



## Q2 2024 and FY 2024 Key Highlights

### **Q2 Financials - Beat on Revenues, ex-TAC and Adj. EBITDA; Growth rates accelerate**

- Q2 2024 Results: Revenues \$428M, Gross profit \$115M, ex-TAC Gross Profit \$150M, Net loss \$4M, Non-GAAP Net Income \$23M, Adj. EBITDA \$37M, Free Cash Flow \$26M
- Strong YoY growth: Revenues +29%, ex-TAC +21%, Adj. EBITDA +138%, FCF +237%
- Strong Free Cash Flow conversion: 70%+ from Adj. EBITDA

### **Reiterating 2024 ex-TAC, Adj EBITDA, FCF Guidance; Growth rates accelerate across all metrics**

- Initiating Q3 guidance: \$431M in Revenues (+20% YoY), \$134M Gross profit (+33% YoY), \$164M ex-TAC Gross Profit (+28% YoY), \$47M Adj. EBITDA (+106% YoY)\*
- Reiterating 2024 guidance: \$667M ex-TAC Gross Profit (+25% YoY), \$200M+ Adj. EBITDA (2x+ YoY; ~30% margin), \$100M+ FCF (~2x YoY)\*
- Updating 2024 Revenue guidance: \$1.735-\$1.765B range primarily reflects some Yahoo revenue that will now only be reflected in ex-TAC - no change to ex-TAC/key metrics.

**Share Buyback** - Bought back \$27M in shares in Q2; \$66M remaining under current authorization

### **Engaging/reaching users - Yahoo advertiser migration complete, ramping spend. Taboola News wins significant exclusive global OEM partnership**

- Launched "Audience Solution" to help publishers grow traffic
- Apple News & Stocks - onboarding complete, focus on sales enablement
- Taboola News - exclusive global OEM win in Q2

### **Improving yield - continued focus on our number one goal in 2024**

- Max Conversion adoption rate approaching 70% of revenue; # of ad campaigns 2x Q1 2024
- Launch of Taboola Select for brands/agencies looking to drive performance at scale
- eCommerce continues to exceed expectations with strong performance in Q2

\* References midpoints of guidance ranges.



Dear Shareholder,

Q2 was another strong quarter with Adjusted EBITDA beating the high end of our guidance and Revenues and ex-TAC Gross Profit beating the midpoint. Revenues of \$428M grew 29% vs last year, ex-TAC of \$150M grew 21%, Adjusted EBITDA of \$37M grew 138%, and Free Cash Flow was \$26M in Q2, also more than doubling last year’s performance and demonstrating 70% conversion from Adj. EBITDA. I would also add that all of these metrics show meaningful acceleration in growth rates which is good to see as we’re laser focused on execution.

Similar to last quarter, over 100% of our free cash flow was spent on share buybacks, representing our continued commitment to shareholder returns and confidence in our long-term strategy.

With a strong 1H under our belts, 2024 is shaping up to be a transformational year for Taboola. As a result, we are reiterating our 2024 guidance for ex-TAC, Adjusted EBITDA and Free Cash Flow which continues to project accelerated growth in 2024 - ex-TAC growing 25% to \$667M, Adj. EBITDA of over \$200M growing approximately 2x 2023, and \$100M+ Free Cash Flow which is also 2x levels of 2023.

This is a big year for us, making us one of the most scalable companies in the Open Web and helping us establish a strong foundation into 2025 and onwards. As I’ve said before, I believe the advertising market will reach a trillion dollars as many companies around the world are looking to tap into advertising in a big way - utility apps, streamers, OEMs, and more. While many would want to sell to the top brands, it’s not easy, and many would “want a friend” like Taboola to access tens of thousands of advertisers, and build a meaningful advertising business. We have the size, the tech, the salesforce, and the experience to support them. I often think of it like “Advertising In a Box,” or “Advertising as a Service” which we can offer over the next 5-10 years and partner with many great companies.

**Guidance Summary Shows Accelerated Growth in 2024 Across All Key Measures**

	Q3 2024 Guidance		FY 2024 Guidance	
	Q3 2024	YoY % Growth	FY 2024	YoY % Growth
(Unaudited; dollars in millions)				
Revenues	\$416 - \$446	20%	\$1,735 - \$1,765	22%
Gross profit	\$129 - \$139	33%	\$535 - \$555	28%
ex-TAC Gross Profit	\$159 - \$169	28%	\$656 - \$679	25%
Adjusted EBITDA*	\$42 - \$52	106%	\$200+	103%
Non-GAAP Net Income (Loss)	\$20 - \$30	273%	\$84 - \$104	188%

*All percent changes are year over year based on the midpoint of the guidance.*



## Core Business (Publishers/Advertisers)

Our core business is matching advertisers with users on publishers sites in the premium open internet.

### Our focus on premium

Our main focus areas for the remainder of 2024 are (1) ramping ad budgets now that Apple, Taboola Select are launched, and Yahoo's advertiser migration is complete, and (2) making advertisers successful, by improving retention rates and growing NDR/spend which all helps grow our yield.

Our focus on driving performance advertising in the premium open web that we talked about last quarter continues to attract premium brands and is showing up in our numbers, with ex-TAC growth rates improving in Q2 and into Q3 (21% growth in Q2 vs 28% growth in Q3). This growth is driven by our focus on quality as a company - with the rollout of Taboola Select across our top publishers, Apple, and optimizing our performance on Yahoo. We see a big opportunity focusing on quality moving forward, and our initiatives drove strong growth in tier 1 brands and agencies spend, year over year, and accounted for 25% of revenue in Q2.

**Yahoo** - You're all thinking about Yahoo, so let me update you. We're done migrating Yahoo's advertisers and we're hard at work growing budgets. We keep seeing good performance from advertisers who have migrated, as demonstrated in this [case study](#) where a leading hotel group leveraged Taboola's native ads on Yahoo and saw 77% lower CPA than their target goal and 36% lower CPA than the next-best-performing channel. Another great example of our performance on Yahoo is [evident](#) in our work with a global technology company that achieved a 130% increase in impressions at a 28% lower CPM year-over-year when compared to similar campaigns. As we increasingly prove our performance with many of these tier 1 brands and agencies, we expect to see continued progress in growing ad budgets across the Taboola network.

**Apple** - We're now fully launched in all markets where Apple News/Stocks is available, and focused on sales enablement. We got a lot of positive attention from the market. Brands and marketers are excited to have their products/ads on iPhones in key markets. On a personal level, we met Apple in Cannes to talk about our partnership, and it was incredible for me to hear Apple sharing their appreciation for the hard work of our team, and how we're doing as partners.

**Taboola Case Study**

**COMPANY**  
A leading international hotel group.

**CHALLENGE**  
Increase high-quality website visits at a more efficient CPA.

**SOLUTION**  
Launch native ads powered by **Taboola** across **Yahoo's** expansive inventory.

**RESULTS**  
With **Taboola** and **Yahoo**, the travel company achieved a **77% lower CPA than their target goal** and **36% lower CPA than the next-best-performing channel.**

Travel Company Exceeds Campaign CPA Goals with **Taboola** and **Yahoo** Native Ads



**Taboola Select** – Taboola Select is where we enable brands and agencies to buy from Taboola standalone units (homepage, mid article, etc) and pay a premium for it while still driving performance. It’s not a “top of the funnel play”, and this could not come at a better time as the industry is heavily focused on driving results. We have already witnessed a dramatic increase in our sales pipeline coming from new interest in the format with major logos that have never worked with Taboola and have recently secured ad spend with two new global automotive OEMs for campaigns on Taboola Select.

## Taboola Select



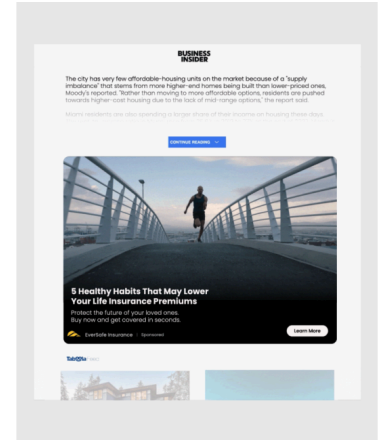
**Curated Ecosystem**  
of premium editorial publishers



**Engaging Placements**  
where users are highly engaged



**Advanced AI**  
to deliver against your performance goals



## Technology/AI Advancements

**For Publishers** – On the tech front, we recently rolled out **Taboola for Audience**, a new AI product to drive higher traffic and engagement for our publisher partners. While it’s still early stages, publishers are seeing ~10% growth in total site traffic, and if we’re able to leverage it across our network it can be material.

**For Advertisers** – Our investments in AI to drive advertiser success continue to see traction. **Maximize Conversions**, our first AI-powered bidding technology, continues to make significant strides, with adoption now approaching 70% of our revenue, up approximately 10 points from where we were in Q1. Thousands of advertisers are using Max Conversions today and we saw a massive sequential increase of over 100% in the number of advertiser campaigns using this advanced AI-powered bidding technology when comparing it to Q1 of this year. Our efforts are concentrated on enhancing retention rates and increasing budget allocations (NDR). We continue to see promising results from advertisers transitioning to Maximize Conversions, with double-digit NDR growth reported for those who have adopted the platform compared to those who haven’t. Looking ahead we continue to focus on advancing our AI models to leverage our substantial data to identify and target advertisers with similar historical profiles.

**Say hello to “Abby!”** We have a new generative AI offering coming to market soon – we call her “Abby”. While I don’t want to share too much right now, I can tell you this product is VERY impressive. Abby is laser focused on driving advertiser success and addresses a key friction point for advertisers. We plan to officially introduce Abby in the third quarter, and you will truly be amazed by what you see, stay tuned for updates on this one.

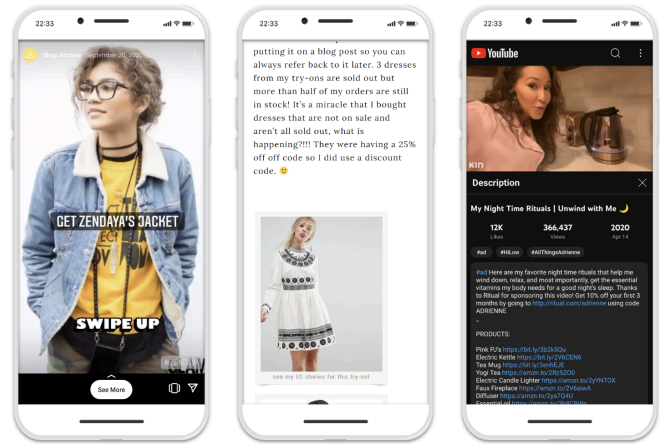


Our scale, our access to first party data, and the investments we continue to make in our core to maximize value for our publishers and advertisers are what are driving our market success. Just this past quarter we secured commitments from major advertisers in financial services, health and wellness, online publishers which represent multi-millions in ad spend, our demand out of China has more than doubled versus the prior year as well as signed new and/or expanded agreements with publishers, including Sky News Australia, Foundry and Adevinta that continue to differentiate our network of premium Internet publishers.

## Beyond Our Core - Taboola News, eCommerce and our Bidder Growth Engines

### **eCommerce**

eCommerce delivered another strong quarter. This success is driven by outstanding advertiser revenue retention in our core markets and the expansion into new high-growth advertising channels and international markets. We're now also seeing growth with creators across various social platforms, coming to us with a desire to review products they're passionate about and drive performance to our merchants. We call that "ShopYourLikes", it is showing amazing potential and it is already contributing to our growth. This early success suggests that our expansion strategies are positioning us well for sustained growth and success in the quarters ahead.



**ShopYourLikes**

### **Taboola News**

In Q2, Taboola News signed a significant exclusive global OEM partnership. This new deal will expand our reach into all global markets, featuring our experiences on the OEM's lockscreen and news section within their native user hub across a new range of smartphones. We introduced two new widgets for News and Sports, leading to a notable boost in both engagement and revenue. We also began rolling out an updated post-click experience platform, which is improving engagement by over 50% annually. These enhancements resulted in a 20%+ sequential increase in time spent on the Taboola News platform compared to Q1 2024.

### **Bidding**

As a reminder, this is where we use our unique data, AI and direct advertisers relationship to bid on supply that is not exclusively ours. Bidding had a number of exciting developments in Q2. After successfully collaborating with Microsoft for several years, I'm happy to say we renewed our partnership and are excited to expand our bidder technology to capitalize on emerging supply



opportunities. Our efforts are now focused on integrating with high-traffic platforms such as Outlook, Casual Games, and Microsoft 365. By extending our technology to these new areas, we aim to enhance our advertising capabilities and deliver even more targeted and effective campaigns across Microsoft's diverse ecosystem.

## In Summary

We had a strong quarter and are excited for what's ahead. The team is well equipped for success, and this will be reflected in our continued execution as the year progresses. We have onboarded some of the best supply on the open web and continue to leverage this as we enter the second half of 2024. As a result of this vast amount of premium access to users we've added -- the single biggest driver behind our business and margin expansion will be to drive ad spend on our network. As such, our main focus continues to be the success of our advertisers, and we keep exploring ways to further ramp up our ability to attract new advertisers as well as grow existing ones. Our focus on advertiser success is evident in our Maximize Conversions offering, which is seeing a huge ramp in adoption, spend and onboarding. I also like seeing that the amount of campaigns using Max Conversions / AI has doubled since last quarter, our revenue is mostly driven by performance and when our clients change behavior it's because it works for them. In addition, we are extremely excited by the upcoming launch of Abby and the phenomenal interest we are already seeing in Taboola Select - both of which are laser-focused on promoting advertiser success and keep pushing the envelope on the experience advertisers have with Taboola.

Big shout out to Taboola employees all around the world for working hard and making this year all that it can be. It's an important year for us as it establishes a whole new foundation for our growth in years to come, building the first large scale "bridge" for performance advertisers to reach the open web. We are grateful to have been named as one of the "2024 Best Workplaces in New York" by Fortune and Great Place to Work®. We strive to maintain such distinction and be a place where our employees can fulfill their potential, grow together with us as Taboola grows, while also having a good time.

Thank you for your continued support and trust in our leadership as we continue to scale our business. I am confident in our team's ability to execute on our vision, the best is truly yet to come. I look forward to providing you all with updates as we progress.

Kind regards,  
-- Adam Singolda  
Founder & CEO, Taboola



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

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

The Company believes non-GAAP financial measures provide useful 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 letter for reconciliations to the most directly comparable measures in accordance with GAAP.

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

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

These forward-looking statements are based upon estimates and assumptions that, while considered reasonable by the Company and its management, are inherently uncertain. Uncertainties and risk factors that could affect the Company's future performance and cause results to differ from the forward-looking statements in this shareholder letter include, but are not limited to: the Company's ability to grow and manage growth profitably, maintain relationships with customers and retain its management and key employees; changes in applicable laws or regulations; the Company's estimates of expenses and profitability and underlying assumptions with respect to accounting presentations and purchase price and other adjustments; the extent to which we will buyback any of our Ordinary shares pursuant to authority granted by the Company's Board of Directors, which may depend upon market and economic conditions, other business opportunities and priorities, satisfying required conditions under the Israeli Companies Law and the Companies Regulations or other factors;



the Company's ability to transition to and fully launch the native advertising service for Yahoo on the currently anticipated schedule; the ability to generate or achieve the increase in Adjusted EBITDA and Free Cash Flow in 2024 or our expected revenue run-rate once Yahoo integration is live, in each case to the levels assumed in this shareholder letter or at all; ability to attract new digital properties and advertisers; ability to meet minimum guarantee requirements in contracts with digital properties; intense competition in the digital advertising space, including with competitors who have significantly more resources; ability to grow and scale the Company's ad and content platform through new relationships with advertisers and digital properties; ability to secure high quality content from digital properties; ability to maintain relationships with current advertiser and digital property partners; ability to prioritize investments to improve profitability and free cash flow; ability to make continued investments in the Company's AI-powered technology platform; the need to attract, train and retain highly-skilled technical workforce; changes in the regulation of, or market practice with respect to, "third party cookies" and its impact on digital advertising; continued engagement by users who interact with the Company's platform on various digital properties; reliance on a limited number of partners for a significant portion of the Company's revenue; changes in laws and regulations related to privacy, data protection, advertising regulation, competition and other areas related to digital advertising; ability to enforce, protect and maintain intellectual property rights; risks related to the fact that we are incorporated in Israel and governed by Israeli law; the potential impacts of the war in Israel to the Company's operations; and other risks and uncertainties set forth in the Company's Annual Report on Form 10-K for the year ended December 31, 2023 under Part 1, Item 1A "Risk Factors" and in the Company's subsequent filings with the Securities and Exchange Commission.

Nothing in this letter 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 THE THREE AND SIX MONTHS ENDED JUNE 30, 2024 AND 2023 (UNAUDITED)

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

	Three months ended		Six months ended	
	June 30,		June 30,	
	2024	2023	2024	2023
	(dollars in thousands)			
<b>Revenues</b>	<b>\$ 428,160</b>	<b>\$ 332,004</b>	<b>\$ 842,168</b>	<b>\$ 659,690</b>
Traffic acquisition cost	278,620	208,870	553,740	420,816
Other cost of revenues	34,762	26,077	64,697	52,225
Gross profit	\$ 114,778	\$ 97,057	\$ 223,731	\$ 186,649
Add back: Other cost of revenues	34,762	26,077	64,697	52,225
<b>ex-TAC Gross Profit</b>	<b>\$ 149,540</b>	<b>\$ 123,134</b>	<b>\$ 288,428</b>	<b>\$ 238,874</b>

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

	Three months ended		Six months ended	
	June 30,		June 30,	
	2024	2023	2024	2023
	(dollars in thousands)			
<b>Net loss</b>	<b>\$ (4,291)</b>	<b>\$ (31,314)</b>	<b>\$ (30,449)</b>	<b>\$ (62,627)</b>
Adjusted to exclude the following:				
Finance expenses (income), net	(1,004)	3,827	2,634	6,981
Income tax expenses (benefit)	(2,336)	2,487	1,951	1,848
Depreciation and amortization	25,862	22,792	51,183	45,393
Share-based compensation expenses	15,659	13,890	29,415	27,417
Holdback compensation expenses (1)	2,646	2,645	5,291	5,200
Other costs (2)	695	1,334	695	1,571



<b>Adjusted EBITDA</b>	<b>\$ 37,231</b>	<b>\$ 15,661</b>	<b>\$ 60,720</b>	<b>\$ 25,783</b>
------------------------	------------------	------------------	------------------	------------------

<sup>1</sup> Represents share-based compensation due to holdback of Taboola Ordinary shares issuable under compensatory arrangements relating to Connexity acquisition.

<sup>2</sup> The three and six months ended June 30, 2024 and June 30, 2023 included one-time professional service costs and one-time costs related to the Commercial agreement, respectively.

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

	<b>Three months ended</b>		<b>Six months ended</b>	
	<b>June 30,</b>		<b>June 30,</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
	(dollars in thousands)			
<b>Net loss</b>	<b>\$ (4,291)</b>	<b>\$ (31,314)</b>	<b>\$ (30,449)</b>	<b>\$ (62,627)</b>
Amortization of acquired intangibles	15,754	15,962	31,689	31,931
Share-based compensation expenses	15,659	13,890	29,415	27,417
Holdback compensation expenses (1)	2,646	2,645	5,291	5,200
Other costs (2)	695	1,334	695	1,571
Revaluation of Warrants	(3,926)	702	(3,887)	(974)
Foreign currency exchange rate losses (gains) (3)	347	(663)	1,388	(234)
Income tax effects	(3,874)	(3,962)	(7,300)	(7,791)
<b>Non-GAAP Net Income (Loss)</b>	<b>\$ 23,010</b>	<b>\$ (1,406)</b>	<b>\$ 26,842</b>	<b>\$ (5,507)</b>

<sup>1</sup> Represents share-based compensation due to holdback of Taboola Ordinary shares issuable under compensatory arrangements relating to Connexity acquisition.

<sup>2</sup> The three and six months ended June 30, 2024 and June 30, 2023 included one-time professional service costs and one-time costs related to the Commercial agreement, respectively.

<sup>3</sup> Represents income or loss related to the remeasurement of monetary assets and liabilities to the Company's functional currency using exchange rates in effect at the end of the reporting period.



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

	Three months ended		Six months ended	
	June 30,		June 30,	
	2024	2023	2024	2023
	(dollars in thousands)			
<b>Net cash provided by operating activities</b>	<b>\$ 38,791</b>	<b>\$ 11,598</b>	<b>\$ 72,624</b>	<b>\$ 29,122</b>
Purchases of property and equipment, including capitalized internal-use software	(12,633)	(3,828)	(18,222)	(10,178)
<b>Free Cash Flow</b>	<b>\$ 26,158</b>	<b>\$ 7,770</b>	<b>\$ 54,402</b>	<b>\$ 18,944</b>



## APPENDIX: Non-GAAP Guidance Reconciliation

### RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES FOR Q3 2024 AND FULL YEAR 2024 GUIDANCE

(Unaudited)

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

	<b>Q3 2024 Guidance</b>	<b>FY 2024 Guidance</b>
	<b>Unaudited</b>	
	(dollars in millions)	
Revenues	\$416 - \$446	\$1,735 - \$1,765
Traffic acquisition cost	(\$257) - (\$277)	(\$1,079) - (\$1,086)
Other cost of revenues	(\$30) - (\$30)	(\$121) - (\$124)
Gross profit	\$129 - \$139	\$535 - \$555
Add back: Other cost of revenues	(\$30) - (\$30)	(\$121) - (\$124)
ex-TAC Gross Profit	\$159 - \$169	\$656 - \$679

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