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

FORM 8-K

CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(D) OF THE
SECURITIES EXCHANGE ACT OF 1934

Date of report (Date of earliest event reported):
August 9, 2023

TABOOLA.COM LTD.

(Exact name of registrant as specified in its charter)

Israel	**001-40566**	**Not applicable**
(State or Other Jurisdiction of Incorporation)	(Commission File Number)	(IRS Employer Identification Number)

16 Madison Square West
7th Floor
New York, NY 10010
(Address of principal executive offices, including zip code)

212-206-7633
(Registrant's telephone number, including area code)

N/A
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Ordinary shares, no par value	TBLA	The Nasdaq Global Market
Warrants to purchase ordinary shares	TBLAW	The Nasdaq Global Market

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 2.02. Results of Operations and Financial Condition.

On August 9, 2023, Taboola.com Ltd. (the "***Company***" or "***Taboola***") issued a press release announcing its financial results for the second quarter of 2023. That press release is furnished herewith as Exhibit 99.1 and is incorporated herein by reference.

Item 7.01. Regulation FD Disclosure.

On August 9, 2023, the Company made available a shareholder letter, investor presentation and prepared remarks from its Chief Executive Officer and Chief Financial Officer which provide highlights of the Company's second quarter of 2023 financial results and related information, which is being made available in connection with the August 9, 2023 earnings conference call. A copy of the shareholder letter and prepared remarks are furnished herewith as Exhibits 99.2 and 99.3, respectively and are incorporated herein by reference. The investor presentation and also the earnings release and shareholder letter, can be found on Taboola's website at https://investors.taboola.com.

The information furnished with this Form 8-K, including Exhibits 99.1, 99.2 and 99.3 shall not be deemed "filed" for 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 into any other filing under the Securities Act of 1933, as amended, or the Exchange Act, except as expressly set forth by specific reference in such a filing.

Item 9.01. Financial Statement and Exhibits.

(d) Exhibits

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Exhibit No.	Description
99.1	Press Release dated August 9, 2023
99.2	Letter to Shareholders dated August 9, 2023
99.3	Prepared Remarks dated August 9, 2023
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

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, 2023

Exhibit 99.1

Taboola Beats High End of Guidance in Q2 On All Metrics,
Raises Mid-point for 2023

- *Exceeded high end of guidance on all metrics - Q2 2023 Revenues of $332.0M, Gross Profit of $97.1M, ex-TAC Gross Profit of $123.1M, Net loss of $31.3M and Adjusted EBITDA of $15.7M.*

- *Net cash provided by operating activities of $11.6M and Free Cash Flow in Q2 2023 of $7.8M after net publisher prepayments of ($6.9M)** and $4.7M in cash interest payments.*

- *Updated 2023 guidance raises the mid-point: Revenues of $1,438M - $1,469M, Gross Profit of $420M - $436M, ex-TAC Gross Profit of $531M - $546M, Adjusted EBITDA of $73M - $80M. Positive Free Cash Flow.*

- *Reiterating 2024 guidance of $200M+ Adjusted EBITDA, $100M+ Free Cash Flow.*

- *eCommerce beats expectations, growing from 15% of ex-TAC to nearly 20% of ex-TAC.*

- *Taboola News, distributing content to Android OEMs, continues to see rocketship growth, from $50M in 2022 approaching $100M in 2023.*

- *Up to $40M share buyback announced in Q2 began in June and continued into Q3.*

New York, NY, August 9, 2023 -- 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, 2023.

“We had a strong performance in Q2, beating the high end of our guidance across all metrics. Publishers all around the world continue to trust us and sign long term partnerships, which we saw with new and competitive wins this quarter from Barstool Sports, Cambium Media, Nexstar Media, Futura, and A Cidade On. This is on top of key partners like Time, Disney, Unidad Editorial, BBC, One India, The Print and Bangkok Post renewing their relationships with us. We’re seeing eCommerce and Taboola News significantly outpacing our expectations, with eCommerce now being nearly 20% of our ex-TAC and Taboola News roughly doubling in size, approaching $100M from $50M last year. Our focus for the rest of the year continues to be making our four company priorities successful–Yahoo, Performance Advertising, eCommerce and Bidding–each representing a $1B opportunity for us. I’m bullish about our future, and believe Taboola can soon become the first ‘must buy’ in the Open Web,” said Adam Singolda, CEO and Founder, Taboola.

For more commentary on the quarter, please refer to Taboola’s Q2 2023 Shareholder Letter, which was furnished to the SEC and also posted on Taboola’s website today at https://investors.taboola.com.

Second Quarter Results Summary

(dollars in millions, except per share data)	Three months ended June 30, 2023		Three months ended June 30, 2022		% change YoY	Guidance
	Unaudited					
Revenues	$	332.0	$	342.7	(3.1%)	$296 - $322
Gross profit	$	97.1	$	116.4	(16.6%)	$78 - $88
Net loss	$	(31.3)	$	(5.0)	523.7%	
EPS diluted (1)	$	(0.09)	$	(0.02)	344.8%	
Ratio of net loss to gross profit		(32.3%)		(4.3%)	—	
Cash flow provided by operating activities	$	11.6	$	2.1	456.5%	
Cash, cash equivalents, short-term deposits and investments	$	246.9	$	308.5	(20.0%)	
Non-GAAP Financial Data *						
ex-TAC Gross Profit	$	123.1	$	143.2	(14.0%)	$105 - $115
Adjusted EBITDA	$	15.7	$	34.2	(54.2%)	($4) - $6
Non-GAAP Net Income (Loss)	$	(1.4)	$	15.8	NA	($26) - ($16)
Ratio of Adjusted EBITDA to ex-TAC Gross Profit		12.7%		23.9%	—	
Free Cash Flow	$	7.8	$	(7.3)	NA	

[1] The weighted-average shares used in the computation of the diluted EPS for the three months ended June 30, 2023 and 2022 are 351,585,059 and 250,777,915, respectively. The weighted-average shares for the three months ended June 30, 2023 include 45,198,702 Non-Voting Ordinary Shares.

Business Highlights for Q2 2023

- Revenue from new publisher partners continues to be an area of strength - Publisher wins from competitors included Barstool Sports, G/O Media, Cambium Media, Futura, and A Cidade On.
- Renewed relationships with many well-known publishers including Time, Disney, Unidad Editorial, BBC, One India, The Print and Bangkok Post.
- Taboola News is continuing to experience strong growth and will approach $100M in revenue this year (from over $50M in 2022).
- We’re outpacing our expectations on eCommerce, which now represents nearly 20% of ex-TAC (up from 15%).
- Our Generative AI technology was made generally available and of the brands using our technology, 80% of those early users ran multiple campaigns.

Third Quarter and Full Year 2023 Guidance

For the Third Quarter and Full Year 2023, the Company currently expects:

	Q3 2023 Guidance	FY 2023 Guidance
	Unaudited	
	(dollars in millions)	
Revenues	$331 - $357	$1,438 - $1,469
Gross profit	$83 - $95	$420 - $436
ex-TAC Gross Profit*	$112 - $124	$531 - $546
Adjusted EBITDA*	($2) - $10	$73 - $80
Non-GAAP Net Income (Loss)*	($20) - ($8)	$5 - $10

Although we provide guidance for Adjusted EBITDA and Non-GAAP Net Income (Loss), 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 (Loss) 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.

Webcast Details

Taboola's senior management team will discuss the Company's earnings on a call that will take place on August 9, 2023, 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/BIc37f11a51ded4f36a084ea5acda51c57 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 9, 2024.

***About Non-GAAP Financial Information**

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

The Company believes non-GAAP financial measures provide useful 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 Cash Investment in Publisher Prepayments (Net)**

We calculate cash investment in publisher prepayments (net) for a specific measurement period as the gross amount of cash publisher prepayments we made in that measurement period minus the amortization of publisher prepayments that were included in traffic acquisition cost during that measurement period, which were the result of cash publisher prepayments made in that measurement period and previous periods.

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 Company's ability 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; changes in applicable laws or regulations; the Company's estimates of expenses and profitability and underlying assumptions with respect to accounting presentations and purchase price and other adjustments; the extent to which we will voluntarily prepay additional long-term debt or buyback any of our Ordinary shares pursuant to authority granted by the Company's Board of Directors, which may depend upon market and economic conditions; other business opportunities and priorities; and, with respect to the buyback of our Ordinary shares, the availability of sufficient continuing authority being approved and re-approved as necessary by the Tel Aviv District Court Economic Department to permit share buybacks (and our continued use of a net issuance mechanism to satisfy tax withholding obligations related to equity-based compensation on behalf of our directors, officers and other employees) or other factors; the Company's ability to transition to and fully launch the native advertising service for Yahoo on the currently anticipated schedule or at all; the ability to generate or achieve the increase in Adjusted EBITDA and Free Cash Flow in 2024 or our expected revenue run-rate once Yahoo integration is live, in each case to the levels assumed in this press release or at all; ability to attract new digital properties and advertisers; ability to meet minimum guarantee requirements in contracts with digital properties; intense competition in the digital advertising space, including with competitors who have significantly more resources; ability to grow and scale the Company's ad and content platform through new relationships with advertisers and digital properties; ability to secure high quality content from digital properties; ability to maintain relationships with current advertiser and digital property partners; ability to prioritize investments to improve profitability and free cash flow; ability to make continued investments in the Company's AI-powered technology platform; the need to attract, train and retain highly-skilled technical workforce; changes in the regulation of, or market practice with respect to, "third party cookies" and its impact on digital advertising; continued engagement by users who interact with the Company's platform on various digital properties; reliance on a limited number of partners for a significant portion of the Company's revenue; changes in laws and regulations related to privacy, data protection, advertising regulation, competition and other areas related to digital advertising; ability to enforce, protect and maintain intellectual property rights; 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 10-K for the year ended December 31, 2022 under Part 1, Item 1A "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.

Approximately 18,000 advertisers use Taboola to reach nearly 600 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.

Investor Contact:	**Press Contact:**
Stephen Walker	Dave Struzzi
investors@taboola.com	press@taboola.com

CONSOLIDATED BALANCE SHEETS

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

	June 30, 2023 Unaudited	December 31, 2022
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 204,595	$ 165,893
Short-term investments	42,256	96,914
Restricted deposits	1,170	750
Trade receivables (net of allowance for credit losses of $9,685 and $6,748 as of June 30, 2023 and December 31, 2022, respectively)	217,437	256,708
Prepaid expenses and other current assets	70,817	73,643
Total current assets	**536,275**	**593,908**
NON-CURRENT ASSETS		
Long-term prepaid expenses	40,230	42,945
Commercial agreement asset	289,451	—
Restricted deposits	3,974	4,059
Deferred tax assets, net	3,121	3,821
Operating lease right of use assets	64,364	66,846
Property and equipment, net	71,079	73,019
Intangible assets, net	157,215	189,156
Goodwill	555,931	555,869
Total non-current assets	**1,185,365**	**935,715**
Total assets	**$ 1,721,640**	**$ 1,529,623**

CONSOLIDATED BALANCE SHEETS

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

	June 30, 2023 Unaudited	December 31, 2022
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Trade payables	$ 222,232	$ 247,504
Short-term operating lease liabilities	16,231	14,753
Accrued expenses and other current liabilities	105,234	102,965
Current maturities of long-term loan	3,000	3,000
Total current liabilities	**346,697**	**368,222**
LONG-TERM LIABILITIES		
Long-term loan, net of current maturities	192,307	223,049
Long-term operating lease liabilities	54,583	57,928
Warrants liability	5,782	6,756
Deferred tax liabilities, net	26,938	34,133
Other long-term liabilities	5,000	5,000
Total long-term liabilities	**284,610**	**326,866**
SHAREHOLDERS' EQUITY		
Ordinary shares with no par value- Authorized: 700,000,000 as of June 30, 2023 and December 31, 2022; 300,637,035 and 254,133,863 shares issued and outstanding as of June 30, 2023 and December 31, 2022, respectively	—	—
Non-voting Ordinary shares with no par value- Authorized: 46,000,000 as of June 30, 2023 and December 31, 2022; 45,198,702 and 0 shares issued and outstanding as of June 30, 2023 and December 31, 2022, respectively	—	—
Treasury Ordinary shares, at cost - 1,442,000 and 0 Ordinary shares as of June 30, 2023 and December 31, 2022, respectively	(4,358)	—
Additional paid-in capital	1,226,572	903,789
Accumulated other comprehensive loss	(834)	(834)
Accumulated deficit	(131,047)	(68,420)
Total shareholders' equity	**1,090,333**	**834,535**
Total liabilities and shareholders' equity	**$ 1,721,640**	**$ 1,529,623**

CONSOLIDATED STATEMENTS OF LOSS

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

	Three months ended June 30, 2023	Three months ended June 30, 2022	Six months ended June 30, 2023	Six months ended June 30, 2022
	Unaudited			
Revenues	**$ 332,004**	**$ 342,695**	**$ 659,690**	**$ 697,421**
Cost of revenues:				
Traffic acquisition cost	208,870	199,486	420,816	415,984
Other cost of revenues	26,077	26,848	52,225	53,046
Total cost of revenues	234,947	226,334	473,041	469,030
Gross profit	**97,057**	**116,361**	**186,649**	**228,391**
Operating expenses:				
Research and development	34,001	34,079	65,986	64,491
Sales and marketing	61,198	66,405	121,767	127,773
General and administrative	26,858	25,428	52,694	53,377
Total operating expenses	122,057	125,912	240,447	245,641
Operating loss	(25,000)	(9,551)	(53,798)	(17,250)
Finance income (expenses), net	(3,827)	4,764	(6,981)	15,959
Loss before income taxes benefit (expenses)	(28,827)	(4,787)	(60,779)	(1,291)
Income tax benefit (expenses)	(2,487)	(234)	(1,848)	158
Net loss	**$ (31,314)**	**$ (5,021)**	**$ (62,627)**	**$ (1,133)**
Net loss per share attributable to Ordinary and Non-voting Ordinary shareholders, basic and diluted (1)	$ (0.09)	$ (0.02)	$ (0.18)	$ (0.00)

[1] The weighted-average shares used in the computation of the basic and diluted net loss per share the three months ended June 30, 2023 and 2022 are 351,585,059 and 250,777,915, respectively, and for the six months ended June 30, 2023 and 2022 are 342,491,457 and 249,095,931, respectively. The weighted-average shares for the three and six months ended June 30, 2023 include 45,198,702 Non-Voting Ordinary Shares.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

U.S. dollars in thousands

	Three months ended June 30,		Six months ended June 30,	
	2023	**2022**	**2023**	**2022**
	Unaudited			
Net loss	**$ (31,314)**	**$ (5,021)**	**$ (62,627)**	**$ (1,133)**
Other comprehensive income (loss)**:**				
Unrealized gains (losses) on available-for-sale marketable securities	130	(259)	457	(259)
Unrealized gains (losses) on derivative instruments, net	199	(3,294)	(457)	(3,524)
Other comprehensive income (loss)	329	(3,553)	—	(3,783)
Comprehensive loss	**$ (30,985)**	**$ (8,574)**	**$ (62,627)**	**$ (4,916)**

SHARE-BASED COMPENSATION BREAK-DOWN BY EXPENSE LINE

U.S. dollars in thousands

	Three months ended June 30,		Six months ended June 30,	
	2023	**2022**	**2023**	**2022**
	Unaudited			
Cost of revenues	$ 1,039	$ 851	$ 2,083	$ 1,554
Research and development	6,181	7,443	12,025	13,545
Sales and marketing	4,401	7,397	8,686	12,697
General and administrative	4,914	4,741	9,823	12,465
Total share-based compensation expenses	**$ 16,535**	**$ 20,432**	**$ 32,617**	**$ 40,261**

DEPRECIATION AND AMORTIZATION BREAK-DOWN BY EXPENSE LINE

U.S. dollars in thousands

	Three months ended June 30,		Six months ended June 30,	
	2023	**2022**	**2023**	**2022**
	Unaudited			
Cost of revenues	$ 8,460	$ 8,419	$ 16,758	$ 16,520
Research and development	589	695	1,194	1,340
Sales and marketing	13,509	13,722	27,035	27,225
General and administrative	234	(23)	406	404
Total depreciation and amortization expense	**$ 22,792**	**$ 22,813**	**$ 45,393**	**$ 45,489**

CONSOLIDATED STATEMENTS OF CASH FLOWS

U.S. dollars in thousands

	Three months ended June 30,		Six months ended June 30,	
	2023	**2022**	**2023**	**2022**
	Unaudited			
Cash flows from operating activities				
Net loss	$ (31,314)	$ (5,021)	$ (62,627)	$ (1,133)
Adjustments to reconcile net loss to net cash flows provided by operating activities:				
Depreciation and amortization	22,792	22,813	45,393	45,489
Share-based compensation expenses	16,535	20,432	32,617	40,261
Net loss from financing expenses	564	3,645	236	4,316
Revaluation of the Warrants liability	702	(11,958)	(974)	(26,000)
Amortization of loan and credit facility issuance costs	391	357	891	715
Amortization of premium and accretion of discount on short-term investments, net	(249)	(137)	(530)	(137)
Change in operating assets and liabilities:				
Decrease (increase) in trade receivables, net	(5,091)	(319)	39,271	45,616
Decrease (increase) in prepaid expenses and other current assets and long-term prepaid expenses	7,921	(3,033)	8,642	(6,350)
Decrease in trade payables	(6,923)	(6,661)	(29,730)	(52,525)
Increase (decrease) in accrued expenses and other current liabilities and other long-term liabilities	10,251	(6,402)	1,812	(22,946)
Increase (decrease) in deferred taxes, net	(4,284)	(8,390)	(6,494)	(12,476)
Change in operating lease right of use assets	3,924	4,744	8,075	7,639
Change in operating lease liabilities	(3,621)	(7,986)	(7,460)	(12,262)
Net cash provided by operating activities	**11,598**	**2,084**	**29,122**	**10,207**
Cash flows from investing activities				
Purchase of property and equipment, including capitalized internal-use software	(3,828)	(9,350)	(10,178)	(16,252)
Cash paid in connection with acquisitions, net of cash acquired	—	—	—	(620)
Proceeds from (investments in) restricted deposits	(61)	10	(341)	10
Proceeds from (Investment in) short-term deposits	—	40,026	—	—
Proceeds from sales and maturities of short-term investments	35,696	—	77,636	—
Purchase of short-term investments	(21,991)	(74,855)	(21,991)	(74,855)
Payments of cash in escrow for acquisition of a subsidiary	—	—	—	(2,100)
Net cash provided by (used in) investing activities	**9,816**	**(44,169)**	**45,126**	**(93,817)**
Cash flows from financing activities				
Exercise of options and vested RSUs	1,121	2,633	2,456	6,032
Payment of tax withholding for share-based compensation expenses	(1,117)	(340)	(1,908)	(2,185)
Repurchase of Ordinary shares	(4,358)	—	(4,358)	—
Repayment of long-term loan	(30,750)	(750)	(31,500)	(1,500)
Net cash provided by (used in) financing activities	**(35,104)**	**1,543**	**(35,310)**	**2,347**
Exchange rate differences on balances of cash and cash equivalents	**(564)**	**(3,645)**	**(236)**	**(4,316)**
Increase (decrease) in cash and cash equivalents	(14,254)	(44,187)	38,702	(85,579)
Cash and cash equivalents - at the beginning of the period	218,849	277,927	165,893	319,319
Cash and cash equivalents - at end of the period	**$ 204,595**	**$ 233,740**	**$ 204,595**	**$ 233,740**

	Three months ended June 30,		Six months ended June 30,	
	2023	2022	2023	2022
	Unaudited			
Supplemental disclosures of cash flow information:				
Cash paid during the year for:				
Income taxes	$ 2,575	$ 13,744	$ 6,833	$ 16,162
Interest	$ 4,700	$ 6,803	$ 9,767	$ 10,373
Non-cash investing and financing activities:				
Purchase of property and equipment, including capitalized internal-use software	$ 1,705	$ 7,353	$ 1,705	$ 7,353
Share-based compensation included in capitalized internal-use software	$ 680	$ 503	$ 1,332	$ 1,020
Creation of operating lease right-of-use assets	$ 5,593	$ 3,107	$ 5,593	$ 3,107

APPENDIX: Non-GAAP Reconciliation

RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2023 AND 2022 (Unaudited)

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

	Three months ended June 30,		Six months ended June 30,	
	2023	**2022**	**2023**	**2022**
	(dollars in thousands)			
Revenues	**$ 332,004**	**$ 342,695**	**$ 659,690**	**$ 697,421**
Traffic acquisition cost	208,870	199,486	420,816	415,984
Other cost of revenues	26,077	26,848	52,225	53,046
Gross profit	$ 97,057	$ 116,361	$ 186,649	$ 228,391
Add back: Other cost of revenues	26,077	26,848	52,225	53,046
ex-TAC Gross Profit	**$ 123,134**	**$ 143,209**	**$ 238,874**	**$ 281,437**

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

	Three months ended June 30,		Six months ended June 30,	
	2023	**2022**	**2023**	**2022**
	(dollars in thousands)			
Net loss	**$ (31,314)**	**$ (5,021)**	**$ (62,627)**	**$ (1,133)**
Adjusted to exclude the following:				
Finance (income) expenses, net	3,827	(4,764)	6,981	(15,959)
Income tax (benefit) expenses	2,487	234	1,848	(158)
Depreciation and amortization	22,792	22,813	45,393	45,489
Share-based compensation expenses	13,890	17,640	27,417	34,679
Holdback compensation expenses (1)	2,645	2,792	5,200	5,582
M&A and other costs (2)	1,334	474	1,571	524
Adjusted EBITDA	**$ 15,661**	**$ 34,168**	**$ 25,783**	**$ 69,024**

[1] Represents share-based compensation due to holdback of Taboola Ordinary shares issuable under compensatory arrangements relating to Connexity acquisition.
[2] Includes one-time costs related to the Commercial agreement.

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

	Three months ended June 30,		Six months ended June 30,	
	2023	2022	2023	2022
	(dollars in thousands)			
Gross profit	$ 97,057	$ 116,361	$ 186,649	$ 228,391
Net loss	$ (31,314)	$ (5,021)	$ (62,627)	$ (1,133)
Ratio of net loss to gross profit	(32.3%)	(4.3%)	(33.6%)	(0.5%)
ex-TAC Gross Profit	$ 123,134	$ 143,209	$ 238,874	$ 281,437
Adjusted EBITDA	$ 15,661	$ 34,168	$ 25,783	$ 69,024
Ratio of Adjusted EBITDA margin to ex-TAC Gross Profit	12.7%	23.9%	10.8%	24.5%

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

	Three months ended June 30,		Six months ended June 30,	
	2023	2022	2023	2022
	(dollars in thousands)			
Net loss	**$ (31,314)**	**$ (5,021)**	**$ (62,627)**	**$ (1,133)**
Amortization of acquired intangibles	15,962	15,828	31,931	31,608
Share-based compensation expenses	13,890	17,640	27,417	34,679
Holdback compensation expenses (1)	2,645	2,792	5,200	5,582
M&A and other costs (2)	1,334	474	1,571	524
Revaluation of Warrants	702	(11,958)	(974)	(26,000)
Foreign currency exchange rate losses (gains) (3)	(663)	2,490	(234)	2,706
Income tax effects	(3,962)	(6,451)	(7,791)	(10,077)
Non-GAAP Net Income (Loss)	**$ (1,406)**	**$ 15,794**	**$ (5,507)**	**$ 37,889**

[1] Represents share-based compensation due to holdback of Taboola Ordinary shares issuable under compensatory arrangements relating to Connexity acquisition.
[2] Includes one-time costs related to the Commercial agreement.
[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 net cash provided by operating activities to Free Cash Flow.

	Three months ended June 30,		Six months ended June 30,	
	2023	2022	2023	2022
	(dollars in thousands)			
Net cash provided by operating activities	**$ 11,598**	**$ 2,084**	**$ 29,122**	**$ 10,207**
Purchases of property and equipment, including capitalized internal-use software	(3,828)	(9,350)	(10,178)	(16,252)
Free Cash Flow	**$ 7,770**	**$ (7,266)**	**$ 18,944**	**$ (6,045)**

APPENDIX: Non-GAAP Guidance Reconciliation

RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES FOR Q3 2023 AND FULL YEAR 2023 GUIDANCE

(Unaudited)

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

	Q3 2023 Guidance	FY 2023 Guidance
	Unaudited	
	(dollars in millions)	
Revenues	$331 - $357	$1,438 - $1,469
Traffic acquisition cost	($220) - ($234)	($907) - ($923)
Other cost of revenues	($29) - ($29)	($110) - ($111)
Gross profit	$83 - $95	$420 - $436
Add back: Other cost of revenues	($29) - ($29)	($110) - ($111)
ex-TAC Gross Profit	$112 - $124	$531 - $546

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

Exhibit 99.2

Dear Shareholder,

We had strong performance in Q2, beating the high end of our guidance across all metrics. We achieved $123.1M in ex-TAC Gross Profit, $15.7M in Adjusted EBITDA and $7.8M in Free Cash Flow.

We're raising the midpoint of our full year 2023 guidance across all metrics. As we're getting closer to 2024, we still expect a step change in next year's financial performance, with over $200M of Adjusted EBITDA and over $100M in Free Cash Flow in 2024. This is with our Yahoo integration being fully live for only part of the year.

We're outpacing our expectations on eCommerce, which now represents nearly 20% of ex-TAC (up from 15%). I believe eCommerce will continue to be a key part of our business as users are looking to make decisions that matter to them based on information from publishers they trust and as Retail Media dollars are growing and advertisers are looking for places to spend those dollars.

I'm also happy to share that Taboola News, our version of Apple News, which is integrated into Android devices from Samsung, Xiaomi and others, is continuing to experience rocketship growth, and will approach $100M in revenue this year (from over $50M in 2022). I love this business because first, we built it organically and it shows that Taboola continues to be a startup of startups, redefining our dreams. Second, this has high synergy to our core business, as publishers are getting a growing volume of traffic from us at a time when Generative AI is threatening to limit Search traffic for publishers.

When looking at our core business, yields are fairly stable and we assume they'll stay like this throughout this year and 2024. We're seeing strong momentum with continued growth in our publisher partnerships and innovations for advertisers. Publishers are demanding less vendors and more true partners as they chart their growth, diversify their revenue, empower their editorial teams and battle the walled garden platforms' neverending changes. This is where Taboola is unique, addressing those objectives in a win/win culture.

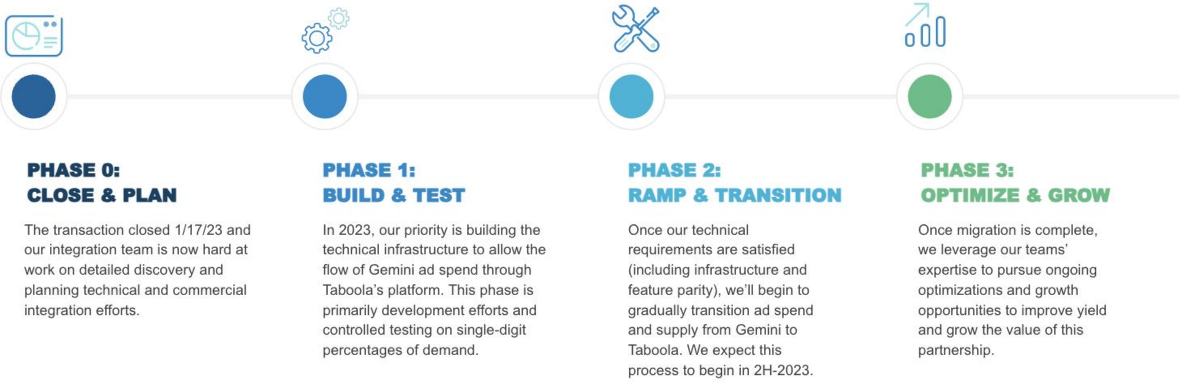
This quarter, we've signed many new publisher partnerships with some of the biggest names in news. This includes new wins like Nexstar Media, Barstool Sports, G/O Media, Cambium Media, Futura, and A Cidade On. We also renewed many long term partnerships like Time, Disney, Unidad Editorial, BBC, One India, The Print and Bangkok Post.

It's easy for advertisers to buy Search and Social Media ads, but very complicated to buy on the open web as it's highly fragmented. There is a huge opportunity here for Taboola to become the first "must buy" channel in the open web. With our understanding of nearly 600M daily active users, not relying on 3rd party cookies, and technology innovations such as Max Conversions, Target CPA and Generative AI -- we can break that glass ceiling, and become the first partner of choice for advertisers in the open web.

We remain (laser) focused on our four key priorities, each representing a $1B opportunity for us – Yahoo, Performance Advertising, eCommerce and Bidding (Microsoft and other digital properties). Let me elaborate on them.

Yahoo

We are progressing nicely in phase 1 and are on schedule to enter phase 2 in H2. We're focusing a lot of our energy on advertisers' migration success, both those who buy today from Yahoo native directly and those who buy through Yahoo DSP. There is a huge opportunity for both Yahoo and Taboola here to bring both companies' advertisers into the mix, make them even more successful and drive yield expansion over time.



I'm happy to report that certain Yahoo international markets are now live with Taboola where there were fewer advertisers to transition. This is part of us testing and evaluating advertisers' performance in preparation for the U.S. market ramping in 2024. There is a lot more work to be done to get the U.S. up and running, between infrastructure development, migration of thousands of advertisers, and connecting our data pipes so we can create even better contextual segments. Early advertisers' performance in these pilot markets verify our assumption that Yahoo is an incredible source of supply for advertisers. As of now, this has an immaterial impact on our financials, but it's exciting to see the performance we're able to drive, even at a small scale.

Performance Advertising

As a reminder, the vast majority of Taboola's revenues come from advertisers who buy from Taboola directly, using our own AI called SmartBid. About 10% of our revenues come from programmatic partners such as Google, TTD, Criteo, Amazon, and others.

Our two main objectives are to get new advertisers to be successful when they try Taboola, and to get existing advertisers to stay with us and spend more as measured by net dollar retention (NDR).

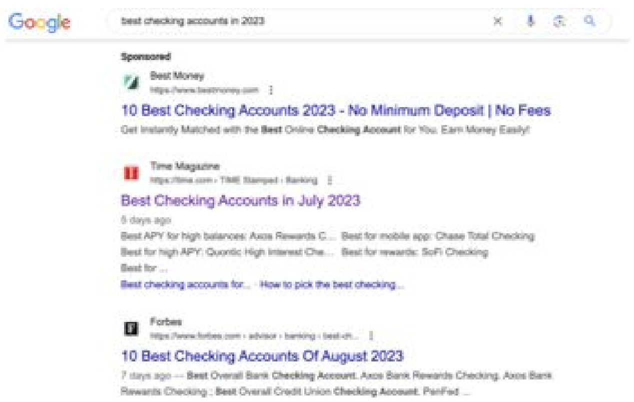
One of our biggest areas of focus on the tech side is "bidding strategies", which is how to help advertisers, new and existing, to better succeed with us using automated, algorithmic based, buying methods. I talked in the previous quarter about Target-CPA, allowing advertisers to set a goal for how much a conversion (lead, purchase, app install) is worth to them and Taboola will be looking for users who meet that threshold. As a continuation of that bidding strategy, we have been spending a lot of our energy on Maximize Conversions, which is the default bidding strategy for companies like Google or Meta. It allows an advertiser to evolve from placing "CPC" (price per click), and sharing their acquisition goal, to basically give Taboola a budget, and let us try to get as many consumers as we can to convert at the most affordable acquisition price. Then the advertiser can set a Target-CPA, and scale as much as possible, under the desired cost. This was tested by dozens of advertisers during Q2, we've seen encouraging results and I'm excited to share that Max Conversion as well as Target CPA went to General Availability (GA) this week. I suspect that more than 50% of our revenue in 2024 will be using Maximize Conversions/Target-CPA as a bidding strategy. Imagine a future where advertisers buying from Taboola don't need to "guess a CPC", but rather just share their goal and our AI will do the rest.
We're not stopping here, early 2024 we aim to bring to market Target ROAS/Max-Revenue bidding strategy, that will take into consideration not only the likelihood for a conversion but also the expected ROI for the advertiser.

I’m very excited about our investment in Generative AI. I think it will impact many industries, and we’re deep investing into how it can affect advertisers' success. Brands all around the world have used the technology to generate content and copy for ad creative, such as titles, images and headlines. The biggest benefits for them have been reducing their time spent on generating ad creative and producing high performing creative assets for their campaigns.

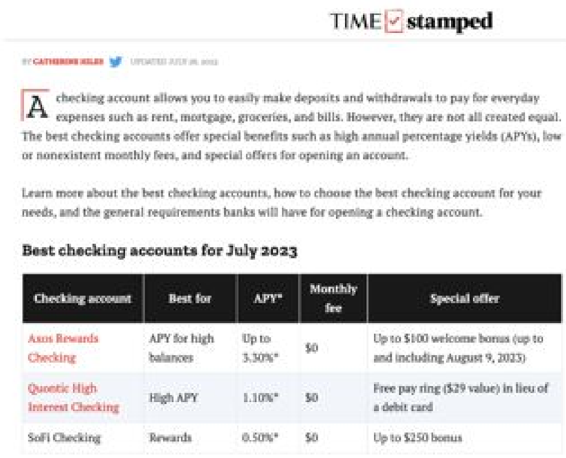
Of the brands using our Generative AI technology, 80% ran multiple campaigns and in testing, select brands have more than doubled the click through rate for their campaigns when measured against evergreen campaigns.

eCommerce

Our investments into growing our eCommerce offerings via technology and through Connexity and Skimlinks are paying off – eCommerce is now nearly 20% of our ex-TAC, and we beat our budget again in Q2 as we did in Q1. We see outstanding merchant retention and increasing budgets, validating the value clients get when buying from us. Connexity is also starting to pick up momentum in Europe, which we are encouraged by.



A Taboola Turnkey Commerce article on Time.com is the 1st result for consumers searching for the best checking accounts



TIME stamped

A checking account allows you to easily make deposits and withdrawals to pay for everyday expenses such as rent, mortgage, groceries, and bills. However, they are not all created equal. The best checking accounts offer special benefits such as high annual percentage yields (APYs), low or nonexistent monthly fees, and special offers for opening an account.

Learn more about the best checking accounts, how to choose the best checking account for your needs, and the general requirements banks will have for opening a checking account.

Best checking accounts for July 2023

Checking account	Best for	APY*	Monthly fee	Special offer
Axos Rewards Checking	APY for high balances	Up to 3.30%*	$0	Up to $100 welcome bonus (up to and including August 9, 2023)
Quontic High Interest Checking	High APY	1.10%*	$0	Free pay ring ($29 value) in lieu of a debit card
SoFi Checking	Rewards	0.50%*	$0	Up to $250 bonus

Taboola Turnkey Commerce activation on Time’s ecommerce destination, Time Stamped

We previously announced the introduction of Taboola Turnkey Commerce, an "ecommerce in a box" solution for publishers and we've already seen great publishers like TIME and Advance Local adopt it. With it, Taboola does all of the work for the publishers, from using our data to know which content makes sense for us to write on behalf of the publisher, to driving traffic to it, and of course monetizing it with relationships with merchants and service providers.

Taboola Turnkey Commerce is meant to connect publishers' expertise with consumers, to drive monetization and we're seeing clear signs that it's working. A simple Google search for "Best Checking Accounts in 2023" leads consumers directly to Taboola's Turnkey Commerce activation on TIME.com – it's the 1st organic result as seen in the accompanying image.

Consumers who search for this phrase are clearly invested in opening a checking account, and when they arrive at TIME's page, they can compare options. If and when they click on one of TIME's editorial suggestions, both TIME and Taboola benefit. Our revenue model here is the same as the rest of our business, every time revenue is being made - we share it with the publisher.

Bidding into "display inventory"

We estimate that the 8,000+ publishers in our core business generate display revenues of ~$20-25B a year. We think that we can access our publishers' display inventory with our Header Bidding solution, and win about 5-10% of the auctions given our advantage in AI, first party data and other data. This will make us even more valuable partners for our publishers, increasing our payments to them as well as our share of wallet, while providing our advertisers with even more scale.

Especially as cookies on Chrome are about to be deprecated, based on our experience with Apple ITP, we anticipate this to be a source of strength for our bidder given our access to first party data.

We have 3 areas where we bid: (1) Microsoft/MSN - this launched in April of last year; (2) publisher partners using our core solutions where we have first party advantage; and (3) publishers not currently using our core solutions where we have unique demand but not first party advantage. We believe that as Yahoo launches, we'll be able to also partner with Yahoo on bidding as well.

I'm happy to report that our investments here are panning out, Microsoft's Q2 of 2023 was higher than Q2 of 2022 and we expect Microsoft Q3 to be meaningfully bigger than Q3 2022. As we said in April last year, we expect that moving to bidding with Microsoft, who helped us design this product initially, will make our partnership a growing one - and it's happening.

Beyond Microsoft, we are excited to continue expanding our bidding technology across the open web to bring Taboola's demand to our publisher partners at scale. In Q2, we doubled down on our efforts and are now live on over 100 sites across our global network of publisher partners. As we continue to scale, we are laser focused on fine tuning our technology and algorithms, leveraging our ongoing investment in R&D and Operations of our bidder platform.

Q2 Financial Performance

Let me finish by sharing our financial results for Q2 '23. We saw strong financial performance in the quarter and beat the high end of our guidance on all metrics. This performance was driven by strength in our eCommerce, bidding and Taboola News businesses, as well as fairly stable yields in our core business. We are also pleased that we have been able to control costs and, as a result, have exceeded our implied guidance for Adjusted EBITDA margins.

(dollars in millions)	Q2 2023 Actuals	Q2 2023 Guidance
Revenues	$ 332.0	$296 - $322
Gross profit	$ 97.1	$78 - $88
ex-TAC Gross Profit*	$ 123.1	$105 - $115
Adjusted EBITDA*	$ 15.7	($4) - $6
Non-GAAP Net Income (Loss)*	$ (1.4)	($26) - ($16)

Q3 and FY 2023, 2024 Guidance

Below is our Q3 2023, full year 2023 and 2024 guidance. Our outlook assumes that the online advertising market will continue at current levels, but does not significantly get better or worsen. It also assumes continued investment in our key company priorities of Yahoo, Performance Advertising, Bidding and eCommerce. We expect to have positive Free Cash Flow in 2023. We also believe our investments will start to show returns in 2024 and we expect to generate at least $200M in Adjusted EBITDA and $100M in Free Cash Flow in 2024, despite it being a partial year for Yahoo.

	Q3 2023 Guidance	FY 2023 Guidance
	Unaudited	
	(dollars in millions)	
Revenues	$331 - $357	$1,438 - $1,469
Gross profit	$83 - $95	$420 - $436
ex-TAC Gross Profit*	$112 - $124	$531 - $546
Adjusted EBITDA*	($2) - $10	$73 - $80
Non-GAAP Net Income (Loss)*	($20) - ($8)	$5 - $10

For more information on our Q2 results, Q3 2023 and FY23 guidance, please see our Q2 2023 earnings press release, which was furnished to the SEC and also posted on Taboola's website today at https://investors.taboola.com.

* * *

In Summary

These are exciting times for us at Taboola, and in the industry. Never before did I feel as strongly that we can build the first large scale, “must buy” open web company, helping advertisers truly scale and spend dollars on trusted publishers, grow journalism, versus mainly buying search and social. I just came back from an offsite in London with my team, and started it by saying - this is not a strategy offsite, we know exactly what we need to do.

I’m energized by where we are on our journey, we have a lot to execute on but the force is with us. I’m bullish about our future and look forward to interacting with many of you over the next few weeks.

Kind regards,
-- Adam Singolda
Founder & CEO Taboola

***About Non-GAAP Financial Information**

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

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

****About Cash Investment in Publisher Prepayments (Net)**

We calculate cash investment in publisher prepayments (net) for a specific measurement period as the gross amount of cash publisher prepayments we made in that measurement period minus the amortization of publisher prepayments that were included in traffic acquisition cost during that measurement period, which were the result of cash publisher prepayments made in that measurement period and previous periods.

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 Company's ability 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; changes in applicable laws or regulations; the Company's estimates of expenses and profitability and underlying assumptions with respect to accounting presentations and purchase price and other adjustments; the extent to which we will voluntarily prepay additional long-term debt or buyback any of our Ordinary shares pursuant to authority granted by the Company's Board of Directors, which may depend upon market and economic conditions; other business opportunities and priorities; and, with respect to the buyback of our Ordinary shares, the availability of sufficient continuing authority being approved and re-approved as necessary by the Tel Aviv District Court Economic Department to permit share buybacks (and our continued use of a net issuance mechanism to satisfy tax withholding obligations related to equity-based compensation on behalf of our directors, officers and other employees) or other factors; the Company's ability to transition to and fully launch the native advertising service for Yahoo on the currently anticipated schedule or at all; the timing and amount of any margin, profitability, cash flow or other financial contributions resulting from the integration of Yahoo with our service; the risk that the Yahoo integration results in a decline in the Company's financial performance during the preparation and roll out of the new service and beyond; the ability to generate or achieve the financial results, including the increase in Adjusted EBITDA and Free Cash Flow in 2024 or our expected revenue run-rate once Yahoo is live, in each case to the levels assumed in this letter or at all; ability to transform the Company into an alternative to the walled gardens in the Open Web; the ability to become the largest open web advertising company in the world by revenue; 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; 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 10-K for the year ended December 31, 2022 under Part 1, Item 1A "Risk Factors" and in the Company's subsequent filings with the Securities and Exchange Commission.

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

APPENDIX: Non-GAAP Reconciliation

RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2023 AND 2022 (Unaudited)

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

	Three months ended June 30,		Six months ended June 30,	
	2023	**2022**	**2023**	**2022**
	(dollars in thousands)			
Revenues	**$ 332,004**	**$ 342,695**	**$ 659,690**	**$ 697,421**
Traffic acquisition cost	208,870	199,486	420,816	415,984
Other cost of revenues	26,077	26,848	52,225	53,046
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Net loss	**$ (31,314)**	**$ (5,021)**	**$ (62,627)**	**$ (1,133)**
Adjusted to exclude the following:				
Finance (income) expenses, net	3,827	(4,764)	6,981	(15,959)
Income tax (benefit) expenses	2,487	234	1,848	(158)
Depreciation and amortization	22,792	22,813	45,393	45,489
Share-based compensation expenses	13,890	17,640	27,417	34,679
Holdback compensation expenses (1)	2,645	2,792	5,200	5,582
M&A and other costs (2)	1,334	474	1,571	524
Adjusted EBITDA	**$ 15,661**	**$ 34,168**	**$ 25,783**	**$ 69,024**

[1] Represents share-based compensation due to holdback of Taboola Ordinary shares issuable under compensatory arrangements relating to Connexity acquisition.
[2] Includes one-time costs related to the Commercial agreement.

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

	Three months ended June 30, 2023	Three months ended June 30, 2022	Six months ended June 30, 2023	Six months ended June 30, 2022
	(dollars in thousands)			
Net loss	**$ (31,314)**	**$ (5,021)**	**$ (62,627)**	**$ (1,133)**
Amortization of acquired intangibles	15,962	15,828	31,931	31,608
Share-based compensation expenses	13,890	17,640	27,417	34,679
Holdback compensation expenses (1)	2,645	2,792	5,200	5,582
M&A and other costs (2)	1,334	474	1,571	524
Revaluation of Warrants	702	(11,958)	(974)	(26,000)
Foreign currency exchange rate losses (gains) (3)	(663)	2,490	(234)	2,706
Income tax effects	(3,962)	(6,451)	(7,791)	(10,077)
Non-GAAP Net Income (Loss)	**$ (1,406)**	**$ 15,794**	**$ (5,507)**	**$ 37,889**

[1] Represents share-based compensation due to holdback of Taboola Ordinary shares issuable under compensatory arrangements relating to Connexity acquisition.
[2] Includes one-time costs related to the Commercial agreement.
[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 net cash provided by operating activities to Free Cash Flow.

	Three months ended June 30, 2023	Three months ended June 30, 2022	Six months ended June 30, 2023	Six months ended June 30, 2022
	(dollars in thousands)			
Net cash provided by operating activities	**$ 11,598**	**$ 2,084**	**$ 29,122**	**$ 10,207**
Purchases of property and equipment, including capitalized internal-use software	(3,828)	(9,350)	(10,178)	(16,252)
Free Cash Flow	**$ 7,770**	**$ (7,266)**	**$ 18,944**	**$ (6,045)**

APPENDIX: Non-GAAP Guidance Reconciliation

RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES FOR Q3 2023 AND FULL YEAR 2023 GUIDANCE

(Unaudited)

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

	Q3 2023 Guidance	**FY 2023 Guidance**
	Unaudited	
	(dollars in millions)	
Revenues	$331 - $357	$1,438 - $1,469
Traffic acquisition cost	($220) - ($234)	($907) - ($923)
Other cost of revenues	($29) - ($29)	($110) - ($111)
Gross profit	$83 - $95	$420 - $436
Add back: Other cost of revenues	($29) - ($29)	($110) - ($111)
ex-TAC Gross Profit	$112 - $124	$531 - $546

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

APPENDIX: Assumptions: If Yahoo Were On Taboola Network For FY 2022

All numbers are management estimates based on the following assumptions and sources:

- Revenue baseline is equal to the expected FY 2022 financials for TBLA at guidance midpoint (66% of combined Revenues) + FY 2022 expected financials for Yahoo Native supply* that will be serviced by TBLA (34% of combined Revenues)
- Revenue uplift on Yahoo supply from improved yield due to the application of Taboola technology and data
- Revenue uplift on stand-alone Taboola supply from improved yield due to advertiser demand from Yahoo and additional data
- Operating expenses based on bottom up model of resources needed to support deal
- Assumes no ramp up time - numbers assume Yahoo is part of Taboola network from the beginning of 2022 and assumes uplifts and operating expenses start from the beginning of the year

* Yahoo Q1 to Q3 2022

Exhibit 99.3

Q2 2023 Earnings Call

Thank you, and good morning everyone. And welcome to Taboola's second quarter 2023 earnings conference call. I'm here with Adam Singolda, Taboola's Founder and CEO; and Steve Walker, Taboola's CFO. The company issued earnings materials today before the market and they are available in the Investors section of Taboola's website.

Now, I'll quickly cover the safe harbor. Certain statements today, including our expectations for future periods are forward-looking statements. They are not facts and are subject to material risks and uncertainties described in our SEC filings. These statements are based on currently available information and we undertake no duty to update them, except as required by law. Today's discussion is also subject to the forward-looking statement limitations in the earnings press release. Future events could differ materially and adversely from those anticipated.

During this call, we will use terms defined in the earnings release and refer to non-GAAP financial measures. For definitions and reconciliations to GAAP, please refer to the non-GAAP tables in the earnings release posted on our website.

With that, I'll turn the call over to Adam.

Adam Singolda Prepared Remarks:

Thanks Brinlea. Good morning everyone and thank you all for joining us for our second quarter call.

We had strong performance in Q2, beating the high end of our guidance across all metrics. We achieved $123 million in ex-TAC Gross Profit, $16 million in Adjusted EBITDA and $8 million in Free Cash Flow. We're also excited to raise the midpoint of our full year 2023 guidance. As we're getting closer to 2024, we're bullish on our future, we expect a step change in our financial performance, and we're reiterating our guidance for 2024 of over $200 million in Adjusted EBITDA and over $100 million in Free Cash Flow.

Our performance in Q2 was driven by a few things. In our core business, publishers all around the world continue to trust us and sign long term partnerships, which we saw with new and competitive wins this quarter from Nexstar Media, Barstool Sports, Cambium Media, Futura, and more. This is on top of key partners like Time, Disney, Unidad Editorial, BBC, One India, The Print and Bangkok Post renewing their long term relationships with us.

Publishers are demanding less vendors and more true partners as they chart their growth, diversify their revenue, empower their editorial teams and battle the neverending changes being thrown at them by the walled garden platforms. Being an “ad provider” is not enough, and this is where Taboola is unique, addressing all of these objectives in a win/win manner with our publishers.

More about our momentum in Q2…

We’re outpacing our expectations on eCommerce, which now represents nearly 20% of ex-TAC up from 15% last quarter. I believe eCommerce will continue to be a key part of our business as users are looking to make decisions that matter to them based on information from publishers they trust. There is a lot of growth for us to capture here between publishers looking to launch an eCommerce business, retailers looking for profitable channels, and Retail Media dollars growing fast where brands are looking for places to spend and bring clients back to their site.

This is not all. We’re also outpacing expectations with Taboola News …our version of Apple News, which is integrated into Android devices from Samsung, Xiaomi and others. It is continuing to experience rocketship growth, and will approach $100M in revenue this year (from over $50M in 2022). I love this business because first, we built it organically and it shows that Taboola continues to be a startup of startups, redefining our dreams. Second, this has high synergy to our core business, as publishers are getting a growing volume of traffic from us at a time when Generative AI is threatening to limit Search traffic for publishers.

As I look into the rest of 2023, our focus continues to be making our four company priorities successful – Yahoo, Performance Advertising, eCommerce and Bidding–each representing a billion dollar opportunity for us. Let’s take a closer look at how each is progressing.

First, let’s talk about Yahoo.

As a reminder, we’re well underway on executing on our 30-year partnership with Yahoo, which will see us power recommendations on their massive footprint of some of the most iconic publishers in the world .. as well as integrating our data to come up with contextual segments advertisers can use, and migrating native advertisers to Taboola’s technology.

We’ve been developing the technical infrastructure to allow Yahoo native advertisers through Taboola’s platform, as well as Taboola’s advertisers on Yahoo. You will hear me talk a lot about advertisers migration which is an area we’re spending a lot of our energy on. There is a huge opportunity for both Yahoo and Taboola here to bring both companies' advertisers into the mix, make them even more successful and drive yield expansion over time.

Some Yahoo international markets are now live with Taboola. This is part of us testing and evaluating advertisers’ performance in preparation for the U.S. market ramping in 2024.

We expect to go into our next phase with Yahoo, gradually transitioning ad spend and supply to Taboola in the second half of 2023.

Let's get into our 2nd priority as a company, performance advertising.

One of the things that is special about Taboola, which is similar to Meta, and Google is that the vast majority of our revenues come from advertisers who buy from Taboola directly, using our own AI called SmartBid. About 10% of our revenues come from programmatic partners such as Google, TTD, Criteo, Amazon, and others.

Our two main objectives are to get new advertisers to be successful when they try Taboola, and to get existing advertisers to stay with us and spend more as measured by net dollar retention.
Nearly half our R&D is working on making advertisers successful, we think there is a huge upside for us and the industry by building the first "must buy" company, enabling advertisers to scale in the open web with Taboola like they do with Google on search, and Meta for social.

Our tech team is focusing on the tech behind our bidding strategies, which is how we can better help new and existing advertisers succeed even more with us, using automated, algorithmic based, buying methods.

I talked in the previous quarter about Target-CPA, which allows advertisers to set a goal for how much a conversion, such as a lead, a purchase, or app install, is worth to them and how Taboola would look for users who meet that threshold.

We're progressing further here, with a new bidding strategy called Maximize Conversions. It's the default bidding strategy for companies like Google or Meta and allows an advertiser to evolve from placing "CPC" (price per click), and sharing their acquisition goals. Put simply, an advertiser can give Taboola a budget, and let us try to get as many consumers as we can to convert at the most affordable acquisition price.

Then, once the advertiser sees how many conversions we can get, and at what price, they can establish a Target-CPA, and scale as much as possible with us. This was tested by dozens of advertisers during Q2, we've seen encouraging results and I'm excited to share that Max Conversion as well as Target CPA went to General Availability (GA) this week.

I anticipate that more than 50% of our revenue in 2024 will be using Maximize Conversions/Target-CPA as a bidding strategy. Imagine a future where advertisers buying from Taboola don't need to "guess a CPC", but rather just share their goal and our AI will do the rest.

We're not stopping here, early 2024 we aim to bring to market Target ROAS/Max-Revenue bidding strategy, that will take into consideration not only the likelihood for a conversion but also the expected ROI for the advertiser.

Lastly on performance advertising, I'm very excited about our investment in Generative AI as well. I think it will impact many industries, and we're deep investing into how it can affect advertisers' success. Brands all around the world have used our technology to generate content and copy for ad creative, such as titles, images and headlines. The biggest benefits for them have been reducing their time spent on generating ad creative and producing high performing creative assets for their campaigns.

Of the brands using our Generative AI technology, 80% ran multiple campaigns, and we're seeing brands doubling the click through rate for their campaigns when measured against evergreen campaigns.

Third, let's talk about eCommerce.

Our investments into growing our eCommerce offerings via technology and through Connexity and Skimlinks are paying off. I'm happy to report that eCommerce is now nearly 20% of our ex-TAC, and we beat our budget again in Q2 as we did in Q1. We see outstanding merchant retention and increasing budgets, validating the value clients get when buying from us. Connexity is also starting to pick up momentum in Europe, which we are encouraged by.

We previously announced the introduction of Taboola Turnkey Commerce, an "ecommerce in a box" solution for publishers and we've already seen great partners like TIME and Advance Local adopt it. Taboola is doing all of the work for the publishers here. We're using our data to know which content makes sense for us to write on behalf of the publisher. We're driving traffic to these articles. And of course, we're monetizing it with relationships with merchants and service providers.

Taboola Turnkey Commerce is meant to connect publishers' expertise with consumers, to drive monetization and we're seeing clear signs that it's working. A simple Google search for "Best Checking Accounts in 2023" leads consumers directly to Taboola's Turnkey Commerce activation on TIME.com – it's the 1st organic result.

Consumers who search for this phrase are clearly invested in opening a checking account, and when they arrive at TIME's page, they can compare options. If and when they click on one of TIME's editorial suggestions, both TIME and Taboola benefit. Our revenue model here is the same as the rest of our business, every time revenue is being made - we share it with the publisher.

Finally, let's review where we are with our bidder.

We estimate that the 8,000+ publishers in our core business generate display revenues of ~$20-25B a year. We think that we can access our publishers' display inventory with our Header Bidding solution, and win about 5-10% of the auctions given our advantage in AI, first party data and technology. This will make us even more valuable partners for our publishers, increasing our share of wallet, while providing our advertisers with even more scale.

Our strategy here is especially effective as cookies on Chrome are about to be deprecated, and based on our experience with Apple ITP, we anticipate this to be a source of strength for our bidder given our hard coded integration on publishers sites and access to first party data.

We have 3 areas where we bid these days: Microsoft's MSN, which launched in April of last year, our publishers where we have first party advantage, and on publishers not currently using our core solution where we have unique demand but not first party advantage. We believe that as Yahoo launches, we'll be able to also partner with Yahoo on bidding as well.

We're seeing encouraging signs here as well. Microsoft's Q2 of 2023 was higher than Q2 of 2022 and we expect Microsoft Q3 to be meaningfully bigger than Q3 2022. As we said in April last year, we expect that moving to bidding with Microsoft, who helped us design this product initially, will make our partnership a growing one - and it's happening.

In Q2, we doubled down on our efforts and are now live on over 100 sites across our global network of publisher partners. As we continue to scale, we are laser focused on fine tuning our technology and algorithms, leveraging our ongoing investment in R&D and Operations of our bidder platform.

As I wrap my part, I'm bullish about our future, and our position in the industry. We're focused on the right tech investments that will continue to fuel our profitable growth as a company, and position us as the first "must buy" company in the open web for advertisers, and partner of choice for publishers for the next many decades to drive revenue, engagement and audience.

I also think Taboola is on the right side of history, driving growth to the open web and journalism, in times where advertisers don't have a lot of options outside of search and social, and none of us wants their kids to discover things that matter like science, health care, politics on TikTok.

The open web is critical. We know what we need to do, and we're executing on it.

Thank you for joining us today, we look forward to interacting with many of you over the next few weeks.

I'll now pass it over to Steve, our CFO, to talk more about our financials.

Stephen Walker Prepared Remarks:

Thanks Adam and good morning everyone.

As Adam noted, our Q2 results beat the high end of our guidance on all metrics. We are also raising the midpoint of our full year 2023 guidance and reiterating our 2024 expectations of over $200 million in Adjusted EBITDA and over $100 million in Free Cash Flow.

Let me talk now about our Q2 results, which exceeded the high end of our guidance on all metrics.

For Q2, Revenues were $332.0 million versus the midpoint of our guidance of $309 million; Gross Profit of $97.1 million versus the midpoint of $83 million; ex-TAC Gross Profit of $123.1 million versus the midpoint of $110 million; Adjusted EBITDA of $15.7 million versus the midpoint of $1 million; and Non-GAAP Net Loss of $6.4 million versus the midpoint of a loss of $21 million. We generated positive Free Cash Flow of $7.8 million. I will note that Q1 and Q2 growth rates suffer from difficult comparables in 2022 before the digital advertising market weakness. We expect to return to positive revenue growth in the second half of 2023.

Relative to our guidance, we saw overperformance in eCommerce, Taboola News and in our bidding offerings. eCommerce continues to impress, taking the momentum of the back half of 2022 through the first half of the year. The U.S. business has had strong retention and increasing budgets from our advertisers, or merchants as we tend to call eCommerce advertisers. In addition, the Merchants or Advertiser business in Europe has momentum due to our Google PLA campaign management, and there are positive supply-side drivers with new partnerships in the Buy Now Pay Later space. Taboola News will approach $100 million in Revenues this year versus over $50 million in Revenues in 2022. Finally, our bidding offerings continue to gain momentum. Microsoft is expected to have strong double-digit ex-TAC growth in the second half of 2023 and we have more than doubled the number of other publishers on which we are now bidding. Our teams have achieved this strong revenue and ex-TAC performance while improving cost efficiency, indicated by our Adjusted EBITDA margin in Q2 exceeding the margin that was implied by the mid-point of our Q2 guidance.

Operating expenses were $122.1 million in the quarter, down $3.9 million year over year. This decrease was primarily the result of our focus on cost reductions that we announced in Q3 of last year. For the full year, we expect to show lower expenses as a percentage of revenue year over year in 2023. Our headcount is down approximately 8% from its peak in July of 2022.

GAAP Net Loss for the quarter of $31.3 million included Amortization of intangibles of $16.0 million, Share-Based Compensation expenses of $13.9 million and Holdback Compensation expenses related to the Connexity acquisition of $2.6 million, which were excluded from Non-GAAP Net Income. Our Non-GAAP Net Loss of approximately $1.4 million was above the high end of our guidance range.

In terms of cash generation, we had approximately $11.6 million in operating cash flow in Q2, with Free Cash Flow of around $7.8 million. If you removed the impact of net publisher prepayments, which were a source of cash this quarter of $6.9 million, and interest payments on our long term debt, which were a use of cash of $4.7 million, our Free Cash Flow would have been $5.6 million. It is interesting to note that net publisher prepayments were a source of cash this quarter. This was due to the fact that new prepayments were lower than the quarterly amortization of historical prepayments. While we still expect net publisher prepayments to be a use of cash in 2023, it does show how they can become neutral to a source of cash in the future. Q2 has historically been a soft quarter in terms of free cash flow, but in Q2 2023, we benefited from our stronger-than-projected operating performance, as well as from a net cash benefit from publisher prepayments and some capital expenditures that were deferred from Q2 to Q3.

Let’s turn to the balance sheet. Cash and cash equivalents plus our Short-term investments decreased from $274.4 at the end of Q1 to $246.9 million at the end of Q2 2023, and remains above our debt principal balance of $203.5 million. The decrease in our Cash and cash equivalents balance was driven by the repayment of $30 million of our long-term debt in April. You can see that our net cash balance remains healthy.

I also want to update on both the share buyback and debt repayment programs that we announced last quarter. As you probably recall, we announced that we would buy back up to $40 million of shares in 2023 and that we intended to repay up to an additional $50 million of our long-term debt in the second half of the year.

The share buyback program was initiated on June 1 and we repurchased a total of approximately 1.4 million shares in the month of June at an average share price of $3.02. We continued to repurchase shares in Q3 and, as of Friday, August 4th, we had repurchased a total of approximately 2.9 million shares at an average share price of $3.17. Note that this includes the shares that we repurchased in June.

In addition to the $30 million of our long-term debt we repaid in Q2, our intention remains to repay up to another $50 million of our long-term debt in 2023 assuming the availability of sufficient working capital. In terms of timing, we expect that this will not occur until Q4 due to the need to access certain cash balances in a tax efficient manner.

Now let me shift to our forward looking guidance.

For the full year 2023, we are raising the mid-point of our guidance. We expect Revenues of $1,438 million to $1,469 million, Gross Profit of $420 million to $436 million, ex-TAC Gross Profit of $531 million to $546 million, Adjusted EBITDA of $73 million to $80 million, and Non-GAAP Net Income of $5 million to $10 million.

Adam mentioned earlier that we are now live in some smaller markets with Yahoo. Our full year guidance factors in a small amount of revenue from Yahoo in those markets. It also factors in the cost of investing in the partnership so we can capture the full revenue from the partnership. We still expect the revenue to start ramping in the second half of 2023 and to reach full run rate by the middle of 2024. Despite being a year of strategic investment in Yahoo and in our growth initiatives, we expect to generate positive Free Cash Flow in 2023 for the full year. We anticipate Free Cash Flow to turn negative in Q3 due to investments related to the Yahoo partnership, with significantly positive cash generation in Q4, due to normal seasonality.

Finally, we are issuing Q3 guidance. For Q3 2023, we expect Revenues to be between $331 million and $357 million dollars, Gross Profit between $83 million and $95 million dollars, ex-TAC Gross Profit of $112 million and $124 million dollars, Adjusted EBITDA between negative $2 million and positive $10 million dollars and Non-GAAP Net Income of negative $20 million and negative $8 million dollars.

Let me finish by saying that we are happy with our second quarter performance and to be able to raise the mid-point of our guidance for the full year. We are also excited about the step change we are expecting in our business, as reflected by our 2024 targets of at least $200 million of Adjusted EBITDA and at least $100 million of Free Cash Flow. Perhaps most importantly, though, we are excited about the momentum we are building in our business, especially the additional scale that Yahoo will bring and the progress we are making towards becoming a must buy for advertisers looking to reach consumers in the Open Web.

With that, let’s open it up to questions.