

# Perion

the capture & convince company

Investor Presentation | January 2021

# FORWARD LOOKING STATEMENTS

*This presentation and our remarks contain forward-looking statements (within the meaning of The Private Securities Litigation Reform Act of 1995) that involve substantial risks and uncertainties, including statements regarding our expectations and beliefs about our business, strategy, and future operating performance. The words “will”, “believe,” “expect,” “intend,” “plan,” “should” and similar expressions are intended to identify forward-looking statements. Such statements reflect our current views, assumptions and expectations with respect to future events and are subject to risks and uncertainties. Many factors could cause our actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements, or financial information, including, among others, the failure to realize the anticipated benefits of companies and businesses we acquired and may acquire in the future, risks entailed in integrating the companies and businesses we acquire, including employee retention and customer acceptance, the risk that such transactions will divert management and other resources from the ongoing operations of the business or otherwise disrupt the conduct of those businesses, potential litigation associated with such transactions, the impact that COVID-19 will have on our operations going forward due to uncertainties that will be dictated by the length of time that the pandemic and related disruptions continue, the impact of governmental regulations that might be imposed in response to the pandemic and overall changes in consumer behavior and general risks associated with our business including intense and frequent changes in the markets in which our business operates and in general economic and business conditions, loss of key customers, unpredictable sales cycles, competitive pressures, market acceptance of new products, inability to meet efficiency and cost reduction objectives, changes in business strategy and various other factors, whether referenced or not referenced in this presentation. Various other risks and uncertainties may affect our results of operations, as described in our reports filed with the Securities and Exchange Commission from time to time, including our annual report on Form 20-F for the year ended December 31, 2019. Although we may elect to update forward-looking statements in the future, we disclaim any obligation to do so, even if our assumptions and projections change, except where applicable law may otherwise require us to do so. These forward-looking statements should not be relied upon as representing our views as of any date subsequent to the date of this presentation.*

*Perion Network Ltd. (the “Company”) has an effective shelf registration statement (including a prospectus) on file with the SEC. This announcement does not constitute an offer to sell, or the solicitation of an offer to buy, any of the Company's securities. Any offering of securities will be made only by means of a prospectus supplement, which will be filed with the SEC. In the event that the Company conducts an offering, you may obtain a copy of the prospectus supplement and accompanying prospectus for the offering for free by visiting EDGAR on the SEC website at [www.sec.gov](http://www.sec.gov). Alternatively, the Company will arrange to send such information if you request it.*

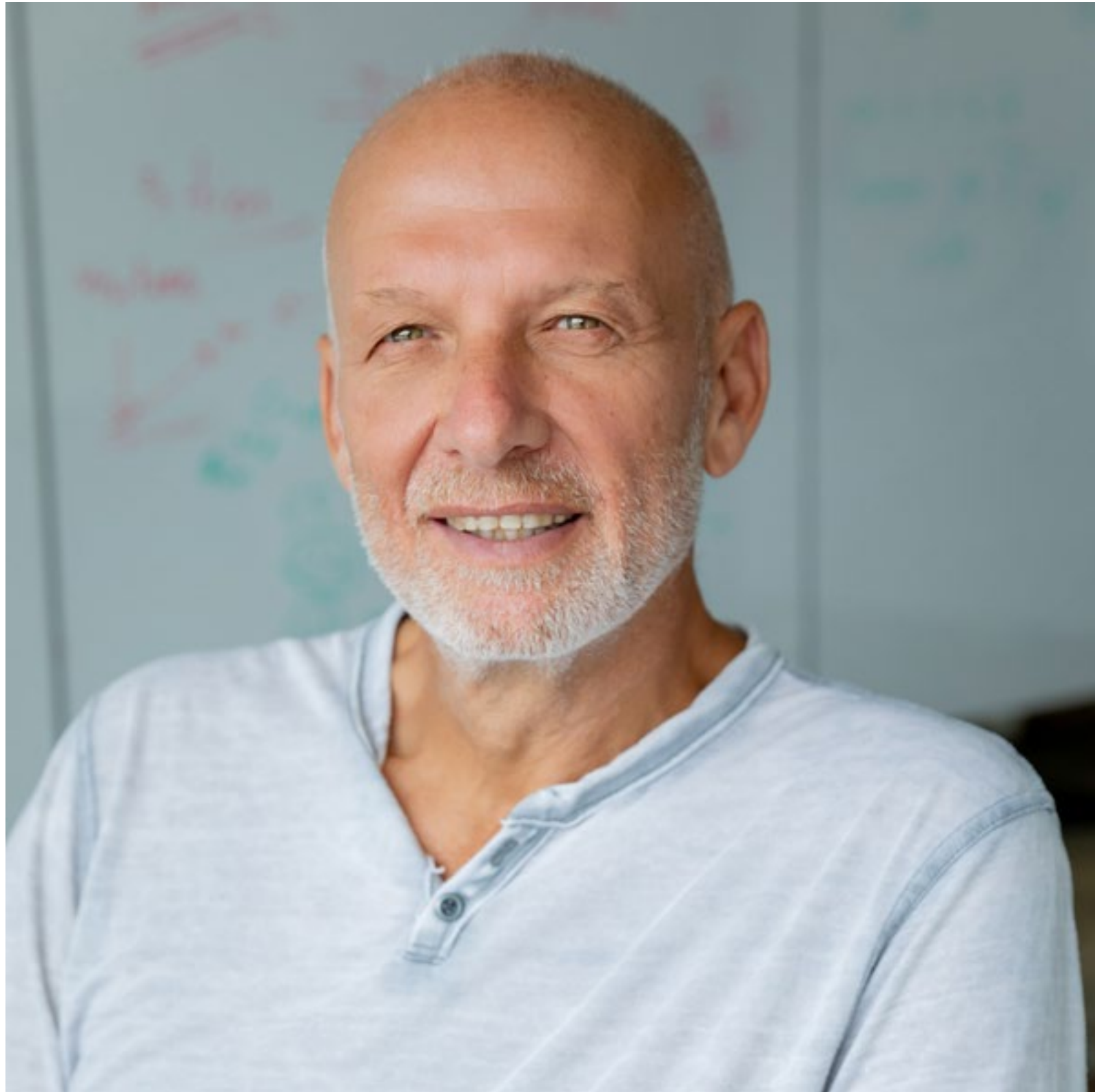
# CAUTION CONCERNING NON-GAAP FINANCIAL INFORMATION

*This presentation and our remarks include certain non-GAAP financial measures, including adjusted-EBITDA, EBIT and P&L. These non-GAAP financial measures are not in accordance with, or an alternative for, generally accepted accounting principles and may be different from non-GAAP financial measures used by other companies. In addition, these non-GAAP financial measures are not based on any comprehensive set of accounting rules or principles. We believe that the presentation of these non-GAAP financial measures, when shown in conjunction with the corresponding GAAP measures, provide useful information to investors and management regarding financial and business trends relating to our financial condition and results of operations, as well as the net amount of cash generated by our business operations after taking into account capital. Additionally, we believe that non-GAAP financial measures have limitations in that they do not reflect all of the amounts associated with our results of operations as determined in accordance with GAAP and that these measures should only be used to evaluate our results of operations in conjunction with the corresponding GAAP measures. Reconciliation tables between results on a GAAP and non-GAAP are provided at the Appendix included at the end of this presentation.*

# NOTE ON PRELIMINARY FINANCIAL INFORMATION

*The preliminary financial information for the fourth quarter of 2020 and FY2020 contained herein is preliminary and may change. This preliminary financial information has been prepared internally by management and has not been reviewed or audited by the Company's independent registered public accounting firm. There can be no assurance that the Company's actual results for the fourth quarter or FY2020 will not differ from this preliminary financial information and such changes could be material. This preliminary financial information should not be viewed as a substitute for full financial statements prepared in accordance with GAAP and is not necessarily indicative of the results to be achieved for any future periods.*

# Introduction

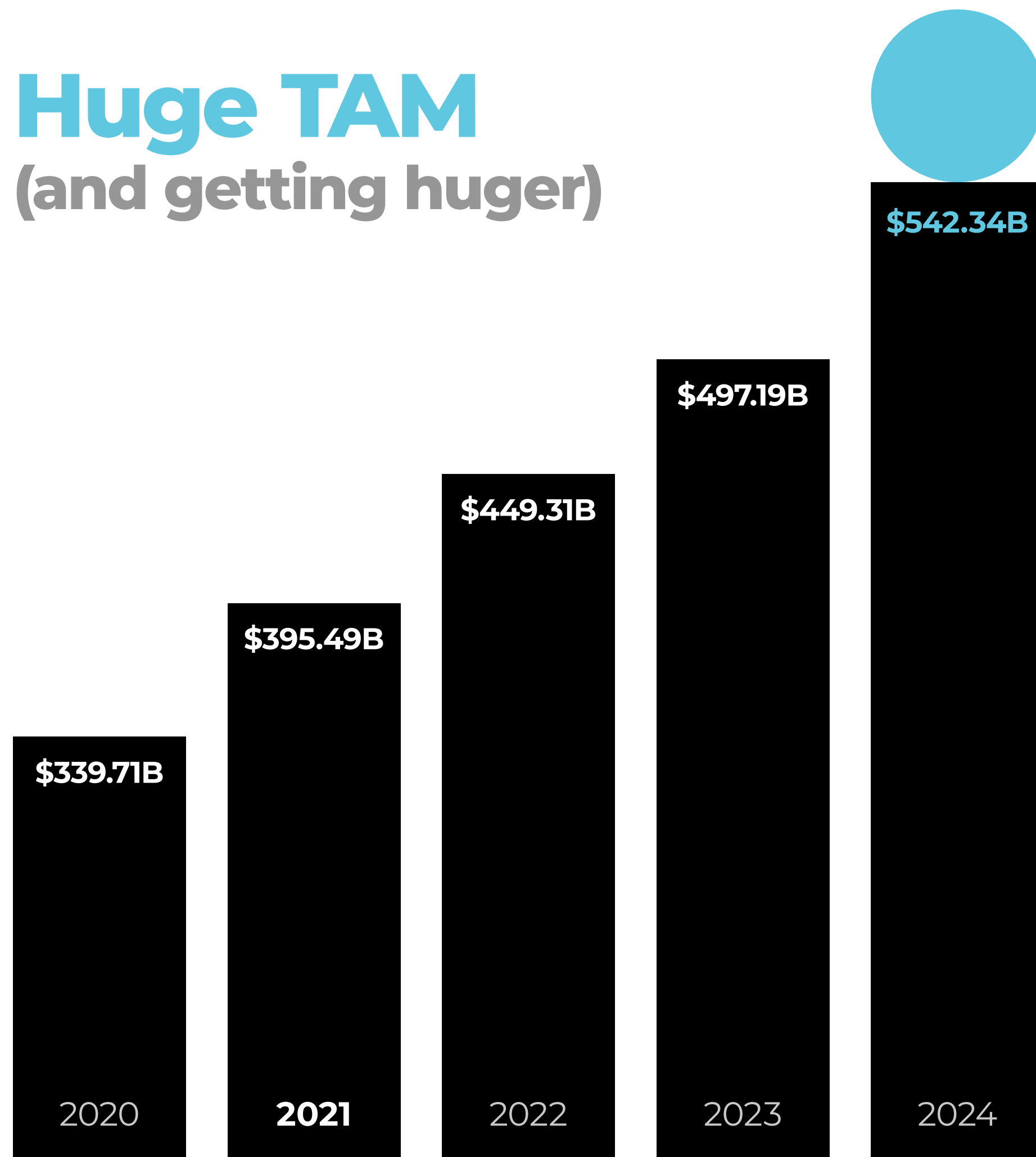


**Doron Gerstel**  
CEO



**Maoz Sigron**  
CFO

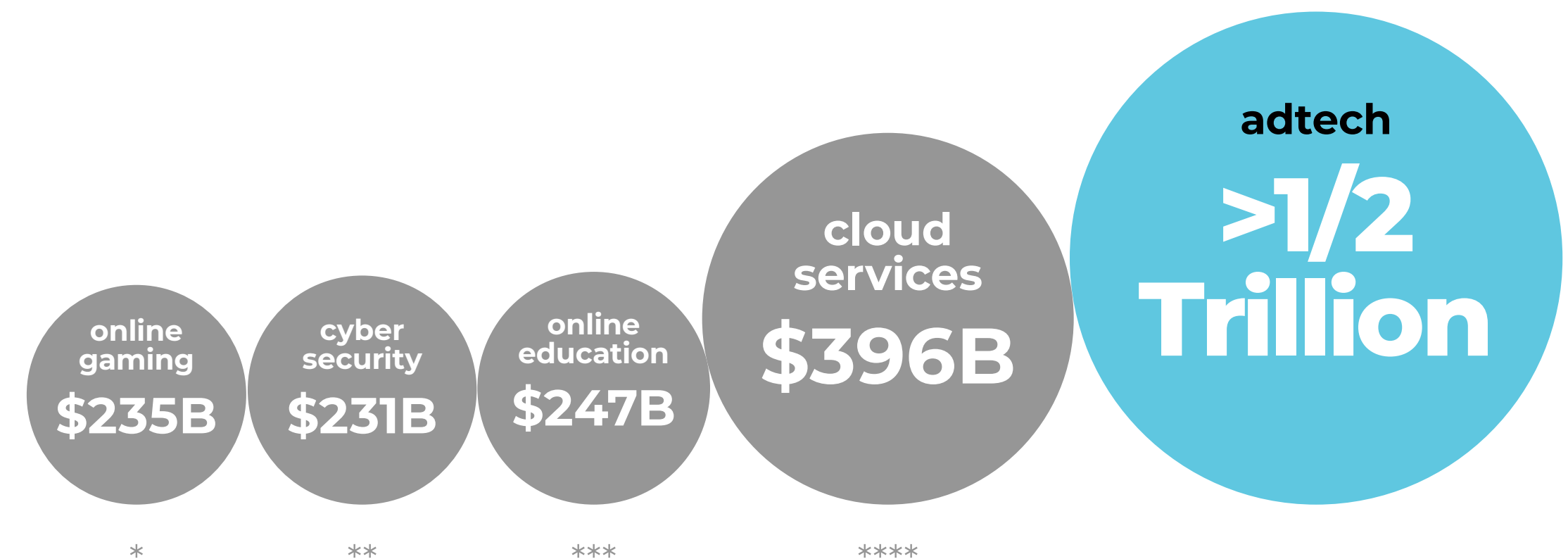
# Huge TAM (and getting huger)



## digital ad spending worldwide, 2020-2024<sup>♦</sup> in Billions

source: eMarketer, October 2020

♦ TAM digital ad spending worldwide for years 2021 through 2024 are estimations and could materially change.



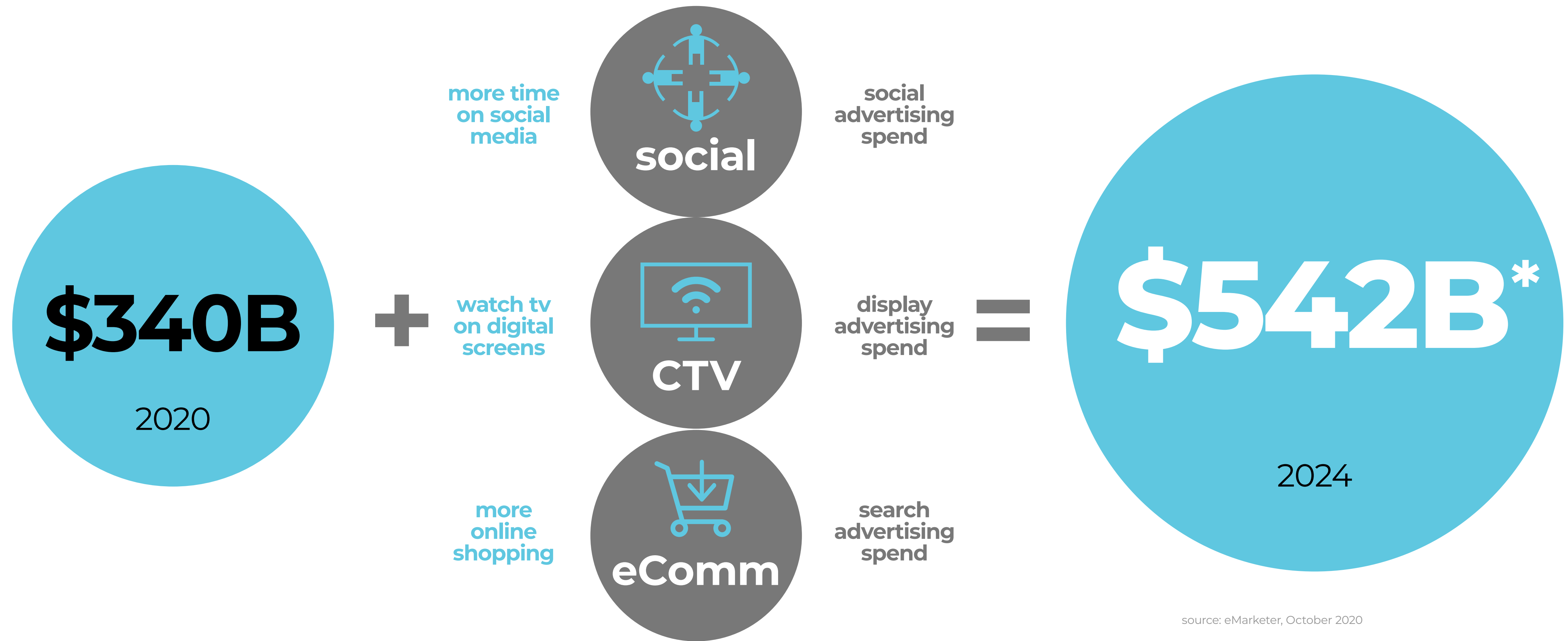
## TAMs 2024<sup>♦♦</sup>

sources: \*ReportLinker, November 2020 \*\* The Business Research Company, June 2020  
\*\*\* TechNavio, November 2020 \*\*\*\* Grand View Research, May 2020

♦♦ TAM digital ad spending worldwide for 2024 is an estimation and could materially change.

# Sources of growth

Global consumer behavior trends affecting digital ad spend



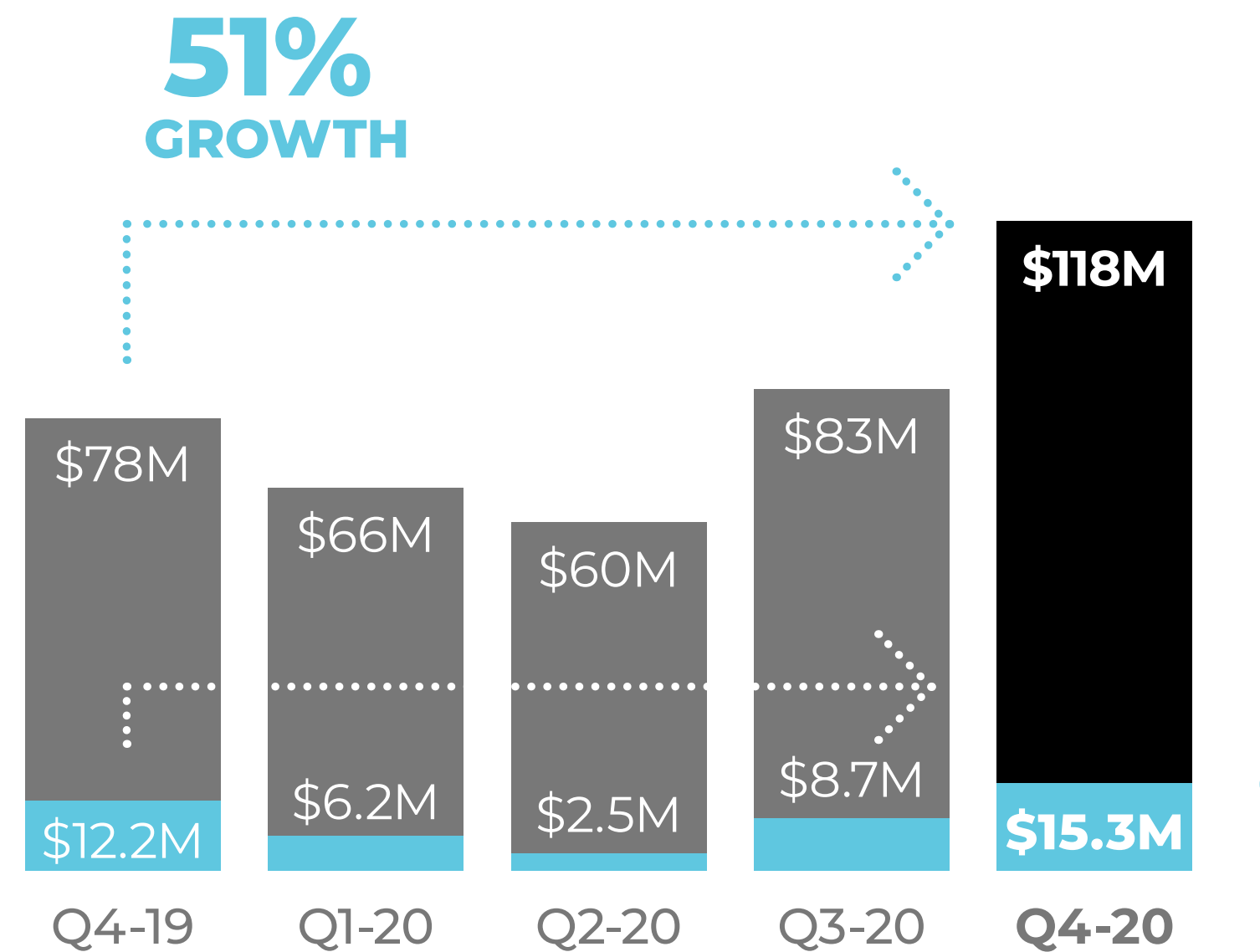
source: eMarketer, October 2020

\* TAM digital ad spending worldwide for years 2021 through 2024 are estimations and could materially change.



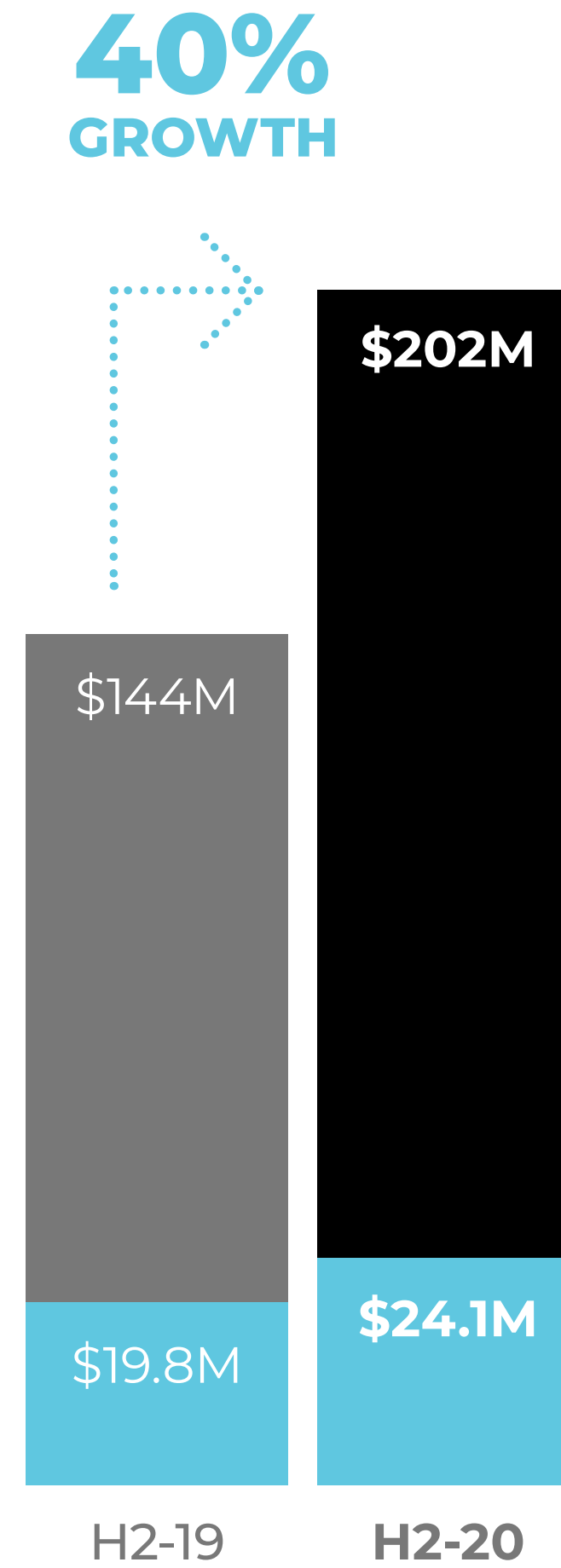
# Perion steady GROWTH

despite pandemic recession

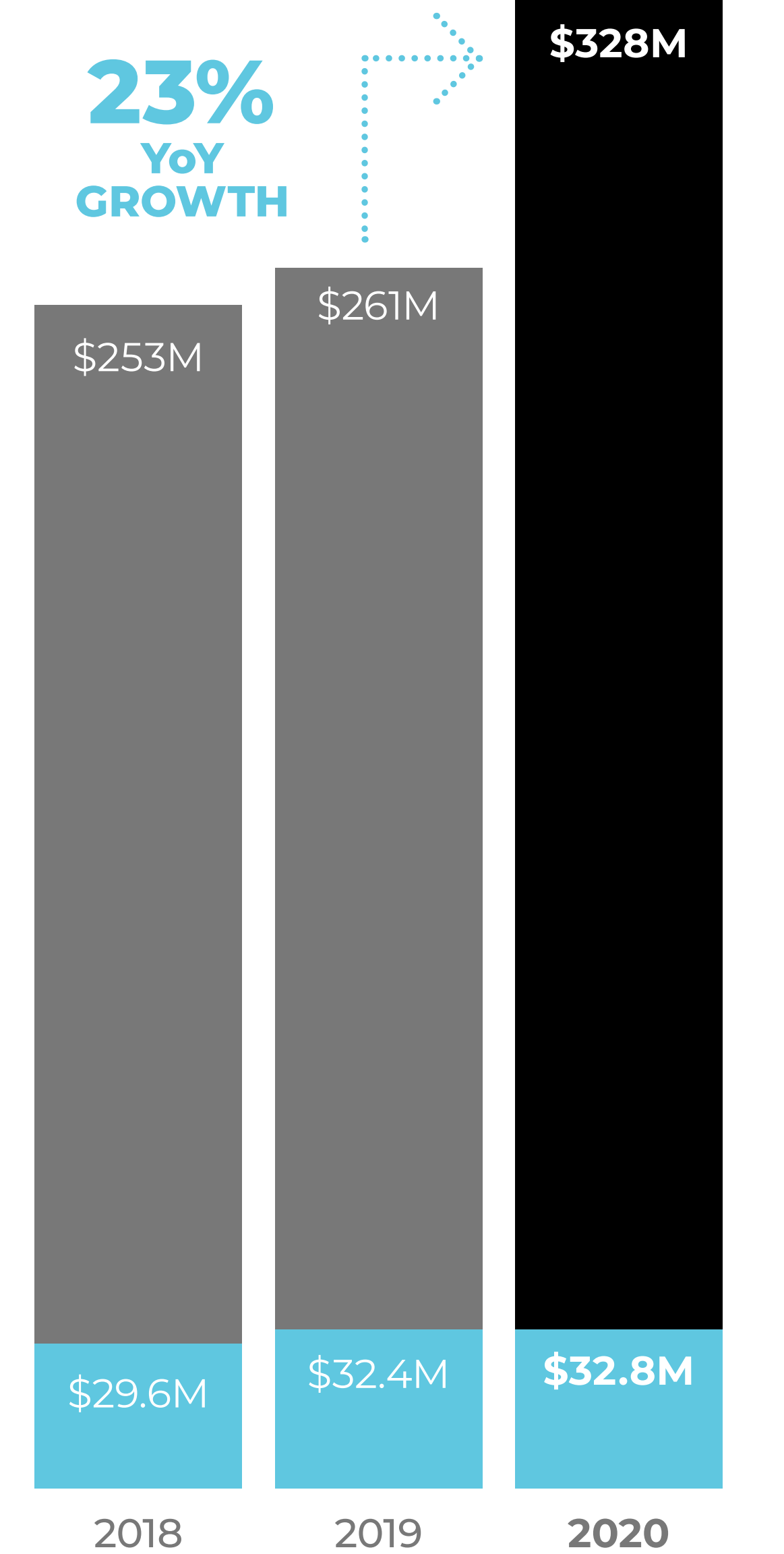


Quarterly Revenues Adjusted EBITDA\*

Preliminary (unaudited)\*\*



Half Year Revenues Adjusted EBITDA\*



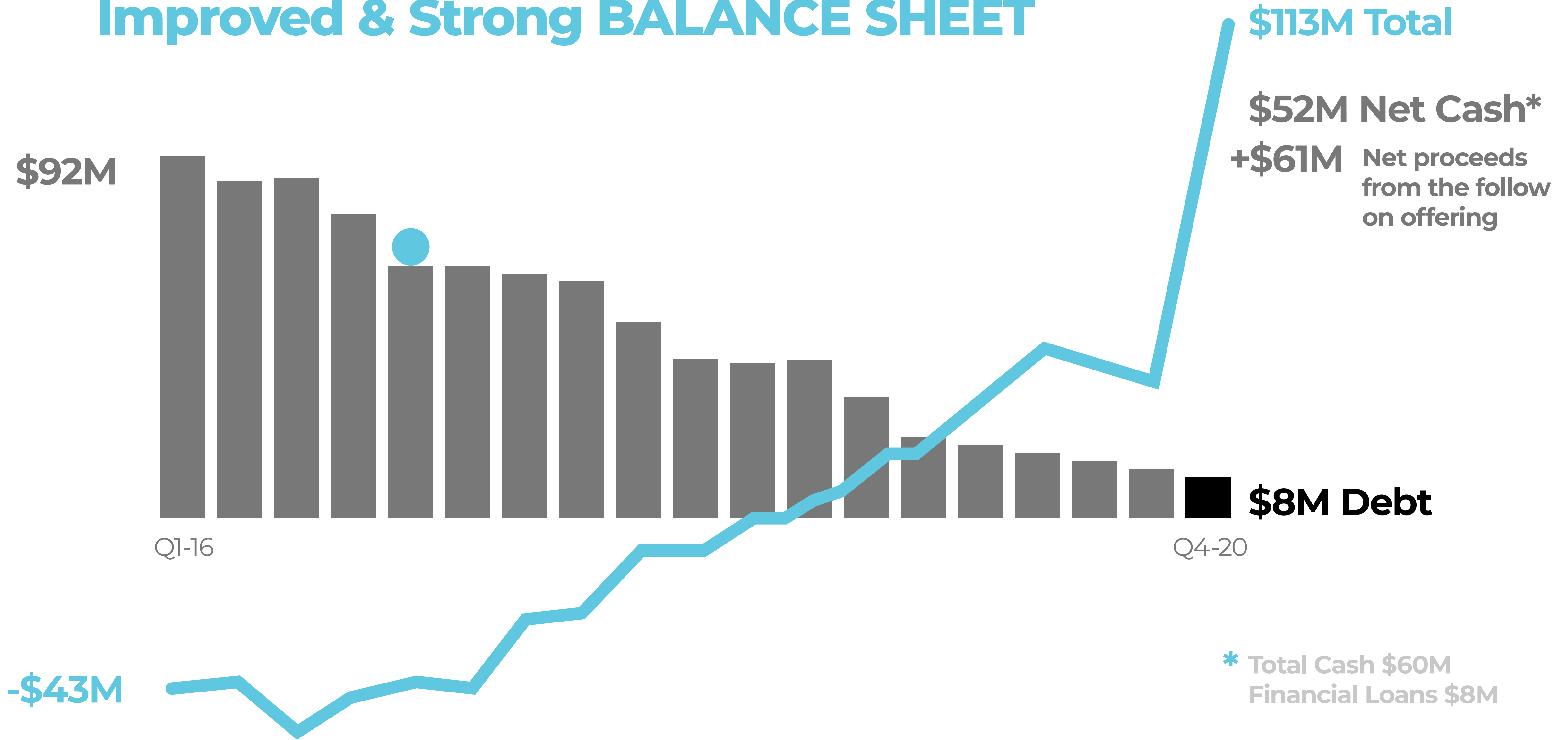
Annual Revenues Adjusted EBITDA\*

Preliminary (unaudited)\*\*

\* Adjusted EBITDA is a non-GAAP measure. Please see the Appendix for a definition and reconciliation to the nearest GAAP measure.

\*\* Based on preliminary unaudited midpoint of \$110M-\$115M revenue and \$14.5M-\$15M Adjusted EBITDA for Q420; and \$320M-\$325M revenue and \$32M-\$32.5M Adjusted EBITDA for FY2020

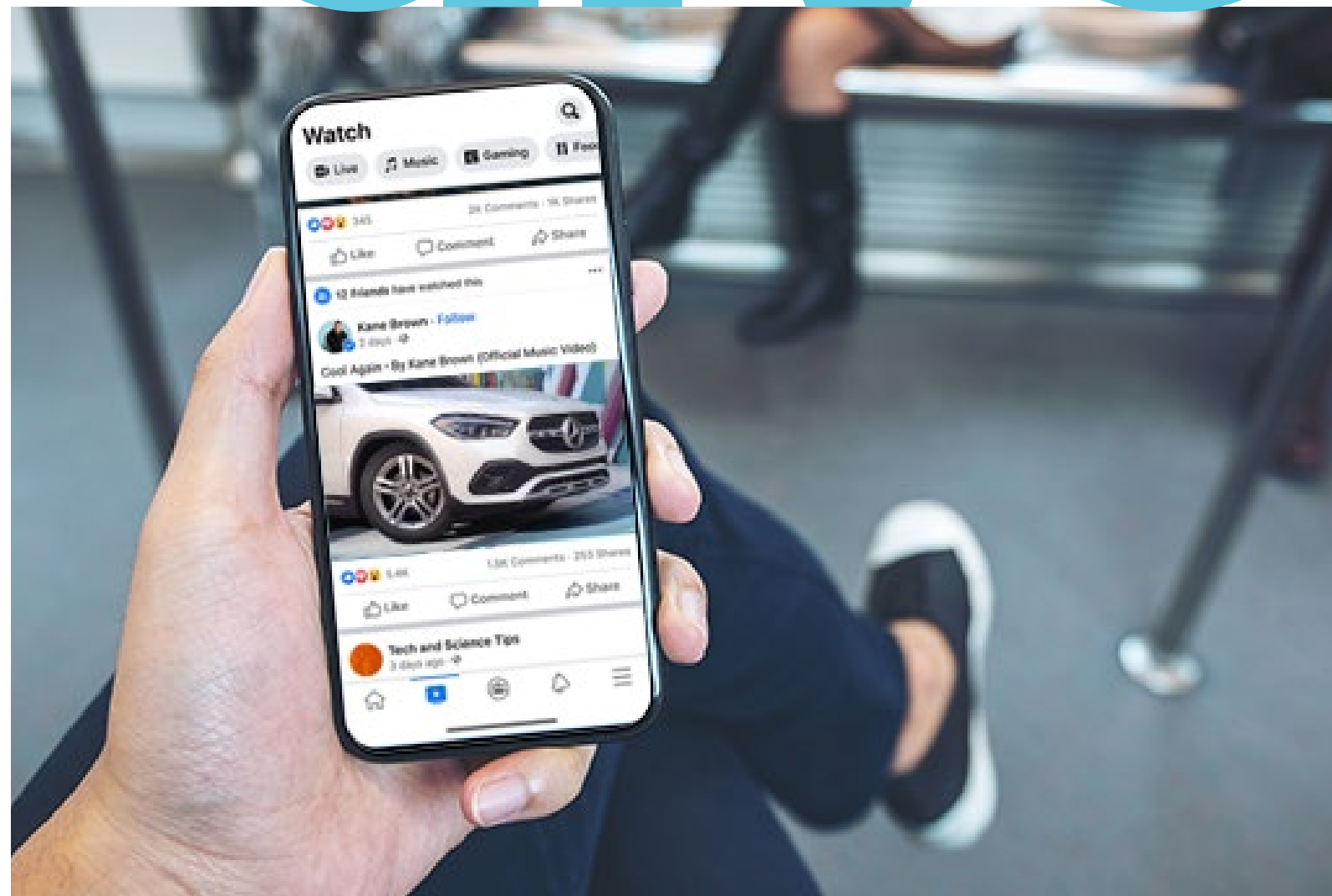
# Improved & Strong BALANCE SHEET



Net cash is calculated as cash + cash equivalents + short term bank deposit - short and long term loans

# Perion Strategy:

# diversification



**social**

**\$157B**



**display / ctv**

**\$173B**



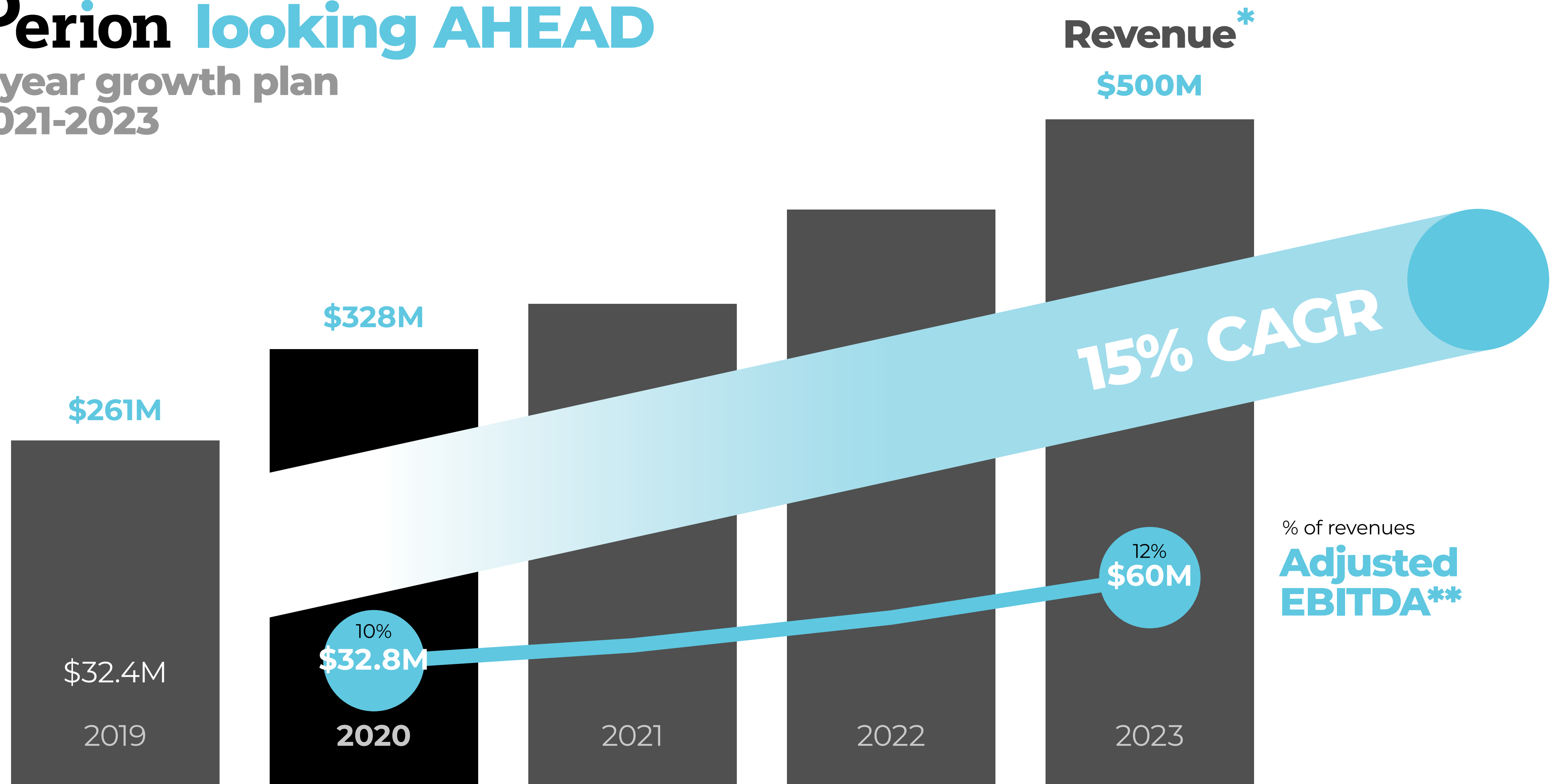
**search**

**\$211B**



# Perion looking AHEAD

3 year growth plan  
2021-2023



Preliminary (unaudited)

\* This company's estimates are forward-looking and subject to significant business, economic, regulatory and competitive uncertainties and contingencies, many of which are beyond the control of the Company and its management, and are based upon assumptions with respect to user behavior and future decisions, which are subject to change. Actual results will vary and those variations may be material. For a discussion of some of the important factors that could cause these variations, please see the "Risk Factors" section in the Company's 2019 annual report on Form 20-F. Nothing in this presentation should be regarded as a representation by any person that this estimates will be achieved and the Company undertakes no duty to update its estimates.

\*\* Based on preliminary unaudited midpoint of \$320M-\$325M revenue and \$32M-\$32.5M Adjusted EBITDA for FY2020

# Perion Growth Drivers

Cross-channel  
High impact creative

Content  
monetization  
system

Search Adv.  
monetization

**US CTV users**  
**>200M**  
80% of households

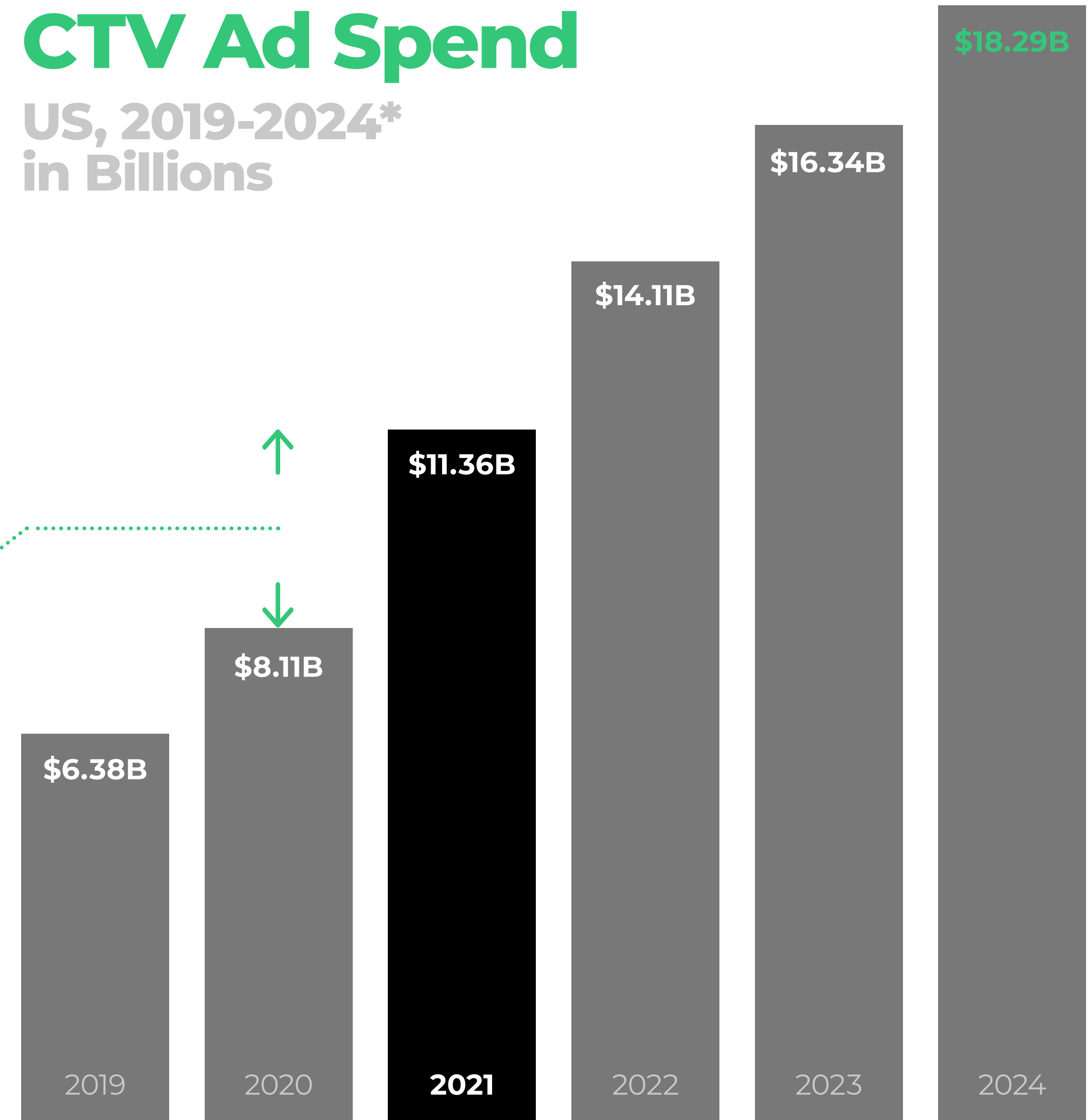
source: eMarketer, November 2020

**CTV viewing time**  
**↑81%**  
YOY increase

source: Nielsen, April 2020

## CTV Ad Spend

US, 2019-2024\*  
in Billions



\* CTV Ad Spend US for years 2021 through 2024 is an estimation and could materially change.

source: eMarketer, November 2020

## iCTV interactive ad

maximize onscreen engagement

**40%**  
lift in  
engagement  
rate

validated with over 100  
Perion clients

**85 sec**  
earned with engaged  
users

based on company's data/report

**capture**

**convince**





# Perion Growth Drivers

Cross-channel  
High impact creative

Content  
monetization  
system

Search Adv.  
monetization

## iCTV 2.0

dynamic creative optimization



📍 nyc

♀ female  
30-40



📍 tokyo

♂ male  
20-25





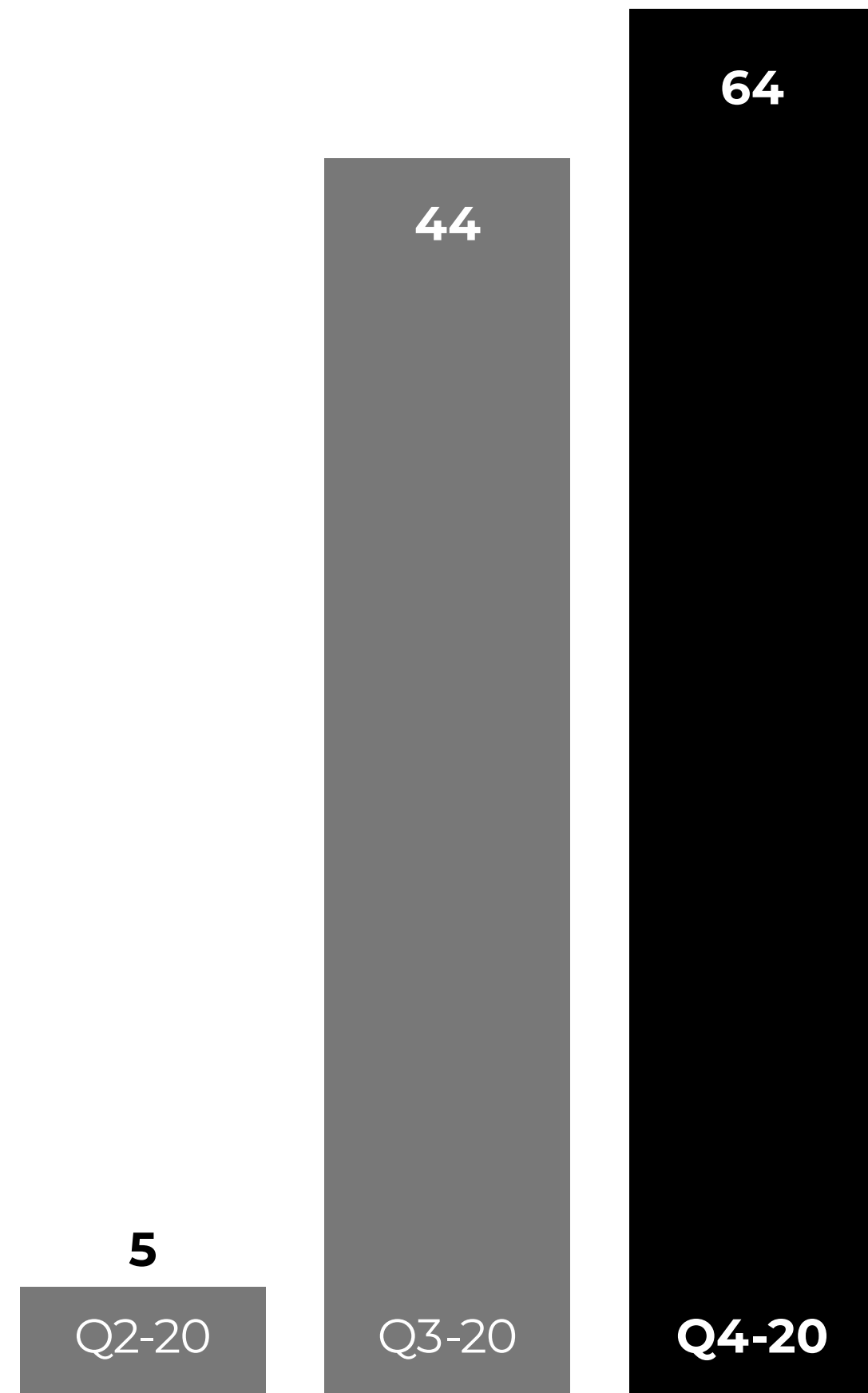
# Perion Growth Drivers

Cross-channel High impact creative

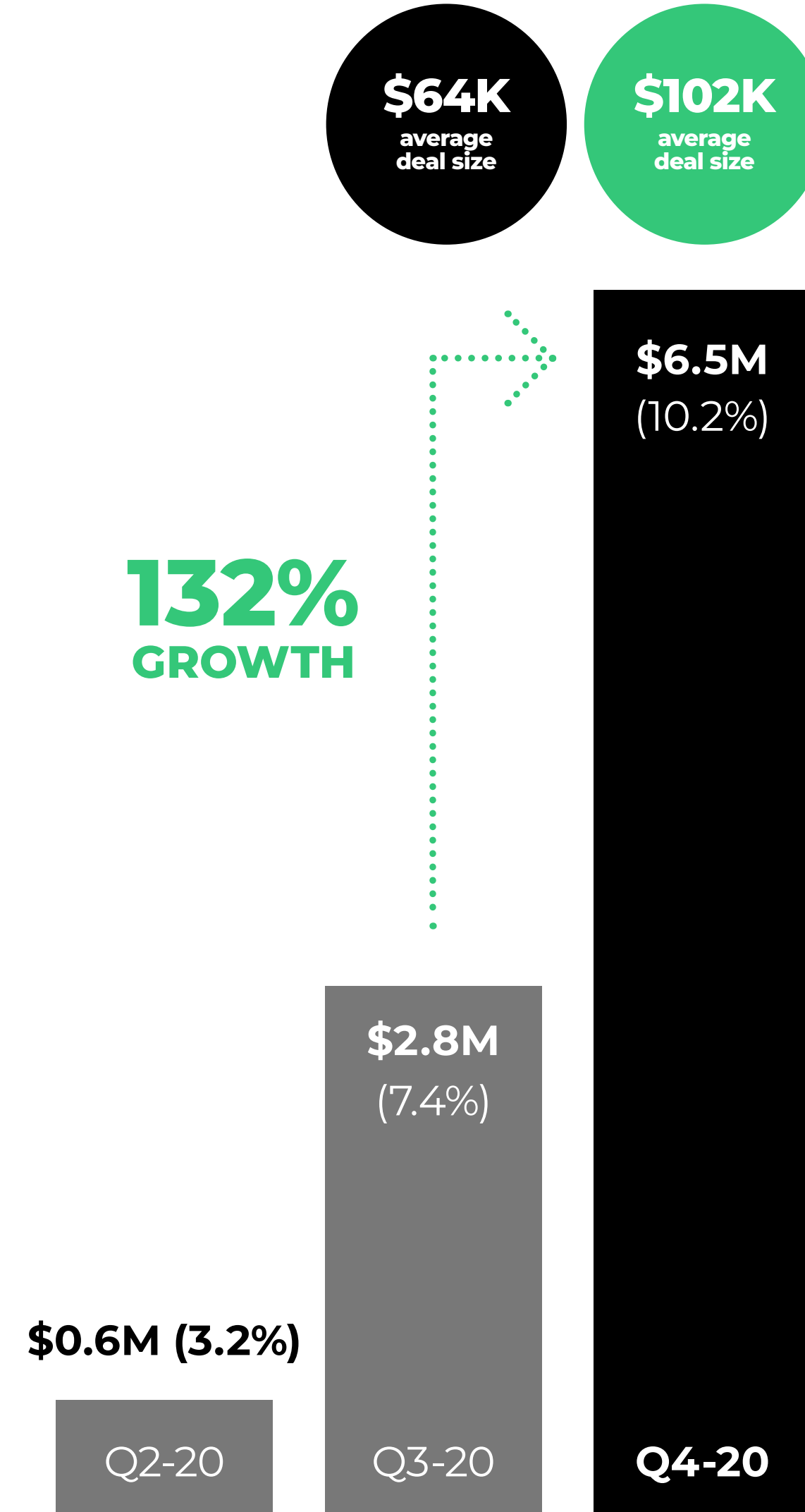
Content monetization system

Search Adv. monetization

# Perion CTV Results\*



New CTV customers



Revenues (\$M)

Unaudited

Source: company's data  
\* reflects CTV - bundled transactions

# Perion Growth Drivers

Cross-channel  
High impact creative

Content  
monetization  
system

Search Adv.  
monetization

## Publishers are struggling

### Digital Magazine Ad Spending US, 2019-2020

**-8.8%**

### Digital Newspaper Ad Spending US, 2019-2020

**-8.4%**

source: eMarketer, October 2020

# Perion Growth Drivers

## content monetization system

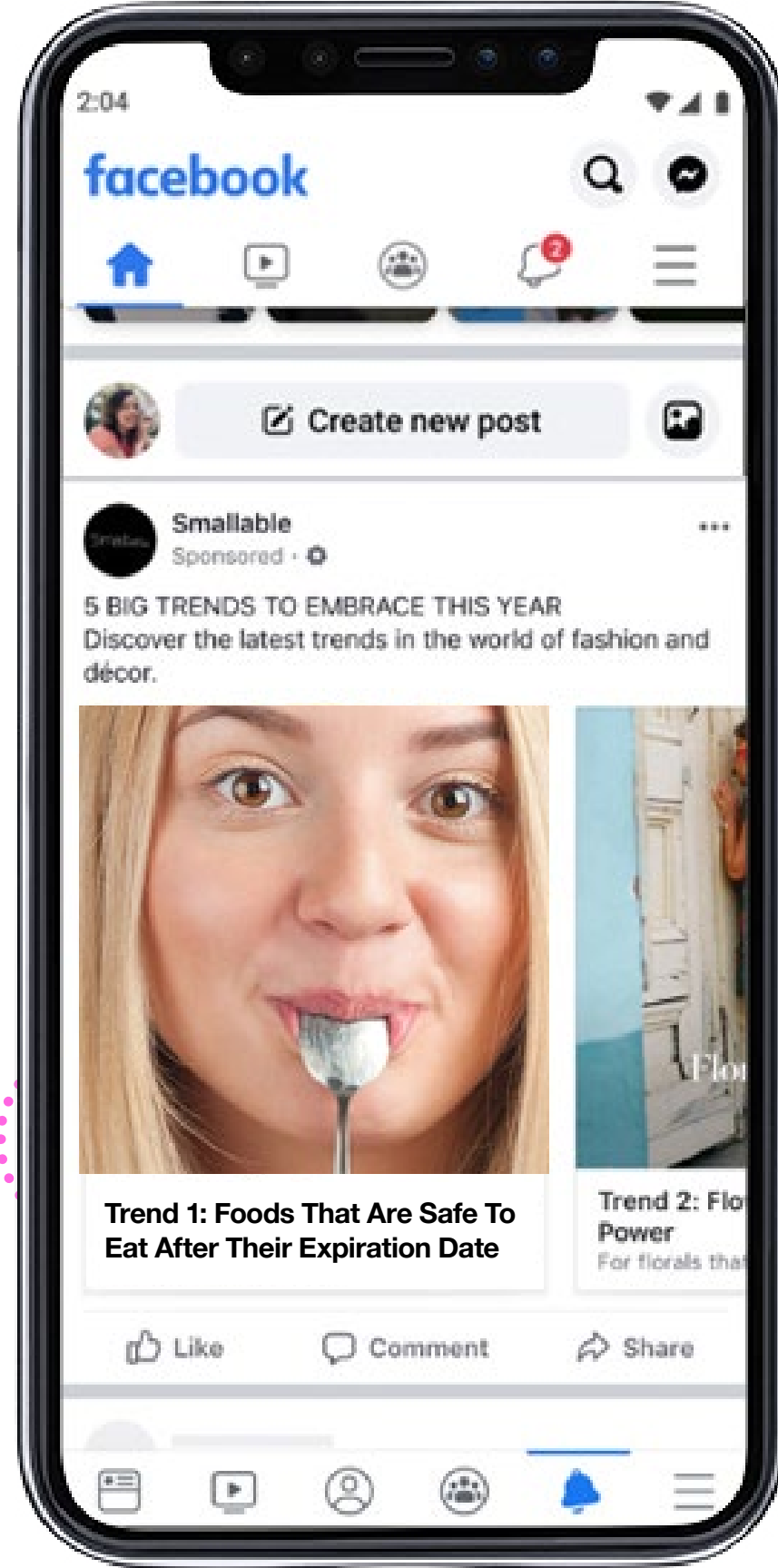
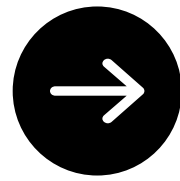
- Perion Owned & Operated
- **Newsweek**
- Entrepreneur

Cross-channel  
High impact creative

Content  
monetization  
system

Search Adv.  
monetization

min  
cpc



content ad

capture new  
audience

personalized  
content, layout,  
and creative

5-7  
min  
stay

the right  
ad at the  
right time

predictive  
analytics



max  
revenue  
per  
session

# Perion Growth Drivers

Cross-channel  
High impact creative

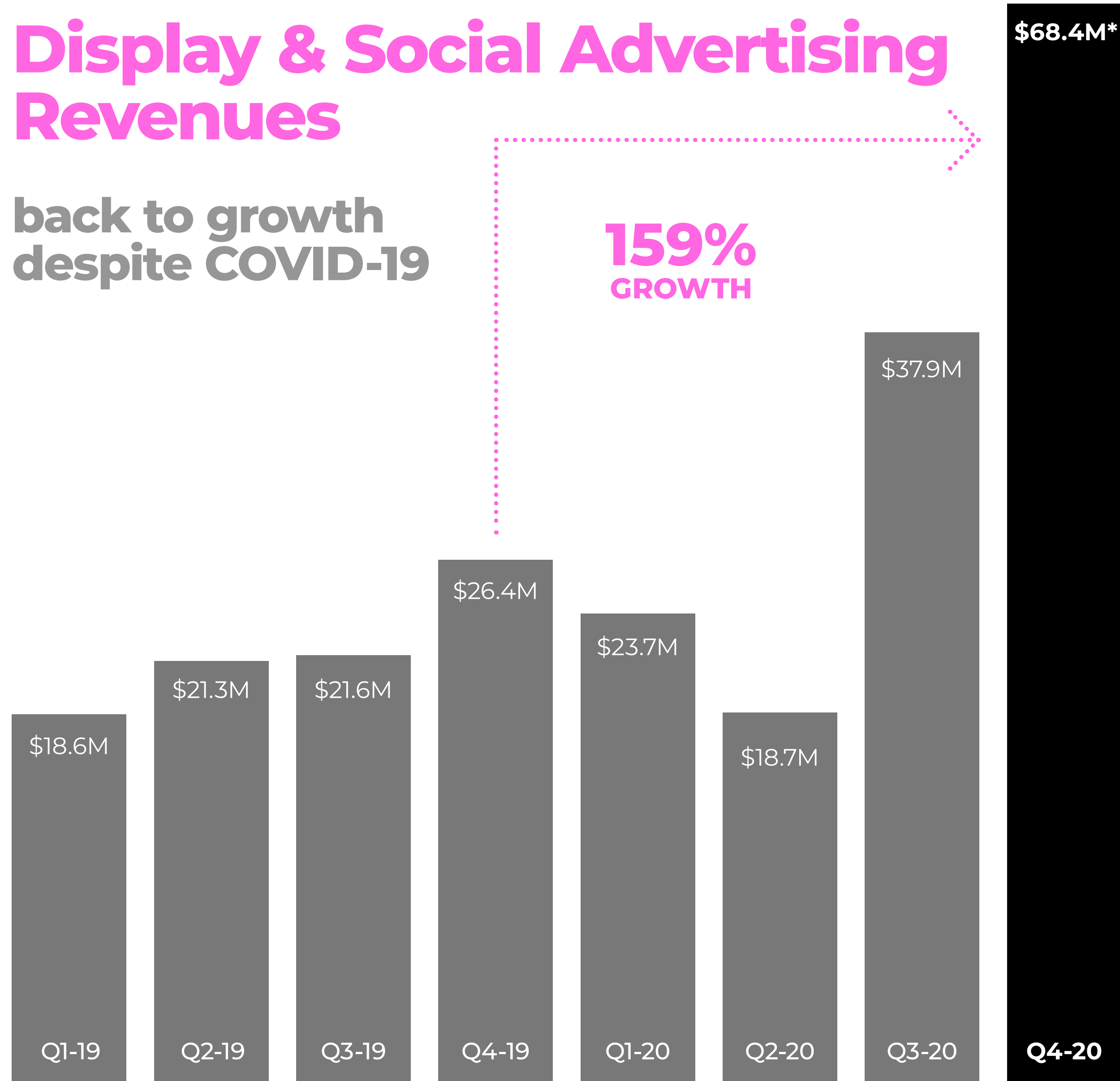
Content  
monetization  
system

Search Adv.  
monetization

## Display & Social Advertising Revenues

back to growth  
despite COVID-19

159%  
GROWTH



## Why we're growing:

1. Accelerated growth of CTV and video ad spend
2. Intelligent high-impact creative ad units lead to bigger ad spend with us / greater average deal size
3. Business synergy of content monetization system / capability to provide other adv assets

Revenues (\$M)

Preliminary (unaudited)

\* Based on preliminary unaudited midpoint of \$110M-\$115M revenue, including a preliminary midpoint of \$62M-\$66M revenue deriving from advertising



# Perion Growth Drivers

Cross-channel  
High impact creative

Content  
monetization  
system

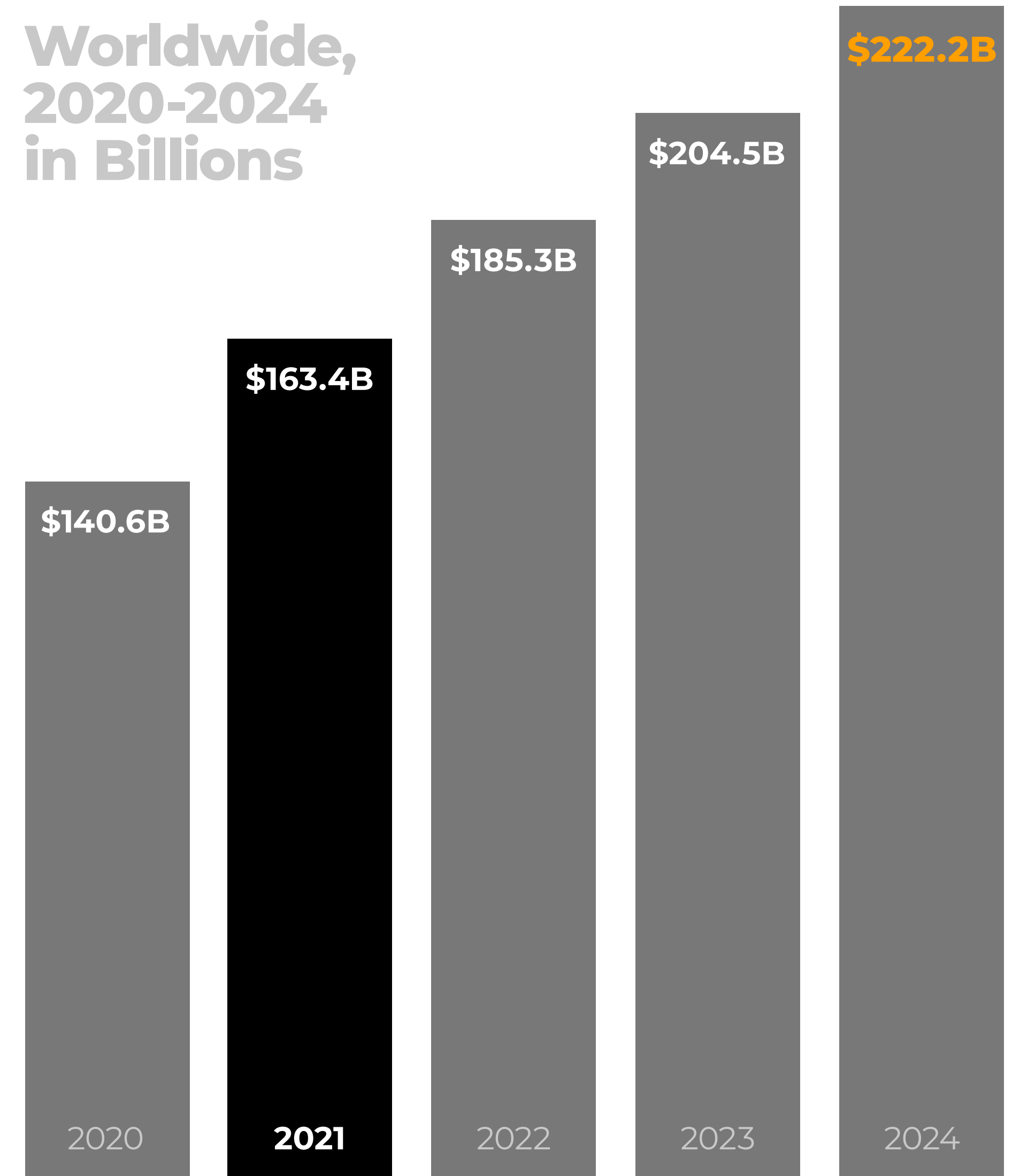
Search Adv.  
monetization

## Key Growth Drivers

1. eCommerce **tipping point**
2. **"Search before you buy"** consumer behavior
3. A huge growth in **online retailers** "hunting" for new customers via ad search

## Search Ad Spending\*

Worldwide,  
2020-2024  
in Billions



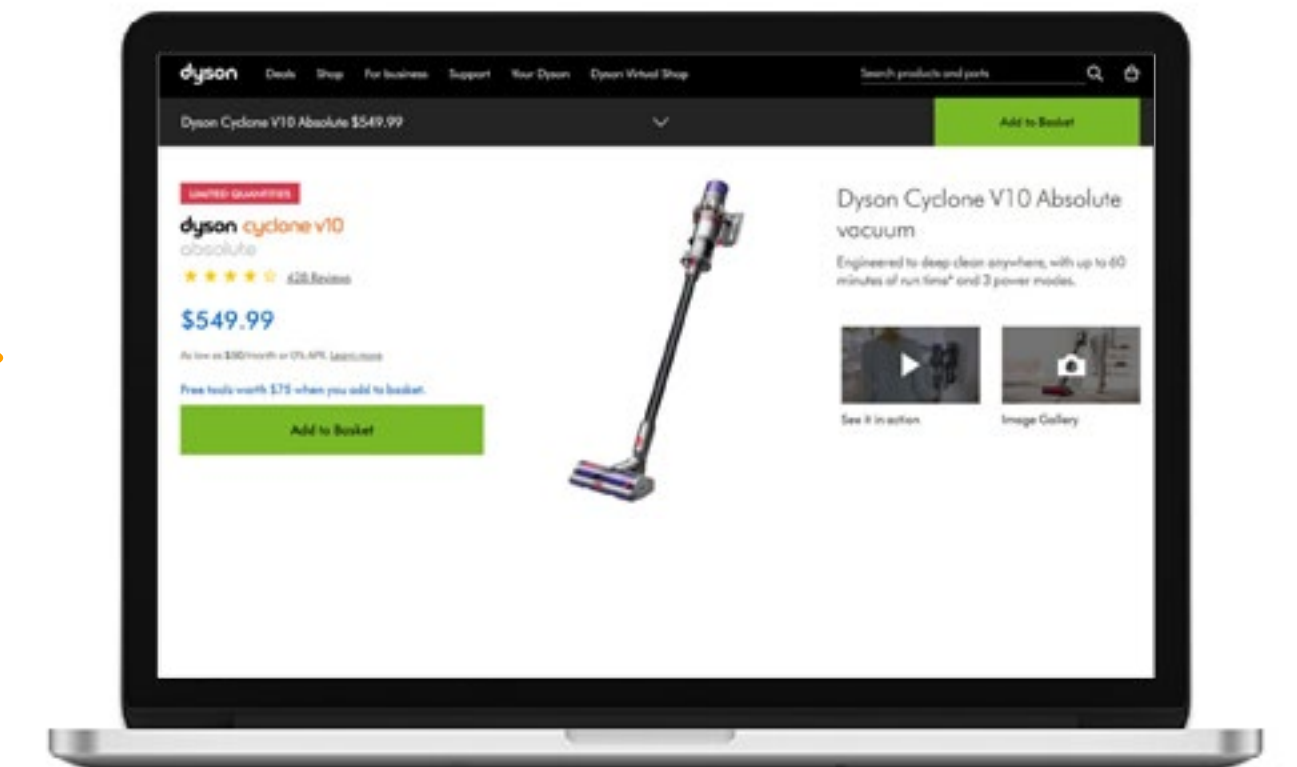
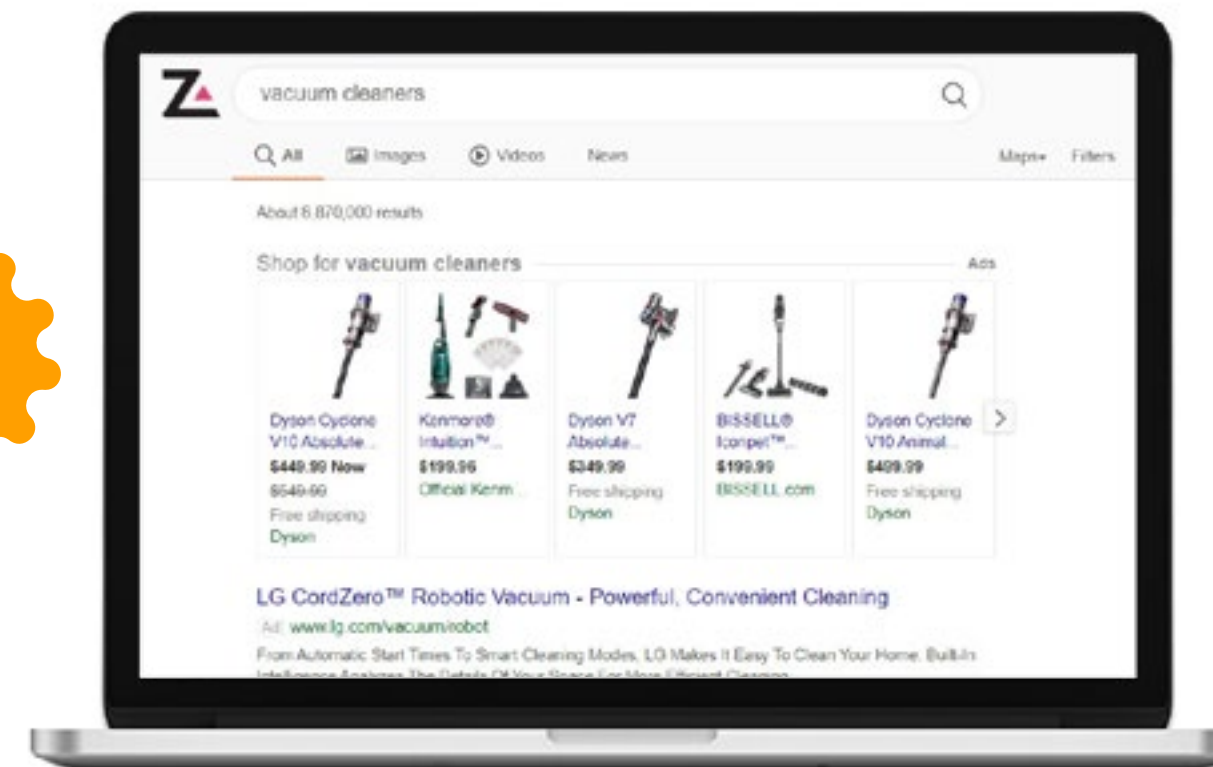
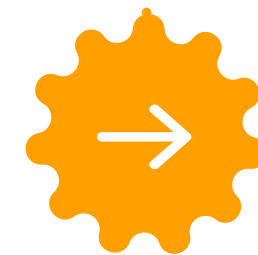
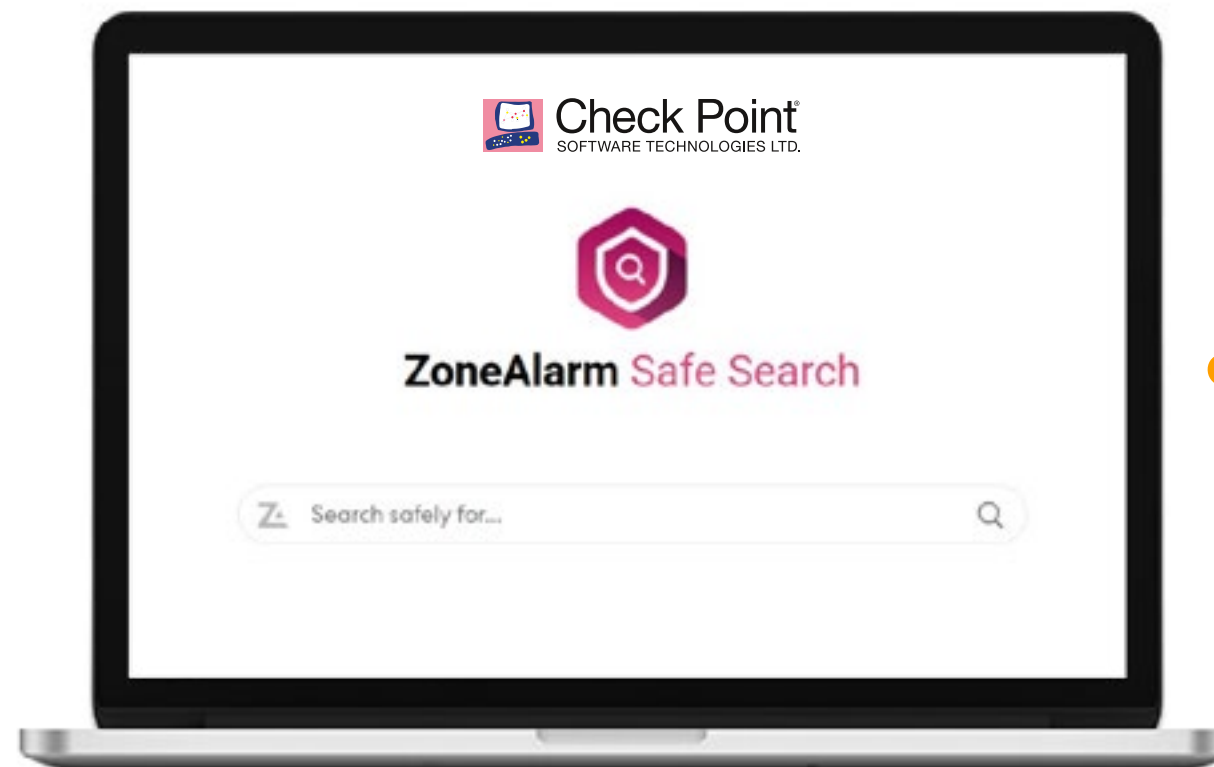
source: eMarketer, October 2020

\* Worldwide Search Ad Spending for years 2021 through 2024 are estimations and could materially change.

# new monetization opportunities within apps

Check Point  
ZoneAlarm  
use case

Microsoft Bing / Yandex



1 capture

2 search ads

3 convince

Content  
monetization  
system

Search Adv.  
monetization

# Search mediation for publishers

Cross-channel  
High impact creative

Content  
monetization  
system

Search Adv.  
monetization

contextual match of  
search results to text

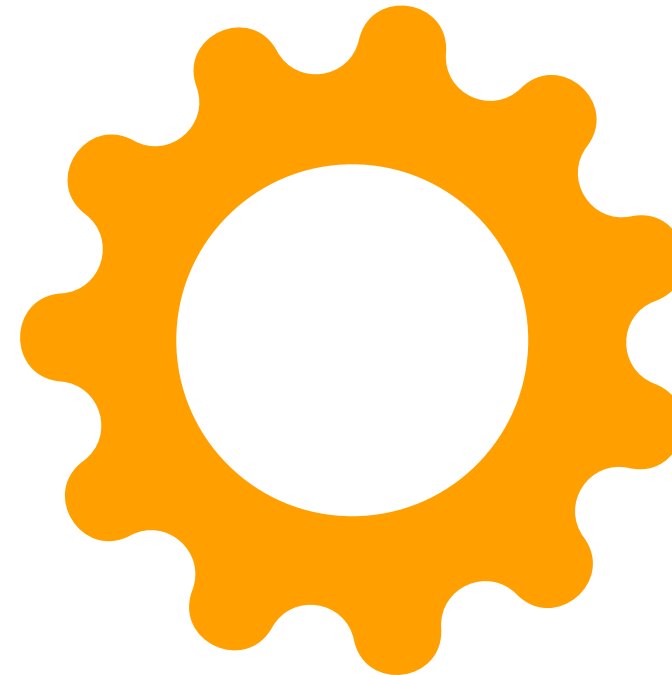


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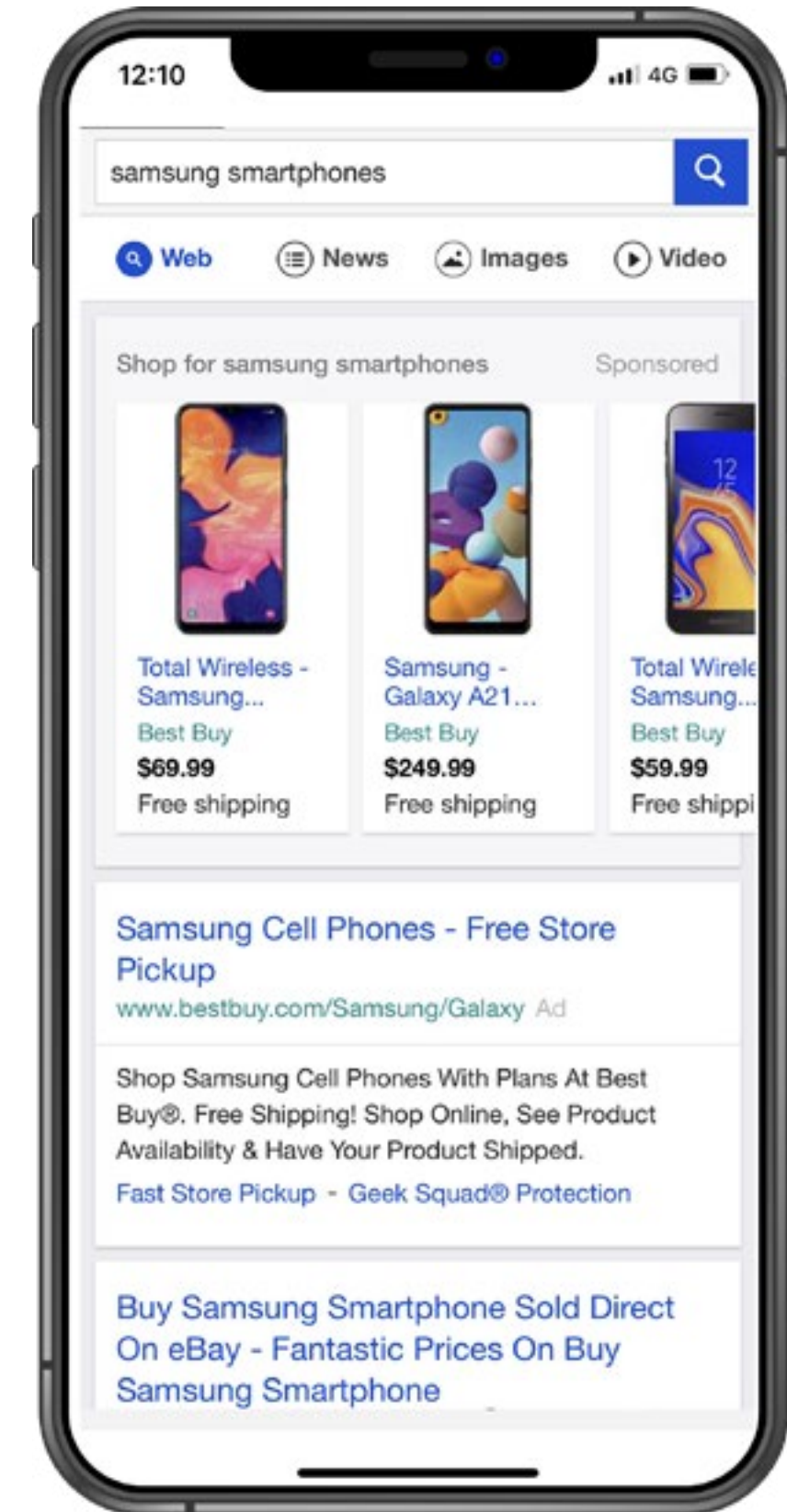
Display to Search

Microsoft Bing

amazon



channel chosen  
according to best  
chances of action



2

convince

# Perion Growth Drivers

Cross-channel  
High impact creative

Content  
monetization  
system

Search Adv.  
monetization

## signed Nov. 2020

**4+**  
year  
agreement  
2021-2024

  
improved  
revenue  
share

**Perion** +  **Microsoft Bing** = **\$800M\***  
revenue over 4 years

from 6 to  
**34+**  
countries

**new**  
products

\* Company's estimates based on historical revenue under a prior revenue share agreement with Microsoft. This company's estimates are forward-looking and subject to significant business, economic, regulatory and competitive uncertainties and contingencies, many of which are beyond the control of the Company and its management, and are based upon assumptions with respect to user behavior and future decisions, which are subject to change. Actual results will vary and those variations may be material. For a discussion of some of the important factors that could cause these variations, please see the "Risk Factors" section in the Company's 2019 annual report on Form 20-F and in the preliminary prospectus. Nothing in this presentation should be regarded as a representation by any person that this estimates will be achieved and the Company undertakes no duty to update its estimates



Cross-channel  
High impact creative

Content  
monetization  
system

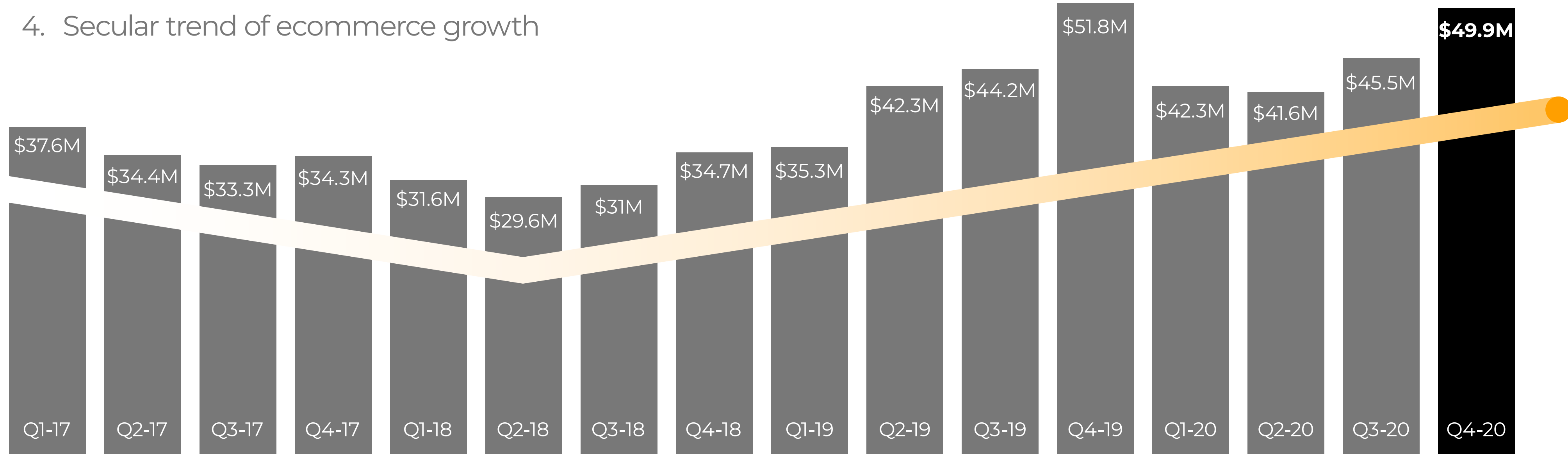
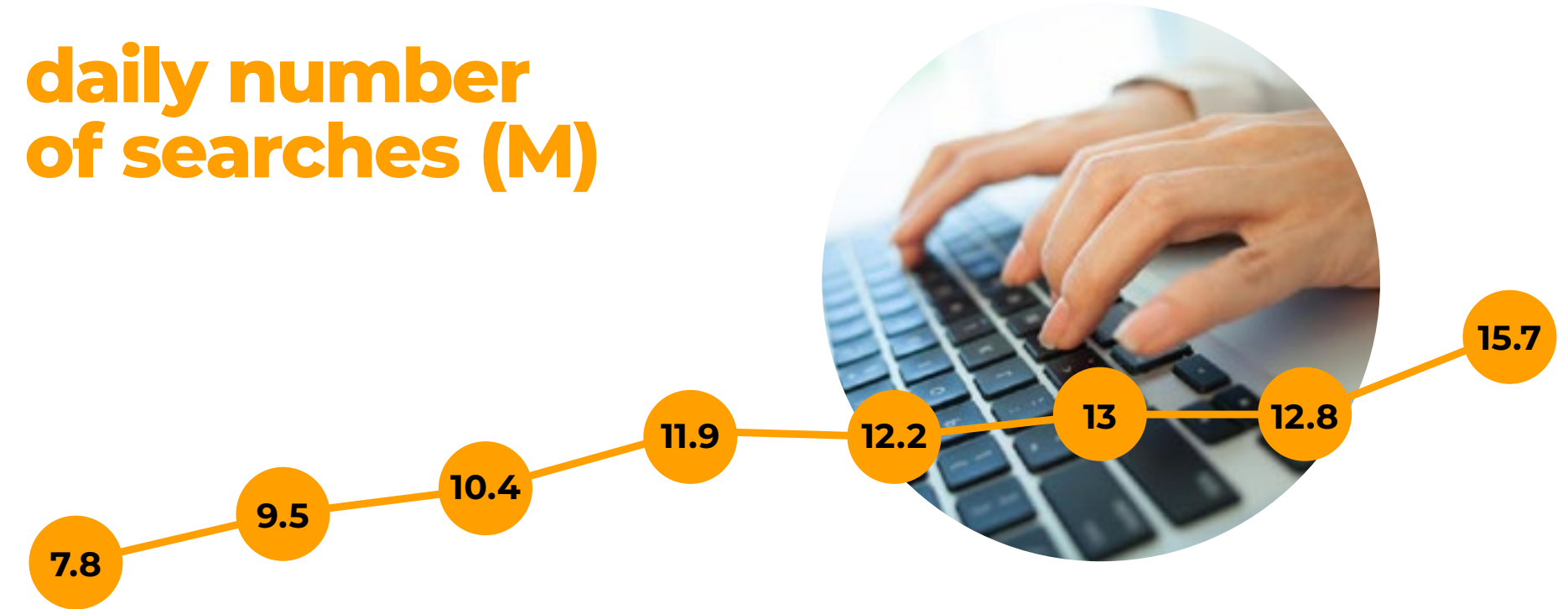
Search Adv.  
monetization

## Search Advertising Revenues\*

### Why we're growing:

1. New agreement with Bing at better terms
2. Collaboration with additional leading search providers which will drive multiple growth opportunities
3. New products' introductions
4. Secular trend of ecommerce growth

### daily number of searches (M)



Preliminary (unaudited)

\* Based on preliminary unaudited midpoint of \$110M-\$115M revenue, including a preliminary midpoint of \$48M-\$49M revenue deriving from search and other

# 5 Ways the Future Points to Perion

## Bing Collaboration

4-year contract with improved revenue share

## Skilled and hyper-focused management

over \$9m on average SG&A cost saving during the last 3 years, per year

## Technology Prowess

Resilient tech moat around advertising and search solutions

## Keen Acquisition Eye

Accretive potential deals that leverage the moat, with strategic opportunities in the future

## Strength through Diversification

Revenue capture model agnostic to shifts in spending

\$500M

15% CAGR

% of revenues  
**Adjusted EBITDA\*\***

12%  
\$60M

\$328M

\$32.3M

\$32.7M

2019

2020

2021

2022

2023

# Peer Group Comparison

■ 2021 ■ 2022

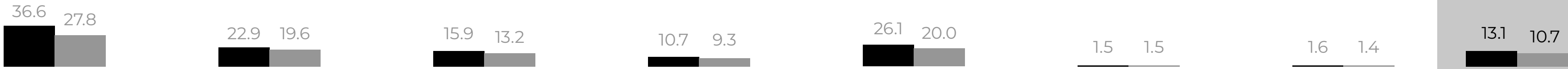




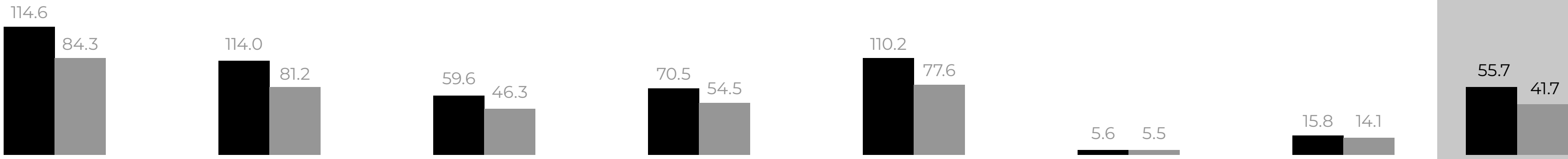




EV / Revenue



EV / EBITDA



EBITDA %



EBITDA EX TAC %

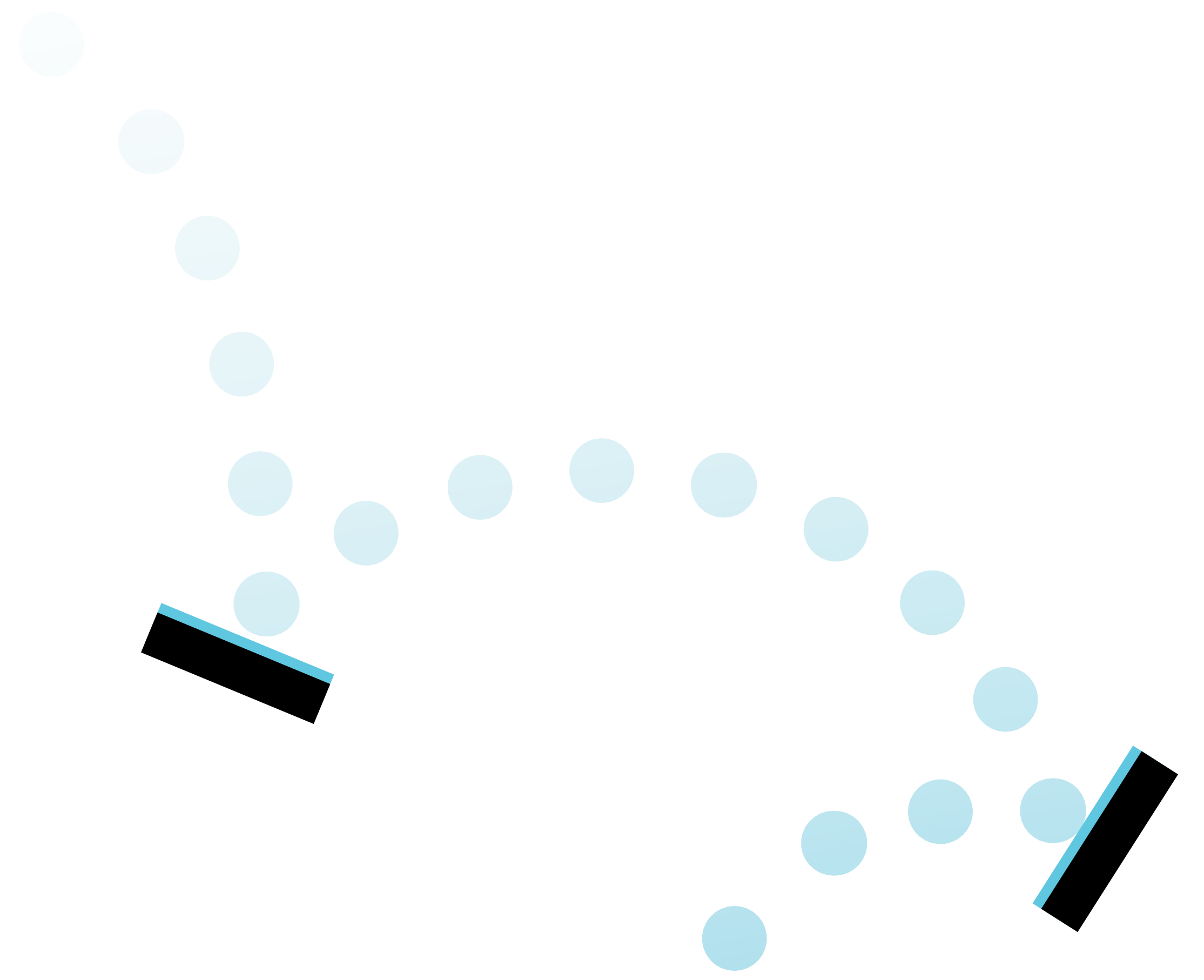


Perion

Avg.	
EV / Revenue	2.0   1.8
EV / EBITDA	18.5   16.8
EBITDA %	10.7%
EBITDA EX TAC %	24.9%



**Perion**



**capture & convince**

**thank you**

# appendix



# Balance Sheet GAAP Basis Overview (\$M)

Current Assets	31/12/2019	31/12/2020
Cash and cash equivalents	38.4	47.7
Restricted cash	1.2	1.2
Short-term bank deposit	23.2	12.7
Accounts receivable, net	49.1	81.2
Prepaid expenses and other current assets	3.2	4.5
	<b>115.1</b>	<b>147.3</b>

Non-Current Assets	31/12/2019	31/12/2020
Property and equipment, net	10.9	6.8
Operating lease right-of-use assets	22.4	20.3
Intangible assets, net	2.7	24.4
Goodwill	125.8	152.3
Deferred taxes & Other assets	6.9	7.6
	<b>168.7</b>	<b>211.4</b>

<b>Total Assets</b>	<b>283.8</b>	<b>358.7</b>
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Current Liabilities	31/12/2019	31/12/2020
Current maturities of long-term loans and Convertible debt	8.3	8.3
Accounts payable	47.7	72.5
Accrued expenses and other liabilities	18.4	21.3
Short-term operating lease liability	3.7	4.5
Deferred revenues	4.2	5.7
Payment obligation related to acquisitions	1.0	7.9
	<b>83.3</b>	<b>120.2</b>

Long-Term Liabilities	31/12/2019	31/12/2020
Long-term Debt	8.3	-
Long-term operating lease liability	20.4	17.7
Payment obligation related to acquisitions	-	30
Other long-term liabilities	6.6	6.7
	<b>35.3</b>	<b>54.4</b>

Shareholders' Equity	31/12/2019	31/12/2020
	<b>165.2</b>	<b>184.1</b>

<b>Total Liabilities and Shareholders' Equity</b>	<b>283.8</b>	<b>358.7</b>
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# Income Statement GAAP Basis (\$M)

P&L - GAAP	Q1-18	Q2-18	Q3-18	Q4-18	Q1-19	Q2-19	Q3-19	Q4-19	Q1-20	Q2-20	Q3-20	Q4-20	Full year ended,		
													2018	2019	2020
Display & Social Advertising	29.3	33.2	26.2	37.3	18.6	21.3	21.6	26.4	23.8	18.7	37.9	68.4	126.0	87.9	148.7
Search Advertising & other	31.6	29.6	31.0	34.7	35.2	42.3	44.2	51.8	42.3	41.6	45.5	49.9	126.8	173.6	179.4
<b>Total Revenues</b>	<b>60.9</b>	<b>62.8</b>	<b>57.2</b>	<b>72.0</b>	<b>53.8</b>	<b>63.6</b>	<b>65.8</b>	<b>78.2</b>	<b>66.1</b>	<b>60.3</b>	<b>83.4</b>	<b>118.3</b>	<b>252.8</b>	<b>261.5</b>	<b>328.1</b>
Customer acquisition costs	31.9	31.1	28.8	36.6	27.4	33.2	34.2	41.1	36.1	36.8	49.9	74.8	128.4	135.9	197.6
<b>Media Margin</b>	<b>29.0</b>	<b>31.7</b>	<b>28.4</b>	<b>35.4</b>	<b>26.4</b>	<b>30.4</b>	<b>31.6</b>	<b>37.1</b>	<b>30.0</b>	<b>23.5</b>	<b>33.5</b>	<b>43.5</b>	<b>124.4</b>	<b>125.6</b>	<b>130.5</b>
<b>% of Revenues</b>	<b>47.6%</b>	<b>50.5%</b>	<b>49.7%</b>	<b>49.2%</b>	<b>49.1%</b>	<b>47.8%</b>	<b>48.0%</b>	<b>47.4%</b>	<b>45.4%</b>	<b>39.0%</b>	<b>40.2%</b>	<b>36.8%</b>	<b>49.2%</b>	<b>48.0%</b>	<b>39.8%</b>
Cost of revenues	6.1	5.8	5.5	6.4	5.8	6.1	6.8	6.9	5.8	4.9	5.3	6.5	23.8	25.6	22.5
<b>Gross Margin</b>	<b>22.9</b>	<b>25.9</b>	<b>22.9</b>	<b>29.0</b>	<b>20.6</b>	<b>24.3</b>	<b>24.8</b>	<b>30.2</b>	<b>24.2</b>	<b>18.6</b>	<b>28.2</b>	<b>37.0</b>	<b>100.6</b>	<b>100.0</b>	<b>108.0</b>
<b>% Gross Margin</b>	<b>37.6%</b>	<b>41.2%</b>	<b>40.0%</b>	<b>40.3%</b>	<b>38.3%</b>	<b>38.2%</b>	<b>37.7%</b>	<b>38.6%</b>	<b>36.6%</b>	<b>30.8%</b>	<b>33.8%</b>	<b>31.3%</b>	<b>39.8%</b>	<b>38.2%</b>	<b>32.9%</b>
Research and development	5.5	4.7	4.4	4.3	4.9	5.6	6.0	6.1	7.2	7.1	8.1	8.5	18.9	22.6	30.9
Selling and marketing	9.7	10.1	8.6	10.5	8.3	8.7	8.6	9.0	9.7	8.2	9.4	11.7	38.9	34.7	39.1
General and administrative	4.3	4.9	3.9	3.4	3.0	3.4	3.6	5.0	3.9	3.6	4.2	4.1	16.4	15.0	15.8
Depreciation and amortization	2.1	2.5	2.5	2.6	2.4	2.3	2.6	2.4	2.4	2.2	2.7	2.7	9.7	9.7	9.9
Restructuring charges	1.1	0.9	-	-	-	-	-	-	-	-	-	-	2.0	-	-
<b>Total OPEX</b>	<b>22.7</b>	<b>23.1</b>	<b>19.4</b>	<b>20.8</b>	<b>18.6</b>	<b>20.0</b>	<b>20.8</b>	<b>22.5</b>	<b>23.2</b>	<b>21.1</b>	<b>24.4</b>	<b>27.0</b>	<b>85.9</b>	<b>82.0</b>	<b>95.7</b>
<b>% of Revenues</b>	<b>37.3%</b>	<b>36.8%</b>	<b>33.9%</b>	<b>28.9%</b>	<b>34.6%</b>	<b>31.4%</b>	<b>31.6%</b>	<b>28.8%</b>	<b>35.1%</b>	<b>35.0%</b>	<b>29.3%</b>	<b>22.8%</b>	<b>34.0%</b>	<b>31.4%</b>	<b>29.2%</b>
<b>EBIT</b>	<b>0.2</b>	<b>2.8</b>	<b>3.5</b>	<b>8.2</b>	<b>2.0</b>	<b>4.3</b>	<b>4.0</b>	<b>7.7</b>	<b>1.0</b>	<b>(2.5)</b>	<b>3.8</b>	<b>10.0</b>	<b>14.7</b>	<b>18.0</b>	<b>12.3</b>
<b>% of Revenues</b>	<b>0.3%</b>	<b>4.5%</b>	<b>6.1%</b>	<b>11.4%</b>	<b>3.7%</b>	<b>6.8%</b>	<b>6.1%</b>	<b>9.8%</b>	<b>1.5%</b>	<b>(4.1%)</b>	<b>4.6%</b>	<b>8.5%</b>	<b>5.8%</b>	<b>6.9%</b>	<b>3.7%</b>
Financial expense, net	0.6	1.2	1.2	0.8	1.3	1.0	0.4	0.7	-	0.7	0.5	1.5	3.8	3.5	2.6
Tax expenses (benefit)	(0.5)	0.6	0.1	2.5	(0.5)	0.4	0.7	1.1	(0.3)	(1.0)	1.2	(0.5)	2.8	1.6	(0.5)
<b>Net Income (Loss)</b>	<b>0.1</b>	<b>1.0</b>	<b>2.2</b>	<b>4.9</b>	<b>1.2</b>	<b>2.9</b>	<b>2.9</b>	<b>5.9</b>	<b>1.3</b>	<b>(2.2)</b>	<b>2.1</b>	<b>9.0</b>	<b>8.1</b>	<b>12.9</b>	<b>10.2</b>
<b>% of Revenues</b>	<b>0.2%</b>	<b>1.6%</b>	<b>3.8%</b>	<b>6.8%</b>	<b>2.2%</b>	<b>4.6%</b>	<b>4.4%</b>	<b>7.5%</b>	<b>2.0%</b>	<b>-3.6%</b>	<b>2.5%</b>	<b>7.6%</b>	<b>3.2%</b>	<b>4.9%</b>	<b>3.1%</b>
<b>Net Earnings per Share - Basic</b>	<b>0.00</b>	<b>0.04</b>	<b>0.08</b>	<b>0.19</b>	<b>0.05</b>	<b>0.11</b>	<b>0.11</b>	<b>0.23</b>	<b>0.05</b>	<b>(0.08)</b>	<b>0.08</b>	<b>0.33</b>	<b>0.31</b>	<b>0.50</b>	<b>0.38</b>
<b>Net Earnings per Share - Diluted</b>	<b>0.00</b>	<b>0.03</b>	<b>0.08</b>	<b>0.19</b>	<b>0.05</b>	<b>0.11</b>	<b>0.11</b>	<b>0.22</b>	<b>0.05</b>	<b>(0.08)</b>	<b>0.08</b>	<b>0.30</b>	<b>0.31</b>	<b>0.49</b>	<b>0.36</b>

# Cash Flow GAAP Basis Overview (\$M)

Cash Flow Results	Q1-18	Q2-18	Q3-18	Q4-18	Q1-19	Q2-19	Q3-19	Q4-19	Q1-20	Q2-20	Q3-20	Q4-20	Full year ended,			
													2018	2019	2020	
<b>Operating activities</b>																
Net Income	0.1	1.0	2.2	4.9	1.2	2.9	2.9	5.9	1.3	(2.2)	2.1	9.0	8.1	12.9	10.2	
Adjustments required to reconcile net income to net cash	14.5	1.9	8.8	(0.6)	12.8	5.5	8.2	5.3	1.2	2.4	4.5	3.8	24.7	31.8	11.8	
<b>Net cash provided by continuing operating activities</b>	<b>14.6</b>	<b>2.9</b>	<b>11.0</b>	<b>4.3</b>	<b>14.0</b>	<b>8.4</b>	<b>11.1</b>	<b>11.2</b>	<b>2.5</b>	<b>0.2</b>	<b>6.6</b>	<b>12.8</b>	<b>32.8</b>	<b>44.7</b>	<b>22.0</b>	
<b>Investing activities</b>																
Deposits and others	5.1	(0.4)	(1.6)	(4.9)	(2.9)	0.6	(10.8)	(6.8)	15.4	(9.2)	8.2	(4.5)	(1.8)	(19.9)	10.0	
M&A activity	-	-	-	-	-	(1.2)	-	-	(9.3)	(4.5)	(5.0)	0.0	-	(1.2)	(18.8)	
<b>Net cash provided by (used in) investing activities</b>	<b>5.1</b>	<b>(0.4)</b>	<b>(1.6)</b>	<b>(4.9)</b>	<b>(2.9)</b>	<b>(0.6)</b>	<b>(10.8)</b>	<b>(6.8)</b>	<b>6.1</b>	<b>(13.7)</b>	<b>3.2</b>	<b>(4.5)</b>	<b>(1.8)</b>	<b>(21.1)</b>	<b>(8.8)</b>	
<b>Financing activities</b>																
<b>Net cash used in financing activities</b>	<b>(9.6)</b>	<b>(9.5)</b>	<b>(3.2)</b>	<b>(0.7)</b>	<b>(11.7)</b>	<b>(10.0)</b>	<b>(1.5)</b>	<b>(1.5)</b>	<b>(0.5)</b>	<b>(1.9)</b>	<b>10.8</b>	<b>(12.4)</b>	<b>(23.0)</b>	<b>(24.8)</b>	<b>(4.0)</b>	
Effect of exchange rate changes on cash and cash equivalents	0.1	(0.1)	0.1	-	(0.1)	-	-	-	(0.1)	0.0	0.1	0.1	0.1	-	0.1	
<b>Net increase (decrease) in cash and cash equivalents and restricted cash</b>	<b>10.2</b>	<b>(7.1)</b>	<b>6.3</b>	<b>(1.3)</b>	<b>(0.7)</b>	<b>(2.2)</b>	<b>(1.2)</b>	<b>2.9</b>	<b>8.0</b>	<b>(15.4)</b>	<b>20.7</b>	<b>(4.0)</b>	<b>8.1</b>	<b>(1.2)</b>	<b>9.3</b>	
Cash and cash equivalents and restricted cash at beginning of period	32.7	42.9	35.8	42.1	40.8	40.1	37.9	36.7	39.6	47.6	32.2	52.9	32.7	40.8	39.6	
<b>Cash and cash equivalents and restricted cash at end of period</b>	<b>42.9</b>	<b>35.8</b>	<b>42.1</b>	<b>40.8</b>	<b>40.1</b>	<b>37.9</b>	<b>36.7</b>	<b>39.6</b>	<b>47.6</b>	<b>32.2</b>	<b>52.9</b>	<b>48.9</b>	<b>40.8</b>	<b>39.6</b>	<b>48.9</b>	



# Non-GAAP Adjustments (\$M)

Reconciliation of GAAP to NON-GAAP Results	Q1-18	Q2-18	Q3-18	Q4-18	Q1-19	Q2-19	Q3-19	Q4-19	Q1-20	Q2-20	Q3-20	Q4-20	Full year ended,		
													2018	2019	2020
<b>GAAP Net Income (Loss) from continuing operations</b>	<b>0.1</b>	<b>1.0</b>	<b>2.2</b>	<b>4.9</b>	<b>1.2</b>	<b>2.9</b>	<b>2.9</b>	<b>5.9</b>	<b>1.3</b>	<b>(2.2)</b>	<b>2.1</b>	<b>9.0</b>	<b>8.1</b>	<b>12.9</b>	<b>10.2</b>
Share based compensation	0.6	0.9	0.6	0.6	0.5	0.5	0.7	0.7	1.1	0.8	1.0	1.5	2.7	2.3	4.4
Amortization of acquired intangible assets	1.2	1.2	1.2	1.2	1.0	1.0	1.1	1.0	1.2	1.1	1.5	1.6	4.8	4.3	5.2
Restructuring costs	1.1	0.9	-	-	-	-	-	-	-	-	-	-	2.0	-	-
Retention and other related to M&A related expenses	0.2	-	-	0.1	0.3	0.3	0.3	1.4	1.8	1.8	1.2	2.1	0.4	2.4	7.2
Changes in FV of Earnout contingent consideration	-	-	-	-	-	-	-	-	-	-	-	(1.0)	-	-	(1.0)
Fair value revaluation of convertible debt and related derivative	0.1	0.7	0.3	(0.3)	0.3	(0.2)	-	-	-	-	-	-	0.8	0.1	-
Foreign exchange losses associated with ASC-842	-	-	-	-	0.3	0.2	0.2	-	(0.3)	0.2	-	0.5	-	0.7	0.4
Earnout Financial expenses	-	-	-	-	-	-	-	-	-	0.3	0.2	0.2	-	-	0.6
Taxes on the above items	(0.3)	0.0	0.0	(0.7)	(0.3)	(0.2)	(0.2)	(0.2)	(0.1)	(0.1)	(0.1)	(0.1)	(1.0)	(1.0)	(0.4)
<b>Non-GAAP Net Income from continuing operations</b>	<b>3.0</b>	<b>4.7</b>	<b>4.3</b>	<b>5.8</b>	<b>3.3</b>	<b>4.5</b>	<b>5.0</b>	<b>8.8</b>	<b>5.0</b>	<b>1.9</b>	<b>5.9</b>	<b>13.8</b>	<b>17.8</b>	<b>21.7</b>	<b>26.6</b>
Taxes on income	(0.1)	0.6	0.1	3.2	(0.2)	0.7	0.9	1.2	(0.3)	(0.9)	1.3	(0.3)	3.8	2.6	(0.1)
Financial expense, net	0.5	0.5	1.0	1.1	0.7	1.0	0.2	0.7	0.3	0.2	0.3	0.8	3.1	2.7	1.6
Depreciation	0.9	1.3	1.3	1.4	1.3	1.2	1.5	1.5	1.2	1.2	1.2	1.0	4.9	5.5	4.7
<b>Adjusted EBITDA</b>	<b>4.3</b>	<b>7.1</b>	<b>6.7</b>	<b>11.5</b>	<b>5.1</b>	<b>7.4</b>	<b>7.6</b>	<b>12.2</b>	<b>6.2</b>	<b>2.4</b>	<b>8.7</b>	<b>15.3</b>	<b>29.6</b>	<b>32.5</b>	<b>32.8</b>
<b>Non-GAAP diluted earnings per share</b>	<b>0.12</b>	<b>0.17</b>	<b>0.16</b>	<b>0.21</b>	<b>0.12</b>	<b>0.17</b>	<b>0.18</b>	<b>0.32</b>	<b>0.17</b>	<b>0.07</b>	<b>0.21</b>	<b>0.45</b>	<b>0.65</b>	<b>0.83</b>	<b>0.91</b>

\* Adjusted EBITDA is defined as operating income excluding stock-based compensation expenses, depreciation, restructuring costs, acquisition related items consisting of amortization of intangible assets and goodwill and intangible asset impairments, acquisition related expenses, gains and losses recognized on changes in the fair value of contingent consideration arrangements and certain accounting entries under the business combination accounting rules that require us to recognize a legal performance obligation related to revenue arrangements of an acquired entity based on its fair value at the date of acquisition.

# P&L Non-GAAP (\$M)

P&L - Non-GAAP	Q1-18	Q2-18	Q3-18	Q4-18	Q1-19	Q2-19	Q3-19	Q4-19	Q1-20	Q2-20	Q3-20	Q4-20	Full year ended,		
													2018	2019	2020
Display & Social Advertising	29.3	33.2	26.2	37.3	18.6	21.3	21.6	26.4	23.7	18.7	37.9	68.4	126.0	87.9	148.7
Search Advertising & other	31.6	29.6	31.0	34.7	35.3	42.3	44.2	51.8	42.3	41.6	45.5	49.9	126.9	173.6	179.4
<b>Total Revenues</b>	<b>60.9</b>	<b>62.8</b>	<b>57.2</b>	<b>72.0</b>	<b>53.8</b>	<b>63.6</b>	<b>65.8</b>	<b>78.3</b>	<b>66.1</b>	<b>60.3</b>	<b>83.4</b>	<b>118.3</b>	<b>252.8</b>	<b>261.5</b>	<b>328.1</b>
Customer acquisition costs	31.9	31.1	28.8	36.6	27.4	33.2	34.2	41.1	36.1	36.8	49.9	74.8	128.4	135.9	197.6
<b>Media Margin</b>	<b>29.0</b>	<b>31.7</b>	<b>28.4</b>	<b>35.4</b>	<b>26.4</b>	<b>30.4</b>	<b>31.6</b>	<b>37.1</b>	<b>29.9</b>	<b>23.5</b>	<b>33.5</b>	<b>43.5</b>	<b>124.5</b>	<b>125.6</b>	<b>130.5</b>
<b>% of Revenues</b>	<b>47.6%</b>	<b>50.5%</b>	<b>49.6%</b>	<b>49.2%</b>	<b>49.1%</b>	<b>47.8%</b>	<b>48.1%</b>	<b>47.5%</b>	<b>45.3%</b>	<b>39.0%</b>	<b>40.2%</b>	<b>36.8%</b>	<b>49.2%</b>	<b>48.0%</b>	<b>39.8%</b>
Cost of revenues	6.0	5.8	5.4	6.4	5.7	6.0	6.8	6.8	5.7	4.9	5.3	6.6	23.6	25.4	22.4
<b>Gross Margin</b>	<b>23.0</b>	<b>25.9</b>	<b>22.9</b>	<b>29.0</b>	<b>20.7</b>	<b>24.4</b>	<b>24.8</b>	<b>30.3</b>	<b>24.2</b>	<b>18.6</b>	<b>28.2</b>	<b>36.9</b>	<b>100.9</b>	<b>100.2</b>	<b>108.1</b>
<b>% Gross Margin</b>	<b>37.8%</b>	<b>41.3%</b>	<b>40.1%</b>	<b>40.3%</b>	<b>38.4%</b>	<b>38.3%</b>	<b>37.8%</b>	<b>38.8%</b>	<b>36.6%</b>	<b>30.8%</b>	<b>33.8%</b>	<b>31.2%</b>	<b>39.9%</b>	<b>38.3%</b>	<b>32.9%</b>
Research and development	5.4	4.6	4.2	4.2	4.8	5.5	5.1	5.7	6.1	6.1	7.2	7.2	18.4	21.1	26.6
Selling and marketing	9.5	9.9	8.4	10.3	8.1	8.6	8.5	9.0	8.7	7.2	8.6	10.1	38.1	34.2	34.5
General and administrative	3.8	4.3	3.6	3.0	2.7	2.8	3.6	3.4	3.2	3.0	3.7	4.3	14.8	12.5	14.2
Depreciation and amortization	0.9	1.3	1.3	1.4	1.3	1.2	1.5	1.4	1.2	1.1	1.1	1.0	4.9	5.5	4.7
<b>Total OPEX</b>	<b>19.6</b>	<b>20.1</b>	<b>17.6</b>	<b>19.0</b>	<b>16.9</b>	<b>18.2</b>	<b>18.7</b>	<b>19.5</b>	<b>19.2</b>	<b>17.4</b>	<b>20.6</b>	<b>22.6</b>	<b>76.3</b>	<b>73.3</b>	<b>80.0</b>
<b>% of Revenues</b>	<b>32.2%</b>	<b>32.0%</b>	<b>30.8%</b>	<b>26.4%</b>	<b>31.4%</b>	<b>28.6%</b>	<b>28.4%</b>	<b>24.9%</b>	<b>29.0%</b>	<b>28.9%</b>	<b>24.7%</b>	<b>19.1%</b>	<b>30.2%</b>	<b>28.0%</b>	<b>24.4%</b>
<b>EBIT</b>	<b>3.4</b>	<b>5.8</b>	<b>5.3</b>	<b>10.1</b>	<b>3.8</b>	<b>6.2</b>	<b>6.1</b>	<b>10.8</b>	<b>5.0</b>	<b>1.2</b>	<b>7.6</b>	<b>14.3</b>	<b>24.6</b>	<b>26.9</b>	<b>28.1</b>
<b>% of Revenues</b>	<b>5.6%</b>	<b>9.2%</b>	<b>9.3%</b>	<b>14.0%</b>	<b>7.0%</b>	<b>9.7%</b>	<b>9.3%</b>	<b>13.8%</b>	<b>7.6%</b>	<b>2.0%</b>	<b>9.1%</b>	<b>12.1%</b>	<b>9.7%</b>	<b>10.3%</b>	<b>8.6%</b>
Financial expense, net	0.5	0.5	1.0	1.1	0.8	1.0	0.2	0.7	0.3	0.2	0.2	0.8	3.0	2.7	1.6
Tax expenses (benefit)	(0.1)	0.6	0.1	3.2	(0.2)	0.7	0.9	1.3	(0.2)	(0.9)	1.3	(0.3)	3.8	2.6	(0.1)
<b>Net Income (Loss)</b>	<b>3.0</b>	<b>4.7</b>	<b>4.3</b>	<b>5.8</b>	<b>3.3</b>	<b>4.5</b>	<b>5.0</b>	<b>8.9</b>	<b>5.0</b>	<b>1.9</b>	<b>6.1</b>	<b>13.8</b>	<b>17.8</b>	<b>21.6</b>	<b>26.6</b>
<b>% of Revenues</b>	<b>5.0%</b>	<b>7.4%</b>	<b>7.5%</b>	<b>8.1%</b>	<b>6.0%</b>	<b>7.1%</b>	<b>7.6%</b>	<b>11.3%</b>	<b>7.5%</b>	<b>3.2%</b>	<b>7.3%</b>	<b>11.7%</b>	<b>7.0%</b>	<b>8.3%</b>	<b>8.1%</b>
<b>Net Earnings per Share - Diluted</b>	<b>0.12</b>	<b>0.17</b>	<b>0.16</b>	<b>0.21</b>	<b>0.12</b>	<b>0.17</b>	<b>0.18</b>	<b>0.32</b>	<b>0.17</b>	<b>0.07</b>	<b>0.21</b>	<b>0.45</b>	<b>0.65</b>	<b>0.83</b>	<b>0.91</b>

\* P&L is defined as profit and loss. [company to add a definition similar to the adjusted EBITDA, using GAAP items.]

\*\* EBIT is defined as earning before income and tax. [company to add a definition similar to the adjusted EBITDA, using GAAP items.]

\*\*\* The preliminary financial information for the fourth quarter of 2020 contained herein is preliminary and may change. This preliminary financial information has been prepared internally by management and has not been reviewed or audited by the Company's independent registered public accounting firm. There can be no assurance that the Company's actual results for the fourth quarter will not differ from this preliminary financial information and such changes could be material. This preliminary financial information should not be viewed as a substitute for full financial statements prepared in accordance with GAAP and is not necessarily indicative of the results to be achieved for any future periods.