

REFINITIV

# DELTA REPORT

## 10-Q

TABOOOLA.COM LTD.

10-Q - MARCH 31, 2024 COMPARED TO 10-Q - SEPTEMBER 30, 2023

The following comparison report has been automatically generated

TOTAL DELTAS	1149
CHANGES	216
DELETIONS	514
ADDITIONS	419

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 September 30, 2023 March 31, 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

TABOOLA.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 October 31, 2023 April 30, 2024 the Registrant had outstanding 298,239,500 290,733,986 Ordinary shares and 45,198,702 Non-Voting Non-voting Ordinary shares.

Taboola.com Ltd.  
Quarterly Report on Form 10-Q  
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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," 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" 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.

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**PART I – FINANCIAL INFORMATION**

**Item 1. Financial Statements**

TABOOLA.COM LTD.

**CONSOLIDATED INTERIM BALANCE SHEETS**

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

	September 30, 2023 Unaudited	December 31, 2022
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 238,259	\$ 165,893
Short-term investments	12,467	96,914
Restricted deposits	1,487	750
Trade receivables (net of allowance for credit losses of \$10,794 and \$6,748 as of September 30, 2023 and December 31, 2022, respectively)	232,118	256,708
Prepaid expenses and other current assets	71,549	73,643
Total current assets	555,880	593,908
<b>NON-CURRENT ASSETS</b>		
Long-term prepaid expenses	40,854	42,945
Commercial agreement asset	289,451	—
Restricted deposits	4,111	4,059
Deferred tax assets, net	3,467	3,821
Operating lease right of use assets	65,003	66,846
Property and equipment, net	75,792	73,019
Intangible assets, net	141,235	189,156
Goodwill	555,931	555,869
Total non-current assets	1,175,844	935,715
Total assets	\$ 1,731,724	\$ 1,529,623
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES</b>		
Trade payables	\$ 252,727	\$ 247,504
Short-term operating lease liabilities	19,015	14,753
Accrued expenses and other current liabilities	108,229	102,965
Current maturities of long-term loan	53,000	3,000
Total current liabilities	432,971	368,222
<b>LONG-TERM LIABILITIES</b>		
Long-term loan, net of current maturities	141,829	223,049
Long-term operating lease liabilities	52,232	57,928
Warrants liability	6,023	6,756
Deferred tax liabilities, net	25,560	34,133
Other long-term liabilities	6,000	5,000
Total long-term liabilities	231,644	326,866
<b>COMMITMENTS AND CONTINGENCIES (Note 12)</b>		
<b>SHAREHOLDERS' EQUITY</b>		
Ordinary shares with no par value- Authorized: 700,000,000 as of September 30, 2023 and December 31, 2022; 300,692,928 and 254,133,863 shares issued and outstanding as of September 30, 2023 and December 31, 2022, respectively	—	—
Non-voting Ordinary shares with no par value- Authorized: 46,000,000 as of September 30, 2023 and December 31, 2022; 45,198,702 and 0 shares issued and outstanding as of September 30, 2023 and December 31, 2022, respectively	—	—
Treasury Ordinary shares, at cost - 6,672,915 and 0 shares as of September 30, 2023 and December 31, 2022, respectively	(23,157 )	—
Additional paid-in capital	1,244,667	903,789
Accumulated other comprehensive loss	(218 )	(834 )
Accumulated deficit	(154,183 )	(68,420 )
Total shareholders' equity	1,067,109	834,535
Total liabilities and shareholders' equity	\$ 1,731,724	\$ 1,529,623
	March 31, 2024 Unaudited	December 31, 2023

<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
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	<u>544,013</u>	<u>559,412</u>
<b>NON-CURRENT ASSETS</b>		
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	<u>1,116,164</u>	<u>1,148,390</u>
Total assets	<u>\$ 1,660,177</u>	<u>\$ 1,707,802</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES</b>		
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	<u>416,690</u>	<u>423,965</u>
<b>LONG-TERM LIABILITIES</b>		
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	<u>222,496</u>	<u>226,775</u>
<b>COMMITMENTS AND CONTINGENCIES (Note 11)</b>		
<b>SHAREHOLDERS' EQUITY</b>		
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	<u>1,020,991</u>	<u>1,057,062</u>
Total liabilities and shareholders' equity	<u>\$ 1,660,177</u>	<u>\$ 1,707,802</u>

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

(2) Includes related party trade payables of \$61,137 and \$38,657, as of March 31, 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,	
	2024	2023
	Unaudited	
Revenues (1)	\$ 414,008	\$ 327,686
Cost of revenues:		
Traffic acquisition cost (2)	275,120	211,946
Other cost of revenues	29,935	26,148
Total cost of revenues	305,055	238,094
Gross profit	108,953	89,592
Operating expenses:		
Research and development	36,249	31,985
Sales and marketing	67,608	60,569
General and administrative	23,329	25,836
Total operating expenses	127,186	118,390
Operating loss	(18,233 )	(28,798 )
Finance expenses, net	(3,638 )	(3,154 )
Loss before income taxes	(21,871 )	(31,952 )
Income tax benefit (expenses)	(4,287 )	639
Net loss	\$ (26,158 )	\$ (31,313 )
Net loss per share attributable to Ordinary and Non-voting Ordinary shareholders, basic and diluted	\$ (0.08 )	\$ (0.09 )
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

(1) Includes revenues from related party of \$52,124 and \$7,114, for the three months ended March 31, 2024 and 2023, respectively.

(2) Includes traffic acquisition cost to related party of \$73,611 and \$0, for the three months ended March 31, 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,	
	2024	2023
	Unaudited	
Net loss	\$ (26,158 )	\$ (31,313 )
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 )
Comprehensive loss	\$ (26,935 )	\$ (31,642 )

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

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TABOOOLA.COM LTD.

## CONSOLIDATED INTERIM STATEMENTS OF LOSS

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

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
	Unaudited			
Revenues	\$ 360,221	\$ 332,462	\$ 1,019,911	\$ 1,029,883
Cost of revenues:				
Traffic acquisition cost	231,786	203,125	652,602	619,109
Other cost of revenues	27,776	26,649	80,001	79,695
Total cost of revenues	259,562	229,774	732,603	698,804
Gross profit	100,659	102,688	287,308	331,079
Operating expenses:				
Research and development	35,890	36,237	101,876	100,728
Sales and marketing	59,664	63,216	181,431	190,989
General and administrative	23,839	24,685	76,533	78,062
Total operating expenses	119,393	124,138	359,840	369,779
Operating loss	(18,734 )	(21,450 )	(72,532 )	(38,700 )
Finance income (expenses), net	(4,402 )	(3,570 )	(11,383 )	12,389
Loss before income taxes expenses	(23,136 )	(25,020 )	(83,915 )	(26,311 )
Income tax expenses	—	(1,006 )	(1,848 )	(848 )
Net loss	\$ (23,136 )	\$ (26,026 )	\$ (85,763 )	\$ (27,159 )
Net loss per share attributable to Ordinary and Non-voting Ordinary shareholders, basic and diluted	\$ (0.07 )	\$ (0.10 )	\$ (0.25 )	\$ (0.11 )

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

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TABOOOLA.COM LTD.

## CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE LOSS

U.S. dollars in thousands

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
	Unaudited			
Net loss	\$ (23,136 )	\$ (26,026 )	\$ (85,763 )	\$ (27,159 )
Other comprehensive income (loss):				

Unrealized gains (losses) on available-for-sale marketable securities	46	(445 )	503	(704 )
Unrealized gains (losses) on derivative instruments, net	570	1,504	113	(2,020 )
Other comprehensive income (loss)	616	1,059	616	(2,724 )
Comprehensive loss	<u>\$ (22,520 )</u>	<u>\$ (24,967 )</u>	<u>\$ (85,147 )</u>	<u>\$ (29,883 )</u>

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

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TABoola.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						Accumulated other comprehensive loss	shares
	Number	Amount	Number	Amount	Treasury Ordinary shares	Additional paid-in capital	Accumulated deficit			
Balance as of June 30, 2023 (unaudited)	45,198,702	\$ —	300,637,035	\$ —	\$ (4,358 )	\$ 1,226,572	\$ (131,047 )		(834 )	\$
Share-based compensation expenses	—	—	—	—	—	16,650	—		—	
Repurchase of Ordinary Shares	—	—	(5,230,915 )	—	(18,799 )	—	—		—	
Exercise of options and vested RSUs	—	—	4,705,408	—	—	2,750	—		—	
Connexity issuance of Holdback	—	—	581,400	—	—	—	—		—	
Payments of tax withholding for share-based compensation	—	—	—	—	—	(1,305 )	—		—	
Other comprehensive income	—	—	—	—	—	—	—		616	
Net loss	—	—	—	—	—	—	(23,136 )		—	
Balance as of September 30, 2023 (unaudited)	<u>45,198,702</u>	<u>\$ —</u>	<u>300,692,928</u>	<u>\$ —</u>	<u>\$ (23,157 )</u>	<u>\$ 1,244,667</u>	<u>\$ (154,183 )</u>		<u>(218 )</u>	<u>\$</u>

	Ordinary shares		Additional paid-in capital	Accumulated deficit	Accumulated other comprehensive loss	Total shareholders' equity
	Number	Amount				
Balance as of June 30, 2022 (unaudited)	240,679,908	\$ —	\$ 869,201	\$ (57,578 )	\$ (3,783 )	\$ 807,840
Share-based compensation expenses	—	—	19,150	—	—	19,150
Exercise of options and vested RSUs	5,441,506	—	1,419	—	—	1,419
Connexity issuance of Holdback	1,227,010	—	—	—	—	—
Payments of tax withholding for share-based compensation	—	—	(1,925 )	—	—	(1,925 )
Other comprehensive income	—	—	—	—	1,059	1,059
Net loss	—	—	—	(26,026 )	—	(26,026 )
Balance as of September 30, 2022 (unaudited)	<u>247,348,424</u>	<u>\$ —</u>	<u>\$ 887,845</u>	<u>\$ (83,604 )</u>	<u>\$ (2,724 )</u>	<u>\$ 801,517</u>

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

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## 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	Treasury Ordinary shares	Additional paid-in capital	Accumulated deficit	Accumulated other comprehensive income (loss)	Total shareholders' equity
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		Treasury 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
Share-based compensation expenses	—	—	—	—	—	50,599	—	—	50,599
Repurchase of Ordinary Shares	—	—	(6,672,915 )	—	(23,157 )	—	—	—	(23,157 )
Exercise of options and vested RSUs	—	—	12,543,489	—	—	5,429	—	—	5,429
Connexity issuance of Holdback	—	—	1,162,800	—	—	—	—	—	—
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	—	—	—	—	—	(3,213 )	—	—	(3,213 )
Other comprehensive income	—	—	—	—	—	—	—	616	616
Net loss	—	—	—	—	—	—	(85,763 )	—	(85,763 )
Balance as of September 30, 2023 (unaudited)	45,198,702	\$ —	300,692,928	\$ —	\$ (23,157 )	\$ 1,244,667	\$ (154,183 )	\$ (218 )	\$ 1,067,187

	Ordinary shares						Non-voting Ordinary shares		Ordinary shares
	Number	Amount	Additional paid-in capital	Accumulated deficit	Accumulated other comprehensive loss	Total shareholders' equity	Number	Amount	Number
Balance as of January 1, 2022	234,031,749	\$ —	\$ 824,016	\$ (56,445 )	\$ —	\$ 767,571	—	\$ —	254,133,863
Balance as of January 1, 2023	—	—	60,431	—	—	60,431	—	—	—
Share-based compensation expenses	—	—	60,431	—	—	60,431	—	—	—
Exercise of options and vested RSUs	12,089,665	—	7,508	—	—	7,508	—	—	3,581
Connexity issuance of Holdback	1,227,010	—	—	—	—	—	—	—	581
Issuance of Ordinary shares and Non-voting Ordinary shares related to Commercial agreement	45,198,702	—	—	—	—	—	45,198,702	—	39,525,691
Payments of tax withholding for share-based compensation	—	—	(4,110 )	—	—	(4,110 )	—	—	—
Other comprehensive loss	—	—	—	—	(2,724 )	(2,724 )	—	—	—
Net loss	—	—	—	(27,159 )	—	(27,159 )	—	—	—
Balance as of September 30, 2022 (unaudited)	247,348,424	\$ —	\$ 887,845	\$ (83,604 )	\$ (2,724 )	\$ 801,517	—	—	—
Balance as of March 31, 2023 (unaudited)	45,198,702	\$ —	—	—	—	—	45,198,702	\$ —	297,822

CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS

U.S. dollars in thousands

	Nine months ended September 30,		Three months ended March 31,	
	2023	2022	2024	2023
	Unaudited		Unaudited	
<b>Cash flows from operating activities</b>				
Net loss	\$ (85,763)	\$ (27,159)	\$ (26,158)	\$ (31,313)
<b>Adjustments to reconcile net loss to net cash flows provided by operating activities:</b>				
Depreciation and amortization	70,709	68,711	25,321	22,601
Share-based compensation expenses	48,868	58,971	16,401	16,082
Net loss from financing expenses	1,269	7,733		
Net gain from financing expenses			(408)	(328)
Revaluation of the Warrants liability	(733)	(26,988)	39	(1,676)
Amortization of loan and credit facility issuance costs	1,220	1,006	354	500
Amortization of premium and accretion of discount on short-term investments, net	(923)	(322)	142	(281)
<b>Change in operating assets and liabilities:</b>				
Decrease in trade receivables, net	24,590	60,672		
Decrease (increase) in prepaid expenses and other current assets and long-term prepaid expenses	2,554	(13,921)		
Increase (decrease) in trade payables	2,222	(54,659)		
Increase (decrease) in accrued expenses and other current liabilities and other long-term liabilities	5,377	(25,516)		
Decrease in deferred taxes, net	(8,218)	(9,676)		
Decrease in trade receivables, net (1)			22,068	44,362
Decrease in prepaid expenses and other current assets and long-term prepaid expenses			9,199	721
Decrease in trade payables (2)			(8,262)	(22,807)
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
Change in operating lease right of use assets	12,447	11,536	4,453	4,151
Change in operating lease liabilities	(12,038)	(16,962)	(5,593)	(3,839)
Net cash provided by operating activities	61,581	33,426	32,395	17,524
<b>Cash flows from investing activities</b>				
Purchase of property and equipment, including capitalized internal-use software	(19,839)	(28,476)	(5,589)	(6,350)
Cash paid in connection with acquisitions, net of cash acquired	—	(7,981)		
Proceeds from (investment in) restricted deposits	(594)	98		
Proceeds from sales and maturities of short-term investments	107,669	6,160		
Purchase of short-term investments	(21,991)	(126,382)		
Proceeds from business acquisition holdback liability			719	—
Investments in restricted deposits			—	(280)
Proceeds from maturities of short-term investments			3,265	41,940
Net cash provided by (used in) investing activities	65,245	(156,581)	(1,605)	35,310
<b>Cash flows from financing activities</b>				
Issuance costs			(456)	—
Exercise of options and vested RSUs	5,429	7,467	1,809	1,335
Payment of tax withholding for share-based compensation expenses	(3,213)	(4,110)	(709)	(791)
Repurchase of Ordinary shares	(23,157)	—	(27,758)	—
Payments on account of repurchase of Ordinary shares			(1,658)	—

Repayment of long-term loan	(32,250)	(2,250)	—	(750)
Costs associated with entering into a revolving credit facility	—	(1,061)		
Net cash provided by (used in) financing activities	(53,191)	46		
Net cash used in financing activities			(28,772)	(206)
Exchange rate differences on balances of cash and cash equivalents	(1,269)	(7,733)	408	328
Increase (decrease) in cash and cash equivalents	72,366	(130,842)		
Increase in cash and cash equivalents			2,426	52,956
Cash and cash equivalents - at the beginning of the period	165,893	319,319	176,108	165,893
Cash and cash equivalents - at end of the period	\$ 238,259	\$ 188,477	\$ 178,534	\$ 218,849

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

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

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

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TABOOOLA.COM LTD.

## CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS

U.S. dollars in thousands

	Nine months ended September 30,		Three months ended March 31,	
	2023	2022	2024	2023
	Unaudited		Unaudited	
Supplemental disclosures of cash flow information:	Supplemental disclosures of cash flow information:		Supplemental disclosures of cash flow information:	
<u>Cash paid during the year for:</u>				
Income taxes	\$ 9,935	\$ 22,599	\$ 3,243	\$ 4,258
Interest	\$ 14,580	\$ 15,094	\$ 3,610	\$ 5,067
<u>Non-cash investing and financing activities:</u>				
Purchase of property and equipment, including capitalized internal-use software	\$ 5,694	\$ 2,764	\$ 4,262	\$ 36
Share-based compensation included in capitalized internal-use software	\$ 1,731	\$ 1,460	\$ 606	\$ 652
Creation of operating lease right-of-use assets	\$ 10,604	\$ 11,648	\$ 12	\$ 5,045

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

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TABOOOLA.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 \$3.4 \$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.

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TABOOLA.COM LTD.

## NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

### NOTE 1:- GENERAL (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 months ended March 31, 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, 2022 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, 2022 December 31, 2023, filed with the SEC on March 13, 2023 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 nine months ended September 30, 2023 March 31, 2024, are not necessarily indicative of the results to be expected for the full year ending December 31, 2023 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.

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TABoola.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.

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TABoola.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.)

As of September 30, 2023 March 31, 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, the Company had a single customer representing 14.8% of the trade receivables balance. For the three months ended March 31, 2024, the same customer accounted for 12.6% of total revenues (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 months ended March 31, 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, 2022 December 31, 2023, as filed with the SEC on March 13, 2023 February 28, 2024. There have been no significant changes to these policies during the nine three months ended September 30, 2023 March 31, 2024, except as noted below.

#### Treasury Ordinary Shares

The Company may repurchase its Ordinary shares from time to time in the open market, or in other transactions, and holds such shares as treasury Ordinary shares. The Company presents the cost to repurchase treasury Ordinary shares as a separate component and as a reduction of shareholders' equity.

The Company may reissue treasury Ordinary shares from time to time for various corporate purposes, including in connection with compensatory awards.

#### Reclassification

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

#### Recently Issued Accounting Pronouncements

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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.

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**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:

	September 30, 2023 Unaudited	December 31, 2022	March 31, 2024 Unaudited	December 31, 2023
Cash	\$ 113,350	\$ 142,127	\$ 97,730	\$ 99,811
Money market accounts and funds	120,334	22,583		
Money market funds			75,666	72,510
Time deposits	4,575	1,183	5,138	3,787
Total Cash and cash equivalents	\$ 238,259	\$ 165,893	\$ 178,534	\$ 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 in during the nine three months ended September 30, 2023 March 31, 2024.

The following table sets forth the Company's assets and liabilities that were measured at fair value as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, by level within the fair value hierarchy:

Description	Fair Value Hierarchy	Fair value measurements as of		Fair Value Hierarchy	Fair value measurements as of	
		September 30, 2023 Unaudited	December 31, 2022		March 31, 2024 Unaudited	December 31, 2023
<b>Assets:</b>						
<u>Cash equivalents:</u>						
Money market accounts and funds	Level 1	\$ 120,334	\$ 22,583			
Money market funds				Level 1	\$ 75,666	\$ 72,510
<u>Short-term investments:</u>						
Corporate debt securities	Level 2	\$ 7,932	\$ 21,636	Level 2	\$ 1,493	\$ 3,651
Commercial paper	Level 2	\$ 4,535	\$ 8,565	Level 2	\$ 992	\$ 2,074
U.S. government treasuries	Level 2	\$ —	\$ 46,222			
U.S. agency bonds	Level 2	\$ —	\$ 20,491			
<u>Derivative instruments asset:</u>						
Derivative instruments designated as cash flow hedging instruments				Level 2	\$ 172	\$ 948
<b>Liabilities:</b>						
<u>Warrants liability:</u>						
Public Warrants	Level 1	\$ (3,734)	\$ (2,856)	Level 1	\$ (4,082)	\$ (4,253)
Private Warrants	Level 3	\$ (2,289)	\$ (3,900)	Level 3	\$ (2,086)	\$ (1,876)
<u>Derivative instruments liability:</u>						
Derivative instruments designated as cash flow hedging instruments	Level 2	\$ (200)	\$ (313)			

## 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 **accounts and** funds as Level 1 based on quoted market prices in active markets.

The Company classifies its **U.S. government treasuries, corporate debt securities, commercial paper, U.S. agency bonds** **short-term investments** and derivative **financial** 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	September 30, 2023	December 31, 2022	March 31, 2024	December 31, 2023
Risk-free interest rate	4.74% - 4.91%	4.08% - 4.18%	4.44% - 4.70%	4.04% - 4.28%
Expected term (years)	2.01 - 2.75	2.75 - 3.50	1.50 - 2.25	1.75 - 2.50
Expected volatility	66.0% - 69.0%	67.5% - 69.3%	69.1%	61.1% - 63.9%
Exercise price	\$ 11.50	\$ 11.50	\$ 11.50	\$ 11.50
Underlying share price	\$ 3.79	\$ 3.08	\$ 4.44	\$ 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, **(as defined in the Company's Annual Report on Form 10-K for the year ended December 31, 2022, filed with the SEC on March 13, 2023)**, and for certain Private Warrants the maturity date 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, 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 Warrants	Public Warrants	Total Warrants	Private Warrants	Public Warrants	Total Warrants
Fair value as of December 31, 2022	\$ 3,900	\$ 2,856	\$ 6,756			
Fair value as of December 31, 2023				\$ 1,876	\$ 4,253	\$ 6,129
Change from private to public holdings	(1,714)	1,714	—	(21)	21	—
Change in fair value	103	(836)	(733)	231	(192)	39
Fair value as of September 30, 2023 (unaudited)	\$ 2,289	\$ 3,734	\$ 6,023			
Fair value as of March 31, 2024 (unaudited)				\$ 2,086	\$ 4,082	\$ 6,168

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TABoola.COM LTD.

## NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

### NOTE 5:- SHORT-TERM INVESTMENTS

The following is a summary of available-for-sale marketable securities:

September 30, 2023	March 31, 2024
Unaudited	Unaudited

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Corporate debt securities	\$ 7,943	\$ —	\$ (11)	\$ 7,932	\$ 1,499	\$ —	\$ (6)	\$ 1,493
Commercial paper	4,542	—	(7)	4,535	993	—	(1)	992
Total	\$ 12,485	\$ —	\$ (18)	\$ 12,467	\$ 2,492	\$ —	\$ (7)	\$ 2,485

	December 31, 2022				December 31, 2023			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
J.S. government treasuries	\$ 46,452	\$ —	\$ (230)	\$ 46,222				
Corporate debt securities	21,762	—	(126)	21,636	\$ 3,654	\$ —	\$ (3)	\$ 3,651
J.S. agency bonds	20,622	—	(131)	20,491				
Commercial paper	8,599	—	(34)	8,565	2,077	—	(3)	2,074
Total	\$ 97,435	\$ —	\$ (521)	\$ 96,914	\$ 5,731	\$ —	\$ (6)	\$ 5,725

As of **September 30, 2023** **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 **September 30, 2023** **March 31, 2024**, all of the Company's available-for-sale marketable securities were due within one year.

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TABOOLA.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

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 **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023**, the notional amounts of the Company's derivative instruments designated as cash flow hedging instruments outstanding are in U.S. dollars amounted to **\$4,415 \$0** and **\$38,669, \$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 of cash flow hedging instruments recorded as **liabilities assets** were **\$200 \$172** and **\$313 \$948**, as of **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023**, respectively, which were recorded in **accrued prepaid** expenses and other current **liabilities assets** in the consolidated interim balance sheet.

The changes related to cash flow hedging instruments, recorded in the consolidated interim statements of loss, for the three and nine months ended **September 30, 2023** and **2022**, were as follows:

	Reclassification of losses into loss from accumulated other comprehensive loss			
	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
	Unaudited			
Cost of revenues	\$ 60	\$ 145	\$ 142	\$ 290
Research and development	627	992	1,478	1,971
Sales and marketing	114	190	270	376
General and administrative	117	165	270	329
Total losses recognized in the consolidated interim statements of loss	\$ 918	\$ 1,492	\$ 2,160	\$ 2,966



## 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 Loss****Income (Loss)**

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

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

	Nine months ended September 30,	
	2023	2022
	Unaudited	
Unrealized losses on derivative instruments at the beginning of the period	\$ (313 )	\$ —
Changes in fair value of derivative instruments	(2,047 )	(4,986 )
Reclassification of losses recognized in the consolidated interim statements of loss from accumulated other comprehensive loss	2,160	2,966
Unrealized losses on derivative instruments at the end of the period	\$ (200 )	\$ (2,020 )

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

All net deferred losses gains (losses) in accumulated other comprehensive losses income (loss) as of September 30, 2023 March 31, 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**

**The following table represents**

There was no impairment or additions to goodwill during the changes in the carrying amounts of the Company's total goodwill: three months ended March 31, 2024.

	Carrying Amount
Balance as of December 31, 2022	\$ 555,869
Purchase accounting adjustment	62
Balance as of September 30, 2023 (unaudited)	\$ 555,931

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TABOOLA.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**

The following is a summary of definite-lived Definite-lived intangible assets, net as consist of September 30, 2023 (unaudited): the following:

	Gross Carrying Amount	Accumulated Amortization	Net Book Value		Gross Fair Value	Accumulated Amortization	Net Book Value
Merchant / Network affiliate relationships	\$ 146,547	\$ (67,846)	\$ 78,701				
<b>March 31, 2024</b>							
Merchant/Network affiliate relationships				\$	146,547	(84,129)	\$ 62,418
Technology	74,193	(40,654)	33,539		74,193	(46,412)	27,781
Publisher relationships	42,933	(22,361)	20,572		42,933	(27,728)	15,205
Tradenames	24,097	(16,727)	7,370		24,097	(20,752)	3,345
Customer relationships	13,146	(12,093)	1,053				
Total	\$ 300,916	\$ (159,681)	\$ 141,235				
Customer relationship					13,146	(12,572)	574
Total (unaudited)	\$ 300,916	\$ (191,593)	\$ 109,323				

The following is a summary of definite-lived intangible assets, net as of December 31, 2022:

	Gross Carrying Amount	Accumulated Amortization	Net Book Value		Gross Fair Value	Accumulated Amortization	Net Book Value
Merchant / Network affiliate relationships	\$ 146,547	\$ (43,421)	\$ 103,126				
<b>December 31, 2023</b>							
Merchant/Network affiliate relationships				\$	146,547	(75,987)	\$ 70,560
Technology	74,193	(32,042)	42,151		74,193	(43,535)	30,658
Publisher relationships	42,933	(14,311)	28,622		42,933	(25,044)	17,889
Tradenames	24,097	(10,689)	13,408		24,097	(18,739)	5,358
Customer relationships	13,156	(11,307)	1,849		13,146	(12,353)	793
Total	\$ 300,926	\$ (111,770)	\$ 189,156	\$	300,916	(175,658)	\$ 125,258

Amortization expenses for intangible assets were \$15,980 \$15,935 and \$15,983, \$15,969, for the three months ended September 30, 2023 March 31, 2024 and 2022, respectively, and \$47,911 and \$47,591, for the nine months ended September 30, 2023 and 2022, 2023, respectively.

The estimated future amortization expense of definite-lived intangible assets as of September 30, 2023 March 31, 2024, is as follows (unaudited):

<b>Year Ending December 31,</b>		
2023 (Remainder)	\$ 15,974	
2024	60,519	
2024 (Remainder)		\$ 44,583
2025	51,407	51,407
2026	13,244	13,244
2027	91	89

Total	\$	141,235	\$ 109,323
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TABOOLA.COM LTD.

## NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

### 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.

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TABOOLA.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 and amortizes at a rate of 1.00% per annum payable in equal quarterly installments, 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 September 30, 2023 March 31, 2024, the Company was in compliance with the Facility covenants.

In April 2023,

As of March 31, 2024, the Company voluntarily prepaid \$30,000 and in October 2023, subsequent to the balance sheet date, the Company voluntarily prepaid an additional \$50,000 of the Company's outstanding principal amount of the outstanding debt under the Credit Agreement.

As of September 30, 2023, the total future principal payments related to Facility loan are as follows:

	Amount
<b>Year Ending December 31,</b>	
2023 (current maturities)	\$ 50,750
2024	3,000
2025	3,000
2026	3,000
2027	3,000
2028	139,985
<b>Total</b>	<b>\$ 202,735</b>

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.

The total interest expenses, including issuance costs amortization, recognized in connection with the long-term loan were \$5,141 \$3,941 and \$5,028 \$5,473, for the three months ended September 30, 2023 March 31, 2024 and 2022, respectively, and \$15,641 and \$12,700 for the nine months ended September 30, 2023 and

2022, 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.

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TABOOLA.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.)

###### 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.

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TABOOLA.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 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 September 30, 2023 March 31, 2024, the Company was in compliance with the financial covenants and had no outstanding borrowings under the Revolving Credit Agreement.

As of September 30, 2023 March 31, 2024 and December 31, 2023, deferred financing costs associated with entering into the Revolving Credit Agreement in the total amount of \$957, \$830 and \$893, respectively, were included in short-term and long-term prepaid expenses in the Company's consolidated balance sheet. 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 and \$34, \$62, for the three months ended September 30, 2023 March 31, 2024 and 2022, respectively, and \$190 and \$34, for the nine months ended September 30, 2023 and 2022, 2023, respectively.

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TABOOLA.COM LTD.

#### NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

##### NOTE 9:- RESTRUCTURING

In September 2022, the Company announced and implemented a cost restructuring program impacting approximately 6% of the Company's global headcount. This strategic reduction was intended to manage the Company's operating expenses in response to market conditions and ongoing business prioritization efforts.

The restructuring expenses recognized in the consolidated interim statements of loss for the three and nine months ended September 30, 2022, primarily consisting of one-time incremental employee termination benefits and other costs related to Company's business prioritization, were as follows:

	Three and nine months ended September 30, 2022
	Unaudited
Cost of revenues	\$ 99
Research and development	1,815
Sales and marketing	1,176
General and administrative	293
Total restructuring expenses recognized in the consolidated interim statements of loss	\$ 3,383

## NOTE SHAREHOLDERS' EQUITY AND SHARE INCENTIVE PLANS

10: 9:-

### 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.

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.

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TABOOOLA.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.)

During the three months ended March 31, 2024, the Company repurchased 6,223,171 Ordinary shares at an average price of \$4.44 per share (excluding broker and transaction fees of \$156). As of March 31, 2024, the Company had remaining authorization under the Buyback Program to repurchase Ordinary shares up to an aggregate amount of \$92,131, 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

- On May 28, 2023,  
In addition to the Buyback Program detailed above, the Company received the approval of the Israeli court for its motion to extend, to November 16, 2023, its former motion to allow the Company to utilize the 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 possible the Companies Regulations, to conduct future share repurchases (the "Program") of its Ordinary shares under the Buyback Program and Net Issuances in an aggregate amount up to \$50,000.\$100,000, which amount was partly utilized under our previous Israeli court authorization. The Company's board of directors have the authority to determine the amount to be utilized for the Program. On September 21, 2023, the Company submitted an additional request for extension, which is currently under the Israeli court review process, Net Issuances and intends to continue filing extension requests for the court approval on an ongoing basis, as required.  
Ordinary share repurchases.

**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

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

**NOTE 10:- SHAREHOLDERS' EQUITY AND SHARE INCENTIVE PLANS (Cont.)**

For the **nine three** months ended **September 30, 2023** **March 31, 2024** and **2022, 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 **\$3,213** **\$709** and **\$4,110** **\$791**, respectively, which were recorded as a reduction of additional paid-in capital.

- b. The following is a summary of share option activity and related information for the **nine three** months ended **September 30, 2023** **March 31, 2024** (including employees, directors, officers and consultants of the Company):

	Outstanding Share Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (Years)	Aggregate Intrinsic Value
Balance as of January 1, 2023	35,488,179	\$ 3.08	6.72	\$ 40,516
Granted	—	—	—	—
Exercised	(4,216,727 )	1.26	—	8,136
Forfeited	(520,000 )	5.73	—	—
Balance as of September 30, 2023 (unaudited)	30,751,452	\$ 3.27	5.33	\$ 48,883
Exercisable as of September 30, 2023 (unaudited)	25,474,261	\$ 2.63	4.87	\$ 45,087

	Outstanding Share Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (Years)	Aggregate Intrinsic Value
Balance as of January 1, 2024	29,291,285	\$ 3.35	5.27	\$ 57,118
Exercised	(1,312,222 )	1.81	—	3,260
Forfeited	(338,892 )	2.77	—	—
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

During the three months ended **March 31, 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.

The Company did not grant any options during the nine months ended **September 30, 2023**.

As of **September 30** **March 31, 2023** **2024**, unrecognized share-based compensation cost related to unvested share options was **\$16,247** **\$11,227**, which is expected to be recognized over a weighted-average period of **1.6** **1.3** years.

**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 **nine three** months ended **September 30** **March 31, 2023** **2024**:

Balance as of January 1, 2023 January 1, 2024  
Granted  
Vested (\*)  
Forfeited  
Balance as of September 30, 2023 March 31, 2024 (unaudited)

(\*) A portion of the shares that vested were netted out to satisfy the tax obligations of the recipients. During the nine three months ended September 30, 2023 March 3

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## NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

### NOTE 10:- SHAREHOLDERS' EQUITY AND SHARE INCENTIVE PLANS (Cont.)

The total release date fair value of RSUs was \$27,741, \$9,722, during the nine three months ended September 30, 2023. March 31, 2024.

As of September 30, 2023 March 31, 2024, unrecognized share-based compensation cost related to unvested RSUs was \$108,565, \$146,030, which is expected to be

The total share-based compensation expense related to all of the Company's share-based awards recognized for the three and nine months ended September 30, 2023 March 31, 2024

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

#### Share Buyback Program

In May 2023, the Company's Board of Directors authorized a share buyback program for the repurchase of up to \$40,000 of the Company's outstanding Ordinary shares

The Buyback Program commenced in June 2023 and during the nine months ended September 30, 2023, the Company repurchased 6,672,915 Ordinary shares at an

### NOTE 11:10:- 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

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## NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

### NOTE 12:11:- 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 guarar

#### 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-t

Legal Proceedings

- a. In April 2021, the Company became aware that the Antitrust Division of the U.S. Department of Justice is conducting a criminal investigation of hiring ac  
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 th
- In July 2023, the Company was notified in writing by the Antitrust Division of the U.S. Department of Justice that it was no longer a subject or target of the
- b. In the ordinary course of business, the Company may be subject from time to time to various proceedings, lawsuits, disputes, or claims. The Company i

NOTE 13:12:- 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 Ne

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 i

As of September 30, 2023 March 31, 2024, in regards to Yahoo, the Company's balances of trade receivables were \$9,454, \$41,992, and its balances of trade payable

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NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

NOTE 13:- RELATED PARTY TRANSACTIONS (Cont.)

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 trans

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NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

NOTE 1413:- GEOGRAPHIC INFORMATION

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

Israel  
United States  
Germany  
United Kingdom  
Rest of the world  
Total

NOTE 15:14:- 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

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## NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

### NOTE 15:- NET LOSS PER SHARE ATTRIBUTABLE TO ORDINARY SHAREHOLDERS (Cont.)

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

Total

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## 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 fina

### 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

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 us

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

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

Our powerful recommendation platform was built to address a technology challenge of significant complexity: predicting which recommendations users would be interested in, with

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### 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 disci

#### [Business and Macroeconomic Conditions](#)

[Global economic and geopolitical conditions have been increasingly volatile due to factors such as inflation, rising interest rates, supply chain disruptions and the wars in Israel and](#)

[inflation](#), which have continued to persist so far through 2024, has increased the costs of equipment and labor needed to operate our business, negatively impacting our business ii

#### 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

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,

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 sha

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### 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 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 generate revenue from a variety of sources, we use different metrics to measure yield.

### 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 benefits, are used to develop new products and services.

**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 is typically higher in the second and third quarters of the year.

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### 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 are facing increased scrutiny from governments and regulators.

**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 digital properties, expanding our native advertising offering. In January 2023 we closed on the various related agreements, including the issuance of \$39,525,600 of common stock to Yahoo.

### 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, particularly, Advertisers have been increasingly volatile due to factors such as the war in Ukraine, inflation, rising interest rates and supply chain disruptions.

**Cost Restructuring Program**

In September 2022, in response to macroeconomic conditions, the Company announced and implemented a cost restructuring program impacting approximately 6% of the Company's workforce.

**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 acquire new digital property partners.

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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 commission model, in which we pay a percentage of the revenue generated from the digital property partner's advertising. The second model is a fixed fee model, in which we pay a fixed fee for the digital property partner's advertising.

**Growing Our Advertiser Client Base**

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 are facing increased scrutiny from governments and regulators.

### 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 generate revenue from a variety of sources, we use different metrics to measure yield.

**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 benefits, are used to develop new products and services.

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### 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 is typically higher in the second and third quarters of the year.

---

### 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 are facing increased scrutiny from governments and regulators.

---

### Yahoo Partnership

[Table](#)

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 digital properties, expanding our native advertising offering. In January 2023 we closed on the various related agreements, including the issuance of \$39,525,600 of common stock to Yahoo.

**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 business 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  
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 September 30, 2023, March 31, 2024 and 2022 2023 are 352,1
- (2) Refer to “Non-GAAP Financial Measures” below for an explanation and reconciliation to GAAP metrics.

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 charge

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##### *Gross profit*

Gross profit is calculated as presented on our consolidated statements of income (loss) for the periods presented.

##### *Net income (loss)*

Net income (loss) is calculated as presented on our consolidated statement of income (loss) for the periods presented.

##### *EPS diluted*

EPS diluted is calculated as presented on our consolidated statements of income (loss) for the periods presented.

##### *Ratio of net income (loss) to gross profit*

We calculate Ratio of net income (loss) to gross profit as net income (loss) divided by gross profit.

##### *Cash flow provided by operating activities*

Net cash provided by our operating activities is calculated as presented on our consolidated statements of cash flows for the periods presented.

##### *Cash, cash equivalents, short-term investments and deposits*

Cash equivalents are short-term highly liquid marketable securities investments, money market account and funds, commercial paper and corporate debt securities, v

Short-term investments consisted of marketable securities classified as available-for-sale at the time of purchase.

Short-term deposits are bank deposits with maturities of more than three months but less than one year.

##### *ex-TAC Gross Profit*

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

##### *Adjusted EBITDA*

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

##### *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

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##### *Ratio of Adjusted EBITDA to ex-TAC Gross Profit*

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

##### *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 sc

##### *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 director

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

##### *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

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

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

	Three months ended 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

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
	(dollars in thousands)			
Revenues	\$ 360,221	\$ 332,462	\$ 1,019,911	\$ 1,029,883
Traffic acquisition cost	231,786	203,125	652,602	619,109
Other cost of revenues	27,776	26,649	80,001	79,695
Gross profit	\$ 100,659	\$ 102,688	\$ 287,308	\$ 331,079
Add back: Other cost of revenues	27,776	26,649	80,001	79,695
ex-TAC Gross Profit	\$ 128,435	\$ 129,337	\$ 367,309	\$ 410,774

#### 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 ex

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 ex  
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 refl
- Adjusted EBITDA excludes share-based compensation expense, which has been, and will continue to be for the foreseeable future, a significant recurring ex
- 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) inte
- 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 compan

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Net loss

Adjusted to exclude the following:

Finance (income) expenses, net

Income tax expenses

Finance expenses, net

Income tax expenses (benefit)

Depreciation and amortization

Share-based compensation expenses

Restructuring expenses (1)  
Holdback compensation expenses (2)  
M&A and other costs (3)  
Holdback compensation expenses (1)  
Other costs (2)  
Adjusted EBITDA

- 
- (1) Costs associated with the Company's cost restructuring program implemented in September 2022.  
(2) Represents share-based compensation due to holdback of Ordinary shares issuable under compensatory arrangements relating to Connexity acquisition.  
(3) (2) Includes The three months ended March 31, 2023 includes one-time costs related to the Commercial agreement.
- 

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 reconciles 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

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#### 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

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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 stock-based compensation. 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 component of our operating expenses.
- 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 net income (loss).
- 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
Restructuring expenses (1)
Holdback compensation expenses (2)
M&A and other costs (3)
Holdback compensation expenses (1)
Other costs (2)
Revaluation of Warrants

Foreign currency exchange rate losses (4)

Foreign currency exchange rate losses (3)

Income tax effects

Non-GAAP Net Income

Non-GAAP Net Income (Loss)

(1) Costs associated with the Company's cost restructuring program implemented in September 2022.

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

(3) (2) Includes The three months ended March 31, 2023, includes one-time costs related to the Commercial agreement.

(4) (3) Represents non-operating foreign currency exchange rate gains or losses related to the remeasurement of monetary assets and liabilities to the Company's functional currency.

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#### 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 general corporate 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 obligations.
- 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.
- 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

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#### 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.

##### 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 impressions.

##### 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 intangible assets.

##### 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 revenues and costs.

##### Research and development

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

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**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 o

**General and administrative**

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

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**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

**Income tax benefit (expenses)**

The statutory corporate tax rate in Israel was 23% for the nine three months ended September 30, 2023 March 31, 2024 and 2022, 2023, although we are entitled to certa

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

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

As of September 30, 2023 March 31, 2024, we have an accumulated tax loss carry-forward of approximately \$87.1 million \$68.7 million in Israel. The tax loss can be offs

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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 income (expenses), net

Finance expenses, net

Loss before income taxes

Income tax expenses

Income tax benefit (expenses)

Net loss

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Comparison of the three months ended September 30, 2023 March 31, 2024 and 2022 2023

Revenues increased by **\$27.8 million** \$86.3 million, or **8.3%** 26.3%, for the three months ended **September 30, 2023** March 31, 2024 compared to the three months ended September 30, 2022.

Gross profit decreased **increased** by **\$2.0 million** \$19.4 million, or **2.0%** 21.6%, for the three months ended **September 30, 2023** March 31, 2024 compared to the three months ended September 30, 2022.

Ex-TAC Gross Profit, a non-GAAP measure, decreased **increased** by **\$0.9 million** \$23.1 million, or **0.7%** 20.0%, for the three months ended **September 30, 2023** March 31, 2024 compared to the three months ended September 30, 2022.

Cost **Total cost** of revenues increased by **\$29.8 million** \$67.0 million, or **13.0%** 28.1%, for the three months ended **September 30, 2023** March 31, 2024 compared to the three months ended September 30, 2022.

Traffic acquisition cost increased by **\$28.7 million** \$63.2 million, or **14.1%** 29.8%, for the three months ended **September 30, 2023** March 31, 2024 compared to the three months ended September 30, 2022.

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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.

The cost of guarantees (total payments due under guarantee arrangements in excess of amounts the Company would otherwise be required to pay under revenue share agreements) increased by **\$0.4 million** \$4.3 million, or **0.4%** 20.0%, for the three months ended **September 30, 2023** March 31, 2024 compared to the three months ended September 30, 2022.

Other cost of revenues increased by **\$1.1 million** \$3.8 million, or **4.2%** 14.5%, for the three months ended **September 30, 2023** March 31, 2024 compared to the three months ended September 30, 2022.

We have continued to maintain cost discipline since our restructuring in 2022. Research and development expenses decreased **increased** by **\$0.4 million** \$4.3 million, or **0.4%** 20.0%, for the three months ended **September 30, 2023** March 31, 2024 compared to the three months ended September 30, 2022.

Sales and marketing expenses increased by \$7.0 million, or 11.6%, for the three months ended March 31, 2024 compared to the three months ended March 31, 2023, primarily due to increased advertising costs.

General and administrative expenses decreased by \$2.5 million, or 9.7%, for the three months ended March 31, 2024 compared to the three months ended March 31, 2023, primarily due to decreased salaries and benefits.

Sales and marketing expenses decreased by \$3.6 million, or 5.6%, for the three months ended September 30, 2023 compared to the three months ended September 30, 2022.

General and administrative expenses decreased by \$0.8 million, or 3.4%, for the three months ended September 30, 2023 compared to the three months ended September 30, 2022.

Finance income (expenses), net decreased by \$0.8 million for the three months ended September 30, 2023 compared to the three months ended September 30, 2022, primarily due to decreased interest income.

Income tax expense decreased by \$1.0 million for the three months ended September 30, 2023 compared to the three months ended September 30, 2022.

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The following table provides consolidated statements of loss data for the periods indicated (dollars in thousands):

	Nine months ended September 30,	
	2023	2022
Revenues	\$ 1,019,911	\$ 1,029,883
Cost of revenues:		
Traffic acquisition cost	652,602	619,109
Other cost of revenues	80,001	79,695
Total cost of revenues	732,603	698,804
Gross profit	287,308	331,079
Operating expenses:		
Research and development	101,876	100,728
Sales and marketing	181,431	190,989
General and administrative	76,533	78,062
Total operating expenses	359,840	369,779
Operating loss	(72,532 )	(38,700 )
Finance income (expenses), net	(11,383 )	12,389
Loss before income taxes expenses	(83,915 )	(26,311 )
Income tax expenses	(1,848 )	(848 )
Net loss	\$ (85,763 )	\$ (27,159 )

#### Comparison of the nine months ended September 30, 2023 and 2022

Revenues decreased by \$10.0 million, or 1.0%, for the nine months ended September 30, 2023 compared to the nine months ended September 30, 2022. Existing digital properties contributed to the decrease in revenues.

Gross profit decreased by \$43.8 million, or 13.2%, for the nine months ended September 30, 2023 compared to the nine months ended September 30, 2022.

Ex-TAC Gross Profit, a non-GAAP measure, decreased by \$43.5 million, or 10.6%, for the nine months ended September 30, 2023 compared to the nine months ended September 30, 2022.

Cost of revenues increased by \$33.8 million, or 4.8%, for the nine months ended September 30, 2023 compared to the nine months ended September 30, 2022.

Traffic acquisition cost increased by \$33.5 million, or 5.4%, for the nine months ended September 30, 2023 compared to the nine months ended September 30, 2022. Revenue



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The cost of guarantees (total payments due under guarantee arrangements in excess of amounts the Company would otherwise be required to pay under revenue share agreements) increased by \$0.3 million, or 0.4%, for the nine months ended September 30, 2023 compared to the nine months ended September 30, 2022, primarily due to an increase in the cost of guarantees. Research and development expenses increased by \$1.1 million, or 1.1%, for the nine months ended September 30, 2023 compared to the nine months ended September 30, 2022. Sales and marketing expenses decreased by \$9.6 million, or 5.0%, for the nine months ended September 30, 2023 compared to the nine months ended September 30, 2022. General and administrative expenses decreased by \$1.5 million, or 2.0%, for the nine months ended September 30, 2023 compared to the nine months ended September 30, 2022. Finance income (expenses), net decreased by \$23.8 million for the nine months ended September 30, 2023 compared to the nine months ended September 30, 2022, mainly attributable to an increase in interest expense. Finance expenses, net decreased by \$0.5 million for the three months ended March 31, 2024 compared to the three months ended March 31, 2023, mainly attributable to an increase in interest expense.

Income tax expenses increased benefit (expenses) decreased by \$1.0 million \$4.9 million for the nine three months ended September 30, 2023 March 31, 2024 compared to the nine three months ended September 30, 2022 March 31, 2023.

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## 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 hardware.

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 expect to continue to invest in our technology platform and research and development.

As of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, we had \$250.7 million \$178.5 million and \$262.8 million \$176.1 million of cash and cash equivalents.

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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 operating requirements for the next 12 months.

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

As of September 30, 2023 March 31, 2024, there was \$202.7 million in our outstanding principal amount of debt outstanding under our long-term loan. loan was \$152.7 million.

In April 2023, we voluntarily prepaid \$30.0 million and in October 2023 an additional \$50.0 million of the principal amount of debt outstanding under our long-term loan.

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In May 2023, our Board of Directors directors authorized a share buyback program for the repurchase of up to \$40.0 million of the Company's our outstanding Ordinary Shares.

The Buyback Program commenced in June 2023 and during During the nine three months ended September 30, 2023 March 31, 2024, we repurchased 6.7 million 6.2 million shares.

Our future capital requirements and the adequacy of available funds will depend on many factors, including the risks and uncertainties set forth in our 2022 2023 Form 10-K.

## Cash Flow Data:

Net cash provided by operating activities

Net cash provided by (used in) investing activities

Net cash provided by (used in) financing activities

Net cash used in financing activities

Exchange rate differences on balances of cash and cash equivalents

Increase (decrease) in cash and cash equivalents

Increase in cash and cash equivalents

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## Operating Activities

During the nine three months ended September 30 2023, March 31, 2024, net cash provided by operating activities was \$61.6 million \$32.4 million, an increase of \$28.2 million.

The \$120.4 million \$41.8 million of non-cash charges primarily consisted of depreciation and amortization of \$70.7 million \$25.3 million and share-based compensation of \$49.7 million \$16.5 million.

The \$26.9 million \$17.4 million increase in cash resulting from changes in working capital primarily consisted of \$24.6 million a \$22.8 million decrease in trade receivables and \$2.3 million \$4.6 million increase in accounts payable.

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Net cash provided by operating activities of \$33.4 million \$17.5 million for the nine three months ended September 30, 2022 March 31, 2023 was primarily related to our The \$36.8 million of non-cash charges are mainly related to primarily consisted of depreciation and amortization expenses of \$68.7 million, mainly from Connexity inta The \$48.5 million decrease \$12.0 million increase in cash resulting from changes in working capital primarily consisted of \$54.7 million a \$44.4 million decrease in trade

*Investing Activities*

During the nine three months ended September 30, 2023 March 31, 2024, net cash provided by used in investing activities was \$65.2 million \$1.6 million, an increase a d Net cash provided by investing activities of \$35.3 million for the nine three months ended September 30, 2023 March 31, 2023 primarily consisted of \$107.7 million \$41.5 Net cash used in investing activities of \$156.6 million for the nine months ended September 30, 2022 primarily consisted of \$126.4 million of purchase of short-term in

*Financing Activities*

During the nine three months ended September 30, 2023 March 31, 2024, net cash used in financing activities was \$53.2 million \$28.8 million, a decrease an increase of

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Net cash used in financing activities of \$0.2 million for the three months ended March 31, 2023, consisted of \$0.8 million payment of tax withholding for share-based co Net cash provided by financing activities of less than \$0.1 million for the nine months ended September 30, 2022, consisted of \$7.5 million from proceeds received from

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Contractual Obligations

The following table discloses aggregate information about material contractual obligations and the periods in which they are due as of September 30, 2023 March 31, 2024

Debt Obligations (1)

Operating Leases (1) (2)

Non-cancellable purchase obligations (2) (3)

Total Contractual Obligations

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(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.

(2) (3) Primarily represents non-cancelable amounts for contractual commitments in respect of software and information technology.

The commitment amounts in the table above are associated with contracts that are enforceable and legally binding and that specify all significant terms, including fixe As of September 30, 2023 March 31, 2024, we have a provision related to unrecognized tax benefit liabilities totaling \$6.7 million \$8.8 million and other provisions relate

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

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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

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

Our critical accounting policies are those that materially affect our consolidated financial statements and involve difficult, subjective or complex judgments by management

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### 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 I

NIS/USD  
EUR/USD  
GBP/USD  
JPY/USD

To reduce the impact of foreign exchange risks associated with forecasted future cash flows related to payroll expenses and other personnel related costs denomin

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#### 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 pres

As of September March 31, 2024, 2023, we had approximately \$202.7 million of outstanding borrowings under our long-term loan with a variable interest rat

Fluctuations in interest rates may impact the level of interest expense recorded on future borrowings. We do not enter into derivative financial instruments, including i

#### Inflation Risk

We do not believe that inflation has had a material effect on our business, financial condition, or results of operations, other than its impact on the general economy. H

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#### 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, w

As of September 30 March 31, 2024, 2023, we had a single customer representing 14.8% of the trade receivables balance. For the three months ended March 31, 2024, w

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

Our short-term investments, which were \$12.5 million as of September 30 March 31, 2024, 2023, are investments in marketable securities with high credit ratings

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 limiti

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### 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

#### Changes in Internal Control

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

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## 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 resolut

#### 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” of our **2022 2023** Form **There are no additional** material changes to the Risk Factors in our **2022 2023** Form 10-K.

*The war in Israel could have a material adverse effect on our business and operations*

As has been widely publicly reported, in October 2023 war was declared in Israel. Although **10-K of which** we are a company formed under **currently aware; but our Ris** We cannot predict the duration or severity of the war in Israel or how it will evolve, including any possible escalation or expansion of the war or other hostilities with o Promptly following **exercise your own judgment in addition to** the attacks on Israel, the Israeli courts announced they would only operate on emergency matters and it

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### 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 **September 30, 2023** **March 31, 2024**.

Period	(a) Total Number of Shares Repurchased	(b) Aver Paid Per
July 1 - July 31, 2023	1,206,600	\$
August 1 - August 31, 2023	1,611,800	\$
September 1 - September 30, 2023	2,412,515	\$

#### Period

January 1 - January 31, 2024  
February 1 - February 29, 2024  
March 1 - March 31, 2024

(1) Excludes broker and transaction fees.

(2) On May 10, 2023, the Company announced **Our board of directors authorized** a share buyback program for the repurchase of up to \$40.0 million of our outstanding Ordinary s

### Item 3. Defaults upon Senior Securities

None.

### Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

Rule 10b5-1 Trading Plans

Each of the following trading plans are intended to satisfy the affirmative defense conditions of Rule 10b5-1(c).  
On August 30, 2023 March 12, 2024 the trustee on behalf of a family trust established by Eldad Maniv, President and Chief Operating Officer, adopted a 10b5-1 trading plan.  
On August 30, 2023, Lior Golan, March 14, 2024 Kristy Sundjaja, Chief Technology People Officer, adopted a 10b5-1 sales trading plan providing for the potential exercise of

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Item 6. Exhibits

Exhibit No.
<a href="#">31.1</a>
<a href="#">31.2</a>
<a href="#">32</a>
101.INS
101.SCH
101.CAL
101.DEF
101.LAB
101.PRE
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Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this Quarterly Report on Form 10-Q to be signed on its behalf by the undersigned, who is duly authorized to sign on its behalf.

I, Adam Singolda, certify that:

- I have reviewed this Quarterly Report on Form 10-Q of Taboola.com Ltd.;
- Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances, not misleading;
- Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations, and cash flows of the registrant as of, and for, the periods presented in this report;
- The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and have:
- 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 auditors and the audit committee, all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize, and report financial information and have taken reasonable steps to address these deficiencies and weaknesses.

Date: November May 8., 2023 2024

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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 to state a material fact necessary to make the statements made, in light of the

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, results of operations, and

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and

(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 is

(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 that

(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

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's fourth fiscal quarter that has materially affected

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 auditors and the audit committee,

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's

(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: November 8, 2023May 8, 2024

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Solely for the purposes of complying with 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, we, the undersigned Chief Executive Officer of Taboola.com Ltd.,

Date: November 8, 2023May 8, 2024

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