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<<Andrew Marok, Analyst, Raymond James>>

All right. So why don't we go ahead and get started. Thanks for joining us again at the Raymond James TMT and Consumer Conference. And I'm Andrew Marok covering advertising technology and digital media here at RJ. And thrilled to have with me Tal Jacobson, the CEO of Perion. Tal, thanks for joining us.

<<Tal Jacobson, Chief Executive Officer and Director>>

Thanks for having me.

<<Andrew Marok, Analyst, Raymond James>>

So why don't we kick it off with the standard 30,000 foot view question. So for those in the audience who are maybe a little bit less familiar with Perion's business, can you give them an overview of the company and where you sit within the digital ads ecosystem?

<<Tal Jacobson, Chief Executive Officer and Director>>

Sure, absolutely. So, I know adtech seems confusing to a lot of people.

<<Andrew Marok, Analyst, Raymond James>>

Seems?

<<Tal Jacobson, Chief Executive Officer and Director>>

There are a lot of moving parts. But I think adtech is the most exciting part of the economy. It actually drives the economy forward. You need to advertise to make people to buy things that's how economy moves forward. So that will always stay a hot focus. It only grows. There's \$1 trillion going through the pipes of digital advertising and that's going to continue to grow.

Out of that - I've been doing online advertising for almost 30 years - there's a big issue that's only getting bigger, which is how do you connect the dots? There are just too many channels, too many platforms, too many technologies. And for big brands, high tier brands, especially consumer brands, Lululemon, Nike, United, all those, it's very complicated to make sense out of all the technologies out there. They need to manage their media investment through social, out of home, CTV, web, search, too many platforms, and to make sense of what's going on, it's almost impossible. And that's where Perion comes into play with Perion One platform, which is an AI-driven platform to make sense out of everything.

<<Andrew Marok, Analyst, Raymond James>>

And we'll double click on that in just a second. But before we do, wanted to get your take on the current macro environment, right, because we've heard some mixed feedback from some of our companies both in our coverage and outside on the strength of the macro economy, the health of the consumer, et cetera, coming out of the 3Q reports. So from your seat, how does it look?

<<Tal Jacobson, Chief Executive Officer and Director>>

Yes. We definitely see a change. I think advertisers - and we've been seeing that change in the past year and now just become bigger. Advertisers want to focus more on the ROI-driven channels and technologies versus the brand awareness. I think that's why we've launched performance CTV recently, and we saw good CTV numbers, We went up 75%. We now launched Outmax, which is part of what we bought Greenbids, which is all about performance. So there's definitely a huge shift towards performance. And advertisers are just focusing on how do I get more sales, how do I get - it's a media investment, I want to get better ROI. That's the major shift.

<<Andrew Marok, Analyst, Raymond James>>

Got it. And you've talked about the Perion One platform. I think that's very important to kind of touch on here. Having been built up over the past few years through a series of acquisitions, there's a simplification effort going on. There is this unification of offerings Perion One. I guess, how has that been helpful for clients and how has that helped drive incremental spend?

<<Tal Jacobson, Chief Executive Officer and Director>>

Yes. So as I said, the main issue of this ecosystem is inefficiency. You're using too many platforms, too many technologies. Every platform takes its own fee and that drives performance down just because you need too many vendors in the middle. Our clients and all agencies are asking for fewer platforms with more capabilities. That's where Perion One actually makes a lot of sense to customers. Specifically for us, once we combine the technologies under one platform, we see enormous synergies. So we have - a lot of our customers are now buying more than one product. So we have customers that are buying out-of-home with CTV or CTV with algo, which is Outmax. So we do see a lot of synergies in between the platform, but that also answers a bigger need in the market.

<<Andrew Marok, Analyst, Raymond James>>

And I think you touched on this earlier. But speaking about that multi-platform purchasing, that shift in advertiser thinking to performance and measurable outcomes over brand, how have you kind of repositioned the company for that shift? Things like Outmax. And what are some of the other tools in that theme that advertisers are finding useful?

<<Tal Jacobson, Chief Executive Officer and Director>>

Yes. So our entire positioning now goes into outcome driven. So anything you use with us, even out-of-home technology, how do we push more sales through out-of-home advertising? We had an amazing campaign for Uber. We had an amazing campaign for Estée Lauder, for Lululemon and we all saw through those campaigns – even out-of-home, how do we drive sales higher, right? So Uber actually saw people in front of those screens outside of the house taking their phone and ordering more rides. So everything we do always go through that prism of how do we drive more sales, not how do we drive more advertising. Advertising is a means to an end and it has to drive sales. We don't care if it's more shoes for Nike or more rides for Uber. It has to drive sales. And that's how we're rebuilding our entire platform. All our algorithms are going towards outcomes.

<<Andrew Marok, Analyst, Raymond James>>

Got it. And then on this theme of supply path optimization, that's been quite a hot button issue within the industry over the last several years. You've launched a product called SODA that can kind of help with some of these broader initiatives that fall under the supply path optimization banner. Can you talk about how it's helping drive clients to their preferred outcomes and what your outlook is for scaling that product over the near-term?

<<Tal Jacobson, Chief Executive Officer and Director>>

Sure. So SODA is basically an AI algorithm for traffic shaping. What it means is it sits on the publisher side, websites or out-of-home, and it surfaces the high-quality inventory, right? So for website publishers, they have on every time a page loads, it gets a lot of calls to all the SSPs and DSPs that actually – that's going to reduce the amount of calls only to the higher bidder. That's going to reduce server cost for publishers. But because it's going to reduce server cost to publishers, publishers can actually sell those inventory and create higher yields for advertisers. And it's a loop, right? If advertisers get better results, they're going to spend more money for the websites. So we're helping publishers by surfacing high quality traffic and we are helping advertisers getting the high quality traffic and reducing the waste. Currently we're doing that with out-of-home and web. We do have plans to push that to more channels.

<<Andrew Marok, Analyst, Raymond James>>

Got it. And I definitely want to touch on things like CTV, out-of-home in a moment, but maybe this is a good time to stop and say, we have to do the AI question, right, we're at the tech conference, everybody just had lunch talking about AI. Very good conversation. But obviously a key part of your product development philosophy over the last several quarters and years. So I guess, can you just talk about how, one, AI is helping internal processes, but two, how that is really kind of leveraging in your product cadence?

<<Tal Jacobson, Chief Executive Officer and Director>>

Yes. So we have two layers of AI. The first and most fundamental part is our DCO, which we're building the creative based on conditions. So, on the Uber example, we've built all the ads based on if it's raining, if there's high traffic. The ads would change automatically, right? So DCO

100% AI. Then we have a high-frequency trading algorithm. Just as all of you probably know, in the stock market with high-frequency trading algorithms, we have that for media.

So, in every interaction the algorithm might want to change all the parameters, right? So if you're running a campaign on YouTube, the algorithm constantly checks which audience interacts more and then tells Google or Meta or The Trade Desk, we need more of that, we need less of that, right? And that creates up to 40% better yield.

The last thing is, and we're in the works on that, how do we make Perion One be fully AI agent operational? So the next version would be, how do I interact with Perion One, which is the platform, instead of going to the Out-of-Home part or the CTV part or the algo part? But how do I just interact with it? Say, "well, I actually have 10,000 new products, whatever it is, shoes for Nike or whatever for somebody else, in Brazil, how do you think about it?" And then the AI would say, "You know what? I would deploy this part in Out-of-Home, this part in Spotify around those areas where people actually run, and this part in CTV and maybe YouTube," right? Then it would say yes, and then it would start running.

Now, within that, our AI - the way we're building the foundation of our AI - is we're taking into consideration that all platforms would have AI agents, and we want our AI agent to speak with those agents and constantly interact, right? I think the world of AI is going to be interactions between agents. It's not going to be, I want to run a campaign on that CPC KPI. I think those days are about to be over. It's about, I don't care about CPCs. I care about selling shoes. I have \$10 million to sell 100 million shoes or whatever it is. Go, and that would interact with Meta, with Google, with Out-of-Home, with all those parts and see who can give me what so I can get to those results.

<<Andrew Marok, Analyst, Raymond James>>

And maybe on that broader theme of agentic advertising or agentic commerce, is there a preferred way that you would see that space evolve? Or is it you just kind of spreading your bets to see wherever the space goes, we're probably going to be able to offer a solution for it?

<<Tal Jacobson, Chief Executive Officer and Director>>

So, on two levels. One, there's a whole movement that we're part of, building a new format of thinking - instead of pre-bid, which is how do you bid on an ad by clicks - how do you do agentic? Agentic means forget about the CPC, I want to bid on every \$100 I want to sell a shoe, right? That's agentic. And then you do the translation. AI, you figure it out. So we're working with a big group of companies. How do we figure this out? How do we push a new protocol out. At the same time, we are building our own infrastructure in an agentic way to do our own reverse engineering technology, so you can tell us what you need, and we'll do the rest within the platform.

<<Andrew Marok, Analyst, Raymond James>>

Understood. Maybe then kind of hitting on some of those earlier stage formats that have been growing pretty well for you, starting with CTV. What's allowing you to grow quickly in a crowded space like CTV?

<<Tal Jacobson, Chief Executive Officer and Director>>

Yeah. So yeah, in Q3, we grew 75% year-over-year. We have a few great products. We have performance CTV algorithms, which basically runs CTV across premium channels, Hulu, Disney, Netflix, and all those. But the algorithm itself constantly checks what works, what doesn't work, what creates engagement, and then reallocates the budget. So that works very well. Outmax, which is our algorithm for CTV, web, and social, works very well. And live CTV, which continues to work very well in live events.

<<Andrew Marok, Analyst, Raymond James>>

Very interesting. And obviously, there's a lot of talk out there in recent days about things like Netflix and Warner Bros and Paramount. Does that really have much of an impact on your business, the changing dynamics within the streaming industry, or something that you're kind of above the fray of?

<<Tal Jacobson, Chief Executive Officer and Director>>

Yeah. So, we've done an amazing shift towards demand, towards the advertiser itself and not inventory. I think if we would stay at the inventory front, staying as an SSP, I think we would feel that change. But since we're on the advertiser part, as long as we can create value for those media budgets, it's fine. We don't really care which channels you want as long as it performs.

<<Andrew Marok, Analyst, Raymond James>>

Got it. And then kind of another exciting earlier stage format for you is Digital Out-of-Home. So programmatic penetration we see as in earlier stages here than a lot of other formats. And it seems from the outside to be a bit more fragmented. Why are you looking to grow your exposure here and can you benefit now? Or does there need to be kind of a maturing of the format before you can really exercise a lot of advantage there?

<<Tal Jacobson, Chief Executive Officer and Director>>

On our Digital Out-of-Home?

<<Andrew Marok, Analyst, Raymond James>>

Yes.

<<Tal Jacobson, Chief Executive Officer and Director>>

I think Digital Out-of-Home is one of the most interesting formats in advertising. We see that the first commercial Digital Out-of-Home ad was 190 years ago in the U.S. So it's always been around, but it's only now in the past few years it became programmatic, technology-driven, and performance-driven, and since a lot of people are not looking at it, it's still relatively cheap to get high conversions from.

In the U.S. roughly 87% still buys at physical retailers. That's (Digital out of Home) the best format to push people back into stores to buy, right, especially in shopping seasons. So we do think that's a very interesting way. There are only two major companies that does Digital Out-of-Home technology, us and T-Mobile, which bought Vistar. And we've just launched our Digital Out-of-Home player, which for me, that's one of the biggest news that came out of this company in the past year, even though we had some amazing news. Digital Out-of-Home player means that we're the operating system for the screen. So it doesn't matter if you buy it programmatically through us or you buy it directly through the owner of the screen - we're still going to benefit from that, we're still going to make money out of that.

In Out-of-Home specifically, a lot of brands want specific screens in specific dates, right? Like I don't know what, Lululemon would want Valentine's Day in specific screens. That will not go programmatically because you don't want somebody to outbid you.

<<Andrew Marok, Analyst, Raymond James>>

Sure.

<<Tal Jacobson, Chief Executive Officer and Director>>

So it will go through the sales team of that screen. If we're the player itself, we can also make money out of that while providing great technology for them to serve it. So I think that's kind of how Google bought Android, right? We're the operating system for a huge industry.

<<Andrew Marok, Analyst, Raymond James>>

I think you might have anticipated my next question there, which was about the launch of the player and now being full-stack in digital out-of-home and the types of advantages that being a full-stack operator confers upon you versus your competitors?

<<Tal Jacobson, Chief Executive Officer and Director>>

Yeah. Yeah. So the fact that we actually have a full-stack ad server mediation, SSP, DSP player, the entire thing, would just mean that a lot more dollars will go through our pipes in a growing market, right? Digital out-of-home is a big market, that's actually the only market that grows faster in APAC than the U.S., and we have a lot of presence in APAC. We're actually one of the only independent companies that have infrastructure behind the firewall of China with our digital out-of-home technology, and we're getting a lot of companies coming out of China into other parts of the world screens, so Chinese companies buying inventory everywhere else.

<<Andrew Marok, Analyst, Raymond James>>

Very interesting. And then I guess the last of the big three retail media, we've kind of heard some uneven returns from some of the retail companies in 3Q, but also the fact that on an industry basis, it seems like retail media interest, if it's not cooling, it's maturing a little bit. It's not quite the hot format that it used to be, but you're still growing quite well in the format. So what's giving you that edge?

<<Tal Jacobson, Chief Executive Officer and Director>>

Yeah. So we grew 40% in Q3, and unlike other companies – some other companies, we're focusing a lot on how do we drive people back to physical stores. So the way our entire system works is location-based, right? So you would say, I want to buy around that area of the store itself, Spotify and iHeart playlist. I want to buy CTV. I want to buy out-of-home. I want to buy web, but it's all location-based. And that's what drives a lot of our retailers to us to use our technology to drive people back to stores.

<<Andrew Marok, Analyst, Raymond James>>

Got it. And then on the margin side, let's talk about some of the financials behind what we've heard over the last 20 minutes. You have a lot of different initiatives and process. I guess how should investors expect that margin trajectory to play out? And then especially if we could focus on that media cost line between gross revenue and contribution ex-TAC?

<<Tal Jacobson, Chief Executive Officer and Director>>

Yeah. That's a great question. So the way we're thinking about it, since we're becoming more and more of a platform play, we're not only looking on our revenue. We're looking on our ex-TAC. I think that part is the most significant part. Now, you can see that on our EBITDA, Q3, we grew 63%, which is great. That came from two parts. One, efficiency, and second, moving more and more things towards that platform.

Now, as we look forward, I think you can expect to grow our ex-TAC. I'm hoping faster than the other parts because we want to move more and more people to the self-serve part and have less - we don't want to just hire thousands of other people to support that growth. It needs to go through automation, through self-serve. So we do expect to scale our revenue, not necessarily scale our cost, and that should improve our efficiency.

<<Andrew Marok, Analyst, Raymond James>>

Got it. And then the last one that I had was on capital allocation. So historically, you've been quite acquisitive and have made a couple of recent deals with Greenbids and Hivestack and then companies like Vidazoo before that. Given your balance sheet and recent buybacks, I guess how are you planning capital allocation over the near-term?

<<Tal Jacobson, Chief Executive Officer and Director>>

Yeah. So we just announced that we're increasing our buyback to \$200 million, which is a pretty big amount for a company that is worth \$450 million. We're going to hopefully complete \$125 million by the end of this year, and then we're going to have the rest. From all the cash that we have, putting aside the buyback, we do plan to invest in our own company, but also to continue to look at acquisitions. The way we're thinking about acquisition, it has to be profitable, it has to be extremely synergetic.

By extremely synergetic, it means that it has to help us grow our organic part and cannot just be a separate part. So it's either new technologies for our current customers or more customers for our current technologies, right? So our plan, we've used 2025 to unify our platform, to unify our company. Now, 2026 is a year of acceleration. How do we accelerate growth?

<<Andrew Marok, Analyst, Raymond James>>

Got it. Before we get into our last question, I wanted to open it up. If anybody in the audience has anything that they would like to get a little color on, go ahead.

Q&A

<Q>: Do you think the ROI versus brand issue is just because now the technology exists? I mean, obviously, if you're going to advertise, you want return on it. But now, finally, the technology's caught up to be so focused and pinpointed that obviously, that's what they want to look at, what any advertiser would want to achieve?

<A – Tal Jacobson>: Yeah. Yeah.

<Q>: Over economics, let's say, or the economy?

<A – Tal Jacobson>: Yeah. I think Google always – was always focused on ROI, Google and Meta, right? While other parts, out-of-home, CTV, was always focused - and web - was focusing on brand awareness. I think what's happening now, especially with the new tension between CMOs and CFOs, there's a lot of tension there, that CFOs are saying, CMO, if you want to get more money, I want to see return. I don't care how. Just show me return. It forces all the other channels to move into performance. Obviously, big brands, Apple, Coca-Cola, have to do awareness, right?

But they would try to merge, right? Yes, I can do CTV. I want this in front of all those audiences, but I also want to see if they're engaged or not. Otherwise, how would I know that Disney versus Hulu versus whoever, who works better, right? So I think everything goes in towards measurement and performance, even on brand awareness. Does that make sense?

<Q>: Yeah.

<Q – Andrew Marok>: Anything else? All right. Then I guess I'll give you the last question that I always ask everyone. So as we get into 2026, if you had to pick out one thing that investors

should focus on, a KPI that they should track, what's really important and critical to the Perion story in 2026 that you're excited about?

<A – Tal Jacobson>: Yeah. So up until now, as I said, we've cleaned up the previous part that we had. We've removed a lot of products. We've merged a lot of products. Now it's a year of scaling. I would look at our growth engines, but more than that, on our ex-TAC. That part should grow, I think, even faster than anything else. And of course, efficiency. We're planning to not grow by adding a lot more people, but by adding a lot more technology, so that's what – that's the focus.

<<Andrew Marok, Analyst, Raymond James>>

Great. Well, thanks for joining us, everyone. Tal Jacobson, CEO of Perion. Thank you.

<<Tal Jacobson, Chief Executive Officer and Director>>

Thank you.