
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 2022

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, 99.2 and 99.3 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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99.1	Press Release dated August 9, 2022
99.2	Letter to Shareholders dated August 9, 2022
99.3	Investor presentation dated August 9, 2022

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 9, 2022

Taboola Reports Q2 2022 Results

- Beat Q2 across all metrics.
- Gross Profit of \$116.4M grew 16.1% and ex-TAC Gross Profit of \$143.2M grew 22.5% over Q2 2021 (25.4% on a constant currency basis*) and 4.7% pro forma with Connexity** (7.1% on a constant currency basis*).
- GAAP Net Loss of \$5.0M, Non-GAAP Net Income of \$15.8M and Adjusted EBITDA of \$34.2M.
- Maintaining full year guidance for ex-TAC Gross Profit, Gross Profit, Adjusted EBITDA and Non-GAAP Net Income.

New York, NY, August 09, 2022 -- 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, 2022.

“Our second quarter performance exceeded our high end of guidance and included ex-TAC gross profit growth of 22.5%. These impressive results, in a challenging macro environment, reinforce the strength of our model that is centered on long-term exclusive publisher partnerships and performance advertiser success. We are holding our full year 2022 guidance and prioritizing investments and taking actions to ensure solid profitability and free cash flow,” said Adam Singolda, Founder and CEO, Taboola.

“This year we are seeing near record level new publisher signings, including a large number of competitive wins all around the world, exponential growth in Taboola News and the launch of exciting new products like Homepage For You and our new bidder. Our progress in 2022 will drive strong positive momentum into 2023 and beyond as we strive to place Taboola in the same league as successful walled garden companies such as Google, Amazon and Facebook. Our biggest focus areas that will ensure we succeed are in e-commerce, performance advertising and optimizing our bidder,” continued Singolda.

For more commentary on the quarter, please refer to Taboola’s Q2 2022 Shareholder Letter, which was furnished to the SEC and also posted on Taboola’s website today at <https://investors.taboola.com>.

Second Quarter 2022 Results Summary (unaudited)

(dollars in millions, except per share data)

	Three Months Ended June 30,		% change YoY	Q2 Guidance
	2022	2021		
	Unaudited			
Revenues	\$ 342.7	\$ 329.1	4.1%	\$ 325 to \$345
Gross profit	\$ 116.4	\$ 100.2	16.1%	\$ 104 to \$114
Net loss	\$ (5.0)	\$ (61.4)	91.8%	
EPS diluted (1)	\$ (0.02)	\$ (1.39)	98.6%	
Ratio of net loss to gross profit	(4.3%)	(61.3%)	93.0%	
Cash flow provided by operating activities	\$ 2.1	\$ 23.1	-91.0%	
Cash, cash equivalents and short-term investments	\$ 308.5	\$ 585.2	-47.3%	
Non-GAAP Financial Data *				
ex-TAC Gross Profit	\$ 143.2	\$ 116.9	22.5%	\$ 132 to \$142
Adjusted EBITDA	\$ 34.2	\$ 40.8	-16.3%	\$ 23 to \$28
Non-GAAP Net Income	\$ 15.8	\$ 23.0	-31.2%	\$ 6 to \$11
IPO Pro forma Non-GAAP EPS diluted (2)	\$ 0.062	\$ 0.090	-31.1%	
Ratio of Adjusted EBITDA to ex-TAC Gross Profit	23.9%	34.9%	-31.7%	
Free Cash Flow	\$ (7.3)	\$ 6.9	-204.6%	

¹ The weighted-average shares used in this computation for the three months ended June 30, 2022 and 2021 are 250,777,915 and 48,518,124, respectively. Outstanding shares increased significantly year-over-year as a result of the Company going public.

² See Appendix for a description and calculation of IPO Pro forma Non-GAAP EPS basic and diluted.

Business Highlights

- Announced new digital property partner agreements, including competitive wins with Gray Television, Media News Group, Jagran and Prensa Ibérica.
- Signed key renewals, including with Cox Media Group bringing us to 10 years together and with ABP Network, one of India's largest multi-language websites who signed on for another 5 years.
- New digital property partners¹ drove \$21.8 million and existing digital property partners² decreased by \$8.2 million of revenue.
- Taboola News' growth rate is triple digits and on track to exceed \$50 million in revenues this year.
- Received recognition from Kantar, a well-known industry research group, via a commissioned piece of research which looked at video campaigns on our network, and found that native video ads in the open web have a stronger impact on brand favorability and consideration than social or video platforms.
- Announced acquisition of Gravity R&D, a leading personalization technology company, for approximately \$7 million.
- Entered into a \$90 million five-year senior secured revolving credit facility, with Citibank, N.A., London Branch, as lead arranger and JPMorgan Chase Bank, N.A., as administrative agent.

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

²Net 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).

Third Quarter and Full Year 2022 Guidance

For the Third Quarter 2022, the Company currently expects:

- Revenues of \$311 to \$331 million
- Gross Profit of \$91 to \$101 million
- ex-TAC Gross Profit of \$120 to \$130 million
- Adjusted EBITDA of \$11 to \$17 million
- Non-GAAP Net Income (loss) of (\$8) to (\$2) million

For the Full Year 2022, the Company currently expects:

(dollars in millions)

	Guidance (as of 08/09/22)	Guidance (as of 05/12/22)
Revenues	\$ 1,434 - \$1,474	\$ 1,499 - \$1,539
Gross profit	\$ 485 - \$505	\$ 485 - \$505
ex-TAC Gross Profit	\$ 595 - \$615	\$ 595 - \$615
Adjusted EBITDA	\$ 152 - \$160	\$ 152 - \$160
Non-GAAP Net Income	\$ 83 - \$91	\$ 83 - \$91

Although we provide guidance for Adjusted EBITDA and Non-GAAP Net Income, we are not able to provide guidance for projected net income (loss), the most directly comparable GAAP measure. Certain elements of net income (loss), including share-based compensation expenses and warrant valuations, 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 and Non-GAAP Net Income 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 continuing headwinds from the war in Ukraine, inflation, currency exchange rates and overall macroeconomic weakness, which lead us to adopt a conservative stance on guidance. Our guidance assumes that these headwinds do not worsen and cause economic conditions to deteriorate or otherwise 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 10, 2022, at 8:30 AM ET. The call can be accessed via webcast at <https://investors.taboola.com>. To access the call by phone, please go to this link to register <https://register.vevent.com/register/BIfbbc0f5c3a7b404291b567b48574b48b>, and you will be provided with dial in details. The webcast will be available for replay for one year, through the close of business on August 10, 2023.

*About Non-GAAP Financial Information

This press release includes ex-TAC Gross Profit, ex-TAC Gross Profit growth on a constant currency basis, Adjusted EBITDA, Ratio of Adjusted EBITDA to ex-TAC Gross Profit, Free Cash Flow, Non-GAAP Net Income, Non-GAAP EPS basic and diluted and IPO Pro forma Non-GAAP EPS basic and diluted, 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 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.

This quarter the Company is introducing certain constant currency information, which is a non-GAAP metric. The Company believes the inclusion of constant currency information is useful because it permits investors to better understand Taboola's underlying performance without the effects of currency exchange rate fluctuations. The Company calculates constant currency by using the prior period's currency exchange rates and applying them to current period results.

The Company believes non-GAAP financial measures provide useful supplemental 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, which may vary from period to period. Please refer to the appendix at the end of this press release for reconciliations to the most directly comparable measures in accordance with GAAP.

****About Pro Forma With Connexity Information**

This press release includes historical and projected pro forma information for ex-TAC Gross Profit. The pro forma information presents the pro forma effect of the Connexity acquisition as if it had been completed on January 1, 2021. The pro forma information is unaudited, is provided as supplemental information only and is subject to the limitations contained under the heading "Unaudited Pro Forma Condensed Combined Financial Information" in our Prospectus forming part of our Registration Statement on Form F-1/A filed on April 13, 2022, as it may be amended from time to time, filed with the Securities and Exchange Commission.

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"). 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 press release include, but are not limited to: the ability to recognize the anticipated benefits of the recent acquisition of Connexity and the business combination between the Company and ION Acquisition Corp. 1 Ltd. (together, the "Business Combinations"), which may be affected by, among other things, competition, the ability of the Company to grow and manage growth profitably, maintain relationships with customers and retain its management and key employees; the Company's ability to successfully integrate the Connexity acquisition; costs related to the Business Combinations; 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; 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; 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 Company's Annual Report on Form 20-F for the year ended December 31, 2021 under Item 3.D. "Information About the Company - Risk Factors," the Company's Registration Statement on Form F-1/A filed on April 13, 2022, as it may be amended or supplemented from time to time, under the sections entitled "Cautionary Note Regarding Forward-looking Statements" and "Risk Factors," and in the Company's subsequent filings with the Securities and Exchange Commission.

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, BBC, NBC News, Business Insider, The Independent and El Mundo.

More than 15,000 advertisers use Taboola to reach over 500 million daily active users in a brand-safe environment. Following the acquisition of Connexity in 2021, Taboola is a leader in powering e-commerce recommendations, driving more than 1 million monthly transactions each month. Leading brands, including Walmart, Macy's, Wayfair, Skechers and eBay are among key customers.

Learn more at 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, 2022	December 31, 2021
	Unaudited	
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 233,740	\$ 319,319
Short-term investments	74,733	—
Restricted deposits	750	1,000
Trade receivables (net of allowance for credit losses of \$4,074 and \$3,895 as of June 30, 2022, and December 31, 2021, respectively)	199,619	245,235
Prepaid expenses and other current assets	75,105	63,394
Total current assets	583,947	628,948
NON-CURRENT ASSETS		
Long-term prepaid expenses	30,154	32,926
Restricted deposits	4,137	3,897
Deferred tax assets	1,455	1,876
Operating lease right of use assets	60,573	65,105
Property and equipment, net	72,883	63,259
Intangible assets, net	219,315	250,923
Goodwill	550,568	550,380
Total non-current assets	939,085	968,366
Total assets	\$ 1,523,032	\$ 1,597,314

CONSOLIDATED BALANCE SHEETS

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

	June 30, 2022	December 31, 2021
	Unaudited	
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Trade payables	\$ 214,487	\$ 259,941
Short-term operating lease liabilities	14,351	12,958
Accrued expenses and other current liabilities	104,402	124,662
Current portion of long-term loan	3,000	3,000
Total current liabilities	336,240	400,561
LONG-TERM LIABILITIES		
Deferred tax liabilities	38,130	51,027
Warrants liability	5,227	31,227
Long-term loan, net of current portion	284,617	285,402
Long-term operating lease liabilities	50,978	61,526
Total long-term liabilities	378,952	429,182
SHAREHOLDERS' EQUITY		
Ordinary shares with no par value- Authorized: 700,000,000 as of June 30, 2022 and December 31, 2021; 240,679,908 and 234,031,749 shares issued and outstanding as of June 30, 2022 and December 31, 2021, respectively.	—	—
Additional paid-in capital	869,201	824,016
Accumulated other comprehensive loss	(3,783)	—
Accumulated deficit	(57,578)	(56,445)
Total shareholders' equity	807,840	767,571
Total liabilities and shareholders' equity	\$ 1,523,032	\$ 1,597,314

CONSOLIDATED STATEMENTS OF LOSS

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

	Three months ended		Six months ended	
	June 30,		June 30,	
	2022	2021	2022	2021
	Unaudited			
Revenues	\$ 342,695	\$ 329,072	\$ 697,421	\$ 632,022
Cost of revenues:				
Traffic acquisition cost	199,486	212,202	415,984	409,238
Other cost of revenues	26,848	16,625	53,046	33,040
Total cost of revenues	226,334	228,827	469,030	442,278
Gross profit	116,361	100,245	228,391	189,744
Operating expenses:				
Research and development	34,079	30,050	64,491	53,943
Sales and marketing	66,405	69,136	127,773	103,444
General and administrative	25,428	54,468	53,377	64,144
Total operating expenses	125,912	153,654	245,641	221,531
Operating loss	(9,551)	(53,409)	(17,250)	(31,787)
Finance income (expenses), net	4,764	(85)	15,959	(883)
Loss before income taxes	(4,787)	(53,494)	(1,291)	(32,670)
Benefit (provision) for income taxes	(234)	(7,922)	158	(10,159)
Net loss	\$ (5,021)	\$ (61,416)	\$ (1,133)	\$ (42,829)
Less: Undistributed earnings allocated to participating securities	—	(6,029)	—	(11,944)
Net loss attributable to ordinary shares – basic and diluted	(5,021)	(67,445)	(1,133)	(54,773)
Net loss per share attributable to ordinary shareholders, basic	\$ (0.02)	\$ (1.39)	\$ (0.00)	\$ (1.18)
Weighted-average shares used in computing net loss per share attributable to ordinary shareholders, basic	250,777,915	48,518,124	249,095,931	46,351,830
Net loss per share attributable to ordinary shareholders, diluted	\$ (0.02)	\$ (1.39)	\$ (0.00)	\$ (1.18)
Weighted-average shares used in computing net loss per share attributable to ordinary shareholders, diluted	250,777,915	48,518,124	249,095,931	46,351,830

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

U.S. dollars in thousands

	Three months ended		Six months ended	
	June 30,		June 30,	
	2022	2021	2022	2021
	Unaudited			
Net loss	\$ (5,021)	\$ (61,416)	\$ (1,133)	\$ (42,829)
Other comprehensive loss:				
Unrealized losses on available-for-sale marketable securities	(259)	—	(259)	—
Unrealized losses on derivative instruments	(3,294)	—	(3,524)	—
Other comprehensive loss	(3,553)	—	(3,783)	—
Comprehensive loss	\$ (8,574)	\$ (61,416)	\$ (4,916)	\$ (42,829)

SHARE BASED COMPENSATION BREAK-DOWN BY EXPENSE LINE

U.S. dollars in thousands

	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
	Unaudited			
Cost of revenues	\$ 851	\$ 455	\$ 1,554	\$ 580
Research and development	7,443	8,947	13,545	12,385
Sales and marketing	7,397	35,040	12,697	36,171
General and administrative	4,741	34,081	12,465	34,518
Total share-based compensation expenses	\$ 20,432	\$ 78,523	\$ 40,261	\$ 83,654

DEPRECIATION AND AMORTIZATION BREAK-DOWN BY EXPENSE LINE

U.S. dollars in thousands

	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
	Unaudited			
Cost of revenues	\$ 8,419	\$ 6,075	\$ 16,520	\$ 12,051
Research and development	695	1,179	1,340	2,162
Sales and marketing	13,722	1,124	27,225	2,118
General and administrative	(23)	268	404	559
Total depreciation and amortization expense	\$ 22,813	\$ 8,646	\$ 45,489	\$ 16,890

CONSOLIDATED STATEMENTS OF CASH FLOWS

U.S. dollars in thousands

	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
	Unaudited			
Cash flows from operating activities				
Net loss	\$ (5,021)	\$ (61,416)	\$ (1,133)	\$ (42,829)
Adjustments to reconcile net loss to net cash flows provided by operating activities:				
Depreciation and amortization	22,813	8,646	45,489	16,890
Share-based compensation expenses	20,432	78,523	40,261	83,654
Net loss (gain) from financing expenses	3,645	(2,970)	4,316	(1,357)
Revaluation of the warrants liability	(11,958)	272	(26,000)	272
Amortization of loan issuance cost	357	—	715	—
Accrued interest, net	(137)	—	(137)	—
Change in operating assets and liabilities:				
Decrease (increase) in trade receivables	(319)	(13,410)	45,616	19,031
Increase in prepaid expenses and other current assets and long-term prepaid expenses	(3,033)	(16,998)	(6,350)	(33,757)
Increase (decrease) in trade payables	(6,661)	16,497	(52,525)	(31,025)
Increase (decrease) in accrued expenses and other current liabilities	(6,402)	15,671	(22,946)	5,284
Decrease in deferred taxes, net	(8,390)	(1,693)	(12,476)	(917)
Change in operating lease right of use assets	4,744	3,659	7,639	7,291
Change in operating lease liabilities	(7,986)	(3,698)	(12,262)	(8,557)
Net cash provided by operating activities	2,084	23,083	10,207	13,980
Cash flows from investing activities				
Purchase of property and equipment, including capitalized internal-use software	(9,350)	(16,138)	(16,252)	(21,675)
Cash paid in connection with acquisitions	—	—	(620)	—
Proceeds from (investments in) restricted deposits	10	(118)	10	2,536
Proceeds from short-term deposits	40,026	—	—	—
Payments of cash in escrow for acquisition of a subsidiary	—	—	(2,100)	—
Purchase of short-term investments	(74,855)	—	(74,855)	—
Net cash used in investing activities	(44,169)	(16,256)	(93,817)	(19,139)
Cash flows from financing activities				
Exercise of options and vested RSUs	2,633	1,368	6,032	4,919
Issuance of ordinary shares, net of offering costs	—	290,908	—	287,432
Payment of tax withholding for share-based compensation expenses	(340)	—	(2,185)	—
Repayment of current portion of long-term loan	(750)	—	(1,500)	—
Issuance of Warrants	—	53,883	—	53,883
Net cash provided by financing activities	1,543	346,159	2,347	346,234
Exchange differences on balances of cash and cash equivalents	(3,645)	2,970	(4,316)	1,357
Increase (decrease) in cash and cash equivalents	(44,187)	355,956	(85,579)	342,432
Cash and cash equivalents - at the beginning of the period	277,927	229,287	319,319	242,811
Cash and cash equivalents - at end of the period	\$ 233,740	\$ 585,243	\$ 233,740	\$ 585,243

	Three months ended		Six months ended	
	June 30,		June 30,	
	2022	2021	2022	2021
	Unaudited			
Supplemental disclosures of cash flow information:				
<u>Cash paid during the year for:</u>				
Income taxes	\$ 13,744	\$ 4,502	\$ 16,162	\$ 5,831
Interest	\$ 6,803	\$ —	\$ 10,373	\$ —
<u>Non-cash investing and financing activities:</u>				
Purchase of property, plant and equipment	\$ 7,353	\$ 966	\$ 7,353	\$ 966
Share-based compensation included in capitalized internal-use software	\$ 503	\$ 143	\$ 1,020	\$ 265
Deferred offering costs incurred during the period included in long-term prepaid expenses	\$ —	\$ 2,950	\$ —	\$ 2,950
Creation of operating lease right-of-use assets	\$ 3,107	\$ —	\$ 3,107	\$ —

APPENDIX A: Non-GAAP Reconciliation

RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2022 AND 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,	
	2022	2021	2022	2021
	Unaudited			
	(dollars in thousands)			
Revenues	\$ 342,695	\$ 329,072	\$ 697,421	\$ 632,022
Traffic acquisition cost	199,486	212,202	415,984	409,238
Other cost of revenues	26,848	16,625	53,046	33,040
Gross profit	\$ 116,361	\$ 100,245	\$ 228,391	\$ 189,744
Add back: Other cost of revenues	26,848	16,625	53,046	33,040
ex-TAC Gross Profit	\$ 143,209	\$ 116,870	\$ 281,437	\$ 222,784

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

	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
	Unaudited			
	(dollars in thousands)			
Net loss	\$ (5,021)	\$ (61,416)	\$ (1,133)	\$ (42,829)
Adjusted to exclude the following:				
Finance income (expenses), net	(4,764)	85	(15,959)	883
Tax expenses (income)	234	7,922	(158)	10,159
Depreciation and amortization	22,813	8,646	45,489	16,890
Share-based compensation expenses (1)	17,640	78,523	34,679	83,654
M&A costs	474	7,042	524	5,588
Holdback compensation expenses (2)	2,792	—	5,582	—
Adjusted EBITDA	\$ 34,168	\$ 40,802	\$ 69,024	\$ 74,345

¹ For the Q2 2021 period, a substantial majority is share-based compensation expenses related to going public.

² Represents share based compensation due to holdback of Taboola ordinary shares issuable under compensatory arrangements relating to Connexity acquisition.

We calculate Ratio of net loss to gross profit as net loss divided by gross profit. We calculate the 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 loss to gross profit and Ratio of Adjusted EBITDA to ex-TAC Gross Profit for the period shown.

	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
	Unaudited			
	(dollars in thousands)			
Gross profit	\$ 116,361	\$ 100,245	\$ 228,391	\$ 189,744
Net loss	\$ (5,021)	\$ (61,416)	\$ (1,133)	\$ (42,829)
Ratio of net loss to gross profit	(4.3%)	(61.3%)	(0.5%)	(22.6%)
ex-TAC Gross Profit	\$ 143,209	\$ 116,870	\$ 281,437	\$ 222,784
Adjusted EBITDA	\$ 34,168	\$ 40,802	\$ 69,024	\$ 74,345
Ratio of Adjusted EBITDA margin to ex-TAC Gross Profit	23.9%	34.9%	24.5%	33.4%

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

	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
	Unaudited			
	(dollars in thousands)			
Net loss	\$ (5,021)	\$ (61,416)	\$ (1,133)	\$ (42,829)
Amortization of acquired intangibles	15,828	639	31,608	1,278
Share-based compensation expenses (1)	17,640	78,523	34,679	83,654
M&A costs	474	7,042	524	5,588
Holdback compensation expenses (2)	2,792	—	5,582	—
Revaluation of Warrants	(11,958)	—	(26,000)	—
Exchange rate loss (income), net (3)	2,490	(393)	2,706	1,545
Income tax effects	(6,451)	(1,444)	(10,077)	(1,545)
Non-GAAP Net Income	\$ 15,794	\$ 22,951	\$ 37,889	\$ 47,691
Non-GAAP EPS basic	\$ 0.063	\$ 0.473	\$ 0.152	\$ 1.029
Non-GAAP EPS diluted	\$ 0.063	\$ 0.090	\$ 0.151	\$ 0.187

¹ For the Q2 2021 period, a substantial majority is share-based compensation expenses related to going public.

² Represents share based compensation due to holdback of Taboola ordinary shares issuable under compensatory arrangements relating to Connexity acquisition.

³ 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 the number of shares used to calculate GAAP EPS to IPO Pro forma Non-GAAP EPS basic and diluted.

	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
	Unaudited			
GAAP weighted-average shares used to compute net loss per share, basic	250,777,915	48,518,124	249,095,931	46,351,830
Add: Non-GAAP adjustment for ordinary shares issued in connection with going public	—	172,271,362	—	172,992,588
IPO Pro forma Non-GAAP weighted-average shares used to compute net income per share, basic	250,777,915	220,789,486	249,095,931	219,344,418
GAAP weighted-average shares used to compute net loss per share, diluted	250,777,915	48,518,124	249,095,931	46,351,830
Add: Non-GAAP adjustment for ordinary shares issued in connection with going public	—	172,271,362	—	172,992,588
Add: Dilutive ordinary share equivalents	443,063	35,592,019	1,562,609	35,562,170
IPO Pro forma Non-GAAP weighted-average shares used to compute net income per share, diluted	251,220,978	256,381,505	250,658,540	254,906,588
IPO Pro forma Non-GAAP EPS, basic (1)(2)	\$ 0.063	\$ 0.104	\$ 0.152	\$ 0.217
IPO Pro forma Non-GAAP EPS, diluted (1)(2)	\$ 0.063	\$ 0.090	\$ 0.151	\$ 0.187

¹ IPO Pro forma net income for the three and six months ended June 30, 2021, includes an adjustment to add \$6,029 and \$11,944, respectively, of undistributed earnings previously allocated to participating securities, assuming these securities converted to ordinary shares, in each case, as of January 1, 2021.

² IPO Pro forma Non-GAAP EPS basic and diluted is presented only for the three and six months ended June 30, 2021 assuming Taboola went public and consummated the related transactions, in each case, as of January 1, 2021.

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

	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
	Unaudited			
	(dollars in thousands)			
Net cash provided by operating activities	\$ 2,084	\$ 23,083	\$ 10,207	\$ 13,980
Purchases of property and equipment, including capitalized internal-use software	(9,350)	(16,138)	(16,252)	(21,675)
Free Cash Flow	\$ (7,266)	\$ 6,945	\$ (6,045)	\$ (7,695)

APPENDIX A: Non-GAAP Reconciliation

RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES FOR Q3 2022 AND FULL YEAR 2022 GUIDANCE

(Unaudited)

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

	Q3 2022	FY 2022
	Unaudited	
	(dollars in millions)	
Revenues	\$ 311 - \$331	\$ 1,434 - \$1,474
Traffic acquisition cost	\$ (191 - \$201)	\$ (839 - \$859)
Other cost of revenues	\$ (29 - \$31)	\$ (110 - \$116)
Gross profit	\$ 91 - \$101	\$ 485 - \$505
Add back: Other cost of revenues	\$ 29 - \$31	\$ 110 - \$116
ex-TAC Gross Profit	\$ 120 - \$130	\$ 595 - \$615



Dear Shareholder,

On June 30th, we reached our one year anniversary as a public company. It's been a year of significant achievement: we won numerous new, and renewed large, partnerships with publishers; we acquired Connexity to uniquely position us in e-Commerce; we launched new products like Homepage For You, Smartbid Dimensions and the bidder on Microsoft; and we realized hyper growth in our Taboola News offering. I feel good about our progress as it relates to our strategy.

Our financial performance has been solid. Q2 results were strong, we beat the high end of our guidance for ex-TAC and Adjusted EBITDA. We're reiterating our 2022 full year guidance. While we have seen softness in advertising in the U.S. since last quarter, at the same time we are benefiting from the diversity of our business and are seeing strength in our e-Commerce business, more than expected, as well as Taboola News. Looking at the back half of the year, we feel optimistic about some of the tailwinds in the business, including that this is an election year in the U.S. and the World Cup, which have historically driven good advertising budgets as well as traffic surges.

Given the challenging macro environment, we're taking measures to lower our operating expenses, prioritizing things that are key, and spending less on others. Our financials, cash flow generation, and culture allow us to keep working hard on our growth engines while also coming out stronger on the other side of this. As a result, adjusted EBITDA exceeded our guidance.

Second quarter financial highlights included:

- Ex-TAC Gross Profit of \$143.2M exceeded our guidance range of \$132 to \$142M, grew 22.5% over Q2 2021 (25.4% on a constant currency basis*) and 4.7% pro forma with Connexity** (7.1% on a constant currency basis*).
- Adjusted EBITDA of \$34.2M exceeded our guidance range of \$23 to \$28M.
- Q2 Revenues were \$342.7M, at the higher end of our guidance range of \$325 to \$345M
- Non-GAAP Net Income was \$15.8M, and exceeded our guidance range of \$6 to \$11M (we reported a GAAP net loss of \$5.0M)

On the business front, we're seeing good momentum.

Publisher momentum is strong: our publisher share gains and pipelines are the strongest they have been in some time. We recently won incredible partnerships like PMC, Gray, Fox Sports, Time.com, and others. Looking at the sports vertical as an example, we now work with ESPN, Fox Sports, NBC Sports, CBS Sports, USA Today Sports and others, which give our advertisers great verticalized reach and value when choosing to work with Taboola.

Taboola News to cross \$50M run rate and is growing: As a reminder, this is our "Apple News" product but for Android devices. We work with incredible partners such as Samsung and Xiaomi. We're integrated on iPads across airports in the US surfacing news, and one day I believe we'll be integrated with cars, audio devices and more. We're seeing financially meaningful three-digit growth, and it will cross \$50M in revenues this year for the first time. It's also worth mentioning that beyond the financials, we expect publishers to deepen their relationship with us, as we'll be able to send them more meaningful traffic from our OEM partners.

e-Commerce Advertiser success is on the rise: the core business of Connexity, helping e-Commerce advertisers get scale on the open web, is an area of strength. We're hard at work on our synergies, with the biggest one being running Connexity merchant campaigns on Taboola's massive supply, which is in early testing.

There are many things that will drive growth for Taboola, but there are three we've identified that can supercharge our growth, as well as our competitive advantage:

- **Performance advertiser success:** Our core advertiser base is performance advertisers and with SmartBid we took a step forward with them. We think there is a significant opportunity to dramatically improve our advertiser business by being able to consistently deliver return on ad spend at scale. We have a detailed product roadmap that will deliver on this goal, and allow us to get into new advertiser verticals with big ROI.
 - **Bidder/header-bidder technology, going after display inventory:** After we launched last quarter on Microsoft, we've been testing the bidder on numerous publishers in Q2, and have seen encouraging results. We're still early, but with our first-party data and direct relationships with publishers and advertisers we should have a meaningful advantage in that space, which is estimated to be tens of billions of dollars in TAM.
 - **E-commerce penetration:** Despite the macro back-drop, our e-commerce offerings continue to deliver good results. I'll expand on this in our business highlights.
-

Positive Trends in Publisher New Business

We are seeing great success on our publisher pipeline this year, second only to 2019. The chart below shows recent history along with 2022's monthly new revenue supply projection.



Many of our new publisher wins this year have been in a competitive scenario, which validates that publishers appreciate Taboola's investment in R&D, driving value for the entire publisher organization going far beyond "revenue." Some wins include Gray Television, Penske Media, Time.com, FoxSports, Metropoles, Prensa Ibérica, AFPBB, Jagran, Thairath, Tenki and others.

TIME

billboard

RollingStone



We've also seen many of our existing incredible partners re-choosing Taboola and renewing with us, for example, Cox Media Group, Insider Media News Group, Ströer Content Group and others.

When looking at how fast we grew monthly average new revenue in 2022, it's roughly twice as much, versus how much we've grown on average over the last two years. Our churn is also running better than expected.

Update on our eCommerce progress, and Bidder Tech

You've all used Connexity before. If you ever thought about what to buy for your kitchen, or a product you were debating buying for your kids, chances are you read about those products on a publisher using Connexity, and you bought it from a retailer buying from Connexity.

Our e-commerce business is essentially one hundred percent performance based. Our advertisers measure exactly what happens after someone clicks through and goes to a retailer's website. We run a two-sided marketplace where we have both technology and relationships on both sides: with publisher and retail advertisers. This example shows articles that speak to products people consider buying, and Connexity surfaces links to buy those products.



We provide a turnkey way for publishers to engage their consumers in a shopping experience. It could be commerce-oriented editorial content, top 10 list articles with product reviews, or it could be a shopping marketplace that they've created. We're integrated with them so that we can track performance down to a very granular level and therefore optimize.

On the advertiser (retailer) side, our solution is a cost-effective way to reach and convert new customers and drive sales at scale. We're also directly integrated into retailer systems, so we can see and provide a feedback loop on exactly what happened. That's why retail companies like Wayfair, Walmart and eBay work with us. We work with the big retailers, and we also have awesome smaller ones — our system supports the full range. We bring scale, and our tech is designed to hit their performance goals, like return on ad spend, cost of sale or any other ROI target, in a way that doesn't require a lot of work for them. We call it an automated managed service. They give us their budget for the month or the quarter (roughly 50% of which is uncapped), they tell us their ROI goals, they give us a product feed, and then we go do the work. We're on track to drive over \$5 billion in gross merchandise sales for our retailer partners this year.

We believe e-Commerce will be a third of advertising revenue of the Open Web, think of the electric car industry, eCommerce is the battery. And this trend is shown in our numbers, during these challenging times, we're seeing Connexity beating our expectations and being resilient to the recession. People might not buy a home because of a high mortgage rate, or decide not to buy a new car, those are big ticket items. We have readership data that shows people still want to buy products, purchase new experiences, and have fun.

Consumers have become better online shoppers through the pandemic and those new behaviors aren't going to change. In fact, in this environment they are more focused than ever on finding the best product to fit their needs and the best value in their purchases.

Bidder technology new supply opportunity - \$1B+ opportunity

We have a significant opportunity to increase our share of the \$64 billion Open Web market, a market still dominated by banners. As I have highlighted before, we have numerous strategies to convert the market to more native Taboola advertising formats through offerings such as High Impact Placements and Homepage for You.

When we don't replace banners with a Taboola recommendation unit, thanks to our partnership with Microsoft, we can now bid into display inventory and win a portion of that inventory. There are many bidders out there we compete with, good ones. Our advantage is three-fold:

1. **Unique CPC advertiser demand:** 90% of our revenue is from our own advertisers
2. **Unique first-party data:** We might see a user interact with us in a bottom of the article unit, see what they read and click on, and then bid on them on a banner placement on the homepage
3. **Unique AI tech:** We're using years of deep learning investment, and now we have a team focused exclusively on bidding in the open web, perfecting our performance.

We've begun piloting the bidder outside Microsoft in Q2, and seeing encouraging results. On a handful of publishers we're trending to generate a few millions of dollars this year, and as a reminder, we work with about 9,000 publishers.

I like this opportunity because not only is this a meaningful financial opportunity for us, it makes Taboola a bigger share of wallet for our publishers, and more strategic to our partners.

Financial Performance

I'll close by talking about our Q2 2022 financials. Ex-TAC Gross Profit grew 22.5% versus Q2 2021 and our Ratio of Adjusted EBITDA to ex-TAC Gross Profit was 23.9%. On a pro forma basis, which assumes we had Connexity's results in Q2 2021, our ex-TAC Gross Profit grew 4.7% or 7.1% at constant currency.

Below are the results of Q2 versus our guidance.

(dollars in millions)	Q2 2022 Actuals	Year-over-Year Growth	Q2 2022 Guidance
Revenues	\$ 342.7	4.1%	\$ 325 to \$345
Gross profit	\$ 116.4	16.1%	\$ 104 to \$114
ex-TAC Gross Profit*	\$ 143.2	22.5%	\$ 132 to \$142
Adjusted EBITDA*	\$ 34.2	-16.3%	\$ 23 to \$28
Non-GAAP Net Income*	\$ 15.8	-31.2%	\$ 6 to \$11

New business contributed 7% while existing business had a (2%) impact on growth in Revenues. New business and the inclusion of Connexity drove much of the growth. Existing business was lower as yield in the quarter was pressured by advertising demand softness. Adjusted EBITDA exceeded our guidance as we favorably balanced managing costs more tightly while also making long-term value driving investments in the business.

Full Year 2022

(dollars in millions)

	Guidance (as of 08/09/22)	Guidance (as of 05/12/22)
Revenues	\$ 1,434 - \$1,474	\$ 1,499 - \$1,539
Gross profit	\$ 485 - \$505	\$ 485 - \$505
ex-TAC Gross Profit*	\$ 595 - \$615	\$ 595 - \$615
Adjusted EBITDA*	\$ 152 - \$160	\$ 152 - \$160
Non-GAAP Net Income*	\$ 83 - \$91	\$ 83 - \$91

We feel good about holding our guidance for the year on ex-TAC, and Adjusted EBITDA which are the main metrics we focus on. Our guidance assumes continued weakness in the macro environment and the related lower advertising demand we experienced throughout the second quarter at current levels. Our guidance does not assume a further weakening of demand or a departure from our normal fourth quarter seasonality, which we anticipate to be bolstered by elections in the U.S., the World Cup and stronger e-commerce.

For more information on our Q2 results, our updated full year and Q3 2022 guidance, please see our Q2 2022 earnings press release, which was furnished to the SEC and also posted on Taboola's website today at <https://investors.taboola.com>.

* * *

Despite some challenging macro economic factors that are having an impact on our business, I am happy that our fundamentals are strong, we're on track to meet our full year ex-TAC revenue and Adjusted EBITDA expectations, our tech investment is helping us win new publisher partnerships at record rates, and the team is energized to fulfill our mission to build the largest open web company in the world, side by side with Google (search), Meta (social), Amazon (commerce).

I'm looking forward to our upcoming earnings call and engaging with investors in the coming months, where I'll do my best to answer any questions you may have.

Kind regards,
-- Adam Singolda
Founder & CEO Taboola

***About Non-GAAP Financial Information**

This letter includes ex-TAC Gross Profit, ex-TAC Gross Profit growth on a constant currency basis, Adjusted EBITDA, Ratio of Adjusted EBITDA to ex-TAC Gross Profit, Free Cash Flow, Non-GAAP Net Income, Non-GAAP EPS basic and diluted and IPO Pro forma Non-GAAP EPS basic and diluted, 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 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.

This quarter the Company is introducing certain constant currency information, which is a non-GAAP metric. The Company believes the inclusion of constant currency information is useful because it permits investors to better understand Taboola's underlying performance without the effects of currency exchange rate fluctuations. The Company calculates constant currency by using the prior period's currency exchange rates and applying them to current period results.

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.

****About Pro Forma With Connexity Information**

This letter includes historical and projected pro forma information for ex-TAC Gross Profit. The pro forma information presents the pro forma effect of the Connexity acquisition as if it had been completed on January 1, 2020. The pro forma information is unaudited, is provided as supplemental information only and is subject to the limitations contained under the heading "Unaudited Pro Forma Condensed Combined Financial Information" in our Prospectus dated September 2, 2021, as amended, forming part of our Registration Statement on Form F-1 filed with the Securities and Exchange Commission.

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 letter include, but are not limited to: the ability to recognize the anticipated benefits of the recent acquisition of Connexity and the business combination between the Company and ION Acquisition Corp. 1 Ltd. (together, the "Business Combinations"), which may be affected by, among other things, competition, the ability of the Company to grow and manage growth profitably, maintain relationships with customers and retain its management and key employees; the Company's ability to successfully integrate the Connexity acquisition; costs related to the Business Combinations; 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; 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 Company's Annual Report on Form 20-F for the year ended December 31, 2021 under Item 3.D. "Information About the Company - Risk Factors," the Company's Registration Statement on Form F-1/A filed on April 13, 2022, as it may be amended or supplemented from time to time, under the sections entitled "Cautionary Note Regarding Forward-looking Statements" and "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, 2022 AND 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,	
	2022	2021	2022	2021
	Unaudited			
	(dollars in thousands)			
Revenues	\$ 342,695	\$ 329,072	\$ 697,421	\$ 632,022
Traffic acquisition cost	199,486	212,202	415,984	409,238
Other cost of revenues	26,848	16,625	53,046	33,040
Gross profit	\$ 116,361	\$ 100,245	\$ 228,391	\$ 189,744
Add back: Other cost of revenues	26,848	16,625	53,046	33,040
ex-TAC Gross Profit	\$ 143,209	\$ 116,870	\$ 281,437	\$ 222,784

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

	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
	Unaudited			
	(dollars in thousands)			
Net loss	\$ (5,021)	\$ (61,416)	\$ (1,133)	\$ (42,829)
Adjusted to exclude the following:				
Finance income (expenses), net	(4,764)	85	(15,959)	883
Tax expenses (income)	234	7,922	(158)	10,159
Depreciation and amortization	22,813	8,646	45,489	16,890
Share-based compensation expenses (1)	17,640	78,523	34,679	83,654
M&A costs	474	7,042	524	5,588
Holdback compensation expenses (2)	2,792	—	5,582	—
Adjusted EBITDA	\$ 34,168	\$ 40,802	\$ 69,024	\$ 74,345

¹ For the Q2 2021 period, a substantial majority is share-based compensation expenses related to going public.

² Represents share based compensation due to holdback of Taboola ordinary shares issuable under compensatory arrangements relating to Connexity acquisition.

We calculate Ratio of net loss to gross profit as net 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 loss to gross profit and Ratio of Adjusted EBITDA to ex-TAC Gross Profit for the period shown.

	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
	Unaudited			
	(dollars in thousands)			
Gross profit	\$ 116,361	\$ 100,245	\$ 228,391	\$ 189,744
Net loss	\$ (5,021)	\$ (61,416)	\$ (1,133)	\$ (42,829)
Ratio of net loss to gross profit	(4.3%)	(61.3%)	(0.5%)	(22.6%)
ex-TAC Gross Profit	\$ 143,209	\$ 116,870	\$ 281,437	\$ 222,784
Adjusted EBITDA	\$ 34,168	\$ 40,802	\$ 69,024	\$ 74,345
Ratio of Adjusted EBITDA margin to ex-TAC Gross Profit	23.9%	34.9%	24.5%	33.4%

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

	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
	Unaudited			
	(dollars in thousands)			
Net loss	\$ (5,021)	\$ (61,416)	\$ (1,133)	\$ (42,829)
Amortization of acquired intangibles	15,828	639	31,608	1,278
Share-based compensation expenses (1)	17,640	78,523	34,679	83,654
M&A costs	474	7,042	524	5,588
Holdback compensation expenses (2)	2,792	—	5,582	—
Revaluation of Warrants	(11,958)	—	(26,000)	—
Exchange rate loss (income), net (3)	2,490	(393)	2,706	1,545
Income tax effects	(6,451)	(1,444)	(10,077)	(1,545)
Non-GAAP Net Income	\$ 15,794	\$ 22,951	\$ 37,889	\$ 47,691
Non-GAAP EPS basic	\$ 0.063	\$ 0.473	\$ 0.152	\$ 1.029
Non-GAAP EPS diluted	\$ 0.063	\$ 0.090	\$ 0.151	\$ 0.187

¹ For the Q2 2021 period, a substantial majority is share-based compensation expenses related to going public.

² Represents share based compensation due to holdback of Taboola ordinary shares issuable under compensatory arrangements relating to Connexity acquisition.

³ 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 the number of shares used to calculate GAAP EPS to IPO Pro forma Non-GAAP EPS basic and diluted.

	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
	Unaudited			
GAAP weighted-average shares used to compute net loss per share, basic	250,777,915	48,518,124	249,095,931	46,351,830
Add: Non-GAAP adjustment for ordinary shares issued in connection with going public	—	172,271,362	—	172,992,588
IPO Pro forma Non-GAAP weighted-average shares used to compute net income per share, basic	250,777,915	220,789,486	249,095,931	219,344,418
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Add: Non-GAAP adjustment for ordinary shares issued in connection with going public	—	172,271,362	—	172,992,588
Add: Dilutive ordinary share equivalents	443,063	35,592,019	1,562,609	35,562,170
IPO Pro forma Non-GAAP weighted-average shares used to compute net income per share, diluted	251,220,978	256,381,505	250,658,540	254,906,588
IPO Pro forma Non-GAAP EPS, basic (1)(2)	\$ 0.063	\$ 0.104	\$ 0.152	\$ 0.217
IPO Pro forma Non-GAAP EPS, diluted (1)(2)	\$ 0.063	\$ 0.090	\$ 0.151	\$ 0.187

¹ IPO Pro forma net income for the three and six months ended June 30, 2021, includes an adjustment to add \$6,029 and \$11,944, respectively, of undistributed earnings previously allocated to participating securities, assuming these securities converted to ordinary shares, in each case, as of January 1, 2021.

² IPO Pro Forma Non-GAAP EPS basic and diluted is presented only for the three and six months ended June 30, 2021 assuming Taboola went public and consummated the related transactions, in each case, as of January 1, 2021.

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

	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
	Unaudited			
	(dollars in thousands)			
Net cash provided by operating activities	\$ 2,084	\$ 23,083	\$ 10,207	\$ 13,980
Purchases of property and equipment, including capitalized internal-use software	(9,350)	(16,138)	(16,252)	(21,675)
Free Cash Flow	\$ (7,266)	\$ 6,945	\$ (6,045)	\$ (7,695)

APPENDIX: Non-GAAP Reconciliation

RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES FOR Q3 2022 AND FULL YEAR 2022 GUIDANCE

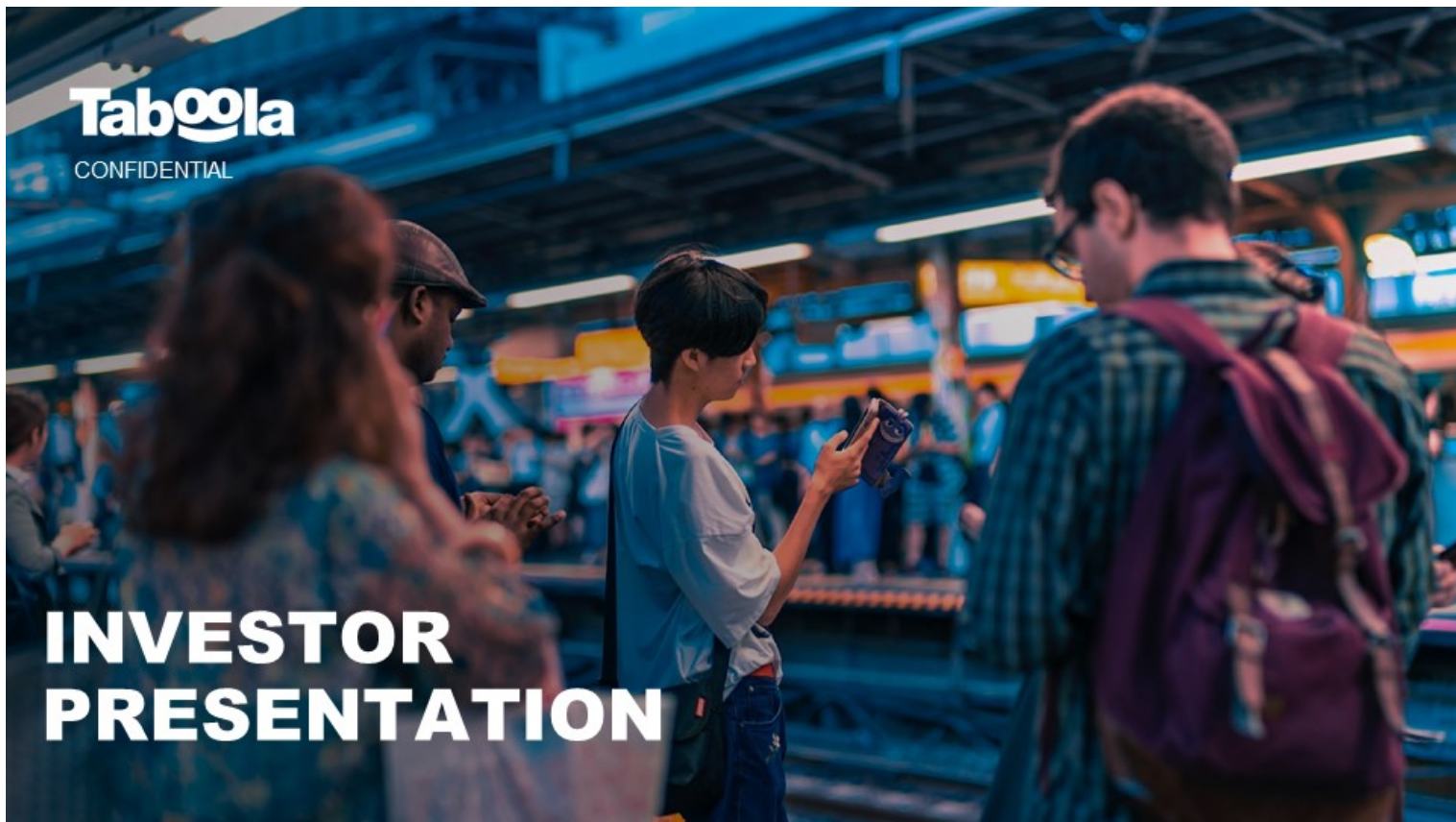
(Unaudited)

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

	Q3 2022	FY 2022
	Unaudited	
	(dollars in millions)	
Revenues	\$ 311 - \$331	\$ 1,434 - \$1,474
Traffic acquisition cost	\$ (191 - \$201)	\$ (839 - \$859)
Other cost of revenues	\$ (29 - \$31)	\$ (110 - \$116)
Gross profit	\$ 91 - \$101	\$ 485 - \$505
Add back: Other cost of revenues	\$ 29 - \$31	\$ 110 - \$116
ex-TAC Gross Profit	\$ 120 - \$130	\$ 595 - \$615

Taboola
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**INVESTOR
PRESENTATION**



Forward-Looking Statements - Disclaimer

Certain statements in this presentation are forward-looking statements, including our Q3 and full-year 2022 guidance. 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 press release include, but are not limited to, the ability to recognize the anticipated benefits of the recent acquisition of Connexity and the business combination between the Company and ION Acquisition Corp. 1 Ltd. (together, the "Business Combinations"), which may be affected by, among other things, competition, the ability of the Company to grow and manage growth profitably, maintain relationships with customers and retain its management and key employees, the Company's ability to successfully integrate the Connexity acquisition, costs related to the Business Combinations, changes in applicable laws or regulations, the Company's estimates of revenues and profitability and underlying assumptions with respect to accounting presentations 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 Company's Annual Report on Form 20-F for the year ended December 31, 2021 under Item 3.D, "Information About the Company - Risk Factors," the Company's Registration Statement on Form F-1/A filed on April 13, 2022, as it may be amended or supplemented from time to time, under the sections entitled "Cautionary Note Regarding Forward-Looking Statements" and "Risk Factors," and in the Company's subsequent filings with the Securities and Exchange Commission ("SEC").

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 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.

Non-GAAP Financial Measures

This Presentation includes *ex-TAC Gross Profit*, *Adjusted EBITDA*, *Ratio of Adjusted EBITDA to *ex-TAC* Gross Profit*, *Free Cash Flow*, *Non-GAAP Net Income* and *Non-GAAP EPS Diluted*, 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 presentation for reconciliations to the most directly comparable measures in accordance with GAAP.

About Pro Forma With Connexity Information

This presentation includes historical and pro forma information for *ex-TAC* Gross Profit. The pro forma information presents the pro forma effect of the Connexity acquisition as if it had been completed on January 1, 2021. The pro forma information is unaudited, is provided as supplemental information only and is subject to the limitations contained under the heading "Unaudited Pro Forma Condensed Combined Financial Information" in our Prospectus forming part of our Registration Statement on Form F-1/A filed on April 13, 2022, as it may be amended from time to time, filed with the Securities and Exchange Commission.

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

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



Taboola

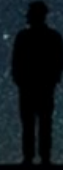
AGENDA

- 1 Capturing Share of \$64B Ad Market & Taboola Overview
- 2 Taboola's Differentiation and Why We Win
- 3 Q2 Updates & Momentum
- 4 Financial Update

Taboola

POWERING RECOMMENDATIONS FOR THE OPEN WEB

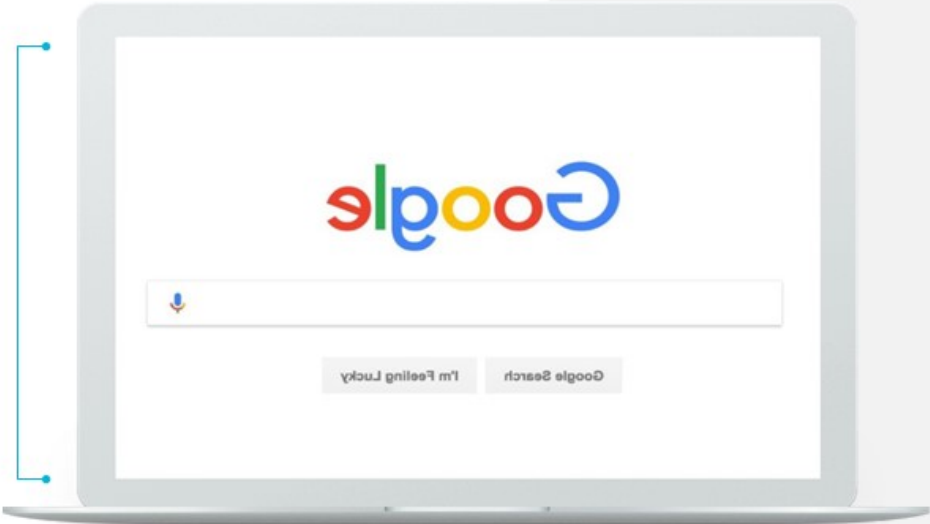
HELPING PEOPLE
DISCOVER THINGS
THEY MAY LIKE



Taboola

TABOOLA = SEARCH "IN REVERSE"

FROM PEOPLE LOOKING
FOR INFORMATION
TO INFORMATION
LOOKING FOR PEOPLE



THE OPEN WEB

where we spend
25% of our time

RECOMMENDATION

AI, personalized, relevant,
based on the user and the context



WHERE

article page, homepage,
app, ctv,...

WHAT

video, product, tv show, app,...

DONE WRONG...



...DONE RIGHT

Walled garden integrated ad experience

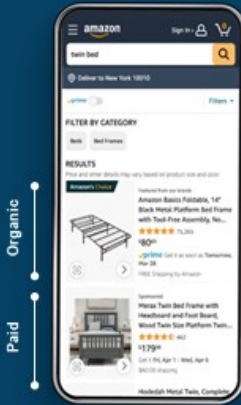
facebook

Google

twitter

amazon

SnapChat



Paid

Organic

Paid

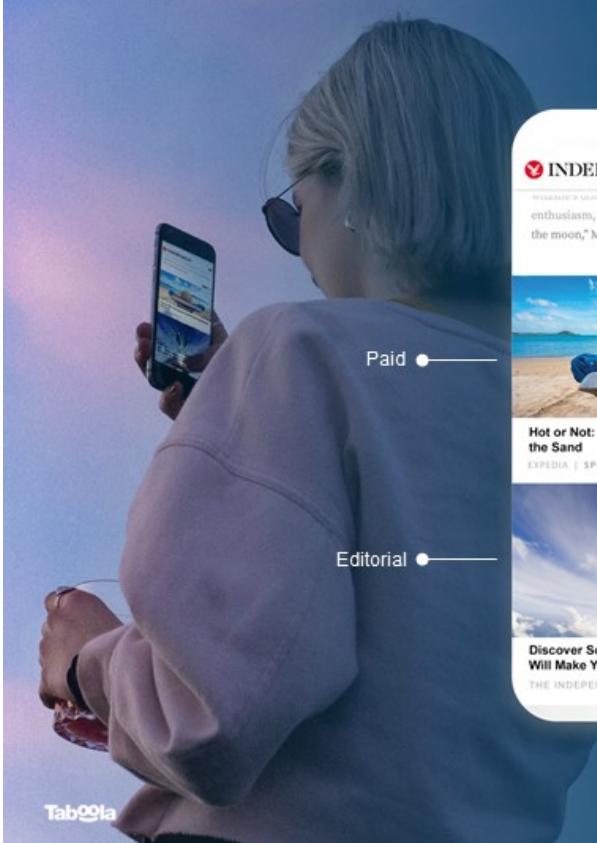
Organic

Paid

Organic

Paid

Taboola



Paid ●

Editorial ●

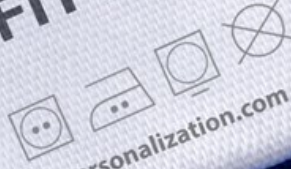
TABOOLA REVOLUTION

Bring power of walled gardens to open web with Tens of billions clicks a year

Taboola

**(BUT) OPEN WEB
TODAY IS NOT
PERSONALIZED**

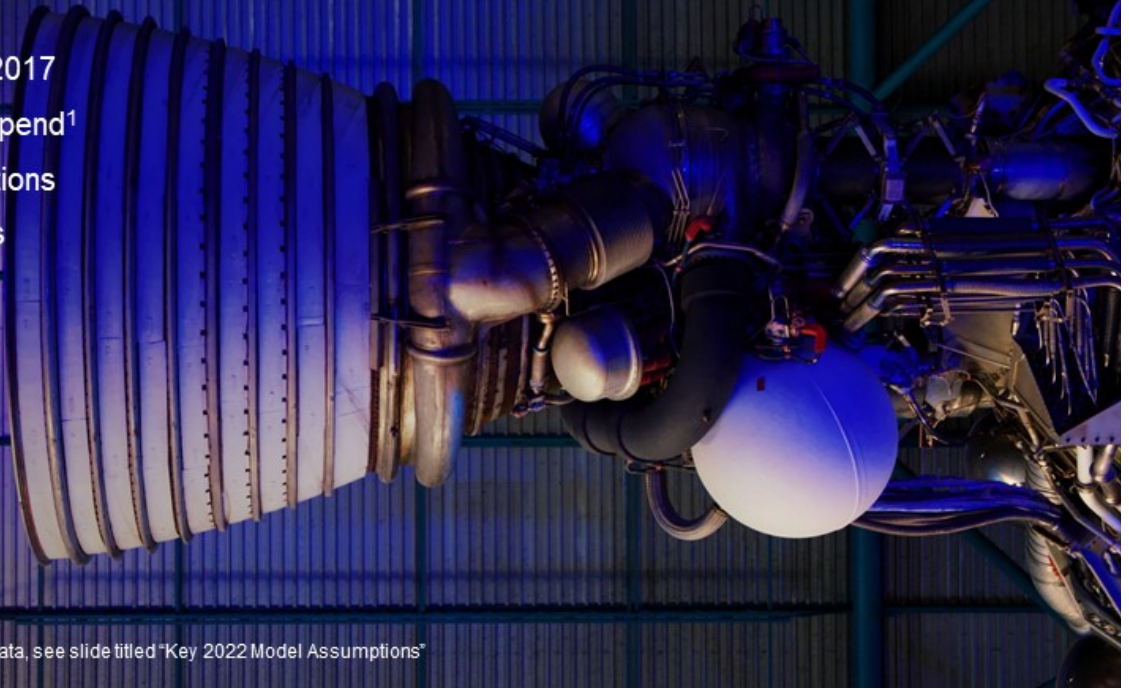
**ONE SIZE
DOES NOT
FIT ALL**



personalization.com

ROCKET ENGINE (AI)

- Deep Learning since 2017
- \$100M Annual R&D Spend¹
- Editorial recommendations
- Paid recommendations
- SmartBid



Taboola

Source: Company data, see slide titled "Key 2022 Model Assumptions"

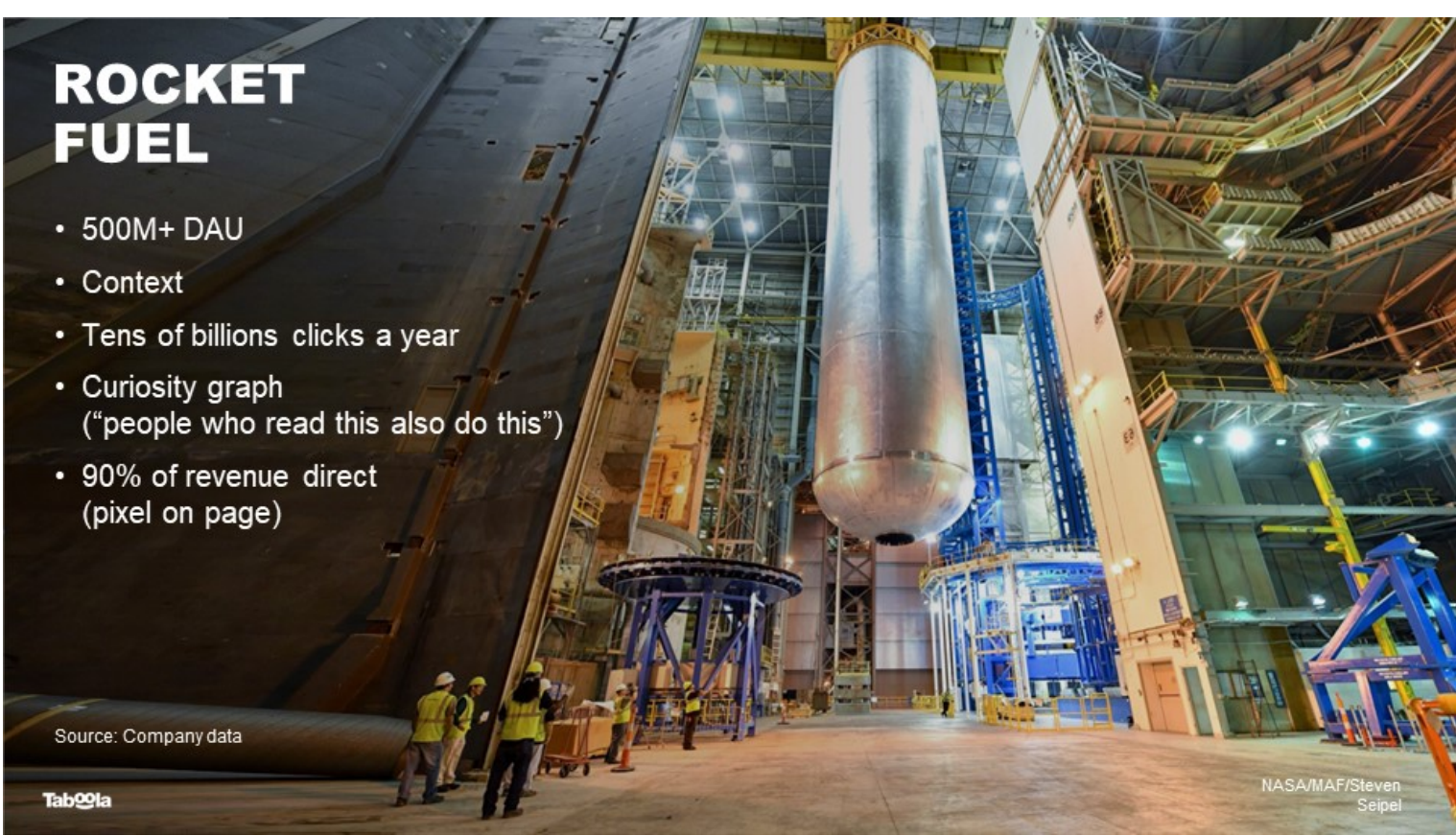
ROCKET FUEL

- 500M+ DAU
- Context
- Tens of billions clicks a year
- Curiosity graph (“people who read this also do this”)
- 90% of revenue direct (pixel on page)

Source: Company data

Taboola

NASA/MAF/Steven Seipel



AI
Engine



DATA
Fuel

WE BUILD **THE BEST ROCKETS**

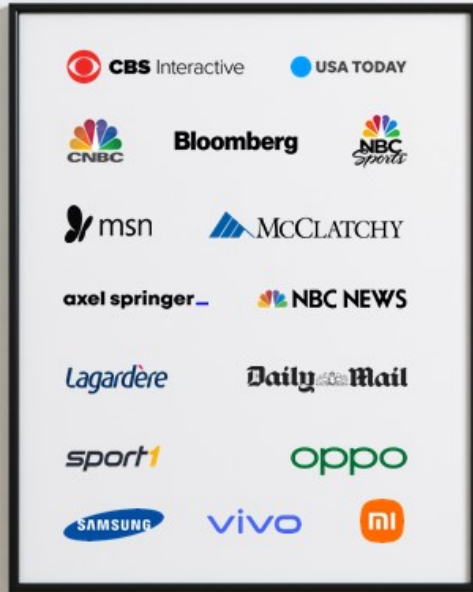
Walled Garden Dynamics for The Open Web



Taboola

TECH DIFFERENTIATION


10 years partnerships, trust



AN OPEN WEB POWERED BY TABOOLA RECOMMENDATIONS



Source:
Data Age 2025, sponsored by Seagate with data from IDC Global DataSphere Nov 2018



Over the next 3 years

**WE EXPECT TO CROSS \$1B
EX-TAC MAINTAINING OUR
MARGINS**

Taboola

ANYTHING.
ANYWHERE.





ANYTHING.
ANYWHERE.

Taboola





What are Blue Zones and why they are the secret to



**ANYTHING.
ANYWHERE.**

Taboola





Taboola

AGENDA

1

Capturing Share of \$64B Ad Market & Taboola Overview

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Taboola's Differentiation and Why We Win

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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

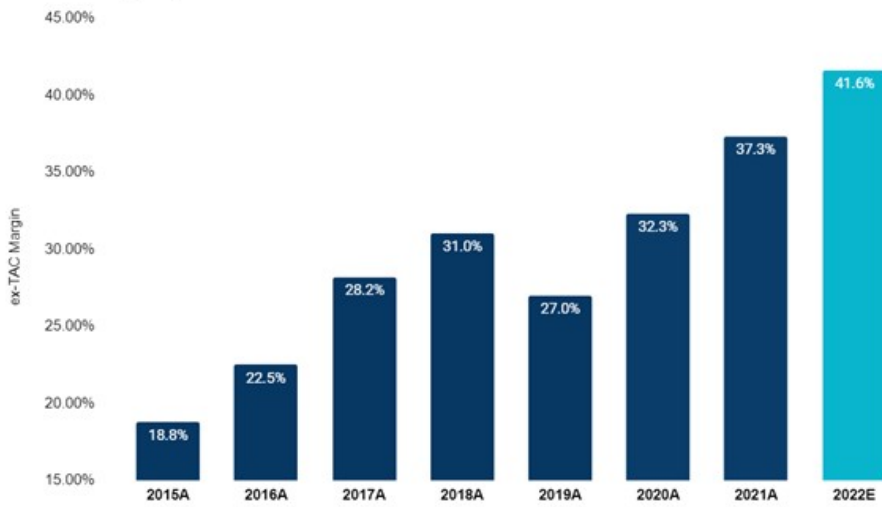
Platform advantage driven by Taboola's technology (Brands & Agencies, Taboola News, Newsroom)

5

Connexity provides further differentiation

EXPANDING EX-TAC MARGINS POINT TO COMPETITIVE ADVANTAGE

ex-TAC Margin By Year¹



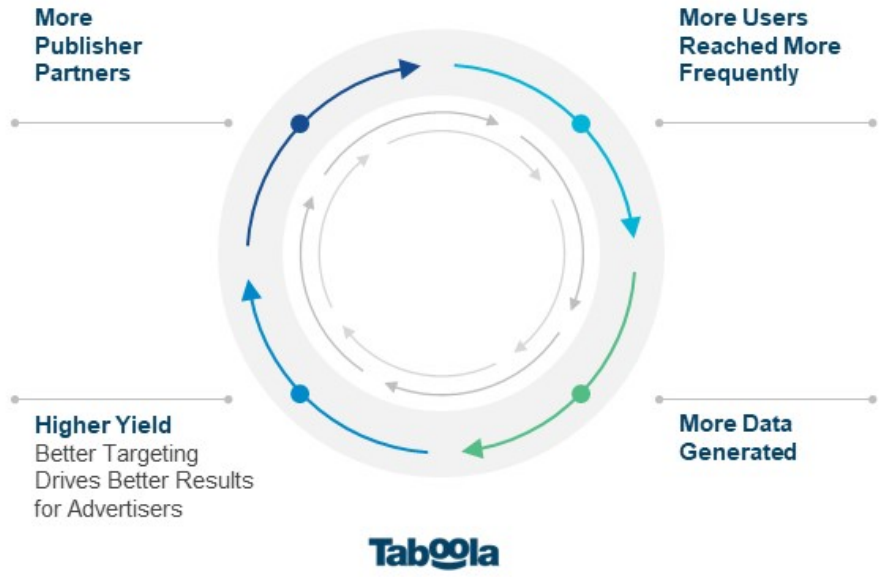
(1) Non-GAAP measure, see appendix for reconciliation to GAAP

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

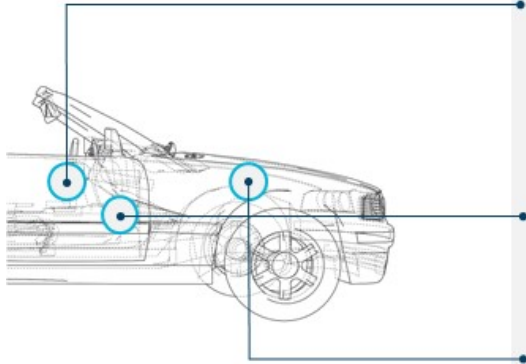
1

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

Cost Per Click (CPC):

The amount advertisers pay for each click on their ads.

Conversion Rate:

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



CTR
Click Through Rate



CPC
Cost Per Click

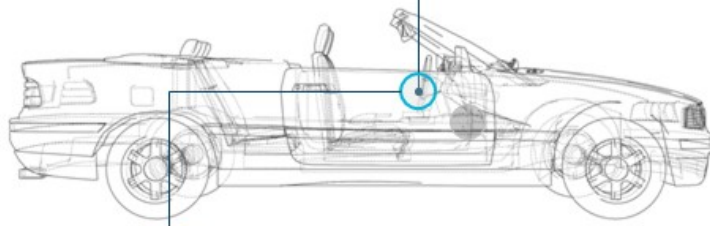


Conversion Rate



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



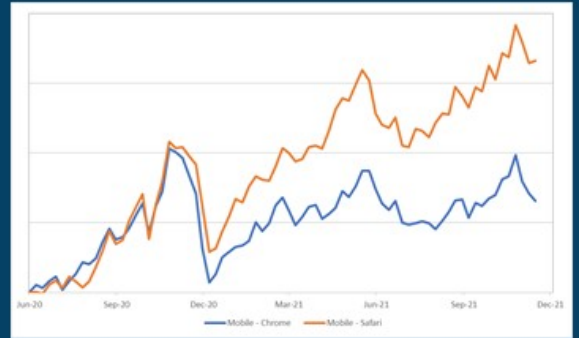
Unique readership context – deep access to the context of the page, allowing advertisers to target context (vs. “3rd party cookie behavior”)



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

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

Taboola



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

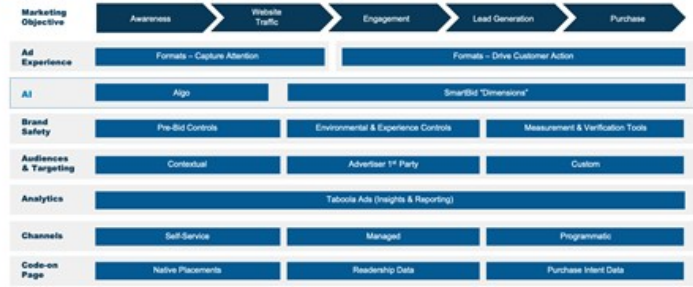
PLATFORM ADVANTAGE DRIVEN BY INVESTMENT IN TECHNOLOGY

CAPABILITIES NOT
AVAILABLE FROM OUR
COMPETITORS

COMPREHENSIVE PUBLISHER PLATFORM



COMPREHENSIVE ADVERTISER PLATFORM



4 **TABOOLA FOR BRANDS & AGENCIES**

High Impact Placements: a premium solution for achieving brand awareness

Premium Ad Placements & Experiences

Brand Safety & Adjacency Control

Unique Readership Data & Insights



4 **TABOOLA NEWS**

Bringing Premium Content To People Everywhere
& Driving Audience For Our Publisher Partners

Taboola News delivers relevant content from our premium publisher partners, integrated into mobile phones and other user touchpoints.

It creates new opportunities for engagement and revenue for mobile carriers, device manufacturers, publishers and brands.

- Running in more than 60 markets around the world
- With over 85M Monthly devices
- Becoming a meaningful source of traffic to our publishers

WORKING WITH THE TOP OEMS:

SAMSUNG  **xiaomi**  **HUAWEI**  **vivo**  **oppo**  **motorola**

Taboola



4 NEWSROOM

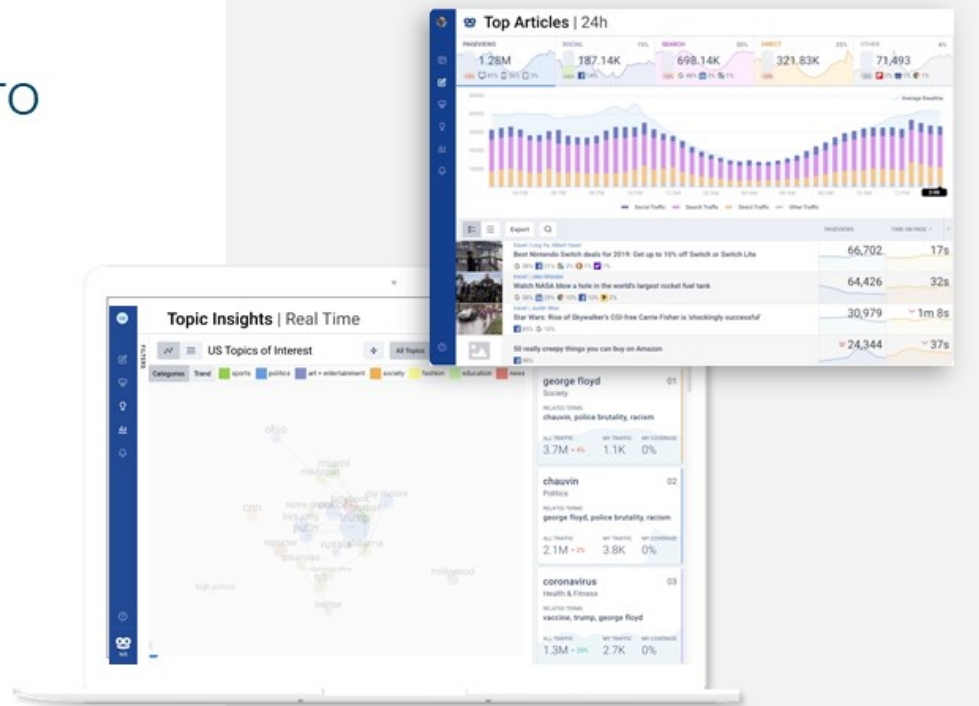
ACTIONABLE INSIGHTS TO GROW READERSHIP & ENGAGEMENT

Easily ANALYZE:

- Real-Time Audience Data
- Article Engagement Metrics
- Trending Topic Insights
- Subscription Analytics

Instantly ACT:

- Identify high-performing content
- A/B test Headlines & Images
- Boost subscriptions



HOMEPAGE FOR YOU



FOR ALL

Must-know information, hand-curated by editors

FOR YOU

Personalized recommendations, powered by editor-enhanced algo

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



Taboola

Source: Company Estimates.



5 CONNEXITY FURTHERS OUR COMPETITIVE ADVANTAGE

INTRINSIC VALUE OF BUSINESS

Significant expansion of our addressable TAM with long runway of growth

SYNERGIES

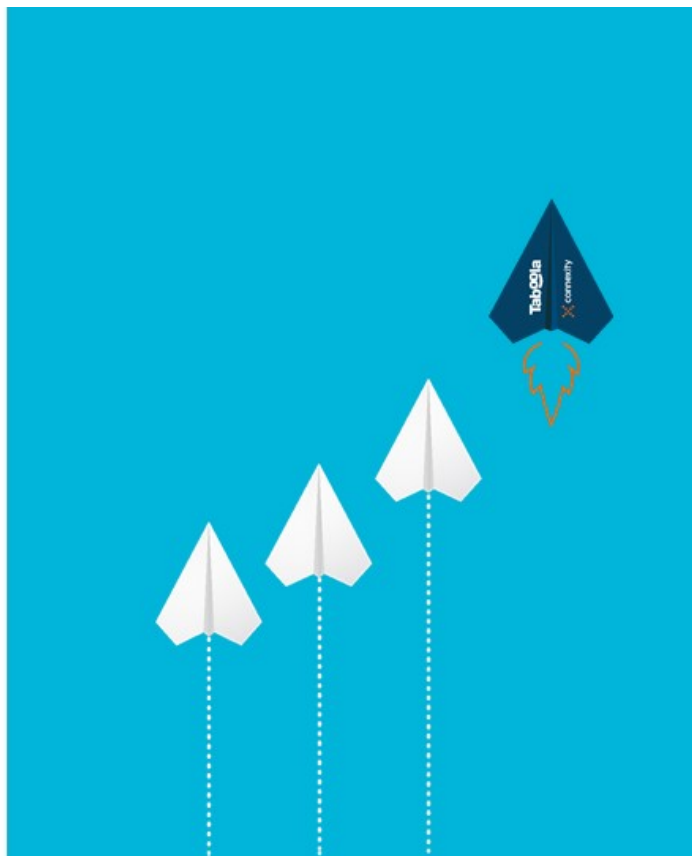
Tremendous opportunity to leverage our scale, combined relationships and Connexity's e-commerce market maker capabilities

STRATEGIC VALUE

1/3 of Open Web Publisher Revenue will be e-commerce¹ and Taboola with Connexity is uniquely differentiated

Taboola

¹ Company estimates.



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



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Q2 2022 IN REVIEW - capturing more of the \$64 billion ad market

Renewing and building new long term relationships

- Announced new digital property partner agreements, including competitive wins with Gray Television, Media News Group, Jagran and Prensa Ibérica.
- Signed key renewals, including with Cox Media Group bringing us to 10 years together and with ABP Network, one of India's largest multi-language websites who signed on for another 5 years.

Seeing strength in key business areas

- Taboola News' growth rate is triple digits and on track to exceed \$50M in revenues this year.
- Good results in e-commerce, where solutions are 100% performance based, despite macro pressures.



RollingStone

billboard

TIME

Taboola



CONSISTENTLY EXCEEDED 2021 FINANCIAL EXPECTATIONS

	2021	GROWTH RATE	ORIGINAL PIPE EXPECTATIONS
Revenues	\$1,378M	16%	\$1,277M
Gross Profit	\$441M	38%	\$365M
ex-TAC Gross Profit ¹	\$519M	36%²	\$445M
Adj. EBITDA ¹	\$179M	69%	\$127M

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

(2) Pro Forma ex-TAC growth of 25%, above original PIPE Expectation of 16% growth

Q2 BEAT. STRONG FUNDAMENTALS IN 2022

\$1.4B REVENUE | \$150M+ AEBITDA | STRONG CASH FLOW

	FY 2022 GUIDANCE	GROWTH RATE VS 2021
Revenues	\$1,434 - 1,474M	4 - 7%
Gross Profit	\$485 - 505M	10 - 15%
ex-TAC Gross Profit ¹	\$595 - 615M	15 - 19%
Adj. EBITDA ^{1, 2}	\$152 - 160M	
Ratio of Adj. EBITDA to ex-TAC Gross Profit	25.5 - 26%	

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

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



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TABOOLA FOCUSES ON PROFITABLE GROWTH

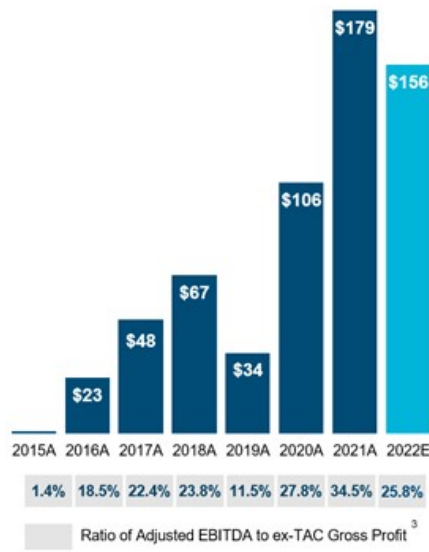
ex-TAC Gross Profit¹

(\$ in millions)



Adj. EBITDA²

(\$ in millions)



Taboola

PROFITABLE GROWTH

Rule of 40 Business

Upside in our model

- Conservative growth assumed for core base
- Additional upside from existing growth initiatives

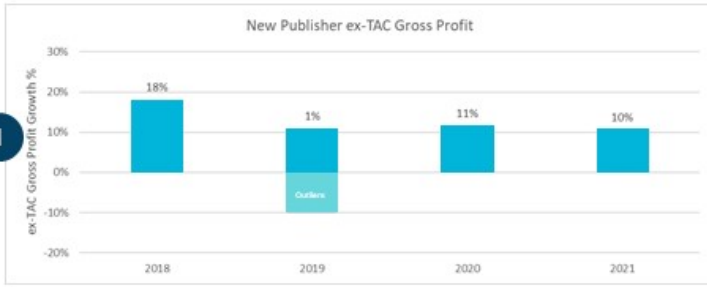
Long-term model

- 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

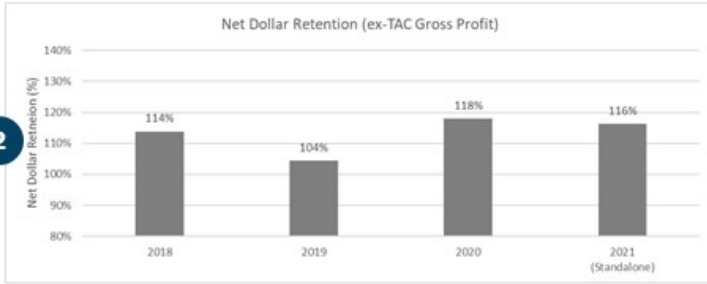
GROWTH DRIVEN BY CORE OPEN WEB INSTALLED BASE

1



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

2



**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

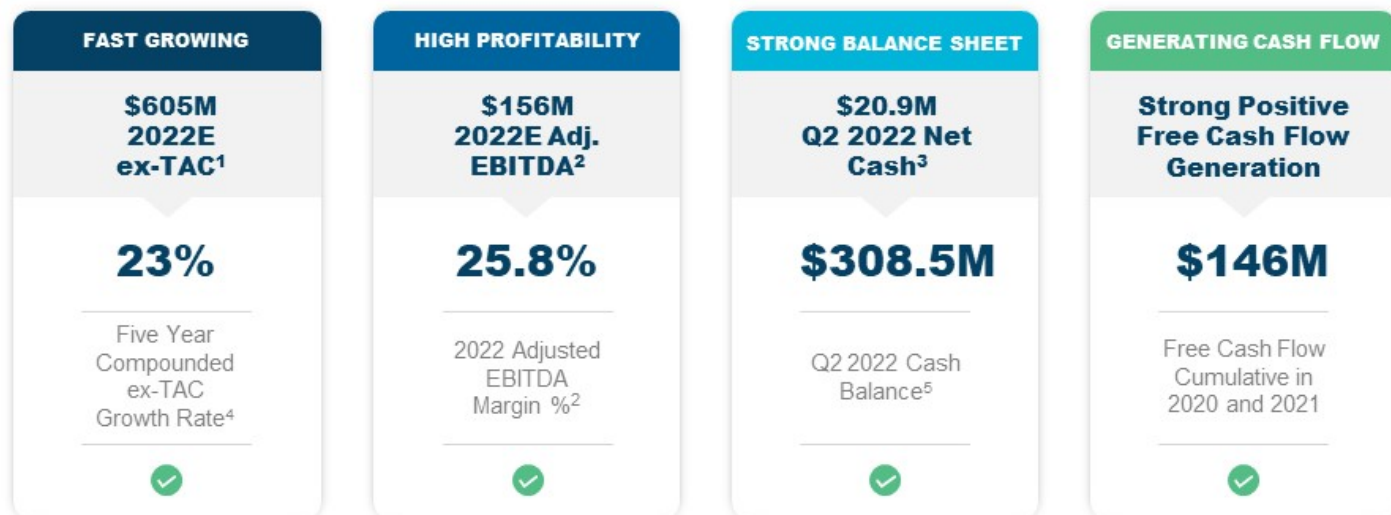


Taboola

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

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 June 30, 2022. Cash, cash equivalents and short-term investments of \$308.5 million minus long-term loan (including current portion) of \$287.6 million. Note: The Company's current estimate of minimum cash and cash equivalents needed for working capital is \$80-100 million. It is only one factor considered in evaluating operating, investing and other strategies, is highly dependent on multiple conditions, is not a projection and subject to change at any time without notice.
- (4) Growth Rate includes actual results for 2017-2021 plus 2022E results based on the midpoint of guidance.
- (5) Cash, cash equivalents and short-term investments.

Taboola

Thank you.

APPENDIX

OUR MODEL IN A NUTSHELL

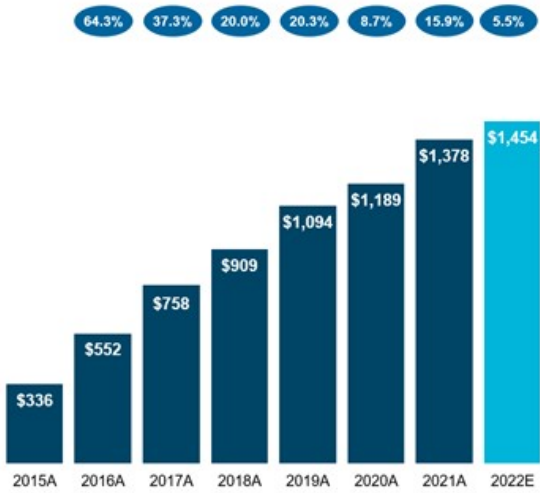
Model components:	Sample inputs / financials:	Illustrative Taboola economics:
Revenues ⁽¹⁾	\$909	\$1.00 (100%)
–		
Traffic Acq Cost (Value to publishers)	(\$627)	(\$0.69)
=		
ex-TAC Gross Profit ⁽²⁾	\$282	\$0.31
–		
Cost of Revenues	(\$48)	(\$0.05)
=		
Gross profit	\$234	\$0.26
–		
R&D	(\$73)	(\$0.08)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



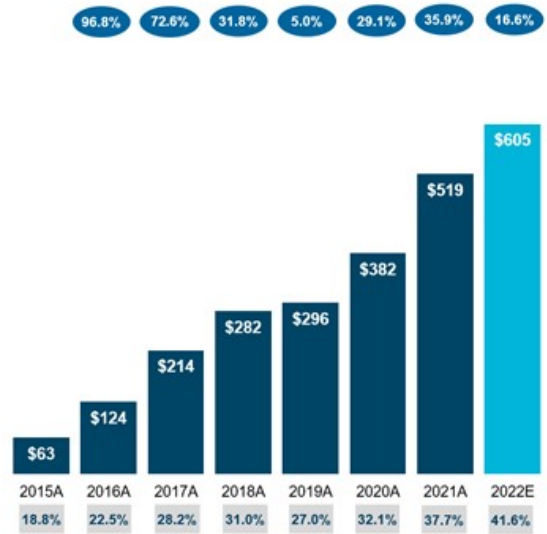
(1) Revenue paid by Advertisers, before traffic acquisition costs (TAC) paid to Publishers. CNX Revenues paid by advertisers after traffic acquisition costs paid to Publishers.
 (2) Revenue to Taboola after TAC paid to Publishers. Non-GAAP measure, see appendix for reconciliation to GAAP
 (3) Non-GAAP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

HISTORICAL & PROJECTED REVENUES & EX-TAC GROSS PROFIT¹ (REPORTED BASIS)

Gross Revenue



ex-TAC Gross Profit



(1) Non-GAAP measure, see appendix for reconciliation to GAAP
 Note: 2022 projections reflect the mid-point of current company guidance.

● YoY growth

■ ex-TAC Revenue Margin

KEY 2022 MODEL ASSUMPTIONS

ex-TAC Gross Profit¹

- Historically, Taboola grew 20%+ (CAGR '17-'21)
- In 2021, Taboola generated \$519 million ex-TAC Gross Profit
- For FY 2022, the Company expects ex-TAC Gross Profit in range of \$595 - 615M

ADJUSTED EBITDA²

- \$179 million in 2021 and grew faster than ex-TAC Gross Profit
- For FY 2022, the Company expects Adjusted EBITDA in range of \$152 - 160M
- Rule of 40: ex-TAC growth + Ratio of Adj. EBITDA to ex-TAC Gross Profit³ always above 40%

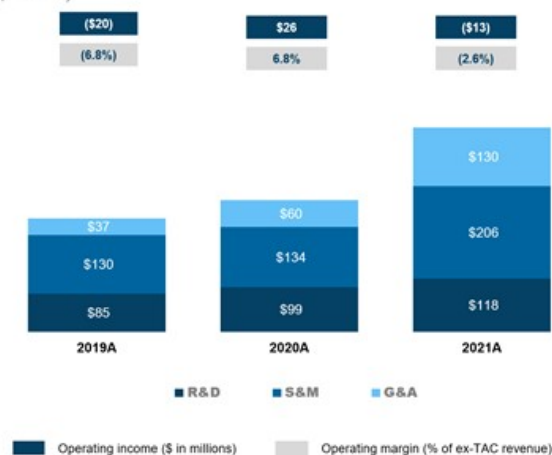
COST ASSUMPTIONS

- Return to "normal" operations and cost basis in 2022
- 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



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	2021A	2022E	Long-Term Model
Revenues	\$ 909	\$ 1,094	\$ 1,189	\$ 1,378	\$ 1,454	
% YoY Growth	20.0%	20.3%	8.7%	15.9%	5.5%	
ex-TAC Gross Profit ¹	\$ 282	\$ 296	\$ 382	\$ 519	\$ 605	
% YoY Growth	31.8%	5.0%	29.1%	35.9%	16.6%	20%+
Gross Profit	\$ 234	\$ 232	\$ 319	\$ 441	\$ 495	
% Adj margin	83.1%	78.4%	83.4%	85.0%	81.8%	
% YoY Growth	31.1%	-0.9%	37.5%	38.2%	12.2%	
Adjusted EBITDA ¹	\$ 67	\$ 34	\$ 106	\$ 179	\$ 156	
% margin	23.8%	11.5%	27.7%	34.5%	25.8%	30%+
% YoY Growth	39.6%	-49.3%	211.8%	68.9%	-12.8%	



(1) Non-GAAP measures, see appendix for reconciliation to GAAP
 Note: 2022 projections reflect the midpoint of current company guidance.

FY 2022 GUIDANCE

(\$ in millions)	Actual	Guidance
	FY 2021	FY 2022
Revenues	\$1,378	\$1,434 to \$1,474
ex-TAC Gross Profit ¹	\$519	\$595 to \$615
Gross Profit	\$441	\$485 to \$505
Adjusted EBITDA ¹	\$179	\$152 to \$160
Non GAAP Net Income ¹	\$114	\$83 to \$91

(1) Non-GAAP measure, see appendix for reconciliation to GAAP

ADDITIONAL MODELING ASSUMPTIONS

- Interest expense of approximately \$4M per quarter associated with \$300M term loan related to the Connexity acquisition
- Share based compensation of \$128M in 2021 unusually high as a result of going public triggering event, 2022 estimated at \$77M
- Depreciation & Amortization of \$53M in 2021; increase related to Connexity Purchase Price Accounting allocation, 2022 estimated at \$93M
- CAPEX estimated to be \$34M in 2022 and includes investments in property and equipment, leasehold improvements and capitalized software
- Free Cash Flow expected to be 50 - 60% of Adjusted EBITDA in long-term models

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)
<i>Adjustments:</i>						
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)
<i>Adjustments:</i>					
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

Note: 2022 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	2021A
Gross Profit	\$ 101	\$ 179	\$ 234	\$ 232	\$ 320	\$ 441
Net Income (loss)	(3)	3	11	(28)	8	(25)
<i>Ratio of Net income (loss) to Gross profit</i>	-3%	2%	5%	-12%	3%	-6%
ex-TAC Gross Profit	\$ 124	\$ 214	\$ 282	\$ 296	\$ 382	\$ 519
Adjusted EBITDA	23	48	67	34	106	179
<i>Ratio of Adjusted EBITDA to ex-TAC Gross Profit</i>	19%	23%	24%	11%	28%	34%

EX-TAC GROSS PROFIT MARGIN 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	320	441
<i>Gross Profit Margin</i>	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
<i>ex-TAC Gross Profit Margin</i>	23%	28%	31%	27%	32%	38%

HISTORICAL & PROJECTED ADJ. GROSS PROFIT MARGIN RECONCILIATION

(\$ in millions)

	2020A	2021A	2022E
Revenues	\$ 1,189	\$ 1,378	\$ 1,454
Traffic Acquisition Cost (TAC)	807	859	849
ex-TAC Gross Profit	\$ 382	\$ 519	\$ 605
Other Cost of Revenues	63	78	110
Gross Profit	\$ 319	\$ 441	\$ 495
<i>Gross Profit Margin</i>	27%	32%	34%
<i>Adj. Gross Profit Margin</i>	84%	85%	82%



Note: Adj. Gross Profit Margin is calculated by dividing Gross profit by ex-TAC Gross Profit. 2022 projections reflect midpoint of company's current guidance.

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

(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	As of Dec 31, 2021
Cash, cash equivalents and short-term deposits	\$ 116	\$ 243	\$ 319
Total Assets	\$ 482	\$ 580	\$ 1,598
Total Liabilities & Convertible Shares	\$ 475	\$ 534	\$ 830
Accumulated Deficit	\$ (40)	\$ (31)	\$ (56)
Additional Paid-in-capital	\$ 47	\$ 78	\$ 824
Total Shareholders' Equity	\$ 7	\$ 47	\$ 768

QUARTERLY RESULTS: EX-TAC GROSS PROFIT RECONCILIATION

(*\$ in millions*)

	Q1-21A	Q2-21A	Q3-21A	Q4-21A	Q1-22A	Q2-22A
Revenues	\$ 303.0	\$ 329.1	\$ 338.8	\$ 407.7	\$ 354.7	\$ 342.7
Traffic Acquisition Cost (TAC)	197.0	212.2	211.9	238.5	216.5	199.5
Other Cost of Revenues	16.4	16.6	19.2	25.6	26.2	26.8
Gross Profit	\$ 89.6	\$ 100.3	\$ 107.7	\$ 143.6	\$ 112.0	\$ 116.4
Other Cost of Revenues	16.4	16.6	19.2	25.6	26.2	26.8
ex-TAC Gross Profit	\$ 106.0	\$ 116.9	\$ 126.9	\$ 169.2	\$ 138.2	\$ 143.2

2022 FULL YEAR GUIDANCE: EX-TAC GROSS PROFIT RECONCILIATION

(\$ in millions)	Guidance
	FY 2022
Revenues	\$1,434 - 1,474
Traffic Acquisition Cost (TAC)	(\$839 - \$859)
Other Cost of Revenues	(\$110 - \$116)
Gross Profit	\$485 - \$505
Other Cost of Revenues	\$110 - \$116
ex-TAC Gross Profit	\$595 - \$615

Taboola

**THANK
YOU!**

