Taboola To Acquire Connexity

July 23, 2021

Adam Singolda, CEO Taboola
Stephen Walker, CFO Taboola
Taboola (the “Company”) may, in this communication, make certain statements that are not historical facts and relate to analysis or other information which are based on forecasts or future events. Examples of such forward-looking statements include, but are not limited to, statements regarding the timing and impact of the pending acquisition of Connexity, future prospects, product development and business strategies and our projections for future periods. Words such as “expect,” “estimate,” “project,” “budget,” “forecast,” “anticipate,” “intend,” “plan,” “may,” “will,” “could,” “should,” “believes,” “predicts,” “potential,” “continue,” and similar expressions are intended to identify such forward-looking statements but are not the exclusive means for identifying such statements. By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and there are risks that the predictions, forecasts, projections and other forward-looking statements will not be achieved. You should understand that a number of factors could cause actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements, including the risks set forth under “Risk Factors” in our Registration Statement on Form F-4 and our other SEC filings. The Company cautions readers not to place undue reliance upon any forward-looking statements, which speak only as of the date made. The Company does not undertake or accept any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements to reflect any change in its expectations or any change in events, conditions or circumstances on which any such statement is based.

Non-GAAP Financial Measures and Combined Financial Measures; Certain Limitations on Financial Information

This release sets forth certain combined financial information for Taboola and Connexity. Connexity financial information reflects its historical results combined (on a simple summation basis) with the results of Skimlinks for periods prior to May 2020, when it acquired Skimlinks. Such financial information is a simple summation of results for Taboola and Connexity, and does not reflect pro forma financial results pursuant to Article 11 of Regulation S-X. Such pro forma financial results could differ materially from that set forth above.

Historical financial information for Connexity presented in this report has not been audited or reviewed by Connexity’s independent auditor. The Connexity financial information for 2019 and 2020 is derived in part from their audited financial statements and then combined with financial information for Skimlinks for all periods prior to its acquisition by Connexity in May 2020. The Skimlinks financial information contained in the combined presentation is derived from its unaudited management reports.

Following the acquisition, accounting and audit procedures could identify adjustments to Connexity and/or Skimlinks historical financial information which could be material. In addition, Skimlinks reports substantially all of its revenue on a net basis after TAC, while the Connexity legacy business reports on a gross revenue basis. We have not yet determined whether we would make any changes to their accounting policies upon acquisition; any such change could change reported revenues for Connexity and could be material. Accordingly, investors should be cautious in the reliance placed on such information.

As a private company, Connexity is not subject to the public company accounting standards and Securities and Exchange Commission accounting requirements that apply to Taboola. For these reasons, the Connexity financial information contained in this report may not be directly comparable to Taboola’s financial information and may be subject to material adjustment following the acquisition. However, Management believes it is important to provide the Connexity financial information to enable Taboola shareholders and others to better understand Connexity’s business and the pending business combination.

This presentation includes ex-TAC Gross profit, Adjusted EBITDA, and Ratio of Adjusted EBITDA to ex-TAC Gross profit 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.
Today’s Presenters

Adam Singolda
Founder & CEO

- Founded Taboola over 13 years ago, and has led the company as its CEO ever since

Stephen Walker
CFO

- 6+ years at Taboola
- Previously held positions in Idealab’s New Ventures Group and also led several of Idealab’s portfolio companies, including Perfect Market
- Prior experience at Disney & General Electric
Agenda

- Transaction Details
- About Taboola, About Connexity
- Strategic Rationale
Last month we went public on Nasdaq.

Today, we have EXCITING NEWS!
Taboola is acquiring Connexity

One of the largest e-Commerce media platforms in the world

$800 million Total Consideration
Including purchase price and retention incentives

Expected To Close During Q3-21\(^1\)

Primarily a cash transaction
Approximately: $240M cash from balance sheet
$300M committed debt financing
$260M in Taboola stock

(1) Subject to regulatory approval and customary closing conditions
Huge Scale

Together, 12 months ended March 31, 2021:

$500M+ ex-TAC Gross profit

~$185M Adjusted EBITDA

Even Faster Growth

In 2021, Taboola expects to grow ex-TAC gross profit 20%+. On a pro forma basis with Connexity, ex-TAC Gross profit growth is also expected to 20%+ in 2021 on a bigger base.

Profitable

Accretive to our profitability.

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(1) See “Certain Limitations on Financial Information.”
(2) Non-GAAP measures. See appendix for calculation and reconciliation to GAAP.
(3) The transaction is expected to be accretive to anticipated profitability in the first full year following the transaction.
Agenda

- Transaction Details
- About Taboola, About Connexity
- Strategic Rationale
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
You have seen Taboola before
Taboola can capture share of the highly fragmented $64B open web market\(^1\)

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**Open Web**

- **RECOMMENDATIONS ENGINE**
  - App Install
  - e-Commerce
  - Video
  - Affiliates
  - Banners

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(1) Jounce Media, 2020 Market Outlook Report
Having an amazing year and it’s just the beginning

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

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

Winning incredible partners, and progressing on our growth initiatives organically
Vision: Recommending *Anything, Anywhere*

**Core Business**

$1B+ in 2020 & Growing Rapidly

$10M’s in 2020

ANYWHERE

Taboola News
(mobile carriers, device manufacturers, CTV...)

ANYTHING

New products and segments
(TV ads, eCommerce, app downloads, gaming...)

$10M’s in 2020

Note: Financial models take into consideration only the core business

(1)(2)(3)Source: Company data
About Connexity
One of the largest e-Commerce media platforms in the open web

Connecting top merchants with high-intent content to power **one million** monthly transactions
Connexity by the numbers³ - Powering e-Commerce in the open web at scale

Strong 2020 Financial Results:¹

$77M ex-TAC gross profit²

$38M Adjusted EBITDA²

20%+ ex-TAC gross profit growth YoY

50%+ "Rule of 50" business: ex-TAC gross profit growth + Adj EBITDA margin² exceeds 50%

At Impressive Scale:

1,600+ direct merchant relationships

750M product offerings (SKUs)

1M+ monthly transactions

6k+ publisher relationships

¹ 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.
³ Connexity company data
Agenda

• Transaction Details
• About Taboola, About Connexity
• Strategic Rationale
Strong strategic rationale

Bringing e-commerce Recommendations to the Open Web

1. Accelerates Taboola Growth into $35B e-Commerce Media TAM (US alone)¹
2. Adds Direct Relationships with 1,600+ Brand Name Merchants²
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
eCommerce is the future of the internet and the open web

Accelerates Taboola Growth into $35B e-Commerce Media TAM (US alone)

Adds Direct Relationships with 1,600+ Brand Name Merchants¹

¹ Connexity company data
Built for cookieless world using contextual signals

High-intent context + Rich transaction data = Strong performance without 3rd party cookies
Addition of e-Commerce data signals will increase yield and enhance network effect

- **More Publisher Partners**
  - +6,000 publishers with net new supply

- **Higher Yield**
  - (Better Results for Advertisers and Publishers)

- **More Users Reached**
  - Generating more data
  - +1M Monthly Transactions

- **More Advertisers**
  - +1,600 Merchant Advertisers

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(1) Connexity company data
Becoming even more mission critical for open web publishers

Monetization
Monetizing with non-interruptive, native ads

+e-Commerce demand

Engagement
Engaging users by recommending organic content

+Shopping intent

Audience
Driving quality audiences from across the network

Empowering editorial teams with actionable data insights

+Network insights
Similar cultures, shared values.
Summary

• Become the go-to e-Commerce partner for publishers and merchants

• Expand “Recommend Anything” growth in e-Commerce

• Growing our Yield and competitiveness

• Financially exciting - accretive to growth and profitability

(1) Subject to regulatory approval and customary closing conditions
Your Questions
Appendix & Reconciliations
ex-TAC Gross Profit Reconciliation

<table>
<thead>
<tr>
<th></th>
<th>Taboola</th>
<th>Connexity (1)</th>
<th>Combined Company</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Twelve months ended March 31, 2021</td>
<td>2021 (GUIDANCE)</td>
<td>Twelve months ended March 31, 2021</td>
</tr>
<tr>
<td>Revenues</td>
<td>$1,212</td>
<td>$1,298-$1,308</td>
<td>$158</td>
</tr>
<tr>
<td>Traffic acquisition costs</td>
<td>(793)</td>
<td>($832-$852)</td>
<td>(95)</td>
</tr>
<tr>
<td>Other cost of revenues</td>
<td>(63)</td>
<td>($80-$82)</td>
<td>(4)</td>
</tr>
<tr>
<td>Gross profit</td>
<td>$356</td>
<td>$374-$386</td>
<td>$59</td>
</tr>
<tr>
<td>Add back: Other cost of revenues</td>
<td>63</td>
<td>$80-$82</td>
<td>4</td>
</tr>
<tr>
<td>ex-TAC Gross Profit</td>
<td>$419</td>
<td>$456-$466</td>
<td>$63</td>
</tr>
</tbody>
</table>

(1) Represents Connexity results combined with results for Skimlinks (which was acquired by Connexity in May 2020) for periods prior to its acquisition date.
Adjusted EBITDA Reconciliation

<table>
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<th>Taboola</th>
<th>Connexity (1)</th>
<th>Combined Company</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Twelve months ended March 31, 2021</td>
<td>2019</td>
<td>2020</td>
</tr>
<tr>
<td><strong>Net income (loss)</strong></td>
<td>$51</td>
<td>$9</td>
<td>$13</td>
</tr>
<tr>
<td>Adjusted to exclude the following</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial expense (income)</td>
<td>4</td>
<td>2</td>
<td>6</td>
</tr>
<tr>
<td>Tax expenses (income)</td>
<td>13</td>
<td>0</td>
<td>(8)</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>32</td>
<td>7</td>
<td>12</td>
</tr>
<tr>
<td>Share-based compensation expense</td>
<td>31</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>M&amp;A cost</td>
<td>10</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>Discontinued activities</td>
<td>0</td>
<td>10</td>
<td>13</td>
</tr>
<tr>
<td><strong>Adjusted EBITDA</strong></td>
<td>$141</td>
<td>$29</td>
<td>$39</td>
</tr>
</tbody>
</table>

(1) Represents Connexity results combined with results for Skimlinks (which was acquired by Connexity in May 2020) for periods prior to its acquisition date.
Ratio of Adjusted EBITDA to ex-TAC Gross Profit Reconciliation

(1) Represents Connexity results combined with results for Skimlinks (which was acquired by Connexity in May 2020) for periods prior to its acquisition date.