
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 November 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 November 9, 2022
99.2	Letter to Shareholders dated November 9, 2022
99.3	Investor presentation dated November 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: November 9, 2022

Taboola Reports Q3 2022 Results

- Beat Q3 Revenues, Gross Profit, Adjusted EBITDA and Non-GAAP Net Income.
- Gross Profit of \$102.7M and ex-TAC Gross Profit of \$129.3M.
- GAAP Net Loss of \$26.0M, Non-GAAP Net Income of \$10.2M and Adjusted EBITDA of \$24.2M.
- Maintain and reiterate 2022 Adjusted EBITDA Guidance of \$152-160M.
- For FY 2022, expecting \$17-25M of Free Cash Flow and \$58-66M cash generated before paying publishers \$21M in net pre-payments*** and \$20M of cash interest payments.
- Lowering full year 2022 guidance for ex-TAC Gross Profit by 6% to \$564-576M.

New York, NY, November 9, 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 September 30, 2022.

“Our financial performance was solid in Q3—as we exceeded our guidance for revenues, gross profit, Adjusted EBITDA and Non-GAAP Net Income. We are effectively managing costs and are reiterating our full year Adjusted EBITDA guidance for 2022 at \$152M - \$160M and importantly, this year we expect to generate \$17M - \$25M of Free Cash Flow, even after \$21M in net pre-payments to publishers to secure long term deals and \$20M of cash interest. If we add back net publisher pre-payments and cash interest expense, which is another way we look at this internally, we will generate \$58M - \$66M of cash. Due to continued softness in the advertising industry, we are lowering our full year Revenue guidance by 4%, and ex-TAC guidance by 6%. Despite the macroenvironment, we do not anticipate a decline in ex-TAC Gross Profit in 2022 versus last year,” said Adam Singolda, Founder and CEO, Taboola.

“It is during times like these that companies are measured for their ability to execute and gain market share. What makes Taboola unique are strong business fundamentals, built on our core of publishers who continue to trust us and stick by our side, resulting in extremely low churn, combined with our investment in performance advertising. Beyond that, we’re investing in e-Commerce, Taboola News and Taboola Header Bidding, gaining us access to new markets, each of which can generate hundreds of millions of dollars for Taboola in years to come. We’re more focused than ever on executing, we have clear competitive advantages and our culture at Taboola is strong,” continued Singolda.

For more commentary on the quarter, please refer to Taboola's Q3 2022 Shareholder Letter, which was furnished to the SEC and also posted on Taboola's website today at <https://investors.taboola.com>.

Third Quarter 2022 Results Summary (unaudited)

(dollars in millions, except per share data)

	Three Months Ended September 30,		% change YoY	Q3 Guidance
	2022	2021		
		Unaudited		
Revenues	\$ 332.5	\$ 338.8	(1.9%)	\$ 311 to \$331
Gross profit	\$ 102.7	\$ 107.7	(4.6%)	\$ 91 to \$101
Net income (loss)	\$ (26.0)	\$ 17.3	(250.5%)	
EPS diluted (1)	\$ (0.10)	\$ 0.07	(252.9%)	
Ratio of net income (loss) to gross profit	(25.3%)	16.1%	(257.8%)	
Cash flow provided by operating activities	\$ 23.2	\$ 26.6	(12.6%)	
Cash, cash equivalents and short-term investments	\$ 308.3	\$ 311.8	(1.1%)	
Non-GAAP Financial Data *				
ex-TAC Gross Profit	\$ 129.3	\$ 126.9	1.9%	\$ 120 to \$130
Adjusted EBITDA	\$ 24.2	\$ 39.7	(39.2%)	\$ 11 to \$17
Non-GAAP Net Income	\$ 10.2	\$ 48.3	(78.9%)	\$ (8) to (\$2)
IPO Pro forma Non-GAAP EPS diluted (2)	\$ 0.040	\$ 0.186	(78.6%)	
Ratio of Adjusted EBITDA to ex-TAC Gross Profit	18.7%	31.3%	(40.4%)	
Free Cash Flow	\$ 11.0	\$ 19.5	(43.5%)	

¹ The weighted-average shares used in the computation of the diluted EPS for the three months ended September 30, 2022 and 2021 are 255,160,597 and 259,262,529, respectively.

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

Business Highlights

- While still early stages, announced rapid momentum for Taboola Header Bidding, now used by over 50 publishers around the world, including McClatchy, Ströer and iMedia.
- Signed new digital property partner agreements, including competitive wins and engagements with BuzzFeed, Huffington Post, MOPO, and ModelPress.
- Signed key renewals, including deals that bring us to 10-year partnerships with large publishers including iMedia, and Cyzo, as well as extended long-term partnerships with Reach PLC and FAZ.
- New digital property partners¹ increased by \$22.5 million of revenue and existing digital property partners² decreased by \$28.8 million of revenue.
- Announced that Taboola News' growth rate is triple digits and on track to exceed \$50 million in revenues this year.
- Selected by Fortune as one of the 2022 Best Workplaces in Advertising and Marketing, the first time we have made this prestigious list.

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).

Fourth Quarter and Full Year 2022 Guidance

For the Fourth Quarter 2022, the Company currently expects:

- Revenues of \$358 to \$374 million
- Gross Profit of \$127 to \$139 million
- ex-TAC Gross Profit of \$153 to \$165 million
- Adjusted EBITDA of \$59 to \$67 million
- Non-GAAP Net Income of \$35 to \$43 million

For the Full Year 2022, the Company currently expects:

(dollars in millions)

	Guidance (as of 11/09/22)	Guidance (as of 08/09/22)
Revenues	\$ 1,388 - \$1,404	\$ 1,434 - \$1,474
Gross profit	\$ 458 - \$470	\$ 485 - \$505
ex-TAC Gross Profit*	\$ 564 - \$576	\$ 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 on November 9, 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/B1c6ebc0c84fbf4b2495554e3ed09a6938>, 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 November 9, 2023.

***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, 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, earnings per share, 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 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-3 filed on September 29, 2022, as it may be amended from time to time, filed with the Securities and Exchange Commission.

*****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 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 and other potential public health emergencies; 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-3 filed on September 29, 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

	September 30, 2022	December 31, 2021
	Unaudited	
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 188,477	\$ 319,319
Short-term investments	119,840	—
Restricted deposits	750	1,000
Trade receivables (net of allowance for credit losses of \$4,947 and \$3,895 as of September 30, 2022, and December 31, 2021, respectively)	184,794	245,235
Prepaid expenses and other current assets	70,743	63,394
Total current assets	564,604	628,948
NON-CURRENT ASSETS		
Long-term prepaid expenses	40,652	32,926
Restricted deposits	4,052	3,897
Deferred tax assets, net	2,909	1,876
Operating lease right of use assets	65,217	65,105
Property and equipment, net	73,758	63,259
Intangible assets, net	205,122	250,923
Goodwill	557,559	550,380
Total non-current assets	949,269	968,366
Total assets	\$ 1,513,873	\$ 1,597,314

CONSOLIDATED BALANCE SHEETS

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

	September 30, 2022	December 31, 2021
	Unaudited	
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Trade payables	\$ 207,775	\$ 259,941
Short-term operating lease liabilities	13,456	12,958
Accrued expenses and other current liabilities	100,978	124,662
Current portion of long-term loan	3,000	3,000
Total current liabilities	325,209	400,561
LONG-TERM LIABILITIES		
Deferred tax liabilities, net	42,563	51,027
Warrants liability	4,239	31,227
Long-term loan, net of current portion	284,270	285,402
Long-term operating lease liabilities	56,075	61,526
Total long-term liabilities	387,147	429,182
SHAREHOLDERS' EQUITY		
Ordinary shares with no par value- Authorized: 700,000,000 as of September 30, 2022 and December 31, 2021; 247,348,424 and 234,031,749 shares issued and outstanding as of September 30, 2022 and December 31, 2021, respectively.	—	—
Additional paid-in capital	887,845	824,016
Accumulated other comprehensive loss	(2,724)	—
Accumulated deficit	(83,604)	(56,445)
Total shareholders' equity	801,517	767,571
Total liabilities and shareholders' equity	\$ 1,513,873	\$ 1,597,314

CONSOLIDATED STATEMENTS OF INCOME (LOSS)

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

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
	Unaudited			
Revenues	\$ 332,462	\$ 338,768	\$ 1,029,883	\$ 970,790
Cost of revenues:				
Traffic acquisition cost	203,125	211,899	619,109	621,137
Other cost of revenues	26,649	19,184	79,695	52,224
Total cost of revenues	229,774	231,083	698,804	673,361
Gross profit	102,688	107,685	331,079	297,429
Operating expenses:				
Research and development	36,237	29,946	100,728	83,889
Sales and marketing	63,216	43,518	190,989	146,962
General and administrative	24,685	34,345	78,062	98,489
Total operating expenses	124,138	107,809	369,779	329,340
Operating loss	(21,450)	(124)	(38,700)	(31,911)
Finance income (expenses), net	(3,570)	13,960	12,389	13,077
Income (loss) before income taxes	(25,020)	13,836	(26,311)	(18,834)
Income tax benefit (expenses)	(1,006)	3,460	(848)	(6,699)
Net income (loss)	\$ (26,026)	\$ 17,296	\$ (27,159)	\$ (25,533)
Less: Undistributed earnings allocated to participating securities	—	—	—	(11,944)
Net income (loss) attributable to Ordinary shares – basic and diluted	(26,026)	17,296	(27,159)	(37,477)
Net income (loss) per share attributable to Ordinary shareholders, basic	\$ (0.10)	\$ 0.08	\$ (0.11)	\$ (0.35)
Weighted-average shares used in computing net income (loss) per share attributable to Ordinary shareholders, basic	255,160,597	229,024,803	251,865,831	107,884,927
Net income (loss) per share attributable to Ordinary shareholders, diluted	\$ (0.10)	\$ 0.07	\$ (0.11)	\$ (0.35)
Weighted-average shares used in computing net income (loss) per share attributable to Ordinary shareholders, diluted	255,160,597	259,262,529	251,865,831	107,884,927

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

U.S. dollars in thousands

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
	Unaudited			
Net income (loss)	\$ (26,026)	\$ 17,296	\$ (27,159)	\$ (25,533)
Other comprehensive income (loss):				
Unrealized losses on available-for-sale marketable securities	(445)	—	(704)	—
Unrealized gains (losses) on derivative instruments	1,504	—	(2,020)	—
Other comprehensive income (loss)	1,059	—	(2,724)	—
Comprehensive income (loss)	\$ (24,967)	\$ 17,296	\$ (29,883)	\$ (25,533)

SHARE BASED COMPENSATION BREAK-DOWN BY EXPENSE LINE

U.S. dollars in thousands

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
	Unaudited			
	(dollars in thousands)			
Cost of revenues	\$ 673	\$ 443	\$ 2,227	\$ 1,023
Research and development	7,343	7,749	20,888	20,134
Sales and marketing	5,654	3,997	18,351	40,168
General and administrative	5,040	7,751	17,505	42,269
Total share-based compensation expenses	\$ 18,710	\$ 19,940	\$ 58,971	\$ 103,594

DEPRECIATION AND AMORTIZATION BREAK-DOWN BY EXPENSE LINE

U.S. dollars in thousands

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
	Unaudited			
	(dollars in thousands)			
Cost of revenues	\$ 8,669	\$ 6,775	\$ 25,189	\$ 18,826
Research and development	654	708	1,994	2,870
Sales and marketing	13,692	5,440	40,917	7,558
General and administrative	207	237	611	796
Total depreciation and amortization expense	\$ 23,222	\$ 13,160	\$ 68,711	\$ 30,050

CONSOLIDATED STATEMENTS OF CASH FLOWS

U.S. dollars in thousands

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2022	2021	2022	2021
	Unaudited			
Cash flows from operating activities				
Net income (loss)	\$ (26,026)	\$ 17,296	\$ (27,159)	\$ (25,533)
Adjustments to reconcile net income (loss) to net cash flows provided by operating activities:				
Depreciation and amortization	23,222	13,160	68,711	30,050
Share-based compensation expenses	18,710	19,940	58,971	103,594
Net loss (gain) from financing expenses	3,417	(500)	7,733	(1,857)
Revaluation of the Warrants liability	(988)	(17,363)	(26,988)	(17,091)
Amortization of loan issuance costs	291	119	1,006	119
Accrued interest on short-term investments, net	(185)	—	(322)	—
Change in operating assets and liabilities:				
Decrease (increase) in trade receivables	15,056	(4,487)	60,672	14,544
Increase in prepaid expenses and other current assets and long-term prepaid expenses	(7,571)	(4,622)	(13,921)	(38,379)
Increase (decrease) in trade payables	(2,134)	3,840	(54,659)	(27,185)
Increase (decrease) in accrued expenses and other current liabilities	(2,570)	(3,904)	(25,516)	1,380
Increase (decrease) in deferred taxes, net	2,800	3,633	(9,676)	2,716
Change in operating lease right of use assets	3,897	3,587	11,536	10,878
Change in operating lease liabilities	(4,700)	(4,126)	(16,962)	(12,683)
Net cash provided by operating activities	23,219	26,573	33,426	40,553
Cash flows from investing activities				
Purchase of property and equipment, including capitalized internal-use software	(12,224)	(7,099)	(28,476)	(28,774)
Cash paid in connection with acquisitions	(7,361)	(583,286)	(7,981)	(583,286)
Proceeds from (investments in) restricted deposits	88	(211)	98	2,325
Release of escrow funds in connection with acquisition of subsidiary	2,100	—	—	—
Purchase of short-term investments	(51,527)	—	(126,382)	—
Proceeds from sales and maturities of short-term investments	6,160	—	6,160	—
Net cash used in investing activities	(62,764)	(590,596)	(156,581)	(609,735)
Cash flows from financing activities				
Exercise of options and vested RSUs	1,435	2,560	7,467	7,479
Issuance of Ordinary shares, net of offering costs	—	(1,262)	—	286,170
Payment of tax withholding for share-based compensation expenses	(1,925)	—	(4,110)	—
Proceeds from long-term loan, net of debt issuance costs	—	288,750	—	288,750
Repayment of current portion of long-term loan	(750)	—	(2,250)	—
Costs associated with entering into a revolving credit facility	(1,061)	—	(1,061)	—
Issuance of Warrants	—	—	—	53,883
Net cash provided by (used in) financing activities	(2,301)	290,048	46	636,282
Exchange differences on balances of cash and cash equivalents	(3,417)	500	(7,733)	1,857
Increase (decrease) in cash and cash equivalents	(45,263)	(273,475)	(130,842)	68,957
Cash and cash equivalents - at the beginning of the period	233,740	585,243	319,319	242,811
Cash and cash equivalents - at end of the period	\$ 188,477	\$ 311,768	\$ 188,477	\$ 311,768

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2022	2021	2022	2021
	Unaudited			
Supplemental disclosures of cash flow information:				
<u>Cash paid during the year for:</u>				
Income taxes	\$ 6,437	\$ 3,145	\$ 22,599	\$ 7,647
Interest	\$ 4,721	\$ —	\$ 15,094	\$ —
<u>Non-cash investing and financing activities:</u>				
Purchase of property, plant and equipment and intangible assets	\$ 2,764	\$ 1,500	\$ 2,764	\$ 1,500
Share-based compensation included in capitalized internal-use software	\$ 440	\$ 136	\$ 1,460	\$ 401
Deferred offering costs incurred during the period included in long-term prepaid expenses	\$ —	\$ 1,688	\$ —	\$ 1,688
Creation of operating lease right-of-use assets	\$ 8,541	\$ —	\$ 11,648	\$ 2,382

APPENDIX A: Non-GAAP Reconciliation

**RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES FOR THE THREE AND NINE MONTHS ENDED
SEPTEMBER 30, 2022 AND 2021**

(Unaudited)

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

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
	Unaudited			
	(dollars in thousands)			
Revenues	\$ 332,462	\$ 338,768	\$ 1,029,883	\$ 970,790
Traffic acquisition cost	203,125	211,899	619,109	621,137
Other cost of revenues	26,649	19,184	79,695	52,224
Gross profit	\$ 102,688	\$ 107,685	\$ 331,079	\$ 297,429
Add back: Other cost of revenues	26,649	19,184	79,695	52,224
ex-TAC Gross Profit	\$ 129,337	\$ 126,869	\$ 410,774	\$ 349,653

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

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
	Unaudited			
	(dollars in thousands)			
Operating loss	\$ (21,450)	\$ (124)	\$ (38,700)	\$ (31,911)
Adjusted to exclude the following:				
Depreciation and amortization	23,222	13,160	68,711	30,050
Share-based compensation expenses (1)	15,937	19,940	50,616	103,594
Restructuring expenses (2)	3,383	—	3,383	—
Holdback compensation expenses (3)	2,773	840	8,355	840
M&A costs	292	5,918	816	11,507
Adjusted EBITDA	\$ 24,157	\$ 39,734	\$ 93,181	\$ 114,080

¹ For the nine months ended September 30, 2021, a substantial majority is share-based compensation expenses related to going public.

² Costs associated with the Company's cost restructuring program implemented in September 2022.

³ Represents share based compensation due to holdback of Taboola Ordinary shares issuable under compensatory arrangements relating to Connexity acquisition.

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

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
	Unaudited			
	(dollars in thousands)			
Gross profit	\$ 102,688	\$ 107,685	\$ 331,079	\$ 297,429
Net income (loss)	\$ (26,026)	\$ 17,296	\$ (27,159)	\$ (25,533)
Ratio of net income (loss) to gross profit	(25.3%)	16.1%	(8.2%)	(8.6%)
ex-TAC Gross Profit	\$ 129,337	\$ 126,869	\$ 410,774	\$ 349,653
Adjusted EBITDA	\$ 24,157	\$ 39,734	\$ 93,181	\$ 114,080
Ratio of Adjusted EBITDA margin to ex-TAC Gross Profit	18.7%	31.3%	22.7%	32.6%

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

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
	Unaudited			
	(dollars in thousands)			
Net income (loss)	\$ (26,026)	\$ 17,296	\$ (27,159)	\$ (25,533)
Amortization of acquired intangibles	15,983	5,908	47,591	7,186
Share-based compensation expenses (1)	15,937	19,940	50,616	103,594
Restructuring expenses (2)	3,383	—	3,383	—
Holdback compensation expenses (3)	2,773	—	8,355	—
M&A costs	292	5,918	816	11,507
Revaluation of Warrants	(988)	—	(26,988)	—
Exchange rate (income) loss, net (4)	347	1,974	3,053	3,519
Income tax effects	(1,486)	(2,737)	(11,563)	(4,282)
Non-GAAP Net Income	\$ 10,215	\$ 48,299	\$ 48,104	\$ 95,991
Non-GAAP EPS basic	\$ 0.04	\$ 0.21	\$ 0.19	\$ 0.89
Non-GAAP EPS diluted	\$ 0.04	\$ 0.19	\$ 0.19	\$ 0.68

¹ For the nine months ended September 30, 2021, a substantial majority is share-based compensation expenses related to going public.

² Costs associated with the Company's cost restructuring program implemented in September 2022.

³ Represents share based compensation due to holdback of Taboola Ordinary shares issuable under compensatory arrangements relating to Connexity acquisition.

⁴ 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 September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
	Unaudited			
GAAP weighted-average shares used to compute net income (loss) per share, basic	255,160,597	229,024,803	251,865,831	107,884,927
Add: Non-GAAP adjustment for Ordinary shares issued in connection with going public	—	—	—	114,313,773
IPO Pro forma Non-GAAP weighted-average shares used to compute net income per share, basic	255,160,597	229,024,803	251,865,831	222,198,700
GAAP weighted-average shares used to compute net income (loss) per share, diluted	255,160,597	259,262,529	251,865,831	107,884,927
Add: Non-GAAP adjustment for Ordinary shares issued in connection with going public	—	—	—	114,313,773
Add: Dilutive Ordinary share equivalents	870,513	—	2,358,472	33,980,786
IPO Pro forma Non-GAAP weighted-average shares used to compute net income per share, diluted	256,031,110	259,262,529	254,224,303	256,179,486
IPO Pro forma Non-GAAP EPS, basic (1)	\$ 0.040	\$ 0.211	\$ 0.191	\$ 0.432
IPO Pro forma Non-GAAP EPS, diluted (1)	\$ 0.040	\$ 0.186	\$ 0.189	\$ 0.375

¹ IPO Pro Forma Non-GAAP EPS basic and diluted is presented only for the three and nine months ended September 30, 2021 assuming Taboola went public and consummated the related transactions in each case as of January 1, 2021. Therefore the Non-GAAP net income does not include any adjustments of undistributed earnings previously allocated to participating securities, assuming these securities converted to Ordinary shares 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 September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
	Unaudited			
	(dollars in thousands)			
Net cash provided by operating activities	\$ 23,219	\$ 26,573	\$ 33,426	\$ 40,553
Purchases of property and equipment, including capitalized internal-use software	(12,224)	(7,099)	(28,476)	(28,774)
Free Cash Flow	\$ 10,995	\$ 19,474	\$ 4,950	\$ 11,779

APPENDIX A: Non-GAAP Guidance Reconciliation

RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES FOR Q4 2022 AND FULL YEAR 2022 GUIDANCE

(Unaudited)

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

	Q4 2022	FY 2022
	Unaudited	
	(dollars in millions)	
Revenues	\$ 358 - \$374	\$ 1,388 - \$1,404
Traffic acquisition cost	\$ (205 - \$209)	\$ (824 - \$828)
Other cost of revenues	\$ (25 - \$26)	\$ (105 - \$107)
Gross profit	\$ 127 - \$139	\$ 458 - \$470
Add back: Other cost of revenues	\$ 25 - \$26	\$ 105 - \$107
ex-TAC Gross Profit	\$ 153 - \$165	\$ 564 - \$576

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.



Dear Shareholder,

Our financial performance has been solid in Q3—we beat or came near the high end of our guidance on all metrics. We're holding our annual Adjusted EBITDA guidance for 2022 at \$152-\$160M while generating strong cash flow. Lastly, due to continued softness in advertising, and to be cautious, we decided to lower 2022 Revenue guidance by 4%, and ex-TAC guidance by 6%.

Despite everything that's going on in the world, we're not anticipating a decline in ex-TAC this year versus last year. Q4 is always a high performing quarter, and historically a strong quarter for e-Commerce, as well as this year the potential positive effect of The World Cup. However, we're not counting on the World Cup in our forecasts, given uncertainties in the market.

This year we expect to pay publishers ~\$21M in net pre-payments and to pay \$20M of cash interest on our long-term debt. We expect to generate \$58-66M of cash during this year before factoring in these two items, and \$17-25M of Free Cash Flow after adding them in. Internally, when we look at our Free Cash Flow, we add back publisher prepayments and cash interest payments because publisher prepayments are an investment in our business we consistently earn back, and over time will become insignificant to none. Cash interest payments are a capital structure decision.

Taking a step back, I look at times like these as an opportunity for good companies to become even stronger. We're profitable, we're generating cash, we have the right priorities— performance advertising, e-Commerce and header bidding (to increase our share of the display advertising market)—each of which could generate hundreds of millions of dollars in coming years.

Our fundamentals are strong in our core market. We're winning a lot more than we're losing, and it's expensive to take our business. We recently signed with BuzzFeed / HuffingtonPost, we signed Mopo in Germany, Terra in Brazil, and Cyzo in Japan. These are all exciting wins, and I'm proud of our product and business teams. Last but not least, our culture is strong, and it's during times like these that companies are measured for their ability to execute and gain market share.

We adjusted our cost structure a few months back, and I can tell you, we're committed to executing our strategy of being a profitable growth company. Our track record demonstrates our ability to succeed in this strategy.

Our third-quarter financial highlights included:

- Ex-TAC Gross Profit of \$129.3M which was near the high end of our guidance range of \$120 to \$130M, and grew 1.9% over Q3 2021 and 5.7% on a constant currency basis.
 - Adjusted EBITDA of \$24.2M exceeded our guidance range of \$11 to \$17M.
 - Q3 Revenues were \$332.5M, which exceeded our guidance range of \$311 to \$331M.
 - Non-GAAP Net Income (loss) was \$10.2M, and exceeded our guidance range of (\$8) to (\$2M) (we reported a GAAP Net loss of \$26.0M).
-

Recommending Anything, Anywhere

Our core fundamentals on the supply side of our business continue to be strong.

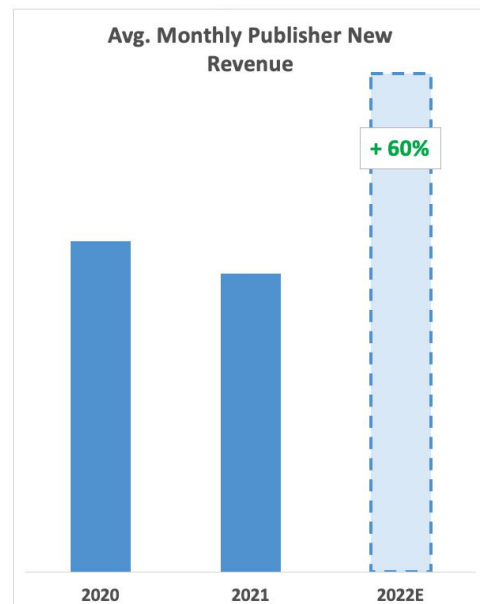
We win publisher deals because of our technology investment. We've spent more than a decade building a core product for publishers that goes beyond "revenue," which publishers appreciate, since we provide value to their entire organization—editorial, audience and revenue teams.

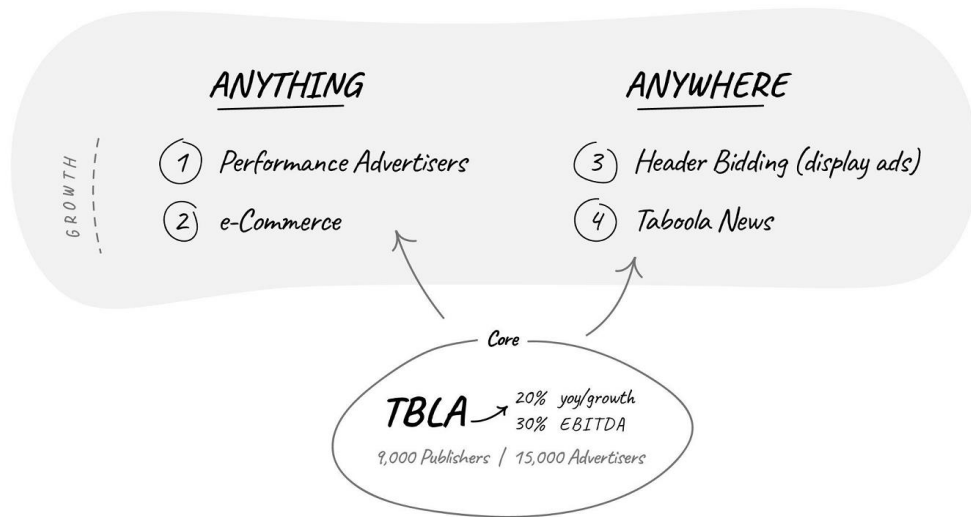
Our advertisers see Taboola as a real opportunity to diversify outside of the walled gardens, especially with the privacy challenges social companies now face. I expect millions of advertisers will look for a new place they can scale and rely on outside of search and social.

Our core business is strong. We're seeing fast growth in new supply (graph below), and lower churn rates than we would usually expect. Our exclusive, long-term relationships with our publisher partners gives us predictability in the supply we can access, which has allowed us to build a strong advertising business, now made up of 15,000 advertising clients.

This core business typically grows 20%+ on average year over year (YOY) at a 30%+ conversion to Adjusted EBITDA, and converts 50%+ to Free Cash Flow. Taboola is only ~\$1.4 billion out of a \$64 billion open web advertising market—and while we're a big player in the space, there's plenty of room for growth.

When I think about our future, and as discussed at our investor day earlier this year—our path to \$1B in ex-TAC, which implies \$300M+ in Adjusted EBITDA, with roughly \$150M of Free Cash Flow, includes a few things we're focused on as part of our strategy to recommend **Anything, Anywhere to supercharge our core growth.** Each of the four initiatives below can generate hundreds of millions of dollars to Taboola in years to come—performance advertising, e-Commerce, header bidding (display ads), and Taboola News.

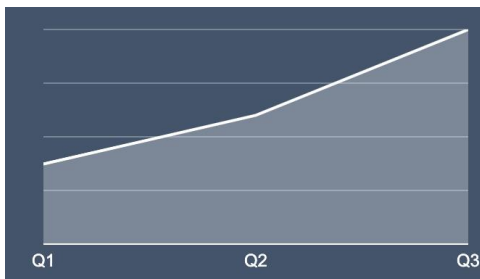




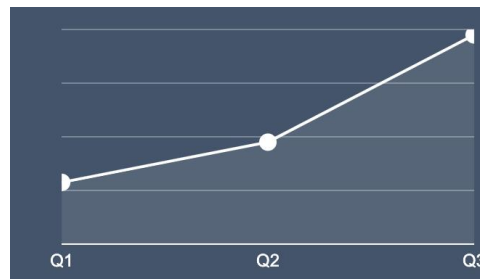
Recommend Anything

1. **Driving continuous improvement in performance advertising:** This helps us make different types of advertisers successful. We're investing heavily in our product for performance advertisers, having quadrupled the number of engineers dedicated to those initiatives.
2. **Scaling our e-Commerce business to be a third of ours and our partners' revenue:** This is a good business, and while retailers want to be on trusted publisher sites all day long, it does take time for publishers to build this business. They need to create content, build an audience, and match that audience with the right e-Commerce demand. However, once publishers get up and running, they never give it up, and we believe a third of all of our publishers' revenue will become e-Commerce driven. Additionally, as part of our synergies with Connexity, we're seeing solid momentum with DCO, which was one of the strongest growth engines for social companies.

Number of Live DCO advertisers



DCO Revenue (Media Spend)



Recommend Anywhere

We're focused on two areas where our recommendation engine is used outside of our core business.

1. **Header Bidding, which allows us to tap into the multi-billion dollar display market. We have momentum and are now live on 50+ sites:** We're the recommendation engine for 9,000 publisher partners, and our code on page gives us access to unique first-party data. This is something that's unique to us in comparison with traditional advertising companies.

We estimate that our existing 9,000 publishers are generating between \$20 to \$30 billion in display revenue, and there's high demand from publishers who want to join our header bidding beta. We're already seeing strong results—5 to 10% win rates—which allows us to support our publishers with display revenue, grow our wallet share, pay our publishers more, make our advertisers more successful, and potentially generate hundreds of millions of dollars using our unique first-party data and AI. This includes Microsoft, where we've seen good performance since launching this April.

2. **Integrate into Android devices, Audio devices, Automobile, and more via Taboola News:** When I think about the future, I think everyone will be fighting for users' attention and "time." As such, integrating recommendation engines across devices, and other touch points will be a huge part of the future, and how kids will discover information.

We have licensing agreements with the top publishers in the world, the AI to predict what people want to discover next, and the monetization machine to generate revenue from it. We're convinced that on the back of Apple News on iPhones, or Amazon's voice-based news on Alexa, every phone, car, and device will have news-as-a-service to engage users. For our publishers, this is an incredible opportunity because it's a way to drive traffic and loyal readers (much like Google SEO). Taboola News is growing by triple digits, and is on track to generate \$50 million in revenue this year.

Q3 Financial Performance

Let me finish by sharing our financial results. Below are the results of Q3 versus our guidance.

(dollars in millions)	Q3 2022 Actuals	Year-over-Year Change	Q3 2022 Guidance
Revenues	\$332.5	(1.9%)	\$311 to \$331
Gross profit	\$102.7	(4.6%)	\$91 to \$101
ex-TAC Gross Profit*	\$129.3	(1.9%)	\$120 to \$130
Adjusted EBITDA*	\$24.2	(39.2%)	\$11 to \$17
Non-GAAP Net Income*	\$10.2	(78.9%)	(\$8) to (\$2)

New business contributed 7% to growth while existing business had an (8%) impact on the decline in Revenues. This is symptomatic of the weak macroeconomic climate and softer advertiser demand we are seeing. Having said that, the growth of new supply is encouraging and should drive further gains in the future as advertising markets recover. Adjusted EBITDA exceeded our guidance as we benefited from cost management initiatives that we started in Q2.

In terms of expectations for the full year, here is a summary of our revised guidance:

(dollars in millions)

	Guidance (as of 11/09/22)	Guidance (as of 08/09/22)
Revenues	\$1,388 - \$1,404	\$1,434 - \$1,474
Gross profit	\$458 - \$470	\$485 - \$505
ex-TAC Gross Profit*	\$564 - \$576	\$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 Adjusted EBITDA due to our aggressive management of expenses, though we are lowering our full year guidance for Revenues by 4% and ex-TAC Gross Profit by 6% due to the continued weakness in the macro environment. Our guidance does not assume a further weakening of demand or a departure from our normal fourth quarter seasonality.

Finally, I wanted to share more details on how we look at cash flow internally. As I mentioned previously, when we look at our cash flow internally, in addition to looking at Free Cash Flow, we also look at how much cash we generate before we invest some of it in publisher pre-payments and before we pay the interest on our long-term debt. 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. Below is a table that summarizes this internal view, including both Free Cash Flow and our cash flow before those other items. Note that in 2020, publisher prepayments were actually a source of cash because we were amortizing previous prepayments at a higher rate than we were issuing new prepayments. For a more complete explanation of how our publisher prepayments work, please look at our Investor Presentation, which has a numeric example.

	2020A	2021A	2022E
Free Cash Flow	\$ 121.3	\$ 24.5	\$ 21.0
<u>Add back:</u>			
Cash investment in publisher prepayments (net)	(4.5)	59.1	21.0
Cash interest expense for money borrowed	0.0	1.1	20.0
Total - Cash generated before cash interest and publisher prepayments (net)	\$ 116.8	\$ 84.7	\$ 62.0

For more information on our Q3 results and our full year and Q4 2022 guidance, please see our Q3 2022 earnings press release, which was furnished to the SEC and also posted on Taboola's website today at <https://investors.taboola.com>.

* * *

The world is going through a lot, and it has an effect on our business as much as anyone. I personally feel more focused than ever, and energetic about Taboola's future to become the leading recommendation engine for the open web, and our ability to change the way consumers discover information outside of walled gardens anywhere they may be.

Our fundamentals, the metrics our management team is tracking every day, are strong, perhaps the strongest they have ever been. Our culture is strong. We have a strong EBITDA, we are generating cash and we have growth engines that can double and triple Taboola—e-Commerce, header bidding, performance advertising and Taboola News.

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, earnings per share, 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.

This letter includes 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, 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 dated September 29, 2022, as amended, forming part of our Registration Statement on Form F-3 filed with the Securities and Exchange Commission.

*****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 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-3 filed on September 29, 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 NINE MONTHS ENDED
SEPTEMBER 30, 2022 AND 2021**

(Unaudited)

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

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
	Unaudited			
	(dollars in thousands)			
Revenues	\$ 332,462	\$ 338,768	\$ 1,029,883	\$ 970,790
Traffic acquisition cost	203,125	211,899	619,109	621,137
Other cost of revenues	26,649	19,184	79,695	52,224
Gross profit	\$ 102,688	\$ 107,685	\$ 331,079	\$ 297,429
Add back: Other cost of revenues	26,649	19,184	79,695	52,224
ex-TAC Gross Profit	\$ 129,337	\$ 126,869	\$ 410,774	\$ 349,653

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

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
	Unaudited			
	(dollars in thousands)			
Operating loss	\$ (21,450)	\$ (124)	\$ (38,700)	\$ (31,911)
Adjusted to exclude the following:				
Depreciation and amortization	23,222	13,160	68,711	30,050
Share-based compensation expenses (1)	15,937	19,940	50,616	103,594
Restructuring expenses (2)	3,383	—	3,383	—
Holdback compensation expenses (3)	2,773	840	8,355	840
M&A costs	292	5,918	816	11,507
Adjusted EBITDA	\$ 24,157	\$ 39,734	\$ 93,181	\$ 114,080

¹ For the nine months ended September 30, 2021, a substantial majority is share-based compensation expenses related to going public.

² Costs associated with the Company's cost restructuring program implemented in September 2022.

³ Represents share based compensation due to holdback of Taboola Ordinary shares issuable under compensatory arrangements relating to Connexity acquisition.

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 September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
	Unaudited			
	(dollars in thousands)			
Gross profit	\$ 102,688	\$ 107,685	\$ 331,079	\$ 297,429
Net income (loss)	\$ (26,026)	\$ 17,296	\$ (27,159)	\$ (25,533)
Ratio of net income (loss) to gross profit	(25.3%)	16.1%	(8.2%)	(8.6%)
ex-TAC Gross Profit	\$ 129,337	\$ 126,869	\$ 410,774	\$ 349,653
Adjusted EBITDA	\$ 24,157	\$ 39,734	\$ 93,181	\$ 114,080
Ratio of Adjusted EBITDA margin to ex-TAC Gross Profit	18.7%	31.3%	22.7%	32.6%

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

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
	Unaudited			
	(dollars in thousands)			
Net income (loss)	\$ (26,026)	\$ 17,296	\$ (27,159)	\$ (25,533)
Amortization of acquired intangibles	15,983	5,908	47,591	7,186
Share-based compensation expenses (1)	15,937	19,940	50,616	103,594
Restructuring expenses (2)	3,383	—	3,383	—
Holdback compensation expenses (3)	2,773	—	8,355	—
M&A costs	292	5,918	816	11,507
Revaluation of Warrants	(988)	—	(26,988)	—
Exchange rate (income) loss, net (4)	347	1,974	3,053	3,519
Income tax effects	(1,486)	(2,737)	(11,563)	(4,282)
Non-GAAP Net Income	\$ 10,215	\$ 48,299	\$ 48,104	\$ 95,991
Non-GAAP EPS basic	\$ 0.04	\$ 0.21	\$ 0.19	\$ 0.89
Non-GAAP EPS diluted	\$ 0.04	\$ 0.19	\$ 0.19	\$ 0.68

¹ For the nine months ended September 30, 2021, a substantial majority is share-based compensation expenses related to going public.

² Costs associated with the Company's cost restructuring program implemented in September 2022.

³ Represents share based compensation due to holdback of Taboola Ordinary shares issuable under compensatory arrangements relating to Connexity acquisition.

⁴ 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 September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
	Unaudited			
GAAP weighted-average shares used to compute net income (loss) per share, basic	255,160,597	229,024,803	251,865,831	107,884,927
Add: Non-GAAP adjustment for Ordinary shares issued in connection with going public	—	—	—	114,313,773
IPO Pro forma Non-GAAP weighted-average shares used to compute net income per share, basic	255,160,597	229,024,803	251,865,831	222,198,700
GAAP weighted-average shares used to compute net income (loss) per share, diluted	255,160,597	259,262,529	251,865,831	107,884,927
Add: Non-GAAP adjustment for Ordinary shares issued in connection with going public	—	—	—	114,313,773
Add: Dilutive Ordinary share equivalents	870,513	—	2,358,472	33,980,786
IPO Pro forma Non-GAAP weighted-average shares used to compute net income per share, diluted	256,031,110	259,262,529	254,224,303	256,179,486
IPO Pro forma Non-GAAP EPS, basic (1)	\$ 0.040	\$ 0.211	\$ 0.191	\$ 0.432
IPO Pro forma Non-GAAP EPS, diluted (1)	\$ 0.040	\$ 0.186	\$ 0.189	\$ 0.375

¹ IPO Pro Forma Non-GAAP EPS basic and diluted is presented only for the three and nine months ended September 30, 2021 assuming Taboola went public and consummated the related transactions in each case as of January 1, 2021. Therefore the Non-GAAP net income does not include any adjustments of undistributed earnings previously allocated to participating securities, assuming these securities converted to Ordinary shares 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 September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
	Unaudited			
	(dollars in thousands)			
Net cash provided by operating activities	\$ 23,219	\$ 26,573	\$ 33,426	\$ 40,553
Purchases of property and equipment, including capitalized internal-use software	(12,224)	(7,099)	(28,476)	(28,774)
Free Cash Flow	\$ 10,995	\$ 19,474	\$ 4,950	\$ 11,779

APPENDIX: Non-GAAP Guidance Reconciliation

RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES FOR Q4 2022 AND FULL YEAR 2022 GUIDANCE

(Unaudited)

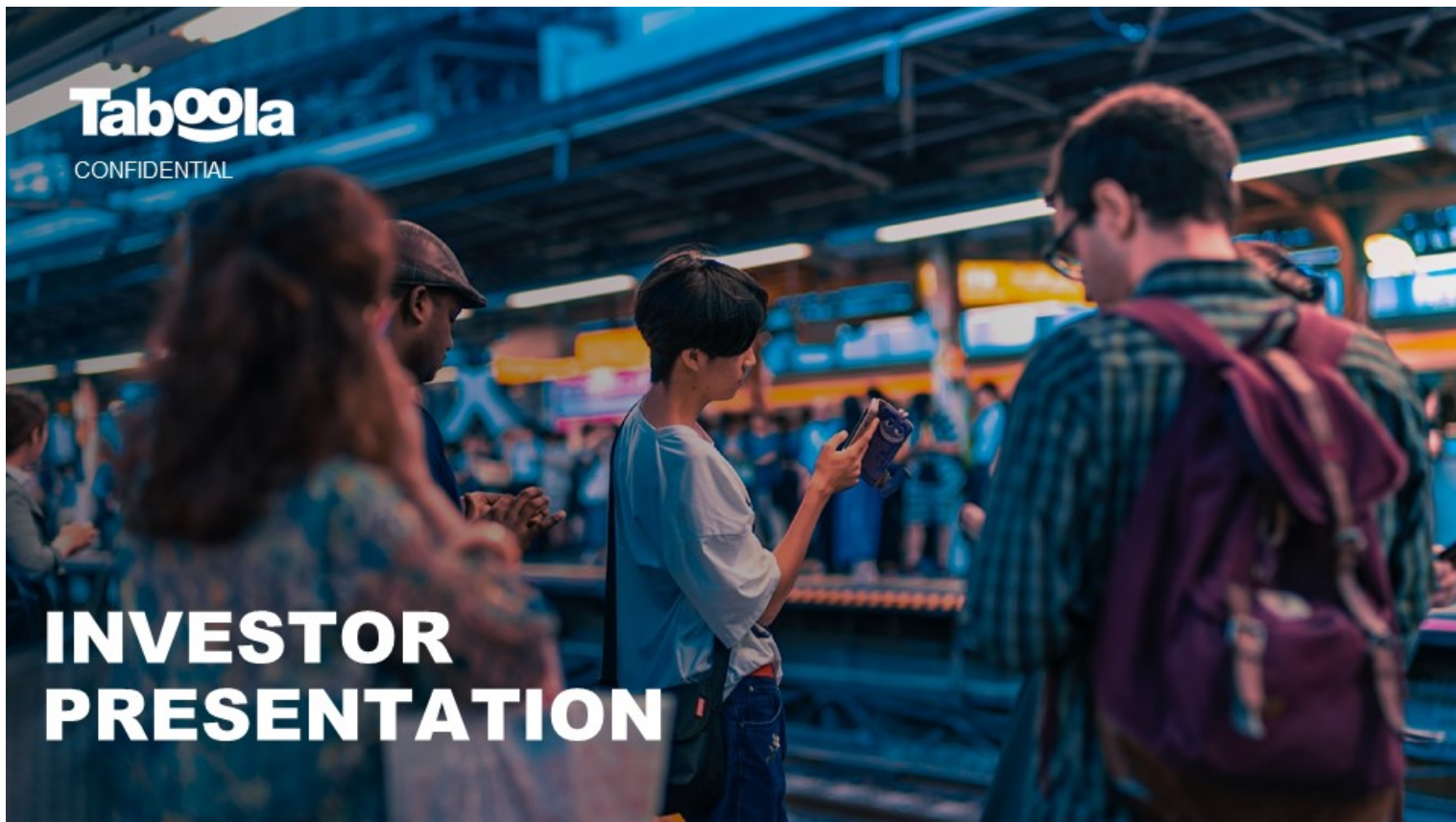
The following table provides a reconciliation of projected gross profit to ex-TAC Gross Profit.

	Q4 2022	FY 2022
	Unaudited	
	(dollars in millions)	
Revenues	\$ 358 - \$374	\$ 1,388 - \$1,404
Traffic acquisition cost	\$ (205 - \$209)	\$ (824 - \$828)
Other cost of revenues	\$ (25 - \$26)	\$ (105 - \$107)
Gross profit	\$ 127 - \$139	\$ 458 - \$470
Add back: Other cost of revenues	\$ 25 - \$26	\$ 105 - \$107
ex-TAC Gross Profit	\$ 153 - \$165	\$ 564 - \$576

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.

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INVESTOR PRESENTATION



Forward-Looking Statements - Disclaimer

Certain statements in this presentation are forward-looking statements, including our Q4 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 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-3 filed on September 29, 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, earnings per share, 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 presents 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 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-3 filed on September 29, 2022, as it may be amended from time to time, filed with the Securities and Exchange Commission.

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.

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, in these trademarks, service marks, trade names and copyrights.

TODAY'S PRESENTERS



ADAM SINGOLDA
FOUNDER & CEO

- Founded Taboola over 14 years ago
- Has led the company as its CEO ever since



STEPHEN WALKER
CFO

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



Taboola

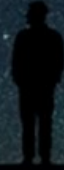
AGENDA

- 1 Capturing Share of \$64B Ad Market & Taboola Overview
- 2 Taboola's Differentiation and Why We Win
- 3 Q3 Updates & Momentum
- 4 Financial Update

Taboola

POWERING RECOMMENDATIONS FOR THE OPEN WEB

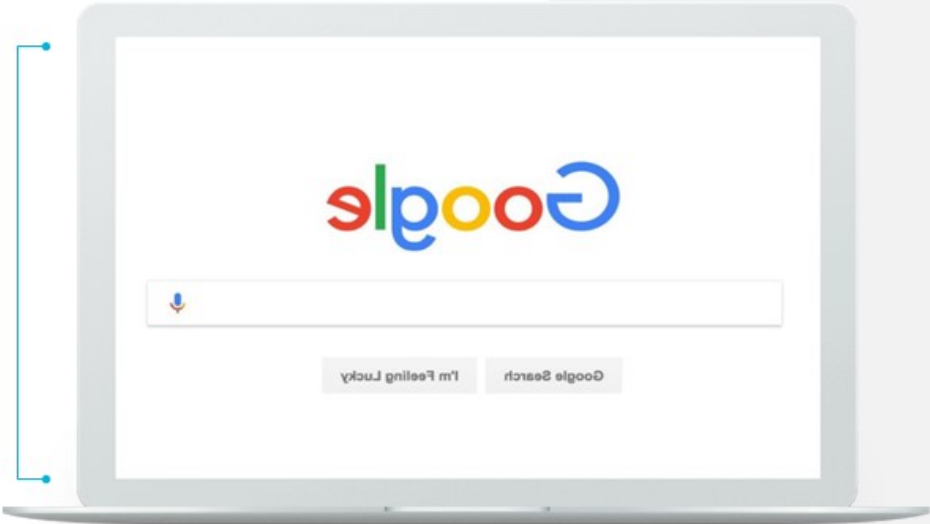
HELPING PEOPLE
DISCOVER THINGS
THEY MAY LIKE



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...

The collage features a variety of promotional banners and advertisements:

- Amazon Gift Cards:** "There's still time to send the perfect present" and "ONE PRICE FITS ALL".
- Edible Arrangements:** "SHOP GIFTS UNDER \$50" and "HOLIDAY BLOWOUT AUCTIONS" with items like Nikon D5100 and Canon T6i.
- Forrester:** "Get the Report" and "50% off" on a smartwatch.
- Exede:** "HOLIDAY INTERNET SALE" with "SAVE 25% ON HIGH-SPEED INTERNET".
- Apple:** "iPod nano Completely remanufactured. Just \$149." and "Get Your FREE Credit Score".
- Other Promotions:** "NOT YOUR AVERAGE CHOCOLATE", "MATTRESSFIRM Save Money. Sleep Happy.", "NINJA FREE MUG", "BUY HERE", "the ONION", "Premium roast coffee", "RICE", "MIX 100.7", "HOLIDAY BLOWOUT AUCTIONS" (repeated), "GOLDEN GLOBE NOMINEE BEST ANIMATED FEATURE", "FOR YOUR CONSIDERATION BEST ANIMATED FEATURE".

...DONE RIGHT

Walled garden integrated ad experience

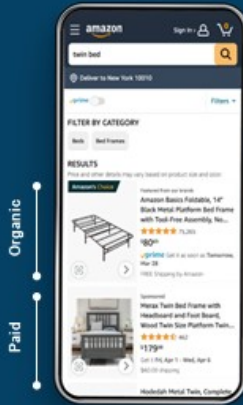
facebook

Google

twitter

amazon

SnapChat



Paid

Organic

Paid

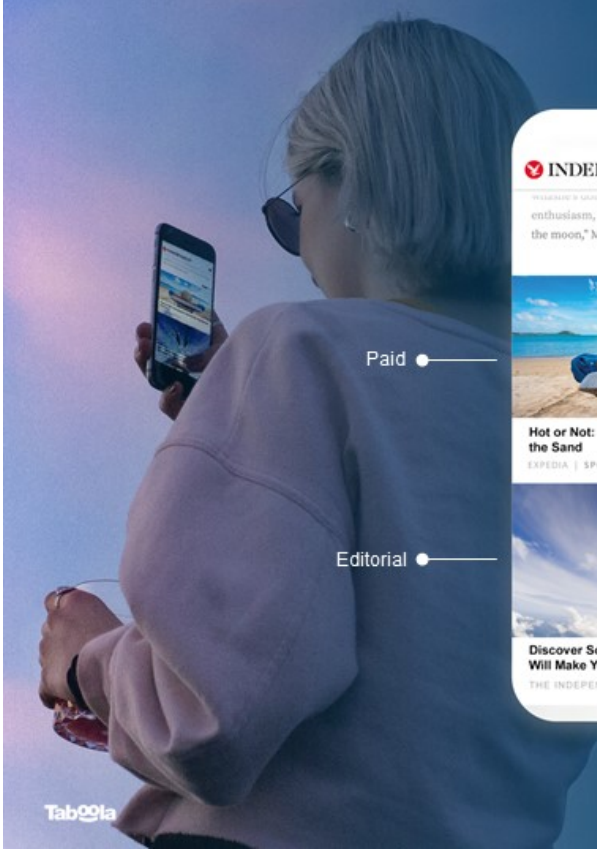
Organic

Organic

Paid

Paid

Taboola



INDEPENDENT

...enthusiasm, but I wish her well. I hope she hangs the moon," McCaskill said.

Taboola Feed



Hot or Not: Europeans Named the Hottest on the Sand

EXPEDIA | SPONSORED



Discover Something New About Gravity. That Will Make You See the World in a New Light.

THE INDEPENDENT | 1 HOUR

Paid ●

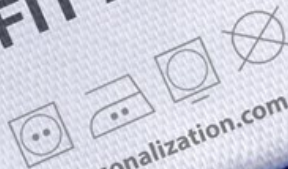
Editorial ●

TABOOLA REVOLUTION

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

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

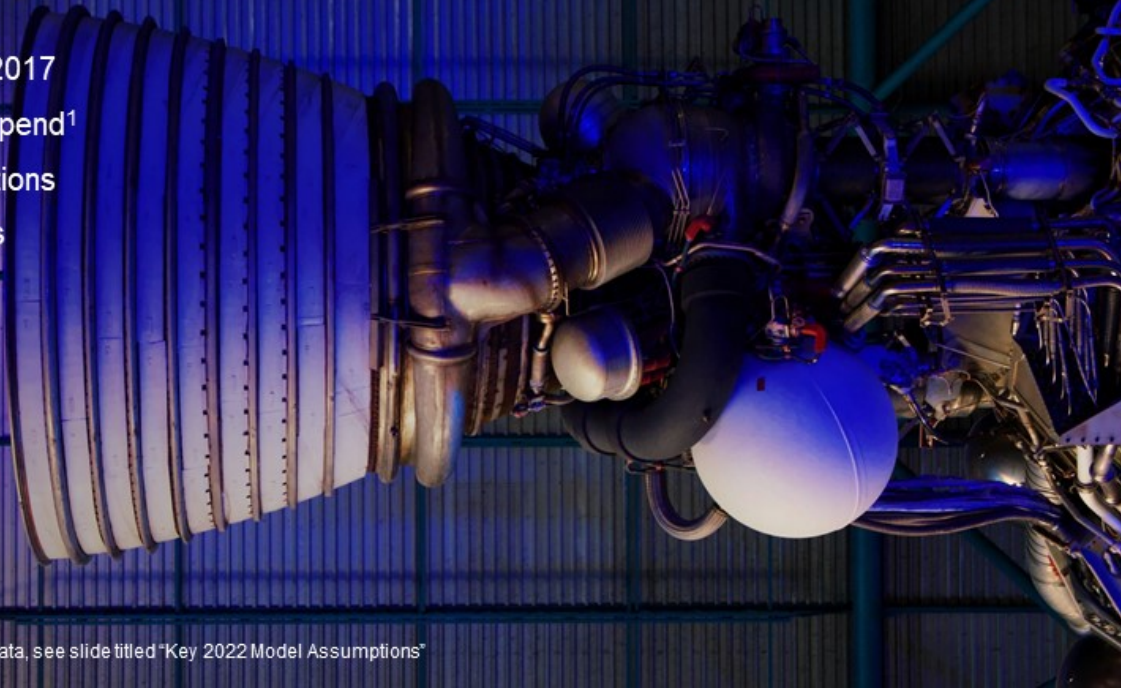
**ONE SIZE
DOES NOT
FIT ALL**



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"

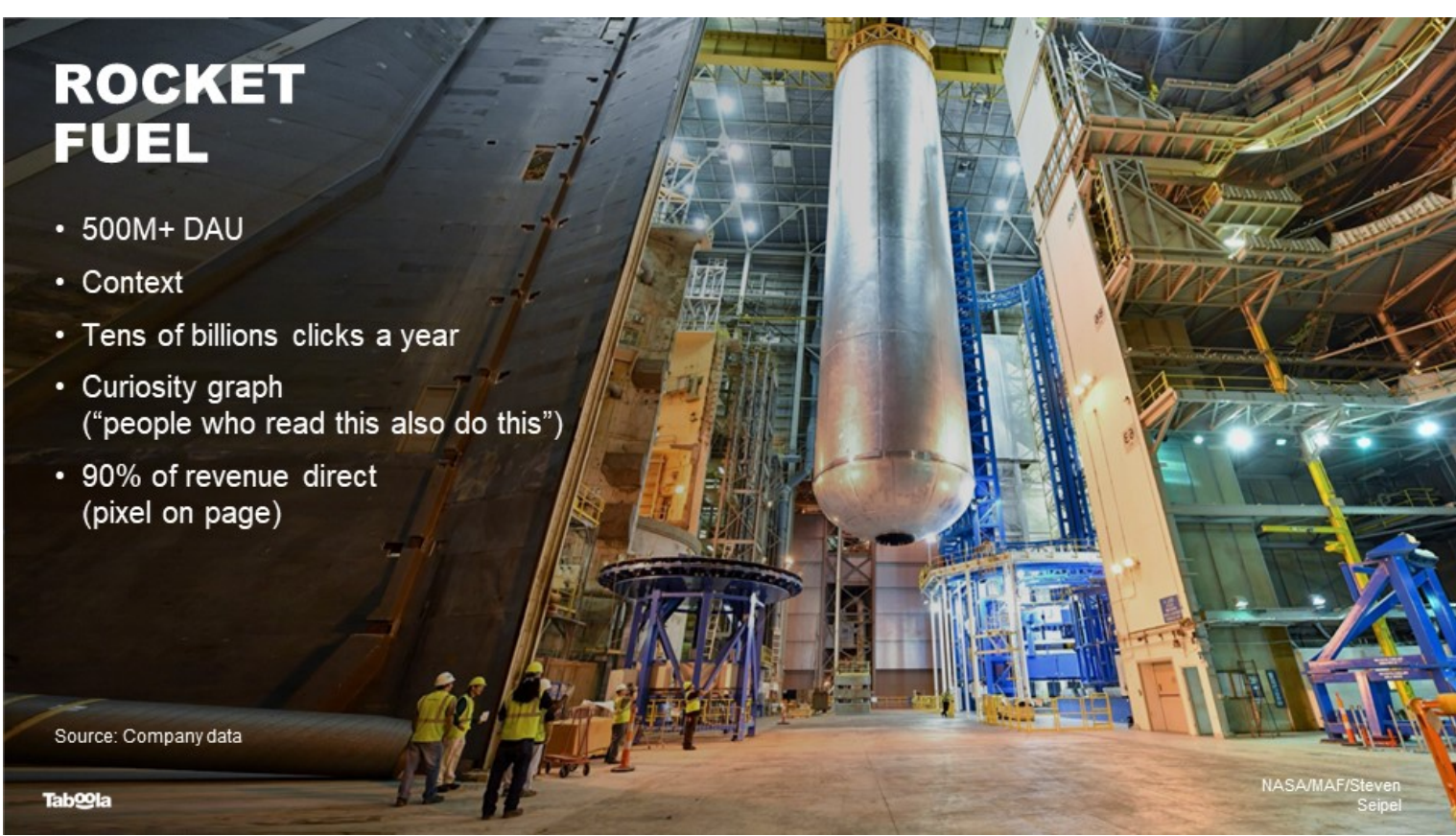
ROCKET FUEL

- 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**

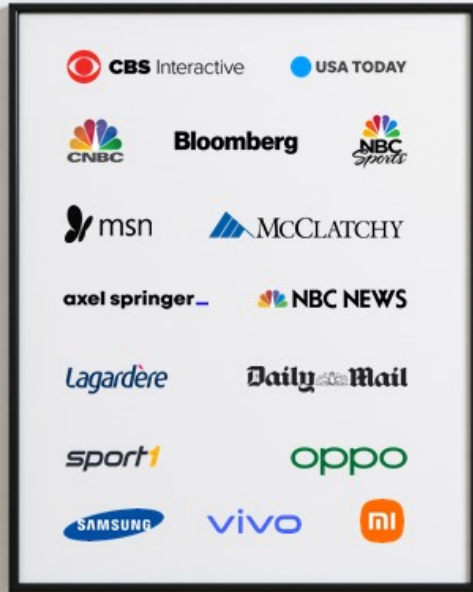
Walled Garden Dynamics for The Open Web



Taboola

TECH DIFFERENTIATION

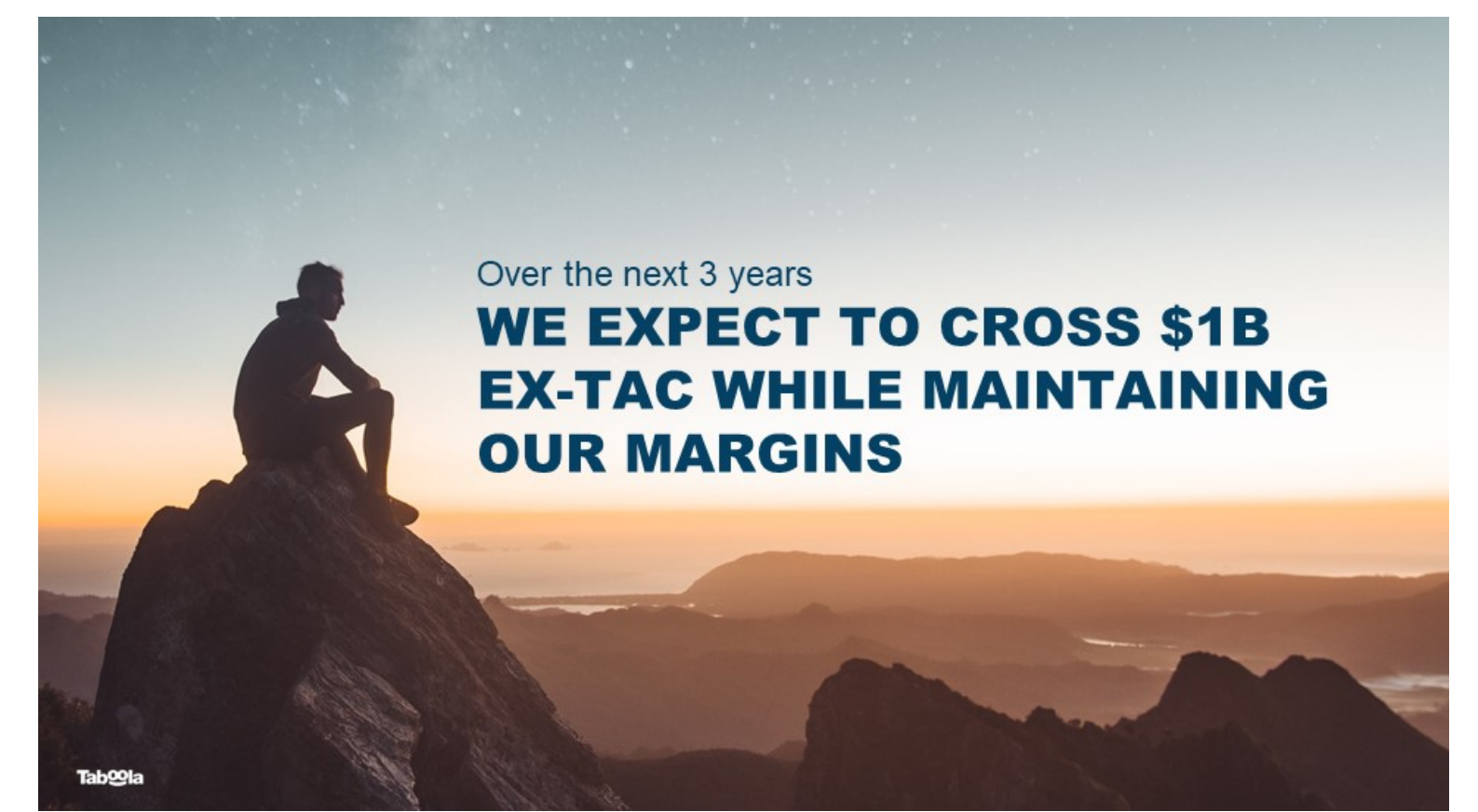
10 years partnerships, trust



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 WHILE MAINTAINING
OUR MARGINS**

Taboola

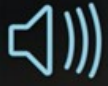
ANYTHING.
ANYWHERE.





Taboola





What are Blue Zones and why they are the secret to



**ANYTHING.
ANYWHERE.**

Taboola





AGENDA

1

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

2

Taboola's Differentiation and Why We Win

3

Q3 Updates & Momentum

4

Financial Update

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

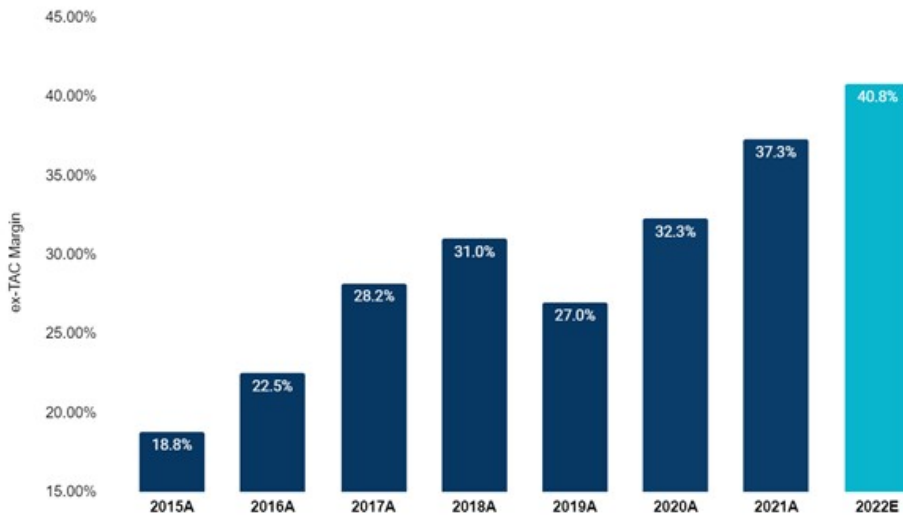
Platform advantage driven by Taboola's technology (Brands & Agencies, Taboola News, Newsroom)

5

Connexity provides further differentiation

EXPANDING EX-TAC MARGINS POINT TO COMPETITIVE ADVANTAGE

ex-TAC Margin By Year¹



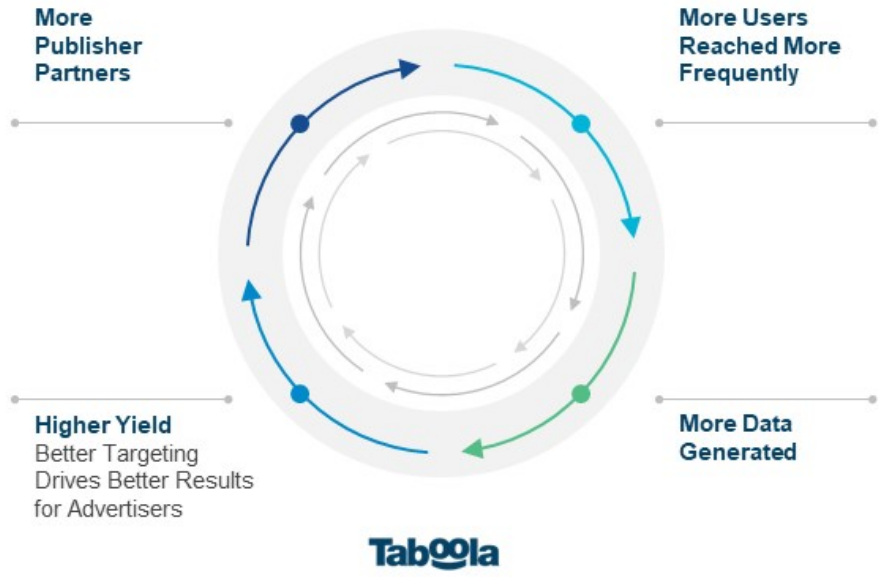
(1) Non-GAAP measure, see appendix for reconciliation to GAAP

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

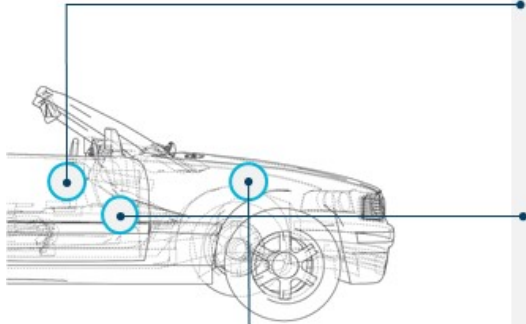
1

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

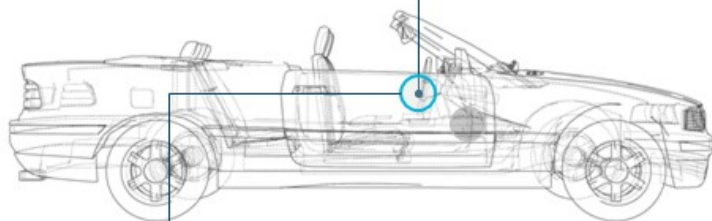


**Conversion
Rate**



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



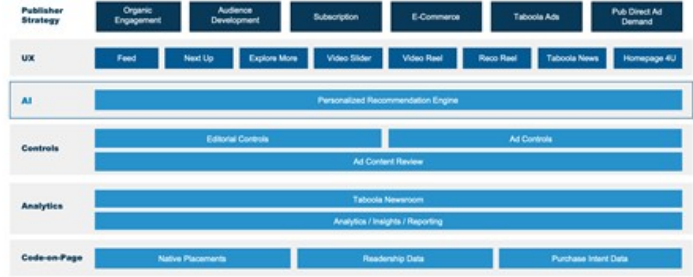
Taboola's strong yield performance despite 3rd party cookies being blocked in the industry for years:

- 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

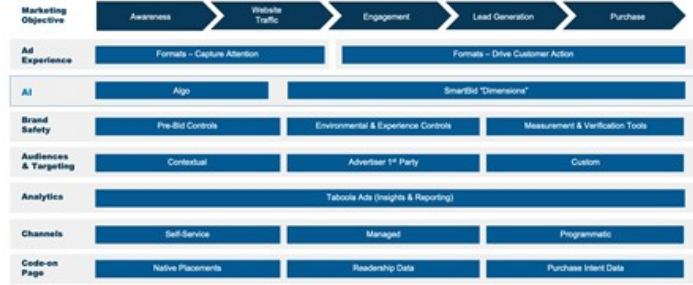
PLATFORM ADVANTAGE DRIVEN BY INVESTMENT IN TECHNOLOGY

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

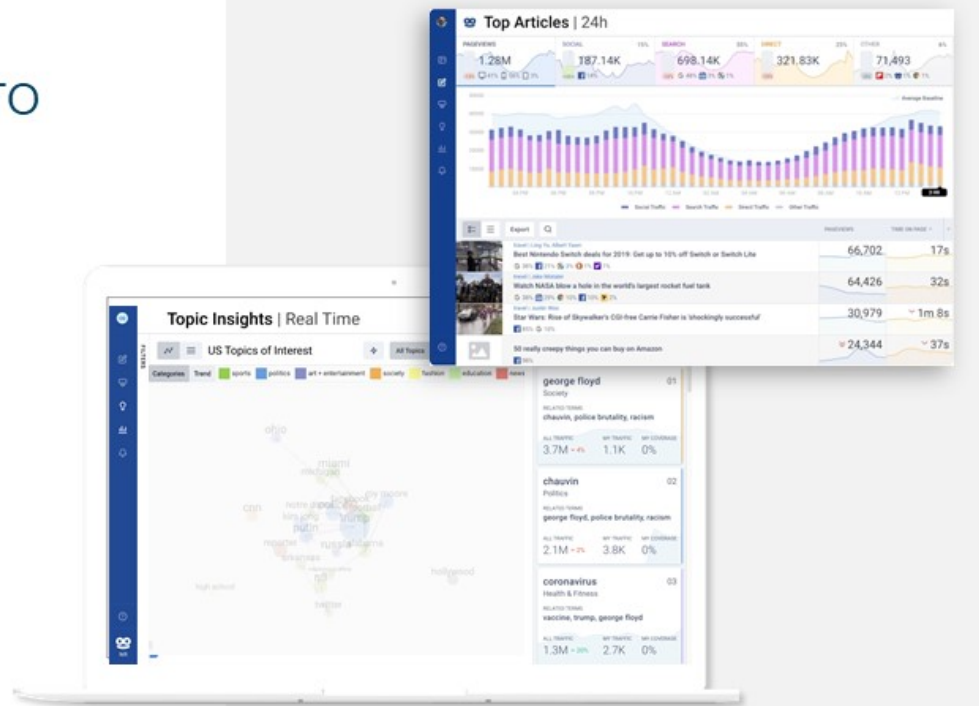
ACTIONABLE INSIGHTS TO GROW READERSHIP & ENGAGEMENT

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

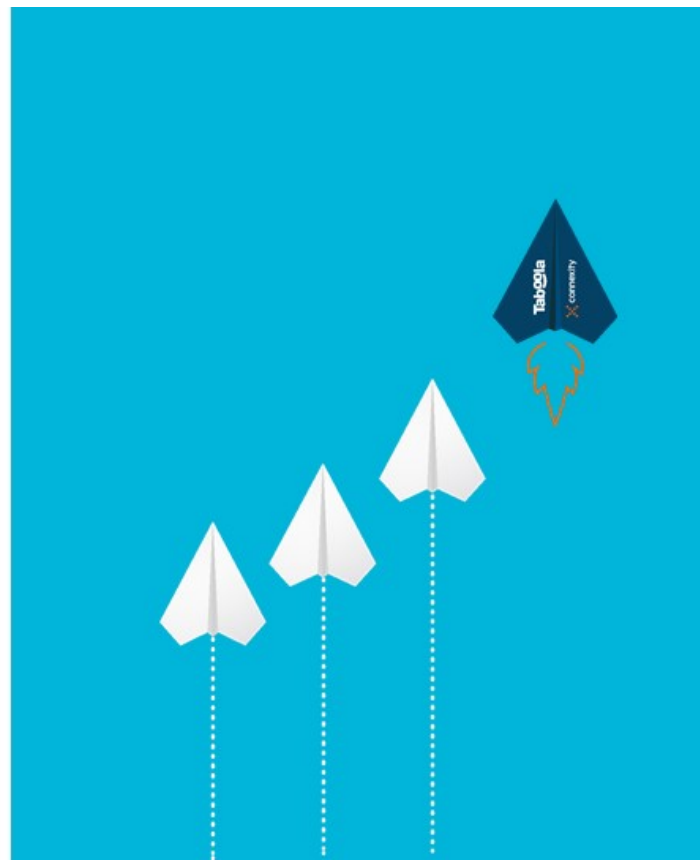
Tremendous opportunity to leverage our scale, combined relationships and Connexity's e-commerce market maker capabilities

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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- 1 Capturing Share of \$64B Ad Market & Taboola Overview
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- 3 **Q3 Updates & Momentum**
- 4 Financial Update

Q3 2022 IN REVIEW - capturing more of the \$64 billion ad market

Renewing and building new long term relationships

- Signed new digital property partner agreements, including competitive wins with BuzzFeed, Huffington Post, MOPO, ModelPress, Reach PLC, Prensa Iberica
- Signed key renewals, including deals that bring us to 10-year relationships with iMedia, Cox Media Group, Cyzo

Seeing strength in key business areas

- Taboola Header Bidding selected by 50+ publishers
- Taboola News' growth rate is triple digits and on track to exceed \$50M in revenues this year.

BuzzFeed

HUFFPOST

m modelpress
モデルプレス
エンタメ&ライフスタイルニュースサイト

**MOR
GEN
POST**

Reach

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

STRONG FUNDAMENTALS IN 2022

\$1.4B REVENUE | \$150M+ ADJ. EBITDA | STRONG CASH FLOW

FY 2022
GUIDANCE

Revenues	\$1,388 - 1,404M
Gross Profit	\$458 - 470M
ex-TAC Gross Profit ¹	\$564 - 576M
Adj. EBITDA ^{1,2}	\$152 - 160M
Ratio of Adj. EBITDA to ex-TAC Gross Profit	26.9 - 27.7%

Taboola

(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-



Taboola

AGENDA

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Taboola's Differentiation and Why We Win

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Q3 Updates & Momentum

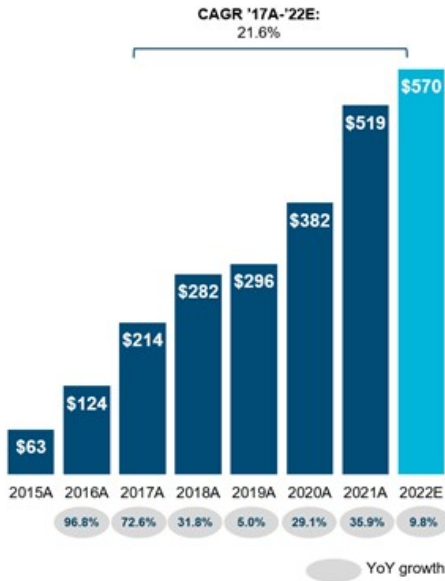
4

Financial Update

TABOOLA FOCUSES ON PROFITABLE GROWTH

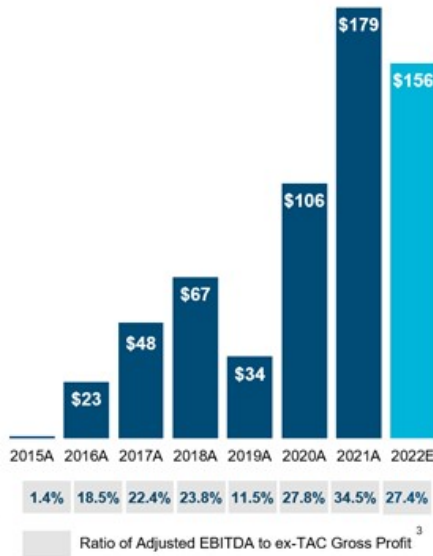
ex-TAC Gross Profit¹

(\$ in millions)



Adj. EBITDA²

(\$ in millions)



PROFITABLE GROWTH

Rule of 40 Business

Upside in our model

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

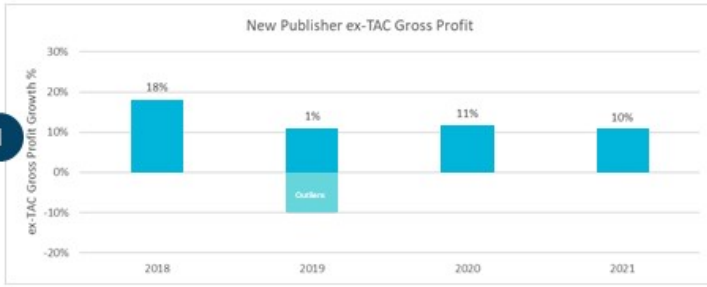
Long-term model

- 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

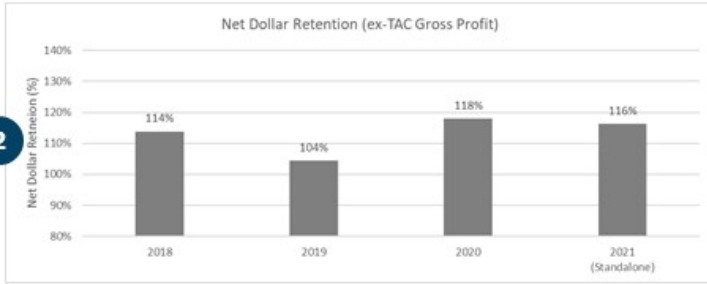
GROWTH DRIVEN BY CORE OPEN WEB INSTALLED BASE

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



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(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 September 30, 2022. Cash, cash equivalents and short-term investments of \$308.3 million minus long-term loan (including current portion) of \$267.3 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.

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Thank you.

APPENDIX

OUR MODEL IN A NUTSHELL

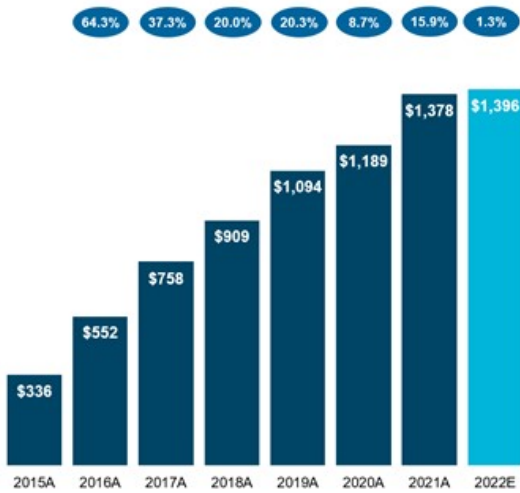
Model components:	Sample inputs / financials:	Illustrative Taboola economics:
Revenues ⁽¹⁾	\$909	\$1.00 (100%)
–		
Traffic Acq Cost (Value to publishers)	(\$627)	(\$0.69)
=		
ex-TAC Gross Profit ⁽²⁾	\$282	\$0.31
–		
Cost of Revenues	(\$48)	(\$0.05)
=		
Gross profit	\$234	\$0.26
–		
R&D	(\$73)	(\$0.08)
–		
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	



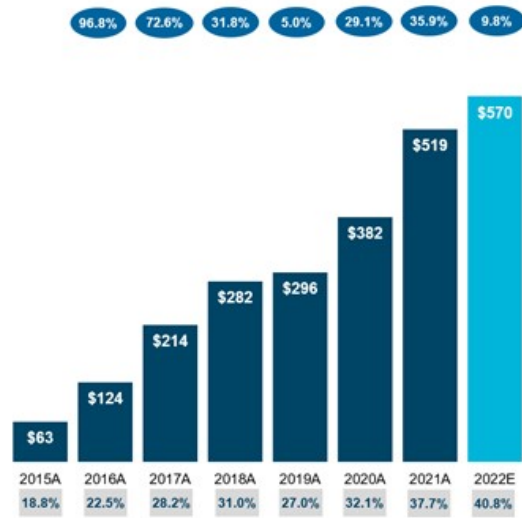
(1) Revenue paid by Advertisers, before traffic acquisition costs (TAC) paid to Publishers. CNX Revenues paid by advertisers after traffic acquisition costs paid to Publishers.
 (2) Revenue to Taboola after TAC paid to Publishers. Non-GAAP measure, see appendix for reconciliation to GAAP
 (3) Non-GAAP 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 \$564 - 576M

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%

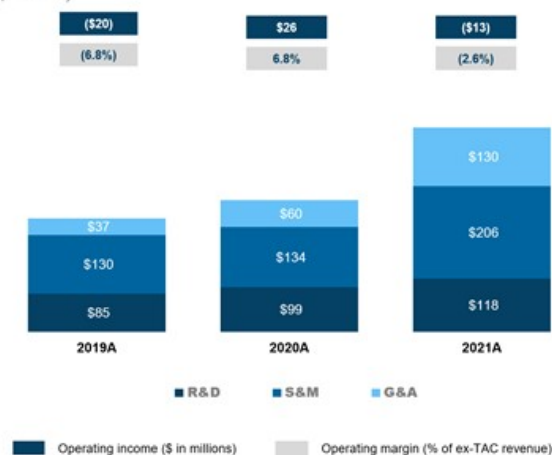
COST ASSUMPTIONS

- 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	\$ 1,396	
% YoY Growth	20.0%	20.3%	8.7%	15.9%	1.3%	
ex-TAC Gross Profit ¹	\$ 282	\$ 296	\$ 382	\$ 519	\$ 570	
% YoY Growth	31.8%	5.0%	29.1%	35.9%	9.8%	20%+
% ex-TAC Gross Profit margin	31.0%	27.1%	32.2%	37.7%	40.8%	
Gross Profit	\$ 234	\$ 232	\$ 319	\$ 441	\$ 464	
% Adj margin	83.1%	78.4%	83.4%	85.0%	81.4%	
Adjusted EBITDA ¹	\$ 67	\$ 34	\$ 106	\$ 179	\$ 156	
% margin	23.8%	11.5%	27.7%	34.5%	27.4%	30%+



(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	\$1,388 to \$1,404
ex-TAC Gross Profit ¹	\$519	\$564 to \$576
Gross Profit	\$441	\$458 to \$470
Adjusted EBITDA ¹	\$179	\$152 to \$160
Non GAAP Net Income ¹	\$109	\$83 to \$91

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

ADDITIONAL MODELING ASSUMPTIONS

- Interest expense of approximately \$5M 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 \$76M
- Depreciation & Amortization of \$53M in 2021; increase related to Connexity Purchase Price Accounting allocation, 2022 estimated at \$91M
- CAPEX estimated to be \$34M in 2022 and includes investments in property and equipment, leasehold improvements and capitalized software
- Free Cash Flow before publisher prepayments (net) 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	\$ 1,396
Traffic Acquisition Cost (TAC)	807	859	826
ex-TAC Gross Profit	\$ 382	\$ 519	\$ 570
Other Cost of Revenues	63	78	106
Gross Profit	\$ 319	\$ 441	\$ 464
<i>Gross Profit Margin</i>	27%	32%	33%
<i>Adj. Gross Profit Margin</i>	84%	85%	81%



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	Q1-Q3 '22
Net cash from operating activities ¹	\$ 18	\$ 139	\$ 64	\$ 33
Net cash used in the following investing activities	\$ (44)	\$ (18)	\$ (39)	\$ (28)
Capitalized internal-use software	(6)	(9)	(14)	(10)
Purchases of property and equipment	(38)	(9)	(25)	(18)
Free Cash Flow	\$ (26)	\$ 121	\$ 25	\$ 5

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(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.

SUPPLEMENTAL CASH FLOW INFORMATION

	2020A	2021A	Q1-Q3 '22
Free Cash Flow	\$ 121.3	\$ 24.5	\$ 5.0
<u>Add back:</u>			
Cash investment in publisher prepayments (net) ¹	(4.5)	59.1	15.7
Cash interest expense for money borrowed	0.0	1.1	15.1
Total - Cash generated before cash interest and publisher prepayments (net)	\$ 116.8	\$ 84.7	\$ 35.7



(1) 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.

EXAMPLE OF PUBLISHER PREPAYMENTS

Assumptions:	\$3,000	50%	5	\$6,000			
	Prepayment (\$M)	Revenue Share	Year Term	Annual Revenue (\$M)			
Accrual Accounting							
Revenue			Year 1	Year 2	Year 3	Year 5	Year 6
			\$6,000	\$6,000	\$6,000	\$6,000	\$6,000
Traffic Acquisition costs (TAC):							
Rev Share			\$3,000	\$3,000	\$3,000	\$3,000	\$3,000
Amortization of prepayment			\$600	\$600	\$600	\$600	\$600
Total			\$3,600	\$3,600	\$3,600	\$3,600	\$3,600
ex-TAC Gross Profit			\$2,400	\$2,400	\$2,400	\$2,400	\$2,400
ex-TAC Gross Profit Margin %			40%	40%	40%	40%	40%
Cash Basis							
Revenue			\$6,000	\$6,000	\$6,000	\$6,000	\$6,000
Traffic Acquisition costs (TAC):							
Rev Share			\$3,000	\$3,000	\$3,000	\$3,000	\$3,000
Prepayment			\$3,000	\$0	\$0	\$0	\$0
Total			\$6,000	\$3,000	\$3,000	\$3,000	\$3,000
Cash Flow			\$0	\$3,000	\$3,000	\$3,000	\$3,000
Delta - Cash Flow vs. ex-TAC Gross Profit			-\$2,400	\$600	\$600	\$600	\$600

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	Q3-22A
Revenues	\$ 303.0	\$ 329.1	\$ 338.8	\$ 407.7	\$ 354.7	\$ 342.7	\$ 332.5
Traffic Acquisition Cost (TAC)	197.0	212.2	211.9	238.5	216.5	199.5	203.2
Other Cost of Revenues	16.4	16.6	19.2	25.6	26.2	26.8	26.6
Gross Profit	\$ 89.6	\$ 100.3	\$ 107.7	\$ 143.6	\$ 112.0	\$ 116.4	\$ 102.7
Other Cost of Revenues	16.4	16.6	19.2	25.6	26.2	26.8	26.6
ex-TAC Gross Profit	\$ 106.0	\$ 116.9	\$ 126.9	\$ 169.2	\$ 138.2	\$ 143.2	\$ 129.3

2022 FULL YEAR GUIDANCE: EX-TAC GROSS PROFIT RECONCILIATION

	Guidance
	FY 2022
<i>(\$ in millions)</i>	
Revenues	\$1,388 - 1,404
Traffic Acquisition Cost (TAC)	(\$824 - \$828)
Other Cost of Revenues	(\$105 - \$107)
Gross Profit	\$458 - \$470
Other Cost of Revenues	\$105 - \$107
ex-TAC Gross Profit	\$564 - \$576

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**THANK
YOU!**

