the SEC), where the purpose of such arrangement is to avoid disclosure of any material transaction involving, or material liabilities of, Parent or any of its Subsidiaries, in the Parent SEC Documents.

(d) Parent is in compliance in all material respects with the applicable listing and corporate governance rules and regulations of the Nasdaq Global Market.

(e) Parent has established and maintains in all material respects disclosure controls and procedures (as defined in Rule 13a-15 under the Exchange Act). Such disclosure controls and procedures are designed to ensure that material information relating to Parent and other material information required to be disclosed by Parent in the reports and other documents that it files or furnishes under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC, and that all such material information is accumulated and communicated to Parent's principal executive officer and its principal financial officer as appropriate to allow timely decisions regarding required disclosure and to make the certifications required pursuant to Sections 302 and 906 of SOX.

(f) Parent maintains systems of internal control over financial reporting that are sufficient to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP, including policies and procedures sufficient to provide reasonable assurance: (i) that Parent maintains records that in reasonable detail accurately and fairly reflect, in all material respects, its transactions and dispositions of assets; (ii) that transactions are recorded as necessary to permit the preparation of financial statements in conformity with GAAP; (iii) that receipts and expenditures are being made only in accordance with authorizations of management and its board of directors; and (iv) regarding prevention or timely detection of unauthorized acquisition, use or disposition of its assets that could have a material effect on its financial statements. Parent has no knowledge of any fraud or whistle blower allegations, whether or not material, that involve management or other employees or consultants who have or had a significant role in the internal control over financial reporting of Parent

(g) There are no outstanding loans or other extensions of credit made by Parent to any executive officer (as defined in Rule 3b-7 under the Exchange Act) or director of Parent. Parent has not taken any action prohibited by Section 402 of SOX.

(h) Neither Parent (including any employee thereof) nor Parent's independent auditors has identified or been made aware of (i) any material weakness in the system of internal accounting controls utilized by Parent, (ii) any fraud that involves Parent's management or other employees who have a role in the preparation of financial statements or the internal controls utilized by Parent, or (iii) any claim or allegation regarding any of the foregoing.

(i) To the knowledge of Buyer, none of the Parent SEC Documents filed on or prior to the date hereof is subject to ongoing material SEC review or investigation as of the date hereof.

4.08 Equity Consideration. Parent has sufficient authorized but unissued Parent Ordinary Shares necessary for Parent to meet its obligations to deliver the Equity Consideration at the Closing pursuant to Section 2.02(a). The Parent Ordinary Shares to be issued as part of the Equity Consideration will, when issued and delivered pursuant to Section 2.02(b), be duly authorized, validly issued, fully paid and non-assessable and the issuance thereof will be free of any Liens (other than generally applicable transfer restrictions imposed by federal and state or foreign securities Laws, and the restrictions under this Agreement and the Seller Registration Rights Agreement).

4.09 Buyer Financial Resources.

(a) Buyer has, or has access to, and will have available on the Closing Date, sufficient immediately available funds, in cash, to make payment of all amounts to be paid by it hereunder on and after the Closing Date.

(b) Buyer has provided to Sellers true, complete and correct copies of the fully-executed debt commitment letter, dated as of July 22, 2021, between Buyer, JPMorgan Chase Bank, N.A., Credit Suisse AG and Credit Suisse Loan Funding LLC (the "Financing Commitments"), pursuant to which the lenders party thereto have committed, subject to the terms and conditions set forth therein, to lend the amounts set forth therein for the purposes of financing the transactions contemplated by this Agreement and related fees and expenses (the "Financing"). As of the date hereof, none of the Financing Commitments has been amended or modified prior to the date of this Agreement, no such amendment or modification is contemplated, and the respective commitments contained in the Financing Commitments have not been withdrawn or rescinded in any respect. Except for a fee letter relating to fees with respect to the Financing (a true, complete and correct copy of which has been made available to Sellers prior to the delivery and execution of this Agreement, redacted solely for confidential provisions related to fees, "flex" terms and other economic terms, none of which could affect the conditionality, enforceability, availability, termination or aggregate principal amount of the Financing to be funded for the transactions contemplated by this Agreement, in each case as contemplated by such Financing Commitments in any respect), as of the date hereof there are no side letters or other Contracts or arrangements related to the funding or investing, as applicable, of the Financing other than as expressly set forth in the Financing Commitments delivered to Sellers prior to the date hereof. Buyer has fully paid any and all commitment fees or other fees in connection with the Financing Commitments that are payable on or prior to the date hereof, and, as of the date hereof, the Financing Commitments are in full force and effect and are the legal, valid, binding and enforceable obligations of Buyer and, to the knowledge of Buyer, each of the other parties thereto. There are no conditions precedent or other contingencies related to the funding of the full amount of the Financing, other than as expressly set forth in or expressly contemplated by the Financing Commitments. As of the date hereof, no event has occurred which, with or without notice, lapse of time or both, would or would reasonably be expected to constitute a default or breach on the part of Buyer or any other party thereto under any of the Financing Commitments. As of the date hereof, Buyer has no reason to believe that (x) any of the conditions to the Financing contemplated by the Financing Commitments will not be satisfied or (y) the Financing will not be available at the Closing.

(c) The obligations of Parent and Buyer under this Agreement are not subject to any conditions regarding Buyer's or its Affiliates' or any other Person's ability to obtain any financing for the consummation of the transactions contemplated hereby.

4.10 Solvency. Immediately after giving effect to the transactions contemplated by this Agreement, assuming the satisfaction of the conditions to Parent's and Buyer's obligations to consummate the transactions contemplated by this Agreement set forth in Section 7.01, (i) each Group Company shall be able to pay their respective debts as they become due and shall own property that has a fair saleable value greater than the amounts required to pay their respective debts (including a reasonable estimate of the amount of all contingent Liabilities) and (ii) the Group Companies shall have adequate capital to carry on their respective businesses. No transfer of property is being made and no obligation is being incurred in connection with the transactions contemplated by this Agreement with the intent to hinder, delay or defraud either present or future creditors of any Group Company.

4.11 Buyer Entity. As of the date hereof, and at all times prior to the Closing, Parent is and shall be the "ultimate parent entity" (as determined in accordance with the HRS Act and the rules promulgated thereunder) of Buyer and its Affiliates.

4.12 No Other Representations. In entering into this Agreement, Buyer has relied solely upon its own investigation and analysis and the representations and warranties of Seller expressly contained in Article III or in any other Transaction Document, and Buyer acknowledges that, other than as set forth in this Agreement or in any other Transaction Document, none of the Group Companies or any of their respective Affiliates or representatives makes or has made any representation or warranty, either express or implied, (a) as to the accuracy or completeness of any of the information provided or made available to Buyer or any of its Affiliates or representatives prior to the execution of this Agreement or (b) with respect to any projections, forecasts, estimates, plans or budgets of future revenues, expenses or expenditures, future results of operations (or any component thereof), prospects, future cash flows (or any component thereof) or future financial condition (or any component thereof) of any Group Company, in each case heretofore or hereafter delivered to or made available to Buyer, or any of its Affiliates or representatives. Without limiting the generality of the foregoing, none of the Group Companies or any of their respective Affiliates or representatives has made, and shall not be deemed to have made, any representations or warranties in the materials (other than as set forth in this Agreement or in any other Transaction Document) relating to the business, assets or Liabilities of the Group Companies made available to Buyer or any of its Affiliates or representatives, including due diligence materials, memoranda or similar materials, or in any presentation of the business of the Group Companies by management of any Group Company or others in connection with the transactions contemplated hereby, and no statement contained in any such materials or made in any such presentation shall be deemed a representation or warranty hereunder or otherwise be deemed to have been relied upon by Buyer in executing, delivering and performing this Agreement and the transactions contemplated hereby. Except for any representations or warranties set forth in this Agreement or in any other Transaction Document, it is understood that any cost estimates, projections or other predictions, any data, any financial information or any offering or other memoranda, offering materials, presentations or similar materials made available to Buyer or any of its Affiliates or representatives, are not, and shall not be deemed to be or to include, representations or warranties of any Group Company, and were not, and shall not be deemed to have been, relied upon by Buyer in executing, delivering or performing this Agreement or the transactions contemplated hereby.

ARTICLE V

COVENANTS OF SELLER

5.01 Conduct of the Business. From the date hereof until the earlier of the termination of this Agreement and the Closing Date, except (i) as set forth on Schedule 5.01 of the Disclosure Schedules, (ii) if Buyer shall have consented in writing (which consent shall not be unreasonably withheld, conditioned or delayed), (iii) as required by applicable Laws, or (iv) as otherwise expressly contemplated by this Agreement, (1) Seller shall use commercially reasonable efforts to conduct the businesses of the Group Companies in the Ordinary Course of Business; *provided*, that, notwithstanding the foregoing or clause (2) of this Section 5.01, the Group Companies may use available cash to repay any Indebtedness, pay any Transaction Expenses or to make cash dividends, in each case, on or prior to the Reference Time and (2) Seller shall cause the Group Companies not to:

(a) issue, sell or deliver any of its equity securities or issue or sell any securities convertible into, or options with respect to, or warrants to purchase or rights to subscribe for, any of its equity securities;

(b) declare, authorize or effect any recapitalization, reclassification, distribution, dividend, equity split, subdivision, combination or like change in its capitalization;

(c) amend its Organizational Documents;

(d) make any redemption or purchase of its, or any of its Subsidiaries', equity interests or any rights, warrants or options to acquire any of its, or any of its Subsidiaries', equity interests;

(e) sell, assign or transfer any portion of its properties or assets, except sales of inventory in the Ordinary Course of Business;

(f) sell, assign, transfer, exclusively license, allow the unintentional expiration or lapse of, create or incur any Lien (except for Permitted Liens) on, any Company IP that is used in and material to the conduct of the business of the Group Companies as currently conducted, except in the Ordinary Course of Business;

(g) voluntarily terminate or amend, or waive any material right under, any Material Contract or Lease (other than upon any expiration of the term of any Material Contract), or enter into any new Lease or Contract that would have been required to be listed in Schedule 3.10(a) had it been in effect as of the date hereof, in each case, other than in the Ordinary Course of Business (it being understood that no Contract that is of the type described in Section 3.10(a)(xiii) shall be deemed to be entered into, amended or renewed in the Ordinary Course of Business);

(h) make any material capital investment in, or any material loan to, any other Person, except pursuant to any existing agreement or budget that has been made available to Buyer prior to the date hereof;

(i) make any material capital expenditures or commitments therefor, except for such capital expenditures or commitments therefor that are reflected in the Group Companies' current budget that has been made available to Buyer prior to the date hereof;

(j) make any loan to any of its officers, employees, individual independent contractors or directors except as required under the terms of any Company Plan or applicable Law;

(k) except as required under the terms of any Company Plan or applicable Law: (1) increase the salary, wage rate, bonus, severance arrangements or other compensation and benefits to any employee, officer, individual independent contractor or director of the Group Companies; (2) adopt, enter into, terminate, alter the prior interpretation of, or amend any Company Plan or Contract with any employee, individual independent contractor, officer or director with an annual base compensation in excess of $200,000; (3) adopt or enter into any plan, policy or arrangement for the current or future benefit of any employee, individual independent contractor, officer or director of any Group Company that would be a Company Plan if it were in existence as of the date hereof; (4) adopt, enter into, terminate or amend any collective bargaining agreement or any other agreement with any labor organization; (5) accelerate the vesting or payment of any compensation or benefit under any Company Plan; (6) grant any new severance, change in control, retention, transaction, termination or similar compensation or benefits to any employee, individual independent contractor, officer or director with a title of Vice President or above; or (7) hire or terminate the employment of any employee, individual independent contractor, officer or director of the Group Companies with a title of Vice President or above, except for terminations for "cause" (as customarily defined by the Group Companies);

(l) commence or settle any material Action outside the Ordinary Course of Business or that includes any remedy other than the payment of cash prior to the Reference Time;

(m) (1) make, change or revoke any material election in respect of Taxes of any Group Company, (2) file any amended material Tax Return, (3) change any Tax accounting period or adopt or change any material Tax accounting method, (4) obtain any Tax ruling or enter into any closing or similar agreement, (5) settle or compromise any Tax audit, investigation, claim, proceeding or assessment with respect to a material amount of Taxes, (6) surrender any right to claim a material Tax refund, offset or other reduction in Tax liability, (7) defer payment of any Taxes (other than Deferred Taxes) to any time following the Closing or (8) take (or fail to take) any action that could reasonably be expected to have the effect of materially increasing the Tax liability of Buyer, its Affiliates or any Group Company for a Post-Closing Tax Period;

(n) make any change to the Sold Company's methods of financial accounting, except as required by changes in GAAP or other applicable Law;

(o) adopt a plan or agreement of complete or partial liquidation or dissolution; or

(p) agree to take any of the foregoing actions.

Nothing contained in this Agreement shall give Buyer, directly or indirectly, the right to control or direct the Group Companies' operations prior to the Closing, and the Group Companies' failure to take any action expressly prohibited by this Section 5.01 shall not be a breach of the obligation to operate in the Ordinary Course of Business pursuant to this Section 5.01.

5.02 Access to Books and Records. From the date hereof until the earlier of the termination of this Agreement and the Closing Date, Seller shall provide Buyer and its authorized representatives (the "Buyer's Representatives") with reasonable access during normal business hours, and upon reasonable notice, to the offices, properties, senior personnel, and all financial books and records of the Group Companies in order for Buyer to have the opportunity to make such investigation as it shall reasonably desire in connection with the consummation of the transactions contemplated hereby; *provided*, that in exercising access rights under this Section 5.02, Buyer and Buyer's Representatives shall (i) not be permitted to interfere unreasonably with the conduct of the business of any Group Company, (ii) only access personal information relating to employees, providers or customers of any Group Company to the extent necessary for, and only for the purposes of, the completion of the transactions contemplated hereby and (iii) not contact or communicate with, directly or indirectly, any of the Group Companies' customers, vendors, suppliers, distributors or brokers without Seller's prior written consent (other than, to the extent applicable, in the ordinary course of business regarding matters unrelated to the transactions contemplated hereby). Notwithstanding anything herein to the contrary, no such access or examination shall be permitted to the extent that it would require any Group Company to disclose information subject to attorney-client privilege or attorney work product privilege, conflict with any third party confidentiality obligations to which any Group Company is bound, or violate any applicable Law; *provided* that Seller shall, and shall cause the Group Companies to, use commercially reasonable efforts to provide Buyer such access or make such disclosure (or as much of it as possible) in a manner that does not have such consequences. Buyer acknowledges that Buyer is and remains bound by the Confidentiality Agreement between Buyer and Robert W. Board & Co., on behalf of the Group Companies, dated March 12, 2021 (the "Confidentiality Agreement"). Notwithstanding anything contained herein to the contrary, no access or examination provided pursuant to this Section 5.02 shall qualify or limit any representation or warranty set forth herein or the conditions to Closing set forth in Section 7.01(a).

5.03 Efforts to Consummate. Subject to the terms and conditions herein provided, from the date hereof until the earlier of the termination of this Agreement and the Closing Date, Seller shall use reasonable best efforts to take, or cause to be taken, all action and to do, or cause to be done, all things reasonably necessary, proper or advisable to consummate and make effective as promptly as practicable the transactions contemplated by this Agreement (including the satisfaction, but not a waiver, of the closing conditions set forth in Section 7.01); *provided*, that such efforts shall not require agreeing to any obligations or accommodations (financial or otherwise) binding on a Group Company prior to Closing (and Seller shall not agree to any such obligations or accommodations binding prior to, at or following the Closing without Buyer's prior written consent). Seller shall cause the Affiliate Transactions set forth on Schedule 3.18 to be terminated prior to Closing with no continuing rights or obligations of the Group Companies thereunder as of the Closing.

5.04 Exclusive Dealing. During the period from the date of this Agreement through the Closing or the earlier termination of this Agreement, Seller shall not, and shall not authorize, permit or direct its Affiliates or the Group Companies or any of their respective representatives to, (i) take any action to initiate, solicit or engage in discussions or negotiations with, or knowingly provide any information to, any Person (other than Buyer and Buyer's Representatives) concerning any direct or indirect purchase of any Sold Shares or any merger, sale of substantially all of the assets of the Group Companies or similar transactions involving the Group Companies (other than assets sold in the Ordinary Course of Business) (each such transaction, an "Acquisition Transaction"), (ii) provide non-public information or documentation with respect to the Group Companies to any Person, other than the Buyer or its Affiliates or its or their representatives, relating to an Acquisition Transaction or (iii) enter into any letter of intent, definitive agreement or other arrangement or understanding with any Person, other than Buyer or its Affiliates, relating to an Acquisition Transaction; *provided*, that this Section 5.04 shall not apply to Seller in connection with communications with its equity holders related to the transactions contemplated by this Agreement. Seller shall, and shall cause its Affiliates and their respective representatives to, cease and cause to be terminated any existing discussions, communications or negotiations with any Person (other than Buyer and its authorized Buyer Representatives) conducted heretofore with respect to any Acquisition Transaction.

5.05 Payoff Letters and Lien Releases. No later than three (3) Business Days prior to the anticipated Closing Date, Seller shall deliver to Buyer customary payoff letters in connection with the repayment of the Indebtedness outstanding under the Credit Agreements (each, a "Payoff Letter") in accordance with Section 2.02(d) and Seller shall make arrangements for the Agent under the Credit Agreements to deliver, subject to the receipt of the applicable payoff amounts, customary Lien releases to Buyer as soon as practicable after the Closing.

5.06 Notification. From the date hereof until the earlier of the termination of this Agreement and the Closing Date, if Seller first becomes aware of, or there occurs after the date of this Agreement, any fact or condition that constitutes a breach of any representation or warranty made by Seller in Article III, or of any covenant that would cause the conditions set forth in Section 7.01(a) or (b), as applicable, not to be satisfied as of the Closing Date, Seller shall disclose to Buyer such breach.

5.07 280G. Prior to the Closing Date, to the extent applicable, Seller will cause the Sold Company to (a) use commercially reasonable efforts to obtain a written waiver (a "280G Waiver") from each individual who is, or could reasonably be expected to be, as of the Closing Date, a "disqualified individual" (as defined in Section 280G(c) of the Code) with respect to a Group Company of the portion of any and all payments and benefits that could reasonably be deemed a "parachute payment" (as defined in Section 280G(b)(2) of the Code) and could result in the imposition of an excise tax on such individual pursuant to Section 4999 of the Code (the "Waived Payments") unless such Waived Payments are approved by the stockholders of the Sold Company in accordance with the provisions of Section 280G of the Code and the regulations thereunder, and (b) as soon as practicable following the Sold Company's receipt of the 280G Waivers, submit to the Sold Company's stockholders for a vote whether to approve the right of any such disqualified individual who executed a 280G Waiver to receive such disqualified individual's respective Waived Payments in a manner designed to cause the Waived Payments to be exempt from the definition of "parachute payment" by reason of the exemption provided under Section 280G(b)(5)(B) of the Code. In the event that a Group Company enters into any arrangements at the direction of Buyer or between Buyer and its Subsidiaries, on the one hand, and a disqualified individual, on the other hand ("Buyer Arrangements") and Buyer provides to Seller, no less than ten (10) Business Days prior to the Closing, a written description of any Buyer Arrangements and cooperates with Seller in good faith in order to determine the value for purposes of Section 280G of the Code of such Buyer Arrangements, Seller shall include such description and value(s) in any materials disclosed to the stockholders of the Sold Company in connection with soliciting approval in accordance with this Section 5.07. Prior to delivery to the stockholders and disqualified individuals of the proposed 280G Waivers and other documents in connection with the stockholder approval contemplated by this Section 5.07, but no later than ten (10) days prior to Closing, the Sold Company will provide Buyer and its representatives with a reasonable opportunity to review and comment on such 280G Waivers and other documents to be delivered to the stockholders of the Sold Company and disqualified individuals in connection with the vote, and the Sold Company agrees to consider all Buyer comments in good faith and not to unreasonably omit such comments in the applicable documentation. At least one Business Day prior to the Closing Date, Seller shall deliver to Buyer written notice indicating that either (x) the stockholder vote was solicited in conformity with Section 280G(b)(5)(B) of the Code and the applicable rulings and final regulations thereunder and the requisite approval of stockholders entitled to vote was obtained with respect to the parachute payments, or (y) the stockholder approval of the parachute payments was not obtained and that, as a consequence, no Waived Payments will be paid or provided.

5.08 Financing Cooperation.

(a) Seller shall use commercially reasonable efforts to, and shall use commercially reasonable efforts to cause its Subsidiaries and its and their respective representatives to, provide such cooperation as is reasonably requested by Buyer, necessary in connection with the Financing and is customarily provided for borrowers in financings of the type contemplated by the Financing Commitments, in any event using commercially reasonable efforts to (A) furnish Buyer with the Required Financial Statements (collectively, the "Required Information"), all of which shall be provided by Seller as promptly as practicable after the date hereof and in any event not later than the applicable date, if any, with respect to which delivery is required by this Agreement (it being understood that the interim financial statements contained in the Required Financial Statements shall be subject to review by the Sold Company's independent auditors using professional standards and procedures under AU Section 722 promulgated by the American Institute of Certified Public Accountants for conducting reviews of interim financial statements of private companies), (B) upon reasonable prior written notice and at reasonable times, participation in a reasonable number of meetings (but not more than one primary bank meeting) (in each case, which may be held via teleconference); drafting sessions, and rating agency presentations and lender due diligence presentations, in each case, at times and locations to be mutually agreed, (C) providing reasonable assistance to Buyer and its Debt Financing Sources in the preparation of customary bank information memoranda, lender presentations and rating agency presentations in connection with the Debt Financing (the "Marketing Material"); *provided*, that no such Marketing Material shall be issued by Seller or its Subsidiaries, (D) providing reasonable assistance in the preparations for the pledging of collateral (it being understood that no such pledging of collateral will be effective until at or after the Closing), (E) to the extent requested by Buyer on behalf of the Debt Financing Sources no later than ten (10) Business Days prior to the Closing Date, timely furnishing such documentation and other information required under applicable "know your customer" and anti-money laundering rules and regulations, and (F) providing reasonable assistance to facilitate at (but not prior to) the Closing the release of liens on assets of the Group Companies (other than Permitted Liens) that are collateral for the Financing.

(b) Notwithstanding the foregoing, neither Seller nor any of its Affiliates shall be required to take or permit the taking of any action pursuant to this Section 5.08: (A) that would require Seller or any of its Affiliates or any other Persons who are directors or officers of such entities to pass resolutions or consents to approve or authorize the execution of the Financing, (B) that would require Seller of any of its Affiliates (other than Group Companies) or any other Persons to execute or deliver any certificate, opinion, document, instrument or agreement or agree to any change or modification of any existing certificate, opinion, document, instrument or agreement, (C) that would require any Group Companies to execute or deliver any certificate, opinion, document, instrument or agreement, or agree to any change or modification of any existing certificate, opinion, document, instrument or agreement, in each case, prior to the Closing (it being understood that no obligations of any Group Companies under any certificate, opinion, document, instrument or agreement delivered pursuant to this Section 5.08 shall be required to be effective prior to the Closing), (D) that would cause any representation or warranty in this Agreement to be breached by Seller or any of its Affiliates or would cause any condition to the Closing to fail to be satisfied, (E) that would require Seller or any of its Affiliates to pay any commitment or other similar fee or incur any other expense, Liability or obligation in connection with the Financing, (F) that could cause any director, officer or employee or stockholder of Seller or any of its Affiliates to incur any personal liability, (G) that could reasonably be expected to conflict with, result in any violation or breach of, or default (with or without notice, lapse of time, or both) under, any of their respective Organizational Documents, or any applicable Law or Contracts, (H) that provides access to or discloses information that Seller or any of its Affiliates determines could reasonably be expected to jeopardize any attorney-client privilege of, or conflict with any confidentiality obligations binding on, Seller or any of its Affiliates, (I) to prepare or deliver (1) any financial statements other than the Required Information, (2) any Regulation S-X compliant financial statements, (3) any financial information that is not available to it and prepared in the ordinary course of its financial reporting practice or (4) any projections or pro forma financial statements or information, (J) that would, in the opinion of Seller, interfere with the ongoing operations of its or its Affiliates' businesses or would require an action that is not within the control of Seller or its Subsidiaries using commercially reasonable efforts, (K) that would cause significant competitive harm to Seller or its Subsidiaries if the transactions contemplated by this Agreement are not consummated, or (L) approach landlords or any other bailees prior to Closing to discuss landlord waivers, leasehold mortgages, bailee waivers or estoppels limiting the rights of such third parties. All non-public or other confidential information provided by Seller or any of its Affiliates or any of their respective Representatives pursuant to this Section 5.08 shall be kept confidential in accordance with the Confidentiality Agreement. Nothing contained in this Section 5.08 or otherwise shall require Seller or any of its Affiliates (other than, following the Closing, any Group Company) to encumber any of its assets or be an issuer or other obligor with respect to the Financing or require any Group Company to be an issuer or other obligor with respect to the Financing prior to the Closing. Buyer shall indemnify and hold harmless Seller and its Affiliates and their respective Representatives from and against all losses suffered or incurred by any of them in connection with the obligations under this Section 5.08, and Buyer shall, promptly upon request by Seller, reimburse Seller and its Affiliates for all fees, costs, expenses and Liabilities incurred by any of them or their respective representatives in connection with fulfilling their respective obligations pursuant to this Section 5.08 (including reasonable attorneys' fees).

(c) The condition set forth in Section 7.01(b), as it applies to the Company's obligations under this Section 5.08, will be deemed satisfied unless (i) the Company has committed a Willful Breach of Section 5.08, (ii) Buyer provides prompt written notice of the alleged failure to comply, specifying in reasonable detail specific steps to cure such alleged failure in a manner consistent with the required efforts in this Section 5.08, which failure to comply has not been cured within the earlier of 15 Business Days following the delivery of such written notice and the Outside Date and (iii) such failure to comply was the primary cause of the failure of the Financing to be obtained.

5.09 Trademark Phase-out. Seller acknowledges and agrees that, as between Seller and the Group Companies, the Group Companies shall have sole and exclusive ownership of the SHOP mark. Seller shall, and shall cause each other member of Seller and Seller Related Parties to, promptly after Closing (but in any event within thirty (30) days after the Closing), (i) cause each of its Affiliates whose corporate, trade or other names include the SHOP mark, as applicable, to change its name to remove the SHOP mark from such name and (ii) cease and discontinue use of the SHOP mark by Seller and Seller Related Parties, including removal of the SHOP mark from all products, signage, vehicles, properties, technical information, stationery and promotional or other marketing materials and other assets.

5.10 Transfer of Shares.

(a) Except to the extent contemplated by Section 2.03(a), from the Closing until six months after the Closing Date, Seller will not, directly or indirectly through another Person, offer, sell, contract to sell or otherwise dispose of (or enter into any transaction which is designed to, or might reasonably be expected to, result in the disposition (whether by actual disposition or effective economic disposition due to cash settlement or otherwise)), including establishing or increasing a put equivalent position, or liquidating or decreasing a call equivalent position within the meaning of Section 16 of the Exchange Act with respect to, any Subject Shares, or publicly announce an intention to effect any such transaction (collectively, "Transfer"); *provided* that such prohibition shall not (x) prevent (A) the filing of a Registration Statement pursuant to an exercise of Seller's rights under Section 2.3 or 2.4 of the Seller Registration Rights Agreement or (B) the participation in a piggyback registration pursuant to an exercise of Seller's rights under Section 2.2 of the Seller Registration Rights Agreement or (y) apply to Transfers (i) to Permitted Transferees, (ii) pursuant to a bona fide third party tender offer or exchange offer or (iii) pursuant to any merger or other similar business combination transaction effected by Parent.

(b) On or after the date that is six months following the Closing Date (the "First Tranche Sell Down Date"), Seller (or its transferees pursuant to Section 2.03(a)) may sell, transfer or otherwise divest, in a single transaction or offering or in one or more series of transactions or offerings, a number of Subject Shares less than or equal to the First Tranche Maximum, unless Buyer consents in writing to a greater amount (which consent may be withheld by Buyer in its sole discretion), in which case Seller may sell, transfer or otherwise divest such greater number.

(c) For a period of three months following the First Tranche Sell Down Date, Seller (and its transferees pursuant to Section 2.03(a)) will not Transfer any Subject Shares; *provided* that such prohibition shall not (x) prevent (A) the filing of a Registration Statement pursuant to an exercise of Seller's rights under Section 2.3 or 2.4 of the Seller Registration Rights Agreement or (B) the participation in a piggyback registration pursuant to an exercise of Seller's rights under Section 2.2 of the Seller Registration Rights Agreement or (y) apply to Transfers (i) in accordance with Section 5.10(b), (ii) to Permitted Transferees, (iii) pursuant to a bona fide third party tender offer or exchange offer or (iv) pursuant to any merger or other similar business combination transaction effected by Parent.

(d)

On or after the date that is three months following the First Tranche Sell Down Date (the "Second Tranche Sell Down Date"), Seller (or its transferees pursuant to Section 2.03(a)) may sell, transfer or otherwise divest, in a single transaction or offering or one or more series of transactions or offerings, a number of Subject Shares less than or equal to the Second Tranche Maximum (plus any portion of the First Tranche Maximum not sold prior to the Second Tranche Sell Down Date); *provided*, that Seller shall not sell, transfer or otherwise divest Subject Shares greater than the Second Tranche Maximum in a single transaction or offering or series of related transactions or offerings, unless such sale is pursuant to an underwritten offering pursuant to an exercise of Seller's rights under Section 2.3 of the Seller Registration Rights Agreement or Buyer consents in writing to a greater amount (which consent may be withheld by Buyer in its sole discretion), in which case Seller may sell, transfer or otherwise divest such greater number.

(e) For a period of three months following the Second Tranche Sell Down Date, Seller (and its transferees pursuant to Section 2.03(a)) will not Transfer any Subject Shares; *provided* that such prohibition shall not (x) prevent (A) the filing of a Registration Statement pursuant to an exercise of Seller's rights under Section 2.3 or 2.4 of the Seller Registration Rights Agreement or (B) the participation in a piggyback registration pursuant to an exercise of Seller's rights under Section 2.2 of the Seller Registration Rights Agreement or (y) apply to Transfers (i) in accordance with Section 5.10(d), (ii) to Permitted Transferees, (iii) pursuant to a bona fide third party tender offer or exchange offer or (iv) pursuant to any merger or other similar business combination transaction effected by Parent.

(f) On or after the date that is three months after the Second Tranche Sell Down Date (the "Final Tranche Sell Down Date"), Seller (or its transferees pursuant to Section 2.03(a)) may sell, transfer or otherwise divest all of the Subject Shares that it owns, at any time and from time to time, in any manner not prohibited by this Agreement or the Seller Registration Rights Agreement; *provided*, that Seller shall not sell, transfer or otherwise divest Subject Shares greater than the Subsequent Tranche Maximum in a single transaction or offering or series of related transactions or offerings, unless such sale is pursuant to an underwritten offering pursuant to an exercise of Seller's rights under Section 2.3 of the Seller Registration Rights Agreement or Buyer consents in writing to a greater amount (which consent may be withheld by Buyer in its sole discretion), in which case Seller may sell, transfer or otherwise divest such greater number.

5.11 Directors and Officers. At least five (5) Business Days prior to the Closing Date, Seller shall deliver to Buyer a true and complete list of the directors, officers, managers and other Persons holding similar titles for the Group Companies.

5.12 Financial Statements.

(a) Seller shall use commercially reasonable best efforts to deliver, as soon as reasonably practicable (and, with respect to the Required June Financial Statements, commercially reasonable best efforts to deliver by August 13, 2021) and no later than forty-five (45) days after the end of the applicable fiscal quarter, unaudited combined financial statements for any interim quarterly period or periods ended (i) after March 31, 2021 and (ii) on or prior to the date that is forty-five (45) days prior to the Closing Date, together with financial statements for the same period in the prior year, which interim financial statements shall be prepared in accordance with GAAP on the same basis as the Financial Statements for the year ended December 31, 2020 (subject to normal year end audit adjustments) and shall have been reviewed by the Sold Company's independent auditors using professional standards and procedures under AU Section 722 promulgated by the American Institute of Certified Public Accountants for conducting reviews of interim financial statements of private companies. The interim financial statements referenced in the preceding sentence, together with the Financial Statements, are referred to herein as the "Required Financial Statements" and the interim financial statement referenced in the preceding sentence for the fiscal quarters ended June 30, 2021 and 2020 (the "Required June Financial Statements").

(b) Seller shall cause the Sold Company's independent auditors to provide, consistent with customary practice, consents of auditors for the inclusion or incorporation by reference of their audit reports in any offering memoranda, registration statements, prospectus, or related governmental filings, to be filed by Parent.

ARTICLE VI

COVENANTS OF BUYER

6.01 Access to Books and Records. From and after the Closing until the six (6) year anniversary of the Closing Date, Buyer shall, and shall cause the Group Companies to, provide Seller and its authorized representatives with access (for the purpose of examining and copying), during normal business hours, upon reasonable notice, to the books and records of the Group Companies with respect to periods or occurrences prior to or on the Closing Date with respect to any Tax audits, Tax Returns, insurance claims, governmental investigations, legal compliance or financial statement preparation. Unless otherwise consented to in writing by Seller, Buyer shall not, and shall not permit the Group Companies to, for a period of six (6) years following the Closing Date, destroy, alter or otherwise dispose of any of the books and records of any Group Company for any period prior to the Closing Date without first giving reasonable prior notice to Seller, and offering to surrender to Seller such books and records or any portion thereof that Buyer may intend to destroy, alter or dispose of. Notwithstanding the foregoing, (i) no such access or disclosure shall be permitted for a purpose related to a dispute or a potential dispute with or involving Buyer or any of its Subsidiaries (in which case the applicable rules of civil discovery shall apply) and (ii) Buyer shall not be required to provide access or disclose information to the extent that such access or disclosure would require Buyer or any Group Company to disclose information subject to attorney-client privilege or attorney work product privilege, conflict with any third party confidentiality obligations to which Buyer or any Group Company is bound, or violate any applicable Law; *provided* that, in the case of clause (ii), Buyer shall use commercially reasonable efforts to provide Seller such access or make such disclosure (or as much of it as possible) in a manner that does not have such consequences.

6.02 Notification. From the date hereof until the earlier of the termination of this Agreement and the Closing Date, if Buyer becomes aware of, or if there occurs after the date of this Agreement, any fact or condition that constitutes a breach of any representation or warranty made in Article IV or any covenant that, in either case, would cause the conditions set forth in Section 7.02(a) or (b), as applicable, not to be satisfied as of the Closing Date, Buyer shall disclose to Seller such breach.

6.03 Indemnification of Officers and Directors of Group Companies.

(a) From and after the Closing, Buyer shall, and shall cause the Group Companies and each of their respective Subsidiaries to, to the fullest extent permitted by applicable Law, indemnify, defend and hold harmless, and provide advancement of expenses to, each Person who is now, or has been at any time prior to the date hereof or who becomes prior to the Closing, an officer, director or employee of a Group Company (each, in their capacity as such, a "D&O Indemnified Party"), against all Losses in connection with any claim, Action, suit, proceeding or investigation based in whole or in part on or arising in whole or in part out of the fact that such Person is or was an officer, director or employee of a Group Company, and pertaining to any matter existing or occurring, or any acts or omissions occurring, at or prior to the Closing, whether asserted or claimed prior to, or at or after, the Closing (including matters, acts or omissions occurring in connection with the approval of this Agreement and the consummation of the transactions contemplated hereby) to the same extent that such Persons are indemnified or have the right to advancement of expenses as of the date hereof by the Group Companies pursuant to their respective Organizational Documents and indemnification agreements of the Group Companies, if any, in existence on the date hereof with any D&O Indemnified Party and that have been made available to Buyer.

(b) For a period of six (6) years after the Closing and at all times subject to applicable Law, Buyer shall not (and shall not cause or permit any Group Company to) amend or modify in any way adverse to the D&O Indemnified Parties, or to the beneficiaries thereof, the exculpation and indemnification provisions set forth in the Organizational Documents of the Group Companies. Prior to the Closing, Buyer shall purchase, or at Buyer's request, the Sold Company shall purchase (at Buyer's expense, and without duplication), a six (6) year "tail" prepaid directors' and officers' liability insurance policy, effective as of the Closing, providing, for a period of six (6) years after the Closing, the coverage and amounts, and terms and conditions, no less favorable in the aggregate than the Sold Company's directors' and officers' liability insurance policy in effect as of the date hereof; provided that in no event shall Buyer be required to expend for such policy an aggregate premium amount in excess of 300% of the premium amount per annum for the Sold Company's existing directors' and officers' insurance coverage. From and after the Closing, Buyer shall (and/or shall cause the Group Companies or its other subsidiaries or Affiliates, as applicable, to) continue to honor its obligations under any such insurance procured pursuant to this Section 6.03(b), and shall not cancel (or cause to be canceled) or take (or cause to be taken) any action or omission that would reasonably be expected to result in the cancellation thereof.

(c) Buyer agrees to pay, or to cause the Group Companies to pay, all expenses, including attorneys' fees, that may be incurred by the D&O Indemnified Parties in enforcing the indemnity and other obligations provided for in this Section 6.03 if such D&O Indemnified Parties ultimately prevail in such enforcement.

(d) If Buyer, the Sold Company or any of their respective successors or assigns proposes to (i) consolidate with or merge into any other Person and Buyer or the Group Companies shall not be the continuing or surviving corporation or entity in such consolidation or merger or (ii) transfer all or substantially all of its properties and assets to any Person, then, and in each case, proper provision shall be made prior to or concurrently with the consummation of such transaction so that the successors and assigns of Buyer or the Group Companies, as the case may be, shall, from and after the consummation of such transaction, honor the indemnification and other obligations set forth in this Section 6.03.

(e) With respect to any indemnification obligations of Buyer and/or the Group Companies pursuant to this Section 6.03, Buyer hereby acknowledges and agrees (i) that it and the Group Companies shall be the indemnitors of first resort with respect to all indemnification obligations of Buyer and/or the Group Companies pursuant to this Section 6.03 (*i.e.*, their obligations to an applicable D&O Indemnified Party are primary and any obligation of any other Person to advance expenses or to provide indemnification and/or insurance for the same expenses or Liabilities incurred by such D&O Indemnified Party are secondary) and (ii) that it irrevocably waives, relinquishes and releases any such other Person from any and all claims for contribution, subrogation or any other recovery of any kind in respect thereof.

(f) The provisions of this Section 6.03 shall survive the Closing and (i) are intended to be for the benefit of, and shall be enforceable by, each D&O Indemnified Party, and his or her successors, heirs and representatives and shall be binding on all successors and assigns of Buyer and the Group Companies and (ii) are in addition to, and not in substitution for, any other rights to indemnification or contribution that any such Person may have by Contract or otherwise.

6.04 Efforts to Consummate. Subject to the terms and conditions herein provided, from the date hereof until the earlier of the termination of this Agreement and the Closing Date, Buyer shall use reasonable best efforts to take, or cause to be taken, all actions and to do, or cause to be done, all things reasonably necessary, proper or advisable to consummate and make effective as promptly as practicable the transactions contemplated by this Agreement (including the satisfaction, but not waiver, of the Closing conditions set forth in Section 7.02). At Buyer's reasonable request, the Group Companies shall use commercially reasonable efforts to deliver such notices, or to obtain such third party consents or approvals, as may be required by any Lease or Material Contract in connection with the completion of the transactions contemplated hereby; *provided*, that in no event shall any Group Company be required to (and no Group Company shall without Buyer's prior written consent) undertake any material expenses or obligations in connection therewith other than (i) expenses that are funded or reimbursed by Buyer or (ii) obligations that are not effective prior to the Closing.

6.05 Employee Matters.

(a) Except as set forth in Schedule 6.05(a)(i), Buyer shall for at least 12 months following the Closing cause the Group Companies or one of Buyer's Affiliates to provide individuals who are employed by a Group Company immediately prior to the Closing and who continue their employment with Buyer or one of Buyer's Affiliates (including, after the Closing, the Group Companies) following the Closing (the "Post-Transaction Employees") with: (i) annual base salary or base wages, as applicable, target cash incentive compensation opportunities, and benefits that are substantially comparable in the aggregate to the annual base salary or base wages, as applicable, target cash incentive compensation opportunities and benefits provided to such Post-Transaction Employees immediately prior to the Closing (other than (A) equity or equity based incentives, (B) defined benefit pension, nonqualified compensation, equity or equity-based compensation, post-termination or retiree health and welfare benefits, or (C) change in control payments, retention payments, or other similar nonrecurring compensation (clauses (A), (B) and (C), collectively the "Excluded Benefits")); and (ii) severance rights substantially similar to the severance rights provided to similarly situated employees of Buyer; *provided*, that nothing in this Section 6.05 shall in any way provide any Post-Transaction Employee with any right to continued employment or limit Buyer's and its Affiliates' right to terminate the employment of any Post-Transaction Employee.

(b) For all purposes, including eligibility, vesting and benefit accrual under the employee benefit plans, programs or arrangements of Buyer or its Affiliates (including severance and paid time-off arrangements, but excluding any Excluded Benefits) in which any employee, individual independent contractor, officer or director will participate as of or after the Closing (the "Buyer Plans"), Buyer shall credit each Post-Transaction Employee with his or her years of service with the Group Companies, as applicable, and any predecessor entities, to the same extent as such Post-Transaction Employee was entitled immediately prior to the Closing to credit for such service under any similar Company Plan, except as would result in duplication of benefits. To the extent permitted by applicable Law and the terms of the applicable Buyer Plan, Buyer shall not, and shall cause its Affiliates to not, deny Post-Transaction Employees coverage on the basis of waiting time or any other eligibility criteria. To the extent permitted by applicable Law and the terms of the applicable Buyer Plan, Buyer shall, or shall cause the applicable Buyer Affiliate to, credit Post-Transaction Employees with out-of-pocket expenses and deductibles paid prior to the Closing in the applicable Company Plan year that includes the Closing for purposes of out-of-pocket maximum expenses and maximum deductibles under any comparable Buyer Plan in which Post-Transaction Employees participate after the Closing, with any such credit applying through the end of the applicable Buyer Plan year which includes the Closing. To the extent a Buyer Plan has a pre-existing condition limitation, Buyer shall, or shall cause the applicable Buyer Affiliate to, use reasonable commercial efforts to cause such limitation to be waived to the extent the limitation would otherwise result in a denial of coverage for a condition that a Post-Transaction Employee would have received coverage for prior to the Closing under the comparable Company Plan.

(c) Nothing contained herein shall be construed as requiring, and the Sold Company and its Subsidiaries shall take no action that would have the effect of requiring, Buyer or any of its Affiliates to continue any specific Company Plan or to continue the employment of any specific person. The provisions of this Section 6.05 are for the sole benefit of Buyer and Seller and nothing herein, expressed or implied, is intended or shall be construed to (i) establish, modify, amend or terminate any Company Plan or any Buyer Plan or any other benefit plan, program, agreement or arrangement (or an undertaking to establish, modify, amend or terminate any such plan) or of any compensation and benefits plans maintained for or provided to Post-Transaction Employees prior to or following the Closing; (ii) confer upon or give to any Person (including for the avoidance of doubt any current or former employees, officers, directors, or individual independent contractors of the Sold Company and its Subsidiaries), other than Buyer and Seller and their respective permitted successors and assigns, any legal or equitable or other rights or remedies (with respect to the matters provided for in this Section 6.06 or otherwise) under or by reason of any provision of this Agreement; or (iii) create any obligation on the part of Seller, Buyer or any of their respective Affiliates (including the Group Companies) to employ any employee, officer, director or individual independent contractor, including the Post-Transaction Employees, for any period following the Closing.

6.06 R&W Policy. Buyer shall not amend, waive or terminate the subrogation provisions in the R&W Insurance Policy in a manner adverse to Seller, without the prior written consent of Seller.

6.07 Financing.

(a) Buyer shall use its commercially reasonable efforts to take, or cause to be taken, all actions and do, or cause to be done, all things necessary, proper or advisable to arrange and consummate the Financing at the Closing on the terms and conditions set forth in the Financing Commitments, including using its commercially reasonable efforts to: (i) comply with and maintain the Financing Commitments in effect, (ii) negotiate and enter into definitive agreements with respect to the financing, (iii) comply with and perform the obligations applicable to it pursuant to the Financing Commitments, (iv) draw down on and consummate the financing if the conditions to the availability of the Financing have been satisfied or waived, including using its commercially reasonable best efforts to enforce its rights under any Financing Commitments and cause any Debt Financing Sources party to the Financing Commitments to fund the Financing at the Closing, and (v) satisfy on a timely basis all conditions applicable to the financing in such definitive agreements that are within its control. If any portion of the Financing expires or terminates or otherwise becomes unavailable prior to the Closing, Buyer shall use its commercially reasonable efforts to arrange for and obtain as promptly as practicable following the occurrence of any such event alternative financing (the "Alternative Financing") in an amount sufficient to consummate the transactions contemplated hereby and perform all of its obligations hereunder on terms (unless otherwise acceptable to Buyer) and conditions that are not materially less favorable or more onerous (including imposition of new conditions or expansion of existing conditions), in the aggregate, than those set forth in the Financing Commitments, it being understood that if Buyer proceeds with any Alternative Financing, Buyer and the Company shall be subject to the same obligations with respect to such Alternative Financing as set forth in this Agreement with respect to the Debt Financing.

(b) Buyer shall not replace, amend or waive the Financing Commitments executed by Buyer or any provision thereof without the Company's prior written consent if such replacement, amendment or waiver would, or would reasonably be expected to, when taken together with any other amendments, modifications, or waivers: (i) delay or prevent the Closing, (ii) make the funding of any of the Financing (or satisfaction of the conditions to obtaining any of the Financing) less likely to occur, (iii) adversely impact the ability of Buyer to enforce its rights against the other parties to the Financing Commitments or the definitive agreements with respect to the financing, the ability of Buyer to consummate the transactions contemplated hereby to be consummated at the Closing or the likelihood of the consummation of such transactions to be consummated at the Closing, (iv) reduce (or would reasonably be expected to have the effect of reducing) the aggregate amount of any of the Financing (including by changing the amount of fees to be paid or original issue discount of the Financing), or (v) impose new conditions or adversely expand, amend or modify any of the existing conditions to the receipt of any of the Financing, or otherwise add, expand, amend or modify any other provision of the Financing Commitments, in a manner that would reasonably be expected to delay or prevent the funding of any of the Financing (or satisfaction of the conditions to any of the Financing) at the Closing. Upon the effectiveness of any permitted amendment, supplement, modification or replacement of the Financing Commitments (including with respect to any Alternative Financing) in accordance with this Section 6.07, and references to "Financing", "Equity Financing", "Debt Financing" and/or "Alternative Financing" shall include the financing contemplated by the Financing Commitments as so amended, supplemented, modified or replaced.

(c) Buyer shall provide Seller prompt (but in any event, within two (2) Business Days) notice (i) upon becoming aware of any material breach, default, repudiation, cancellation or termination (or any event or circumstance that, with or without notice, lapse of time or both, would reasonably be expected to give rise to any material breach, default, repudiation, cancellation or termination) by any party to the Financing Commitments or such other agreements or documents (including any definitive agreements) relating to the Financing or any termination of any commitments under the Financing Commitments or such other agreements or documents (including any definitive agreements) relating to the Financing, (ii) upon receipt by Buyer or any of its Affiliates or Representatives of any written notice or other written communication of any such material breach, default, repudiation, cancellation or termination, (iii) of any dispute or disagreement between or among the parties to the Financing Commitments or the definitive documents related to the Financing with respect to the obligation to fund any of the Financing or the amount of the Financing to be funded at the Closing, and (iv) if for any reason Buyer believes in good faith that it will not be able to obtain all or any portion of the Financing on the terms, in the manner or from the sources contemplated by the Financing Commitments or the definitive documents related to the Financing in any manner which impairs, delays or prevents the consummation of the transactions contemplated hereby. As soon as reasonably practicable, but in any event within two (2) Business Days after the date Seller delivers Buyer a written request, Buyer shall provide any information reasonably requested by Seller relating to any circumstance referred to in clause (i), (ii) or (iii) of the immediately preceding sentence. In addition, Buyer shall, upon reasonable request of Seller, keep Seller informed on a reasonably current basis and in reasonable detail of the status of its efforts to finalize the Financing and provide to Seller copies of all definitive documents related to the Financing.

ARTICLE VII

CONDITIONS TO CLOSING

7.01 Conditions to Parent's and Buyer's Obligations. The obligations of Parent and Buyer to consummate the transactions contemplated by this Agreement are subject to the satisfaction (or, if permitted by applicable Law, waiver by Buyer in writing) of the following conditions as of the Closing Date:

(a) (i) Company Fundamental Representations (other than the representations and warranties contained in the second and third sentences of Section 3.04(a) be true and correct (without giving effect to any limitation as to "materiality" or "Material Adverse Effect" or similar qualifiers set forth therein) in all material respects at and as of the Closing Date as though

made at and as of the Closing Date (except to the extent expressly made as of an earlier date, in which case only as of such date), (ii) the representations and warranties of Seller contained in the second and third sentences of Section 3.04(a) shall be true and correct in all respects at and as of the Closing Date as though made at and as of the Closing Date and (iii) all other representations and warranties of Seller contained in Article III of this Agreement shall be true and correct (without giving effect to any limitation as to "materiality" or "Material Adverse Effect" or any similar qualifiers set forth therein) at and as of the Closing Date as though made at and as of the Closing Date (except to the extent expressly made as of an earlier date, in which case only as of such date), except, in the case of this clause (iii), where the failure of such representations and warranties to be so true and correct (without giving effect to any limitation as to "materiality" or "Material Adverse Effect" or similar qualifiers that may be set forth therein) does not in the aggregate constitute a Material Adverse Effect;

(b) Seller shall have performed and complied with in all material respects all of the covenants and agreements required to be performed by it under this Agreement at or prior to the Closing;

(c) the applicable waiting periods, if any, under the HSR Act shall have expired or been terminated;

(d) there shall be no decree or order entered into by any Governmental Entity, and there shall be no other applicable Law enacted after the date hereof, that would prevent the performance of this Agreement or the consummation of any of the transactions contemplated hereby, declare unlawful the transactions contemplated by this Agreement or cause such transactions to be rescinded (a "Legal Restraint");

(e) Seller shall have delivered to Buyer each of the following:

(i) a certificate of an authorized officer of Seller in his or her capacity as such, dated as of the Closing Date, stating that the conditions specified in Sections 7.01(a), (b) and (g) have been satisfied;

(ii) certified copies of resolutions duly adopted by Seller's board of directors authorizing the execution, delivery and performance of this Agreement and the other agreements contemplated hereby, and the consummation of all transactions contemplated hereby and thereby;

(iii) duly executed resignations, in form and substance reasonably satisfactory to Buyer, or evidence of removal of each of the directors, officers, managers and other Persons holding similar titles for the Group Companies, in their capacities as such, effective as of the Closing (unless Buyer requests that any such resignation not be delivered);

(iv) the Required Financial Statements;

(v) a duly executed and completed IRS Form W-9; *provided*, *however*, that Buyer's only remedy for Seller's failure to provide an IRS Form W-9 is to withhold on payments to Seller in accordance with Section 1.06; and

(vi) a duly executed counterpart of the Seller Registration Rights Agreement;

(f) if a CFIUS Investigation has been initiated, then the CFIUS Approval shall have been obtained and shall remain in full force and effect;

(g) there shall not have been a Material Adverse Effect which has occurred since the date hereof; and

(h) the Escrow Agreement shall have been executed and delivered by Seller and the Escrow Agent.

If the Closing occurs, all Closing conditions set forth in this Section 7.01 that have not been fully satisfied as of the Closing shall be deemed to have been waived by Parent and Buyer.

7.02 Conditions to Seller's Obligations. The obligation of Seller to consummate the transactions contemplated by this Agreement is subject to the satisfaction (or, if permitted by applicable Law, waiver by Seller in writing) of the following conditions as of the Closing Date:

(a) (i) Buyer Fundamental Representations shall be true and correct in all material respects (without giving effect to any limitation as to "materiality" or "Buyer Material Adverse Effect" or similar qualifiers set forth therein) at and as of the Closing Date as though made at and as of the Closing Date (except to the extent expressly made as of an earlier date, in which case only as of such date) and (ii) all other representations and warranties contained in Article IV of this Agreement shall be true and correct (without giving effect to any limitation as to "materiality" or "Buyer Material Adverse Effect" or similar qualifiers set forth therein) at and as of the Closing Date as though made at and as of the Closing Date (except to the extent expressly made as of an earlier date, in which case only as of such date), except, in the case of this clause (ii), where the failure of such representations and warranties to be so true and correct (without giving effect to any limitation as to "materiality" or "Buyer Material Adverse Effect" set forth therein) has not had, and would not have, a Buyer Material Adverse Effect;

(b) Buyer shall have performed and complied with in all material respects all the covenants and agreements required to be performed by it under this Agreement at or prior to the Closing;

(c) The applicable waiting periods, if any, under the HSR Act shall have expired or been terminated;

(d) There shall be no decree or order entered into by any Governmental Entity, and there shall be no other applicable Law enacted after the date hereof, that would prevent the performance of this Agreement or the consummation of any of the transactions contemplated hereby, declare unlawful the transactions contemplated by this Agreement or cause such transactions to be rescinded;

(e) Buyer shall have delivered to Seller each of the following:

(i) a certificate of an authorized officer of Buyer in his or her capacity as such, dated as of the Closing Date, stating that the conditions specified in Sections 7.02(a) and (b) have been satisfied;

(ii) certified copies of the resolutions duly adopted by Buyer's board of directors (or its equivalent governing body) authorizing the execution, delivery and performance of this Agreement;

(iii) a duly executed counterpart of the Seller Registration Rights Agreement; and

(f) The Escrow Agreement shall have been executed and delivered by Buyer and the Escrow Agent, and the Escrow Amount shall have been deposited in the Escrow Account.

If the Closing occurs, all closing conditions set forth in this Section 7.02 that have not been fully satisfied as of the Closing shall be deemed to have been waived by Seller.

ARTICLE VIII

SURVIVAL

8.01 Survival. No representation, warranty, covenant or other agreement contained in this Agreement or in any instrument or certificate delivered by any Party at the Closing will survive the Closing or termination of this Agreement, and no Party shall have any Liability to the other Parties after the Closing for any breach thereof, except for (i) Fraud brought against the Person who committed such Fraud, (ii) covenants and agreements that expressly contemplate performance after the Closing or after the termination of this Agreement and (iii) claims under any Transaction Document to which such Person is a party, each of which will survive in accordance with its terms; provided that, for the avoidance of doubt, nothing in this Section 8.01 shall impair a party's rights under Section 9.02 in the event this Agreement has been validly terminated, and the other Party had committed a Willful Breach of this Agreement prior to the time of such termination. Each of Parent (on behalf of itself and its Subsidiaries and each of their respective directors, managers and officers, each a "Buyer Related Party") and Seller (on behalf of itself and its Affiliates and each of their respective directors, managers, officers, general partners, equityholders and managing members, each a "Seller Related Party") agrees that, from and after the Closing, under no circumstances will the Seller Related Parties, in the case of Buyer, or the Buyer Related Parties, in the case of Seller, have any Liability or responsibility to any other Person for any losses or other Liabilities relating to or arising from any actual or alleged breach of any representation or warranty or any covenant or agreement to have been performed prior to the Closing set forth in this Agreement (or any Exhibit, Schedule or certificate delivered hereunder), including by virtue of or based upon any alleged misrepresentation or inaccuracy in or breach of any of the representations or warranties or covenants or obligations set forth in this Agreement that are to be performed prior to the Closing, any certificate, instrument, opinion or other documents delivered hereunder, whether by the enforcement of any assessment or by any legal or equitable proceeding, or by virtue of any statute, regulation or other applicable Law, except for any claim of Fraud brought against the Person who committed such Fraud.

ARTICLE IX

TERMINATION

9.01 Termination. This Agreement may be terminated at any time prior to the Closing:

(a) by the mutual written consent of Buyer and Seller;

(b) by Buyer, if any of the representations or warranties of Seller set forth in Article III shall not be true and correct, or if Seller has failed to perform any covenant or agreement on the part of Seller set forth in this Agreement (including an obligation to consummate the Closing), such that the conditions to Closing set forth in either Section 7.01(a) or (b) would not (in the absence of a waiver) be satisfied and, in the case of any breach capable of being cured, the breach or breaches causing such representations or warranties not to be true and correct, or the failures to perform any covenant or agreement, as applicable, are not cured prior to the earlier of (x) twenty (20) Business Days after written notice thereof is delivered to Seller and (y) the Outside Date; *provided*, that Buyer is not then in breach of this Agreement such that the conditions to Closing set forth in either Section 7.02(a) or (b) would not (in the absence of a waiver) be satisfied;

(c) by Seller, if any of the representations or warranties of Buyer set forth in Article IV shall not be true and correct, or if Buyer has failed to perform any covenant or agreement on the part of Buyer, respectively, set forth in this Agreement (including an obligation to consummate the Closing), such that the conditions to Closing set forth in either Section 7.02(a) or (b) would not (in the absence of a waiver) be satisfied and, in the case of any breach capable of being cured, the breach or breaches causing such representations or warranties not to be true and correct, or the failures to perform any covenant or agreement, as applicable, are not cured prior to the earlier of (x) twenty (20) Business Days after written notice thereof is delivered to Buyer and (y) the Outside Date; *provided*, that Seller is not then in breach of this Agreement such that the conditions to Closing set forth in either Section 7.01(a) or (b) would not (in the absence of a waiver) be satisfied; *provided further*, that the failure to deliver the Equity Consideration, the Closing Cash Payment or the payments contemplated by Section 2.02 at the Closing as required hereunder shall be subject to only a three (3) Business Day cure period hereunder unless otherwise agreed to in writing by Seller;

(d) by Buyer or Seller, if the transactions contemplated by this Agreement shall not have been consummated on or prior to November 22, 2021 (such date, the "Outside Date") and the Party seeking to terminate this Agreement pursuant to this Section 9.01(d) shall not have breached in any material respect its obligations under this Agreement in any manner that shall have proximately caused the failure to consummate the transactions contemplated by this Agreement on or before the Outside Date;

(e) by Seller if (i) all of the conditions to the Closing set forth in Article VII have been satisfied or waived (other than conditions that, by their nature, are to be satisfied at the Closing but subject to such conditions being capable of being satisfied at the Closing), (ii) the Closing shall not have been consummated on or before the date required by Section 2.01, (iii) Seller has irrevocably confirmed by written notice to Buyer that all of the conditions to the Closing set forth in Article VII have been satisfied or waived (other than conditions that, by their nature, are to be satisfied at the Closing but subject to such conditions being capable of being satisfied at the Closing) or that it is willing to waive any such unsatisfied conditions if the Closing is consummated and that Seller is ready, willing and able to consummate the Closing and (iv) Seller does not consummate the Closing within three (3) Business Days following delivery of such notice;

(f) by Buyer or Seller, if there shall be any Final CFIUS Turndown;

(g) by Buyer or Seller, if any Legal Restraint shall have become final and non appealable; or

(h) by Buyer, after September 7, 2021, but on or prior to September 17, 2021, if the Required June Financial Statements have not been delivered on or prior to September 7, 2021; *provided*, that Buyer is not then in breach of this Agreement such that the conditions to Closing set forth in either Section 7.02(a) or (b) would not (in the absence of a waiver) be satisfied; *provided further*, that concurrently with such a termination pursuant to this Section 9.01(h), Buyer shall pay to Seller or its designee $25,000,000 (the "Termination Payment") in accordance with Section 9.02(b); *provided further*, that Buyer shall not be allowed to terminate the Agreement pursuant to this subsection (h) if Ernst & Young ceases work on the interim financial statements or Seller is otherwise required to change its independent auditors performing the review of their financial statements for independence issues raised by the auditors; or

(i) by Buyer, after September 17, 2021, but on or prior to September 24, 2021, if the Required June Financial Statements have not been delivered on or prior to September 17, 2021; *provided*, that Buyer is not then in breach of this Agreement such that the conditions to Closing set forth in either Section 7.02(a) or (b) would not (in the absence of a waiver) be satisfied; *provided further*, that Buyer shall not be allowed to terminate the Agreement pursuant to this subsection (i) if Ernst & Young ceases work on the interim financial statements or Seller is otherwise required to change its independent auditors performing the review of their financial statements for independence issues raised by the auditors.

9.02 Effect of Termination.

(a) In the event this Agreement is terminated by either Buyer or Seller as provided above, the provisions of this Agreement shall immediately become void and of no further force and effect (other than the last two (2) sentences of Section 5.02, this Section 9.02, Article XI and Article XII hereof, which shall survive the termination of this Agreement (other than the provisions of Section 12.18, which shall terminate)), and there shall be no Liability on the part of either Party to one another; *provided*, that no such termination shall relieve any Party from any Liability or damages resulting from a Willful Breach prior to such termination of any of such Party's representations, warranties, covenants or agreements set forth in this Agreement. Without limiting any Party's rights under any other provision of this Agreement (including any Party's right to specific performance pursuant to Section 12.18), either Party may petition a court to award damages in connection with any Willful Breach by the other Party of this Agreement. For all purposes of this Agreement, the failure of Buyer to consummate the Closing for any reason when required pursuant to the terms of this Agreement and/or to make the payments to Seller or any other Person pursuant to Article I and Article II for any reason when required pursuant to the terms of this Agreement shall, in each case, be a Willful Breach of this Agreement by Buyer that (i) has prevented consummation of the transactions contemplated hereby and (ii) gives rise to the Sold Company's termination right pursuant to Section 9.01(c) (subject to the cure period described in the last proviso of Section 9.01(c)). No termination of this Agreement shall affect the obligations contained in the Confidentiality Agreement, all of which obligations shall survive termination of this Agreement in accordance with their terms.

(b) If this Agreement is terminated pursuant to Section 9.01(h), then Buyer shall concurrently with such termination pay (or cause to be paid) to Seller or its designee in cash by wire transfer in immediately available funds to an account designated by Seller the Termination Payment; provided, however, if the Seller fails to pay (or cause to be paid) any portion of the Termination Payment when expressly required pursuant this Section 9.02(b) or Section 9.01(h) and Seller commences suit which results in a final, non-appealable judgment against Buyer for the Termination Payment, or any portion thereof, then Buyer shall pay (or cause to be paid to) Seller its reasonable and documented costs and expenses (including attorney's fees) in connection with such suit, together with interest on the Termination Payment at the prime rate (as published in the Wall Street Journal) in effect on the date such payment was required to be made through the date of payment ("Enforcement Costs").

ARTICLE X

ADDITIONAL COVENANTS

10.01 Disclosure Schedules. All Disclosure Schedules attached hereto (each, a "Schedule" and, collectively, the "Disclosure Schedules") are incorporated herein and expressly made a part of this Agreement as though completely set forth herein. All references to this Agreement herein or in any of the Disclosure Schedules shall be deemed to refer to this entire Agreement, including all Disclosure Schedules. The Disclosure Schedules have been arranged for purposes of convenience in separately numbered sections corresponding to the sections of this Agreement; however, any item disclosed in any part, subpart, section or subsection of the Disclosure Schedule shall be deemed to have been disclosed with respect to every other section and subsection of the Disclosure Schedule if the relevance of such disclosure to such other section or subsection is reasonably apparent on its face, notwithstanding the omission of an appropriate cross-reference. Any item of information, matter or document disclosed or referenced in, or attached to, the Disclosure Schedules shall not (a) be used as a basis for interpreting the terms "material", "Material Adverse Effect" or other similar terms in this Agreement or to establish a standard of materiality, (b) represent a determination that such item or matter did not arise in the Ordinary Course of Business, (c) be deemed or interpreted to expand the scope of Seller's or Buyer's respective representations and warranties contained herein, (d) constitute, or be deemed to constitute, an admission of liability or obligation regarding such matter, (e) represent a determination that the consummation of the transactions contemplated by this Agreement requires the consent of any third party, (f) constitute, or be deemed to constitute, an admission to any third party concerning such item or matter or (g) constitute, or be deemed to constitute, an admission or indication by Seller to Buyer that such item meets any or all of the criteria set forth in this Agreement for inclusion in the Disclosure Schedules. No reference in the Disclosure Schedules to any Contract shall, by itself, be construed as an admission or indication that such Contract is enforceable or currently in effect or that there are any obligations remaining to be performed or any rights that may be exercised under such Contract. No disclosure in the Disclosure Schedules relating to any possible breach or violation of any agreement or Law shall be construed as an admission or indication that any such breach or violation exists or has actually occurred. Capitalized terms used in the Disclosure Schedules and not otherwise defined therein have the meanings given to them in this Agreement.

10.02 Regulatory Approvals.

(a) Subject to the terms and conditions hereof, each of Seller, Buyer and Parent agrees to use its reasonable best efforts to take, or cause to be taken, all actions, to file, or cause to be filed, all documents and to do, or cause to be done, all things necessary, proper or advisable to consummate the Contemplated Transactions, including preparing and filing as promptly as practicable all documentation to effect all necessary filings, consents, waivers, approvals, authorizations, Permits or Orders from all Governmental Entities. In furtherance and not in limitation of the foregoing, each of Parent, Buyer, and, where applicable, Seller undertakes and agrees to (and, in the case of Seller, Seller undertakes and agrees to cause UPE to) (i) make, or cause to be made, an appropriate filing of a Notification and Report Form pursuant to the HSR Act with respect to the Contemplated Transactions as promptly as practicable (and in any event within ten (10) Business Days) after the date hereof, and, to the extent permitted by applicable Law, request and use reasonable best efforts to obtain early termination of the waiting period under the HSR Act; and (ii) supply as promptly as reasonably practicable any additional information and documentary material that may be requested pursuant to the HSR Act. Buyer shall be responsible for all filing fees under the HSR Act.

(b) Further, and without limiting the generality of the rest of this Section 10.02, each of the Parties shall cooperate in all respects with each other in connection with any filing or submission and in connection with any investigation or other inquiry and shall promptly (i) furnish to the other Parties such necessary information and reasonable assistance as the other Parties may request in connection with the foregoing, (ii) inform the other Parties of any communication from any Governmental Entity regarding any of the Contemplated Transactions, and (iii) provide counsel for the other Parties with copies of all filings made by such Party, and all correspondence between such Party (and its advisors) with any Governmental Entity and any other information supplied by such Party and such Party's Affiliates to a Governmental Entity or received from such a Governmental Entity in connection with the Contemplated Transactions; *provided,* that materials may be redacted as necessary to comply with contractual arrangements and with applicable Law. Each Party shall, subject to applicable Law, permit counsel for the other Parties to review in advance, and consider in good faith the views of the other Parties in connection with, any proposed written communication to any Governmental Entity in connection with the Contemplated Transactions. The Parties agree not to participate, or to permit their Affiliates to participate, in any scheduled substantive meeting or discussion, either in person or by telephone, with any Governmental Entity in connection with the Contemplated Transactions unless it consults with the other Parties in advance and, to the extent not prohibited by such Governmental Entity, gives the other Parties the opportunity to attend and participate.

(c) Further, and without limiting the generality of the rest of this Section 10.02, and subject to Section 10.02(f), each of Parent and Buyer shall use reasonable best efforts to avoid or eliminate each and every impediment under the HSR Act or any other requirements under antitrust, competition, regulatory or trade regulation Law applicable to the transactions contemplated by this Agreement that may be asserted by any Governmental Entity with respect to this Agreement so as to make effective as promptly as practicable the Contemplated Transactions and to avoid any suit or proceeding, which would otherwise have the effect of preventing the Closing. Subject to Section 10.02(f), steps involved in the preceding sentence shall include, without limitation, (i) defending through litigation on the merits, including appeals, any claim asserted in any court or other proceeding by any party; or (ii) agreeing to take any other action as may be required by a Governmental Entity in order (A) to obtain all necessary consents, approvals and authorizations as soon as reasonably possible, and in any event before the Outside Date, (B) to avoid the entry of, or to have vacated, lifted, dissolved, reversed or overturned any decree, judgment, injunction or other Order, whether temporary, preliminary or permanent, that is in effect in any Actions and that prohibits, prevents or restricts consummation of the Contemplated Transactions, or (C) to effect the expiration or termination of any waiting period, which would otherwise have the effect of preventing the Closing. At the request of Buyer, Seller shall agree to take any action with respect to the Group Companies in the two preceding sentences or the last sentence of this Section 10.02(c) (but shall not take any of such actions without such a request); *provided* that any such action is conditioned upon (and shall not be completed prior to) the consummation of the Contemplated Transactions. Buyer shall not, and shall cause each of its Affiliates not to, take any action that is intended to or that would reasonably be expected to adversely affect the ability of any of the Parties from obtaining (or cause delay in obtaining) any necessary approvals of any Governmental Entity required for the Contemplated Transactions, from performing its covenants and agreements under this Agreement, or from consummating the Contemplated Transactions. Without limiting the foregoing, subject to Section 10.02(f), Buyer shall, and Buyer shall cause its Affiliates to, (i) propose, negotiate, commit to and effect, by consent decree, hold separate orders, or otherwise, the sale, divestiture, disposition, or license of any assets, properties, products, product lines, services, businesses, or rights of Buyer or its Affiliates or, effective as of the Closing, the Group Companies, or their respective Subsidiaries or any interest or interests therein and (ii) otherwise take or commit to take any action that limits its freedom of action with respect to, or its ability to retain, any of the assets, properties, products, product lines services, or businesses of Buyer or its Affiliates, or effective as of the Closing, the Group Companies or their respective Subsidiaries or any interest or interests therein, in order to avoid the entry of, or to effect the dissolution of, any Order in any Action, or any impediment under the HSR Act or any other requirements under antitrust, competition, regulatory or trade regulation Law applicable to the transactions contemplated by this Agreement that would otherwise have the effect of preventing the consummation of the Contemplated Transactions.

(d) Buyer shall not, and shall cause its Subsidiaries not to, enter into any transaction, or any agreement to effect any transaction (including any merger or acquisition), that would reasonably be expected to (i) prevent or materially impair or materially delay the ability of Buyer to (A) satisfy the expiration or termination of the waiting period under the HSR Act or any other requirements under antitrust, competition, regulatory or trade regulation Law applicable to the transactions contemplated by this Agreement or (B) obtain all authorizations, consents, orders and approvals of Governmental Entities necessary for the consummation of the transactions contemplated by this Agreement, or (ii) result in the entry of, or the commencement of litigation seeking the entry of, any injunction, temporary restraining order or other order that would prevent the consummation of the transactions contemplated by this Agreement.

(e) Neither Parent nor any Affiliates will submit a notice to, or otherwise notify in any manner, CFIUS with respect to the Contemplated Transactions, unless CFIUS requests the filing of a notice under Section 721 or CFIUS otherwise notifies Parent or Seller of the commencement of a CFIUS Investigation with respect to the Contemplated Transactions ("CFIUS Request or Notification"). In the event CFIUS conveys a CFIUS Request or Notification by telephone or other non-written means, either Parent or Seller may request that CFIUS document the CFIUS Request or Notification in writing, in which case an email from CFIUS shall constitute satisfactory written notice. If CFIUS provides a CFIUS Request or Notification in writing, then Parent and Seller shall as promptly as reasonably practicable submit to CFIUS a draft of a joint voluntary notice with respect to the Contemplated Transactions. Parent and Seller shall submit a final CFIUS joint voluntary notice with respect to the Contemplated Transactions pursuant to Section 721 as promptly as reasonably practicable after receiving any comments from CFIUS to the draft CFIUS notice. Each of Parent and Seller shall cooperate with each other in connection with the CFIUS notice and shall promptly, and, in all events, consistent with any deadline imposed under Section 721 or other applicable Law, (i) comply with any request from CFIUS for any certification, additional information, documents or other materials in respect of the final CFIUS notice, and (ii) ensure that any information furnished in respect of this Section 10.02(e) is true, complete and correct in all material respects, in each case, based on the applicable inquiry from CFIUS.

(f) Notwithstanding anything to the contrary in this Agreement, Parent and its Affiliates shall not be required under this Section 10.02 to take any actions that would reasonably be expected, individually or in the aggregate, to have a material adverse effect on the business, financial condition or results of operations of Parent, the Sold Company and their respective subsidiaries, taken as a whole, provided, however, that for this purpose, Parent, the Sold Company and their respective subsidiaries, taken as a whole, shall be deemed a consolidated group of entities of the size and scale of a hypothetical company that is 100% of the size of the Sold Company and its subsidiaries, taken as a whole.

10.03 Tax Matters.

(a) All Transfer Taxes arising out of or in connection with the transactions contemplated by this Agreement shall be borne 50% by Seller and 50% by Buyer. The Parties will cooperate with each other and use their commercially reasonable efforts to minimize Transfer Taxes, subject to applicable Law. The Party required by applicable Law to file all necessary Tax Returns and other documentation with respect to all such Transfer Taxes shall timely and properly file all such documentation and such Tax Returns.

(b) For all purposes under this Agreement, in respect of any Straddle Period, the portion of Taxes that are allocable to a Pre-Closing Tax Period will be: (i) in the case of real property Taxes (and Taxes computed on a similar basis), the amount of such Tax for the entire Straddle Period multiplied by a fraction the numerator of which is the number of days in the Straddle Period ending on and including the Closing Date and the denominator of which is the total number of days in the entire Straddle Period, and (ii) in the case of any other types of Taxes, the amount that would be payable if the relevant Straddle Period ended on and included the Closing Date. For this purpose, the taxable year of a Group Company (or any former Subsidiary of any Group Company) that is a "controlled foreign corporation" (as defined in Section 957 of the Code) shall be deemed to have closed on the Closing Date, including for purposes of computing any inclusion under Sections 951 or 951A of the Code.

(c) Without Seller's prior written consent (which shall not be unreasonably withheld, delayed or denied), Buyer shall not, and shall not permit any of its Affiliates (including the Group Companies after the Closing) to make an election under Section 338 of the Code (or any comparable applicable provision of state, local or foreign Tax law) with respect to the transactions contemplated by this Agreement.

(d) All Tax Sharing Agreements (other than any customary commercial agreements entered into in the Ordinary Course of Business the primary purpose of which does not relate to Taxes and which do not involve a sale of assets or an entity) between Seller, on the one hand, and any Group Company, on the other hand, shall be terminated as of the Closing Date and, after the Closing Date, none of the Group Companies shall be bound thereby or have any liability thereunder.

ARTICLE XI

DEFINITIONS

11.01 Definitions. For purposes hereof, the following terms when used herein shall have the respective meanings set forth below:

"280G Waiver" shall have the meaning set forth in Section 5.07.

"Accounting Principles" means, in accordance with GAAP as in effect at the date of the financial statement to which it refers or, if there is no such financial statement, then as of the Closing Date, using and applying the same accounting principles, practices, procedures, policies and methods (with consistent classifications, judgments, elections, inclusions, exclusions and valuation and estimation methodologies) used and applied by the Group Companies in the preparation of the Audited Balance Sheet and as set forth in the Reference Statement. To the extent the Audited Balance Sheet and/or the Reference Statement are inconsistent with GAAP, the accounting principles, practices, procedures, policies and methods used in the preparation of the Audited Balance Sheet or set forth on the Reference Statement shall control. To the extent the Audited Balance Sheet is inconsistent with the Reference Statement, the accounting principles, practices, procedures, policies and methods set forth on the Reference Statement shall control. In any event, the Accounting Principles (i) shall be based on facts and circumstances as they exist as of the Closing and shall exclude the effect of any act, decision or event occurring after the Closing, and (ii) shall follow the defined terms contained in this Agreement.

"Accredited Investor" means an "accredited investor" as that term is defined in Rule 501 of Regulation D of the Securities Act.

"Accredited Investor Questionnaire" means a questionnaire in the form attached hereto as Exhibit B or such other form as may be approved by Parent in its reasonable discretion.

"Acquisition Transaction" shall have the meaning set forth in Section 5.02.

"Action" shall have the meaning set forth in Section 3.12.

"Acquired Parent Ordinary Shares" shall have the meaning set forth in Section 3.05(b).

"Affiliate" of any particular Person means any other Person controlling, controlled by or under common control with such particular Person, where "control" means the possession, directly or indirectly, of the power to direct the management and policies of a Person, whether through the ownership of voting securities, contract or otherwise.

"Affordable Care Act" shall have the meaning set forth in Section 3.14(b).

"Allocation Schedule" means the allocation schedule setting forth the following information (in each case, disregarding the transactions contemplated by the Holdback Agreements):

(i) each Equityholder's name, address and email address (if available);

(ii) the number of Parent Ordinary Shares and the portion of the Closing Cash Payment (solely for this purpose, calculated to include the Holdback Cash Amount) that would be distributed to each Equityholder in accordance with the Organizational Documents of Seller and Seller Parent, as applicable, if Seller and Seller Parent were liquidated immediately after Closing; and

(iii) whether Seller has a current W-2 evidencing that each Equityholder is an Accredited Investor.

"Alternative Financing" shall have the meaning set forth in Section 6.07(a).

"Anti-Corruption Laws" shall have the meaning set forth in Section 3.22(a).

"Attorney-Client Communications" shall have the meaning set forth in Section 12.19(b).

"Base Consideration" means $760,000,000.

"BofA Loan Agreement" means that certain Amended and Restated Loan and Security Agreement, dated as of October 18, 2016 (as amended, modified or supplemented from time to time including most recently by the Seventh Amendment and Limited Release to Amended and Restated Loan and Security Agreement, dated as of May 21, 2020) by and among the Sold Company, Connexity, Inc., Connexity Audience, Inc. as borrowers, Shop Holding Corporation, as a loan party, the other loan parties from time to time party thereto, the financial institutions party thereto from time to time as lenders, and Bank of America, N.A., as agent for the lenders.

"Business Day" means a day that is neither a Saturday, Sunday, nor any other day on which banking institutions in San Francisco, California are authorized or obligated by Law to close.

"Buyer" shall have the meaning set forth in the Recitals.

"Buyer Arrangements" shall have the meaning set forth in Section 5.07.

"Buyer Fundamental Representations" means the representations and warranties of Buyer set forth in Sections 4.01, 4.02 and 4.06.

"Buyer Material Adverse Effect" means any change, effect, event, occurrence, state of facts or development that, individually or in the aggregate, has had or would have a material adverse effect on the ability of Buyer to consummate the transactions contemplated hereby.

"Buyer Obligations" shall have the meaning set forth in Section 12.21(a).

"Buyer's Representatives" shall have the meaning set forth in Section 5.02.

"Cash" means, as of the Reference Time (before taking into account the consummation of the transactions contemplated hereby), cash and cash equivalents of the Group Companies on hand or in bank accounts including security deposits, deposits in transit and uncleared checks, in each case, as determined in accordance with the Accounting Principles, but not including (i) uncleared wires and drafts drawn on the account of any Group Company, and (ii) the aggregate amount of outstanding and unpaid checks issued by or on behalf of the Group Companies as of such time.

"CFIUS" means the Committee on Foreign Investment in the United States and each member agency thereof acting in such capacity.

"CFIUS Approval" means (a) CFIUS has concluded that none of the Contemplated Transactions is a "covered transaction" subject to review under the DPA; (b) CFIUS has issued a written notice that it has completed a review or investigation of the notification voluntarily provided pursuant to the DPA with respect to the Contemplated Transactions, and has concluded all action under the DPA; or (c) CFIUS has sent a report to the President of the United States requesting the President's decision and (A) the President has announced a decision not to take any action to suspend or prohibit the Contemplated Transactions or (B) the President has announced a decision not to exercise authority under the DPA to prohibit the Contemplated Transactions within 15 days after the date on which the President received such report from CFIUS.

"CFIUS Investigation" means a CFIUS review or investigation of the transactions contemplated hereby under Section 721.

"CFIUS Request or Notification" shall have the meaning set forth in Section 10.02(e).

"Closing Cash Payment" means (i) the Estimated Cash Consideration minus (ii) the Escrow Amount minus (iii) the Holdback Cash Amount.

"COBRA" means Part 6 of Subtitle B of Title I of ERISA, Section 4980B of the Code and any similar state Law.

"Code" means the U.S. Internal Revenue Code of 1986, as amended.

"Company Fundamental Representations" means the representations and warranties of Seller set forth in Sections 3.01(a), 3.02, 3.03(a), 3.03(b)(i), 3.03(c), 3.04(a), 3.05 and 3.20.

"Company IP" means all Intellectual Property Rights and Technology owned by or purported to be owned by any Group Company.

"Company Owned Software" shall have the meaning set forth in Section 3.11(j).

"Company Plan" means (i) an "employee benefit plan" within the meaning of Section 3(3) of ERISA, (ii) a stock bonus, stock purchase, stock option, restricted stock, stock appreciation right or similar equity-based plan, (iii) any compensation, employment, consulting, severance, termination protection, change in control, transaction bonus, retention or similar plan, agreement, arrangement, program or policy or (iv) any other plan, agreement, arrangement, program or policy providing for compensation, bonuses, profit-sharing, equity or equity-based compensation or other forms of incentive or deferred compensation, vacation benefits, insurance (including any self-insured arrangement), medical, dental, vision, prescription or fringe benefits, life insurance, relocation or expatriate benefits, perquisites, disability or sick leave benefits, employee assistance program, workers' compensation, supplemental unemployment benefits or post-employment or retirement benefits (including compensation, pension, health, medical or insurance benefits), in each case, (x) sponsored, maintained, contributed to, or required to be contributed to by any of the Group Companies for the benefit of any employee of the Group Companies, or (y) for which any Group Company has any direct or indirect liability, other than any schemes or arrangements mandated by a government outside of the United States.

"Company Products" means products from which the Group Companies are deriving or are scheduled to derive, revenue from the sale, license, maintenance or provision thereof.

"Confidentiality Agreement" shall have the meaning set forth in Section 5.02.

"Contemplated Transactions" means the transactions contemplated by this Agreement and the other Transaction Documents.

“Contract” means any agreement, contract, arrangement, lease, loan agreement, security agreement, license, indenture or other similar instrument or obligation to which the party in question is a party, whether oral or written, other than any Company Plan, in each case, to the extent legally binding.

“Credit Agreements” means the WhiteHorse Loan Agreement and the BofA Loan Agreement.

“D&O Indemnified Party” shall have the meaning set forth in Section 6.03(a).

“Data Security Requirements” means, collectively, all of the following to the extent relating to data treatment or otherwise relating to privacy, security, or security breach notification requirements and applicable to the Group Companies, to the conduct of the business of the Group Companies, or to any of the IT Assets or any business data: (i) the Group Companies’ rules, policies, and procedures; (ii) all Laws; and (iii) contracts into which a Group Company has entered or by which it is otherwise bound.

“Debt Financing Entities” means the Debt Financing Sources, their Affiliates and respective current or future officers, directors, employees, agents, stockholders, limited partners, managers, members or partners and their successors and assigns.

“Debt Financing Sources” means the Persons that have committed to provide or arrange or otherwise have entered into agreements pursuant to the Financing Commitments or in connection with all or any part of the Financing described therein (or any replacement debt financings) in connection with the transactions contemplated hereby, including the parties to any commitment letters, joinder agreements, indentures or credit agreements entered into pursuant thereto or relating thereto.

“Deferred Taxes” means (i) any payroll Taxes payable by the Sold Company or its Subsidiaries after the Closing Date that would have been payable by the Sold Company or its Subsidiaries on or prior to the Closing Date but for the deferral of such Taxes by the Sold Company or its Subsidiaries pursuant to (A) the relevant provisions of (1) the Coronavirus Aid, Relief and Economic Security Act, enacted on March 27, 2020 (the “CARES Act”) and (2) the American Rescue Plan Act of 2021, or (B) the Presidential Memorandum on Deferring Payroll Tax Obligations in Light of the Ongoing COVID-19 Disaster, as issued on August 8, 2020, and including any administrative or other guidance published with respect thereto by any Governmental Entity (including IRS Notice 2020-65) and (ii) any value added taxes (VAT) first payable by the Sold Company or its Subsidiaries after the Closing Date that would have been first payable by the Sold Company or its Subsidiaries on or prior to the Closing Date but for the deferral of such Taxes by the Sold Company or its Subsidiaries pursuant to the Coronavirus Job Retention Scheme.

“Disclosure Schedules” shall have the meaning set forth in Section 10.01.

“Environmental Claim” means any claim, action, cause of action, investigation or written notice by any person or entity alleging potential liability (including, without limitation, potential liability for investigatory costs, cleanup costs, governmental response costs, natural resources damages, property damages, personal injuries, or penalties) arising out of, based on or resulting from (a) the presence, Release or threatened Release of any Hazardous Materials at any location, whether or not owned or operated by the Group Companies, or (b) circumstances forming the basis of any violation or alleged violation of any Environmental Law.

“Environmental Laws” means all federal, state, local and foreign Laws and regulations relating to pollution or protection of human health or the environment, including, without limitation, laws relating to Releases or threatened Releases of Hazardous Materials or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, transport or handling of Hazardous Materials.

“Equity Consideration” means that number of Parent Ordinary Shares equal to (a) (i) the Equity Consideration Value divided by (ii) the Stock Price, minus (b) the Holdback Equity.

"Equity Consideration Value" means an amount equal to 26.2% of the Estimated Consideration; *provided* that if the issuance of the Equity Consideration would, upon the advice of Parent's counsel, require Parent to obtain approval of its shareholders under applicable Law (the "Parent Shareholder Approval"), then, to the extent the Parent Shareholder Approval has not been obtained, the Equity Consideration Value shall be reduced to the extent necessary to permit the issuance of the Equity Consideration without the Parent Shareholder Approval and the Estimated Cash Consideration shall be increased by an amount equal to such reduction.

"Equityholder" means any holder of equity interests of Seller or Seller Parent.

"ERISA" means the U.S. Employee Retirement Income Security Act of 1974, as amended.

"Escrow Agent" means Citibank, N.A., or such other entity as Buyer and Seller agree in writing.

"Estimated Cash Consideration" means an amount equal to 73.8% of the Estimated Consideration.

"Estimated Consideration" means (i) the Base Consideration, minus (ii) the amount of Estimated Indebtedness, plus (iii) the amount, if any, by which the Estimated Net Working Capital exceeds the Target Net Working Capital Amount, minus (iv) the amount, if any, by which Estimated Net Working Capital is less than the Target Net Working Capital Amount, plus (v) the amount of Estimated Cash, minus (vi) the amount of the Estimated Transaction Expenses.

"Exchange Act" means the Securities Exchange Act of 1934, as it may be amended from time to time.

"Export Control Laws" shall have the meaning set forth in Section 3.22(e).

"FCPA" shall have the meaning set forth in Section 3.22(a).

"Final CFIUS Turndown" means the public announcement by the President of the United States of a decision to suspend or prohibit the Contemplated Transactions.

"Final Consideration" means (i) the Base Consideration, minus (ii) the amount of Indebtedness as finally determined pursuant to Section 1.03, plus (iii) the amount, if any, by which the Net Working Capital as finally determined pursuant to Section 1.03 exceeds the Target Net Working Capital Amount, minus (iv) the amount, if any, by which the Net Working Capital as finally determined pursuant to Section 1.03 is less than the Target Net Working Capital Amount, plus (v) the amount of Cash as finally determined pursuant to Section 1.03, minus (vi) the amount of the Transaction Expenses as finally determined pursuant to Section 1.03.

"Financial Statements" shall have the meaning set forth in Section 3.06.

"First Tranche Maximum" means 33.3% of the Equity Consideration.

"First Tranche Sell Down Date" shall have the meaning set forth in Section 5.10(b).

"Foreign Benefit Plan" shall have the meaning set forth in Section 3.14(i).

"Fraud" means actual and intentional common law fraud with respect to the representations and warranties in this Agreement or in any other Transaction Document. "Fraud" does not include any other form of fraud or misrepresentation (whether reckless, negligent, constructive or otherwise) other than actual and intentional common law fraud.

"GAAP" means United States generally accepted accounting principles.

"Governmental Entity" means any federal, national, state, foreign, provincial, local or other government or any governmental, regulatory, administrative or self-regulatory authority, agency, bureau, board, commission, court, judicial or arbitral body, department, political subdivision, tribunal or other instrumentality thereof.

"Group Company(ies)" means the Sold Company and each of its direct and indirect Subsidiaries.

"Guarantee" shall have the meaning set forth in Section 12.21(b).

"Guaranteed Obligations" shall have the meaning set forth in Section 12.21(a).

"Hazardous Materials" means all substances defined as Hazardous Substances, Oils, Pollutants or Contaminants in the National Oil and Hazardous Substances Pollution Contingency Plan, 40 C.F.R. § 300.5, or defined as such by, or regulated as such under, any Environmental Law.

"Holdback Agreement" shall have the meaning set forth in the Recitals.

"Holdback Cash Amount" means the aggregate amount of the Holder Cash Consideration (as defined in the Holdback Agreement) under all of the Holdback Agreements.

"Holdback Equity" means the aggregate amount of the Holdback Consideration (as defined in the Holdback Agreement) under all of the Holdback Agreements.

"HSR Act" shall have the meaning set forth in Section 3.13.

"Income Tax Liability" means, with respect to any jurisdiction, an amount equal to the cash liability for income Taxes of a Group Company (or a tax group of Group Companies) first arising in any Pre-Closing Tax Period that is part of a Straddle Period or that immediately precedes a Straddle Period (treating for purposes of this definition any tax period actually ending on the Closing Date as a Straddle Period) and that are unpaid as of the Closing Date, taking into account any estimated payments of such income Taxes; provided that such amount with respect to any jurisdiction may not be less than zero.

"Income Tax Liability Amount" means an amount (calculated as of the end of the Closing Date) equal to the excess (if any) of (A) the sum of the Income Tax Liability separately calculated for (i) each jurisdiction in which a Group Company filed Tax Returns for income Taxes with respect to the last Tax year for which a Tax Return was due (taking into account any applicable extensions) and (ii) each jurisdiction in which a Group Company commenced activities after the end of such Tax year; provided, however, that the "Income Tax Liability Amount" shall (a) be determined in accordance with the past practices of such Group Company, (b) not include any Taxes resulting from any action by Buyer on the Closing Date following the Closing that is outside the Ordinary Course of Business, (c) be determined, in the case of any Straddle Period, by assuming that such Straddle Period ends on the end of the Closing Date (it being understood that items listed in Section 3.09(h) and reportable in a Post-Closing Tax Period shall not be taken into account), (d) shall reflect any Transaction Deductions and (e) be determined by taking into account any liability under Section 965(h) payable by any Group Company, and any Taxes of any Group Company arising or resulting from an inclusion under Section 951 or 951A of the Code for the taxable year that includes the Closing Date, calculated as if the taxable year of each controlled foreign corporation (within the meaning of Section 957 of the Code) giving rise to such amounts ended on the Closing Date, and in each case not taking into account any actions taken by Buyer or the Group Companies after the Closing over (B) the amount of any overpayment of income Taxes of a Group Company calculated using the same principles applicable under clause (A).

"Indebtedness" means, as of any particular time with respect to the Group Companies, without duplication, (i) all obligations of the Group Companies in respect of the principal amount of, and accrued interest, fees and prepayment, redemption or change of control fees, premiums or penalties on, all indebtedness of the Group Companies (A) for borrowed money (excluding all intercompany indebtedness between or among the Sold Company and its wholly owned Subsidiaries) or (B) evidenced by any note, bond or debenture, (ii) all obligations of the Group Companies under real estate leases required in accordance with GAAP to be capitalized on a balance sheet of the Group Companies, (iii) all obligations for the deferred purchase price of property, assets, goods or services (including any earnouts, milestones or other similar obligations), including any Seller financing, any purchase price adjustments or other similar contingent payment obligations (which, in each case, shall be calculated assuming the maximum payment thereunder), (iv) any liabilities in respect of underfunded or unfunded defined benefit pension plans or retiree health or welfare benefit plans, deferred compensation plans or arrangements, the accrued or unaccrued contractual retention bonuses set forth in the Reference Statement, accrued vacation days outstanding for more than one year and severance or other termination-related payments or obligations that are due or accrued but unpaid, as well as the employer portion of any payroll Taxes or similar payments that are required in connection with the amounts set forth in this clause (iv), (v) liabilities in respect of any Deferred Taxes, (vi) all declared but unpaid dividends and distributions, (vii) all net obligations under any interest rate, currency, forward contract, collar, cap or similar hedging agreement or other derivative agreement to the extent payable if such arrangements are terminated at such time, (viii) all letters of credit, surety bonds, bankers acceptances or performance bonds (subject to the following sentence), (ix) all guarantees in respect of clauses (i) through (viii), (x) the Income Tax Liability Amount, (xi) all Tax obligations of the Group Companies with respect to any "escheat," "abandoned property," "unclaimed property," "unclaimed funds" or other similar Laws and (xii) all Liabilities (including an agreed amount of $439,000 for the Hitwise apportionment of the Santa Monica lease at Closing) arising from or relating to the winding down of the Hitwise division and the dissolution of any Subsidiary of the Sold Company (including the Hitwise division Subsidiaries). Notwithstanding the foregoing, "Indebtedness" shall not include (a) any letters of credit to the extent not drawn upon, (b) any bank guarantees to the extent undrawn or (c) any credit, surety bonds, bankers acceptances or performance bonds to the extent undrawn. For purposes of Article I of this Agreement, Indebtedness shall mean Indebtedness, as defined above, outstanding as of the Reference Time (but (i) before taking into account the consummation of the Contemplated Transactions (but including the cost (including premiums or penalties) to repay any Indebtedness being repaid in connection with the Closing) and (ii) excluding the Financing).

"Intellectual Property Right" means any and all intellectual property and similar proprietary rights under the laws of any jurisdiction throughout the world, including all of the following: (i) patents and patent applications, including continuations, divisional, continuations-in-part, renewals, reexamination, and reissues, utility models, and other industrial property rights; (ii) trademarks, service marks, trade dress, logos, Internet domain names and social media identifiers and accounts, including common law rights, registrations and applications for registration thereof, together with all of the goodwill associated therewith; (iii) copyrights (registered or unregistered), rights associated with works of authorship, and registrations and applications for registration thereof; (iv) and trade secrets, know-how, confidential information, technical data, algorithms, formulae, procedures, and business information; and (v) other proprietary rights in Technology.

"IT Assets" means all computers, computer systems, telecommunication systems, software, firmware, middleware, servers, workstations, routers, hubs, switches, data communications lines, cabling and all other information technology assets and equipment, including all documentation related to any of the foregoing, owned or use by, or licensed or leased to, the Group Companies.

"knowledge of Buyer" and "the Buyer's knowledge" mean the actual knowledge of any of Eldad Maniv, Steve Walker, Lior Golan, Shelly Paioff and Yaron Kaneti as of the applicable date, after reasonable inquiry (and shall in no event encompass constructive, imputed or similar concepts of knowledge).

"knowledge of Seller" and "the Seller's knowledge" mean the actual knowledge of any of Bill Glass, Bob Michaelian, Blythe Holden, Phil Scutt and Aaron Young as of the applicable date, after reasonable inquiry (and shall in no event encompass constructive, imputed or similar concepts of knowledge).

"Latest Balance Sheet" shall have the meaning set forth in Section 3.06.

"Law" means any law, rule, regulation, judgment, injunction, order, decree or other restriction of any Governmental Entity.

"Leased Realty" have the meaning set forth in Section 3.08(a).

"Leases" have the meaning set forth in Section 3.08(b).

"Legal Restraint" shall have the meaning set forth in Section 7.01(d).

"Liability" means any debt, liability, guarantee, damage, penalty, fine, assessment, charge, cost, loss, claim, demand, expense, commitment or obligation (whether accrued, contingent, absolute, secured, unsecured, direct or indirect, liquidated or unliquidated, due or to become due, determined, determinable or otherwise) of every kind and description, whether arising before, on or after the date hereof, and including all costs and expenses relating thereto.

"Liens" means pledges, mortgages, easements, liens, security interests, charges or encumbrances, but excluding licenses of Intellectual Property Rights.

"Lock-Up Agreement" means the lock-up agreement in substantially the form attached hereto as Exhibit C.

"Losses" means any and all damages, penalties, fines, costs, judgments or amounts paid in settlement, Liabilities, Taxes, losses, expenses and fees, including court costs and attorneys' and other professionals' fees and expenses.

"Material Adverse Effect" means any change, effect, event, occurrence, state of facts or development that, individually or in the aggregate, has had or would reasonably be expected to (i) have a material adverse effect on the business, assets, properties or financial condition of the Group Companies, taken as a whole, or (ii) prevent, materially impair or delay the ability of the Group Companies to consummate the transactions contemplated hereby; *provided*, that, in the case of clause (i), none of the following shall be deemed in themselves, either alone or in combination, to constitute, and none of the following shall be taken into account in determining whether there has been or will be, a Material Adverse Effect: any adverse change, effect, event, occurrence, state of facts or development to the extent attributable to (i) the announcement or pendency of the transactions contemplated by this Agreement (it being understood and agreed that this clause (i) shall not apply with respect to the representations and warranties contained in Article III to the extent such representations and warranties are intended to address the consequences of the announcement or pendency of the transactions contemplated by this Agreement); (ii) operating, business, regulatory or other conditions generally applicable in the industry in which the Group Companies operate; (iii) general economic conditions, including changes in the credit, debt or financial or capital markets (including changes in interest or exchange rates), in each case, in the United States or anywhere else in the world; (iv) taking any action expressly required by, this Agreement, including the impact thereof on relationships, contractual or otherwise, with, or actual or potential loss or impairment of, clients, customers, suppliers, distributors, partners, financing sources, managing directors or other employees and/or consultants and/or on revenue, profitability and cash flows (in each case, other than those actions taken by Seller, the Group Companies or their respective Affiliates in compliance with Sellers' obligations under Section 5.01); (v) changes in GAAP or other accounting requirements or principles or any changes in applicable Laws or the interpretation thereof; (vi) the failure of any Group Company to meet or achieve the results set forth in any projection or forecast (*provided* that this clause (vi) shall not prevent a determination that any change or effect underlying such failure to meet projections or forecasts has resulted in a Material Adverse Effect (to the extent such change or effect is not otherwise excluded from this definition of Material Adverse Effect)); (vii) global, national or regional political conditions, including pandemics (including the COVID-19 pandemic), hostilities, acts of war (whether declared or undeclared), sabotage or terrorism or military actions or any escalation, worsening or diminution of any such pandemic, hostilities, acts of war, sabotage or terrorism or military actions existing or underway as of the date hereof; and (viii) hurricanes, earthquakes, floods or other natural disasters, except, in each case of clauses (ii), (iii), (v), (vii) and (viii), to the extent that such change, effect, event, occurrence, state of facts or development has had a disproportionate adverse effect on the Group Companies relative to other companies operating in the industries in which the Group Companies conduct business, in which case only the incremental disproportionate adverse impact may be taken into account in determining whether a Material Adverse Effect has occurred.

“Material Contracts” shall have the meaning set forth in Section 3.10(b).

“Multiemployer Plan” shall have the meaning set forth in Section 3(37) of ERISA.

“Net Working Capital” means the current assets of the Group Companies, as of the Reference Time (consisting solely of the line item current asset accounts specified in Exhibit A), minus the current liabilities of the Group Companies, as of the Reference Time (consisting solely of the line item current liability accounts specified in Exhibit A); *provided*, however, that Net Working Capital shall exclude (x) any Liability reflected in Indebtedness and (y) all income Tax assets and liabilities, all deferred Tax assets and liabilities and shall include all current non-income Tax assets and liabilities. Net Working Capital excludes (a) any assets included in Cash, (b) any liabilities included under the “Indebtedness” definition and (c) any Tax liability resulting from actions taken by Buyer or the Group Companies after the Closing. For the avoidance of doubt, Net Working Capital shall be prepared and calculated in accordance with the Accounting Principles.

“Non-Qualified Investor” means any Equityholder that is not a Qualified Investor.

“Non-Recourse Party” means, with respect to a Party to this Agreement, any of such Party’s former, current and future equity holders, controlling persons, directors, officers, employees, agents, representatives, Affiliates, members, managers, general or limited partners or assignees (or any former, current or future equity holder, controlling person, director, officer, employee, agent, representative, Affiliate, member, manager, general or limited partner or assignee of any of the foregoing).

“OFAC” shall have the meaning set forth in Section 3.22(c).

“Open Source Software” means any software that is (a) that is distributed as free or open source software or under similar licensing or distribution models, including software licensed pursuant to any license that is a license approved by the Open Source Initiative and listed at http://www.opensource.org/licenses, which licenses include all versions of the GNU General Public License (GPL), the GNU Lesser General Public License (LGPL), the GNU Affero GPL, the MIT license, the Eclipse Public License, the Common Public License, the CDDL, the Mozilla Public License (MPL), the Artistic License, the Netscape Public License, the Sun Community Source License (SCSL), and the Sun Industry Standards License (SISL); or (b) licensed pursuant to any Reciprocal Public License, in each case whether or not source code is available or included in such license.

“Order” shall have the meaning set forth in Section 3.12.

“Ordinary Course of Business” means the ordinary course of business of the Group Companies, consistent with past practice, subject to such changes made by the Group Companies that are required by applicable Law or are commercially reasonable in light of the then current operating conditions and developments with respect to the Group Companies as a result of the COVID-19 pandemic and actions taken by Governmental Authorities in response thereto; provided that actions taken (or omitted) in response to conditions arising from the COVID-19 pandemic following the date hereof (including as a result of actions of Governmental Authorities taken in connection with such pandemic) shall only be deemed Ordinary Course of Business to the extent such actions (or omissions) are consistent with the Group Companies’ actions taken (or omissions) prior to the date of this Agreement or are required to be taken (or omitted) in order to comply with changes in applicable Law after the date hereof.

“Organizational Documents” shall have the meaning set forth in Section 3.01(a).

“Owned Real Property” means all land, together with all buildings, structures, improvements and fixtures located thereon, and all easements and other rights and interests appurtenant thereto, owned by any Group Company.

“Parent” shall have the meaning set forth in the Recitals.

“Parent Ordinary Shares” means the ordinary shares, of no par value, of Parent.

"Parent SEC Documents" shall have the meaning set forth in Section 4.07(a).

"Party(ies)" shall have the meaning set forth in the Recitals.

"Payoff Letter" shall have the meaning set forth in Section 5.05.

"Permits" shall have the meaning set forth in Section 3.16.

"Permitted Liens" means (i) statutory liens for current Taxes or other governmental charges not yet due and payable or the amount or validity of which is being contested in good faith by appropriate proceedings by the Group Companies and for which appropriate reserves have been established in accordance with GAAP; (ii) mechanics', carriers', workers', repairers' and similar statutory liens arising or incurred in the Ordinary Course of Business for amounts that are not delinquent and that are not, individually or in the aggregate, significant; (iii) zoning, entitlement, building and other land use regulations imposed by Governmental Entities having jurisdiction over the Leased Realty that are not violated by the current use and operation of the Leased Realty or the operation of the business of the Group Companies as currently conducted; (iv) covenants, conditions, restrictions, easements and other similar matters of record affecting title to the Leased Realty that do not materially impair the occupancy, value or use of the Leased Realty for the purposes for which it is currently used or proposed to be used in connection with the Group Companies' and their Subsidiaries' businesses; (v) public roads and highways; (vi) matters that would be disclosed by an inspection or accurate survey of each parcel of real property; (vii) liens arising under worker's compensation, unemployment insurance, social security, retirement and similar legislation; (xiii) liens on goods in transit incurred pursuant to documentary letters of credit; (ix) purchase money liens and liens securing rental payments under capital lease arrangements; and (x) Liens set forth on Schedule 12.01.

"Permitted Transferee" means any Affiliate of Seller that has agreed in writing, in form and substance reasonably acceptable to Parent, to be bound by the provisions of Section 5.10 as if such Person were Seller.

"Person" means an individual, a partnership, a corporation, a limited liability company, an association, a joint stock company, a trust, a joint venture, an unincorporated organization or a Governmental Entity or any department, agency or political subdivision thereof.

"Post-Closing Tax Period" means any taxable period beginning after the Closing Date and, in the case of any Straddle Period, the portion of such period beginning after the Closing Date.

"Post-Transaction Employees" shall have the meaning set forth in Section 6.05(a).

"Pre-Closing Tax Period" means any taxable period ending on or before the Closing Date and the portion of any Straddle Period ending on the Closing Date.

"Qualified Investor" means any Equityholder (i)(A) for which Seller has a current W-2 evidencing that such Equityholder is an Accredited Investor or (B) that has provided a complete and accurate Accredited Investor Questionnaire indicating that such Equityholder is an Accredited Investor and (ii) that has executed and delivered to Buyer the Lock-Up Agreement.

"Reference Time" means the close of business of the Group Companies on the Closing Date.

"Registered IP" shall have the meaning set forth in Section 3.10(a).

"Registration Statement" shall have the meaning set forth in the Investor Rights Agreement.

"Release" means any release, spill, emission, discharge, leaking, pumping, injection, deposit, disposal, dispersal, leaching or migration into the environment (including, without limitation, ambient air, surface water, groundwater and surface or subsurface strata) or into or out of any property, including the movement of Hazardous Materials through or in the air, soil, surface water, groundwater or property.

"Remedies Exception" shall have the meaning set forth in Section 3.03(c).

"Required Financial Statements" shall have the meaning forth in Section 5.12(a).

Required Information" have the meaning forth in Section 5.08(a).

"R&W Insurance Policy" means any representation and warranty insurance policy issued to Buyer in respect of the representations and warranties in this Agreement.

"Sanctions" shall have the meaning forth in Section 3.22(c).

"Sanctions Target" shall have the meaning set forth in Section 3.22(c).

"SEC" shall have the meaning forth in Section 1.03.

"Second Tranche Maximum" means 33.3% of the Equity Consideration.

"Second Tranche Sell Down Date" shall have the meaning set forth in Section 5.10(d).

"Section 721" means Section 721 of Title VII of the Defense Production Act and the regulations promulgated thereunder.

"Securities Act" means the Securities Act of 1933, as amended.

"Seller" shall have the meaning set forth in the Recitals.

"Seller Registration Rights Agreement" means the investor rights agreement in substantially the form attached hereto as Exhibit D.

"Sold Company" shall have the meaning set forth in the Recitals.

"Sold Shares" shall have the meaning set forth in the Recitals.

"SOX" means The Sarbanes–Oxley Act of 2002 (Pub.L. 107–204, 116 Stat. 745, enacted July 30, 2002).

"Specified Customers" shall have the meaning set forth in Section 3.21(b).

"Specified Affiliated Networks" shall have the meaning set forth in Section 3.21(b).

"Specified Suppliers" shall have the meaning set forth in Section 3.21(d).

"Stock Price" means a price per Buyer Ordinary Share on the Nasdaq Global Market calculated based on the volume weighted average price of the Parent Ordinary Shares on the Nasdaq Global Market (as reported by Bloomberg L.P. or, if not so reported therein, in another authoritative source mutually selected by Buyer and Seller) for the five (5) Business Days ending three (3) Business Days prior to the Closing Date.

"<u>Straddle Period</u>" means any taxable period beginning on or before and ending after the Closing Date.

"<u>Subject Shares</u>" means the Acquired Parent Ordinary Shares *plus* any Parent Ordinary Shares issued or issuable directly or indirectly with respect to or on account of such Parent Ordinary Shares, including Parent Ordinary Shares issued by way of share dividend or distribution, stock split or other subdivision or in a combination of stock, recapitalization, reclassification, merger, amalgamation, consolidation or similar capital transactions.

"<u>Subsequent Tranche Maximum</u>" means 33.3% of the Equity Consideration.

"<u>Subsidiary</u>" means, with respect to any Person, any corporation of which a majority of the total voting power of shares of stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of such Person or a combination thereof, or any partnership, association or other business entity of which a majority of the partnership or other similar ownership interest is at the time owned or controlled, directly or indirectly, by such Person or one or more Subsidiaries of such Person or a combination thereof. For purposes of this definition, a Person is deemed to have a majority ownership interest in a partnership, association or other business entity if such Person is allocated a majority of the gains or losses of such partnership, association or other business entity or is or controls the managing director or general partner of such partnership, association or other business entity.

"<u>Support Agreement</u>" shall have the meaning set forth in the Recitals.

"<u>Target Net Working Capital Amount</u>" means $(6,804,000).

"<u>Tax</u>" or "<u>Taxes</u>" means (a) any U.S. federal, state, local or foreign taxes, charges, fees, imposts, levies or other assessments, including income, gross receipts, franchise, estimated, alternative minimum, add-on minimum, sales, use, transfer, real property gains, registration, value added, consumption, equalization levy, digital service (DST) and alike, excise, natural resources, severance, stamp, occupation, premium, windfall profit, environmental, real property, personal property, escheat or unclaimed property (whether or not considered a tax under applicable law), capital stock, social security, unemployment, disability, payroll, license, employee or other withholding, or other tax, of any kind whatsoever imposed by any Governmental Entity, together with all interest, penalties, fines and additions to tax imposed in connection with any item described in clause (a); and (b) in the case of any Group Company, liability for the payment of any amount of the type described in clause (a) (i) under the principles of transferee or successor liability arising out of or resulting from any Pre-Closing Tax Period, or (ii) a result of being or having been before the Closing a member of an affiliated, consolidated, combined, unitary of similar group or a party to any agreement or arrangement, as a result of which liability of any Group Company to a Taxing Authority is determined or taken into account with references to the activities of any other Person.

"<u>Tax Returns</u>" means any return, report, information return or other document (including schedules or any related or supporting information) filed or required to be filed with any Governmental Entity or other authority in connection with the determination, assessment or collection of any Tax or the administration of any Laws or administrative requirements relating to any Tax.

"<u>Tax Sharing Agreement</u>" means any agreement or arrangement, including any Tax sharing, allocation, indemnification, reimbursement, receivables or similar agreement, entered into prior to the Closing binding any of the Group Companies that provides for the allocation, apportionment, sharing or assignment of any Tax liability or Tax benefit, or the transfer or assignment of income, revenues, receipts or gains for the purpose of determining any Person's Tax liability.

"<u>Taxing Authority</u>" means the IRS and any other Governmental Entity exercising any authority to impose, assess or collect any Tax or any other authority exercising Tax regulatory authority.

"Technology" means any and all algorithms, application programming interfaces (APIs), apparatuses, databases and data collections, diagrams, inventions, know-how, logos, marks, methods, network configurations and architectures, processes, proprietary information, protocols, schematics, specifications, software, source code and object code, subroutines, user interfaces, techniques, URLs, web sites, works of authorship, databases and data collections and other forms of technology (whether or not embodied in any tangible form).

"Transaction Bonus Agreements" include any agreement, arrangement or plan providing for compensation in connection with a sale of the Connexity Group, including, without limitation, the agreements listed on Schedule 11.01.

"Transaction Deductions" means all Tax deductions available to the Group Companies that are at least "more likely than not" deductible by the Group Companies for U.S. income tax purposes in a Pre-Closing Tax Period related to the repayment of Indebtedness, the payment of Transaction Expenses and payments of amounts that would have been Transaction Expenses but for the fact that they were paid prior to the Closing, and the payment of any fees or other costs and expenses associated with the transactions contemplated by this Agreement).

"Transaction Documents" means this Agreement, the Escrow Agreement, the Seller Registration Rights Agreement, the Support Agreement, the Holdback Agreements and any and all certificates, agreements, documents or other instruments to be executed and delivered by any Person in connection with the Contemplated Transactions, any exhibits, attachments or schedules to any of the foregoing and any other written agreement that is expressly identified as a Transaction Document, as any of the foregoing may be amended, supplemented or otherwise modified from time to time.

"Transaction Expenses" means all fees, expenses and other Liabilities of any of the Group Companies incurred or payable as of the Closing and not paid prior to the Closing related to the Contemplated Transactions, including (i) those payable to professionals (including investment bankers, attorneys, accountants and other consultants and advisors) retained by any Group Company that performed services in connection with the Contemplated Transactions, (ii) any retention bonus, change in control bonus, transaction bonus, sale bonus (including, for the avoidance of doubt, any rights to be paid based on a portion of the proceeds from the Contemplated Transactions, including, without limitation, payments that may be owed under the Transaction Bonus Agreements) or other similar bonus or incentive and/or severance payment arising on account of any termination of employment arising prior to the Closing, or at the Closing pursuant to actions of any Group Company taken prior to Closing (including, without duplication of items accounted for elsewhere herein, the employer portion of any payroll Taxes or similar payments that are required in connection with such payments or any payment with respect to equity or phantom equity that vests or settles as a result of the Contemplated Transactions and with respect to the Shop Holding Issuance and the Seller Issuance, in each case which are payable by a Group Company) to be paid to any current employee, independent contractor, director or officer of any of the Group Companies at or after the Closing pursuant to any agreement to which any of the Group Companies is a party prior to the Closing that becomes payable as a result of or in connection with the execution of this Agreement or the consummation of the transactions contemplated hereby, (iii) any management, transaction or similar fees (including accelerated management fees) payable to any Affiliate of the Sold Company, (iv) any assignment, change in control or similar fees expressly payable as a result of the execution or delivery of this Agreement and the other Transaction Documents or the consummation of the Contemplated Transactions, and all related fees and expenses (and any amounts payable pursuant to any purchase agreement entered into prior to the date hereof providing for the sale of the Group Companies, including any amounts payable on the termination thereof) and (v) fifty percent (50%) of any Transfer Taxes; *provided*, that in no event shall "Transaction Expenses" include (a) any of the foregoing payments that are triggered by a termination of employment by Buyer that occurs following the Closing or (b) any Tax liability resulting from actions taken by Buyer or the Group Companies after the Closing.

"Transfer" shall have the meaning set forth in Section 5.10(a).

"Transfer Taxes" means sales, use, transfer, real property transfer, recording, documentary, stamp, registration and stock transfer Taxes and any similar Taxes and fees (including any penalties and interest thereon).

"U.S." or "United States" means the United States of America.

"Waived Payments" shall have the meaning set forth in Section 5.07.

"WhiteHorse Loan Agreement" means that certain Term Loan Agreement, dated as of May 21, 2020 (as amended, modified or supplemented from time to time), by and among Connexity, Inc., Shop Holding Corporation, the other guarantors party thereto, the lenders party thereto, and WhiteHorse Capital Management, LLC, as administrative agent on behalf of the lenders.

"Willful Breach" shall mean, with respect to any covenant, an action or omission taken with the knowledge that such action or omission constitutes a breach of such covenant, and which such knowledge shall require the knowledge of Seller (in the case of Seller) or the knowledge of Buyer (in the case of Buyer).

11.02 Other Interpretive Provisions.

(a) Accounting terms that are not otherwise defined in this Agreement have the meanings given to them under GAAP. To the extent that the definition of an accounting term defined in this Agreement is inconsistent with the meaning of such term under GAAP, the definition set forth in this Agreement shall control.

(b) Whenever the word "or" is used in this Agreement, it shall not be deemed exclusive.

(c) Whenever the context requires, any pronouns used herein shall include the corresponding masculine, feminine or neuter forms.

(d) The meanings of defined terms are equally applicable to the singular and plural forms of the defined terms.

(e) Any reference to any particular Code section or Law shall be interpreted to include any revision of or successor to that section regardless of how it is numbered or classified and the rules and regulations promulgated thereunder.

ARTICLE XII

MISCELLANEOUS

12.01 Press Releases and Communications. No press release or public announcement related to this Agreement or the transactions contemplated herein shall be issued or made by any Party or any Affiliate thereof without the joint approval of Buyer and Seller (which approval shall not be unreasonably withheld, conditioned or delayed), except (a) such release or announcement as may be required by Law, in which case the party required to issue or make the release or announcement shall, to the extent permitted by applicable Law, allow (or cause its Affiliate to allow) the other party reasonable time to comment on such release or announcement in advance of such issuance or the making thereof, (b) that the Group Companies shall be permitted to make announcements from time to time to the respective employees, customers, suppliers and other business relations of the Group Companies and otherwise as Seller may reasonably determine is necessary to comply (or cause any other Group Company to comply) with applicable Law or the requirements of any Contract to which any Group Company is a party or otherwise bound (in which case, Seller shall cause such Group Company to consult with Buyer prior to making any such disclosure), and (c) for such announcements or releases required to be made to comply with Section 10.02. Notwithstanding anything herein to the contrary, any holder of equity of Seller as of the date hereof that is a private equity or venture capital firm may provide information about the subject matter of this Agreement in connection with fundraising, marketing, informational, transactional or reporting activities at any time to any investors or potential investors who are, in each case, subject to customary confidentiality undertakings.

12.02 Expenses. Except as otherwise expressly provided herein, each of Buyer and Seller shall pay all of their own fees and expenses incurred in connection with this Agreement and the transactions contemplated by this Agreement, including the fees and disbursements of counsel, financial advisors and accountants.

12.03 Notices. All notices and other communications hereunder shall be in writing and shall be deemed duly given (a) on the date of delivery if delivered personally, or if by facsimile or e-mail, upon receipt by facsimile, e-mail or otherwise, (b) on the first Business Day following the date of dispatch if delivered utilizing a next-day service by a recognized next-day courier or (c) on the earlier of confirmed receipt or the fifth Business Day following the date of mailing if delivered by registered or certified mail, return receipt requested, postage prepaid. Notices, demands and communications, in each case to the respective Parties, shall be sent to the applicable address set forth below, unless another address has been previously specified in writing by such Party:

Notices to Parent or Buyer:

TABOOLA.COM LTD.
2 Jabotinsky Street
Ramat Gan 5250501
Israel
Attention: General Counsel
Email: legal@taboola.com

with a copy to (which shall not constitute notice):

DAVIS POLK & WARDWELL LLP
450 Lexington Avenue
New York, New York 10017
Attention: Lee Hochbaum and Darren Schweiger
E-mail: lee.hochbaum@davispolk.com; darren.schweiger@davispolk.com

Notices to Seller:

SHOP MANAGEMENT, LLC

Attention: Blythe Holden
2120 Colorado Ave., 4th Floor
Santa Monica, CA 90404

with a copy to (which shall not constitute notice):

c/o Symphony Technology Group
1300 El Camino, Suite 3000
Menlo Park, California 94025
Attention: J.T. Treadwell and Stephen Henkenmeier
Email: [*****]; [*****]

with a copy to (which shall not constitute notice):

PAUL HASTINGS LLP

101 California Street, Forty-Eighth Floor
San Francisco, California 94111
Attention: Steve Camahort and Jeffrey C. Wolf
Email: stevecamahort@paulhastings.com; jeffwolf@paulhastings.com

12.04 Assignment. This Agreement and all of the provisions hereof shall be binding upon and inure to the benefit of the Parties and their respective successors and permitted assigns, except that neither this Agreement nor any of the rights, interests or obligations hereunder may be assigned or delegated by Buyer or Seller without the prior written consent of the non-assigning Party; *provided*, that Buyer may transfer or assign its rights, interests or obligations under this Agreement, in whole or from time to time in part, to (i) one or more of its Affiliates at any time or (ii) to any of its Debt Financing Sources for purposes of creating a security interest herein or otherwise assigning as collateral in respect of the Financing and any refinancings, extensions, refundings or renewals thereof; *provided*, *however*, that no such transfer or assignment by Buyer shall relieve Buyer of its obligations hereunder or enlarge, alter or change any obligation of Seller to Buyer.

12.05 Severability. Any term or provision of this Agreement that is invalid or unenforceable in any situation in any jurisdiction shall not affect the validity or enforceability of the remaining terms and provisions hereof or the validity or enforceability of the offending term or provision in any other situation or in any other jurisdiction. If the final judgment of a court of competent jurisdiction declares that any term or provision hereof is invalid or unenforceable, the Parties agree that the court making the determination of invalidity or unenforceability shall have the power to reduce the scope, duration or area of the term or provision, to delete specific words or phrases, or to replace any invalid or unenforceable term or provision with a term or provision that is valid and enforceable and that comes closest to expressing the intention of the invalid or unenforceable term or provision, and this Agreement shall be enforceable as so modified after the expiration of the time within which the judgment may be appealed.

12.06 References. The table of contents and the section and other headings and subheadings contained in this Agreement and the exhibits hereto are solely for the purpose of reference, are not part of the agreement of the Parties, and shall not in any way affect the meaning or interpretation of this Agreement or any exhibit hereto. All references to days (excluding Business Days) or months shall be deemed references to calendar days or months. All references to "$" shall be deemed references to United States dollars. Unless the context otherwise requires, any reference to a "Section," "Exhibit," "Disclosure Schedule" or "Schedule" shall be deemed to refer to a section of this Agreement, exhibit to this Agreement or a schedule to this Agreement, as applicable. The words "hereof," "herein" and "hereunder" and words of similar import referring to this Agreement refer to this Agreement as a whole and not to any particular provision of this Agreement. The word "including" or any variation thereof means "including, without limitation" and shall not be construed to limit any general statement that it follows to the specific or similar items or matters immediately following it.

12.07 Construction. The language used in this Agreement shall be deemed to be the language chosen by the Parties to express their mutual intent, and no rule of strict construction shall be applied against any Person. The specification of any dollar amount or the inclusion of any item in the Disclosure Schedules or Exhibits attached hereto is not intended to imply that the amounts, or higher or lower amounts, or the items so included, or other items, are or are not required to be disclosed (including whether such amounts or items are required to be disclosed as material or threatened) or are within or outside of the Ordinary Course of Business, and no Party shall use the fact of the inclusion of any item in the Disclosure Schedules or Exhibits in any dispute or controversy between the Parties as to whether any obligation, item or matter not described or included in any Schedule or Exhibit is or is not required to be disclosed (including whether the amount or items are required to be disclosed as material or threatened) or is within or outside of the Ordinary Course of Business for purposes of this Agreement. The information contained in this Agreement and in the Disclosure Schedules and Exhibits hereto is disclosed solely for purposes of this Agreement, and no information contained herein or therein shall be deemed to be an admission by any Party to any third party of any matter whatsoever (including any violation of Law or breach of contract).

12.08 Amendment and Waiver. Any provision of this Agreement or the Disclosure Schedules hereto may be amended or waived only in a writing signed by Buyer and Seller. No waiver of any provision hereunder or any breach or default thereof shall extend to or affect in any way any other provision or prior or subsequent breach or default.

12.09 Complete Agreement. This Agreement and the documents referred to herein (including the Confidentiality Agreement) contain the complete agreement between the Parties and supersede any prior understandings, agreements or representations by or between the Parties, written or oral, that may have related to the subject matter hereof in any way, including any data room agreements, bid letters, term sheets, summary issues lists or other agreements.

12.10 Third Party Beneficiaries. Section 6.03 shall be enforceable by the D&O Indemnified Parties. In addition, Paul Hastings LLP ("PH") shall have the right to enforce its rights under Section 12.19. Except as otherwise expressly provided herein, nothing expressed or referred to in this Agreement shall be construed to give any Person other than the Parties to this Agreement any legal or equitable right, remedy or claim under or with respect to this Agreement or any provision of this Agreement.

12.11 Waiver of Trial by Jury. THE PARTIES TO THIS AGREEMENT EACH HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY RIGHT TO TRIAL BY JURY OF ANY CLAIM, DEMAND, ACTION OR CAUSE OF ACTION (A) ARISING UNDER THIS AGREEMENT OR (B) IN ANY WAY CONNECTED WITH OR RELATED OR INCIDENTAL TO THE DEALINGS OF THE PARTIES HERETO IN RESPECT OF THIS AGREEMENT OR ANY OF THE TRANSACTIONS RELATED HERETO, IN EACH CASE WHETHER NOW EXISTING OR HEREAFTER ARISING, AND WHETHER IN CONTRACT, TORT, EQUITY OR OTHERWISE. THE PARTIES TO THIS AGREEMENT EACH HEREBY AGREES AND CONSENTS THAT ANY SUCH CLAIM, DEMAND, ACTION OR CAUSE OF ACTION SHALL BE DECIDED BY COURT TRIAL WITHOUT A JURY, AND THAT THE PARTIES TO THIS AGREEMENT MAY FILE A COPY OF THIS AGREEMENT WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF THE PARTIES HERETO TO THE WAIVER OF THEIR RIGHT TO TRIAL BY JURY.

12.12 Buyer Deliveries. Buyer agrees and acknowledges that all documents or other items delivered or made available through the electronic data room established by Seller and accessible by Buyer's advisors and representatives to Buyer's advisors or representatives at least on the Business Day prior to the date hereof shall be deemed to be delivered or made available, as the case may be, to Buyer for all purposes hereunder.

12.13 Delivery by Facsimile or Email. This Agreement and any signed agreement entered into in connection herewith or contemplated hereby, and any amendments hereto or thereto, to the extent signed and delivered by means of a facsimile machine or via electronic mail, shall be treated in all manner and respects as an original contract and shall be considered to have the same binding legal effects as if it were the original signed version thereof delivered in person. At the request of any Party or to any such contract, each other Party or thereto shall re-execute original forms thereof and deliver them to all other Parties. No Party or to any such contract shall raise the use of a facsimile machine or email to deliver a signature or the fact that any signature or contract was transmitted or communicated through the use of facsimile machine or email as a defense to the formation of a contract and each such Party forever waives any such defense.

12.14 Counterparts. This Agreement may be executed in multiple counterparts, any one of which need not contain the signature of more than one (1) Party, but all such counterparts taken together shall constitute one and the same instrument.

12.15 Governing Law. All issues and questions concerning the construction, validity, interpretation and enforceability of this Agreement and the exhibits and schedules hereto shall be governed by, and construed in accordance with, the Laws of the State of Delaware, without giving effect to any choice of Law or conflict of Law rules or provisions (whether of the State of Delaware or any other jurisdiction) that would cause the application of the Laws of any jurisdiction other than the State of Delaware.

12.16 Jurisdiction. Any suit, Action or proceeding seeking to enforce any provision of, or based on any matter arising out of or in connection with, this Agreement or the transactions contemplated hereby shall be brought before and determined exclusively by the Delaware Court of Chancery of the State of Delaware; *provided*, that if the Delaware Court of Chancery does not have jurisdiction, any such suit, Action or proceeding shall be brought exclusively in the United States District Court for the District of Delaware or any other court of the State of Delaware, and each of the Parties hereby consents to the jurisdiction of such courts (and of the appropriate appellate courts therefrom) in any such suit, Action or proceeding and irrevocably waives, to the fullest extent permitted by Law, any objection that it may now or hereafter have to the laying of the venue of any such suit, Action or proceeding in any such court or that any such suit, Action or proceeding that is brought in any such court has been brought in an inconvenient forum. Process in any such suit, Action or proceeding may be served on any Party anywhere in the world, whether within or without the jurisdiction of any such court. Without limiting the foregoing, each Party agrees that service of process on such Party as provided in Section 12.03 shall be deemed effective service of process on such Party.

12.17 No Recourse. Except for claims under any Transaction Document against any party to such Transaction Document or in the case of Fraud against any Person who has committed such Fraud, the Parties to this Agreement agree on their own behalf and on behalf of their respective Subsidiaries and Affiliates that (a) all claims, obligations, liabilities, or causes of action (whether in contract or in tort, in law or in equity, or granted by statute) that may be based upon, in respect of, arise under, out or by reason of, be connected with, or relate in any manner to this Agreement, or the negotiation, execution, or performance of this Agreement (including any representation or warranty made in, in connection with, or as an inducement to, this Agreement), may be made only against (and are those solely of) the express parties to this Agreement; (b) no Non-Recourse Party of a Party to this Agreement shall have any liability (whether in contract or in tort, in law or in equity, or granted by statute) for any claims, causes of action, obligations, or liabilities arising under, out of, in connection with, or related in any manner to this Agreement or the transactions contemplated hereby or based on, in respect of, or by reason of this Agreement or its negotiation, execution, performance, or breach or the transactions contemplated hereby; (c) to the maximum extent permitted by law, each party to this Agreement, on behalf of itself and its Affiliates (including, with respect to Buyer, after the Closing, the Group Companies), hereby waives and releases all such liabilities, claims, causes of action, and obligations against any such Non-Recourse Parties; and (d) without limiting the foregoing, to the maximum extent permitted by law, each party to this Agreement, on behalf of itself and its Affiliates (including, with respect to Buyer, after the Closing, the Group Companies), (i) hereby waives and releases any and all rights, claims, demands, or causes of action that may otherwise be available at law or in equity, or granted by statute, to avoid or disregard the entity form of any party to this Agreement or otherwise impose liability of any party to this Agreement on any Non-Recourse Party, whether granted by statute or based on theories of equity, agency, control, instrumentality, alter ego, domination, sham, single business enterprise, piercing the veil, unfairness, undercapitalization, or otherwise, and (ii) disclaims any reliance upon any Non-Recourse Party with respect to the performance of this Agreement or any representation or warranty made in, in connection with, or as an inducement to this Agreement, except for the representations and warranties contained in this Agreement or in any other Transaction Document.

12.18 Specific Performance. Each of the Parties acknowledges that the rights of each Party to consummate the transactions contemplated hereby are unique and recognizes and affirms that in the event of a breach of this Agreement by any Party, money damages may be inadequate and the non-breaching Party may have no adequate remedy at Law. Accordingly, the Parties agree that prior to a valid termination of this Agreement in accordance with this Agreement, such non-breaching Party shall have the right, in addition to any other rights and remedies existing in its favor at Law or in equity, to enforce its rights and the other Party's obligations hereunder not only by an Action or Actions for damages but also by an Action or Actions for specific performance, injunctive and/or other equitable relief (without posting of bond or other security). Each of the Parties hereby waives (x) any defenses in any Action for an injunction, specific performance or other equitable relief that the other parties have an adequate remedy at Law or an award of specific performance is not an appropriate remedy for any reason at Law or equity, and (y) any requirement under Law to post a bond, undertaking or other security as a prerequisite to obtaining equitable relief.

12.19 Provisions Respecting Legal Representation.

(a) Recognizing that PH has acted as legal counsel to Seller, its Affiliates and the Group Companies prior to the Closing, and that PH intends to act as legal counsel to Seller after the Closing, each of Buyer (including on behalf of the Group Companies) hereby waives, on its own behalf, and agrees to cause its Affiliates to waive, any conflicts that may arise in connection with PH representing Seller and/or its Affiliates after the Closing as such representation may relate to the transactions contemplated herein (including any litigation, arbitration, mediation, or other proceeding).

(b) In addition, all communications involving attorney-client confidences between any of the Seller and its Affiliates (including the Group Companies) in the course of the negotiation, documentation and consummation of the transactions contemplated hereby ("Attorney-Client Communications") shall be deemed to be attorney-client confidences that belong solely to Seller and its Affiliates (and not the Group Companies). Accordingly, the Group Companies shall not have access to any such Attorney-Client Communications, or to the files of PH relating to such engagement, whether or not the Closing shall have occurred. In addition, Buyer agrees that it would be impractical to remove all Attorney-Client Communications from the records (including e-mails and other electronic files) of the Group Companies. Accordingly, Buyer will not, and will cause each of its Subsidiaries (including, after Closing, the Group Companies) not to, use any Attorney-Client Communication remaining in the records of the Sold Company or any of its Subsidiaries after Closing in a manner that would reasonably be expected to be adverse to any Group Company.

(c) Without limiting the generality of the foregoing, upon and after the Closing, (i) Seller and its Affiliates (and not the Group Companies) shall be the sole holders of the attorney-client privilege with respect to such engagement, and none of the Group Companies shall be a holder thereof, (ii) to the extent that files of PH in respect of such engagement constitute property of the client, only Seller and its Affiliates (and not the Group Companies) shall hold such property rights and (iii) PH shall not have any duty whatsoever to reveal or disclose any such attorney-client communications or files to any of the Group Companies by reason of any attorney-client relationship between or among PH and any of the Group Companies or otherwise.

(d) Furthermore, Buyer agrees, on its own behalf and on behalf of each of its Subsidiaries (including, after Closing, the Group Companies), that in the event of a dispute between Seller on the one hand and any Group Company on the other arising out of or relating to the Contemplated Transactions, neither the attorney-client privilege, the expectation of client confidence, nor any right to any other evidentiary privilege will protect from disclosure to Seller or its Affiliates any information or documents developed or shared during the course of PH's joint representation.

12.20 Debt Financing Sources Provisions. Notwithstanding anything in this Agreement to the contrary, the Parties on their own behalf and on behalf of their respective Subsidiaries and Affiliates hereby: (a) agree that any Action, whether in law or in equity, whether in contract or in tort or otherwise, involving the Debt Financing Entities, arising out of or relating to, this Agreement, the Financing or any of the agreements (including the Financing Commitments) entered into in connection with the Financing or any of the transactions contemplated hereby or thereby or the performance of any services thereunder shall be subject to the exclusive jurisdiction of any federal or state court in the Borough of Manhattan, New York, New York, so long as such forum is and remains available, and any appellate court thereof and each party hereto irrevocably submits itself and its property with respect to any such Action to the exclusive jurisdiction of such court, (b) agree that any such Action shall be governed by the Laws of the State of New York (without giving effect to any conflicts of law principles that would result in the application of the Laws of another state), except as otherwise provided in the Financing Commitments or other applicable definitive document relating to the Financing, (c) agrees that service of process upon Seller, its Subsidiaries or its Affiliates in any such Action shall be effective if notice is given in accordance with Section 12.03, (d) irrevocably waive, to the fullest extent that it may effectively do so, the defense of an inconvenient forum to the maintenance of such Action in any such court, (e) waive to the fullest extent permitted by applicable law trial by jury in any Action brought against the Debt Financing Entity in any way arising out of or relating to, this Agreement, the Financing, the Financing Commitments or any of the transactions contemplated hereby or thereby or the performance of any services thereunder, (f) agree that none of the Debt Financing Entities will have any liability to Seller or any of its Subsidiaries or Affiliates relating to or arising out of this Agreement, the Financing, the Financing Commitments or any of the transactions contemplated hereby or thereby or the performance of any services thereunder, whether in law or in equity, whether in contract or in tort or otherwise, (g) agree not to commence (and if commenced agree to dismiss or otherwise terminate, and not to assist) any action or proceeding against any Debt Financing Source under this Agreement, the Financing or any Financing Commitments, engagement letter or any other agreement entered into in connection with the Financing or the transactions contemplated hereby or thereby, (h) agree that the Debt Financing Entities are express third-party beneficiaries of, and may enforce, any of the provisions in this Agreement reflecting the foregoing agreements in this Section 12.20 and (i) agree that the provisions of this Section 12.20 and the definitions of "Debt Financing Entities" and "Debt Financing Sources" (and any other provisions of this Agreement to the extent a modification thereof would affect the substance of any of the foregoing) shall not be amended in any manner adverse to the Debt Financing Entities without the prior written consent of the Debt Financing Sources.

12.21 Guarantee.

(a) In consideration of the entry by Seller into this Agreement, upon the terms and subject to the conditions set forth in this Section 12.21, Parent hereby unconditionally and irrevocably guarantees to Seller (a) Buyer's obligations under this Agreement (the "Buyer Obligations") and (b) that Buyer and its respective Affiliates will perform when due all of their obligations, covenants and agreements required to be performed under or pursuant to this Agreement prior to the Closing and the payment of any and all Losses incurred or sustained by, or imposed upon, Seller to the extent arising out of any such breach, it being understood that the obligations of Parent hereunder shall terminate at the Closing Date (together with the Buyer Payment Obligations, the "Guaranteed Obligations").

(b) Parent agrees that the guarantee contemplated by this Section 12.21 (the "Guarantee") is a guarantee of payment and not collection. To the fullest extent permitted by applicable Law, Parent waives presentment to, demand of payment from and protest to any other Person of any of the Guaranteed Obligations, and also waives promptness, diligence, notice of acceptance of this Guarantee and of the Guaranteed Obligations and notice of protest for nonpayment. The Guaranteed Obligations shall not be subject to release or discharge, in whole or in part, and shall not be affected by (i) any change in corporate existence, structure or ownership of Parent, Buyer, any Affiliate thereof or any other Person, (ii) the adequacy of any other means Seller may have of obtaining payment related to the Guaranteed Obligations, (iii) any suretyship defense of a guarantor, (iv) any defense (other than any defense that Buyer would have under this Agreement) or set-off, counterclaim, recoupment and (v) the invalidity, illegality or unenforceability of any of the Guaranteed Obligations or this Guarantee. In the event that any payment to Seller for a Guaranteed Obligation hereunder is rescinded by the party that made the payment, Parent shall remain liable hereunder as if such payment had not been made. Parent further agree that the Guaranteed Obligations hereunder shall not be discharged except by complete payment and performance of the Guaranteed Obligations, at which time the obligations under this Section 12.21 shall terminate and Parent and their successors and assigns shall have no further obligations under this Agreement. Notwithstanding the foregoing, Parent's obligations under this Section 12.21 shall terminate and Parent shall have no further obligations under this Agreement as of the earliest to occur of (A) the Closing, (B) complete payment and performance of the Guaranteed Obligations, (C) the termination of this Agreement by mutual written consent of Buyer and Seller pursuant to Section 9.01(a), and (D) sixty (60) days after the termination of this Agreement (other than termination for which clause (C) applies), unless (x) a notice of a claim for payment of any Guaranteed Obligation is presented in writing by Seller to Buyer or Parent or (y) Seller shall have commenced a legal proceeding against Parent or Buyer alleging that Buyer is liable for payment obligations under this Agreement or against Parent that amounts are due and owing from Parent pursuant to this Section 12.21, in each of the cases of clauses (x) or (y), on or prior to such sixty (60) day period (in which case, the date of termination of the Guaranteed Obligations shall be the date the claims set forth in such notice are (I) resolved by a final, non-appealable order of a court specifically identified in Section 12.16 and all amounts (if any) payable by Parent under this Section 12.21 in respect of such resolution have been indefeasibly paid, observed, performed and satisfied in full, or (II) resolved as agreed in writing by the parties hereto).

(c) This Guarantee shall be binding upon the successors and assigns of Parent and shall inure to the benefit of Seller and its successors and assigns. In the event that Parent or any of its successors or assigns (i) consolidates with or merges into any other Person and is not the continuing or surviving corporation or entity of such consolidation or merger or (ii) transfers or conveys all or substantially all of its properties and other assets to any Person, then, and in each such case, Parent shall cause such Person to expressly assume the obligations set forth in this Section 12.21 (it being understood that no such assumption shall relieve Parent or their successors or assigns from their obligations hereunder). In the event that Parent or any of their successors or assigns (i) consolidates with or merges into any other Person and is not the continuing or surviving corporation or entity of such consolidation or merger or (ii) transfers or conveys all or substantially all of its properties and other assets to any Person, then, and in each such case, Parent shall cause such Person to expressly assume the obligations set forth in this Section 12.21.

* * * *

IN WITNESS WHEREOF, the parties hereto have executed this Stock Purchase Agreement on the day and year first above written.

Parent (solely for the limited purposes of Sections 2.02(b), 7.01, 8.01, 10.02, 12.21):

TABOOLA.COM LTD.

By: /s/ Adam Singolda
Its: CEO and Founder

By: /s/ Eldad Maniv
Its: President and COO

By: /s/ Zvi Limon
Its: Chairman of the BoD

Buyer:

TABOOLA, INC.

By: /s/ Adam Singolda
Its: CEO and Founder

By: /s/ Eldad Maniv
Its: President and COO

Seller:

SHOP MANAGEMENT, LLC

By: /s/ Bill Glass
Its: President and Chief Executive Officer

[*Signature Page to Stock Purchase Agreement*]

Exhibit A

Reference Statement

[See attached.]

Exhibit B

Form of Accredited Investor Questionnaire

[See attached.]

Exhibit C

Form of Lock-Up Agreement

[See attached.]

Exhibit D

Form of Seller Registration Rights Agreement

[See attached.]

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the reference to our firm under the caption “Experts” and to the use of our report dated March 24, 2021, except for the effects of the stock split as described in Note 1(F) as to which the date is July 13, 2021, in the Amendment No. 1 to the Registration Statement (Form F-1 No. 333-257879) and the related Prospectus of Taboola.com, ltd August 31, 2021.

August 31, 2021

Kost Forer Gabbay & Kasierer

Tel-Aviv, Israel

A Member of Ernst & Young Global

Exhibit 23.2

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the reference to our firm under the caption “Experts” and to the use of our reports dated October 2, 2020 and March 22, 2021 except for the effects of the restatement discussed in Note 2 as to which the date is April 29, 2021, in the Registration Statement on Form F-1 and the related prospectus of Taboola.com Ltd., with respect to the financial statements of ION ACQUISITION CORP 1 LTD.

August 31, 2021

Tel-Aviv, Israel

/s/ Kost Forer Gabbay & Kasierer
A Member of Ernst & Young Global

EXHIBIT 23.3

Consent of Independent Auditor

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

/s/ CohnReznick LLP

Los Angeles, California
August 31, 2021