



Taboola

OUR FINANCIALS

Steve Walker

CFO

March 29th, 2022

AGENDA

1

**Profitable Growth Model
& Historical Results**

2

Taboola's Differentiation
That Drives Superior
Financial Results

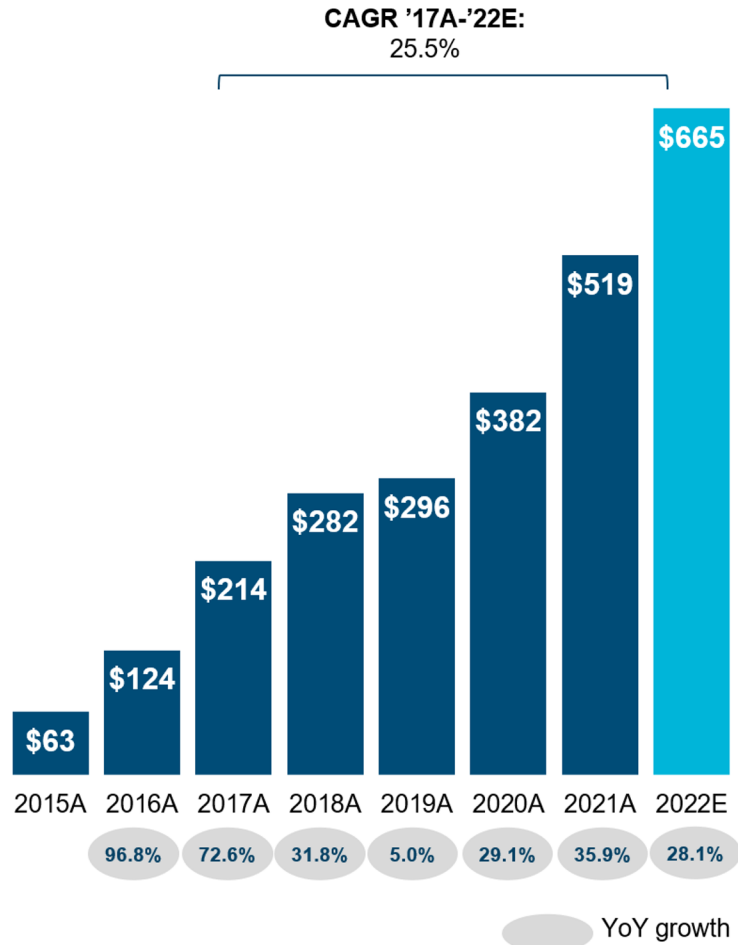
3

How We Drive Growth
And Returns Over Time

TABOOLA FOCUSES ON PROFITABLE GROWTH

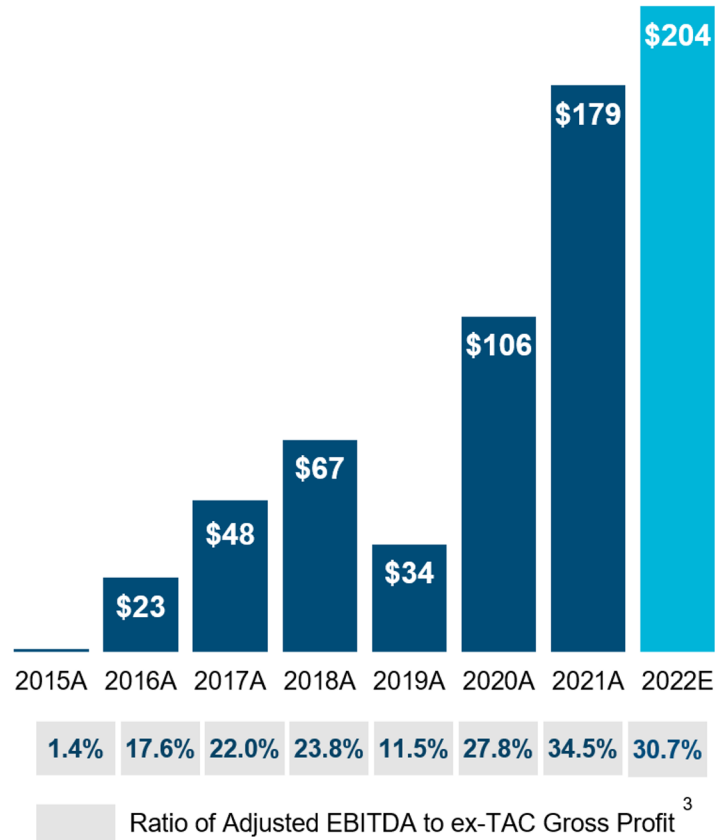
ex-TAC Gross Profit¹

(\$ in millions)



Adj. EBITDA²

(\$ in millions)



PROFITABLE GROWTH

Rule of 50 Business

Upside in our model

- Model includes primarily 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

(1),(2),(3) Non-GAAP measure, see appendix for reconciliation to GAAP
Note: Projections reflect the mid-point of 2022 guidance

2021 SIGNIFICANTLY EXCEEDED EXPECTATIONS

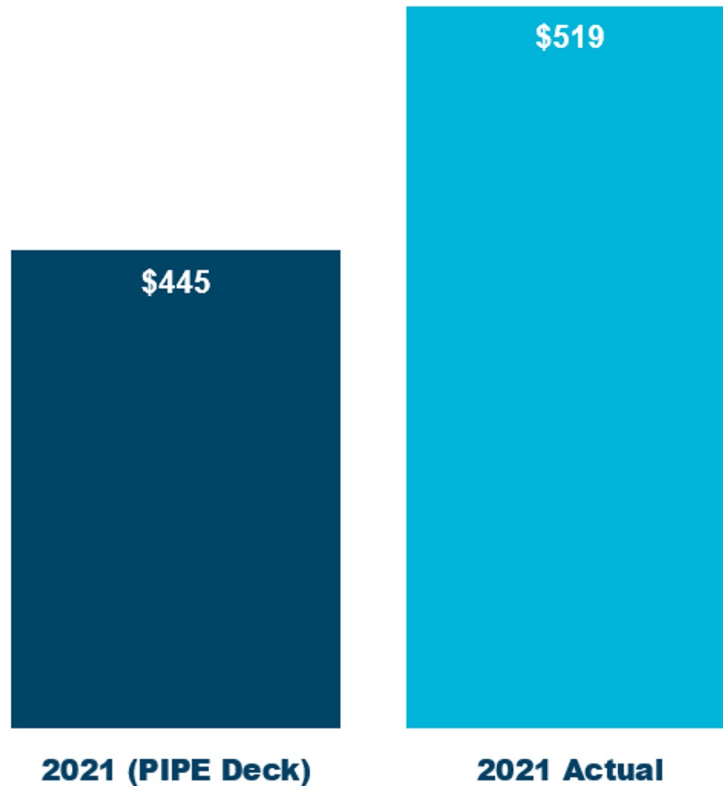
ex-TAC Gross Profit¹

\$ in millions

17.4%

YoY growth

35.7%



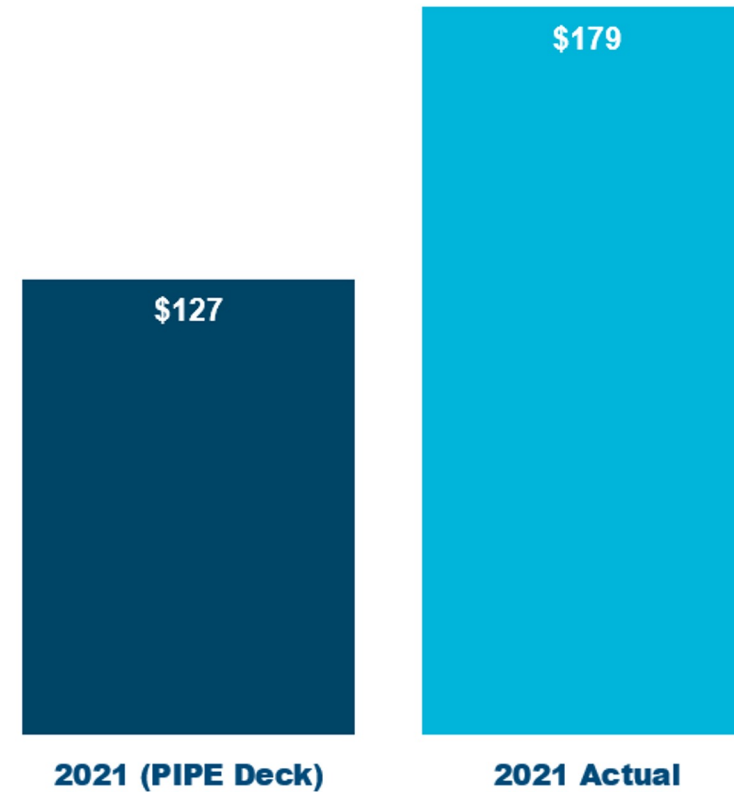
Adjusted EBITDA¹

\$ in millions

28.5%

Adjusted EBITDA
Margin

34.6%



CONTINUED STRENGTH EXPECTED IN 2022

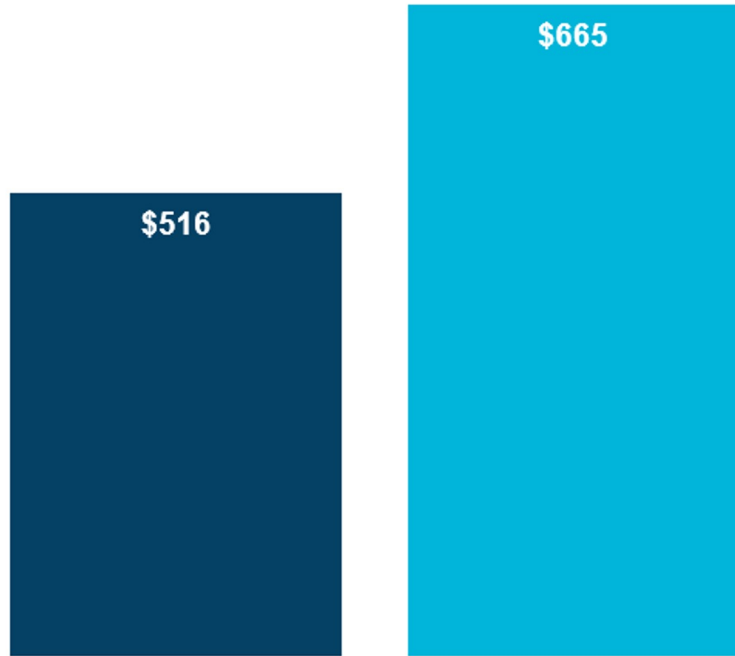
ex-TAC Gross Profit ¹

\$ in millions

16.0%

YoY growth

28.2%



2022 (PIPE Deck)

2022 Guidance Midpoint

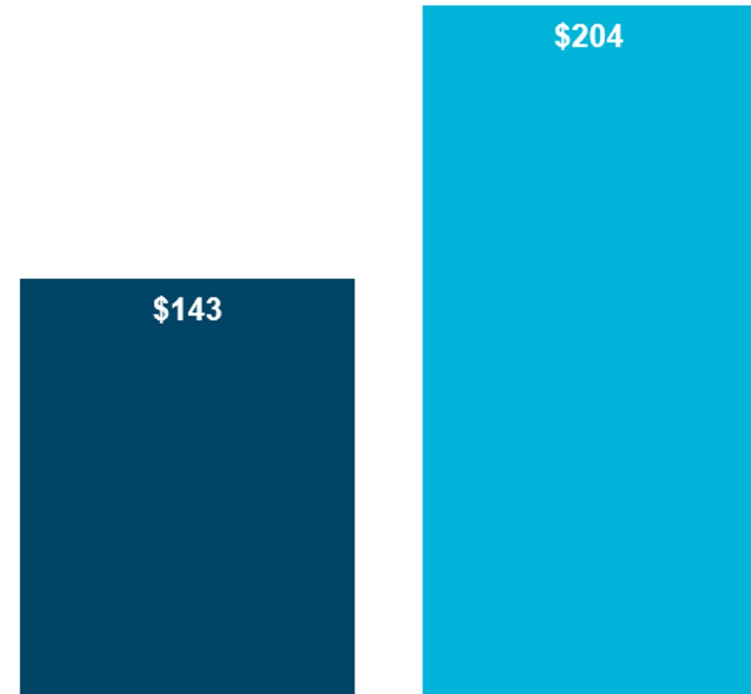
Adjusted EBITDA ¹

\$ in millions

27.7%

Adjusted EBITDA
Margin

30.7%

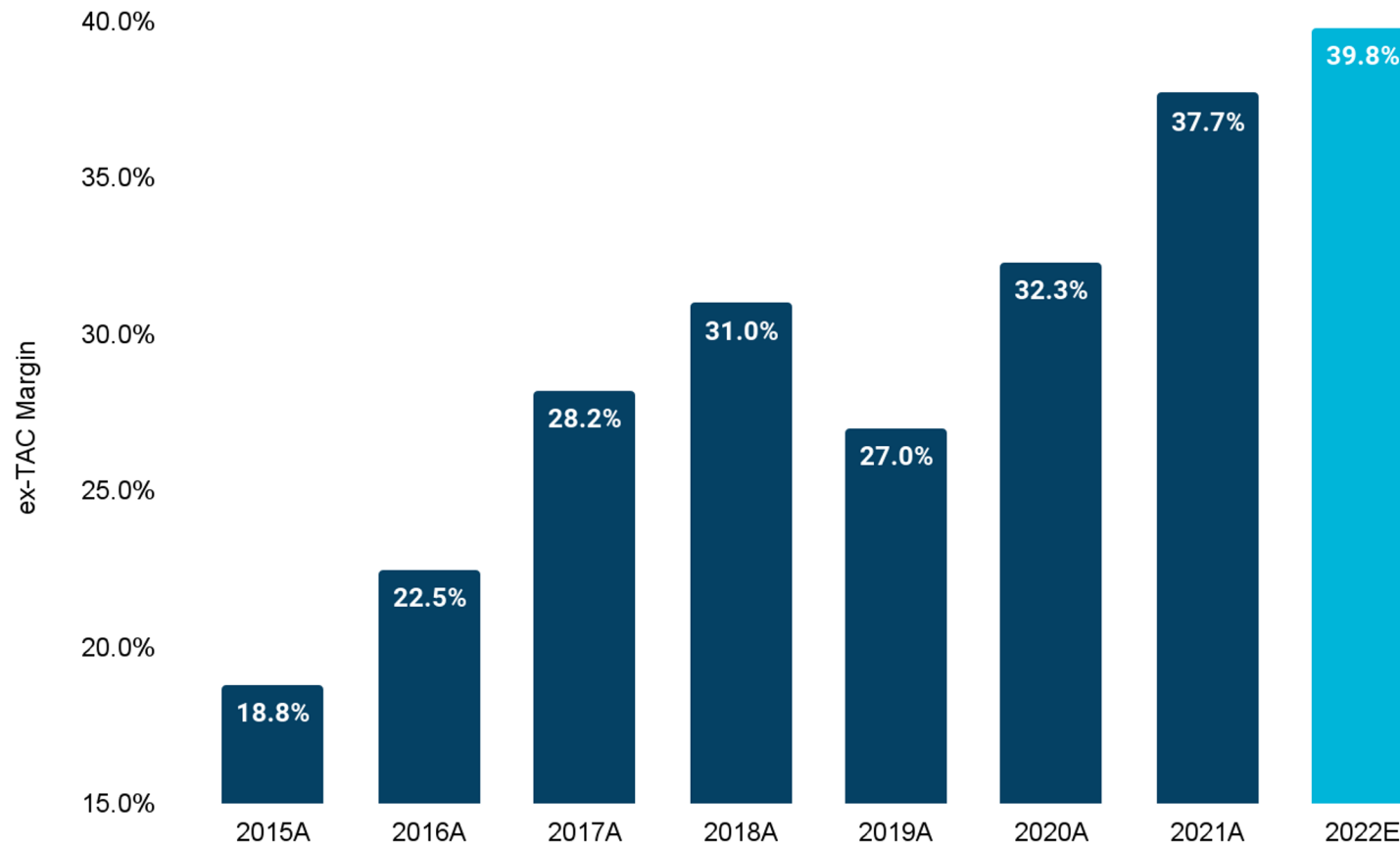


2022 (PIPE Deck)

2022 Guidance Midpoint

EXPANDING EX-TAC MARGINS POINT TO COMPETITIVE ADVANTAGE

ex-TAC Margin By Year⁽¹⁾



- ex-TAC Margin has increased significantly since 2015
- Competitive landscape has not changed significantly in that time period
- Margins increase as competitive advantages increase

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How We Drive Growth
And Returns Over Time

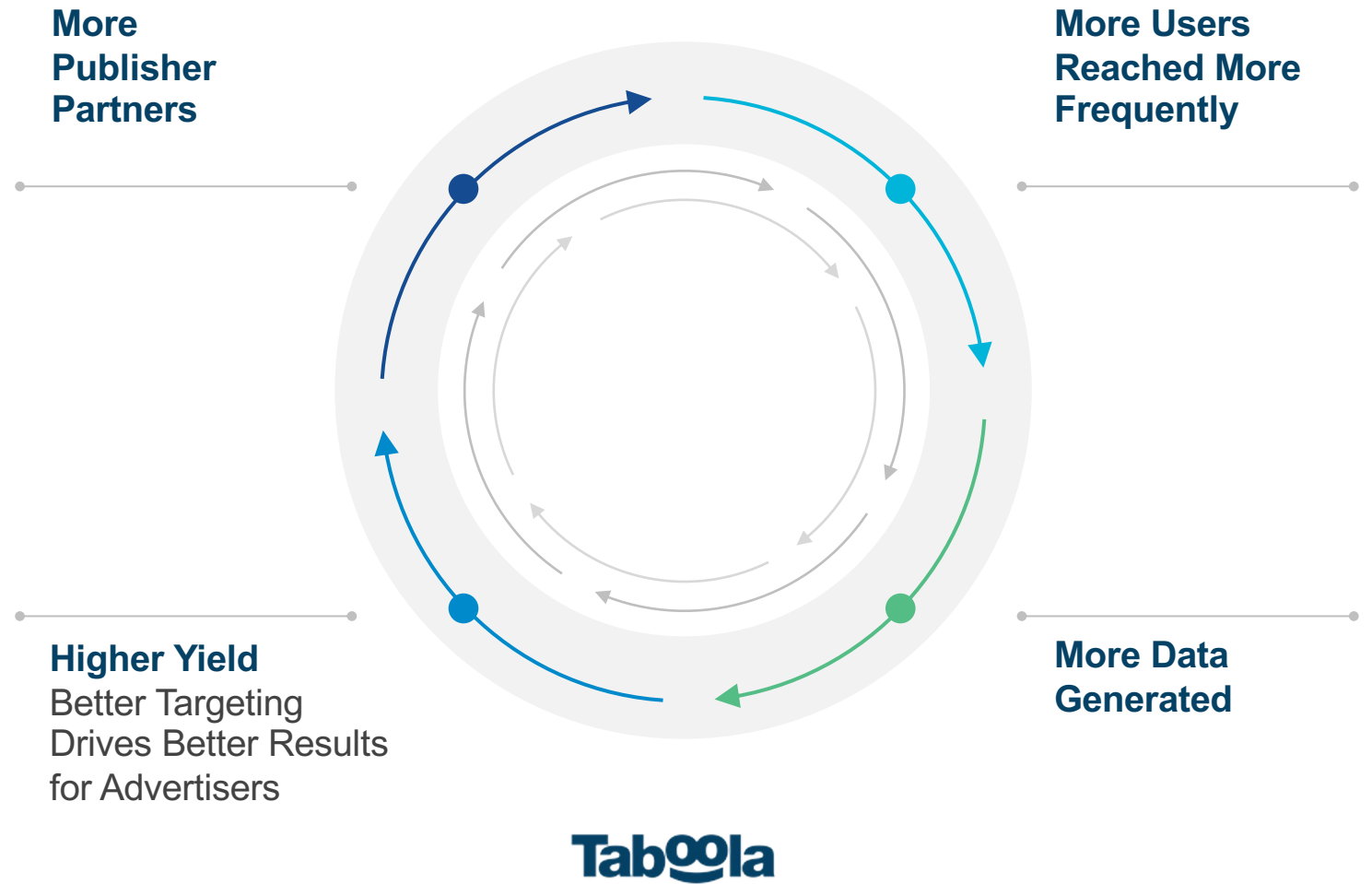
TABOOLA'S DIFFERENTIATION

HOW IT DRIVES SUPERIOR
FINANCIAL PERFORMANCE &
EXPANDING MARGINS

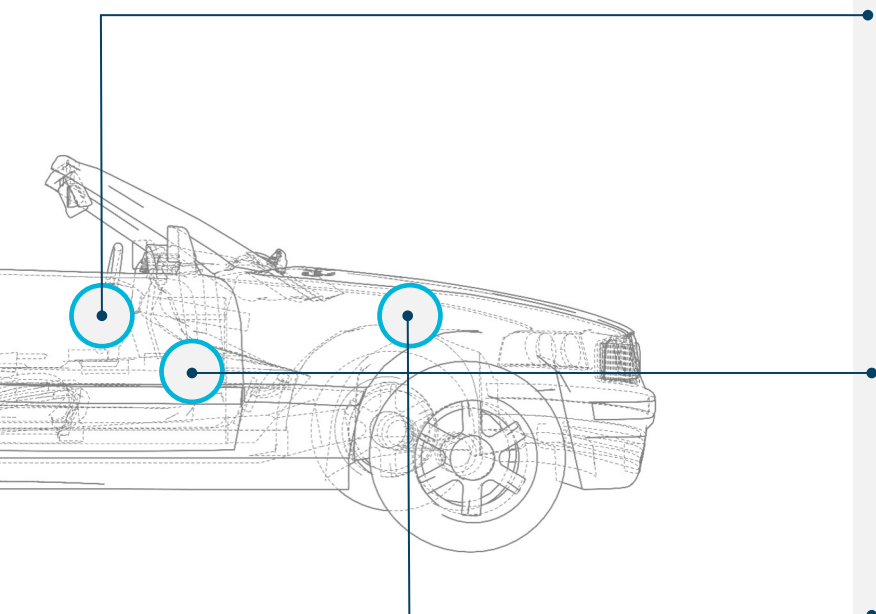
- 1 Growth fueled by a network effect
- 2 Long-term yield increases
- 3 Taboola's technology is resilient to the future disappearance of third-party cookies
- 4 Platform advantage driven by Taboola's technology
- 5 Connexity will further increase competitive advantage
- 6 More resilient in troubled economic times

SCALE MATTERS IN OUR INDUSTRY

GROWTH WITH A BUILT-IN
NETWORK EFFECT

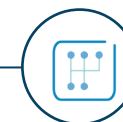


WHAT MAKES UP YIELD



Click Through Rate (CTR):

- The number of clicks that an ad receives divided by the number of times the ad is shown (impressions)
- A high CTR is a good indication that users find your ads relevant



CTR
Click Through Rate

Cost Per Click (CPC):

The amount advertisers pay for each click on their ads.



CPC
Cost Per Click

Conversion Rate:

The percentage of users who have completed a desired action (e.g. purchase) after clicking on an ad.

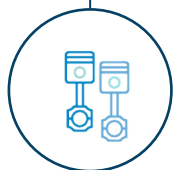
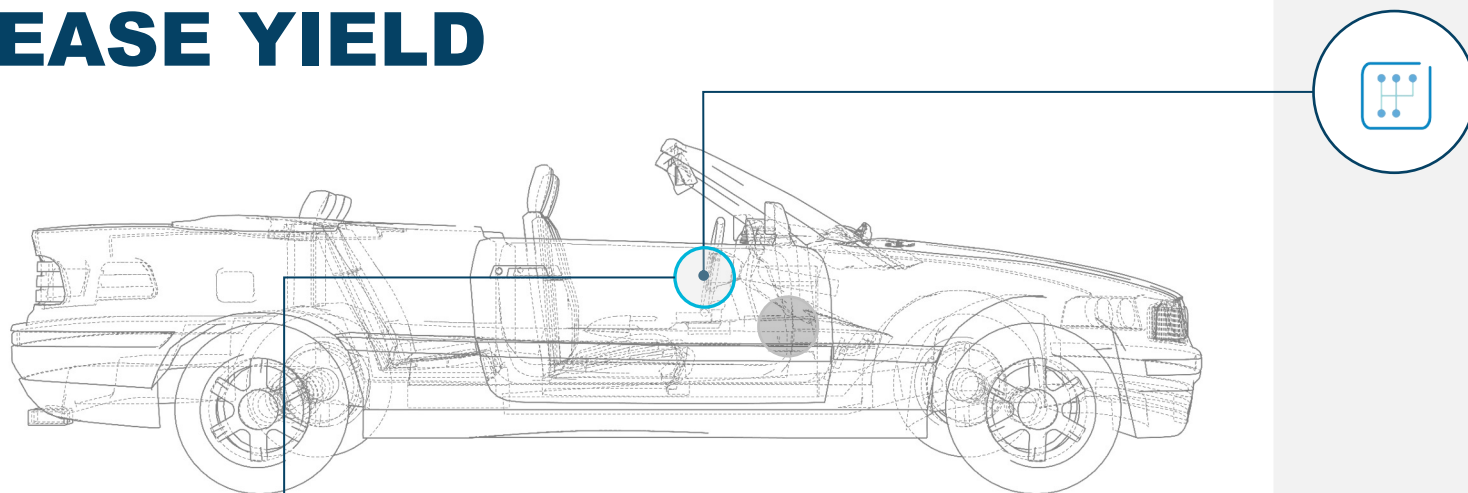


Conversion Rate



YIELD

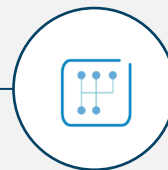
HOW WE INCREASE YIELD



CPC

Cost Per Click

- **More advertisers** on the platform increases auction density
- **Better attribution** measurement better reflects the value of conversions
- **Automated bidding (SmartBid)** optimizes bids dynamically



CTR and Conversions

Click Through Rate, Conversion Rates

- **Algorithmic** improvements drive better prediction of what users will engage with
- **More advertisers** on the platform and higher diversity of campaigns
- **More data** that provides more contextual signals enables more accurate targeting
- **Better user experience** increases the likelihood of engagement with the ad

TABOOLA TECH IS BUILT FOR A COOKIE-LESS, IDFA/ATT WORLD



Taboola has its own 1st party cookie – recommending personalized editorial content enables serving our own 1st party identifier

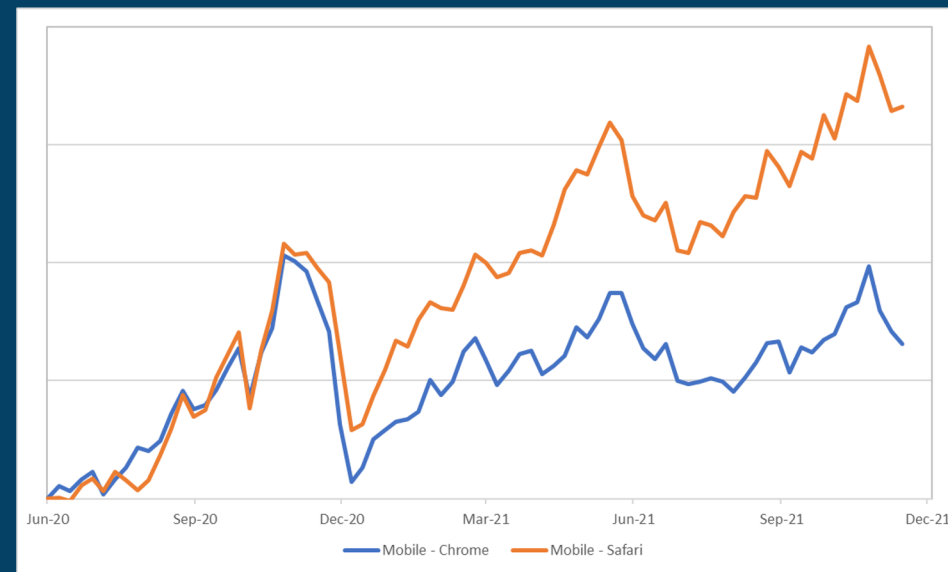


Unique readership context – deep access to the context of the page, allowing advertisers to target context (vs. “3rd party cookie behavior”)



People click on Taboola recommendations **tens of billions of times a year¹** – 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



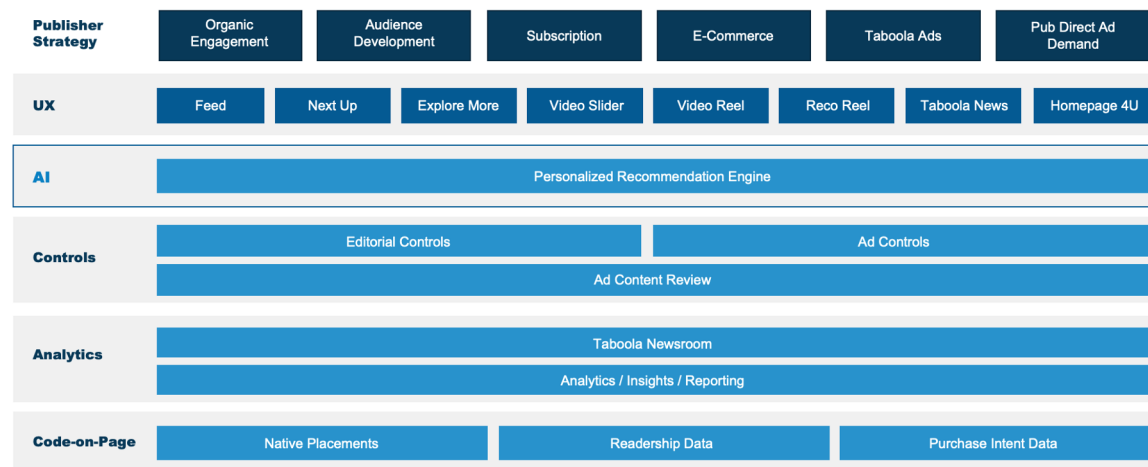
Taboola’s strong yield performance despite 3rd party cookies being blocked in the industry for years:

- 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
- IDFA launched April, 2021

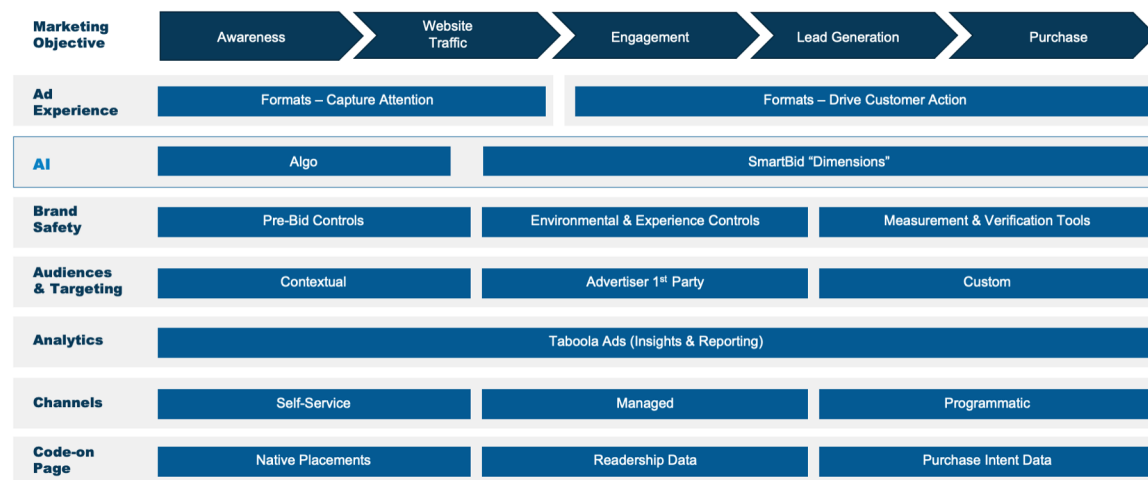
PLATFORM ADVANTAGE DRIVEN BY INVESTMENT IN TECHNOLOGY

LEADS TO A SET OF CAPABILITIES NOT AVAILABLE FROM OUR COMPETITORS

COMPREHENSIVE PUBLISHER PLATFORM



COMPREHENSIVE ADVERTISER PLATFORM



5

1/3 OF OPEN WEB PUBLISHER REVENUE WILL BE E-COMMERCE



CONNEXITY FURTHERS OUR COMPETITIVE ADVANTAGE

INTRINSIC VALUE OF BUSINESS

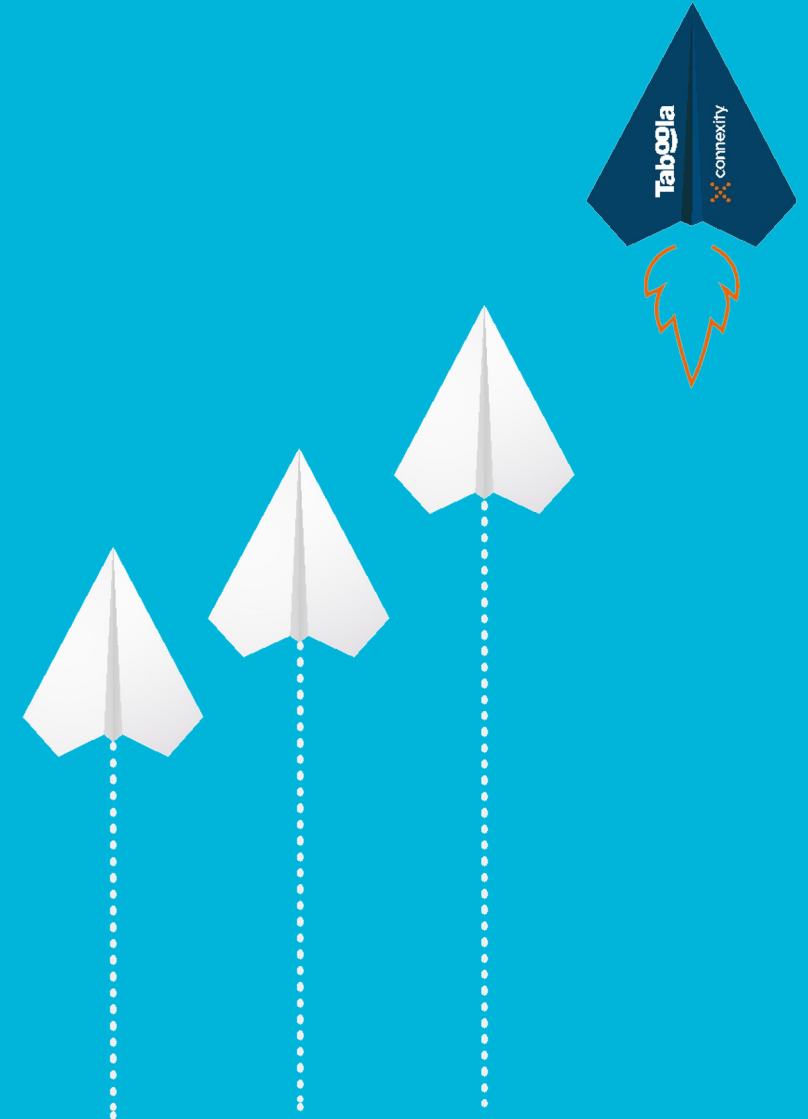
Significant expansion of our addressable TAM with long runway of growth

SYNERGIES

Tremendous opportunity to leverage our scale, combined relationships and Connexity's e-commerce market maker capabilities

STRATEGIC VALUE

$\frac{1}{3}$ of Open Web Publisher Revenue will be e-commerce¹ and Taboola with Connexity is uniquely differentiated



CONNEXITY SYNERGIES

\$100M+ ANNUAL EX-TAC IN 4 YEARS

SHORT-TERM

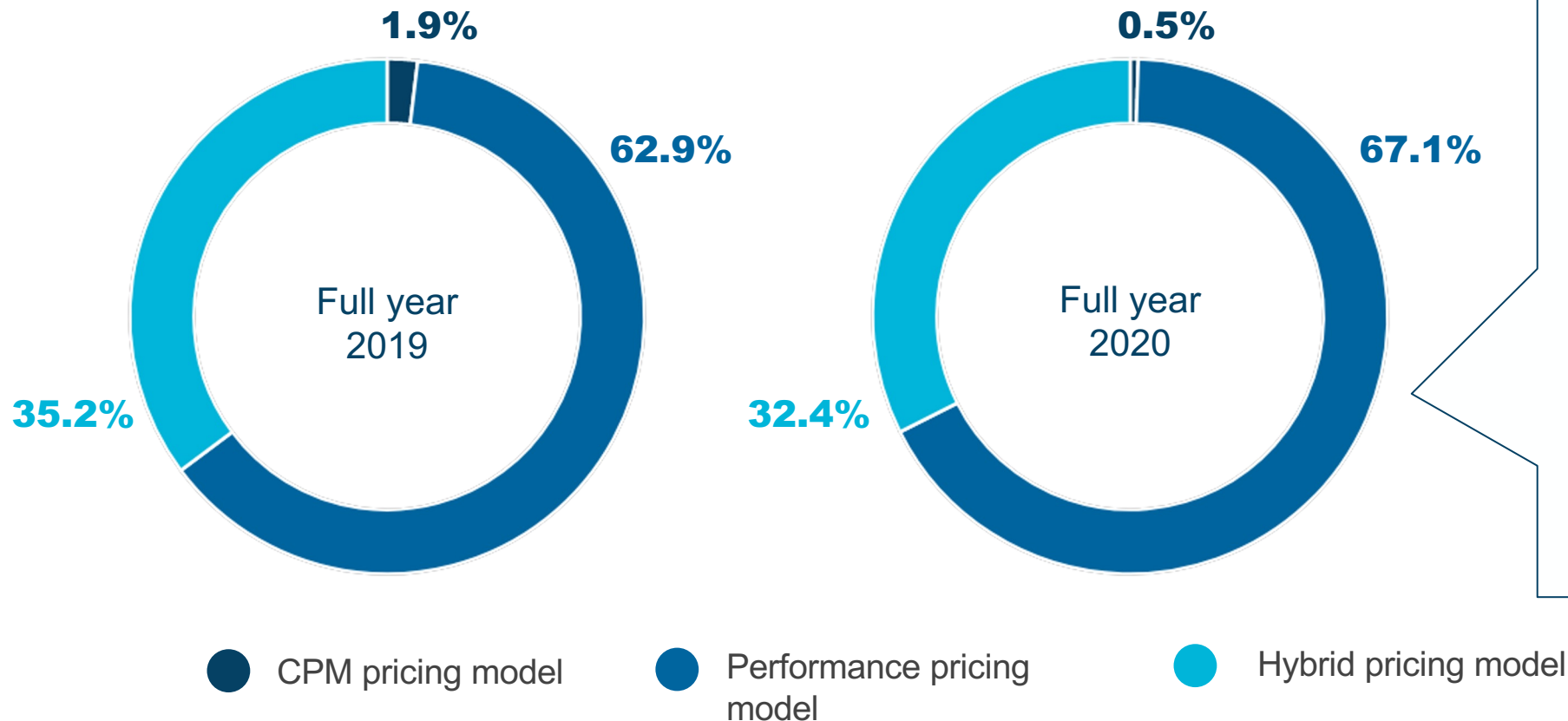
1. Connexity on Taboola Publishers, growing publishers % of traffic with intent
2. Take Connexity Global
3. Expanding Connexity's Client base by Leveraging Taboola Ad Sales

MEDIUM-TERM

1. Connexity merchant demand on Taboola publisher supply
2. Better personalization/yield by merging data: recommendations + e-commerce

6 TBLA BUSINESS MORE RESILIENT IN CHALLENGING ECONOMIC TIMES

Revenues by pricing model, full year results (2019-2020)¹



At the onset of the COVID slowdown, 65% of Advertisers Agreed or Strongly Agreed that:

Performance Media will get more of their focus²

(1) Source: IAB / PwC Internet Ad Revenue Report, FY 2020

(2) Source: Advertiser Perceptions / Coronavirus Effect on Advertising Report, 2020

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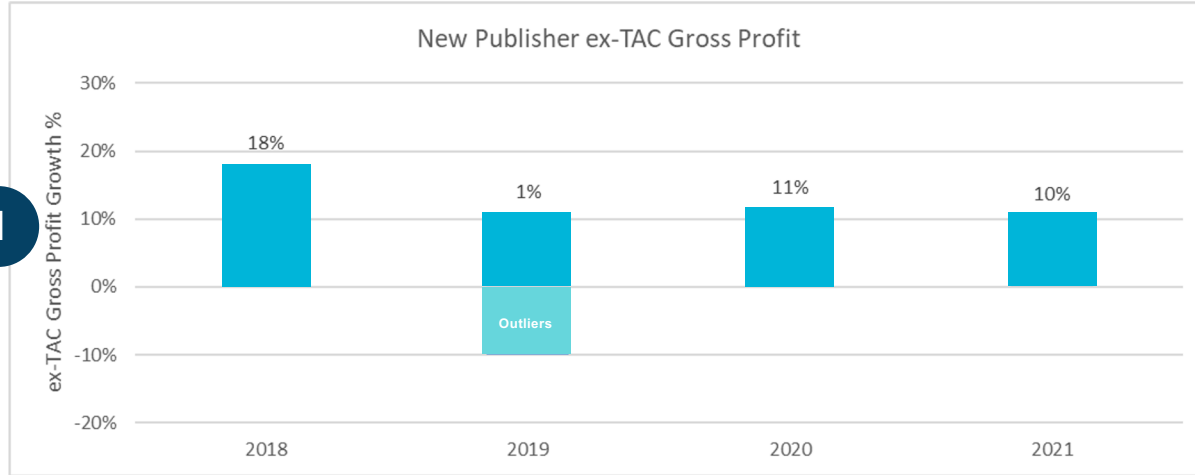
Taboola's Differentiation
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Financial Results

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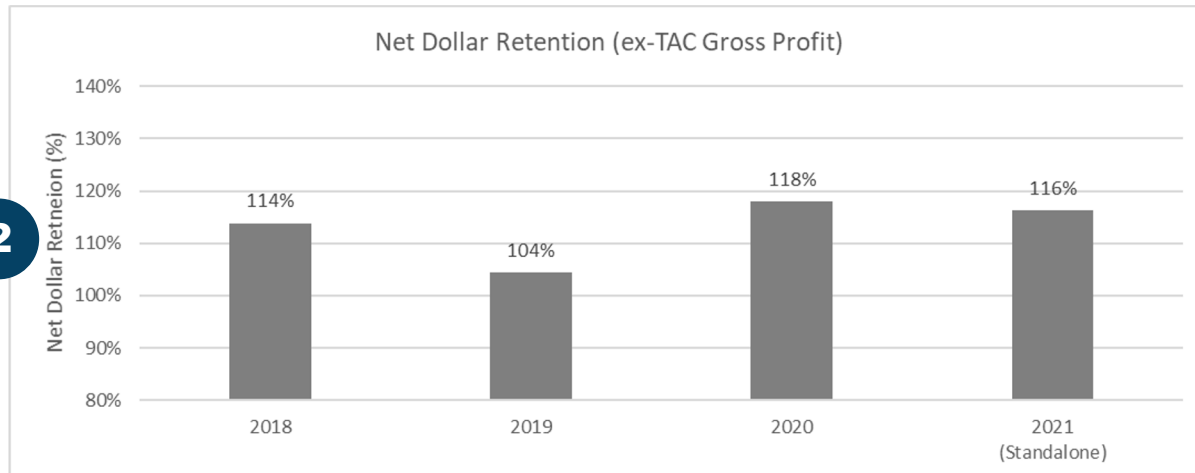
**How We Drive Growth
And Returns Over Time**

GROWTH DRIVEN BY CORE OPEN WEB INSTALLED BASE

1



2



**CONTINUED
GROWTH
FROM NEW
SUPPLY...**

**HELPS PROVIDE
FUEL FOR
GROWTH FROM
A STRONG
INSTALLED
BASE.**

1

New Publisher¹ ex-TAC Gross Profit

- Approximately 40% of total growth
- Historically 10%+ new supply growth
- Projecting similar range going forward

2

Net Dollar Retention² Growth Has Two Elements

- Approximately 60% of total growth
- Improvements in yield
- More supply from existing pubs
- Historically 110-120% on average

(1) New digital property partners within the first 12 months that were 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. Excludes Connexity.

GROWTH PROJECTIONS BASED PRIMARILY ON CORE BUSINESS

- ANYTHING, ANYWHERE GROWTH INITIATIVES PROVIDE UPSIDE



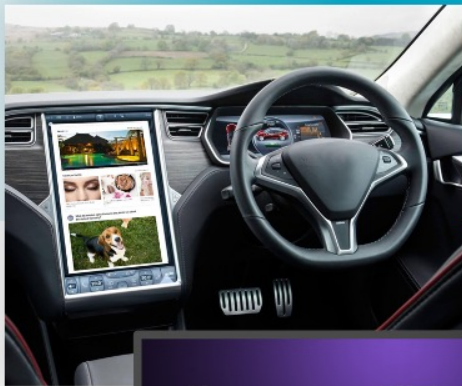
\$10M's in 2021¹

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

ANYTHING
New products and segments
(TV ads, e-Commerce, app downloads, gaming...)

\$100M's in 2021³

\$1B+ in 2021 & Growing Rapidly²



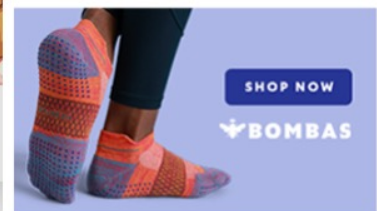
Researchers hope to use the solar system to understand why there are so few worlds of that size, as well as helping how the planets in our solar system were found.

"Our study will allow us to study this 'missing link' between rocky Earth-like planets and gas-dominated mini-Neptunes, because here all of those types formed in the same system," said lead researcher Manoharan Gaidhar, from Massachusetts Institute of Technology.

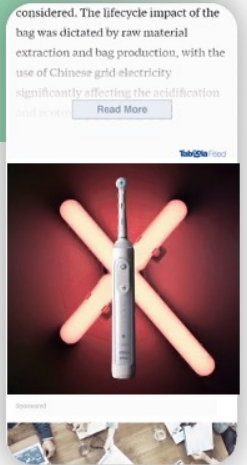
Alongside the Earth-like exoplanet are two gas-giant worlds, just over twice the size of our own. One of those, the furthest from the star, is thought to sit in the temperature range that "Might allow it to support alien life... but its



This Game Will Keep You Up All Night!
Good Game | Sponsored

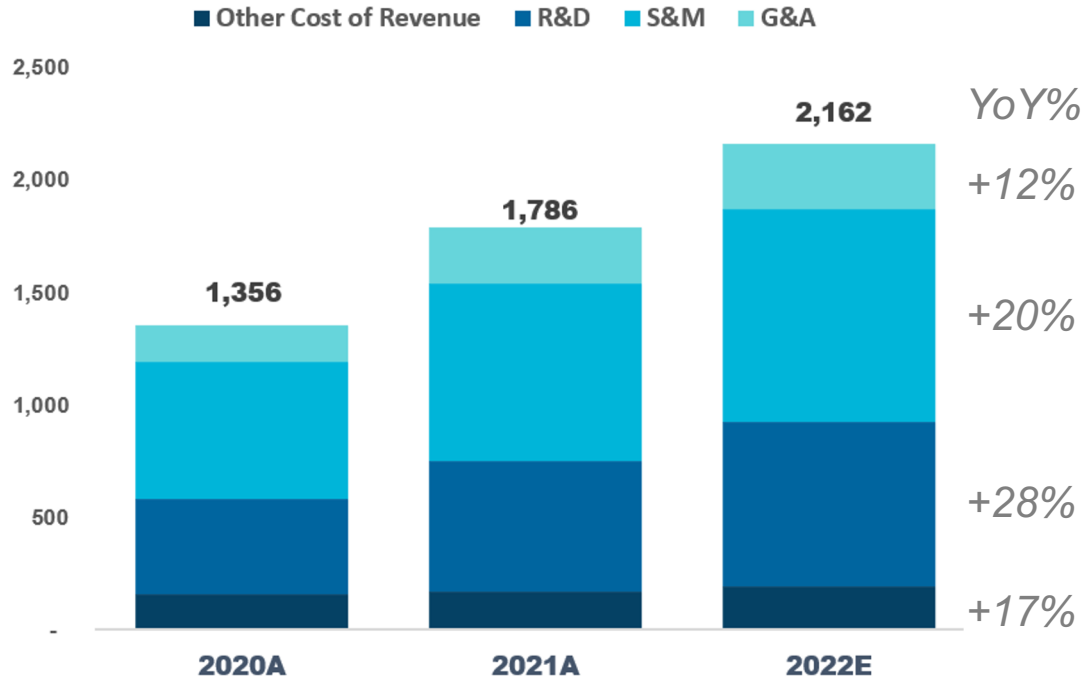


These Socks Are So Soft You'll Never Want to Take Them Off
BOMBAS

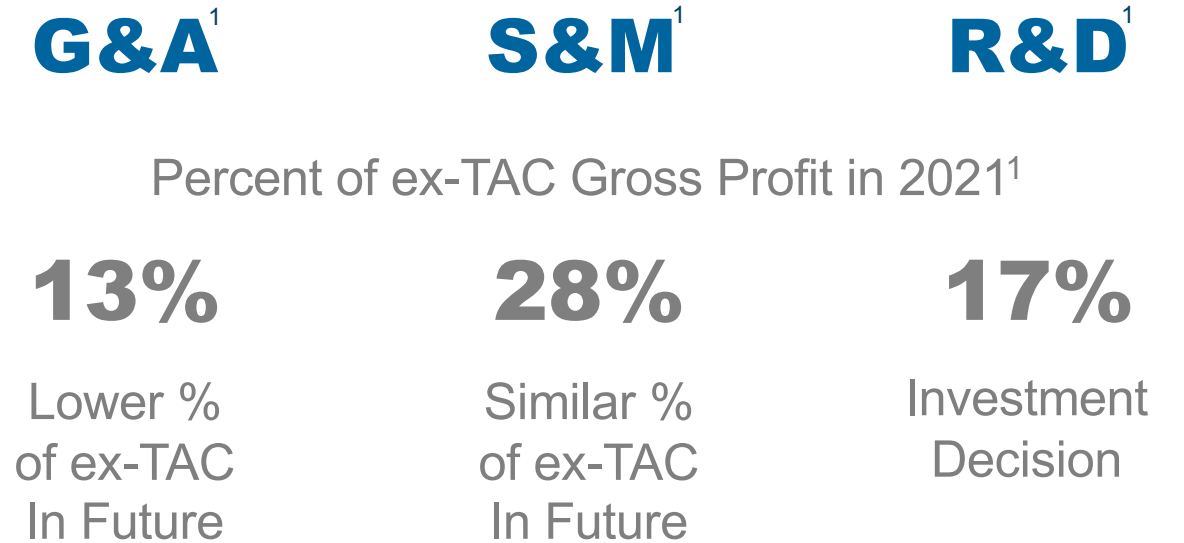


EXPECT OPERATING LEVERAGE FROM G&A OVER TIME - VIEW R&D AS INVESTMENT

Employees - Investing in R&D and S&M



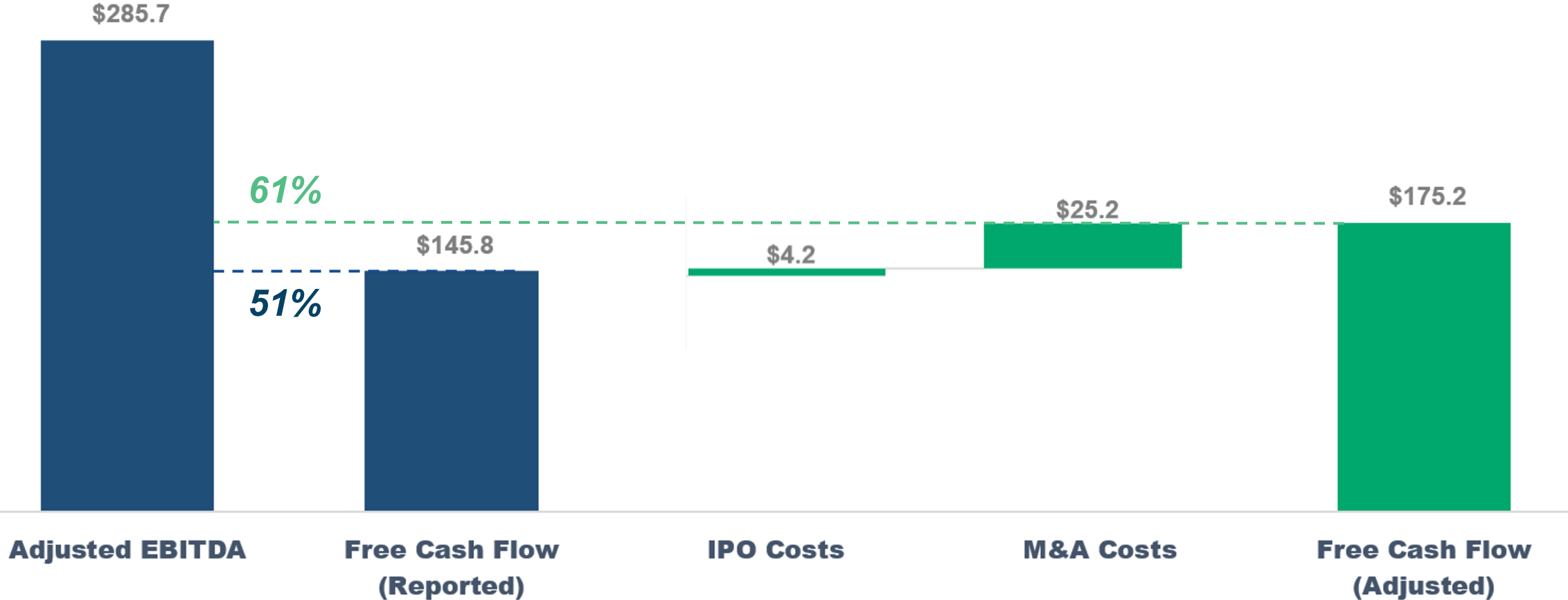
Expectations For Adjusted Operating Expenses Over Time



(1) Non-GAAP measure. Excludes Share based compensation, Amortization of acquired intangibles, M&A costs and IPO related costs. See appendix for reconciliation to GAAP.

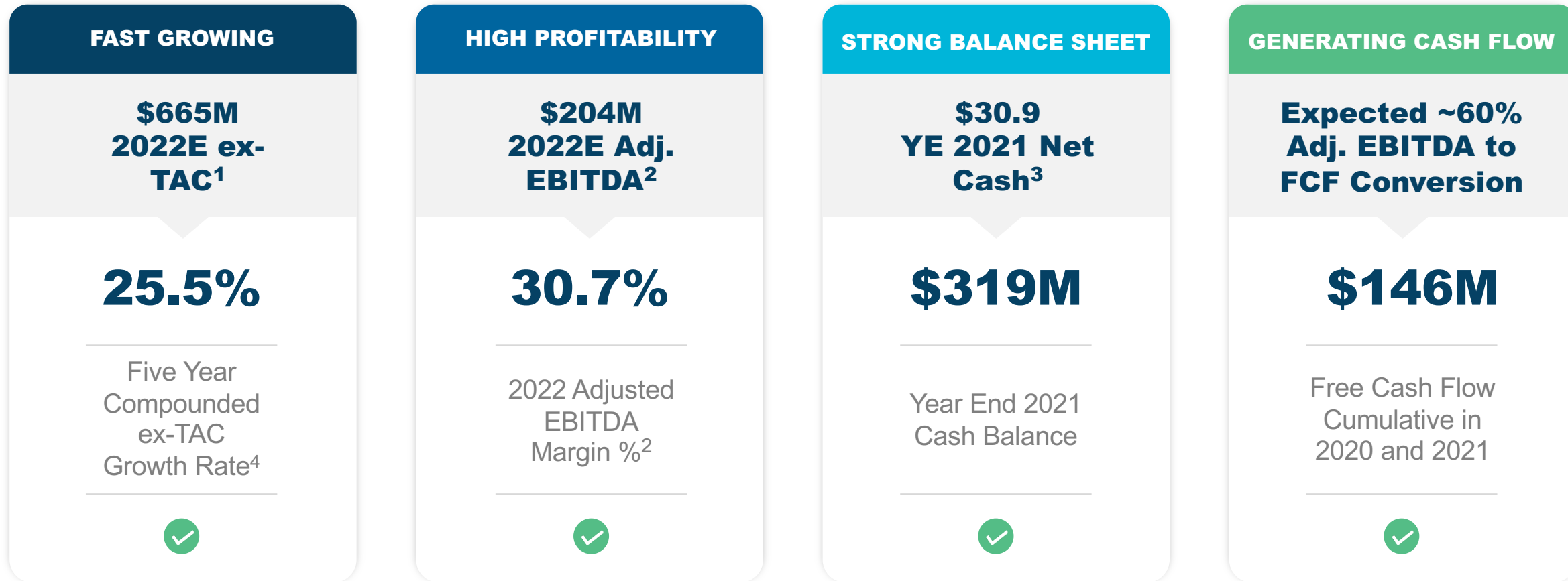
ADJUSTED EBITDA EXPECTED TO CONVERT TO FREE CASH FLOW¹ AT APPROXIMATELY 60% RATIO OVER TIME

Two Year (2020/2021) Adjusted EBITDA to Adjusted FCF Bridge



STRONG FINANCIAL PROFILE

2022 ESTIMATES ARE GUIDANCE MIDPOINTS



(1) Non-GAAP measure; see appendix for reconciliation to GAAP
(2) Non-GAAP measure; see Note in appendix regarding Adjusted EBITDA Reconciliation.
(3) Non-GAAP measure; calculated as December 31, 2021 cash and cash equivalents of \$319.3 million minus long-term loan (including current portion) of \$288.4 million.
(4) Growth Rate includes actual results for 2017-2021 plus 2022E results based on the midpoint of guidance.

Taboola

Appendix

ADJUSTED EBITDA RECONCILIATION

(\$ in millions)

	2016A	2017A	2018A	2019A	2020A	2021A
Net income (loss)	\$ (2.7)	\$ 2.8	\$ 10.7	\$ (28.0)	\$ 8.5	\$ (24.9)
Adjustments:						
Financial expenses (income), net	0.8	(0.3)	1.3	3.4	2.7	(11.3)
Tax expenses	4.3	5.1	5.3	5.0	14.9	23.0
Depreciation and amortization	13.3	28.2	35.3	39.4	34.0	53.1
Share-based compensation expenses	6.3	10.8	10.5	8.2	28.3	124.1
Revaluation of Contingent Liability	1.4	1.6	3.8	-	-	-
M&A costs	-	-	-	6.1	17.8	11.7
Holdback compensation expenses	-	-	-	-	-	3.7
Adjusted EBITDA	\$ 23.4	\$ 48.2	\$ 66.9	\$ 34.1	\$ 106.2	\$179.4

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	Q3-21A	Q4-21A	FY 2021
Net income (loss)	\$ 18.6	\$ (61.4)	\$ 17.3	\$ 0.6	\$ (24.9)
Adjustments:					
Financials expenses (income),net	0.8	0.1	(14.0)	1.8	(11.3)
Tax expenses	2.3	7.9	(3.5)	16.3	23.0
Depreciation and amortization	8.2	8.6	13.2	23.1	53.1
Share-based compensation expenses ¹	5.1	78.5	19.9	20.6	124.1
M&A costs & Transaction cost of Going Public ²	(1.5)	7.1	5.9	0.2	11.7
Connexity holdback	-	-	0.8	2.9	3.7
Adjusted EBITDA	\$ 33.5	\$ 40.8	\$ 39.6	\$ 65.5	\$179.4

¹A substantial majority is Share-based compensation expenses related to going public.

²Relates to the acquisition of ION Acquisition Corp. 1 Ltd. and going public.

EX-TAC GROSS PROFIT RECONCILIATION

(\$ in millions)

	2016A	2017A	2018A	2019A	2020A	2021A
Revenues	\$ 552.1	\$ 757.9	\$ 909.2	\$ 1,093.8	\$ 1,188.9	\$ 1,378.5
Traffic Acquisition Cost (TAC)	427.7	544.2	627.7	798.0	806.5	859.6
Other Cost of Revenues	23.2	35.1	47.3	63.9	62.9	77.8
Gross Profit	\$ 101.2	\$ 178.6	\$ 234.2	\$ 231.9	\$ 319.5	\$ 441.1
Other Cost of Revenues	23.2	35.1	47.3	63.9	62.9	77.8
ex-TAC Gross Profit	\$ 124.4	\$ 213.7	\$ 281.5	\$ 295.8	\$ 382.4	\$ 518.9

EX-TAC GROSS PROFIT RECONCILIATION

(\$ in millions)

	2016A	2017A	2018A	2019A	2020A	2021A
Revenues	\$ 552	\$ 758	\$ 909	\$ 1,094	\$ 1,189	\$ 1,378
Gross Profit	101	179	234	232	319	441
Gross Profit Margin	18%	24%	26%	21%	27%	32%
Revenues	\$ 552	\$ 758	\$ 909	\$ 1,094	\$ 1,189	\$ 1,378
ex-TAC Gross Profit	124	214	282	296	382	519
ex-TAC Gross Profit Margin	23%	28%	31%	27%	32%	38%

2022 FULL YEAR GUIDANCE: EX-TAC GROSS PROFIT RECONCILIATION

	Guidance
	FY 2022
<i>(\$ in millions)</i>	
Revenues	\$1,666 - \$1,678
Traffic Acquisition Cost (TAC)	(\$1003 - \$1011)
Other Cost of Revenues	(\$106 - \$112)
Gross Profit	\$552 - \$560
Other Cost of Revenues	\$106 - \$112
ex-TAC Gross Profit	\$661 - \$669

HISTORICAL FREE CASH FLOW RECONCILIATION

(\$ in millions)

	2019A	2020A	2021A
Net cash from operating activities	\$ 18	\$ 139	\$ 64
Net cash used in the following investing activities	\$ (44)	\$ (18)	\$ (39)
Intangible assets	\$ (6)	(9)	(14)
Purchase of IT equipment (servers)	\$ (38)	(9)	(25)
Free Cash Flow	\$ (26)	\$ 121	\$ 25

OPERATING EXPENSES RECONCILIATION

	2021A		
	R&D	S&M	G&A
Total expenses	117.9	206.1	130.3
<u>Adjustments:</u>			
Share based compensation	(29.0)	(44.8)	(52.2)
Amortization of acquired intengibles	-	(17.5)	-
M&A and IPO related Costs	(0.7)	(0.2)	(10.8)
Total expenses after adjustments	88.2	143.6	67.3

2021 ADJUSTED OPERATING EXPENSES TO EX-TAC GROSS PROFIT RECONCILIATION

(\$ in millions)

2021A

Gross Profit	\$	441
R&D		117.9
<i>Ratio of R&D to Gross profit</i>		<i>27%</i>
S&M		206.1
<i>Ratio of S&M to Gross profit</i>		<i>47%</i>
G&A		130.3
<i>Ratio of G&A to Gross profit</i>		<i>30%</i>
ex-TAC Gross Profit	\$	519
R&D		88.2
<i>Ratio of Adjusted R&D to ex-TAC Gross Profit</i>		<i>17%</i>
S&M		143.6
<i>Ratio of Adjusted S&M to ex-TAC Gross Profit</i>		<i>28%</i>
G&A		67.3
<i>Ratio of Adjusted G&A to ex-TAC Gross Profit</i>		<i>13%</i>

FREE CASH FLOW RECONCILIATION

2 YEAR COMBINED 2020-2021

(\$ in millions)

2020-2021

Net cash from operating activities	\$	203
Net cash used in the following investing activities	\$	(57)
Intangible assets		(23)
Purchase of IT equipment (servers)		(34)
Free Cash Flow	\$	146

ADJUSTED EBITDA RECONCILIATION

2 YEAR COMBINED 2020-2021

(\$ in millions)

2020-2021

Net income (loss)	\$	(16.5)
Adjustments:		
Financial expenses (income), net		(8.5)
Tax expenses		37.9
Depreciation and amortization		87.1
Share-based compensation expenses		152.5
M&A costs and public related costs ¹		29.4
Holdback compensation expenses		3.7
Adjusted EBITDA	\$	285.7

(1) 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., the acquisition of Connexity and going public.