

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

**FORM 6-K**

REPORT OF FOREIGN PRIVATE ISSUER PURSUANT TO RULE 13a-16 OR 15d-16 UNDER THE SECURITIES  
EXCHANGE ACT OF 1934  
For the month of August 2021

Commission File Number: 001-40566

**TABOOLA.COM LTD.**

(Exact name of registrant as specified in its charter)

16 Madison Square West 7th Floor

New York, NY 10010

(Address of principal executive office)

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

Form 20-F

Form 40-F

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

Yes

No

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

Yes

No

## EXPLANATORY NOTE

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

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### ITEM

<a href="#">99.1</a>	Press Release dated August 10, 2021
<a href="#">99.2</a>	Letter to Shareholders dated August 10, 2021
<a href="#">99.3</a>	Investor presentation dated August 10, 2021

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**SIGNATURE**

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

**TABoola.COM LTD.**

By: /s/ Stephen Walker

Name: Stephen Walker

Title: Chief Financial Officer

Date: August 10, 2021

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## Taboola Beats Q2 Guidance, Raises Expectations for Rest Of The Year and 2022

Increases full year guidance across all measures, now expects to grow Gross Profit and ex-TAC Gross Profit 22 to 24% and 22 to 23%, respectively, for the year.

New York, NY, Aug 10, 2021 -- Taboola (Nasdaq: TBLA), a global leader in powering recommendations for the open web, helping people discover things they may like, today announced its results for the quarter ended June 30, 2021.

“We went public over one month ago, and we recently announced that we are acquiring Connexity for \$800M to bring e-Commerce to the open web in a big way, and we had strong momentum in Q2,” said Adam Singolda, Founder & CEO, Taboola. “I’m pleased to share that our Q2 results included growth and profits above our expectations as we continue to grow our publisher partners, with new partnerships with publications such as BBC, Hearst, SheMedia and others. We’re also seeing growth of premium demand coming from agencies and brands such as video and native branding on premium supply, including placements like middle of article, homepages and section fronts. We are focused on executing on our plans and delivering on our commitments, and these results give us confidence to increase our 2021 guidance across all measures, including growing ex-TAC Gross Profit 22 to 23% for the year. With Connexity, we are positioning ourselves for an even stronger future by expanding our addressable market, scaling our offering to align with the direction of the open web, and hiring incredible talent. Amazon has millions of merchants, but merchants mainly have Amazon. That changes now.”

For more commentary on the quarter, please refer to Taboola’s Q2 2021 Shareholder Letter, which was furnished to the SEC and also posted on Taboola’s website today at <https://investors.taboola.com>.

### Second Quarter 2021 Results Summary (unaudited)

(dollars in thousands)	Three Months Ended June 30,	
	2021	2020
Revenues	\$ 329,072	\$ 267,668
Gross Profit	\$ 100,245	\$ 84,104
Net Income (loss) <sup>1</sup>	\$ (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
<b>Non-GAAP Financial Data*</b>		
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

<sup>1</sup>Includes share-based compensation expense of \$78.5 million in Q2 2021 compared to \$2.2 million in Q2 2020

## Second Quarter Financial Highlights

- Q2 results exceeded guidance across all measures
    - Revenues of \$329 million versus guidance of \$315 to \$320 million.
    - Gross Profit of \$100 million versus guidance of \$88 to \$95 million.
    - ex-TAC Gross Profit of \$117 million versus guidance of \$108 to \$113 million.
    - Adjusted EBITDA of \$41 million versus guidance of \$34 to \$36 million.
  - Revenue grew \$61 million or 22.9% year-over-year.
    - New digital property partners<sup>1</sup> drove \$23 million of growth
    - Existing digital property partners<sup>2</sup> grew \$38 million which translates to net dollar retention<sup>3</sup> (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,<sup>1</sup> 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 volunteered to pay in the fourth quarter of 2020.
  - 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.
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- 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.
- Our fully diluted shares outstanding to start Q3 2021 is estimated to be approximately 256 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.

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

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

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

### Third Quarter 2021 and Full Year 2021 Guidance

The Company's strong Second Quarter results provide us confidence to raise our Third Quarter and Full Year 2021 guidance above our previous projections and guidance. Our guidance does not incorporate our pending acquisition of Connexity which is expected to close in the third quarter. Including Connexity, we expect in 2022 to grow ex-TAC Gross Profit over 30% on a reported, non-pro forma basis and 17%+ on a pro forma basis, above our previous standalone expectation to grow ex-TAC Gross Profit 16% in 2022. For Taboola as a standalone company, we expect the following.

For the Third Quarter 2021, the Company currently expects:

- Revenues of \$325 to \$328 million
- Gross Profit of \$95 to \$98 million
- ex-TAC Gross Profit of \$115 to \$117 million
- Adjusted EBITDA of \$33 to \$34 million

For the Full Year 2021, the Company currently expects:

(dollars in millions)	Increased Guidance (as of 8/10/21)	Year over Year Growth	Previous Guidance (as of 5/17/21)
Revenues	\$1,316 to \$1,323	~11%	\$1,298 to \$1,308
Gross Profit	\$390 to \$396	22% to 24%	\$374 to \$386
ex-TAC Gross Profit	\$468 to \$472	22% to 23%	\$456 to \$466
Adjusted EBITDA	\$150 to \$153	41% to 44%	\$140 to \$150

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

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

### **Webcast Details**

Taboola's senior management team will discuss the Company's earnings on a call that will take place tomorrow, August 11, 2021, at 8:30 AM ET. The call can be accessed via webcast at <https://investors.taboola.com>, or by conference call by dialing (877) 312-1874, or (470) 495-9527 for international callers, and entering the conference ID 7791954. The webcast will be available for replay for one year, through the close of business on August 11, 2022.

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

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

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

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## Note Regarding Forward-Looking Statements

Certain statements in this press release are forward-looking statements. Forward-looking statements generally relate to future events including future financial or operating performance of Taboola.com Ltd. (the “Company”). For example, the expected timing and completion of the pending acquisition of Connexity and guidance for the third quarter of and Full Year 2021, are forward-looking statements. In some cases, you can identify forward-looking statements by terminology such as “may”, “should”, “expect”, “intend”, “will”, “estimate”, “anticipate”, “believe”, “predict”, “potential” or “continue”, or the negatives of these terms or variations of them or similar terminology. Such forward-looking statements are subject to risks, uncertainties, and other factors which could cause actual results to differ materially from those expressed or implied by such forward looking statements.

These forward-looking statements are based upon estimates and assumptions that, while considered reasonable by the Company and its management, are inherently uncertain. Uncertainties and risk factors that could affect the Company’s future performance and cause results to differ from the forward-looking statements in this presentation include, but are not limited to: the ability to recognize the anticipated benefits of the recent transaction between the Company and ION Acquisitions Corp. 1 Ltd. (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; the Company’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; ability to meet minimum guarantee requirements in contracts with digital properties; intense competition in the digital advertising space, including with competitors who have significantly more resources; ability to grow and scale the Company’s ad and content platform through new relationships with advertisers and digital properties; ability to secure high quality content from digital properties; ability to maintain relationships with current advertiser and digital property partners; ability to make continued investments in the Company’s AI-powered technology platform; the need to attract, train and retain highly-skilled technical workforce; changes in the regulation of, or market practice with respect to, “third party cookies” and its impact on digital advertising; continued engagement by users who interact with the Company’s platform on various digital properties; the impact of the ongoing COVID-19 pandemic; reliance on a limited number of partners for a significant portion of the Company’s revenue; changes in laws and regulations related to privacy, data protection, advertising regulation, competition and other areas related to digital advertising; ability to enforce, protect and maintain intellectual property rights; and risks related to the fact that we are incorporated in Israel and governed by Israeli law; and other risks and uncertainties set forth in the section entitled “Risk Factors” and “Cautionary Note Regarding Forward-Looking Statements” in the Company’s registration statement on Form F-4 relating to the Business Combination filed on April 30, 2021, and in subsequent filings with the Securities and Exchange Commission (“SEC”), including the final prospectus/proxy statement relating to the Business Combination.

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

## About Taboola

Taboola powers recommendations for the open web, helping people discover things they may like. The company's platform, powered by artificial intelligence, is used by digital properties, including websites, devices and mobile apps, to drive monetization and user engagement. Taboola has long-term partnerships with some of the top digital properties in the world, including CNBC, NBC News, Business Insider, The Independent and El Mundo. More than 13,000 advertisers use Taboola to reach over 500 million daily active users in a brand-safe environment. The company has offices in 15 cities worldwide, including New York and Tel Aviv.

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

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**CONSOLIDATED BALANCE SHEETS**

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

	June 30, 2021	December 31, 2020
	Unaudited	Audited
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
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
<u>Total current assets</u>	<u>762,959</u>	<u>426,134</u>
<b>NON-CURRENT ASSETS</b>		
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
	<u>165,099</u>	<u>154,034</u>
<u>Total assets</u>	<u>928,058</u>	<u>580,168</u>

**CONSOLIDATED BALANCE SHEETS (continued)**

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

	<b>June 30, 2021 Unaudited</b>	<b>December 31, 2020 Audited</b>
<b>LIABILITIES, CONVERTIBLE PREFERRED SHARES AND SHAREHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES</b>		
Trade payable	\$ 157,658	\$ 189,352
Lease liability	15,287	15,746
Accrued expenses and other current liabilities	101,029	95,135
<b>Total current liabilities</b>	<b>273,974</b>	<b>300,233</b>
<b>LONG TERM LIABILITIES</b>		
Deferred tax liabilities	27	45
Warrant liability	54,155	-
Lease liability	52,564	63,044
<b>Total long-term liabilities</b>	<b>106,746</b>	<b>63,089</b>
<b>CONVERTIBLE PREFERRED SHARES</b>		
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
<b>SHAREHOLDERS' EQUITY</b>		
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)
<b>Total shareholders' equity</b>	<b>547,338</b>	<b>46,640</b>
<b>Total liabilities, convertible preferred shares, and shareholders' equity</b>	<b>\$ 928,058</b>	<b>\$ 580,168</b>

**CONSOLIDATED STATEMENTS OF INCOME (LOSS)**

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

	Three months ended		Six months ended	
	June 30,		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
<b>Total cost of revenues</b>	<b>228,827</b>	<b>183,564</b>	<b>442,278</b>	<b>410,134</b>
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
<b>Total operating expenses</b>	<b>153,654</b>	<b>65,880</b>	<b>221,531</b>	<b>138,494</b>
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**

U.S. dollars in thousands

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2021	2020	2021	2020
	(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**

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

	Three months ended		Six months ended	
	June 30,		June 30,	
	2021	2020	2021	2020
	Unaudited		Unaudited	
<u>Cash flows from operating activities:</u>				
Net income (loss)	\$ (61,416)	\$ 12,905	\$ (42,829)	\$ (10,948)
<u>Adjustments to reconcile net income (loss) to net cash flows provided by operating activities:</u>				
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
<u>Change in operating assets and liabilities:</u>				
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	<u>23,083</u>	<u>36,834</u>	<u>13,980</u>	<u>47,842</u>
<u>Cash flows from investing activities</u>				
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	<u>(16,256)</u>	<u>8,346</u>	<u>(19,139)</u>	<u>14,126</u>
<u>Cash flows from financing activities</u>				
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	<u>346,159</u>	<u>400</u>	<u>346,234</u>	<u>677</u>
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	<u>\$ 585,243</u>	<u>\$ 148,741</u>	<u>\$ 585,243</u>	<u>\$ 148,741</u>

**CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)**

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

	Three months ended		Six months ended	
	June 30,		June 30,	
	2021	2020	2021	2020
	(unaudited)		(unaudited)	
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

**APPENDIX: Non-GAAP Reconciliation**

**RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES FOR Q2 2021**

(Unaudited)

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

	<b>Three Months Ended June 30,</b>		<b>Six Months Ended June 30,</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>(unaudited)</b>		<b>(unaudited)</b>	
	<b>(dollars in thousands)</b>		<b>(dollars in thousands)</b>	
Revenues	\$ 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.

	<b>Three Months Ended June 30,</b>		<b>Six Months Ended June 30,</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>(unaudited)</b>		<b>(unaudited)</b>	
	<b>(dollars in thousands)</b>		<b>(dollars in thousands)</b>	
Net 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 <sup>(1)</sup>	78,523	2,223	83,654	4,493
M&A costs <sup>(2)</sup>	7,042	5,342	5,588	11,439
Adjusted EBITDA	\$ 40,802	\$ 34,865	\$ 74,345	\$ 33,145

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

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



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

	<b>Three Months Ended</b>		<b>Six Months Ended</b>	
	<b>June 30,</b>		<b>June 30,</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	(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		Six Months Ended	
	June 30,		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

#### APPENDIX: Non-GAAP Reconciliation

#### RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES FOR Q3 2021 and FULL YEAR 2021 GUIDANCE

(Unaudited)

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

	Q3 2021	FY 2021
	(unaudited)	
	(dollars in millions)	
Revenues	\$ 325 - \$328	\$ 1,316 - \$1,323
Traffic acquisition cost	\$ (210 - \$211)	\$ (848 - \$851)
Other cost of revenues	\$ (19 - \$20)	\$ (75 - \$77)
Gross Profit	\$ 95 - \$98	\$ 390 - \$396
Add back: Other cost of revenues	\$ 19 - \$20	\$ 75 - \$77
ex-TAC Gross Profit	\$ 115 - \$117	\$ 468 - \$472



## Q2 2021 Founder/CEO Letter To Shareholders

Dear Shareholder,

Last quarter, in advance of going public, I wrote my first shareholders letter where I shared our Q1 performance as well as introduced Taboola, our vision, our market, and our ability to drive predictable and profitable growth in a \$60B+ open web market. Before we get into our Q2 update, I want to remind those who may be newer to Taboola, on what we do and what drives our success.

Taboola powers recommendations for the open web, helping people discover things they may like. You've seen us before, if you've visited sites you love like CNBC, NBCNews, the Independent in the UK, or Sankei in Japan - you would discover what to read next, powered by Taboola.

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

Taboola has established long-term partnerships with some of the top publishers and digital properties in the world. Recommending something that a user may like at just the right time and just the right place is a significant challenge. We have a proprietary deep learning recommendations engine that is able to infer what a user might be interested in based on context (not 3rd party cookie reliant) and knowledge of what other users have liked in similar circumstances. Through our publisher partners, we reach 500M people a day, driving revenue, and we invest \$100M a year in R&D to provide our partners with the platform and technology they need to drive revenue, engagement and audience. The strength of our platform has also attracted more than 13,000 advertisers who work directly with Taboola to reach consumers in a brand-safe environment.

Our success has provided us significant scale, and this is a market where scale matters a lot - the bigger you get, the more data you gain, your yield gets better - and the more network effect benefits you get and the more profitable growth you realize. This allows us to invest more in our core and outside of our core, and capture more opportunity in these multi-billion market areas.

I am so happy to update you all again on our business and the tremendous progress we've made. Q2 2021 has been the most eventful quarter since I started Taboola.

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**We are now a public company, trading under 'TBLA' on Nasdaq.**

We are honored to have the support of, and to be working for, so many new investors, large and small - we are at the beginning of our public journey. We are focused on winning in the market, executing on our strategy and delivering on our commitments --- now for the benefit of not just ourselves but for our new public investors who chose Taboola, and believe what we believe.

**We recently announced our agreement to acquire Connexity for \$800M, allowing us to bring e-Commerce to the open web as another strong growth engine.**

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

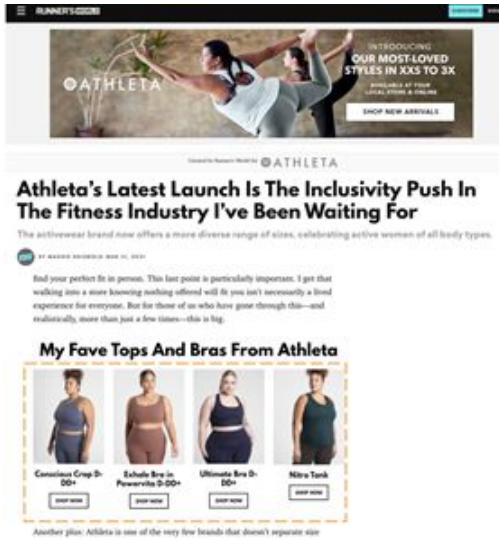
Connexity is a B2B company, serving merchants as advertisers on one side - and enabling publishers as partners on the other. 90% of their revenue comes from merchants they have direct relationships with (most of it is paid through CPC, and some is paid through CPA), and they don't rely on 3rd-party cookies. This is incredible - I love that their business, which is very aligned with Taboola's strategy, is about working directly with both advertisers and publishers, serving high quality advertising experiences that do not depend on cookies.

With publishers - Connexity's offering helps bring product recommendations to sites we all love, in a familiar format, as well as enabling clients to launch their own "shopping sections". Imagine scrolling on a fashion website, clicking on the image of an incredible looking shoe and being able to click 'buy'. Or scrolling through recipes on the Food Network, and discovering groceries you might like to buy. We imagine helping news publishers make each section of their site part of the larger e-Commerce ecosystem. These new capabilities will provide merchants, and publishers, large and small, more opportunities to scale outside of the walled gardens, making the open web thrive.

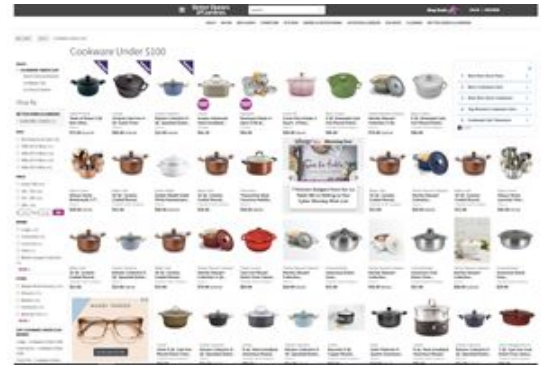
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Connexity on publishers, and the user's experience looks like this:

Connexity native product listing seamlessly embedded in publisher's editorial content (Hearst's *Runner's World*)



Connexity powering the shopping section of a publisher (Meredith's *Better Home & Gardens*)



Connexity has successfully built a way to enable advertisers to extend their reach beyond their publisher partners. Similar to "Facebook Audience Network ('FAN')", but powered by Connexity and in the e-Commerce Category. For example, a merchant working with Connexity, (see above) might be recommended on Meredith or Hearst, but might also be surfaced on Bing, Yahoo, Google, or even Instagram where influencers create content. This makes up approximately ~25% of the Connexity business, and it provides a great opportunity for Connexity and its merchants to find users wherever they may be.

I'm really excited about this acquisition. The market is excited. I've received many messages from our publisher community expressing their interest in expanding their work with us to launch shopping areas on their site(s), and bring e-Commerce to their editorial pages.

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## **We beat our Q2 guidance by all measures, we're raising our guidance for the full year 2021 and increasing expectations for 2022**

As a reminder, when we released Q1 earnings, we raised our guidance for Q2 as well as for the full year, saying we will grow faster. Instead of our original projection to grow 17% for the year, our new and higher guidance was that we'll grow ex-TAC Gross Profit 19% - 22% in 2021 versus 2020.

Today, we're sharing that we beat our revised higher Q2 guidance, delivering strong growth year-over-year across all our financial metrics, and we're raising our guidance for the full year 2021.

In Q2, revenue was up 23%, ex-TAC gross profit up 18% and Adjusted EBITDA up 17% versus last year, same quarter. About 40% of this growth comes from new business, and 60% comes growth in our yield. We are winning new business, seeing good demand for our new Agency/Brand offering and maintaining strong yield overall. At the same time, due to continued accelerated digitization from Covid-19, consumers are looking to interact and buy more online, where Taboola has a meaningful scale, reaching 500M+ daily active users.

### **Raising guidance for Q3 and the rest of 2021**

Following this momentum, and a strong Q1 - we are increasing our stand alone expectations for Q3, and updating our full year guidance. We are now projecting that we will grow ex-TAC gross profit by 22 - 23% for the full year of 2021 versus 2020, which is an increase from our previous guidance of 19 - 22%. Note that our guidance does not incorporate our pending acquisition of Connexity which is expected to close in the third quarter.

### **Higher 2022 growth on a bigger base**

Joined with Connexity, we expect in 2022 to grow ex-TAC gross profit over 30% on a reported, non-pro forma basis<sup>1</sup>. We previously told you that we expected the Taboola stand-alone ex-TAC gross profit to grow 16% in 2022. With the completion of the Connexity acquisition, we're raising our expectations for next year, projecting that we will grow ex-TAC gross profit faster at 17%+ on a pro forma basis, despite the much larger base. We expect to close the acquisition by the end of the third quarter of this year.

We are laser focused on continuing to deliver predictable, and consistent profitable growth over the long run and we are proud of our track record of performance, which is built on a solid business foundation:

- We have won the trust of incredible publishers who work with us exclusively (and typically) for 3-5 years
- 90% of our advertisers work with us directly, allowing our AI technology, called SmartBid to optimize the bids on their behalf
- We use contextual signals to deliver relevant recommendations and don't rely on 3rd-party cookies
- We have scale, and in our industry, scale matters - driving our flywheel, our yield and our competitive advantage higher.

<sup>1</sup>Reported growth expectation assumes that the Connexity acquisition closes at the end of Q3 2021

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## Business Highlights

We are winning in the market and we are seeing great results.

I speak frequently about how Taboola is growing across 3 multi-billion dollar areas:

- **Growing our core** business - this is our foundation, a business with a moat built on fourteen years of technology and algorithm innovation, direct publisher and advertiser partnerships, no reliance on 3rd-party cookies, interacting with 500M people a day and remaining focused on data and execution. Our core business provides us the scale, capabilities and permission to pursue our **Anything and Anywhere** growth initiatives.
  - **'Recommend Anything'**, a way for us to diversify what we recommend.
    - **Winning premium demand on premium new placements** - We're seeing terrific growth with premium demand such as video and native branding on premium new placements such as middle of the article pages, homepages and section fronts. We already power both editorial and paid recommendations for many of the largest publishers in the world, which gives us the advantage of being able to win in bundles, e.g., bottom of article and middle of the page recommendations: 1 + 1 = 3.
    - e-Commerce - Acquiring Connexity helps us supercharge our strategy of recommend anything and focus on bringing product and e-Commerce recommendations to the open web. More on Connexity below.
  - **'Recommend Anywhere'**, where we're continuing our expansion to recommend wherever people might be. Over time we will consider becoming the recommendation engine on devices like Connected TV, in the meantime, we're already making good progress integrating our recommendations on device manufacturers
    - Taboola News (our Apple News-like product) has continued to scale with two major deals. A long-term partnership with Sliide, a leading mobile platform that drives engagement and monetization for mobile carriers, OEMs and publishers, powering billions of user interactions. Samsung Brasil also selected Taboola News as their partner to integrate relevant content from Taboola's premium publishers on mobile phones and other user touch points.
-



### **More on Taboola and Connexity as part of “Recommend Anything” strategy**

With this acquisition, we are executing on our plan to expand into e-Commerce as part of our “Recommend Anything” strategy. Connexity expands our market opportunity. In the US alone their estimated TAM is \$35B for the e-Commerce media market. We believe that the future of the open web is e-Commerce, bringing merchants together with trusted publishers, connecting customers with products they might like - powered by Taboola. By combining our organizations, cultures, massive data, reach to 500M daily active users, and direct access to publishers, advertisers and merchants — we are making a huge step towards our vision.

We’ve seen great companies in Asia like WeChat and Alibaba massively succeed in e-Commerce. Mark Zuckerberg recently announced *Instagram Shopping* and *Facebook Shops*, and I’m convinced we can bring the power of commerce to every site, or app on the free internet. Imagine reading an article about a Star Wars LEGO set and instead of having to start a search to buy the set, products like LEGO’s Millennium Falcon, Yoda or R2-D2 are surfaced, alongside content, for users to consider buying.

Taboola will now be powering millions of e-commerce recommendations to millions of people across the open web every day. We can’t wait to bring this value to our publishers and these new channels to our advertisers. The synergies are very clear --

- Driving yield growth by bringing Connexity Merchants to Taboola’s existing relationships with publishers / 500M active users
- Upselling existing Connexity publisher products, such as shop sections and commerce content, to Taboola’s ~9,000 publishers
- Building new, powerful and innovative products based on combined tech and data
- Bringing Connexity global by leveraging Taboola’s worldwide presence
- Creating a super data set to drive yield growth to both Connexity and Taboola’s partners

Together with Connexity, we can achieve our shared dream. We’ll be at the forefront of powering recommendations for the open web, enabling merchants to leverage Taboola’s massive scale to reach their clients outside of the walled gardens.

Amazon has millions of merchants, but merchants mainly have Amazon. That changes once we acquire Connexity.

### **Our People**

We are hiring quickly across all departments, and that is important for us given our fast, predictable, and profitable growth expectations. I’m proud to say that we have consistently been voted a top company to work for in Israel (where we house our R&D Center). Globally,

- 320 people applied to work at Taboola every day in Q2
  - We finished Q1 with 1383 employees and Q2 with 1442
-





## DEI

Building an inclusive and diverse workplace isn't just the right thing to do as a society, we believe that multiple voices and perspectives can drive better results. Our culture is about transparency and collaboration, and with more diversity, we believe we can execute even better. As we look into Q3 and the rest of 2021, our DEI projects are front of the line.

- We have allocated \$1.5M for DEI activities for 2021, with \$500K already implemented in Q1's *RecommendHer* campaign, which provided free advertising for women-owned businesses.
- In June, Taboola Pride, our Employee Resource Group for the LGBTQ community at Taboola held a private, virtual event with over 10% of our employees attending the session.

We've announced to our employees that we want to take a meaningful decision when it comes to women and people of color in leadership at Taboola. Our goal from now through 2025 is:

- 25% of our Sr. leadership team (VP and above) will be women
- 45% of all future promotions and hires into leadership will be women or people of color

Our global goal is gender diversity, and we're going to focus on underrepresented minority groups in each of the regions we operate in.

## Financial Performance

Turning to our Q2 financials, we once again had strong results across our key business metrics and that performance gives us the confidence to raise our guidance for Q3 and full year. Here are the highlights:

(dollars in millions)	Q2 2021	Year over Year Growth	Previous Guidance (as of 5/17/21)
Revenues	\$329	22.9%	\$315 to \$320
Gross Profit	\$100	19.2%	\$88 to \$95
ex-TAC Gross Profit*	\$117	18.2%	\$108 to \$113
Net Loss <sup>1</sup>	\$(61)	NM	not a guidance measure
Adjusted EBITDA*	\$41	17.0%	\$34 to \$36

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

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Within revenue, there was a balanced contribution with new business contributing 37.4% and existing business contributing 62.6% of the growth. Gains in yield fuel our business and enabled both investment and an adjusted EBITDA margin of 34.9%. Our continued profitable growth reflects the strength of our business model that includes:

- long term and exclusive publisher partnerships (contracts) with guaranteed supply
- direct relationships with advertisers, strongly tilted to performance advertisers that are uniquely resilient
- a contextual, non-cookie dependent recommendations engine
- Our scale, and in our industry, scale matters - driving competitive advantage.

All of these elements feed our yield improvement flywheel that results in greater publisher and advertiser success as well as higher growth and better margins.

Our Q2 performance gives us confidence to raise our Q3 expectations and full year guidance. Our guidance does not incorporate Connexity's business pending the close of the acquisition. The table below includes our current guidance for full year 2021 compared to our previous guidance:

<b>Full Year 2021</b> (dollars in millions)	<b>Increased Guidance</b> (as of 8/10/21)	<b>Year over Year</b> <b>Growth</b>	<b>Previous Guidance</b> (as of 5/17/21)
Revenues	\$1,316 to \$1,323	~11%	\$1,298 to \$1,308
Gross Profit	\$390 to \$396	22% to 24%	\$374 to \$386
ex-TAC Gross Profit	\$468 to \$472	22% to 23%	\$456 to \$466
Adjusted EBITDA	\$150 to \$153	41% to 44%	\$140 to \$150

For a complete look at our updated full year and Q3 guidance and Q2 results, please see our Q2 2021 earnings press release, which was furnished to the SEC and also posted on Taboola's website today at <https://investors.taboola.com>.

\* \* \*

And while we are focused on quarterly growth, our vision far surpasses quarter by quarter goals. We have a big vision for the next decade and it includes powering e-Commerce recommendations across the open web.

I'm looking forward to our first earnings call, where I will do my best to answer any questions you may have.

Kind regards,  
-- Adam Singolda  
Founder and CEO

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

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

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

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

Certain statements in this press release are forward-looking statements. Forward-looking statements generally relate to future events including future financial or operating performance of Taboola.com Ltd. (the "Company"). For example, the expected timing and completion of the pending acquisition of Connexity and guidance for the third quarter of and Full Year 2021, are forward-looking statements. In some cases, you can identify forward-looking statements by terminology such as "may", "should", "expect", "intend", "will", "estimate", "anticipate", "believe", "predict", "potential" or "continue", or the negatives of these terms or variations of them or similar terminology. Such forward-looking statements are subject to risks, uncertainties, and other factors which could cause actual results to differ materially from those expressed or implied by such forward looking statements.

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

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

#### APPENDIX: Non-GAAP Reconciliation

#### RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES FOR Q2 2021

(Unaudited)

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		Six Months Ended	
	June 30,		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 <sup>(1)</sup>	78,523	2,223	83,654	4,493
M&A costs <sup>(2)</sup>	7,042	5,342	5,588	11,439
Adjusted EBITDA	\$ 40,802	\$ 34,865	\$ 74,345	\$ 33,145

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

<sup>2</sup> For 2020 periods, represents costs associated with the proposed strategic transaction with Outbrain Inc. which we elected not to consummate, and for 2021 periods, relates to the acquisition of ION Acquisition Corp. 1 Ltd. 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		Six Months Ended	
	June 30,		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.

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## APPENDIX: Non-GAAP Reconciliation

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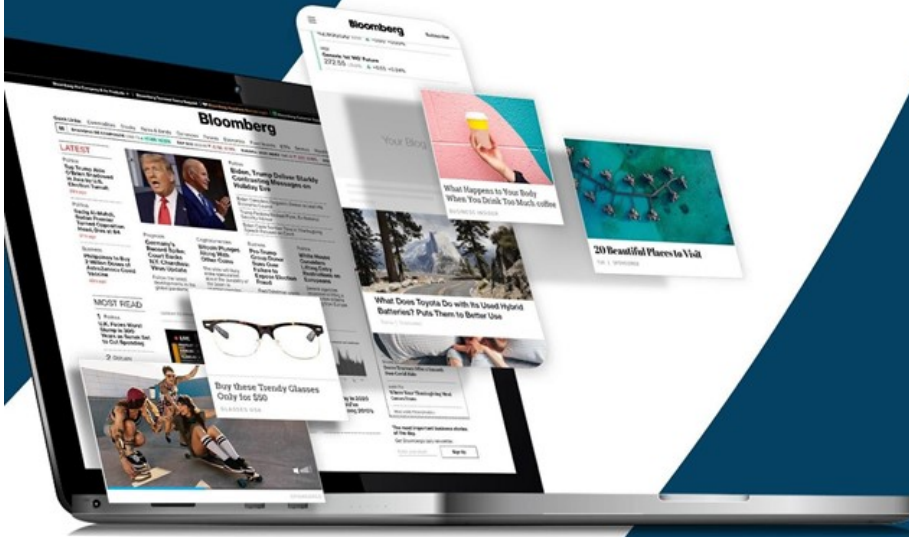
(Unaudited)

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

	<u>Q3 2021</u>	<u>FY 2021</u>
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Other cost of revenues	\$ (19 - \$20)	\$ (75 - \$77)
Gross Profit	\$ 95 - \$98	\$ 390 - \$396
Add back: Other cost of revenues	\$ 19 - \$20	\$ 75 - \$77
ex-TAC Gross Profit	\$ 115 - \$117	\$ 468 - \$472

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Taboola



# Management Presentation

August 10, 2021



# Disclaimer

## Forward-Looking Statements

Certain statements in this Presentation may be considered forward-looking statements. Forward-looking statements generally relate to future events or Taboola.com Ltd.'s (the "Company") future financial or operating performance. For example, projections of future Revenue, Adjusted EBITDA, Net Dollar Retention, New Publisher Growth, and other metrics are forward-looking statements. In some cases, you can identify forward-looking statements by terminology such as "may", "should", "expect", "intend", "will", "estimate", "anticipate", "believe", "predict", "potential" or "continue", or the negatives of these terms or variations of them or similar terminology. Such forward-looking statements are subject to risks, uncertainties, and other factors which could cause actual results to differ materially from those expressed or implied by such forward-looking statements.

These forward-looking statements are based upon estimates and assumptions that, while considered reasonable by the Company and its management are inherently uncertain. Uncertainties and risk factors that could affect the Company's future performance and cause results to differ from the forward-looking statements in this presentation include, but are not limited to: the ability to recognize the anticipated benefits of the recent transaction with ION Acquisition Corp. 1 Ltd. (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; the Company'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; ability to meet minimum guarantee requirements in contracts with digital properties; intense competition in the digital advertising space, including with competitors who have significantly more resources; ability to grow and scale the Company's ad and content platform through new relationships with advertisers and digital properties; ability to secure high quality content from digital properties; ability to maintain relationships with current advertisers and digital property partners; ability to make continued investments in the Company's AI-powered technology platform; the need to attract, train and retain highly-skilled technical workforce; changes in the regulation of, or market practice with respect to, "third party cookies" and its impact on digital advertising; continued engagement by users who interact with the Company's platform on various digital properties; the impact of the ongoing COVID-19 pandemic; reliance on a limited number of partners for a significant portion of the Company's revenue; changes in laws and regulations related to privacy, data protection, advertising regulation, competition and other areas related to digital advertising; ability to enforce, protect and maintain intellectual property rights; and risks related to the fact that we are incorporated in Israel and governed by Israeli law and other risks and uncertainties set forth in the section entitled "Risk Factors" and "Cautionary Note Regarding Forward-Looking Statements" in the Company's registration statement on Form F-4 relating to the Business Combination filed on April 30, 2021, and in subsequent filings with the Securities and Exchange Commission ("SEC"), including the final prospectus/proxy statement relating to the Business Combination.

Nothing in this Presentation should be regarded as a representation by any person that the forward-looking statements set forth herein will be achieved or that any of the contemplated results of such forward-looking statements will be achieved. You should not place undue reliance on forward-looking statements, which speak only as of the date they were made. The inclusion of these projections does not constitute republication or affirmation thereof as of any other date. The Company undertakes no duty to update these forward-looking statements.

## Non-GAAP Financial Measures

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

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

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

## Use of Projections

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

## Industry and Market Data

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

This Presentation may include trademarks, service marks, trade names and copyrights of other companies, which are the property of their respective owners. Solely for convenience, some of the trademarks, service marks, trade names and copyrights referred to in this Presentation may be listed without the TM, SM, (c) or (r) symbols, but the Company will assert, to the fullest extent under applicable law, the right of the applicable owners, if any, to these trademarks, service marks, trade names and copyrights.

# Today's Presenters



**Adam Singolda**  
Founder & CEO

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



**Stephen Walker**  
CFO

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

# AGENDA

- **Taboola Overview**
- Investment Highlights
- Taboola + Connexity = Even Stronger
- Financial Information



# **We Power Recommendations for The Open Web**

Helping people discover things they may like

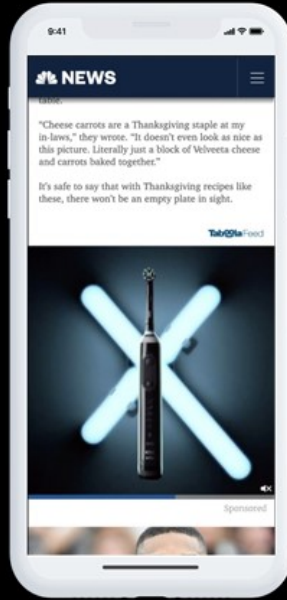
# TABOOLA = SEARCH "IN REVERSE"

From people looking for information  
to information looking for people



I'm Feeling Lucky Google Search



**YOU HAVE  
SEEN  
TABoola  
BEFORE**



# SOLVING TREMENDOUSLY DIFFICULT TECHNOLOGICAL CHALLENGES

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

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

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

**1 Petabyte**

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

**330K+**

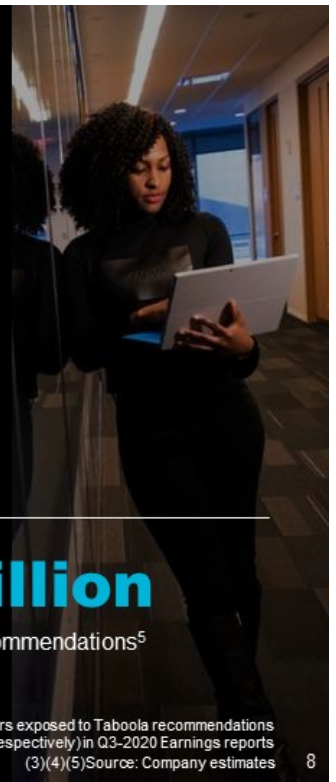
CPU & GPU Cores<sup>4</sup>

**1 Trillion**

Monthly Recommendations<sup>5</sup>

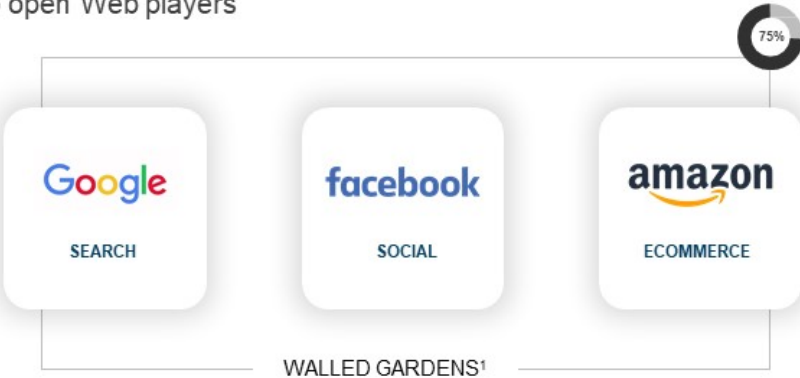
**Taboola**

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



# ENABLING PUBLISHERS TO COMPETE WITH WALLED GARDEN BEHEMOTHS

Bringing the user data, AI technology and scale of demand to open Web players



(1) Walled Gardens includes other closed platforms including Snap, Twitter, and Netflix  
 (2) Open Web: Digital properties not owned by walled gardens such as websites, apps, games, Connected-TV apps, etc.  
 (3) Percentages reflect time spent on digital media according to company estimates based on eMarketer data. 25% reflects total time spent on Open Web properties, not just on Taboola



# TABOOLA CAN CAPTURE SHARE OF THE HIGHLY FRAGMENTED \$64B OPEN WEB MARKET<sup>1</sup>



SEARCH

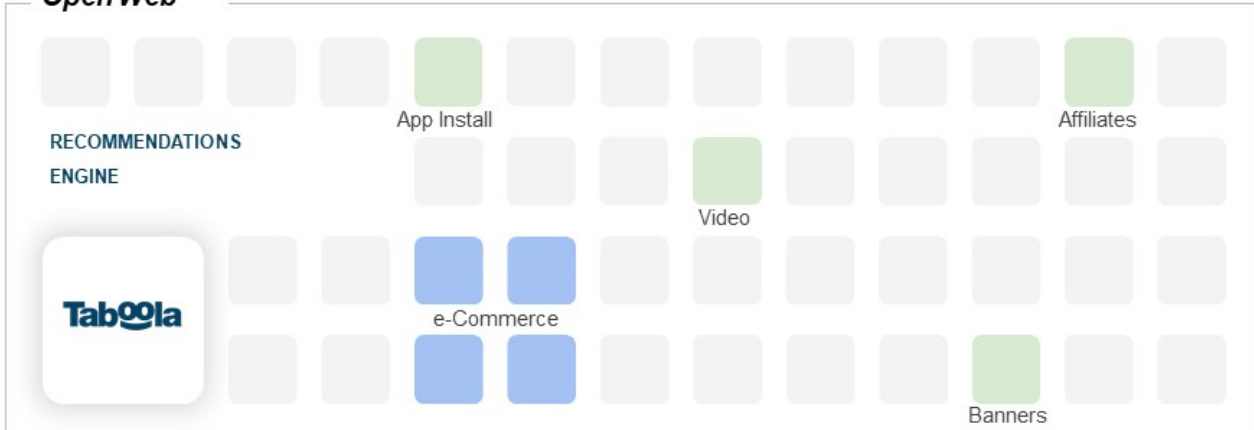


SOCIAL



E-COMMERCE

## Open Web



# FULL TECH STACK FOR PUBLISHERS: MISSION CRITICAL FOR THE OPEN WEB



Taboola Newsroom



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

## Monetization

Monetizing with non-interruptive, native ads

## Engagement

Engaging users by recommending organic content

## Audience

Driving quality audiences from across the network

Empowering editorial teams with actionable data insights

(1) See Appendix for historical annual Traffic acquisition costs (TAC)



# THAT'S WHY TABOOLA GETS LONG-TERM, EXCLUSIVE PARTNERSHIPS WITH PUBLISHERS

*"NBC News Group is excited to continue working with Taboola to expand the reach of our content and continue driving our already impressive growth. We recognize the value of Taboola's technology and their ability to drive meaningful engagement with NBC News content, especially at a time when competition for user attention is at an all-time high."*

- Elisabeth Sami, SVP of Global Strategy and Business Development for NBC News Group

- 118% NDR in 2020<sup>1</sup>
- 9,000 publishers
- Global

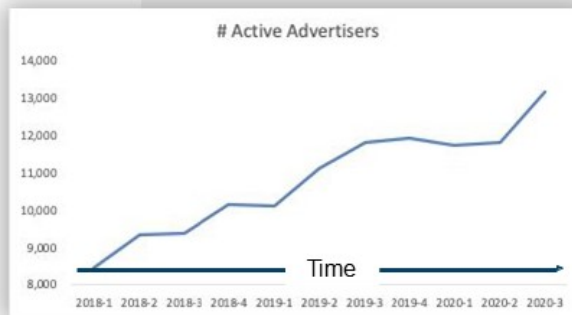
Publishers on a 5+ Year Contract with Taboola



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

# ADVERTISERS CHOOSE TABOOLA FOR THE OPEN WEB

- **Massive reach** – 516M Daily Active Users
- **Performance** focus with measurable ROI
- **Brand safe** ad placements
- **Targetads** based on what people truly care about



Largest advertiser is 3% of total ad spend

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

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



Taboola

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

## Having an amazing year and it's just the beginning

Went public, raised \$500M+ from great investors - Fidelity, Federated, Baron, others

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Beat Q1 and Q2 projections and raised guidance for Q3 and full year 2021

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Winning incredible partners, and progressing on our growth initiatives organically



# AGENDA

- Taboola Overview
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- Financial Information



# INVESTMENT HIGHLIGHTS

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



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



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

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



## 2 **TABOOLA TECH IS BUILT FOR A COOKIE-LESS WORLD**

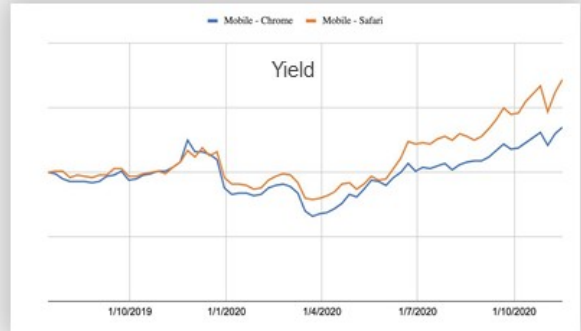
- **Taboola has its own 1st party cookie** - recommending personalized editorial content enables serving our own 1st party identifier
- **Unique readership context** - deep access to the context of the page, allowing advertisers to target context (vs. "3rd party cookie behavior")
- **People click on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



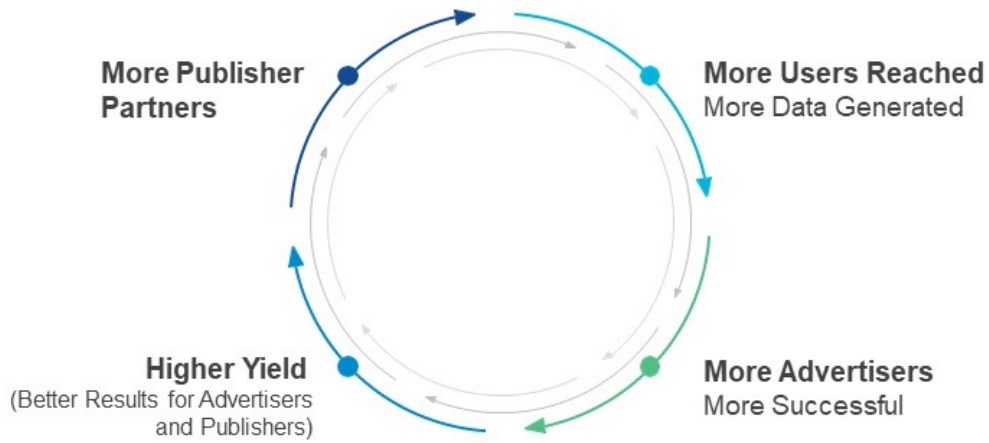
(1) Source: Company data. Clicks represent total clicks on Taboola recommendations, including paid advertisements ("sponsored content") and editorial ("organic") content

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

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



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



## 4 PLATFORM ADVANTAGE DRIVEN BY INVESTMENT IN TECH

| **500** R&D staff

| **100** in Algo & Data

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

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



Note: Financial models take into consideration only the core business

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

# 5 FAST GROWING PREMIUM VIDEO DEMAND ON PREMIUM PLACEMENTS



## MID ARTICLE VIDEO

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

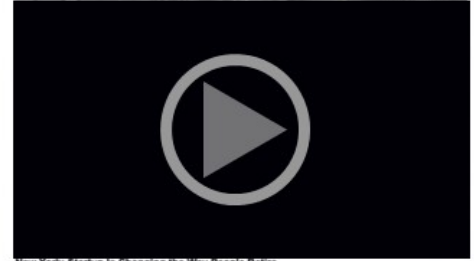
First (and most importantly), prove to Giannis Antetokounmpo the franchise was willing to do whatever it took to win a title, so he would re-sign with them. [Check that box off.](#)

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

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

And they wouldn't be there without Holiday — his defense on Chris Paul and Devin Booker has changed the side of the 2021 NBA Finals.

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



New York: Startup Is Changing the Way People Retire

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

## 6 PROVEN, FOUNDER-LED MANAGEMENT TEAM



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



**Stephen Walker**  
6 years at Taboola  
CFO



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



**Lior Golan**  
11 years at Taboola  
CTO



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



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



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

# Q2 RESULTS

	Unaudited Q2-21 <sup>1</sup>	Previous Guidance <sup>2</sup>
Revenues	<b>\$329M</b>	<b>\$315 - 320M</b>
Gross Profit	<b>\$100M</b>	<b>\$88 - 95M</b>
ex-TAC Gross Profit <sup>3</sup>	<b>\$117M</b>	<b>\$108 - 113M</b>
Adj EBITDA <sup>3</sup>	<b>\$41M</b>	<b>\$34 - 36M</b>

## Strong Q2-21 Results.

Driven by revenue growth from new and existing digital property partners and improved network yield relative to historic seasonal expectations

## UPDATED FULL YEAR 2021 GUIDANCE

	2020	2021 GUIDANCE	GROWTH RATE
Revenues	<b>\$1,189M</b>	<b>\$1,316-1,323M</b>	<b>10-11%</b>
Gross Profit	<b>\$319M</b>	<b>\$390-396M</b>	<b>22-24%</b>
ex-TAC Gross Profit <sup>1</sup>	<b>\$382M</b>	<b>\$468-472M</b>	<b>22-23%</b>
Adj. EBITDA <sup>1</sup>	<b>\$106M</b>	<b>\$150-153M</b>	<b>41-44%</b>

**INCREASED  
GUIDANCE ACROSS  
ALL MEASURES**

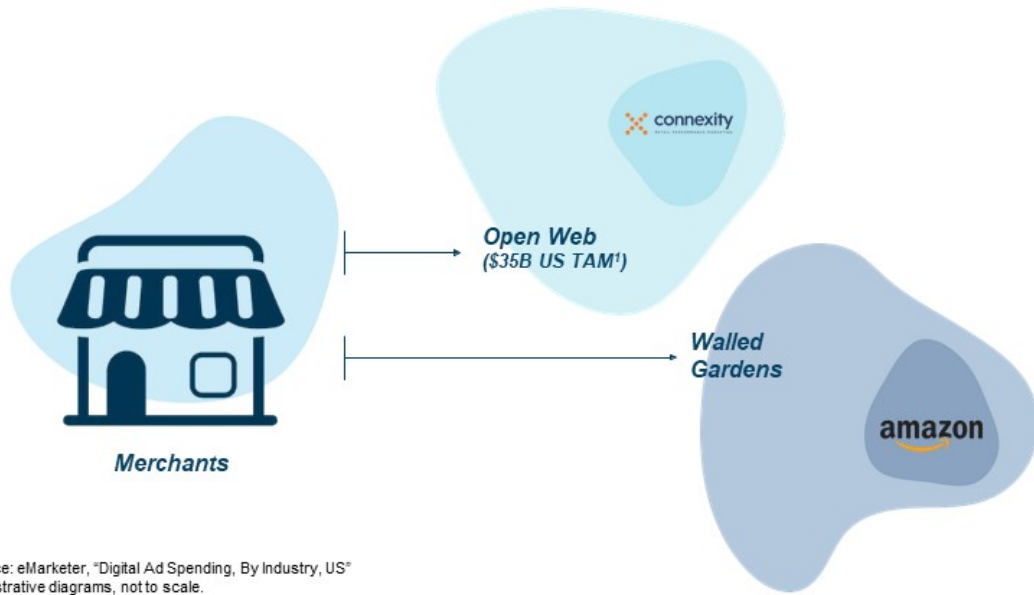


# AGENDA

- Taboola Overview
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- **Taboola + Connexity = Even Stronger**
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# CONNEXITY IS ONE OF THE LARGEST OPEN WEB E-COMMERCE MEDIA PLATFORMS

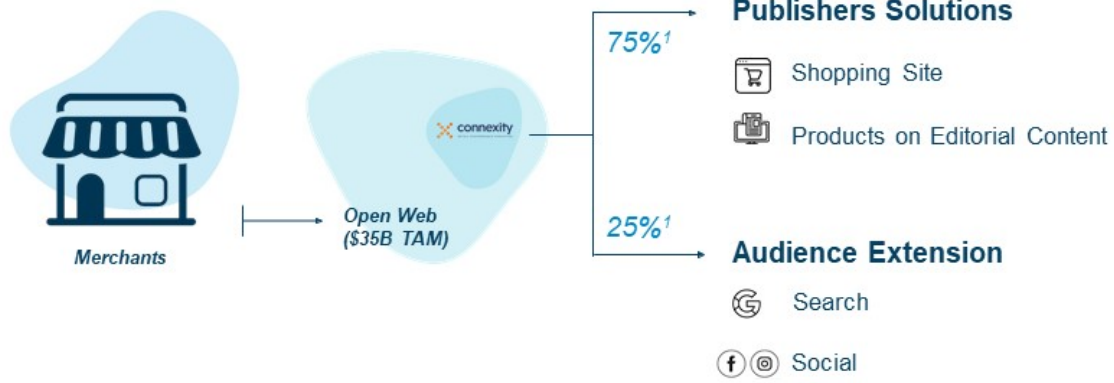


Taboola

(1) Source: eMarketer, "Digital Ad Spending, By Industry, US"  
Note: Illustrative diagrams, not to scale.

# HOW CONNEXITY DRIVES SHOPPERS TO MERCHANTS IN THE OPEN WEB

<sup>1</sup> Percentage of Revenue in 2020.



KOHL'S OTTO overstock. ebay S SKECHERS ★ macy's ✦ wayfair Walmart ✨ BED BATH & BEYOND Disney SEPHORA

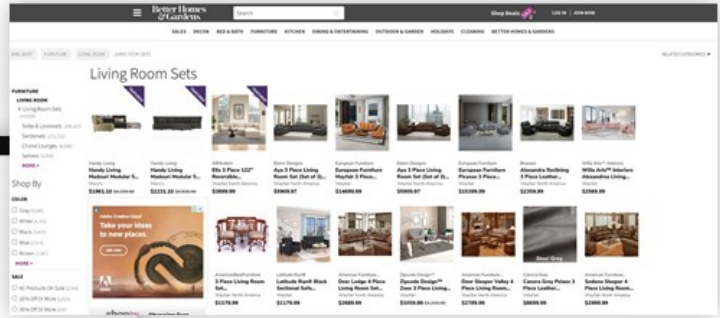
Taboola

# CONNEXITY FOR PUBLISHERS

## Products on Editorial Content



## Shopping Site



Taboola

# CONNEXITY BY THE NUMBERS<sup>1</sup> - POWERING E-COMMERCE IN THE OPEN WEB AT SCALE

## Strong 2020 Financial Results:<sup>1</sup>

**\$77M** ex-TAC gross profit<sup>2</sup>

**\$38M** Adjusted EBITDA<sup>2</sup>

**20%+** ex-TAC gross profit growth YoY

**50%+** "Rule of 50" business: ex-TAC gross profit growth + Adj EBITDA margin<sup>2</sup> exceeds 50%

## At Impressive Scale:

**1,600+** direct merchant relationships

**750M** product offerings (SKUs)

**1M+** monthly transactions

**6k+** publisher relationships

(1) Connexity company data. Connexity information includes pro forma Skimlinks results for periods prior to its acquisition by Connexity in May 2020. YoY growth represents 2020 compared to 2019.

(2) Non-GAAP measures. See appendix for calculation and reconciliation to GAAP. "Adj. EBITDA margin" is Ratio of Adjusted EBITDA to ex-TAC gross profit.

## DIRECT RELATIONSHIP WITH MERCHANTS

- 90%+ of revenue comes from direct merchants relationships
- 10% from affiliates that Connexity is not directly managing
- 65% of revenue is CPC, 35% is CPA

Taboola



# PARTNERS AND CLIENTS LOVE CONNEXITY: NDR

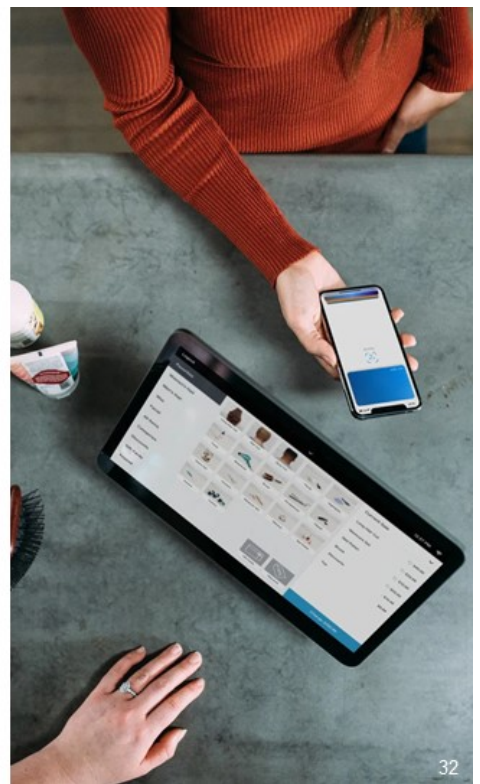
## Merchants

- 12 year average tenure of strategic merchants
- 140% Net Revenue Retention among strategic merchants
- Top 10 merchants in 2020 had 88% CAGR in 2017-2020

## Publishers

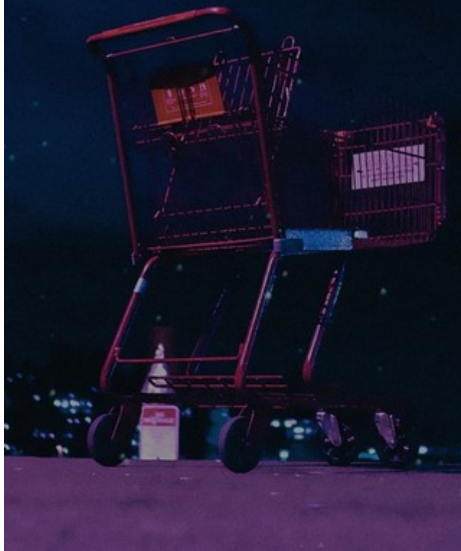
- 4.5 year average tenure of top publishers
- 247% Net Revenue Retention among managed service publishers (~65% of net revenue)

Taboola



# SYNERGIES

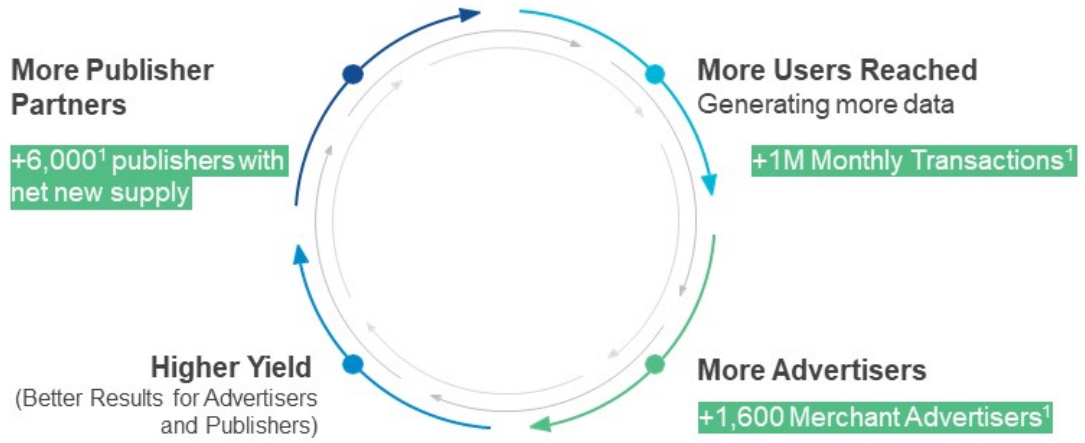
Taboola +  connexity  
RETAIL PERFORMANCE PARTNERS



- **Driving yield growth** by bringing Connexity Merchants to Taboola's existing relationships with publishers
  - **Upselling Existing Connexity publisher products** - shop section and commerce content - to Taboola's 9,000+ publishers
  - Bringing Connexity **global** by leveraging Taboola's worldwide presence
  - **Creating a super data set (merge our data)** - drive yield growth to Connexity partners, and Taboola's
-



# ADDITION OF E-COMMERCE DATA SIGNALS WILL INCREASE YIELD AND ENHANCE NETWORK EFFECT



(1) Connexity company data

**Taboola**

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# STRONG STRATEGIC RATIONALE

Bringing e-commerce  
Recommendations to the  
Open Web



1. Accelerates Taboola Growth into \$35B e-Commerce Media TAM (US alone)<sup>1</sup>
2. Adds Direct Relationships with **1,600+ Brand Name Merchants**<sup>2</sup>
3. Leverages contextual signals - **not reliant on 3rd party cookies**
4. Expected to **increase Yield**, make us more competitive (through e-Commerce demand and expanded access to transaction data)
5. Expected to **grow revenue to our publishers**, bringing even more strategic value as we sign 3, 5+ year exclusive, global partnerships
6. Incredible **culture fit** - passion, perseverance, and execution

(1) Source: eMarketer, "Digital Ad Spending, By Industry, US"  
(2) Connexity company data

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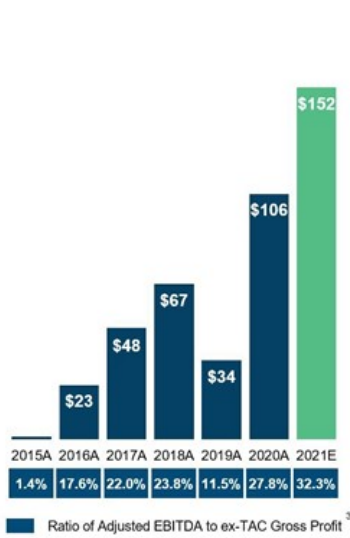


# TABOOLA FOCUSES ON PROFITABLE GROWTH

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



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



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

## PROFITABLE GROWTH

### Rule of 40 Business

#### UPSIDE IN OUR MODEL

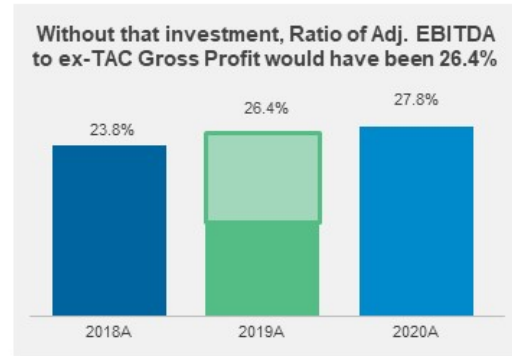
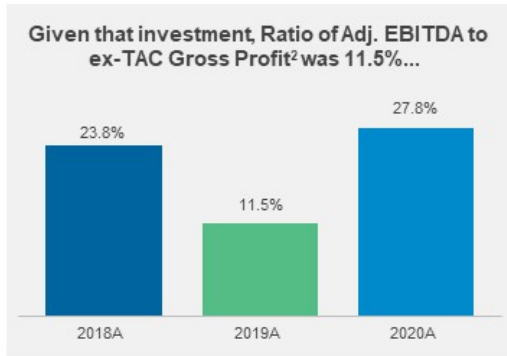
- Growth from Core Open Web business only
- Conservative growth assumed for existing base
- Additional upside from existing growth initiatives and inorganic

#### LONG-TERM MODEL

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

# 2019 METRICS WERE INFLUENCED BY OUR INVESTMENT STRATEGY

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



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

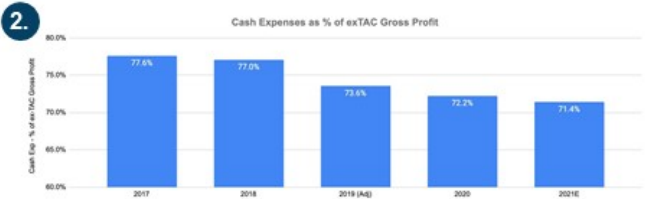


(1) "Invest" means initial losses on these publisher networks plus management's estimate of margin lost on other publishers due to lower yields as demand was spread thinner.  
(2) Non-GAAP measure, see appendix for reconciliation to GAAP

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



Relentless Focus on Yields...



... Combined with Historically Low Costs

Exited 2020 stronger than we entered with sustainably higher profitability

## 1. Sustainable yield increase, driving higher margins

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

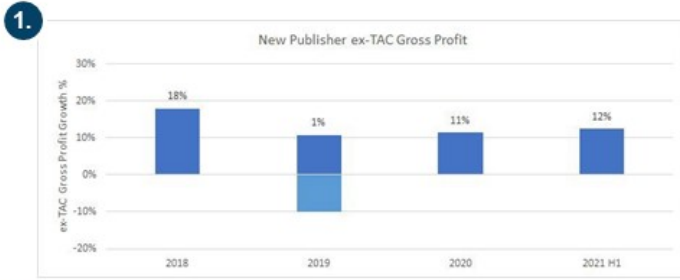
## 2. Reset cost base

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

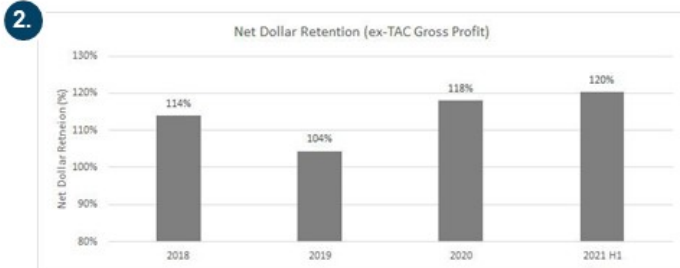


(1) Yield is a normalized measure of performance that controls for changes due to traffic shifts.  
 (2) Cash Expenses is the difference between Adj. EBITDA and exTAC Gross Profit. 2019 is adjusted to reflect Ratio of Adj. EBITDA to ex-TAC Gross Profit as detailed on the preceding slide.

# GROWTH DRIVEN BY CORE OPEN WEB INSTALLED BASE



Continued growth from new supply...



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

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

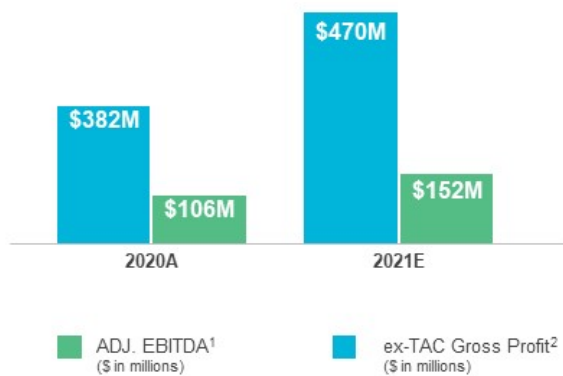
- 2. Net Dollar Retention<sup>2</sup> Growth Has Two Elements**
- Improvements in yield
  - More supply from existing publishers
  - Historically 110-120% on average



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

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

# SELECTED NON-GAAP METRICS



**23%**

ex-TAC Gross Profit Growth

**32%**

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

**43%**

Adj EBITDA Growth

**80%+**

Adj. Gross Profit Margin<sup>4</sup>

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



# Taboola

Thank you.

# APPENDIX

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# OUR MODEL IN A NUTSHELL

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



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

# HISTORICAL & PROJECTED REVENUE & EX-TAC GROSS PROFIT<sup>1</sup>

Revenues



ex-TAC Gross Profit



(1) Non-GAAP measure, see appendix for reconciliation to GAAP  
 (2) ex-TAC Gross Profit Margin reflects ex-TAC Gross Profit / Revenue, a Non-GAAP measure. See appendix for reconciliation to GAAP  
 Note: 2021 projection reflects the mid-point of current company guidance.

● YoY growth    ■ ex-TAC Gross Profit Margin

# KEY MODEL ASSUMPTIONS

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

- Historically, Taboola grew 20%+ (CAGR '17A-'20E)
- In 2020, Taboola generated \$382 million ex-TAC Gross Profit
- For FY2021, the Company currently expects ex-TAC Gross Profit in range of \$468 - 472M

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

- \$106 million in 2020 and growing faster than ex-TAC Gross Profit
- For FY2021, the Company currently expects Adjusted EBITDA in range of \$150 - 153M
- Rule of 40: ex-TAC growth + Ratio of Adj. EBITDA to ex-TAC Gross Profit<sup>3</sup> always above 40%

## COST ASSUMPTIONS

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

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## Operating costs:

(\$ in millions)



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

# SELECTED GAAP AND NON-GAAP METRICS

(\$ in millions, FYE)	2018A	2019A	2020A	2021E	Long-Term Model
<b>Revenues</b>	<b>\$909</b>	<b>\$1,094</b>	<b>\$1,189</b>	<b>\$1,320</b>	
% YoY growth	20.0%	20.3%	8.7%	11.0%	
<b>ex-TAC Gross Profit</b>	<b>\$282</b>	<b>\$296</b>	<b>\$382</b>	<b>\$470</b>	
% YoY growth	31.8%	5.1%	29.2%	22.9%	20%+
<b>Gross Profit</b>	<b>\$234</b>	<b>\$232</b>	<b>\$319</b>	<b>\$393</b>	
% margin	83.1%	78.4%	83.6%	83.6%	
% YoY growth	31.1%	-0.9%	37.7%	23.0%	
<b>Adj. EBITDA</b>	<b>\$67</b>	<b>\$34</b>	<b>\$106</b>	<b>\$152</b>	
% margin	23.8%	11.5%	27.8%	32.2%	30%+
% YoY growth	39.6%	-49.1%	211.6%	42.7%	

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

- Return to "normal" operations and cost basis in H1 2021
- Investing in serving infrastructure and Algo beginning 2021
- IPO readiness costs added starting 2021

## LONG-TERM EX-TAC GROSS PROFIT GROWTH

- Current Model only forecasts growth from Core Business
- Including Connexity, in 2022 expect growth of 30%+ on a reported basis and 17%+ on a pro forma basis, above our previous standalone expectation to grow 16% in 2022
- Long-Term Growth of 20%+ includes core business growth, inorganic and existing growth initiatives

Taboola (1),(2),(3) Non-GAAP measure, see appendix for reconciliation to GAAP  
 Note: 2021 projections reflect the midpoint of current company guidance.

# ADJUSTED EBITDA RECONCILIATION

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

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

# 2021 QUARTERLY RESULTS: ADJUSTED EBITDA RECONCILIATION

(\$ in Millions)	Q1-21A	Q2-21A
<b>Net income (loss)</b>	<b>\$18.6</b>	<b>(\$61.4)</b>
<b>Adjustments:</b>		
Financial expenses (income)	0.8	0.1
Tax expenses	2.2	7.9
Depreciation and Amortization	8.2	8.6
Share Based Compensation <sup>1</sup>	5.1	78.5
M&A Cost and One-Time Transaction Cost of Going Public <sup>2</sup>	(1.4)	7.1
<b>Adjusted EBITDA</b>	<b>\$33.5</b>	<b>\$40.8</b>

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

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



# EX-TAC GROSS PROFIT RECONCILIATION

(\$ in Millions)	2016A	2017A	2018A	2019A	2020A	2021E
<b>Revenues</b>	<b>\$552.1</b>	<b>\$757.9</b>	<b>\$909.2</b>	<b>\$1,093.8</b>	<b>\$1,188.9</b>	<b>\$1,319.5</b>
Traffic Acquisition Cost (TAC)	427.7	544.2	627.7	\$798.0	\$806.5	\$849.5
Other Cost of Revenues	23.2	35.1	47.3	63.9	62.9	\$77.0
<b>Gross Profit</b>	<b>\$101.2</b>	<b>\$178.6</b>	<b>\$234.2</b>	<b>\$231.9</b>	<b>\$319.5</b>	<b>\$393.0</b>
Other Cost of Revenues	23.2	35.1	47.3	63.9	62.9	77.0
<b>ex-TAC Gross Profit</b>	<b>\$124.4</b>	<b>\$213.7</b>	<b>\$281.5</b>	<b>\$295.8</b>	<b>\$382.4</b>	<b>\$470.0</b>

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

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

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

# EX-TAC GROSS PROFIT MARGIN RECONCILIATION

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

# HISTORICAL & PROJECTED ADJ. GROSS PROFIT MARGIN RECONCILIATION

(\$ in Millions)	2020A	2021E
<b>Revenues</b>	<b>\$1,189</b>	<b>\$1,320</b>
Traffic Acquisition Cost (TAC)	\$807	\$850
<b>ex-TAC Gross Profit</b>	<b>\$382</b>	<b>\$470</b>
Other Cost of Revenues	63	\$77
<b>Gross Profit</b>	<b>\$319</b>	<b>\$393</b>
<i>Gross Profit Margin</i>	<i>27%</i>	<i>30%</i>
<i>Adj. Gross Profit Margin</i>	<i>84%</i>	<i>84%</i>

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

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# HISTORICAL AND PROJECTED FREE CASH FLOW RECONCILIATION

(\$ in millions, FYE)	2019A	2020A	2021E
<b>Net cash from operating activities <sup>1</sup></b>	<b>\$18</b>	<b>\$139</b>	<b>\$100</b>
<b>Purchases of property and equipment, including capitalized platform costs</b>	<b>(\$44)</b>	<b>(\$18)</b>	<b>(\$67)</b>
Leasehold improvements & equipment	0	0	(9)
Intangible assets	0	(9)	(10)
Purchase of IT equipment (servers)	(44)	(9)	(48)
<b>Free Cash Flow</b>	<b>(\$26)</b>	<b>\$121</b>	<b>\$33</b>

## 2021 Free Cash Flow Reduced by Plan To Invest in Two Areas:

- 1) Purchase of \$30M of servers beyond "normal" levels as part of investment in algorithmic yield improvements
- 2) Plan to remodel offices globally for post-COVID work environment

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

# CONSOLIDATED BALANCE SHEET

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

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

(\$ in Millions)	Q1-21A	Q2-21A
<b>Revenues</b>	<b>\$303.0</b>	<b>\$329.1</b>
Traffic Acquisition Cost (TAC)	197.0	212.2
Other Cost of Revenues	16.4	16.7
<b>Gross Profit</b>	<b>\$89.6</b>	<b>\$100.2</b>
Other Cost of Revenues	16.4	16.7
<b>ex-TAC Gross Profit</b>	<b>\$106.0</b>	<b>\$116.9</b>

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

(\$ in Millions)	2021E
<b>Revenues</b>	<b>\$1,316 - \$1,323</b>
Traffic Acquisition Cost (TAC)	(\$848 - \$851)
Other Cost of Revenues	(\$75 - \$77)
<b>Gross Profit</b>	<b>\$390 - \$396</b>
Other Cost of Revenues	\$75 - \$77
<b>ex-TAC Gross Profit</b>	<b>\$468 - \$472</b>