



**Perion**

**Second Quarter 2021 Earnings Conference Call**

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## C O R P O R A T E P A R T I C I P A N T S

**Doron Gerstel**, *Chief Executive Officer & Director*

**Maoz Sigron**, *Chief Financial Officer*

## C O N F E R E N C E C A L L P A R T I C I P A N T S

**Jason Helfstein**, *Oppenheimer*

**Laura Martin**, *Needham & Company*

**Eric Martinuzzi**, *Lake Street Capital Markets*

**Jeffrey Martin**, *ROTH Capital Partners*

## P R E S E N T A T I O N

### Operator

Welcome to the Perion Network Second Quarter 2021 Earnings Conference Call.

Today's call is being recorded. The press release detailing the financial results is available on the Company's website at [perion.com](http://perion.com).

Before we begin, I'd like to read the following Safe Harbor statement. Today's discussion includes forward-looking statements. These statements reflect the Company's current views with respect to future events. These forward-looking statements involve known and unknown risks, uncertainties and other factors, including those discussed under the heading Risk Factors and elsewhere in the Company's annual report on Form 20-F that may cause actual results, performance or achievements to be materially different and any future results, performance or achievements anticipated or implied by these forward-looking statements. The Company does not undertake to update any forward-looking statements to reflect future events or circumstances.

As in prior quarters, the results reported today will be analyzed both on GAAP and non-GAAP basis. While mentioning EBITDA, we will be referring to Adjusted EBITDA. We have provided a detailed reconciliation of non-GAAP measures to their comparable GAAP measures in our earnings release, which is available on our website and also has been filed to Form 6-K.

Hosting the call today are Doron Gerstel, Perion's Chief Executive Officer; and Maoz Sigron, Perion's Chief Financial Officer. I would now like to turn the call over to Doron Gerstel. Gerstel, please go ahead.

### Doron Gerstel

Thank you, and good morning. Today, Perion reported its second strongest quarter since I joined the Company, with notable improvement across all metrics.

To put this in perspective with today's results, Perion has generated \$400 million of revenue and more than \$47 million in Adjusted EBITDA in the last 12 months. In the second quarter, we drove a 419% increase in GAAP net income and 479% increase in Adjusted EBITDA. These results and the growth trajectory they represent has given us improved visibility and strong confidence in the future, thus enabling us to improve 2021 financial guidance and to introduce preliminary guidance for 2022.

Now allow me to add one more milestone to today's exciting news. We are positioned to achieve our three years growth plan a year earlier than expected. I'm particularly proud that our accelerated performance has come in the midst of continued economic uncertainty and start again, stop again, pandemic related circumstances in many categories. Perion's success results can be summarized in one unifying strength: a powerful, diversified technology platform that reflects our innovation and growing relevance to marketers and publishers.

Perion is now operating in a clear strategic direction, leveraging our strong financial position to increase investment in technology and to accelerated growth. To demonstrate the effectiveness of our strategic framework, 18 months ago, we announced the goal of enhancing our advertising capability dramatically while focusing on technology and AI, resulting in 127% revenue growth in the first half of 2021. This demonstrates the market fleet of our platform made possible by relentless innovation and strategic acquisitions.

As you know, digital media is defined by supply side, the availability of different ad units utilized by publisher and the demand generated by brands and agencies. We have developed a unique Hub and Spoke platform that empowers our clients to efficiently engage and convince consumer via the channel the best meets the real-time marketing needs. Perion's Intelligent Hub sits at the center of this platform and its value goes beyond our ability to generate revenue from both sides of the open web. Perion's Intelligent Hub is an optimization engine, successfully routing demand to make the most of supply demand forces and bring better economics for a dual set of clients on both sides.

Our Intelligent Hub is working, and I couldn't be more excited. We are achieving significant growth, and we are leveraging this by driving higher cost efficiencies to the bottom line. Our advertising business is clearly differentiated, leveraging broad-based adoption of video and CTV as well as digital advertising and social media. Our search advertising business is demonstrating its ability to capture intent and turn it into revenue by using AI to serve relevant news, shopping and information driven content. Its searches are up more than 30% year-over-year.

Example helps. I'd like to share a recent case of relationship with Lexus, which is one of many of our high-growth CTV operations. We have a long and successful history with the local dealer association. They used our high-impact units and loved the results. It was only natural that they were one of the first to step into our interactive CTV initiative. The results were remarkable. Their campaign drove 5x the industry norm for awareness and double the norm for purchase intent, a key metric. Finally, the interaction rate was 9x the benchmark, and I'll underscore the interactivity is the core benefit.

Based on those results, the campaign has extended to other creative units and other geographies. This case is extremely encouraging as Lexus is a sophisticated advertiser and their support demonstrates the potential of our CTV and iCTV business.

With \$400 million in annual revenue over the last 12 months, we are poised to reach \$0.5 billion in revenues by the end of 2022, more than a year earlier than our original plan. Perion has sustainable

multiyear track record of double-digit growth of a 25% CAGR between 2020 and 2022, expanding profitability and most importantly, consistent delivery on our promises. This is only the beginning.

To summarize the highlights, the \$110 million in revenue for the quarter sets record level results for second quarter. Year-over-year, this represents growth of 82%, and sequentially, it represents growth of 22%. Our advertising revenue grew 211% year-over-year, and our search and other revenue increased 24%. From a capital position, we have \$141 million in cash with zero debt. We generated \$14.6 million in cash in the second quarter, further boosting our balance sheet. It is worth noting that we accomplished all this with well recognized headwinds, a global pandemic, which has significantly reduced advertising spend by travel brands, a meaningful portion of our advertising revenue.

We are now seeing travel advertising beginning to rebound, but it has not reached historical levels. We have room to further improve performance, but given our prudent and realistic financial management, we are not taking anything for granted.

Those of you who have been following Perion know that we are an active strategic acquirer. With the two accretive acquisition we did in 2020, we have demonstrated that our deal structure with significant earn-out component, minimize the natural risk of any acquisition, and most importantly, keeps the acquired team active and incentivized for the long run. We have the capital, the ability to identify the right targets and the financial model to pursue the right opportunities.

With that, I'd like to turn the call over to Maoz to review the financial results for the second quarter. Maoz?

### **Maoz Sigron**

Thank you, Doron. Our financial results in the second quarter of 2021 reflects the strength of our Hub and Spoke business model, which caters for both DSP and SSP and the strong momentum starting from the fourth quarter of 2020. We can see the fruit of our turnaround strategy in an improved balance sheet, P&L and substantial growth in both sales and advertising revenues.

During the second quarter of 2021, revenue for Perion totaled \$109.7 million, an increase of 82% from \$60.3 million in the second quarter last year. This increase was primarily due to the growth achieved across the board. Our display and social advertising revenue increased by 211%, primarily due to the contribution of video and CTV advertising contracts as well as the successful implementation of our Hub and Spoke model within the Perion world garden.

Video, including CTV, generated \$9.1 million in revenue, reflecting 435% growth year-over-year. On a pro forma basis, assuming we own Pub Ocean in both periods, display and social advertising increased by 134%. Sales advertising and other revenue increased by 24%, resulting from a higher number of daily monetizable search where we deliver to Microsoft, Bing and others. Our daily number of searches were 60.9 million compared with 30 million last year. In addition, we added 18 new publishers to our network during the quarter.

Display and social advertising revenue of \$58 million represented 53% of the second quarter of 2021, with search, advertising and other revenue representing \$51.6 million or 47% of total revenue. This is exactly the kind of diversification we are looking for.

Traffic acquisition cost in the second quarter of 2021 were \$66.2 million or 60.4% of revenue compared with \$36.8 million or 61% of revenue in the second quarter 2020. Our media margin remained stable at around 39%. In fact, this margin has remained around 40% for each of the last five quarters. The media buying margin stability as a percentage of revenue is a result of cost synergy we achieved through implementation of our Hub and Spoke strategy.

Operating expenses for the second quarter of 2021 were \$32.6 million or 29.7% of revenue compared with \$23.8 million or 39.4% of revenues in the same quarter last year. With a 10% drop of operating expenses, as a percentage of revenue, the revenue has continued to grow and reflect the scalability of the Perion business model. Cost of revenue for the second quarter of 2021 were \$6.2 million or 5.6% of revenue compared with \$4.9 million or 8.1% of revenues in the same quarter last year.

SG&A for the second quarter of 2021 was \$17.5 million or 16% of revenue compared with \$11.8 million or 19.6% in the same quarter last year. R&D for the second quarter of 2021 was \$8.9 million or 8.1% compared with \$7.1 million or 11.8% in the same quarter last year. This increase in R&D investment reflects our long-term planning and supports Perion's growth strategy.

Perion's net income for the second quarter of 2021 was \$7.1 million or \$0.19 per diluted share compared with a net loss of \$2.2 million or a loss of \$0.08 per diluted share in the second quarter of 2020.

Non-GAAP net income in the second quarter of 2021 was \$12.3 million or \$0.33 per diluted share compared with \$1.9 million or \$0.07 per diluted share in the second quarter 2020. Improved operating efficiency resulted in Adjusted EBITDA going to \$14.3 million for the second quarter of 2021 from \$2.5 million in the second quarter of 2020. This represents a margin of 13% or 33% excluding traffic acquisition costs.

We generated \$14.6 million cash flow from operating activities for the second quarter of 2021 compared with \$151,000 last year. As of June 30, 2021, we had unrestricted cash, cash equivalents and short-term bank deposit of \$141.2 million compared with \$60.3 million as of December 31, 2020.

This concludes my financial overview. I will now turn the call back to Doron for closing statement.

### **Doron Gerstel**

Thank you, Maoz. There is no doubt that Perion has come a long way in a relatively short period of time, a period where we had to grapple with the once in a century pandemic. We have eliminated all debt and now have a pristine balance sheet with more than \$141 million in cash and liquidity that is strategic asset for our Company. We have built a powerful, differentiated Hub and Spoke platform based on proprietary technology that provide the diversification solution for advertising clients.

Our business model is highly scalable, and we have proven that enabling us to grow our bottom line faster than the top line with robust sustainable cash generation. Despite a global pandemic, Perion continues to excel. Based on the strong performance year-to-date and our continued momentum, we are narrowing the range of our 2021 annual guidance to revenue of \$415 million to \$430 million and Adjusted EBITDA of \$50 million to \$51 million as well as introducing guidance for 2022.

For 2022, we expect revenue to range between \$490 million to \$520 million and Adjusted EBITDA to a range of \$59 million to \$62 million. This guidance does not include any future acquisitions. These goals would enable us to achieve our target of \$500 million in annual revenue by the end of 2022, a year early.

Before turning this call over to the Operator for questions, I'd like to thank my incredible team in the U.S., Israel and around the world, without their dedication, creativity and resilience, none of this would have been possible. With that said, Operator, will you please open the call for questions. Operator?

### **Operator**

Our first question comes from Jason Helfstein of Oppenheimer. Please go ahead.

**Jason Helfstein**

Thanks. A few questions. First, the business, obviously, is operating really well, probably better than expected. Some of that is obviously due to just the macro strength in advertising. But Doron, can you just talk more about how the assets are creating revenue synergies within the Company, meaning because you have so many different types of businesses and how they're leveraging off each other? Perhaps are you seeing certain client synergy? Is that something that you've talked about in the past? Do you have to cross-sell upsell? Are you starting to see that?

Then M&A question, without being specific about what companies you might want to buy. Maybe are you more focused on the demand side or the supply side from an acquisition standpoint?

Then lastly, a modeling question, if we back into—obviously, you've given us full year guidance, and then we look at the seasonality of this quarter versus historically, the seasonality of the second quarter, let's say, in 2019, it would still suggest that the full year guidance is quite conservative based on seasonality. Maybe just talk about that a little more.

**Doron Gerstel**

Yes. Okay. Thank you very much. Let's start with the synergy question. With all the assets that we have, both on the demand side and the supply side, first of all, the real challenge was to put them on one framework and the framework that we're using is developing a hub. The hub and the spoke are the different assets. We call it the IHUB, the I for Intelligent, is very much able to see like an air tower control, able to see all the movement that is happening between the demand side and the supply side, first and foremost, for efficiency that is translated to internally and externally. This has to do with, first of all, what is the optimized routing. This optimized routing of demand to supply that's going through the Intelligent Hub will be translated into our efficiency internally and, of course, to a better return on ad spend for our customer. This is the first phase.

The second phase, as you mentioned on our call, definitely will be some cross-selling between the different publisher or an upselling, et cetera. But it was important for us to do, first and foremost, to have the technology that gives us the overall visibility of what's going to happen in our framework that we couldn't do before. We will take it beyond the optimization, of financial optimization, also to develop what we call the Perion tag, also ability to look about better targeting. We can look about all other parameters, that all goes into delivering a way better performance for our customers. That was our main investment, technology investment, let's say, in the last year or so, and we are very happy to see these results in our financial performance. That's on the synergy.

As far as the acquisition and what we're looking for, so yes, it's challenging because we are very much looking for quite a tight framework. I tried to share it with you on this call. We're looking for company that first will definitely be accretive and substantial accretive. We're looking for a company that has the technology that is complementary, closing gap, accelerating our offerings to the market and yet ready to accept our quite, let me put it this way, rigid consideration structure, which we believe is the only way to mitigate on one hand, the risk, and on the other hand, ensure that the acquired team will be with us along the earn-out period, which is usually between two to three years. That's not trivial. We are looking, and we believe that for the right opportunity, as I mentioned, we have the cash available. we have also the team for—that's able to observe such an acquired team from a post-merger integration standpoint.

In terms of modeling, you're right in your observation, when it comes to the second half of 2021. It was quite a question in terms of the guidance that we provide because on the overall of 2021, it definitely

reflect—the guidance that we provide reflect a great growth from 2020. But when you are focusing on the H2, it's lower growth.

Now H2 2020, in our opinion, was very much reflects or the growth of H2 2020 from the rebound of a very, let me say, shocking second quarter of 2020. We estimate that some of the growth of the H2 2020, we define it as a rebound from when the COVID was very much hit us in the second quarter. We will try to forecast and try to look at it from this point, that this rebound was something which is related only to 2020 and will not this amount reflect in 2021.

Long story short, we are quite conservative in our projection. As we did in the last three years, we definitely would like to follow the under promise and overachieve narrative, which we are having in the last three years.

**Operator**

Thank you. We'll now move to our next question from Laura Martin from Needham. Please go ahead.

**Laura Martin**

Doron, can you hear me okay?

**Doron Gerstel**

We can hear you. Hi, Laura.

**Laura Martin**

Hi, there. I wanted to drill down on search a little bit. Your search revenue year-over-year grew 24% in the quarter and 23% for the first six months. I was struck by that because the global numbers were 68% growth in the second quarter after the first quarter only grew 30% because the prior year comp, we weren't to COVID yet. I'm wondering two things about, could you explain how your search business is different from Google, A, why it's so much slower of a growth rate in the current quarter, that second quarter is 68%; for Google, that's their search business alone, compared to your search business at 24%? Then why is your so not seasonal year-over-year compared to how Google's like doubled from 30% growth to 68% growth? I'm just trying to understand the difference between the Bing search engine and the Google search engine, please.

**Doron Gerstel**

First and foremost, the Bing—the main difference between the Bing search engine and the Google search engine has to do with mobile presence. That's one of the main—let me put it this way, main deficiency of the Bing search engine. We are very happy with the sustained growth of our search advertising business. It will not—it's something that we shared, and we shared a lot that we are putting way, way, more weight in terms of technology investment on our display and social advertising business. That's reflected, it was a strategic decision that the Company takes. Back then, I think it was more than a year ago. I think that's reflected on the numbers.

I can tell you that there is a lot of synergy potential between the two, that we are working on it as we speak, and we are able to generate some advertising business that is coming as a result from the search or the search intent or insight that we're getting from this side of the house. All in all, we are very optimistic as far as this business and more importantly, about the ability to develop a synergy business between the two.

**Laura Martin**

My second, and then I'll stop, is e-commerce. Almost every company that's ad driven that's reported in ad tech is talking about e-commerce. I'm wondering how you think about integrating e-commerce deliverables into your product roadmap going forward for your ad tech setting?

**Doron Gerstel**

Yes. Thanks for the question, and it has to do with two things. First of all, I think that, yes, in the second quarter, Undertone announced its retail as a vertical that has to do with—I think it has to do with like a \$4 million this quarter. I need to look at the number, but it's in this range of business that we're doing with retail. That's one. We continuing and invest in this vertical because we truly believe that that represents a huge potential advertising business following the whole vision of retail as the publisher, and we are very much looking into this type of business.

The other thing that has to do with e-commerce and I think that search advertising is all performance advertising. we're definitely looking about the keywords, and we're trying to develop here all kind of modeling around it, which is very much this all growth of search advertising is driven by more and more advertisers that look at it as a great channel to spend when it comes to e-commerce and when it comes to performance advertising because of one very, I think, basic factor, this represents the highest possible intent for consumer and the best place for advertisers to meet those consumers that's representing the highest possible intent. We are very, very much riding this wave of e-commerce.

**Laura Martin**

Thank you very much.

**Doron Gerstel**

Thank you.

**Operator**

Our next question comes from Eric Martinuzzi from Lake Street. Please go ahead.

**Eric Martinuzzi**

Yes. You called out the significantly more spend per campaign. Then as you also called out, healthy increase in new clients. I'm just going to guess here, but I'm assuming the outperformance you saw both in Q2 and in the raised outlook for FY '21 was tied to significantly more spend per campaign from the install base. Is that correct?

**Doron Gerstel**

Absolutely.

**Eric Martinuzzi**

Then if I think about the raise, 90 days ago, we were talking in May, about a year at the midpoint, that would be about \$400 million. Now we're looking at \$422.5 million at the midpoint. It's almost a 6% increase in your outlook for the year. As you see people spend more per campaign, is it flowing, in

particular, is this more an extension of the length of the campaign or the intensity over the same period of time?

**Doron Gerstel**

Yes, I think that's both. There are two things that we definitely see that brands are shifting more dollars into digital advertising campaign. I know that a few brands that were in touch, it's \$15 from exhibitions that were part of their budget into digital campaigns. This by itself is a huge amount of incremental dollars that's going into it. One thing we need to definitely point out, during the campaign, we are reporting to our brand and agency how we are performing. That's a very important thing because we are encouraging our brands and agency to double down, where the performance that we are demonstrating is even more than what they anticipated.

It has to do with additional dollars. It has to do with additional length of time because most of the fixed expense is already being utilized. For those customer of us, this is pure, really the return on this incremental is way, way higher than for the original plan of the campaign. We developed more of this online type of reporting. We developed more on this performance, which is always one very much bottom line, to incent our client to invest more and extend more because for us, operationally, is a great thing because the campaign is running, the work has been done. Everything is already in place and operate and extending it or in time or putting more budget is very, very profitable for both sides.

**Eric Martinuzzi**

That's good to see. I assume that's a return on those R&D investments over the prior 12 months. Is that correct?

**Doron Gerstel**

Absolutely.

**Eric Martinuzzi**

Then lastly, maybe this is for Maoz. The earn out payments, you had a couple of very successful acquisitions. I think the CIQ was January 2020 and the Pub Ocean was maybe July of 2020, but they did have significant earn-outs. What do we have over the next six months between here and year-end as far as cash payouts tied to the earn-outs of those acquisitions?

**Maoz Sigron**

Thank you, Eric. We actually are not expecting to have much more payment this year. We paid a small amount in July, around \$1 million, but this is it. All the other payments that we have on the balance sheet, if everything will go according to plan, we'll pay around Q1 2022.

**Eric Martinuzzi**

Can you size that dollar exposure?

**Maoz Sigron**

About \$30 million.

**Eric Martinuzzi**

Three-zero, \$30 million?

**Maoz Sigron**

Yes, three-zero, yes, 30.

**Eric Martinuzzi**

Congratulations on the quarter and the robust outlook.

**Doron Gerstel**

Thanks, Eric.

**Operator**

Jeff Martin, ROTH Capital Partners. Please go ahead.

**Jeffrey Martin**

Thanks for taking my questions. I wanted to drill down a little more on the client account increase, 67% in the advertising segment in the quarter. Are those clients that you've worked with in the past? Are they new clients? Help us understand the composition of which parts of the business does that 67% increase is focused on? Then I have a follow-up question on content monetization, when you're done with that.

**Doron Gerstel**

First of all, the efforts on the advertising has definitely increased the client base that we have. We are definitely looking on two parameters here. One is very much the retention revenue. We definitely can report that we are very close to 100% of retention revenue in this quarter. The other key KPI for us is expanding and adding more clients that has to do with new products and that we are launching to the market. We are really encouraging by our latest release, which has to do with the CTV suite of product that we launched that allow us to get more clients that are looking on our CTV offering, more specifically on the interactive, the iCTV solution. The fact that we are able to combine cross screen in this campaign that generate quite traction in the market that allows us to add substantial new clients.

**Jeffrey Martin**

Then my understanding is content monetization is roughly 1/4 of the business. I was hoping you could give us some performance metrics around that and some of the key trends that have developed over the course of this year within content monetization.

**Doron Gerstel**

Yes. Content monetization is definitely a key part of our growth. I must tell you that we already shared and as we headed in our Analyst Day back on March where the CEO of Newsweek was on the call. That's one very good example of how content monetization is in play. We're working with top-tier publisher, where we are externalizing our solution technology in order to drive audience. In order to keep their audience as long as possible on their assets, on the content, and that's one of the things that we are focusing at.

The two main parameters in this business or the main parameter in this business has to do with RPS that stands for revenue per session. This is the main measure for the publisher and the ability to generate as much as revenue for a given audience and on the session time. Session is from the time you land and the time this audience leaves the sites, on the notion that it is endless calling or anything like this, it can be in mobile or it can be on desktop or whatever. It's a very much performance-based business, which you have to demonstrate the technology because it's a rev-share type of business between us and the publisher. At this point, it's become a significant portion of our overall business. As you mentioned, it's in the last 12 months of the \$400 million, it's a good 25% of the business with a healthy margin.

**Jeff Martin**

Thank you.

**Doron Gerstel**

You're welcome.

**Operator**

The next question comes from Paul Sayer from Private Investor.

**Paul Sayer**

Hello, Doron. How are you?

**Doron Gerstel**

Very good.

**Paul Sayer**

I just want to know, the first—the one question about 2024. Do you think we could reach \$1 billion without any acquisitions? Is it possible?

**Doron Gerstel**

So you know what, we looked at developing a model for 2022, which is going to be...

**Paul Sayer**

Yes, maybe I'm jumping the gun a little bit. I just was curious if you could see that at all.

**Doron Gerstel**

The only thing that I can comment on this one is the company is working on a three year strategic plan. This is very much our guidance. This is something that we did for until 2023. Now we're able to achieve this number a year earlier. We are definitely extending our strategic view beyond the 2022. I think that getting into this mark that you mentioned, it's not that it's required an acquisition, but acquisition is definitely part of our strategic plan. We see opportunity in the market, and we see an area which would like to accelerate our offering. so you could expect that in—by the 2024, the company will do—definitely will acquire opportunities, given, of course, the trend that I described. It's too early right to guesstimate 2024.

**Paul Sayer**

I didn't mean to put you on a spot. I just had one more question. With the two acquisitions that we made, you gave them certain situations that they have to do so much business in the year or 1.5 years. Then also they have to show some good decent profit. Do you remember that guideline, I think you gave, the two acquisitions? Am I wrong?

**Doron Gerstel**

The guidelines that we gave is very much demonstrated on the earn-out objective that we shared with the market. But I must say that we've seen that they exceed our expectation, and they're doing extremely well, especially on the ability to developing a synergy with other parts of the business, and we are very happy with that.

**Paul Sayer**

Thank you, my friend.

**Doron Gerstel**

Thank you. Thank you. Thanks for joining.

**Operator**

We have a follow-up question from Laura Martin from Needham. Please go ahead.

**Laura Martin**

I am just building on the answers you just gave, since I asked my question. Could you tell us now, in the interactive CTV suite with (inaudible), how big that business has the gotten, the interactive CTV product?

**Doron Gerstel**

Yes. Interactive CTV product is growing, from a percentage standpoint is growing rapidly. We've seen more and more brands. The revenue itself, I think it's—as I mentioned before, we're looking about what is the impact to the overall insertion order by having this line of iCTV. The way we'd like to, our KPI, is it generating greater deal? Is it generating a deal that we didn't have before? And not necessarily the line of the iCTV itself, that currently it's relatively small, but its impact on the overall revenue is way, way greater than its standalone contribution. I hope it's clear.

**Laura Martin**

Yes. No, super helpful. Then on content monetization, that was a really interesting answer you gave. I'm curious as to how you would compare that business to Outbrain and Taboola? Is that a direct competitor to those two recommendation engine businesses?

**Doron Gerstel**

Right. No, it's not. We are using Outbrain and Taboola. Basically, our content recommendation, so the fact that we are helping publisher, in this case is Newsweek, to get new audience into our—into the assets, into their assets which working on our content management system because the whole engine of

optimizing or increase the revenue procession is our own engine, which is based on our own proprietary content management system. This is our core technology. One of the way here to increase it, because at the end of the day, it's rev-share based. The idea is how we're able to get the most of this technology is by driving new audience. Part of the audience is the majority is coming from social media. The other, which is like 25%, is coming from content recommendation. In this regards, Taboola, Outbrain, our great partners, and it definitely drive audience into these publisher and Newsweek is one of them.

**Laura Martin**

That's super helpful. Thank you very much. Great number, congratulations.

**Maoz Sigron**

You're welcome.

**Doron Gerstel**

Thanks again.

**Operator**

There are no further questions in the queue. I'd like to hand the call back over to Mr. Doron Gerstel for any additional or closing remarks. Over to you, sir.

**Doron Gerstel**

Thank you very much for your participation. See you in the next quarter. Bye-bye.

**Operator**

This concludes today's conference call. Thank you for your participation. Ladies and gentlemen, you may now disconnect.