

REFINITIV

DELTA REPORT

10-Q

TABOOЛА.COM LTD.

10-Q - JUNE 30, 2024 COMPARED TO 10-Q - MARCH 31, 2024

The following comparison report has been automatically generated

TOTAL DELTAS 916

█ CHANGES 231

█ DELETIONS 284

█ ADDITIONS 401

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

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Quarterly Period Ended **March 31, 2024** **June 30, 2024**

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number: 001-40566

TABOOOLA.COM LTD.

(Exact name of registrant as specified in its charter)

Israel
(State or other jurisdiction of incorporation or organization)

Not Applicable
(I.R.S. Employer
Identification No.)

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

10010
(Zip code)

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

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

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

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

| | | | |
|-------------------------|--------------------------|---------------------------|-------------------------------------|
| Large accelerated filer | <input type="checkbox"/> | Accelerated filer | <input checked="" type="checkbox"/> |
| Non-accelerated filer | <input type="checkbox"/> | Smaller reporting company | <input type="checkbox"/> |
| | | Emerging growth company | <input type="checkbox"/> |

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

As of April 30, 2024 July 31, 2024 the Registrant had a total of 335,676,527 outstanding shares, which includes 290,733,986 291,466,121 Ordinary shares and 45,198,702 44,210,406 Non-voting Ordinary shares.

Taboola.com Ltd.
Quarterly Report on Form 10-Q
Table of Contents

| | | Page No. |
|----------------------------|---|--------------------|
| PART I. | FINANCIAL INFORMATION | 4 |
| Item 1. | Financial Statements (Unaudited) | 4 |
| | Consolidated Interim Balance Sheets | 4 |
| | Consolidated Interim Statements of Loss | 5 |
| | Consolidated Interim Statements of Comprehensive Loss | 6 |
| | Consolidated Interim Statements of Shareholders' Shareholders' Equity | 7 |
| | Consolidated Interim Statements of Cash Flows | 8 9 |
| | Notes to Consolidated Interim Financial Statements | 10 11 |
| Item 2. | Management's Discussion and Analysis of Financial Condition and Results of Operations | 24 25 |
| Item 3. | Quantitative and Qualitative Disclosures About Market Risk | 40 42 |
| Item 4. | Controls and Procedures | 42 44 |
| PART II. | OTHER INFORMATION | 43 45 |
| Item 1. | Legal Proceedings | 43 45 |
| Item 1A. | Risk Factors | 43 45 |
| Item 2. | Unregistered Sales of Equity Securities and Use of Proceeds | 43 45 |
| Item 3. | Defaults upon Senior Securities | 44 46 |
| Item 4. | Mine Safety Disclosures | 44 46 |
| Item 5. | Other Information | 44 46 |
| Item 6. | Exhibits | 45 47 |
| Signatures | 45 | 48 |

2

[Table of Contents](#)

NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains forward-looking statements. All statements contained in this Quarterly Report on Form 10-Q other than statements of historical fact, including statements regarding our future results of operations and financial position, our business strategy and plans, and our objectives for future operations, are forward-looking statements. The words "believe," "may," "will," "estimate," "continue," "anticipate," "intend," "expect," "believe," "may," "will," "estimate," "continue," "anticipate," "intend," "expect," and similar expressions are intended to identify forward-looking statements. We have based these forward-looking statements largely on our current expectations and projections about future events and trends that we believe may affect our financial condition, results of operations, business strategy, short-term and long-term business operations and objectives, and financial needs. These forward-looking statements are subject to a number of risks, uncertainties and assumptions, including those described in Part I, Item 1A, "Risk Factors" "Risk Factors" in our Annual Report on Form 10-K. Moreover, we operate in a very competitive and rapidly changing environment. New risks emerge from time to time. It is not possible for our management to predict all risks, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements we may make. In light of these risks, uncertainties and assumptions, the future events and trends discussed in this Quarterly Report on Form 10-Q may not occur and actual results could differ materially and adversely from those anticipated or implied in the forward-looking statements. We undertake no obligation to revise or publicly release the results of any revision to these forward-looking statements, except as required by law. Given these risks and uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements.

Unless otherwise stated or unless the context otherwise requires, the terms "Company," "the registrant," "our company," "the company," "we," "us," "our," "ours," and "Taboola" refer to Taboola.com Ltd., a company organized under the laws of the State of Israel, and its consolidated subsidiaries.

[Table of Contents](#)

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

TABOOЛА.COM LTD.

CONSOLIDATED INTERIM BALANCE SHEETS

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

| | March 31, 2024 | December 31, 2023 | | |
|---|---------------------|----------------------|--|--|
| | Unaudited | | | |
| ASSETS | | | | |
| CURRENT ASSETS | | | | |
| Cash and cash equivalents | \$ 178,534 | \$ 176,108 | | |
| Short-term investments | 2,485 | 5,725 | | |
| Restricted deposits | 1,270 | 1,407 | | |
| Trade receivables (net of allowance for credit losses of \$9,412 and \$10,207 as of March 31, 2024 and December 31, 2023, respectively) (1) | 284,239 | 306,307 | | |
| Prepaid expenses and other current assets | 77,485 | 69,865 | | |
| Total current assets | 544,013 | 559,412 | | |
| NON-CURRENT ASSETS | | | | |
| Long-term prepaid expenses | 27,351 | 39,602 | | |
| Commercial agreement asset | 289,451 | 289,451 | | |
| Restricted deposits | 4,216 | 4,247 | | |
| Operating lease right of use assets | 57,305 | 61,746 | | |
| Property and equipment, net | 72,587 | 72,155 | | |
| Intangible assets, net | 109,323 | 125,258 | | |
| Goodwill | 555,931 | 555,931 | | |
| Total non-current assets | 1,116,164 | 1,148,390 | | |
| Total assets | \$ 1,660,177 | \$ 1,707,802 | | |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | | |
| CURRENT LIABILITIES | | | | |
| Trade payables (2) | \$ 279,373 | \$ 282,012 | | |
| Short-term operating lease liabilities | 19,141 | 20,264 | | |
| Accrued expenses and other current liabilities | 118,176 | 118,689 | | |
| Current maturities of long-term loan | — | 3,000 | | |
| Total current liabilities | 416,690 | 423,965 | | |
| LONG-TERM LIABILITIES | | | | |
| Long-term loan, net of current maturities | 145,455 | 142,164 | | |
| Long-term operating lease liabilities | 44,992 | 49,450 | | |
| Warrants liability | 6,168 | 6,129 | | |
| Deferred tax liabilities, net | 11,130 | 14,815 | | |
| Other long-term liabilities | 14,751 | 14,217 | | |
| Total long-term liabilities | 222,496 | 226,775 | | |
| COMMITMENTS AND CONTINGENCIES (Note 11) | | | | |
| SHAREHOLDERS' EQUITY | | | | |
| Ordinary shares with no par value- Authorized: 700,000,000 as of March 31, 2024 and December 31, 2023; 293,413,305 and 295,670,620 shares issued and outstanding as of March 31, 2024 and December 31, 2023, respectively | — | — | | |
| Non-voting Ordinary shares with no par value- Authorized: 46,000,000 as of March 31, 2024 and December 31, 2023; 45,198,702 shares issued and outstanding as of March 31, 2024 and December 31, 2023, respectively | — | — | | |
| Treasury Ordinary shares, at cost - 21,463,642 and 15,240,471 shares as of March 31, 2024 and December 31, 2023, respectively | (83,271) | (55,513) | | |
| Additional paid-in capital | 1,280,715 | 1,262,093 | | |
| Accumulated other comprehensive income | 165 | 942 | | |
| Accumulated deficit | (176,618) | (150,460) | | |
| Total shareholders' equity | 1,020,991 | 1,057,062 | | |
| Total liabilities and shareholders' equity | \$ 1,660,177 | \$ 1,707,802 | | |

June 30, December 31,

| | 2024 | 2023 |
|---|----------------------------|----------------------------|
| | Unaudited | |
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash and cash equivalents | \$ 182,198 | \$ 176,108 |
| Short-term investments | — | 5,725 |
| Restricted deposits | 1,334 | 1,407 |
| Trade receivables (net of allowance for credit losses of \$7,416 and \$10,207 as of June 30, 2024 and December 31, 2023, respectively) (1) | 281,674 | 306,307 |
| Prepaid expenses and other current assets | 69,598 | 69,865 |
| Total current assets | <u>534,804</u> | <u>559,412</u> |
| NON-CURRENT ASSETS | | |
| Long-term prepaid expenses | 25,584 | 39,602 |
| Commercial agreement asset | 289,451 | 289,451 |
| Restricted deposits | 4,203 | 4,247 |
| Operating lease right of use assets | 56,138 | 61,746 |
| Property and equipment, net | 71,846 | 72,155 |
| Intangible assets, net | 93,565 | 125,258 |
| Goodwill | <u>555,931</u> | <u>555,931</u> |
| Total non-current assets | <u>1,096,718</u> | <u>1,148,390</u> |
| Total assets | <u><u>\$ 1,631,522</u></u> | <u><u>\$ 1,707,802</u></u> |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| CURRENT LIABILITIES | | |
| Trade payables (2) | \$ 270,406 | \$ 282,012 |
| Short-term operating lease liabilities | 19,463 | 20,264 |
| Accrued expenses and other current liabilities | 118,664 | 118,689 |
| Current maturities of long-term loan | — | 3,000 |
| Total current liabilities | <u>408,533</u> | <u>423,965</u> |
| LONG-TERM LIABILITIES | | |
| Long-term loan, net of current maturities | 145,778 | 142,164 |
| Long-term operating lease liabilities | 42,721 | 49,450 |
| Warrants liability | 2,242 | 6,129 |
| Deferred tax liabilities, net | 6,914 | 14,815 |
| Other long-term liabilities | <u>15,101</u> | <u>14,217</u> |
| Total long-term liabilities | <u>212,756</u> | <u>226,775</u> |
| COMMITMENTS AND CONTINGENCIES (Note 11) | | |
| SHAREHOLDERS' EQUITY | | |
| Ordinary shares with no par value- Authorized: 700,000,000 as of June 30, 2024 and December 31, 2023; 291,715,209 and 295,670,620 shares issued and outstanding as of June 30, 2024 and December 31, 2023, respectively | — | — |
| Non-voting Ordinary shares with no par value- Authorized: 46,000,000 as of June 30, 2024 and December 31, 2023; 44,210,406 and 45,198,702 shares issued and outstanding as of June 30, 2024 and December 31, 2023, respectively | — | — |
| Treasury Ordinary shares, at cost - 27,775,351 (26,787,055 Ordinary shares and 988,296 Non-voting Ordinary shares) and 15,240,471 Ordinary shares as of June 30, 2024 and December 31, 2023, respectively | (109,978) | (55,513) |
| Additional paid-in capital | 1,301,159 | 1,262,093 |
| Accumulated other comprehensive income (loss) | (39) | 942 |
| Accumulated deficit | <u>(180,909)</u> | <u>(150,460)</u> |
| Total shareholders' equity | <u>1,010,233</u> | <u>1,057,062</u> |
| Total liabilities and shareholders' equity | <u><u>\$ 1,631,522</u></u> | <u><u>\$ 1,707,802</u></u> |

(1) Includes related party trade receivables of \$41,992 \$43,232 and of \$12,297, as of **March 31, 2024** June 30, 2024 and December 31, 2023, respectively.

(2) Includes related party trade payables of \$61,137 \$59,194 and \$38,657, as of **March 31, 2024** June 30, 2024 and December 31, 2023, respectively.

The accompanying notes are an integral part of these unaudited consolidated interim financial statements.

CONSOLIDATED INTERIM STATEMENTS OF LOSS

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

| | Three months ended March 31, | | Three months ended June 30, | | Six months ended June 30, | |
|---|---------------------------------|-------------|--------------------------------|-------------|------------------------------|-------------|
| | 2024 | | 2023 | | 2024 | |
| | Unaudited | | Unaudited | | Unaudited | |
| Revenues (1) | \$ 414,008 | \$ 327,686 | \$ 428,160 | \$ 332,004 | \$ 842,168 | \$ 659,690 |
| Cost of revenues: | | | | | | |
| Traffic acquisition cost (2) | 275,120 | 211,946 | 278,620 | 208,870 | 553,740 | 420,816 |
| Other cost of revenues | 29,935 | 26,148 | 34,762 | 26,077 | 64,697 | 52,225 |
| Total cost of revenues | 305,055 | 238,094 | 313,382 | 234,947 | 618,437 | 473,041 |
| Gross profit | 108,953 | 89,592 | 114,778 | 97,057 | 223,731 | 186,649 |
| Operating expenses: | | | | | | |
| Research and development | 36,249 | 31,985 | 33,288 | 34,001 | 69,537 | 65,986 |
| Sales and marketing | 67,608 | 60,569 | 64,837 | 61,198 | 132,445 | 121,767 |
| General and administrative | 23,329 | 25,836 | 24,284 | 26,858 | 47,613 | 52,694 |
| Total operating expenses | 127,186 | 118,390 | 122,409 | 122,057 | 249,595 | 240,447 |
| Operating loss | (18,233) | (28,798) | (7,631) | (25,000) | (25,864) | (53,798) |
| Finance expenses, net | (3,638) | (3,154) | | | | |
| Finance income (expenses), net | | | 1,004 | (3,827) | (2,634) | (6,981) |
| Loss before income taxes | (21,871) | (31,952) | (6,627) | (28,827) | (28,498) | (60,779) |
| Income tax benefit (expenses) | (4,287) | 639 | | | | |
| Income tax benefit (expenses) | | | 2,336 | (2,487) | (1,951) | (1,848) |
| Net loss | \$ (26,158) | \$ (31,313) | \$ (4,291) | \$ (31,314) | \$ (30,449) | \$ (62,627) |
| Net loss per share attributable to Ordinary and Non-voting Ordinary shareholders, basic and diluted | \$ (0.08) | \$ (0.09) | \$ (0.01) | \$ (0.09) | \$ (0.09) | \$ (0.18) |
| Weighted-average shares used in computing net loss per share attributable to Ordinary and Non-voting Ordinary shareholders, basic and diluted | 345,502,643 | 333,424,276 | 342,566,112 | 351,585,059 | 344,003,462 | 342,491,457 |

(1) Includes revenues from related party of \$52,124 \$60,302 and \$7,114 \$7,190, for the three months ended March 31, 2024 June 30, 2024 and 2023, respectively, and \$112,426 and \$14,304, for the six months ended June 30, 2024 and 2023, respectively.

(2) Includes traffic acquisition cost to related party of \$73,611 \$78,433 and \$0, for the three months ended March 31, 2024 June 30, 2024 and 2023, respectively, and \$152,044 and \$0, for the six months ended June 30, 2024 and 2023, respectively.

The accompanying notes are an integral part of these unaudited consolidated interim financial statements.

CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE LOSS

U.S. dollars in thousands

| | Three months ended March 31, | | Three months ended June 30, | | Six months ended June 30, | |
|--|---------------------------------|-------------|-----------------------------------|-------------|------------------------------|-------------|
| | 2024 | | 2023 | | 2024 | |
| | Unaudited | | Unaudited | | Unaudited | |
| | \$ (26,158) | \$ (31,313) | \$ (4,291) | \$ (31,314) | \$ (30,449) | \$ (62,627) |
| Net loss | | | | | | |
| Other comprehensive loss: | | | | | | |
| Unrealized gains (losses) on available-for-sale marketable securities, net | (1) | 327 | | | | |
| Unrealized losses on derivative instruments, net | (776) | (656) | | | | |
| Other comprehensive loss | (777) | (329) | | | | |
| Unrealized and realized gains on available-for-sale marketable securities, net | | | 7 | 130 | 6 | 457 |
| Unrealized gains (losses) on derivative instruments, net | | | (211) | 199 | (987) | (457) |
| Other comprehensive income (loss) | | | (204) | 329 | (981) | — |
| Comprehensive loss | \$ (26,935) | \$ (31,642) | \$ (4,495) | \$ (30,985) | \$ (31,430) | \$ (62,627) |

The accompanying notes are an integral part of these unaudited consolidated interim financial statements.

- 6 -

[Table of Contents](#)

TABOOЛА.COM LTD.

CONSOLIDATED INTERIM STATEMENTS OF SHAREHOLDERS' EQUITY

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

| | Non-voting Ordinary shares | | Ordinary shares | | Treasury Ordinary shares | Additional paid-in capital | Accumulated deficit | Accumulated other comprehensive income (loss) | sh |
|--|-------------------------------|--------|-----------------|--------|--------------------------------|-------------------------------|------------------------|---|------|
| | Number | Amount | Number | Amount | | | | | |
| | | | | | | | | | |
| Balance as of April 1, 2024 (unaudited) | 45,198,702 | \$ — | 293,413,305 | \$ — | \$ (83,271) | \$ 1,280,715 | \$ (176,618) | \$ 165 | \$ — |
| Share-based compensation expenses | — | — | — | — | — | 19,005 | — | — | — |
| Repurchase of Ordinary shares | (988,296) | — | (5,323,413) | — | (26,707) | — | — | — | — |
| Exercise of options and vested RSUs | — | — | 3,625,317 | — | — | 2,417 | — | — | — |
| Payments of tax withholding for share-based compensation | — | — | — | — | — | (978) | — | — | — |
| Other comprehensive loss | — | — | — | — | — | — | — | (204) | — |
| Net loss | — | — | — | — | — | — | (4,291) | — | — |
| Balance as of June 30, 2024 (unaudited) | 44,210,406 | \$ — | 291,715,209 | \$ — | \$ (109,978) | \$ 1,301,159 | \$ (180,909) | \$ (39) | \$ — |

| | Non-voting Ordinary shares | | Ordinary shares | | Treasury Ordinary shares | Additional paid-in capital | Accumulated deficit | Accumulated other comprehensive income (loss) | sh |
|--|-------------------------------|--------|-----------------|--------|--------------------------------|-------------------------------|------------------------|---|------|
| | Number | Amount | Number | Amount | | | | | |
| | | | | | | | | | |
| Balance as of April 1, 2023 (unaudited) | 45,198,702 | \$ — | 297,822,375 | \$ — | \$ — | \$ 1,209,559 | \$ (99,733) | \$ (1,163) | \$ 1 |
| Share-based compensation expenses | — | — | — | — | — | 17,215 | — | — | — |
| Repurchase of Ordinary shares | — | — | (1,442,000) | — | (4,358) | — | — | — | — |
| Exercise of options and vested RSUs | — | — | 4,256,660 | — | — | 915 | — | — | — |
| Payments of tax withholding for share-based compensation | — | — | — | — | — | (1,117) | — | — | — |
| Other comprehensive income | — | — | — | — | — | — | — | 329 | — |
| Net loss | — | — | — | — | — | — | (31,314) | — | — |
| Balance as of June 30, 2023 (unaudited) | 45,198,702 | \$ — | 300,637,035 | \$ — | \$ (4,358) | \$ 1,226,572 | \$ (131,047) | \$ (834) | \$ 1 |

The accompanying notes are an integral part of these unaudited consolidated interim financial statements.

[Table of Contents](#)**CONSOLIDATED INTERIM STATEMENTS OF SHAREHOLDERS' EQUITY**

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

| | Non-voting Ordinary shares | | Ordinary shares | | Treasury Ordinary shares | Additional paid-in capital | Accumulated deficit | Accumulated other comprehensive income (loss) | Total shareholder equity |
|--|-------------------------------|--------|-----------------|--------|--------------------------------|-------------------------------|------------------------|---|--------------------------------|
| | Number | Amount | Number | Amount | | | | | |
| Balance as of January 1, 2024 | 45,198,702 | \$ — | 295,670,620 | \$ — | \$ (55,513) | \$ 1,262,093 | \$ (150,460) | \$ 942 | \$ 1,053 |
| Share-based compensation expenses | — | — | — | — | — | 36,012 | — | — | (5) |
| Repurchase of Ordinary shares | (988,296) | — | (11,546,584) | — | (54,465) | — | — | — | — |
| Exercise of options and vested RSUs | — | — | 7,009,773 | — | — | 4,741 | — | — | — |
| Connexity issuance of Holdback | — | — | 581,400 | — | — | — | — | — | — |
| Payments of tax withholding for share-based compensation | — | — | — | — | — | (1,687) | — | — | (1) |
| Other comprehensive loss | — | — | — | — | — | — | — | (981) | — |
| Net loss | — | — | — | — | — | — | (30,449) | — | (3) |
| Balance as of June 30, 2024 (unaudited) | 44,210,406 | \$ — | 291,715,209 | \$ — | \$ (109,978) | \$ 1,301,159 | \$ (180,909) | \$ (39) | \$ 1,091 |

| | Non-voting Ordinary shares | | Ordinary shares | | Treasury Ordinary shares | Additional paid-in capital | Accumulated deficit | Accumulated other comprehensive loss | Total shareholder equity |
|--|-------------------------------|--------|-----------------|--------|--------------------------------|-------------------------------|------------------------|--|--------------------------------|
| | Number | Amount | Number | Amount | | | | | |
| Balance as of January 1, 2023 | — | \$ — | 254,133,863 | \$ — | \$ — | \$ 903,789 | \$ (68,420) | \$ (834) | \$ 834 |
| Share-based compensation expenses | — | — | — | — | — | 33,949 | — | — | 33 |
| Repurchase of Ordinary shares | — | — | (1,442,000) | — | (4,358) | — | — | — | (4) |
| Exercise of options and vested RSUs | — | — | 7,838,081 | — | — | 2,679 | — | — | 2 |
| Connexity issuance of Holdback | — | — | 581,400 | — | — | — | — | — | — |
| Issuance of Ordinary shares and Non-voting Ordinary shares related to Commercial agreement | 45,198,702 | — | 39,525,691 | — | — | 288,063 | — | — | 288 |
| Payments of tax withholding for share-based compensation | — | — | — | — | — | (1,908) | — | — | (1) |
| Net loss | — | — | — | — | — | — | (62,627) | — | (62) |
| Balance as of June 30, 2023 (unaudited) | 45,198,702 | \$ — | \$ 300,637,035 | \$ — | \$ (4,358) | \$ 1,226,572 | \$ (131,047) | \$ (834) | \$ 1,090 |

The accompanying notes are an integral part of these unaudited consolidated interim financial statements.

CONSOLIDATED INTERIM STATEMENTS OF SHAREHOLDERS' EQUITY

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

| | Non-voting Ordinary shares | | Ordinary shares | |
|--|-------------------------------|--------|-----------------|--------|
| | Number | Amount | Number | Amount |
| Balance as of January 1, 2024 | — | \$ — | 295,670,620 | \$ — |
| Share-based compensation expenses | — | — | — | — |
| Repurchase of Ordinary shares | — | — | (11,546,584) | — |
| Exercise of options and vested RSUs | — | — | 7,009,773 | — |
| Connexity issuance of Holdback | — | — | 581,400 | — |
| Payments of tax withholding for share-based compensation | — | — | — | — |
| Net loss | — | — | — | — |
| Balance as of June 30, 2024 (unaudited) | 44,210,406 | \$ — | 291,715,209 | \$ — |

| | | | | | Treasury Ordinary shares | Additional paid-in capital | Accumulated deficit | Accumulated other comprehensive income (loss) | Total shareholders' equity |
|---|------------|--------|--------------|--------|--------------------------------|----------------------------------|------------------------|--|----------------------------------|
| | Number | Amount | Number | Amount | | | | | |
| Balance as of January 1, 2024 | 45,198,702 | \$ — | 295,670,620 | \$ — | \$ (55,513) | \$ 1,262,093 | \$ (150,460) | \$ 942 | \$ 1,057,062 |
| Share-based compensation expenses | — | — | — | — | — | 17,007 | — | — | 17,007 |
| Repurchase of Ordinary shares | — | — | (6,223,171) | — | (27,758) | — | — | — | (27,758) |
| Exercise of options and vested RSUs | — | — | 3,384,456 | — | — | 2,324 | — | — | 2,324 |
| Connexity issuance of Holdback | — | — | 581,400 | — | — | — | — | — | — |
| Payments of tax withholding for share-based compensation | — | — | — | — | — | (709) | — | — | (709) |
| Other comprehensive loss | — | — | — | — | — | — | — | (777) | (777) |
| Net loss | — | — | — | — | — | — | (26,158) | — | (26,158) |
| Balance as of March 31, 2024 (unaudited) | 45,198,702 | \$ — | 293,413,305 | \$ — | \$ (83,271) | \$ 1,280,715 | \$ (176,618) | \$ 165 | \$ 1,020,991 |

| | Non-voting Ordinary shares | | Ordinary shares | | Additional paid-in capital | Accumulated deficit | Accumulated other comprehensive loss | Total shareholders' equity |
|--|-------------------------------|--------|-----------------|--------|----------------------------------|------------------------|---|----------------------------------|
| | Number | Amount | Number | Amount | | | | |
| Balance as of January 1, 2023 | — | \$ — | 254,133,863 | \$ — | \$ 903,789 | \$ (68,420) | \$ (834) | \$ 834,535 |
| Share-based compensation expenses | — | — | — | — | 16,734 | — | — | 16,734 |
| Exercise of options and vested RSUs | — | — | 3,581,421 | — | 1,764 | — | — | 1,764 |
| Connexity issuance of Holdback | — | — | 581,400 | — | — | — | — | — |
| Issuance of Ordinary shares and Non-voting Ordinary shares related to Commercial agreement | 45,198,702 | — | 39,525,691 | — | 288,063 | — | — | 288,063 |
| Payments of tax withholding for share-based compensation | — | — | — | — | (791) | — | — | (791) |
| Other comprehensive loss | — | — | — | — | — | — | (329) | (329) |
| Net loss | — | — | — | — | — | (31,313) | — | (31,313) |
| Balance as of March 31, 2023 (unaudited) | 45,198,702 | \$ — | 297,822,375 | \$ — | \$ 1,209,559 | \$ (99,733) | \$ (1,163) | \$ 1,108,663 |

The accompanying notes are an integral part of these unaudited consolidated interim financial statements.

Contents

7

TABOOOLA.COM LTD.

CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS

U.S. dollars in thousands

| | Three months ended March 31, | | Six months ended June 30, | |
|--|---------------------------------|--------------|------------------------------|--------------|
| | 2024 | | 2023 | |
| | Unaudited | | Unaudited | |
| | 2024 | 2023 | 2024 | 2023 |
| Cash flows from operating activities | | | | |
| Net loss | \$ (26,158) | \$ (31,313) | \$ (30,449) | \$ (62,627) |
| Adjustments to reconcile net loss to net cash flows provided by operating activities: | | | | |
| Depreciation and amortization | 25,321 | 22,601 | 51,183 | 45,393 |
| Share-based compensation expenses | 16,401 | 16,082 | 34,706 | 32,617 |
| Net gain from financing expenses | (408) | (328) | | |

| | | | |
|--|-------------------|-------------------|-------------------|
| Net loss from financing expenses | | 778 | 236 |
| Revaluation of the Warrants liability | 39 | (1,676) | (3,887) |
| Amortization of loan and credit facility issuance costs | 354 | 500 | 729 |
| Amortization of premium and accretion of discount on short-term investments, net | 142 | (281) | 83 |
| Change in operating assets and liabilities: | | | |
| Decrease in trade receivables, net (1) | 22,068 | 44,362 | 24,633 |
| Decrease in prepaid expenses and other current assets and long-term prepaid expenses | 9,199 | 721 | 14,990 |
| Decrease in trade payables (2) | (8,262) | (22,807) | (11,897) |
| Decrease in accrued expenses and other current liabilities and other long-term liabilities | (1,476) | (13,439) | |
| Increase (decrease) in deferred taxes, net | (3,685) | 2,790 | |
| Increase in accrued expenses and other current liabilities and other long-term liabilities | | | 1,578 |
| Decrease in deferred taxes, net | | | (7,901) |
| Change in operating lease right of use assets | 4,453 | 4,151 | 9,284 |
| Change in operating lease liabilities | (5,593) | (3,839) | (11,206) |
| Net cash provided by operating activities | 32,395 | 17,524 | 72,624 |
| | | | 29,122 |
| Cash flows from investing activities | | | |
| Purchase of property and equipment, including capitalized internal-use software | (5,589) | (6,350) | (18,222) |
| Proceeds from business acquisition holdback liability | 719 | — | |
| Business acquisition deferred payment | | | (719) |
| Investments in restricted deposits | — | (280) | — |
| Proceeds from maturities of short-term investments | 3,265 | 41,940 | 5,765 |
| Purchase of short-term investments | | | (77,636) |
| Net cash provided by (used in) investing activities | (1,605) | 35,310 | (13,176) |
| | | | 45,126 |
| Cash flows from financing activities | | | |
| Issuance costs | (456) | — | (695) |
| Exercise of options and vested RSUs | 1,809 | 1,335 | 4,741 |
| Payment of tax withholding for share-based compensation expenses | (709) | (791) | (1,687) |
| Repurchase of Ordinary shares | (27,758) | — | (4,358) |
| Payments on account of repurchase of Ordinary shares | (1,658) | — | (474) |
| Repayment of long-term loan | — | (750) | — |
| Net cash used in financing activities | (28,772) | (206) | (52,580) |
| | | | (35,310) |
| Exchange rate differences on balances of cash and cash equivalents | 408 | 328 | (778) |
| Increase in cash and cash equivalents | 2,426 | 52,956 | 6,090 |
| Cash and cash equivalents - at the beginning of the period | 176,108 | 165,893 | 176,108 |
| Cash and cash equivalents - at end of the period | \$ 178,534 | \$ 218,849 | \$ 182,198 |
| | | | \$ 204,595 |

(1) Includes an increase in related party trade receivables of \$29,694 \$30,935 and \$617, \$421, for the three six months ended March 31, 2024 June 30, 2024 and 2023, respectively.

(2) Includes an increase (decrease) in related party trade payables of \$(22,480) \$20,537 and \$4,628, \$(4,920), for the three six months ended March 31, 2024 June 30, 2024 and 2023, respectively.

The accompanying notes are an integral part of these unaudited consolidated interim financial statements.

8 - 9 -

[Table of Contents](#)

TABOOЛА.COM LTD.

CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS

U.S. dollars in thousands

| Three months ended | | Six months ended | |
|--------------------|-----------|------------------|-----------|
| March 31, | | June 30, | |
| 2024 | 2023 | 2024 | 2023 |
| Unaudited | Unaudited | Unaudited | Unaudited |

Supplemental disclosures of cash flow information:**Cash paid during the year for:**

| | Supplemental disclosures of cash flow information: | | | Supplemental disclosures of cash flow information: | | |
|---|--|----------|----------|--|--|--|
| Income taxes | \$ 3,243 | \$ 4,258 | \$ 9,600 | \$ 6,833 | | |
| Interest | \$ 3,610 | \$ 5,067 | \$ 7,294 | \$ 9,767 | | |
| <u>Non-cash investing and financing activities:</u> | | | | | | |
| Purchase of property and equipment, including capitalized internal-use software | \$ 4,262 | \$ 36 | \$ 292 | \$ 1,705 | | |
| Share-based compensation included in capitalized internal-use software | \$ 606 | \$ 652 | \$ 1,306 | \$ 1,332 | | |
| Creation of operating lease right-of-use assets | \$ 12 | \$ 5,045 | \$ 3,676 | \$ 5,593 | | |

The accompanying notes are an integral part of these unaudited consolidated interim financial statements.

9 - 10 -

[Table of Contents](#)

TABOOЛА.COM LTD.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

NOTE 1:- GENERAL

a. Taboola.com Ltd. (together with its subsidiaries, the "Company" or "Taboola") was incorporated under the laws of the state of Israel on September 3, 2006.

Taboola is a technology company that powers recommendations across the Open Web with an artificial intelligence-based, algorithmic engine developed since the Company began operations in 2007. Taboola partners with websites, devices, and mobile apps (collectively referred to as "digital properties"), to recommend editorial content and advertisements on the Open Web. Digital properties use Taboola's technology platforms to achieve their business goals, such as driving new audiences to their sites and apps or increasing engagement with existing audiences. Taboola also provides monetization opportunities to digital properties by surfacing paid recommendations by advertisers. Taboola is a business-to-business company with no competing consumer interests. Taboola empowers advertisers to leverage its proprietary AI-powered recommendation platform to reach targeted audiences utilizing effective, native ad-formats across digital properties. As part of the Company e-Commerce offerings, it also syndicates its retailer advertisers' monetized product listings and links (clickable advertisements) into commerce content-oriented consumer experiences on both the Open Web and within the dominant traditional ad platforms. Taboola generates revenues when people (consumers) click on, purchase from or, in some cases, view the ads that appear within its recommendation platform. The Company's customers are the advertisers, merchants and affiliate networks that advertise on the Company's platform ("Advertisers"). Advertisers pay Taboola for those clicks, purchases or impressions, and Taboola shares a portion of the resulting revenue with the digital properties who display those ads.

b. In November 2022, the Company announced it entered into a 30-year exclusive commercial agreement (the "Commercial agreement") with Yahoo Inc. and affiliated entities ("Yahoo"), under which Taboola will power native advertising across all of Yahoo's digital properties, expanding the Company's native advertising offering. In connection with this transaction, and following approval by the Company's shareholders on December 30, 2022, the articles of association of the Company were amended and restated (the "Articles") in their entirety to include a Non-voting Ordinary share class with an authorized share capital of 46,000,000. On January 17, 2023 (the "Transaction closing date"), the Company closed the transaction related agreements, including the issuance of 39,525,691 Ordinary shares and 45,198,702 Non-voting Ordinary shares to Yahoo. Based on the closing share price, on January 17, 2023, of \$3.40 per share, the aggregate fair value of the issued shares amounted to \$288,063. As part of the Ordinary shares and Non-voting Ordinary shares issuance, the Company incurred \$1,388 of issuance expenses.

The Non-voting Ordinary shares are not entitled to vote on or receive notices with respect to any matter pursuant to our Articles and are not entitled to vote or to be counted for purposes of determining whether any vote required under the Articles has been approved by the requisite percentage of voting securities or to be counted towards any quorum required pursuant to the Articles. Except with respect to the voting rights and to the rights to receive notice of meetings of the shareholders, the Non-voting Ordinary shares have rights identical to the rights of Ordinary shares. In connection with the transaction, the Company and Yahoo entered into an Investor Rights Agreement, under which, inter alia, Yahoo is entitled, in certain circumstances, to cause the Company to register the Ordinary shares issued to Yahoo for resale under the Securities Act of 1933, as amended.

The Company accounts for the consideration paid to Yahoo (the "Commercial agreement asset") as an up-front payment for traffic acquisition costs paid to the digital property partner, which is amortized over the shorter of respective contractual terms and the economic benefit period of the digital property arrangement.

10 - 11 -

[Table of Contents](#)

TABOOЛА.COM LTD.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

NOTE 1:- GENRAL (Cont.)

The Company and Yahoo are still in the Commercial agreement transition period (as defined in the Commercial agreement), consequently, the exclusivity period has not begun. For the three **and six** months ended **March 31, 2024****June 30, 2024** and 2023, the Company did not record amortization expenses of the Commercial agreement asset.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying unaudited consolidated interim financial statements have been prepared in accordance with Generally Accepted Accounting Principles in the United States ("GAAP"), and applicable rules and regulations of the Securities and Exchange Commission ("SEC") regarding interim financial reporting and include the accounts of Taboola.com Ltd. and its wholly-owned subsidiaries. All intercompany balances and transactions have been eliminated in consolidation.

The consolidated balance sheet as of December 31, 2023, included herein, was derived from the audited consolidated financial statements as of that date, but does not include all of the disclosures, including certain notes required by GAAP on an annual reporting basis. Certain information and note disclosures normally included in the financial statements prepared in accordance with GAAP have been condensed or omitted pursuant to such rules and regulations.

Therefore, these unaudited consolidated interim financial statements should be read in conjunction with the audited consolidated financial statements and the related notes thereto included in the Company's Annual Report on Form 10-K as of and for the year ended December 31, 2023, filed with the SEC on February 28, 2024.

In the opinion of the Company's management, the unaudited consolidated interim financial statements have been prepared on a basis consistent with the annual consolidated financial statements and reflect all adjustments, which include only normal recurring adjustments necessary for the fair presentation of the Company's unaudited interim consolidated financial statements. The results of operations for the three **and six** months ended **March 31, 2024****June 30, 2024**, are not necessarily indicative of the results to be expected for the full year ending December 31, 2024, or any other future interim or annual period.

Use of Estimates

The preparation of the interim consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the interim consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period and accompanying notes. Actual results could differ from those estimates.

The Company's management regularly evaluates its estimates, primarily those related to: (1) revenue recognition criteria, including the determination of revenue reporting as gross versus net in the Company's revenue arrangements, (2) allowances for credit losses, (3) operating lease assets and liabilities, including the incremental borrowing rate and terms and provisions of each lease (4) the useful lives of its Commercial agreement asset, property and equipment and capitalized software development costs, (5) income taxes, (6) assumptions used in the option pricing models to determine the fair value of share-based compensation (7) the fair value of financial assets and liabilities, including the fair value of marketable securities, Private Warrants and derivative instruments (8) the fair value of acquired intangible assets and goodwill annual impairment test, and (9) the recognition and disclosure of contingent liabilities.

11 - 12 -

[Table of Contents](#)

TABOOЛА.COM LTD.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

These estimates are based on historical data and experience, as well as various other factors that management believes to be reasonable under the circumstances; the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources.

As of **March 31, 2024****June 30, 2024**, the impacts to the Company's business due to geopolitical developments, such as the wars in Israel and Ukraine and other active or possible hostilities, and macroeconomic factors, such as rising interest rates, inflation and changes in foreign currency exchange rates, continue to evolve. As events continue to evolve and additional information becomes available, the Company's estimates may change materially in future periods.

Concentrations of Credit Risk

The Company's trade receivables are geographically diversified and derived mainly from sales in the United States, Israel, Germany and United Kingdom. Concentration of credit risk with respect to trade receivables is limited by credit limits, ongoing credit evaluation and account monitoring procedures. The Company performs ongoing credit evaluations of its accounts receivables and establishes an allowance for expected losses as necessary.

As of **March 31, 2024** **June 30, 2024**, the Company had a single customer representing **14.8%** **15.3%** of the trade receivables balance. For the three and six months ended **March 31, 2024** **June 30, 2024**, the same customer accounted for **12.6%** **14.1%** and **13.3%** of total revenues, respectively (see Note 12).

As of December 31, 2023, no single customer represented 10% or more of trade receivables. No single customer accounted for more than 10% of total revenue for the three and six months ended **March 31, 2023** **June 30, 2023**.

Significant Accounting Policies

The Company's significant accounting policies are discussed in Note 2, *Summary of Significant Accounting Policies*, in the Company's Annual Report on Form 10-K as of and for the year ended December 31, 2023, as filed with the SEC on **February 28, 2024**. There have been no significant changes to these policies during the **three** **six** months ended **March 31, 2024**, except as noted below.

Reclassification

Certain amounts in the corresponding prior periods have been reclassified to conform with the current period presentation. Such reclassifications did not affect net loss, changes in the shareholders' equity or cash flows.

Recently Issued Accounting Pronouncements

In December 2023, the FASB issued ASU 2023-09, *Income Taxes (Topics 740): Improvements to Income Tax Disclosures*, which expands the disclosure requirements for income taxes, primarily related to the rate reconciliation and income taxes paid. This ASU is effective for the fiscal years beginning after December 15, 2024. Early adoption permitted. The Company does not expect the adoption of this guidance will have a significant impact on its consolidated financial statement and related disclosures and will adopt the guidance effective January 1, 2025.

12 - 13 -

Table of Contents

TABOOЛА.COM LTD.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

In November 2023, the FASB issued ASU 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures*, which expands the annual and interim disclosure requirements for public company reportable segments, primarily through enhanced information about the significant expenses. This ASU is effective for fiscal years beginning after December 15, 2023, and for interim periods within fiscal years beginning after December 15, 2024. Early adoption permitted. The Company is currently evaluating the impact of this guidance on its consolidated financial statements and related disclosures.

NOTE 3:- CASH AND CASH EQUIVALENTS

The following table presents for each reported period, the breakdown of cash and cash equivalents:

| | March 31, 2024 | December 31, 2023 | June 30, 2024 | December 31, 2023 |
|--|-------------------|----------------------|-------------------|----------------------|
| | Unaudited | Unaudited | Unaudited | Unaudited |
| Cash | \$ 97,730 | \$ 99,811 | \$ 112,764 | \$ 99,811 |
| Money market funds | 75,666 | 72,510 | 68,972 | 72,510 |
| Time deposits | 5,138 | 3,787 | 462 | 3,787 |
| Total Cash and cash equivalents | \$ 178,534 | \$ 176,108 | | |
| Total cash and cash equivalents | | | \$ 182,198 | \$ 176,108 |

NOTE 4:- FAIR VALUE MEASUREMENTS

The Company evaluates assets and liabilities subject to fair value measurements on a recurring basis to determine the appropriate level to classify them for each reporting period. The Company did not have any transfers between fair value measurements levels during the **three** **six** months ended **March 31, 2024** **June 30, 2024**.

The following table sets forth the Company's assets and liabilities that were measured at fair value as of **March 31, 2024** **June 30, 2024** and December 31, 2023, by level within the fair value hierarchy:

| Description | Fair Value Hierarchy | Fair value measurements as of | | Fair value measurements as of | |
|-------------|-------------------------|-------------------------------|----------------------|-------------------------------|----------------------|
| | | March 31, 2024 | December 31, 2023 | June 30, 2024 | December 31, 2023 |
| | | Unaudited | Unaudited | Unaudited | Unaudited |

| | | | | | | | | |
|--|------------|---------|----|---------|------------|---------|----|---------|
| Assets: | | | | | | | | |
| Cash equivalents: | | | | | | | | |
| Money market funds | Level 1 \$ | 75,666 | \$ | 72,510 | Level 1 \$ | 68,972 | \$ | 72,510 |
| Short-term investments: | | | | | | | | |
| Corporate debt securities | Level 2 \$ | 1,493 | \$ | 3,651 | Level 2 \$ | — | \$ | 3,651 |
| Commercial paper | Level 2 \$ | 992 | \$ | 2,074 | Level 2 \$ | — | \$ | 2,074 |
| Derivative instruments asset: | | | | | | | | |
| Derivative instruments designated as cash flow hedging instruments | Level 2 \$ | 172 | \$ | 948 | Level 2 \$ | — | \$ | 948 |
| Liabilities: | | | | | | | | |
| Warrants liability: | | | | | | | | |
| Public Warrants | Level 1 \$ | (4,082) | \$ | (4,253) | Level 1 \$ | (1,496) | \$ | (4,253) |
| Private Warrants | Level 3 \$ | (2,086) | \$ | (1,876) | Level 3 \$ | (746) | \$ | (1,876) |
| Derivative instruments liability: | | | | | | | | |
| Derivative instruments designated as cash flow hedging instruments | Level 2 \$ | (39) | \$ | — | | | | |

13 - 14 -

[Table of Contents](#)

TABOOЛА.COM LTD.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

NOTE 4:- FAIR VALUE MEASUREMENTS (Cont.)

The Company classifies its money market funds as Level 1 based on quoted market prices in active markets.

The Company classifies its short-term investments and derivative instruments within Level 2 as they are valued using inputs other than quoted prices which are directly or indirectly observable in the market, including readily-available pricing sources for the identical underlying security which may not be actively traded.

The Company measures the fair value for Warrants by using a quoted price for the Public Warrants, which are classified as Level 1, and a Black-Scholes simulation model for the Private Warrants, which are classified as Level 3, due to the use of unobservable inputs.

The key inputs into the Black-Scholes model for the Private Warrants were as follows:

| Input | March 31, 2024 | December 31, 2023 | June 30, 2024 | December 31, 2023 |
|-------------------------|-------------------|----------------------|------------------|----------------------|
| | Unaudited | | | |
| Risk-free interest rate | 4.44% - 4.70% | 4.04% - 4.28% | 4.60% - 4.87% | 4.04% - 4.28% |
| Expected term (years) | 1.50 - 2.25 | 1.75 - 2.50 | 1.25 - 2.00 | 1.75 - 2.50 |
| Expected volatility | 69.1% | 61.1% - 63.9% | 53.7% - 64.8% | 61.1% - 63.9% |
| Exercise price | \$ 11.50 | \$ 11.50 | \$ 11.50 | \$ 11.50 |
| Underlying share price | \$ 4.44 | \$ 4.33 | \$ 3.44 | \$ 4.33 |

The Company's use of a Black-Scholes model required the use of subjective assumptions:

- The risk-free interest rate assumption was interpolated based on constant maturity U.S. Treasury rates over a term commensurate with the expected term of the Private Warrants.
- The expected term was based on the maturity of the Private Warrants of five years following June 29, 2021, the Business Combination date, and for certain Private Warrants the maturity was determined to be five years from the date of the October 1, 2020, ION initial public offering effective date.
- The expected volatility is based on the Company's share price volatility. For periods prior January 1, 2024, the expected share volatility assumption was based on the implied volatility from a set of comparable publicly-traded companies as determined based on size and proximity, as the Company did not have sufficient trading history.

The following table presents the changes in the fair value of Warrants liability:

| Input | Private | Public | Total | Private | Public | Total |
|---|----------|----------|----------|----------|----------|----------|
| | Warrants | Warrants | Warrants | Warrants | Warrants | Warrants |
| Fair value as of December 31, 2023 | \$ 1,876 | \$ 4,253 | \$ 6,129 | \$ 1,876 | \$ 4,253 | \$ 6,129 |
| Change from private to public holdings | (21) | 21 | — | (77) | 77 | — |
| Change in fair value | 231 | (192) | 39 | (1,053) | (2,834) | (3,887) |
| Fair value as of March 31, 2024 (unaudited) | \$ 2,086 | \$ 4,082 | \$ 6,168 | | | |
| Fair value as of June 30, 2024 (unaudited) | | | | \$ 746 | \$ 1,496 | \$ 2,242 |

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

NOTE 5:- SHORT-TERM INVESTMENTS

As of June 30, 2024, the Company did not hold available-for-sale marketable securities.

The following is a summary of available-for-sale marketable securities: securities as of December 31, 2023:

| | March 31, 2024 | | | | | | | |
|---------------------------|-----------------|-------------|---------------|-----------------|-----------------|-------------|---------------|-----------------|
| | Unaudited | | | | | | | |
| | Amortized Cost | Gross Gains | Gross Losses | Fair Value | Amortized Cost | Gross Gains | Gross Losses | Fair Value |
| Corporate debt securities | \$ 1,499 | \$ — | \$ (6) | \$ 1,493 | \$ 3,654 | \$ — | \$ (3) | \$ 3,651 |
| Commercial paper | 993 | — | (1) | 992 | 2,077 | — | (3) | 2,074 |
| Total | \$ 2,492 | \$ — | \$ (7) | \$ 2,485 | \$ 5,731 | \$ — | \$ (6) | \$ 5,725 |

| | December 31, 2023 | | | | | | | |
|---------------------------|-------------------|-------------|---------------|-----------------|-----------------|-------------|---------------|-----------------|
| | Unaudited | | | | | | | |
| | Amortized Cost | Gross Gains | Gross Losses | Fair Value | Amortized Cost | Gross Gains | Gross Losses | Fair Value |
| Corporate debt securities | \$ 3,654 | \$ — | \$ (3) | \$ 3,651 | \$ 3,654 | \$ — | \$ (3) | \$ 3,651 |
| Commercial paper | 2,077 | — | (3) | 2,074 | 2,077 | — | (3) | 2,074 |
| Total | \$ 5,731 | \$ — | \$ (6) | \$ 5,725 | \$ 5,731 | \$ — | \$ (6) | \$ 5,725 |

As of March 31, 2024, the Company had no significant unrealized losses related to marketable securities (which were accumulated in a period of less than 12 months) and determined the unrealized losses are not due to credit related losses, therefore, the Company did not record an allowance for credit losses for its available-for-sale marketable securities.

As of March 31, 2024, all of the Company's available-for-sale marketable securities were due within one year.

NOTE 6:- DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES

The Company enters into foreign currency forward contracts and put and call options with financial institutions to protect itself against the foreign exchange risks, mainly exposure to changes in the exchange rate of the New Israeli Shekel ("NIS") against the U.S. dollar that are associated with forecasted future cash flows for up to twelve months. The Company's risk management strategy includes the use of derivative financial instruments to reduce the volatility of earnings and cash flows associated with changes in foreign currency exchange rates; these derivative instruments are designated as cash flow hedges. The Company does not enter into derivative transactions for trading or speculative purposes.

As of March 31, 2024 June 30, 2024 and December 31, 2023, the notional amounts of the Company's derivative instruments designated as cash flow hedging instruments outstanding in U.S. dollars amounted to \$0 \$19,154 and \$39,347, respectively.

Gross notional amounts do not quantify risk or represent assets or liabilities of the Company but are used in the calculation of settlements under the contracts.

The Company records all cash flow hedging instruments on the consolidated balance sheets at fair value.

The fair value values of outstanding derivative instruments designated as cash flow hedging instruments were as follows:

| | Prepaid expenses and other current assets | June 30, 2024 | | December 31, 2023 | |
|--|--|---------------|--------|-------------------|--------|
| | | Unaudited | — | Unaudited | — |
| | Prepaid expenses and other current assets | \$ — | \$ 948 | \$ — | \$ 948 |
| | Accrued expenses and other current liabilities | \$ 39 | \$ — | \$ — | \$ — |

The gains (losses) related to cash flow hedging instruments, recorded as assets were \$172 and \$948, as of March 31, 2024 and December 31, 2023, respectively, which were recorded in prepaid expenses and other current assets in the consolidated interim balance sheet statements of loss, for the three and six months ended

June 30, 2024 and 2023, were as follows:

15

| | Three months ended | | Six months ended | |
|---|--------------------|-----------|------------------|-------------|
| | June 30, | | June 30, | |
| | 2024 | 2023 | 2024 | 2023 |
| Unaudited | | | | |
| Cost of revenues | \$ — | \$ (54) | \$ 15 | \$ (82) |
| Research and development | — | (536) | 174 | (851) |
| Sales and marketing | — | (100) | 43 | (156) |
| General and administrative | — | (104) | 35 | (153) |
| Total gains (losses) recognized in the consolidated statements of loss, net | \$ — | \$ (794) | \$ 267 | \$ (1,242) |

+ 16 +

[Table of Contents](#)

TABOOЛА.COM LTD.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

NOTE 6:- DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES (Cont.)

The gains (losses) related to cash flow hedging instruments, recorded in the consolidated interim statements of loss, for the three months ended March 31, 2024 and 2023, were as follows:

| | Three months ended | |
|---|--------------------|-----------|
| | March 31, | |
| | 2024 | 2023 |
| Unaudited | | |
| Cost of revenues | \$ 15 | \$ (28) |
| Research and development | 174 | (315) |
| Sales and marketing | 43 | (56) |
| General and administrative | 35 | (49) |
| Total gains (losses) recognized in the consolidated statements of loss, net | \$ 267 | \$ (448) |

Effect of Foreign Currency Contracts on Accumulated Other Comprehensive Income (Loss)

Net unrealized gains (losses) of foreign currency contracts designated as cash flow hedging instruments are recorded in accumulated other comprehensive income (loss).

The changes in unrealized gains (losses) on the Company's derivative instruments recorded in accumulated other comprehensive income (loss) were as follows:

| | Three months ended | | Six months ended | |
|---|--------------------|-----------|------------------|-----------|
| | March 31, | | June 30, | |
| | 2024 | 2023 | 2024 | 2023 |
| Unaudited | | | | |
| Jnrealized gains (losses) on derivative instruments at the beginning of the period | \$ 948 | \$ (313) | \$ 948 | \$ (313) |
| Changes in fair value of derivative instruments | (509) | (1,104) | (720) | (1,699) |
| Reclassification of losses (gains) recognized in the consolidated interim statements of loss from accumulated other comprehensive income (loss) | (267) | 448 | (267) | 1,242 |
| Jnrealized gains (losses) on derivative instruments at the end of the period (unaudited) | \$ 172 | \$ (969) | \$ (39) | \$ (770) |
| Jnrealized losses on derivative instruments at the end of the period (unaudited) | | | | |

All net deferred gains (losses) losses in accumulated other comprehensive income (loss) as of March 31, 2024 June 30, 2024, are expected to be recognized over the next twelve months as operating expenses in the same financial statement line item in the consolidated interim statements of loss to which the derivative relates.

NOTE 7:- GOODWILL AND INTANGIBLE ASSETS, NET

Goodwill

There was no impairment or additions to goodwill during the three and six months ended **March 31, 2024** **June 30, 2024**.

Intangible Assets, Net

16

Definite-lived intangible assets, net consist of the following:

| | Gross Fair Value | Accumulated Amortization | Net Book Value |
|--|-------------------------|---------------------------------|-----------------------|
| June 30, 2024 | | | |
| Merchant/Network affiliate relationships | \$ 146,547 | \$ (92,270) | \$ 54,277 |
| Technology | 74,193 | (49,285) | 24,908 |
| Publisher relationships | 42,933 | (30,411) | 12,522 |
| Tradenames | 24,097 | (22,764) | 1,333 |
| Customer relationship | 13,146 | (12,621) | 525 |
| Total (unaudited) | \$ 300,916 | \$ (207,351) | \$ 93,565 |
| December 31, 2023 | | | |
| Merchant/Network affiliate relationships | \$ 146,547 | \$ (75,987) | \$ 70,560 |
| Technology | 74,193 | (43,535) | 30,658 |
| Publisher relationships | 42,933 | (25,044) | 17,889 |
| Tradenames | 24,097 | (18,739) | 5,358 |
| Customer relationships | 13,146 | (12,353) | 793 |
| Total | \$ 300,916 | \$ (175,658) | \$ 125,258 |

+17+

[Table of Contents](#)

TABOOЛА.COM LTD.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

NOTE 7:- GOODWILL AND INTANGIBLE ASSETS, NET (Cont.)

Intangible Assets, Net

Definite-lived intangible assets, net consist of the following:

| | Gross Fair Value | Accumulated Amortization | Net Book Value |
|--|-------------------------|---------------------------------|-----------------------|
| March 31, 2024 | | | |
| Merchant/Network affiliate relationships | \$ 146,547 | \$ (84,129) | \$ 62,418 |
| Technology | 74,193 | (46,412) | 27,781 |
| Publisher relationships | 42,933 | (27,728) | 15,205 |
| Tradenames | 24,097 | (20,752) | 3,345 |
| Customer relationship | 13,146 | (12,572) | 574 |
| Total (unaudited) | \$ 300,916 | \$ (191,593) | \$ 109,323 |
| December 31, 2023 | | | |
| Merchant/Network affiliate relationships | \$ 146,547 | \$ (75,987) | \$ 70,560 |
| Technology | 74,193 | (43,535) | 30,658 |
| Publisher relationships | 42,933 | (25,044) | 17,889 |
| Tradenames | 24,097 | (18,739) | 5,358 |
| Customer relationships | 13,146 | (12,353) | 793 |
| Total | \$ 300,916 | \$ (175,658) | \$ 125,258 |

Amortization expenses for intangible assets were **\$15,935** **\$15,758** and **\$15,969** **\$15,962**, for the three months ended **March 31, 2024** **June 30, 2024** and **2023**, respectively, and **\$31,693** and **\$31,931**, for the six months ended **June 30, 2024** and **2023**, respectively.

The estimated future amortization expense of definite-lived intangible assets as of **March 31, 2024** **June 30, 2024**, is as follows (unaudited):

| Year Ending December 31, | | | |
|--------------------------|-------------------|------------------|--|
| 2024 (Remainder) | \$ 44,583 | \$ 28,825 | |
| 2025 | 51,407 | 51,407 | |
| 2026 | 13,244 | 13,244 | |
| 2027 | 89 | 89 | |
| Total | \$ 109,323 | \$ 93,565 | |

NOTE 8:- FINANCING ARRANGEMENTS

Long-term loan

Concurrently with the closing of the Connexity Acquisition, on September 1, 2021, the Company entered into a \$300,000 senior secured term loan credit agreement (the "Credit Agreement"), among the Company, Taboola Inc., a wholly-owned Company's subsidiary (the "Borrower"), the lenders party thereto and JPMorgan Chase Bank, N.A., as administrative agent. The Credit Agreement provides for borrowings in an aggregate principal amount of up to \$300,000 (the "Facility").

The Facility was fully drawn at closing, net of issuance expenses of \$11,250, and the proceeds were used by the Company to finance a portion of the Connexity Acquisition.

17

[Table of Contents](#)

TABOOЛА.COM LTD.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

NOTE 8:- FINANCING ARRANGEMENTS (Cont.)

The Facility is subject to customary borrowing conditions. In accordance with the terms of the Credit Agreement, the Credit Agreement was amended on June 12, 2023, to replace LIBOR with SOFR and accordingly the Facility bears interest at a variable annual rate based on Term SOFR or Base Rate plus a fixed margin. The Facility will mature on the seventh anniversary of the closing date with the remaining principal amount due at maturity. Due to the Company's voluntary prepayments, the Company has satisfied in full and has no remaining obligations to make quarterly amortization payments under the Facility at a rate of 1.00% per annum. The Facility is mandatorily prepayable with a portion of the net cash proceeds of certain dispositions of assets, a portion of Taboola's excess cash flow and the proceeds of incurrences of indebtedness not permitted under the Credit Agreement.

The Credit Agreement also contains customary representations, covenants and events of default. Failure to meet the covenants beyond applicable grace periods could result in acceleration of outstanding borrowings and/or termination of the Facility. As of **March 31, 2024** **June 30, 2024**, the Company was in compliance with the Facility covenants.

As of **March 31, 2024** **June 30, 2024**, the Company's outstanding principal amount of debt under the Credit Agreement was \$152,735.

The Facility is guaranteed by the Company and all of its wholly-owned material subsidiaries, subject to certain exceptions set forth in the Credit Agreement (collectively, the "Guarantors"). The obligations of the Borrower and the Guarantors are secured by substantially all the assets of the Borrower and the Guarantors including shares of subsidiaries, subject to certain exceptions set forth in the Credit Agreement.

18

[Table of Contents](#)

TABOOЛА.COM LTD.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

NOTE 8:- FINANCING ARRANGEMENTS (Cont.)

The total interest expenses, including issuance costs amortization, recognized in connection with the long-term loan were **\$3,941** **\$3,967** and **\$5,473** **\$5,027**, for the three months ended **March 31, 2024** **June 30, 2024** and 2023, respectively, and \$7,908 and \$10,500, for the six months ended June 30, 2024 and 2023, respectively. The long-term loan interest and issuance costs amortization, included as interest expenses, are recognized through the remaining term of the Credit agreement using the effective interest rate.

Revolving Credit Agreement

On August 9, 2022, the Company amended its Credit Agreement to provide for a five-year senior secured revolving credit facility (the "Revolving Credit Agreement"), among the Company, Taboola Inc., a wholly-owned Company's subsidiary (the "Borrower"), and the lenders party thereto, with Citibank N.A., as lead arranger and JPMorgan Chase Bank, N.A., as administrative agent. The Revolving Credit Agreement provides for revolving loans in an aggregate committed principal amount of up to \$90,000 (the "Revolving Loans").

Certain representations, events of default and covenants of the Revolving Credit Agreement are substantially the same as those in the Credit Agreement. However, the Revolving Credit Agreement contains a financial covenant requiring the Company to maintain a Total Net Leverage Ratio (as defined in the Revolving Credit Agreement) as at the last day of each fiscal quarter. Borrowings under the Revolving Credit Agreement are subject to customary conditions and will bear interest at a variable annual rate based on Term SOFR or Base Rate plus a fixed margin. The lenders under the Credit Agreement and the lenders under the Revolving Credit Agreement are secured by the same collateral, including substantially all the assets of the Borrower and the Guarantors (as defined in the Credit Agreement) including shares of subsidiaries, subject to certain exceptions in the governing documents.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

NOTE 8:- FINANCING ARRANGEMENTS (Cont.)

The proceeds of any Revolving Loans may be used for the working capital, capital expenditures and other general corporate purposes of Taboola and its subsidiaries and may also be used for Restricted Payments, Investments (including permitted acquisitions) and Restricted Debt Payments (each, as defined in the Credit Agreement) to the extent permitted under the Credit Agreement.

As of **March 31, 2024** **June 30, 2024**, the Company was in compliance with the financial covenants and had no outstanding borrowings under the Revolving Credit Agreement.

As of **March 31, 2024** **June 30, 2024** and December 31, 2023, deferred financing costs associated with entering into the Revolving Credit Agreement in the total amount of **\$830** **\$778** and **\$893**, respectively, were included in short-term and long-term prepaid expenses in the Company's consolidated balance sheets.

The deferred financing costs are amortized on a straight-line basis over the term of the Revolving Credit Agreement. Deferred financing costs amortization amounted to **\$63** **\$52** and **\$62** **\$65**, for the three months ended **March 31, 2024** **June 30, 2024** and 2023, respectively, and **\$115** and **\$127**, for the six months ended **June 30, 2024** and 2023, respectively.

NOTE 9:- SHAREHOLDERS' EQUITY AND SHARE INCENTIVE PLANS***Share Capital***

Holders of Ordinary shares have the right to receive notice of, and to participate in, all general meetings of the Company, where each Ordinary share shall have one vote. Each holder has the right to receive dividends, if any, in proportion to their respective Ordinary share holdings. In the event of Taboola's liquidation, after satisfaction of liabilities to creditors, Company assets will be distributed to the holders of its Ordinary shares in proportion to their shareholdings.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

NOTE 9:- SHAREHOLDERS' EQUITY AND SHARE INCENTIVE PLANS (Cont.)

On December 30, 2022, in connection with the Yahoo transaction, the Company's shareholders approved an amendment and restatement to the Articles to include a Non-voting Ordinary share class with an authorized share capital of 46,000,000. In January 2023 the Company issued 45,198,702 Non-voting Ordinary shares to Yahoo. The Non-voting Ordinary shares are not entitled to vote, except in limited circumstances as provided in the Articles. Other than the voting rights, the rights to receive notice of meetings of shareholders and limited circumstances as described in the Company's Articles, the Non-voting Ordinary shares will have rights identical to the rights of Ordinary shares as described above (see Note 1b).

Share Buyback Program

The Company's board of directors authorized a share buyback program of the Company's outstanding Ordinary shares, which commenced in June 2023 and does not have an expiration date (the "Buyback Program"). In 2023, the Company's board of directors authorized up to \$80,000 of buybacks under the Buyback Program. In February 2024, the Company's board of directors authorized up to \$100,000 for use under the Buyback Program, including any remaining authority from the 2023 board of directors authorization, subject to satisfying required conditions under the Israeli Companies Law and the Companies Regulations (Reliefs for Corporations, Which Securities Are Listed on Foreign Stock Exchanges) - 2000. As permitted by the Buyback Program, share repurchases may be made from time to time, in privately negotiated transactions or in the open market, including through trading plans, at the discretion of the Company's management and as permitted by securities laws and other legal requirements. The Buyback Program does not obligate the Company to repurchase any specific number of shares and the number of shares repurchased may depend upon market and economic conditions and other factors. The Buyback Program may be discontinued, modified or suspended at any time.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

NOTE 9: SHAREHOLDERS' EQUITY AND SHARE INCENTIVE PLANS (Cont.)

During the **three** six months ended **March 31, 2024** June 30, 2024, the Company repurchased 6,223,171 12,534,880 of its shares, consisting of 11,546,584 Ordinary shares, and 988,296 Non-voting Ordinary shares (see Note 12) at an average price of \$4.44 \$4.32 per share (excluding broker and transaction fees of \$156) \$289. As of **March 31, 2024** June 30, 2024, the Company had remaining authorization under the Buyback Program to repurchase Ordinary shares up to an aggregate amount of \$92,131, \$65,557, subject to satisfying required conditions under the Companies Law and Companies Regulations.

As of March 31, 2024, the Company repurchased an additional 181,585 Ordinary shares, not yet settled, in the amount of \$800.

Share Incentive Plans

- In addition to the Buyback Program detailed above, the Company utilizes a net issuance mechanism to satisfy tax withholding obligations related to equity-based compensation on behalf of its directors, officers and other employees (the "Net Issuances"). In April 2024, subsequent to the balance sheet date, the Company satisfied the required conditions, as set forth in the Israeli Companies Law and the Companies Regulations, to conduct future repurchases of its Ordinary shares under the Buyback Program and Net Issuances in an aggregate amount up to \$100,000, which amount was partly utilized under our Company's previous Israeli court authorization. The Company's board of directors have the authority to determine the amount to be utilized for Net Issuances and Ordinary share repurchases.

For the **three** six months ended **March 31, 2024** June 30, 2024 and 2023, the Company utilized the net issuance mechanism in connection with equity-based compensation for certain Office Holders, which resulted in a tax withholding payment by the Company of \$709 \$1,687 and \$791, \$1,908, respectively, which were recorded as a reduction of additional paid-in capital.

+ 20 +

[Table of Contents](#)

TABOOЛА.COM LTD.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

NOTE 9: SHAREHOLDERS' EQUITY AND SHARE INCENTIVE PLANS (Cont.)

- The following is a summary of share option activity and related information for the **three** six months ended **March 31, 2024** June 30, 2024 (including employees, directors, officers and consultants of the Company):

| | Outstanding Share Options | Weighted Average Exercise Price | | Remaining Contractual Life (Years) | Aggregate Intrinsic Value | Outstanding Share Options | Weighted Average Exercise Price | | Remaining Contractual Life (Years) | Aggregate Intrinsic Value | |
|--|---------------------------|---------------------------------|---------|------------------------------------|---------------------------|---------------------------|---------------------------------|---------|------------------------------------|---------------------------|-------|
| | | Share | Options | Price | | | Share | Options | Price | | |
| Balance as of January 1, 2024 | 29,291,285 | \$ | 3.35 | 5.27 | \$ 57,118 | 29,291,285 | \$ | 3.35 | 5.27 | \$ 57,118 | |
| Exercised | (1,312,222) | | | 1.81 | — | 3,260 | (2,374,502) | | 2.02 | — | 5,361 |
| Forfeited | (338,892) | | | 2.77 | — | — | (406,921) | | 3.55 | — | — |
| Balance as of March 31, 2024 (unaudited) | 27,640,171 | \$ | 3.43 | 5.26 | \$ 55,360 | | | | | | |
| Exercisable as of March 31, 2024 (unaudited) | 23,742,117 | \$ | 2.93 | 4.96 | \$ 51,989 | | | | | | |
| Balance as of June 30, 2024 (unaudited) | | | | | | 26,509,862 | \$ | 3.47 | 5.12 | \$ 34,151 | |
| Exercisable as of June 30, 2024 (unaudited) | | | | | | 23,250,859 | \$ | 3.04 | 4.88 | \$ 31,955 | |

During the **three** six months ended **March 31, 2024** June 30, 2024, the Company did not grant options.

The aggregate intrinsic value in the table above represents the total intrinsic value that would have been received by the option holders had all option holders exercised their options on the last date of the period.

As of **March 31** June 30, 2024, unrecognized share-based compensation cost related to unvested share options was \$11,227, \$9,033, which is expected to be recognized over a weighted-average period of 1.3 1.1 years.

20

[Table of Contents](#)

TABOOЛА.COM LTD.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

NOTE 9:- SHAREHOLDERS' EQUITY AND SHARE INCENTIVE PLANS (Cont.)

c. The following is a summary of the RSU activity and related information for the **three six** months ended **March 31 June 30, 2024**:

| |
|---|
| Balance as of January 1, 2024 |
| Granted |
| Vested (*) |
| Forfeited |
| Balance as of March 31, 2024 June 30, 2024 (unaudited) |

(*) A portion of the shares that vested were netted out to satisfy the tax obligations of the recipients. During the **three six** months ended **March 31, 2024 June 30, 2024**

The total release date fair value of RSUs was \$9,722, \$20,702, during the **three six** months ended **March 31, 2024 June 30, 2024**.

As of **March 31, 2024** June 30, 2024, unrecognized share-based compensation cost related to unvested RSUs was \$146,030, \$131,612, which is expected to be recognized over a weighted-average period of 1.2 years.

[Table of Contents](#)

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

NOTE 9:- SHAREHOLDERS' EQUITY AND SHARE INCENTIVE PLANS (Cont.)

The total share-based compensation expense related to all of the Company's share-based awards recognized for the **three and six** months ended **March 31 June 30, 2024** was \$146,030, \$131,612.

| |
|--|
| Cost of revenues |
| Research and development |
| Sales and marketing |
| General and administrative |
| Total share-based compensation expense |

NOTE 10:- INCOME TAXES

The Company's effective tax rate is highly dependent upon the geographic distribution of its worldwide earnings or losses and tax regulations. The Company's effective tax rate for the **three and six** months ended **March 31 June 30, 2024** was 14.2%.

[Table of Contents](#)

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

NOTE 11:- COMMITMENTS AND CONTINGENCIES

Commercial Commitments

In the ordinary course of the business, the Company enters into agreements with certain digital properties, under which, in some cases it agrees to pay them a guaranteed minimum amount.

Non-cancelable Purchase Obligations

In the normal course of business, the Company enters into non-cancelable purchase commitments with various parties to purchase primarily software and IT related products.

Legal Proceedings

In the ordinary course of business, the Company may be subject from time to time to various proceedings, lawsuits, disputes, or claims. The Company investigates these proceedings and, where appropriate, takes legal action to protect its interests.

[Table of Contents](#)

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

NOTE 12:- RELATED PARTY TRANSACTIONS

The Company is a party to certain transaction-related agreements with Yahoo, pursuant to which the Company issued 39,525,691 Ordinary shares and 45,198,702 Non-voting Ordinary shares to Yahoo.

In June 2024, the Company repurchased 988,296 of the Non-voting Ordinary shares at a price of \$4.07 per share, based on the terms stipulated in the agreement, for a total of \$3,992,296.

The Company and its affiliates are parties to several agreements in the ordinary course of business with Yahoo and its affiliates. Revenues from the related party are as follows:

As of March 31, 2024 June 30, 2024 and December 31, 2023, in regards to Yahoo, the Company's balances of trade receivables were \$41,992, \$43,232 and \$12,297, respectively.

22

The Company and Yahoo, pursuant to the Omnibus Agreement entered into on November 28, 2022, each agreed to pay certain expenses in connection with the transaction.

NOTE 13:- GEOGRAPHIC INFORMATION

The following table represents total revenue by geographic area based on the Advertisers' billing address:

| | Three months ended June 30, | | Six months ended June 30, | |
|-------------------|--------------------------------|------------|------------------------------|------------|
| | 2024 | 2023 | Unaudited | |
| | | | 2024 | 2023 |
| Israel | \$ 26,857 | \$ 31,752 | \$ 58,322 | \$ 60,000 |
| United States | 204,871 | 127,519 | 398,232 | 220,000 |
| Germany | 36,732 | 31,594 | 72,429 | 40,000 |
| United Kingdom | 16,290 | 17,835 | 36,364 | 20,000 |
| Rest of the world | 143,410 | 123,304 | 276,821 | 180,000 |
| Total | \$ 428,160 | \$ 332,004 | \$ 842,168 | \$ 640,000 |

[Table of Contents](#)

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

NOTE 13:- GEOGRAPHIC INFORMATION

The following table represents total revenue by geographic area based on the Advertisers' billing address:

| | Three months ended March 31, | | Unaudited | |
|-------------------|---------------------------------|------------|------------|------------|
| | 2024 | 2023 | Unaudited | |
| | | | 2024 | 2023 |
| Israel | \$ 31,465 | \$ 45,000 | \$ 31,465 | \$ 45,000 |
| United States | 193,362 | 114,000 | 193,362 | 114,000 |
| Germany | 35,697 | 31,000 | 35,697 | 31,000 |
| United Kingdom | 20,074 | 17,000 | 20,074 | 17,000 |
| Rest of the world | 133,410 | 118,000 | 133,410 | 118,000 |
| Total | \$ 414,008 | \$ 327,000 | \$ 414,008 | \$ 327,000 |

NOTE 14:- NET LOSS PER SHARE ATTRIBUTABLE TO ORDINARY SHAREHOLDERS

Numerator:

Net loss attributable to Ordinary shareholders, basic and diluted

Denominator:

Weighted-average shares used in computing net loss per share attributable to Ordinary shareholders, basic and diluted

Net loss per share attributable to Ordinary and Non-voting Ordinary shareholders, basic and diluted

Net loss per share attributable to Ordinary and non-voting Ordinary shareholders, basic and diluted

The potential shares of Ordinary shares that were excluded from the computation of diluted net loss per share attributable to Ordinary shareholders for the periods pre

Warrants

RSUs

Outstanding share options

Issuable Ordinary shares related to Business Combination under holdback arrangement

Issuable Ordinary Shares related to Business Combination under holdback arrangement

Total

Table of Contents

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

You should read the following discussion and analysis of our financial condition and results of operations together with Taboola's accompanying unaudited consolidated interim financial statements and the notes thereto as of and for the three and nine months ended September 30, 2023.

Overview

Taboola is a technology company that powers recommendations across the Open Web with an artificial intelligence, or AI-based, algorithmic engine that we have developed since 2006.

We think of ourselves as a search engine, but in reverse — instead of expecting people to search for information, we recommend information to people or enable our partners to use our technology to do so.

Digital properties use our technology platforms to achieve their business goals, such as driving new audiences to their sites and apps, or increasing engagement on site — and we do so in a privacy-first manner.

We empower Advertisers to leverage our proprietary AI-powered recommendation platform to reach targeted audiences utilizing effective, native ad formats across digital properties.

Our powerful recommendation platform was built to address a technology challenge of significant complexity: predicting which recommendations users would be interested in, without knowing what those users like.

Table of Contents

Key Factors and Trends Affecting our Performance

We believe that our performance and future success depend on several factors that present significant opportunities for us but also pose risks and challenges, including those discussed below.

Business and Macroeconomic Conditions

Global economic and geopolitical conditions have been increasingly volatile due to factors **volatile**. Factors such as inflation, rising interest rates, supply chain disruptions and the war in Ukraine have all contributed to this volatility.

Maintaining and Growing Our Digital Property Partners

We engage with a diverse network of digital property partners, substantially all of which have contracts with us containing either an evergreen term or an exclusive partnership with us.

Historically, we have had a strong record of growing the revenue generated from our digital property partners. We grow our digital property partner relationships in four ways. First, we enter into new partnerships with new digital property partners.

For the majority of our digital properties partners, we have two primary models for sharing revenue with digital property partners. The most common model is a straight revenue share, where we receive a percentage of the revenue generated by the digital property partner.

[Table of Contents](#)

Growing Our Advertiser Client Base

We have a large and growing network of Advertisers, across multiple verticals. We had approximately 17,000, 18,000 and 15,000 Advertiser clients working with us directly, or through our digital property partners, in the fiscal years ended December 31, 2022, 2021 and 2020, respectively.

Improving Network Yield

One way that we grow our revenue is by increasing the yield on our network, which is a general term for the revenue that we make per advertising placement. Because we generally have multiple advertisers competing for the same ad space, we can increase the yield by increasing the price we charge for each ad placement.

Product and Research and Development

We view research and development expenditures as investments that help grow our business over time. These investments, which are primarily in the form of employee salaries and equipment costs, are reflected in our operating expenses.

Managing Seasonality

The global advertising industry has historically been characterized by seasonal trends that also apply to the digital advertising ecosystem in which we operate. In particular, Advertising revenue tends to be higher in the fourth quarter of each year, which is typically the holiday season.

[Table of Contents](#)

Privacy Trends and Government Regulation

We are subject to U.S. and international laws and regulations regarding privacy, data protection, digital advertising and the collection of user data. In addition, large Internet and technology companies, including us, are subject to various laws and regulations relating to data protection, privacy, and consumer rights.

Yahoo Partnership

In November 2022, we announced we had entered into a 30-year exclusive commercial agreement with Yahoo, under which we will power native advertising across all of Yahoo's core properties.

Key Financial and Operating Metrics

We regularly monitor a number of metrics in order to measure our current performance and project our future performance. These metrics aid us in developing and refining our growth strategy.

(dollars in thousands, except per share data)

Revenues

Gross profit

Net loss

EPS diluted (1)

Ratio of net loss to gross profit

Cash flow provided by operating activities

Cash, cash equivalents, short-term deposits and investments

Non-GAAP Financial Data (2)

ex-TAC Gross Profit

Adjusted EBITDA

Non-GAAP Net Income (Loss)

Ratio of Adjusted EBITDA to ex-TAC Gross Profit

Free Cash Flow

(1) The weighted-average shares used in the computation of the diluted EPS for the three months ended **March 31, 2024** **June 30, 2024** and 2023 are **345,502,643** **342,566,111** are **344,003,462** and **342,491,457**, respectively.

The weighted-average shares for the three months ended June 30, 2024 and 2023 includes 297,660,641 and 306,386,357 Ordinary shares and, 44,905,471 and 45,198,702 I

(2) Refer to "Non-GAAP Financial Measures" below for an explanation and reconciliation to GAAP metrics.

[Table of Contents](#)

Non-GAAP Financial Measures

We are presenting the following non-GAAP financial measures because we use them, among other things, as key measures for our management and board of directors in managir

These non-GAAP measures are subject to significant limitations, including those identified below. In addition, other companies may use similarly titled measures but calculate them

ex-TAC Gross Profit

We calculate ex-TAC Gross Profit as gross profit adjusted to add back other cost of revenues.

We believe that ex-TAC Gross Profit is useful because traffic acquisition cost, or TAC, is what we must pay digital properties to obtain the right to place advertising on their website.

Limitations on the use of ex-TAC Gross Profit include the following:

- Traffic acquisition cost is a significant component of our cost of revenues but is not the only component; and
- ex-TAC Gross Profit is not comparable to our gross profit and by definition ex-TAC Gross Profit presented for any period will be higher than our gross profit for that period

The following table provides a reconciliation of revenues and gross profit to ex-TAC Gross Profit:

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

| | Three months ended | | March 31, | |
|----------------------------------|--------------------|------------|-----------|--|
| | March 31, | | | |
| | 2024 | 2023 | | |
| (dollars in thousands) | | | | |
| Revenues | \$ 414,008 | \$ 327,686 | | |
| Traffic acquisition cost | 275,120 | 211,946 | | |
| Other cost of revenues | 29,935 | 26,148 | | |
| Gross profit | \$ 108,953 | \$ 89,592 | | |
| Add back: Other cost of revenues | 29,935 | 26,148 | | |
| ex-TAC Gross Profit | \$ 138,888 | \$ 115,740 | | |

[Table of Contents](#)

Adjusted EBITDA and Ratio of Adjusted EBITDA to ex-TAC Gross Profit

We calculate Adjusted EBITDA as net income (loss) before finance income (expenses), net, income tax expenses, depreciation and amortization, further adjusted to exclude share

We believe that Adjusted EBITDA is useful because it allows us and others to measure our performance without regard to items such as share-based compensation expense, depr

Limitations on the use of Adjusted EBITDA include the following:

- Although depreciation expense is a non-cash charge, the assets being depreciated may have to be replaced in the future, and Adjusted EBITDA does not reflect cash costs for these assets.
- Adjusted EBITDA excludes share-based compensation expense, which has been, and will continue to be for the foreseeable future, a significant recurring expense for our company.
- Adjusted EBITDA does not reflect, to the extent applicable for a period presented: (1) changes in, or cash requirements for, our working capital needs; (2) interest expense on our debt.
- The expenses and other items that we exclude in our calculation of Adjusted EBITDA may differ from the expenses and other items, if any, that other companies may exclude.

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

| |
|------------------------------------|
| Net loss |
| Adjusted to exclude the following: |
| Finance expenses, net |
| Finance expenses (income), net |
| Income tax expenses (benefit) |
| Depreciation and amortization |
| Share-based compensation expenses |
| Holdback compensation expenses (1) |
| Other costs (2) |
| Adjusted EBITDA |

(1) Represents share-based compensation due to holdback of Ordinary shares issuable under compensatory arrangements relating to Connexity acquisition.

(2) The three and six months ended March 31, 2023 includes June 30, 2024 and June 30, 2023 included one-time professional service costs and one-time costs related to the acquisition of Connexity.

Table of Contents

We calculate Ratio of Adjusted EBITDA to ex-TAC Gross Profit 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.

The following table provides a reconciliation of ratio of net loss to gross profit and Ratio of Adjusted EBITDA to ex-TAC Gross Profit:

| |
|--|
| Gross profit |
| Net loss |
| Ratio of net loss to gross profit |
| |
| ex-TAC Gross Profit |
| Adjusted EBITDA |
| Ratio of Adjusted EBITDA margin to ex-TAC Gross Profit |

Non-GAAP Net Income (Loss)

We calculate Non-GAAP Net Income (Loss) as net income (loss) adjusted to exclude revaluation of our Warrants liability, share-based compensation expense including Connexity and other non-cash expenses.

We believe that Non-GAAP Net Income (Loss) is useful because it allows us and others to measure our operating performance and trends without regard to items such as the revaluation of our Warrants liability.

Limitations on the use of Non-GAAP Net Income (Loss) include the following:

- Non-GAAP Net Income (Loss) excludes share-based compensation expense, which has been, and will continue to be for the foreseeable future, a significant recurring expense for our company.
- Non-GAAP Net Income (Loss) will generally be more favorable than our net income (loss) for the same period due to the nature of the items being excluded from its calculation.
- Non-GAAP Net Income (Loss) is a performance measure and should not be used as a measure of liquidity.

The following table reconciles net income (loss) to Non-GAAP Net Income (Loss) for the periods shown:

Net loss
Amortization of acquired intangibles
Share-based compensation expenses
Holdback compensation expenses (1)
Other costs (2)
Revaluation of Warrants
Foreign currency exchange rate losses (3)
Foreign currency exchange rate losses (gains) (3)
Income tax effects
Non-GAAP Net Income (Loss)

(1) Represents share-based compensation due to holdback of Ordinary shares issuable under compensatory arrangements relating to Connexity acquisition.

(2) The three and six months ended March 31, 2023, includes June 30, 2024 and June 30, 2023 included one-time professional service costs and one-time costs related to

(3) Represents foreign currency exchange rate gains or losses related to the remeasurement of monetary assets and liabilities to the Company's functional currency using exc

Table of Contents

Free Cash Flow

We calculate Free Cash Flow as Net cash flow provided by operating activities minus purchases of property, plant and equipment, including capitalized internal-use software.

We believe that Free Cash Flow is useful to provide management and others with information about the amount of cash generated from our operations that can be used for strategic purposes.

Limitations on the use of Free Cash Flow include the following:

- It should not be inferred that the entire Free Cash Flow amount is available for discretionary expenditures. For example, cash is still required to satisfy other working capital needs.
- Free Cash Flow has limitations as an analytical tool, and it should not be considered in isolation or as a substitute for analysis of other GAAP financial measures, such as net income.
- This metric does not reflect our future contractual commitments.

Net cash provided by operating activities

Purchases of property and equipment, including capitalized internal-use software

Free Cash Flow

Table of Contents

Components of Our Results of Operations

Revenues

All of our Revenues are generated from Advertisers with whom we enter into commercial arrangements, defining the terms of our service and the basis for our charges. Generally,

Cost of revenues

Our cost of revenue primarily includes traffic acquisition cost and also includes other cost of revenue.

Traffic acquisition cost

Traffic acquisition cost, or TAC, consists primarily of cost related to digital property compensation for placing our platform on their digital property and cost for advertising and marketing.

Other cost of revenues

Other cost of revenues includes data center and related costs, depreciation expense related to hardware supporting our platform, amortization expense related to capitalized intern

Gross profit

Gross profit, calculated as revenues less cost of revenues, has been, and will continue to be, affected by various factors, including fluctuations in the amount and mix of revenue ar

[Table of Contents](#)

Research and development

Research and development expenses consist primarily of personnel costs, including salaries, bonuses, share-based compensation and employee benefits costs, allocated facilities

Sales and marketing

Sales and marketing expenses consist of payroll and other personnel related costs, including salaries, share-based compensation, employee benefits, and travel for our sales and

General and administrative

General and administrative expenses consist of payroll and other personnel related costs, including salaries, share-based compensation, employee benefits and expenses for exec

Finance income (expenses), net

Finance income (expenses), net, primarily consists of interest income (expense) including amortization of loan and credit facility issuance costs, Warrants liability fair value adjustm

Income tax benefit (expenses)

The statutory corporate tax rate in Israel was 23% for the **three** **six** months ended **March 31, 2024** **June 30, 2024** and 2023, although we are entitled to certain tax benefits under Isr

Pursuant to the Israeli Law for Encouragement of Capital Investments-1959 (the "Investments Law") and its various amendments, under which we have been granted "Privileged E

For 2021 and subsequent tax years, we adopted The **the** "Preferred Technology Enterprises" ("PTE") Incentives Regime (Amendment 73 to the Investment Law) granting a 12% tax

As of **March 31, 2024** **June 30, 2024**, we have an accumulated tax loss carry-forward of approximately **\$68.7 million** **\$65.0 million** in Israel. The tax loss can be offset indefinitely. Nc

[Table of Contents](#)

The following table provides consolidated statements of loss data for the periods indicated:

(dollars in thousands)

Revenues

Cost of revenues:

Traffic acquisition cost

Other cost of revenues

Total cost of revenues

Gross profit

Operating expenses:

Research and development

Sales and marketing

General and administrative

Total operating expenses

Operating loss

Finance expenses, net

Finance income (expenses), net
 Loss before income taxes
 Income tax benefit (expenses)
 Net loss

Comparison of the three months ended March 31, 2024 June 30, 2024 and 2023

Revenues increased by **\$86.3 million** **\$96.2 million**, or **26.3%** **29.0%**, for the three months ended **March 31, 2024** **June 30, 2024** compared to the three months ended **March 31, 2023** **June 30, 2023**.
 Gross profit increased by **\$19.4 million** **\$17.7 million**, or **21.6%** **18.3%**, for the three months ended **March 31, 2024** **June 30, 2024** compared to the three months ended **March 31, 2023** **June 30, 2023**.
 Ex-TAC Gross Profit, a non-GAAP measure, increased by **\$23.1 million** **\$26.4 million**, or **20.0%** **21.4%**, for the three months ended **March 31, 2024** **June 30, 2024** compared to the three months ended **March 31, 2023** **June 30, 2023**.

[Table of Contents](#)

Total cost of revenues increased by **\$67.0 million** **\$78.4 million**, or **28.1%** **33.4%**, for the three months ended **March 31, 2024** **June 30, 2024** compared to the three months ended **March 31, 2023** **June 30, 2023**.
 Traffic acquisition cost increased by **\$63.2 million** **\$69.8 million**, or **29.8%** **33.4%**, for the three months ended **March 31, 2024** **June 30, 2024** compared to the three months ended **March 31, 2023** **June 30, 2023**.
 Traffic acquisition cost increased at a rate higher than revenue primarily due to a mix shift to lower margin digital properties and decreased yield on digital properties with guarantee obligations.
 The cost of guarantees (total payments due under guarantee arrangements in excess of amounts the Company would otherwise be required to pay under revenue sharing arrangements) as a percent of revenues increased by **14.5%** **33.3%**, for the three months ended **March 31, 2024** **June 30, 2024** compared to the three months ended **March 31, 2023** **June 30, 2023**.
 Other cost of revenues increased by **\$3.8 million** **\$8.7 million**, or **13.3%** **2.1%**, for the three months ended **March 31, 2024** **June 30, 2024** compared to the three months ended **March 31, 2023** **June 30, 2023**.
 Research and development expenses increased decreased by **\$4.3 million** **\$0.7 million**, or **13.3%** **2.1%**, for the three months ended **March 31, 2024** **June 30, 2024** compared to the three months ended **March 31, 2023** **June 30, 2023**.

Sales and marketing expenses increased by **\$7.0 million** **\$3.6 million**, or **11.6%** **5.9%**, for the three months ended **March 31, 2024** **June 30, 2024** compared to the three months ended **March 31, 2023** **June 30, 2023**.
 General and administrative expenses decreased by **\$2.5 million** **\$2.6 million**, or **9.7%** **9.6%**, for the three months ended **March 31, 2024** **June 30, 2024** compared to the three months ended **March 31, 2023** **June 30, 2023**.
 Finance expenses, **income (expenses)**, net decreased increased by **\$0.5 million** **\$4.8 million** for the three months ended **March 31, 2024** **June 30, 2024** compared to the three months ended **March 31, 2023** **June 30, 2023**.
 Income tax benefit (expenses) decreased increased by **\$4.9 million** **\$4.8 million** for the three months ended **March 31, 2024** **June 30, 2024** compared to the three months ended **March 31, 2023** **June 30, 2023**.

[Table of Contents](#)

The following table provides consolidated statements of loss data for the periods indicated:

| (dollars in thousands) | Six months ended June 30, | |
|----------------------------|------------------------------|------------|
| | | |
| | 2024 | 2023 |
| | Unaudited | |
| Revenues | \$ 842,168 | \$ 659,690 |
| Cost of revenues: | | |
| Traffic acquisition cost | 553,740 | 420,816 |
| Other cost of revenues | 64,697 | 52,225 |
| Total cost of revenues | 618,437 | 473,041 |
| Gross profit | 223,731 | 186,649 |
| Operating expenses: | | |
| Research and development | 69,537 | 65,986 |
| Sales and marketing | 132,445 | 121,767 |
| General and administrative | 47,613 | 52,694 |
| Total operating expenses | 249,595 | 240,447 |
| Operating loss | (25,864) | (53,798) |
| Finance expenses, net | (2,634) | (6,981) |
| Loss before income taxes | (28,498) | (60,779) |
| Income tax expenses | (1,951) | (1,848) |

| | | |
|----------|--------------|--------------|
| Net loss | \$ (30,449) | \$ (62,627) |
|----------|--------------|--------------|

Comparison of the six months ended June 30, 2024 and 2023

Revenues increased by \$182.5 million, or 27.7%, for the six months ended June 30, 2024 compared to the six months ended June 30, 2023. New digital property partners contributed approximately \$ Gross profit increased by \$37.1 million, or 19.9%, for the six months ended June 30, 2024 compared to the six months ended June 30, 2023. Ex-TAC Gross Profit, a non-GAAP measure, increased by \$49.6 million, or 20.7%, for the six months ended June 30, 2024 compared to the six months ended June 30, 2023, primarily due to new digital

[Table of Contents](#)

Total cost of revenues increased by \$145.4 million, or 30.7%, for the six months ended June 30, 2024 compared to the six months ended June 30, 2023.

Traffic acquisition cost increased by \$132.9 million, or 31.6%, for the six months ended June 30, 2024 compared to the six months ended June 30, 2023.

Traffic acquisition cost increased at a rate higher than revenue primarily due to a mix shift to lower margin digital properties and decreased yield on digital properties with guarantee obligations.

The cost of guarantees (total payments due under guarantee arrangements in excess of amounts the Company would otherwise be required to pay under revenue sharing arrangements) as a percent

Other cost of revenues increased by \$12.5 million, or 23.9%, for the six months ended June 30, 2024 compared to the six months ended June 30, 2023, primarily as a result of a \$5.1 million increase

Research and development expenses increased by \$3.6 million, or 5.4%, for the six months ended June 30, 2024 compared to the six months ended June 30, 2023, primarily attributable to \$3.1 millio

Sales and marketing expenses increased by \$10.7 million, or 8.8%, for the six months ended June 30, 2024 compared to the six months ended June 30, 2023, primarily attributable to \$8.2 million incr

General and administrative expenses decreased by \$5.1 million, or 9.6%, for the six months ended June 30, 2024 compared to the six months ended June 30, 2023, a result of a decrease of \$2.2 mill

Finance expenses, net decreased by \$4.3 million for the six months ended June 30, 2024 compared to the six months ended June 30, 2023, mainly attributable to \$3.0 million decrease in interest exp

Income tax expenses increased by \$0.1 million for the six months ended June 30, 2024 compared to the six months ended June 30, 2023.

[Table of Contents](#)

Liquidity and Capital Resources

Our primary cash needs are for working capital, personnel costs, contractual obligations, including payments to digital property partners, office leases and software and information technology costs, c

As part of our growth strategy, we have made and expect to continue to make significant investments in research and development and in our technology platform. We also plan to selectively consider

As of **March 31, 2024** June 30, 2024 and December 31, 2023, we had **\$178.5 million** \$182.2 million and \$176.1 million of cash and cash equivalents, respectively, \$2.5 million and \$5.7 million of short-

We believe that this, together with net proceeds from our engagements with Advertisers and digital property partners, will provide us with sufficient liquidity to meet our working capital and capital expe

On August 9, 2022 we entered into an incremental revolving credit facility amendment to our existing senior secured credit agreement (the "Amended Credit Agreement"). The Amended Credit Agree

As of **March 31, 2024** June 30, 2024, our outstanding principal amount of debt under our long-term loan was \$152.7 million with the remaining principal amount due at maturity on September 1, 2028.

Share Buyback Program

Our board of directors authorized a share buyback program for the repurchase of our outstanding Ordinary shares, which commenced in June 2023 and does not have an expiration date (the "Buybac

[Table of Contents](#)

During the **three** six months ended **March 31, 2024** June 30, 2024, we repurchased 6.2 million 12.5 million of our shares, consisting of 11.5 million Ordinary shares and 1.0 million Non-voting Ordinary

Our future capital requirements and the adequacy of available funds will depend on many factors, including the risks and uncertainties set forth in our 2023 Form 10-K under Item 1A. "Risk Factors," a

Cash Flow Data:

Net cash provided by operating activities

Net cash provided by (used in) investing activities

Net cash used in financing activities

Exchange rate differences on balances of cash and cash equivalents

Increase in cash and cash equivalents

Operating Activities

During the **three** six months ended March 31, 2024, June 30, 2024 net cash provided by operating activities was **\$32.4 million** \$72.6 million, an increase of **\$14.9 million** \$43.5 million, compared to **\$17.**

The **\$41.8 million** \$83.6 million of non-cash charges consisted of depreciation and amortization of **\$25.3 million** \$51.2 million and share-based compensation expense related to vested equity awards o

The \$17.4 million \$19.5 million increase in cash resulting from changes in working capital primarily consisted of a \$22.8 million \$24.6 million decrease in trade receivables, net, a \$9.2 million \$15.0 million

Net cash provided by operating activities of \$17.5 million \$29.1 million for the three six months ended March 31, 2023 June 30, 2023 was related to our net loss of \$31.3 million \$62.7 million adjusted b

[Table of Contents](#)

The \$36.8 million \$77.6 million of non-cash charges primarily consisted of depreciation and amortization of \$22.6 million \$45.4 million and share-based compensation expense related to vested equity

The \$12.0 million \$14.1 million increase in cash resulting from changes in working capital primarily consisted of a \$44.4 million \$39.3 million decrease in trade receivables, net and an increase \$8.6 mil

Investing Activities

During the three six months ended March 31, 2024, June 30, 2024 net cash used in investing activities was \$1.6 million \$13.2 million, a decrease of \$36.9 million \$58.3 million, compared to \$35.3 million

Net cash provided by investing activities of \$35.3 million \$45.1 million for the three six months ended March 31, 2023 June 30, 2023 primarily consisted of \$41.9 million \$77.6 million proceeds from mat

Financing Activities

During the three six months ended March 31, 2024, June 30, 2024 net cash used in financing activities was \$28.8 million \$52.6 million, an increase of \$28.6 million \$17.3 million, compared to \$0.2 million

Net cash used in financing activities of \$0.2 million \$35.3 million for the three six months ended March 31, 2023 June 30, 2023, consisted of \$0.8 million payment of tax withholding for share-based cor

Contractual Obligations

The following table discloses aggregate information about material contractual obligations and the periods in which they are due as of March 31, 2024 June 30, 2024. Future events could cause actual

Debt Obligations (1)

Operating Leases (2)

Non-cancellable purchase obligations (3)

Total Contractual Obligations

- (1) Due to our voluntary prepayments, we have no remaining obligations to make quarterly amortization payments under our long-term loan.
- (2) Represents future minimum lease commitments under non-cancellable operating lease agreements.
- (3) Primarily represents non-cancelable amounts for contractual commitments in respect of software and information technology.

[Table of Contents](#)

The commitment amounts in the table above are associated with contracts that are enforceable and legally binding and that specify all significant terms, including fixed or minimum services to be used

As of March 31, 2024 June 30, 2024, we have a provision related to unrecognized tax benefit liabilities totaling \$8.8 million \$9.1 million and other provisions related to severance pay and contribution p

Other Commercial Commitments

In the ordinary course of our business, we enter into agreements with certain digital properties, under which, in some cases we agree to pay them a guaranteed amount, generally per thousand page \

Recent Accounting Pronouncements

During the period covered by this report, there were no material recent accounting pronouncements impacting our accounting policies that are not already discussed in our 2023 Form 10-K.

Critical Accounting Estimates

Our discussion and analysis of financial condition results of operations are based upon our consolidated interim financial statements included elsewhere in this report. The preparation of our consolidat

Our critical accounting policies are those that materially affect our consolidated financial statements and involve difficult, subjective or complex judgments by management. There have been no materi

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Foreign Currency Exchange Risk

A 10% increase or decrease of the NIS, Euro, British pound sterling, or the Japanese yen against the U.S. dollar would have impacted the consolidated statements of loss as follows:

[Table of Contents](#)

| | Operating loss impact three months ended March 31, | | | |
|---------|---|-----------|-----------|-----------|
| | 2024 | | 2023 | |
| | (dollars in thousands) | | | |
| | +10% | -10% | +10% | -10% |
| NIS/USD | \$ (458) | \$ 458 | \$ (841) | \$ 841 |
| EUR/USD | \$ 757 | \$ (757) | \$ 204 | \$ (204) |
| GBP/USD | \$ (461) | \$ 461 | \$ (481) | \$ 481 |
| JPY/USD | \$ 306 | \$ (306) | \$ 354 | \$ (354) |

| | Operating loss impact six months ended June 30, | | | |
|---------|--|-------------|-----------|-----------|
| | 2024 | | 2023 | |
| | (dollars in thousands) | | | |
| | +10% | -10% | +10% | -10% |
| NIS/USD | \$ (687) | \$ 687 | \$ (126) | \$ 126 |
| EUR/USD | \$ 2,005 | \$ (2,005) | \$ 169 | \$ (169) |
| GBP/USD | \$ (1,252) | \$ 1,252 | \$ (104) | \$ 104 |
| JPY/USD | \$ 476 | \$ (476) | \$ 312 | \$ (312) |

To reduce the impact of foreign exchange risks associated with forecasted future cash flows related to payroll expenses and other personnel related costs denominated in NIS and their volatility, we have

Interest Rate Risk

Interest rate risk is the risk that the value or yield of fixed-income investments may decline if interest rates change.

Our cash, cash equivalents, and short-term investments are held mainly for working capital purposes. The primary objectives of our investment activities are the preservation of capital and the fulfillment of our short-term cash needs.

As of March 31, June 30, 2024, we had approximately \$152.7 million of outstanding borrowings under our long-term loan with a variable interest rate. See Liquidity and Capital Resources for information on our long-term debt.

Fluctuations in interest rates may impact the level of interest expense recorded on future borrowings. We do not enter into derivative financial instruments, including interest rate swaps, to effectively hedge our interest rate risk.

Inflation Risk

We do not believe that The impacts of inflation has had a material effect on our business, financial condition, or results of operations, other than have resulted in higher equipment and labor costs, costs of goods sold, and selling, general, and administrative expenses.

Credit Risk

Credit risk with respect to accounts receivable is generally not significant, as we routinely assess the creditworthiness of our partners and Advertisers. Historically, we generally have not experienced significant credit losses.

[Table of Contents](#)

As of March 31, 2024 June 30, 2024, we had a single customer representing 14.8% 15.3% of the trade receivables balance. For the three and six months ended March 31, 2024 June 30, 2024, we had no significant concentrations of credit risk.

As of March 31, 2024 June 30, 2024, we maintained cash balances primarily in banks in the United States, the United Kingdom and Israel. In the United States and United Kingdom, the Company dep

Our As of June 30, 2024 the Company did not hold short-term investments, which were \$2.5 million as of March 31, 2024, are investments in marketable securities with high credit ratings as required by our investment policy.

Our derivatives expose us to credit risk to the extent that the counterparties may be unable to meet the terms of the agreement. We seek to mitigate such risk by limiting our counterparties to major financial institutions.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures (as that term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act") that are designed to ensure that information required to be disclosed by us in the reports that we file or furnish under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the Exchange Act rules and forms.

Changes in Internal Control

There were no changes in our internal control over financial reporting identified in management's **management's** evaluation pursuant to Rules 13a-15(d) or 15d-15(d) of the Exchange Act during the period covered by this report.

[Table of Contents](#)

PART II – OTHER INFORMATION

Item 1. Legal Proceedings

From time to time we are a party to various litigation matters incidental to the conduct of our business. We are not presently party to any legal proceedings the resolution of which we believe would have a material adverse effect on our business, financial condition or results of operations.

Item 1A. Risk Factors

Investing in our Ordinary shares involves a high degree of risk. We describe risks associated with our business in Part I, Item 1A: "Risk Factors" "Risk Factors" of our 2023 Form 10-K. Each of the risk factors described in Part I, Item 1A: "Risk Factors" "Risk Factors" of our 2023 Form 10-K is a risk factor that we believe is important to investors in our Ordinary shares.

There are no additional material changes to the Risk Factors in our 2023 Form 10-K of which we are currently aware; but our Risk Factors cannot anticipate and fully address all possible risks of investing in our Ordinary shares.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

The following table presents Ordinary shares repurchased pursuant to our Ordinary share buyback program for the three months ended **March 31, 2024** **June 30, 2024**.

| Period | (a) Total Number of Shares Repurchased | (b) Average Price Paid Per Share (1) |
|--|--|--------------------------------------|
| Period | | |
| January April 1 - January 31, 2024 April 30, 2024 | | |
| February May 1 - February 29, 2024 May 31, 2024 | | |
| March June 1 - March 31, 2024 June 30, 2024 | | |
| | | |
| (1) Excludes broker and transaction fees. | | |
| (2) Our board of directors authorized a share buyback program of our outstanding Ordinary shares. | | |
| (3) Non-voting Ordinary shares. See Note 12 of Notes to the Unaudited Consolidated Interim Financial Statements. | | |

[Table of Contents](#)

Item 3. Defaults upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

Rule 10b5-1 Trading Plans Plan

Each of the **The following trading plans are plan** is intended to satisfy the affirmative defense conditions.

On March 12, 2024 the trustee on behalf of a family trust established by Eldad Maniv, President and **Managing Director**, adopted a 10b5-1 trading plan providing for the purchase of up to 100,000 shares of our Ordinary shares.

[Table of Contents](#)

Item 6. Exhibits

| Exhibit No. |
|-----------------------------|
| <u>10.1</u> |
| <u>31.1</u> |
| <u>31.2</u> |
| <u>32</u> |
| 101.INS |
| 101.SCH |
| 101.CAL |
| 101.DEF |
| 101.LAB |
| 101.PRE |
| 104 |

[Table of Contents](#)

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this document to be signed on its behalf by the undersigned, thereunto duly authorized.

Non-Employee Director Compensation

Benefits to Non-Employee Directors and Employee Directors

Taboola.com Ltd. ("Company") may offer benefits, in addition to the benefits covered by Company policies.

I, Adam Singolda, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Taboola.com Ltd.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit a material fact that is necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to such material fact;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition of the registrant as of the end of the period covered by this report and the results of its operations for the period then ended;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures for the registrant and we have:

 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly through formal codes of conduct or other means; and
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external use in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report, based on such evaluation;
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the period covered by this report that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting;

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's audited financial statements contained in this report:

 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting that could reasonably be expected to adversely affect the registrant's ability to record, process, summarize, and report financial data;
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting;

Date: August 7, 2024

I, Stephen Walker, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Taboola.com Ltd.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit a material fact that is necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to such material fact;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition of the registrant as of the end of the period covered by this report and the results of its operations for the period then ended;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures for the registrant and we have:

 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly through formal codes of conduct or other means; and
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external use in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report, based on such evaluation;
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the period covered by this report that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting;

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's audited financial statements contained in this report:

 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting that could reasonably be expected to adversely affect the registrant's ability to record, process, summarize, and report financial data;
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting;

Date: May 8, 2024

I, Stephen C. Walker, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Taboola.com Ltd.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit a material fact that is necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to such material fact;

3. Based on my knowledge, the financial statements, and other financial information included in this report, I have:

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures, and we performed an evaluation of disclosure controls and procedures as of the end of the period covered by this report in accordance with rules and regulations of the Securities and Exchange Commission. In connection with such evaluation, we:

- (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed, by us, or other individuals, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
- (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed, by us, or other individuals, to provide reasonable assurance that material information relating to the registrant, including its consolidated subsidiaries, is recorded, processed, summarized, and reported within the time periods specified in the Securities and Exchange Commission's rules and regulations for the preparation and filing of financial statements;
- (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures based on that evaluation; and
- (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the period covered by this report that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, in this report:

- (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting that could reasonably be expected to adversely affect the registrant's ability to record, process, summarize, and report financial data; and
- (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 8, August 7, 2024

Solely for the purposes of complying with 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002.

Date: May 8, 2024

Date: August 7, 2024

DISCLAIMER

THE INFORMATION CONTAINED IN THE REFINITIV CORPORATE DISCLOSURES DELTA F
©2024, Refinitiv. All rights reserved. Patents Pending.