Taboola

Confidential

PIPE Investor Meeting

Management Presentation

January, 2021

ION - BUILT IN ISRAEL WITH GLOBAL SCALE

Crossover, IPO and public markets

Total AUM: >$2bn

Representative Successful Investments

solaredge | Mobileye | Varonis | fiverr | amwell | monday.com

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ION INVESTMENT THESIS – AI-DRIVEN DISRUPTOR IN A MASSIVE MARKET

Partnering with management to build Open-Web challenger to Walled Gardens

1. **New category: recommendation feeds for Open Web ($64B market)**
   Unique partnership with publishers: exclusive, long term & integrated into code (no 3rd party cookies)

2. **Taboola levels playing field for Open Web like Shopify for subscale e-commerce**
   3 key assets = Scale (516M DAU) + Technology (500 developers) + Advertisers platform (12,000+)

3. **Attractive economics: scale, profitability & long term growth horizon**
   $1Bn+ Gross Revenue, >40% on rule of 40, new products & M&A upside

4. **ION is excited to partner with a talented management team we have known for years**
   Tenured team with strong track-record of exceptional execution

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(1) Revenue paid by Advertisers, before traffic acquisition costs (TAC) paid to Publishers.

TRANSACTION SUMMARY

- **Pro forma enterprise value of $2.0 billion**
- $509 million total proceeds consisting of:
  - $259 million from ION Acquisition Corp. 1 Ltd.
  - **$200 million** in **target PIPE proceeds** raised at $10.00 / share
  - $50 million forward purchase agreement (FPA) at $10.00 / share
- Existing Taboola shareholders will retain **~78% of the pro forma company**
- Use of proceeds include cash to balance sheet, which will be used to pursue organic growth strategies and inorganic growth through attractive and opportunistic acquisitions
  - Up to $100 million used for secondary share purchases
  - Up to an additional $150 million can be used to buyback shares
- Completion of transaction is expected by Q2 2021

SOLVING TREMENDOUSLY DIFFICULT TECHNOLOGICAL CHALLENGES

Predicting what people might be interested in without the intent data that Google has or the personal data that Facebook has and doing it at massive scale.

516M DAILY ACTIVE USERS[1]

More than Twitter and Snap combined[2]

1 Petabyte
Data Processed by Taboola AI Daily[3]

400K+
CPU Cores[4]

1 Trillion
Monthly Recommendations[5]

(1) Daily Active Users measures the 7-day average number of users exposed to Taboola recommendations
(2) Twitter and Snap reported 187M and 249M (respectively) in Q3-2020 Earnings reports
(3)(4)(5)Source: Company estimates

ENABLING PUBLISHERS TO COMPETE WITH WALLED GARDEN BEHEMOTHS

Bringing the user data, AI technology and scale of demand to open Web players

75%

Google	facebook	amazon	Taboola
SEARCH	SOCIAL	ECOMMERCE	OPEN WEB[2]

WALLED GARDENS[1]

25%[3]

- News sites
- eCommerce sites
- Apps / Games
- CTV

(1) Walled Gardens includes other closed platforms including Snap, Twitter, and Netflix
(2) Open Web: Digital properties not owned by walled gardens such as websites, apps, games, Connected-TV apps, etc.
(3) Percentages reflect time spent on digital media according to company estimates based on eMarketer data. 25% reflects total time spent on Open Web properties, not just on Taboola

TABOOLA CAN CAPTURE THE HIGHLY FRAGMENTED $64B OPEN WEB MARKET[1]

Google

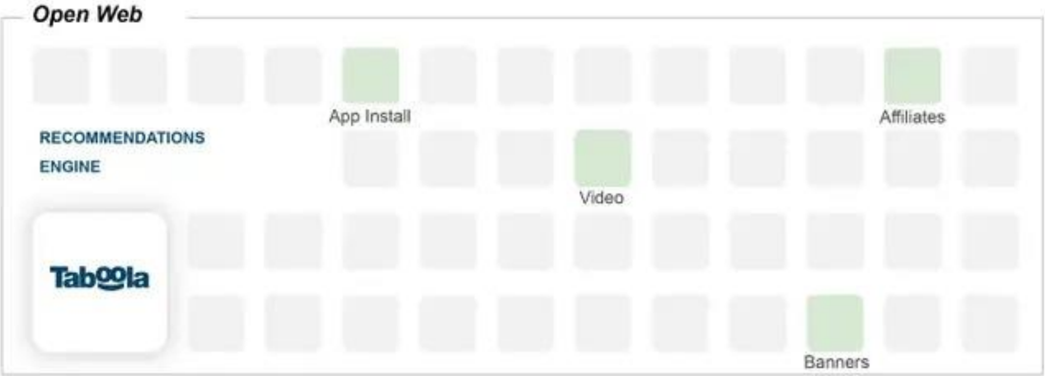
SEARCH

facebook

SOCIAL

amazon

ECOMMERCE



(1) Jounce Media, 2020 Market Outlook Report

FULL TECH STACK FOR PUBLISHERS: MISSION CRITICAL FOR THE OPEN WEB

TaboolaNewsroom

$2B+ Paid To Publishers Over 3 Years[1]

Monetization

Monetizing with non-interruptive, native ads

Engagement

Engaging users by recommending organic content

Audience

Driving quality audiences from across the network

Empowering editorial teams with actionable data insights

(1) See Appendix for historical annual Traffic Acquisition Costs (TAC)

THAT'S WHY TABOOLA GETS LONG-TERM, EXCLUSIVE PARTNERSHIPS WITH PUBLISHERS

"NBC News Group is excited to continue working with Taboola to expand the reach of our content and continue driving our already impressive growth. We recognize the value of Taboola's technology and their ability to drive meaningful engagement with NBC News content, especially at a time when competition for user attention is at an all-time high."

- Elisabeth Sami, SVP of Global Strategy and Business Development for NBC News Group

- 120% NDR in 2020[1]
- 9,000 publishers
- Global

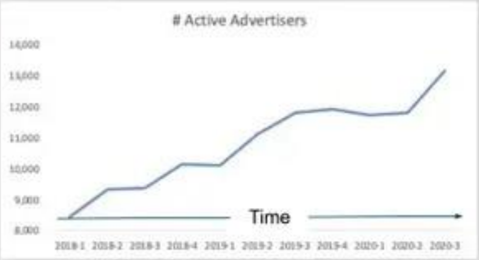
Publishers on a 5+ Year Contract with Taboola

CBS Interactive · Bloomberg · msn · sport1
CNBC · NBC NEWS · NBC Sports · SYNACOR
USA TODAY · axel springer · Lagardère · Daily Mail

(1) Source: Company Data. Reported dollar-based net retention rate ("NDR") is the simple arithmetic average of our monthly dollar-based net retention rate for the last twelve months. We calculate our dollar-based net retention rate by comparing our revenues from the same set of customers in a given month, relative to the comparable prior-year period. Dollar-based net retention rate for a given month is the revenues in that month from customers that generated revenues in the same month of the prior year divided by the revenues attributable to that same group of customers in the prior-year month. Current period revenues include any upsells and are net of contraction or attrition over the trailing 12 months, but exclude revenues from new customers in the current period.

ADVERTISERS CHOOSE TABOOLA FOR THE OPEN WEB

- **Massive reach** – 516M Daily Active Users
- **Performance** focus with measurable ROI
- **Brand safe** ad placements
- **Target ads** based on what people truly care about



Largest advertiser is 3% of total ad spend

10th largest advertiser is 1% of total ad spend[1]

101% Net Dollar Retention over last 8 quarters[2]

GM Mercedes-Benz IBM HSBC QUALCOMM verizon HITACHI CISCO intel DELL citi WELLS FARGO

(1) Source: Company Data
(2) Last 8 quarters, excluding Q2-2020 due to expected one-time impact of COVID-19

MARKETPLACE BUSINESS MODEL

Advertisers place bids to appear on Taboola and pay per click/view

Taboola shares ad revenue with Publishers

1 TABOOLA IS POISED TO CAPTURE THE $64B OPEN WEB MARKET

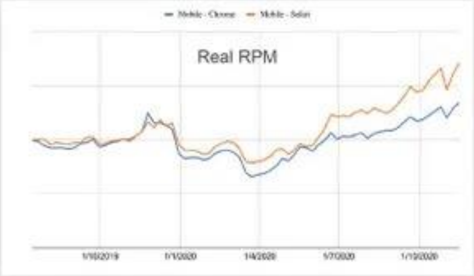
- Exclusive relationships with publishers: predictable supply
- Product-led growth: powering recommendations (vs. optimizing impressions)
- Direct relationships with 10K+ advertisers

Source: Original Image: "State of the Open Internet" by Jounce Media, January 2020. Modified to reflect Taboola as part of The Open Web

2 TABOOLA TECH IS BUILT FOR A COOKIE-LESS WORLD

- **Taboola has its own 1st party cookie -** recommending personalized editorial content enables serving our own 1st party identifier
- **Unique readership context -** deep access to the context of the page, allowing advertisers to target context (vs. "3rd party cookie behavior")
- **People click on Taboola recommendations tens of billions of times a year[1] -** re-hashing Taboola identifier across websites

Taboola's strong RPM performance despite 3rd party cookies being blocked in the industry for years:
- Apple started blocking 3rd party cookies in 2017
- Firefox, Edge, etc are also blocking 3rd party cookies
- GDPR launched in 2018
- CCPA launched in 2019



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

4 PLATFORM ADVANTAGE DRIVEN BY INVESTMENT IN TECH

500 R&D staff

100 in Algo & Data

$100M Annual R&D Investment

Source: Company data, 2021 estimates

5 RECOMMENDING *ANYTHING, ANYWHERE*
A MULTI BILLION DOLLAR GROWTH ENGINE

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Core Business

$1B+ in 2020 & Growing Rapidly[2]

$10M's in 2020[1]

A N Y W H E R E

Taboola News

(mobile carriers, device manufacturers, CTV...)

A N Y T H I N G

$10M's in 2020[3]

New products and segments

(TV ads, eCommerce, app downloads, gaming...)

Note: Financial models take into consideration only the core business

(1)(2)(3)Source: Company data, Gross Revenue

5 GROWTH CASE STUDY: CONVERTMEDIA ACQUISITION

$90M+ 2020

Technology Integration & Go-To-Market

Acquired ConvertMedia

$20M 2016

Annual Run Rate[1]

(1) Annual run-rates are expressed in Gross Revenue

6 PROVEN, FOUNDER-LED MANAGEMENT TEAM

Adam Singolda
13 years at Taboola
Founder & CEO

Stephen Walker
6 years at Taboola
CFO

Eldad Maniv
8 years at Taboola
President & COO

Lior Golan
11 years at Taboola
CTO

Kristy Sundjaja
1 year at Taboola
SVP, People Operations

Aviv Sinai
13 years at Taboola
SVP, R&D

Ran Buck
7 years at Taboola
SVP, Global Revenue

7 FINANCIAL HIGHLIGHTS

2020 EST.

$1.2B Gross Revenue

$379M ex-TAC

$106M Adj. EBITDA

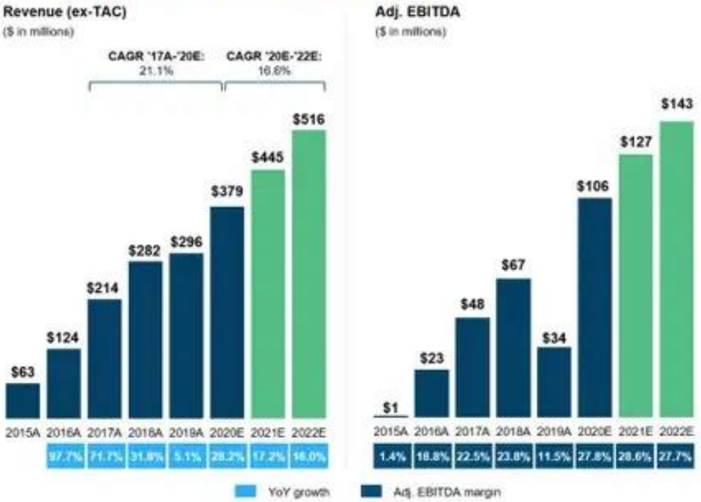
$160M Raised to date

$200M+ on the balance sheet[1]

WE POWER RECOMMENDATIONS FOR THE OPEN WEB

(1) Cash Balance as of 11/30/2020

TABOOLA FOCUSES ON PROFITABLE GROWTH



PROFITABLE GROWTH

Rule of 40 Business

UPSIDE IN OUR MODEL

- Growth from Core Open Web business only
- Conservative growth assumed for existing base
- Additional upside from existing growth initiatives and inorganic

LONG-TERM MODEL

- 20%+ ex-TAC Revenue Growth
- 30%+ Adj. EBITDA Margin

(1) Adj. EBITDA Margin = Adj. EBITDA / ex-TAC Revenue

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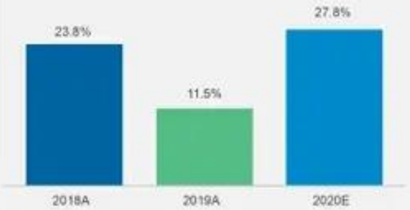
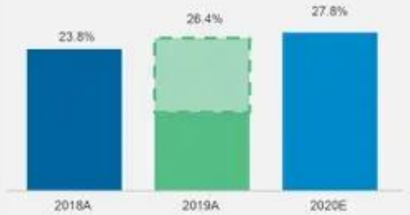
2019 METRICS WERE INFLUENCED BY OUR INVESTMENT STRATEGY

In 2019, Taboola made the decision to invest $60 million in long-term partnerships with a number of very large, brand name publishing networks[1]

Given that investment, Adj. EBITDA margin (% of ex-TAC) was 11.5%...



...Without that investment, Adj. EBITDA margin would have been 26.4%



In 2020 that investment has paid off as Adj. EBITDA margins are above 27% - higher than historical trends

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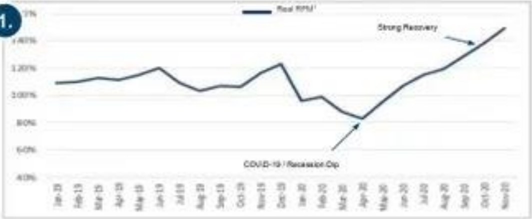
(1) "Invest" means initial losses on these publisher networks plus management's estimate of margin lost on other publishers due to lower yields as demand was spread thinner.

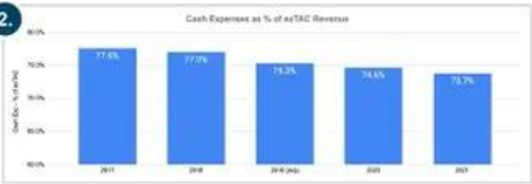
COVID-19 IN 2020 PROVED THE RESILIENCY OF OUR MODEL

1.



Relentless Focus on Yields...

2.



... Combined with Historically Low Costs

Leaving 2020 stronger than we entered with sustainably higher profitability

1. **Sustainable yield increase, driving higher margins**
   - Worked with publisher partners to optimize for yield
   - Signed more advertisers seeking consumers digitally
   - Dramatic improvements in algorithms

2. **Reset cost base**
   - Hiring freeze permanently "right sized" organization (sustainable)
   - Reduced travel, real estate and overhead (partially sustainable)

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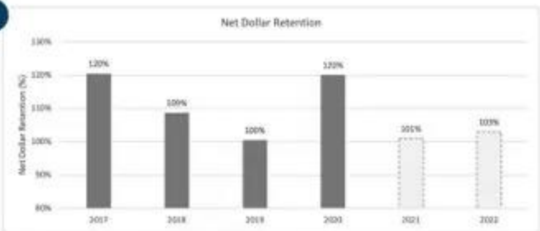
(1) Real RPM (revenue per mille) is normalized measure of RPM performance that controls for changes in RPM due to traffic shifts.
(2) Cash Expenses is the difference between Adj. EBITDA and exTAC Revenue. 2019 is adjusted to reflect an ex-TAC margin of 24.7% as detailed on the previous slide.

GROWTH DRIVEN BY CORE OPEN WEB INSTALLED BASE

1.

Continued growth from new supply...

2.



... helps provide fuel for growth from a strong installed base.

1. **New Publisher Supply in Open Web**
   - Historically 15% new supply growth
   - Projecting 8-11% going forward

2. **Net Dollar Retention Growth Has Two Elements**
   - Improvements in yield (RPM)
   - More supply from existing publishers
   - Projecting 101-103% net dollar retention - historically 110-120%

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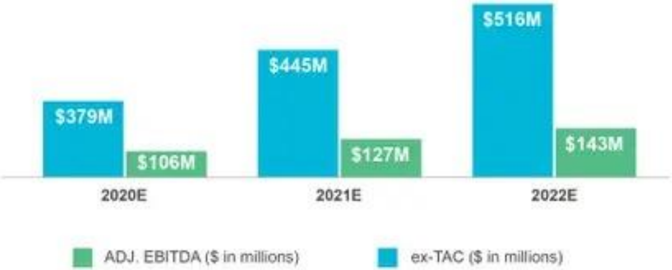
* Reported dollar-based net retention rate is the simple arithmetic average of our monthly dollar-based net retention rate for the last twelve months. We calculate our dollar-based net retention rate by comparing our revenues from the same set of customers in a given month, relative to the comparable prior-year period. Dollar-based net retention rate for a given month is the revenues in that month from customers that generated revenues in the same month of the prior year divided by the revenues attributable to that same group of customers in the prior-year month. Current period revenues include any upsells and are net of contraction or attrition over the trailing 12 months, but exclude revenues from new customers in the current period.

P&L SUMMARY: FORECASTS SHOW OUR PROFITABLE GROWTH PLANS



(1),(2) Growth rates reflect 2020-2023 CAGR
(3) Adj. Gross Profit Margin is calculated as a percentage of ex-TAC revenue

16%
ex-TAC Revenue Growth[1]

27%+
Adj EBITDA Margin

17%+
Adj EBITDA Growth[2]

80%+
Adj. Gross Profit Margin[3]

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TRANSACTION SUMMARY

Pro forma enterprise value

($ in millions except per share values)

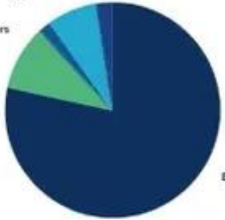
ION illustrative share price		$10.00
Pro forma shares outstanding (M)		258.5[(1)]
Total equity value		**$2,585**
Cash on balance sheet		$585[(2)]
Total enterprise value		**$2,000**
Total enterprise value /	**2021E**	**2022E**
Ex-TAC revenue	**4.5x**	**3.9x**
Pro forma adj. EBITDA	**15.7x**	**14.0x**

Expected cash sources & uses

($ in millions)

Sources	
SPAC cash in trust	$259[(4)]
Forward purchase agreement	50
PIPE Investment	200
Total sources	**$509**
Uses	
Cash to existing Taboola owners	$100
Cash to balance sheet	389
Transaction fees & expenses	20
Total uses	**$509**

Pro Forma Ownership



Notes

(1) Total shares includes 201.1 million rollover equity shares, 25.9 million ION public shares, 20.0 million shares from PIPE, 6.5 million ION founder shares and 5.0 million FPA shares. Excludes dilution from 12.4 million public and private placement warrants struck at $11.50. Assumes no redemptions.

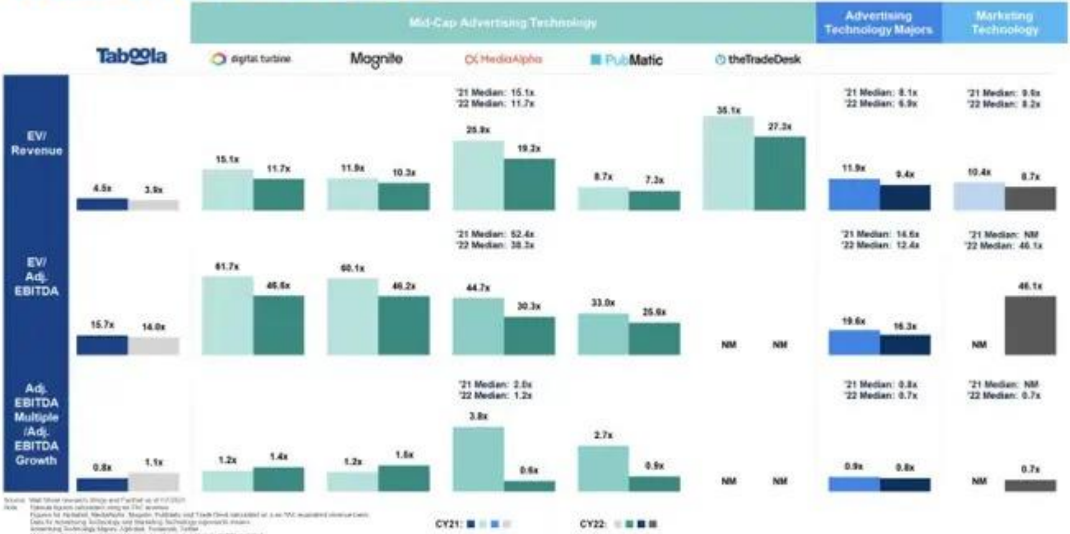
(2) Based on management estimates -- cash on balance sheet includes unrestricted cash and marketable securities of $196 million as of April 26, 2021 plus $389 million of proceeds from the transaction, which assumes $100 million of secondary share purchases, though there may be less.

(3) Excludes investment in PIPE.

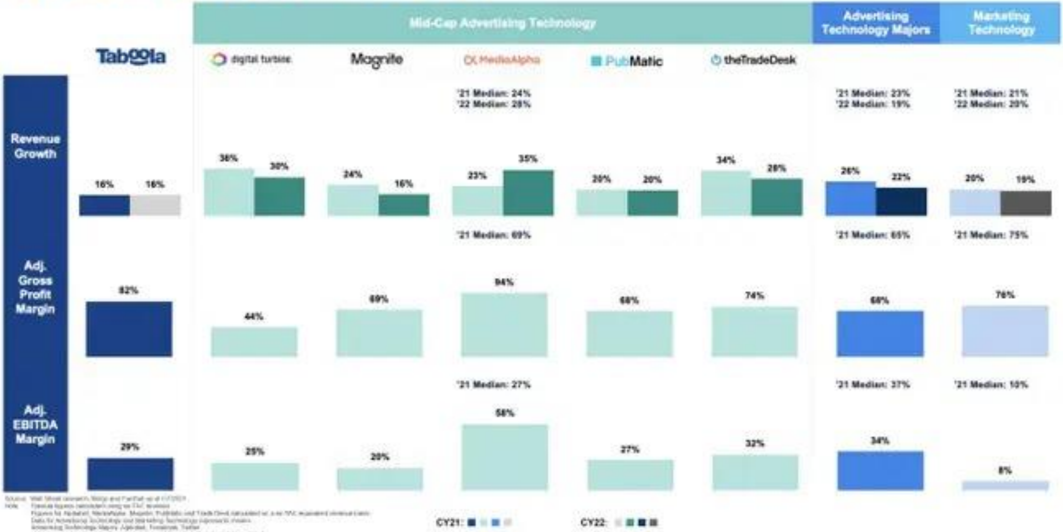
(4) Assumes no redemptions.

Values shown assuming $10.00 per IACA share for illustrative purposes; does not include impact of the public and sponsor out-of-the-money warrants.

VALUATION METRICS



OPERATIONAL METRICS



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OUR MODEL IN A NUTSHELL

Model components:		Sample inputs / financials:	Illustrative Taboola economics:
Page views	x	799bn	
RPM	=	$1.14	
Gross revenue[1]	−	$909	$1.00 (100%)
Traffic Acq Cost (Value to publishers)	=	($627)	($0.69)
ex-TAC Revenue[2]	−	$282	$0.31
Cost of Revenues	=	($48)	($0.05)
Gross profit	−	$234	$0.26
R&D	−	($73)	($0.08)
S&M	−	($110)	($0.12)
G&A	=	($34)	($0.04)
Operating Income	+	$17	
Dep, Amort, Stock Based Comp, One-Time	=	$50	
Adjusted EBITDA		$67	

(1) Revenue paid by Advertisers, before traffic acquisition costs (TAC) paid to Publishers.
(2) Revenue to Taboola after TAC paid to Publishers.

KEY MODEL ASSUMPTIONS

REVENUE (ex-TAC)

- Historically, Taboola grew 20%+ (CAGR '17A-'20E)
- In 2020, Taboola will generate ~$379 million ex-TAC
- Conservatively modeled ~16% growth, doubling ex-TAC in 5 years

ADJUSTED EBITDA

- $106 million in 2020 and growing faster than ex-TAC Revenue
- >25% of ex-TAC Revenue (2020E)
- Rule of 40: ex-TAC growth + Adj. EBITDA Margin always above 40%

COST ASSUMPTIONS

- Return to "normal" operations and cost basis in H1 2021 (conservative)
- Two primary costs (headcount and hardware / IT) grow commensurate with revenue growth

Operating costs:
($ in millions)

HISTORICAL & PROJECTED REVENUE

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2020/2021 QUARTERLY FINANCIALS

QUARTERLY SUMMARY

($ in millions, FYE)	AQ1 2020	AQ2 2020	AQ3 2020	EQ4 2020	EQ1 2021	EQ2 2021	EQ3 2021	EQ4 2021
Gross Revenue	$279	$268	$291	$352	$286	$311	$321	$358
% Quarterly growth	-10.3%	-3.9%	8.6%	21.0%	-18.8%	8.7%	3.2%	11.5%
Revenue (ex-TAC)	$69	$99	$104	$107	$95	$107	$112	$130
% Quarterly growth	-19.8%	43.5%	5.1%	2.9%	-11.2%	12.6%	4.7%	16.1%
Gross Profit	$53	$84	$90	$92	$78	$88	$91	$108
% margin	76.6%	85.1%	86.0%	86.1%	81.8%	81.5%	81.5%	83.3%
% Quarterly growth	-22.0%	59.3%	6.6%	2.8%	-15.4%	12.2%	4.0%	19.2%
Adj. EBITDA	($1)	$34	$40	$32	$25	$30	$28	$44
% margin	-1.5%	34.6%	38.5%	30.1%	26.2%	28.1%	24.7%	34.2%
% Quarterly growth	-106.9%	-3350.2%	17.3%	-19.8%	-22.5%	21.0%	-8.7%	61.3%

Note: dollar values in this table reflect rounded values; growth and margin calculations are based on exact values calculated to nine decimal places

ADJUSTED EBITDA RECONCILIATION

($ in millions)	2015A	2016A	2017A	2018A	2019A
Net income (loss)	$ (14.9)	$ (2.7)	$ 2.8	$ 10.7	$ (25.4)
Adjustments:					
Financial expenses (income)	0.8	0.8	(0.3)	1.3	0.7
Tax expenses	2.4	4.3	5.1	5.3	5.8
Depreciation and Amortization	5.5	13.3	28.2	35.3	38.5
Stock based compensation	3.3	6.3	10.8	10.5	8.2
Revaluation of contingent liability	3.8	1.4	1.6	3.9	0.0
M&A cost	-	-	-	-	6.1
Adjusted EBITDA	$ 0.9	$ 23.4	$ 48.2	$ 67.0	$ 33.9

ADJUSTED EBITDA RECONCILIATION

($ in millions)	Q1-20A	Q2-20A	Q3-20A
Net income (loss)	**$ (25.4)**	**$ 13.5**	**$ 18.0**
Adjustments:			
Financial expenses (income)	1.8	0.0	(0.3)
Tax expenses	4.6	4.3	4.1
Depreciation and Amortization	9.6	8.9	7.9
Stock based compensation	2.2	2.1	6.4
Revaluation of contingent liability	0.0	0.0	0.0
M&A cost	6.1	5.3	4.0
Adjusted EBITDA	**$ (1.1)**	**$ 34.1**	**$ 40.1**

ex-TAC Revenue Reconciliation

($ in millions)	2015A	2016A	2017A	2018A	2019A
Gross Revenues	335.6	552.1	757.9	909.2	1,093.8
Traffic Acquisition Cost (TAC)	272.7	427.7	544.2	627.7	798.0
ex-TAC Revenues	62.9	124.4	213.7	281.5	295.8
Other COR	12.1	23.2	35.1	47.3	63.9
Gross profit	50.8	101.2	178.6	234.2	231.9

ex-TAC Revenue Reconciliation

($ in millions)	Q1-20A	Q2-20A	Q3-20A
Gross Revenues	279.3	267.7	290.6
Traffic Acquisition Cost (TAC)	210.4	168.8	186.3
ex-TAC Revenues	68.9	98.9	104.3
Other COR	16.2	14.8	14.6
Gross profit	52.7	84.1	89.7

FREE CASH FLOW

($ in millions, FYE)	2019A	2020E	2021E	2022E	2023E
Net cash from operating activities	**$31**	**$119**	**$100**	**$128**	**$152**
Cash used in investing activities	**($48)**	**($19)**	**($67)**	**($39)**	**($44)**
Leasehold improvements & equipment	0	0	(9)	(4)	(4)
Intangible assets	(6)	(9)	(10)	(11)	(13)
Purchase of IT equipment (servers)	(42)	(10)	(48)	(24)	(27)
Free Cash Flow [(1)]	**($17)**	**$100**	**$33**	**$89**	**$108**

2021 Free Cash Flow Reduced by Plan To Invest in Two Areas:

1) Purchase of $30M of servers beyond "normal" levels as part of investment in algorithmic yield improvements
2) Plan to remodel offices globally for post-COVID work environment

(1) Adj. EBITDA Plus the change in working capital reflects the net cash provided by operating activities.

CONSOLIDATED BALANCE SHEET

($ in millions)	As of Dec 31, 2019	As of Sept 30, 2020
Cash	$ 122	$ 189
Total Assets	$ 412	$ 414
Total Liabilities & Convertible Shares	$ 402	$ 386
Accumulated Deficit	$ (37)	$ (31)
Additional Paid-in-capital	$ 47	$ 59
Total Stockholders' Equity	$ 10	$ 28

TABOOLA PROTECT

Ongoing monitoring of the network and removal of undesirable content and actors.

30+ Reviewers

24/5 manual review + 14h per day on weekends
24/7 automated review - Taboola automations including AI tools

13 Languages

English, Danish, Swedish, Norwegian, Spanish, Portuguese, German, French, Hebrew, Japanese, Korean, Dutch, Italian

500K+ Items reviewed every week

P&L SUMMARY

($ in millions, FYE)	2018A	2019A	2020E	2021E	2022E	2023E	Long-Term Model
				Management Forecast			
Gross Revenue	$909	$1,094	$1,190	$1,277	$1,450	$1,647	
% YoY growth	20.0%	20.3%	8.8%	7.3%	13.6%	13.5%	
Revenue (ex-TAC)	$282	$296	$379	$445	$516	$597	
% YoY growth	31.8%	5.1%	28.2%	17.2%	16.0%	15.7%	20%+
Gross Profit	$234	$232	$319	$365	$419	$485	
% margin	83.1%	78.4%	84.1%	82.1%	81.3%	81.3%	
% YoY growth	31.1%	-0.9%	37.4%	14.5%	14.9%	15.7%	
Adj. EBITDA	$67	$34	$106	$127	$143	$167	
% margin	23.8%	11.5%	27.8%	28.6%	27.7%	28.0%	30%+
% YoY growth	39.6%	-49.3%	210.3%	20.5%	12.5%	16.8%	

ADJ. EBITDA MARGIN

- Return to "normal" operations and cost basis in H1 2021
- Investing in serving infrastructure and Algo beginning 2021
- IPO readiness costs added starting 2021

LONG-TERM EX-TAC REVENUE GROWTH

- Current Model only forecasts growth from Core Business
- Long-Term Growth of 20%+ includes core business growth, inorganic and existing growth initiatives