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<<Andrew Marok, Analyst, Raymond James>>

Okay. So hello everyone, and for those of you who I haven't spoken with before, I'm Andrew Marok. I cover interactive entertainment, digital media, and online advertising here at Raymond James. And we are thrilled to welcome Perion Network, and CFO, Maoz Sigron, to the Raymond James Technology Conference. Maoz, great to speak with you today. I know you have a presentation plan, so Maoz will go over some of the background of the company and some of the recent results for the first few minutes, and then we can jump into Q&A after that.

So, Maoz, take it away.

<<Maoz Sigron, Chief Financial Officer>>

Thank you. Thank you, Andrew. Good morning everybody. Happy to be here today. As mentioned, we will start with the presentation and then we'll move to the Q&A. So I'll try to cover part of question that you may ask here, and then I will get to the Q&A. I'm with Perion from 2017 joined right after Doron. So let's talk about the most important slide I believe we have in the presentation is really to try to explain why we outperformed and what are the main trends that's associated with that. Part of what we are doing is really following carefully the trend and trying to find the opportunity all over all the way how we are managing Perion is by having open eyes and ability to be agile and to change focus quickly.

So first one that we are definitely enjoying is the advertisers looking for ways to increase customer engagement to enhance their brand equity moving away from standard ad unit. We have our high impact solution, CTV, video and display that is very unique, I will share some example later. Second, advertisers are shifting budget from social to direct response. We have the search solution that fit exactly to this trend. Third, I believe all of you know, advertisers are recognizing that consumer care about their privacy. And this trend is exactly aligned with our decision a year ago to start and to launch the SORT solution for September 2021, and currently affects 17% from the advertising dollar. The last one is the advertisers are undergoing margin pressure due to the rapid rise in cost of goods something, again nothing new here, this is already for few quarters.

We are definitely with the iHUB solution that we have able to absorb part of this pressure and to help the advertiser and to keep their margin and to still enjoy from very good result during the campaign. Part of what's unique with Perion is the fact that we are not a demand platform. We are not DSP. We are not SSP. We are sitting exactly at the center. We have a lot of assets on the left, a lot of assets on the right. And our unique position is that we are – we can see the full picture and the full ecosystem. And with technology we are able to improve margin quarter-over-quarter to improve efficiency and to translate, as I mentioned before, part of this benefit to our

customer to keep all the benefits internally. When you have margin power, you can also translate this to revenue growth.

The way I know that this is not I will say the Rule of 40 is not sweet KPIs, but we believe that this is super important for a long-term view. Private equity, as you know, using these KPIs that combine the revenue growth and the EBITDA margin. And as you can see in the last seven quarters, we are above the 40%, and this is the way we are running the organization within the different business units. And as you can see, we are far away from the 40%, and this is the way how we are measuring the business, and what is the long-term goal of Perion to keep the entire business above the 40%.

Moving to the revenue in Q3, let's talk about the number a bit. Revenue increased year-over-year by 31% from 121 to 159. Number that is super important here is the CAGR from 20% to 22%, 38% CAGR. We are not only growing the revenue dramatically, we increased – the year-over-year growth on the EBITDA was 87% with CAGR of 94%. So while we are growing the business, we are increasing the EBITDA and improving EBITDA to revenue, I can say that we moved up from 37% in Q3 last year to 51% this quarter, amazing number. Let's dive a bit more to the advertising revenue. So, revenue from advertising increased by 26%, the main three drivers for the growth, first is the CTV that with a good momentum, 9% from the dollars are from CTV, increased year-over-year of 134%, video revenue increased by 209%, mainly due to the acquisition of Vidazoo that we did in October last year and definitely part of the good result that we see here.

And last is SORT that drives more revenue. We are not charging for the SORT. This is a free product, but we believe that it definitely help us to increase the number of clients, to increase the average deal and to increase the engagement with our clients. Here we have a good example, again, one of many of Beyond Meat. You can see on the left the – this is the high impact format that I mentioned before. On the left, you have one option is the CTV. The second is the mobile with more awareness campaign that is super important for the brand, for the long-term brand. On the right, you have the Walmart cart that is associated with the ad to your cart that you can immediately move from. This is what you call clickthrough action. As you can see here we have one – more than 124,000 product that's added to the cart with value of above \$1 million. This is amazing. The translation – the conversion, the world between the conversion from what we are investing and what we are getting is clear. This is not theoretical.

Moving to another business that we are developing really new reflects today 2% from the business still small numbers, but super interesting and super strategic is the retail and the CPG solution. As you know, there are a lot of pressures on the retails and there are, I would say, the needs small retail clients to build their solution internally and not to share their data with external. And part of what we are doing here, we are working together with them with the partnership. This is always own campaign, this is not IO or RFP. And as you can see, we're getting the access to the data. We are running with them to campaign. This is another revenue stream that they are getting first from the CPG because they are sharing part of this benefit with the CPG.

And second internally, because now as Amazon is doing, they can serve other ads that is out of their ecosystem. You can see here the result the different KPIs that we are measuring. You can see below the logos, Albertsons is the one that we did with them the POC and they are very happy with the result. So it is our solution for the day after cookies. As you know, advertisers are not waiting anymore for Google to announce the end of cookies. We, as I mentioned before, from September last year, we have a solution that's known to one campaign without cookies.

I will touch only the most important KPIs for the advertiser is the CTR, the clickthrough rate, that increased from the average of let's say 0.5% to 1.5% in our case. This is three times versus Google benchmark and two times versus a third party. We have here an example of Mercedes that this is from last quarter. And you can see a campaign that's using SORT with no cookies because they care about the privacy of their consumer. This is part of their agenda. And you can see the result. This is 50 – about 50% versus contextual and versus third party, a great result, again without storing data, without using any personal information.

The acquisition of Vidazoo, as I mentioned before, was a year ago. Exactly, we had the unique solution of Vidazoo that this is a holistic solution for the publisher end to end, which is not only video player. We are actually providing the publisher end to end solution instead of integrating with 10 vendors. We are – they integrate only with one vendor. The number of publishers increased by 88% and the revenue from existing publishers increased by 67%.

Moving SORT, we will talk about the search later. But again just here to reflect another line of business we have. So as I mentioned before, that was the advertising. Now we're moving to the search, increased 38% year-over-year reflecting of 26%. You can see here the quote from Google Chief Business Officer, Philipp, that talking about the effectiveness of the search and the reason why budget shift from social and other channel to the search. RPM, revenue per mille, increased by 42% in Q3, the number of publisher increased by 60% and the number of searches increased by 50%.

In all different parameters we are performing well. We are not only caring about growth and profitability, we are also diversifying our business. As you can see here, search will affect 45%, Q3 two years ago was 55%, back then it was 65%. Part of our strategy is to increase the number, not to take them down, but the portion from the entire business will be lower.

We are improving margin. The last quarter was 41%. This is continuously effort as part of the IAB, and there is a lot of opportunity there. And I believe that this number will at least stay stable. And I see how we are getting to higher level. We are also focusing carefully on our efficiency. This is our DNA. This is how we running the organization. As you can see in Q3, the OpEx to revenue decreased to 20%. And while we are growing investment and looking for new opportunities, we want to make sure that we keeping Perion as efficient organization. We ended the quarter with \$390 million cash. We are generating positive cash every quarter. We expecting to end the year with free cash of \$120 million. This is definitely allowing us to go organically and inorganically.

As part of the good momentum and where we are, we increased the guidance. The EBITDA we increased from \$102 million to \$120 million, reflects 72% increase year-over-year and the revenue with 32%.

With that, we can move to the Q&A. Thank you.

<<Andrew Marok, Analyst, Raymond James>>

Great. Thank you, Maoz. Obviously a lot to touch on there. So, I guess if we're going to start anywhere why don't we start with the search business? So you talked about how that format tends to do better when budgets come under pressure as advertisers look for more direct response capabilities. How much of the growth we're seeing now as a result of channel shifts and how much is due to the expansion of your agreement with Bing?

<<Maoz Sigron, Chief Financial Officer>>

Okay, thank you. Thank you, Andrew. So, I think that we have three actually main reasons why the business is performing on the search. One, is the trend, the trend towards the direct response is part of the reason. And if I am talking about the 42% increase in RPM major part of it related to the direct response trend, this is first.

Second is the quality of the network. For Bing this is super important that the quality will be high and that we will be able to maintain the quality over time. This is why they are working with us for many years. This is the second part. We are working very hard to make sure that we have high quality.

And third is our sales effort. At the end, we have a team that's looking for new opportunity with new products that we are distributing new geographies that help us to get new publisher. This is why the publisher increased by 60%. So I think this is a combination of all the three. 38% growth is a combination. We didn't, let's say, I don't know to answer how much from the 38% is each one of them, but I would say that this is a combination of all the three, and they are definitely influencing themselves internally. The publisher, once you see, higher RPM, better result is happy and actually recommending others to work with the Perion.

<<Andrew Marok, Analyst, Raymond James>>

Great. And wanted to dig in a little bit on that Bing point specifically. You've obviously become a key partner for Microsoft as evidenced by that continued renewal of the Bing deal. And I think you even won a Partner of the Year Award from Microsoft last year. I guess, how would you describe the value that you are providing for Bing? Why does Bing need you and what keeps them coming back at better and better terms?

<<Maoz Sigron, Chief Financial Officer>>

So first, just for you to know, we are working with Bing from 2010, so this is not new. This is the fourth time that we are renewing the contract. This contract is for four years different from

the previous one that was for three years. So I think that definitely we are here because they see value and big value. For Bing to be able to manage all the ecosystem that we are managing is I will say is impossible. We are driving as mentioned here, 17, 18, 16, depending on the quarter searches per day. This is not a small number. And if you want to be able to use and to take any opportunity that is out there and to really go publish about publisher and to offer new product, new geography to make sure that the quality is on the right level, to make sure that the CPR and other parameter that we are following are aligned with the advertiser expectation. From scale Bing will not be able to do it, they need partner like Perion. I believe we are one of the – we know that we are top five. I would assume that we are at the upper level of the top five.

<<Andrew Marok, Analyst, Raymond James>>

Great. And how are you thinking about any potential expansion of the search business, maybe beyond Microsoft and Bing potentially working with other search partners?

<<Maoz Sigron, Chief Financial Officer>>

So, I think part of the advantage to be in our position today that the business is going quarter-over-quarter and we are not the only one that joining from that, we have two side that are joining, the publishers that are super happy with the results. And also being that they also a public company looking to go over their business and we help them to meet their goals. And I think that I can say that in the last year, this is the first time that the discussion with Microsoft advertising that as you know now is not only the Bing, they have the Xender, and they have MSN of course, and they have other assets and the partnership with Netflix. They are growing this part of the business and strategically focusing in this part and looking for partnership and other opportunity.

What is happening now is that this is the first time that we are not only talking about the search, what is happening is that we are opening Bing to other BU under Perion. And definitely we are finding a lot of opportunities. And Netflix is definitely interesting. MSN is definitely interesting. Other than MSN, this is a publisher as part of what we have on the right side is a solution for a publisher. We definitely can offer few solution and can be very helpful for them.

So I think that the level of discussion and the opportunity is there. With Bing, this is Microsoft. It take time. This is not a magic. When we are starting to talk about the agreement, this is not the one month before the date of the agreement ends, this is actually 10 months before it ends. So we are very focused on that and understand how to work with them and how to take it step by step. But I am very optimistic and I believe more to come.

<<Andrew Marok, Analyst, Raymond James>>

Great. Why don't we move over to the Display Advertising or Display and all other advertising segment of the business and talk a bit about video and CTV. Can you talk about the scaling you're getting on some of those high impact formats and what the advertiser feedback has been so far?

<<Maoz Sigron, Chief Financial Officer>>

Well, I think the feedback here, I didn't mention the feedback from our service, but they shared their feedback that it helped them to improve the result by 70%. We are getting feedback from advertiser also Beyond Meat example is definitely a good example of customer that's starting with something that you don't know exactly how it will end. But when we getting to the end of the campaign and doing kind of scanning they are sharing their feedback and they are super happy with the results. This is a combination, I believe, of a lot of things, the format that is super effective, the show that is very helpful. The fact that we are agile and open to try to really understand their needs and to give them the best solution.

I must tell you that the feedback that we are getting are very positive and the number talk by themselves, they will not increase the spend, the number of customers will not increase without satisfaction and without a good service and solution that you are providing. This is first.

Second about the video. I think when we start the due diligence with video, it was, I believe, 2021, first discussion. We closed the deal in October. And the decision we took back then at the beginning of year is about video. We understand that we need to have video asset under Perion umbrella and Vidazoo was right on time. They are performing well. The synergy internally with Vidazoo is unbelievable. \$3 million out of the \$120 million that we review, EBITDA for 2022 is just contribution from the synergy between Vidazoo and the rest of the business of Perion.

So I think we're doing something right and this is clear why video is here to stay. Video is super effective. This is maybe either we say that this is the most effective way to provide the message. 44% from the advertising dollars are from video and we are growing this business very nice and very happy with the acquisition, with the synergy and with the direction that was based on events that we see in the market and said; okay, now we want to double down and to have it as part of our portfolio.

<<Andrew Marok, Analyst, Raymond James>>

Great. Another aspect of your portfolio that you mentioned in your presentation, the Intelligent HUB. How should investors think about the benefit of the Intelligent HUB? I know you've mentioned media cost efficiencies in the past. Is there anything else that you would highlight as to the benefits for iHUB?

<<Maoz Sigron, Chief Financial Officer>>

So the iHUB was the idea. Back then that we start to think two years ago when at some point we understand that we are running different product, different solution, but they are not connected in a way. And we understand that there is opportunity to connect between them and instead of going out outside, I can do it internally and to build the platform that will put everything in one place. And I think that part of what we see here in 2022, that this is the first year that we are in full force with the iHUB. The contribution of the iHUB in 2020 is \$10 million, \$3 million is the Vidazoo, \$7 million is other synergy. So 8% from the business is from the iHUB just to capture internal opportunities and more to come.

Why? Because we are really exposed to a lot of traffic from the demand side, from the supply side, and when you are at the center you can definitely choose the right opportunity to improve margin, to improve efficiency, and to translate, as I mentioned before part of this benefit to the customer. And also this is a buying power and selling power. When you have a buying power you are bigger, you see the full picture, the full portfolio, you can negotiate because now you are bigger, you are buying more, you can definitely negotiating and get better turns. Also, from the selling side, from the demand side you have now you're not only talking with the customer, with advertiser on the specific product, you are talking about few products, few solution that you are providing. This is more realistic and actually giving in a better solution.

<<Andrew Marok, Analyst, Raymond James>>

Great. Wanted to open up quickly to the audience if anybody has any questions for Maoz.

All right. So know I still have a few more on sort kind of your bet on the cookie list future. Seeing some strong early results as you outlined in your presentation, what makes sort of really drive adoption and is there potentially an opportunity to monetize that directly because you mentioned that you don't currently?

<<Maoz Sigron, Chief Financial Officer>>

So Dassault is something that starts in 2017. We start to build a solution because it was clear that the direction is that some days they will not be cookies. It was not clear when the time – when the Google will decide not to keep the cookies anymore. I think that from where we are today, that 70% from the business is on with Dassault with better result without using data, personal data, personal information is giving us the confidence that the solution that we are providing is better than the other solution that exists in the market. A contextual and other solution that exists. That I believe that you're familiar with, we are, I believe that it will be 30%, 40% from the advertising dollar moving forward.

It is something that again, has mentioned we are not charging, but it definitely help us to increase the engagement of the customer. Now, what we are doing and exploring is translating the success to the other side of the ecosystem to the publisher. We believe that they are also looking for a solution, and this is still only idea with team that already work on this idea, and more to come. I believe that we have here something that is very interesting and working very good. We are testing it now. We are getting better results. I believe that Dassault will be very interesting in the future for period.

<<Andrew Marok, Analyst, Raymond James>>

Great. And I think we have time for one more, so I'm going to try and get my money's worth of making a multipart. So as a company with EBITDA margins on kind of the stronger side of the adtech industry, how are you thinking about investment decisions and things like headcount, expansion, product and tech investment, and especially given the current environment? And then on top of that kind of you've done acquisitions in the past, how are you thinking about capital allocation and any potential capabilities that you'd like to add to your platform?

<<Maoz Sigron, Chief Financial Officer>>

So first we are always adding more and more people because we need, the business is growing and you may to move the business by let's say more than 30% this year, definitely required additional people everywhere; but we're doing it in efficient way. We are trying to be very careful with investment – new investment that we are taking. We're starting with, if this is new idea, we're starting slow. We have KPIs and we're following them carefully. If there's a good ROI. We're moving forward. We are following very conservative approach on the OpEx. Also enjoying some benefit from the fiber the shekel is strong.

But generally we will keep and increase the headcount. But I would say not, definitely not the same as their revenue. We believe that we need to translate part of the scale to the EBITDA and to take part of it to future investment; but we're trying to do it right step-by-step. About the second question yes, we have 400, almost \$400 million right now year-end, as you can imagine we will have more cash flow from Q4. So we will end the year above \$400 million. The M&A effort is still here. We are working very hard to find the right target. There is no rush. We are looking for area around CTV is one area. Digital outperform is another interesting new area. Retail is another area, but what we learned during the last year and year-and-a-half that sometimes it'll be good also for us to wait and to get the right opportunity.

We will do it. This is not a question. We want to do it right. We don't want to do it because we said that we are going to do it. We said we shared with the Street, I think few times that we expected to close two deals this year, 2022. It was under the assumption that the market will look the same and we will find the few targets, but the market change, the multiple is different, the – I think today we are – we're having a discussion that they are more reasonable, make more sense.

We are not willing to pay multiple, that doesn't make sense. We are not willing to buy a company that's not synergy to Perion. We are looking synergy as part of our goal when we are doing M&A. Management is super important. We are an organization that is not small. There is a DNA to the organization. When you are adding another organization, another management member you want to keep the DNA of the organization. We need to find the right audience.

<<Andrew Marok, Analyst, Raymond James>>

Great. I think that's all we had time for, but Maoz Sigron, CFO of Perion Network, thank you for joining us.

<<Maoz Sigron, Chief Financial Officer>>

Thank you. Thank you so much.

<<Andrew Marok, Analyst, Raymond James>>

Thank you.