

Perion – Q1 2026 Earnings Call | 20th May, 2026

Operator:

Hello everybody and welcome to the Perion Network first quarter 2026 earnings conference call.

Today's conference call is being recorded, and an archive of the webcast will be posted on the company's website.

The press release detailing the financial results is available on the company's website at www.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, performances, or achievements to be materially different, and any future results, performances, 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 a GAAP and on a non-GAAP measure.

Whilst 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 will be available on our website and has also been filed on Form 6K.

Hosting the call today is Tal Jacobson, Perion's Chief Executive Officer, and Elad Tzuber, Perion's Chief Financial Officer. I would now like to turn the call over to Tal Jacobson. Please go ahead.

Tal Jacobson, CEO:

Good morning and thank you for joining us on Perion's earnings call for the first quarter of 2026.

2025 was year one for the new Perion. 2026 focuses on advancing our new technologies and accelerating their adoption among our clients. In the first quarter

of 2026, we saw an increase across all our growth engines. Our fastest growing channels, CTV and digital out-of-home, outgrew the market. In retail media adoption, we experienced significant growth that Elad will present.

And I'm also happy to share that Outmax, our AI agent technology, that was part of the Greenbids acquisition, is growing rapidly and is becoming a meaningful part of Perion One.

A few important data points from our quarterly numbers. The Perion One product line is seeing an increase of 6% in marketing budgets, which we'll refer to as spend. This is an encouraging number, as we see a faster adoption of our platform and the Outmax AI agent usage among our clients.

You can also recognize that both acquisitions, Hivestack and Greenbids, were extremely successful as both out-of-home and Outmax numbers are continuing to grow quarter after quarter. This represents our ability to acquire high quality companies and integrate them efficiently.

Perion One is designed to solve the complexity of the global advertising ecosystem, that is both massive and fragmented. Marketers navigate in a universe of screens, platforms, formats, data sets, and buying environments, while trying to achieve higher standards of performance. Budgets, signals, and optimizations, are siloed by channels, creating a challenging fragmentation that leads to efficiency and performance breakdown.

This is the core challenge we've been focused on solving. We're building Perion One as an AI native execution infrastructure to unify the fragmented ecosystem for both advertisers and publishers. Perion One enables advertisers to perform highly complex marketing activities. It allows them to make confident decisions faster while continuously optimizing every campaign in real time.

With Perion One, publishers are able to maximize inventory value through smarter demand allocation and yield optimization. By aligning execution across both sides of the ecosystem, demand and supply, Perion One improves efficiency, performance, and outcomes end to end. Perion One is an infrastructure, not a tool set.

The most advanced part of Perion One is the Outmax technology, our AI agent, which is showing tremendous growth. Outmax's goal is to be the one AI agent for every channel. Whether it's YouTube, Facebook, Instagram, NBC, or Disney Plus. Outmax is designed to act as an intelligent execution agent that ensures every dollar spent is working at its maximum potential. Outmax removes the guesswork and replaces it with algorithm certainty. It is designed to allocate spend, manage pacing, and optimize outcomes in real time, both inside Perion One and on external platforms.

We're continuously expanding the channels and platforms that Outmax connects to. This quarter, we announced Outmax for TikTok, which is already showing great results. TikTok is one of the fastest-growing advertising platforms in the world, with 1.6 billion users, and ad revenue projected to exceed \$50 billion by next year.

Outmax for TikTok early results are strong, with Outmax already delivering up to 25% lift in performance on TikTok. This is exactly the land and expand pattern that we're focusing on. Adding new high-growth channels, clear performance advantages, and a global path to allow us to scale across more customers and more platforms.

This quarter, we entered into an exclusive partnership with McSorely Media and Mediamark, deploying Outmax AI agent across Africa. This new partnership unlocks a programmatic market forecasted to reach \$6.5 billion by 2029, growing at a 15.3% CAGR. The value this partnership brings is clear. Outmax AI agent and Perion's programmatic digital out-of-home capabilities, paired with our partner's agency footprint across Africa, create an accelerated distribution for our technologies across the region. This expands Perion's commercial footprint and creates new revenue channels without adding further expenses to our P&L.

The following case studies show how the same execution model delivers for different brands. Bouygues Telecom, one of the leading French telcos, deployed Outmax across always-on campaigns. They embedded Outmax into their enterprise marketing operations to continuously control and optimize media execution.

The results show 34% lower customer acquisition costs, and a 51% reduction in carbon intensity. Bouygues is already extending Outmax to additional channels, another example of the land and expand model in action.

C4 Energy is one of the fastest growing energy drinks brands in the US, with a younger performance oriented audience. This makes YouTube a crucial channel for reaching their consumers. C4 Energy turned to Perion to achieve a greater control across their audience targeting and contextual placement on YouTube. And the results speak for themselves. A skippable view rate of 80% above the benchmark, a 20.7% lift in brand awareness, and a 4.1% lift in brand ad recall.

Wepner, a clothing brand known for its useful style and bold statement pieces ran a multichannel campaign across Meta and YouTube with Outmax AI agent, continuously optimizing delivery in real time. Results show how Outmax delivers performance across multiple platforms with multiple KPIs.

And finally, Vaseline, a campaign that demonstrates how our advanced real time data capabilities, and our programmatic digital out-of-home, can be leveraged to benefit our brands. Vaseline integrated live UV index data directly into its digital out-of-home creative, dynamically presenting exposure risks through a clear visual

color coded system updated in real time. The campaign delivered over 1.65 million impressions, turning everyday commutes into moments of relevant contextual skincare education. This is an example of how digital out-of-home can offer dynamic data driven storytelling that performs.

Many of the challenges marketers face are consistent. Earlier this quarter, we partnered with eMarketer on a research study of senior marketers and agencies. The findings reinforce exactly what we have been building towards. 89% of marketers say that creative is crucial for their performance. Nearly half believe that if creative could be optimized in real time, they would unlock 11 to 30% of performance lift. And more than half say creative insights arrive too slowly to act upon.

The conclusion is structural. The industry does not have a creative problem or a media problem. It has an execution problem. Insights exist, signals exist. What is missing is a unified layer that turns those signals into action, in real time across channels. This is exactly the gap Perion One was built to close.

We at Perion are committed to continue to evolve. We adjust our processes and our structure, whenever we believe they are beneficial for our company's future. With that, I would like to share that our Chief Revenue Officer, Stephen Yap, will be transitioning out of his role. We thank him for his partnership during his tenure.

As we enter the next phase of our 2026 roadmap, we're pivoting our sales leadership team to ensure we are better positioned to convert our growing pipeline into realized revenue. With that, I will hand it over to Elad to walk through the financials.

Elad Tzuberly, CFO:

Thank you, Tal, and thank you all for joining us on the call today.

Our first quarter results reflect a period of disciplined execution as we are continuing our structural evolution. The results for the first quarter came in largely as we expected, reflecting the seasonally low quarter in our industry. Importantly, we are seeing a significant increase in spend across our core growth engines and the adoption of Perion One continues to build momentum. This demonstrates that the infrastructure we are building is driving measurable value for our customers.

This quarter, we continue the strategic building process of Perion One as an AI native multichannel execution infrastructure. Driven by the continued momentum in our growth engines, total period one spend increased 6% year over year. Outmax, our proprietary AI agent is rapidly expanding across customers, regions, and platforms. We recently launched Outmax for TikTok, extending our AI-driven optimization capabilities to one of the fastest growing digital platforms. This has already generated over \$1 million in spend during the first quarter.

To accelerate our global footprint, we continue to add more collaborations and partnerships. In the first quarter, we launched strategic reseller initiatives in Africa by partnering with Mediamark and McSorley Media to resell Outmax and programmatic digital out-of-home. As part of Perion One's continuous transformation, we will no longer provide a channel revenue breakdown as a primary KPI. This shift reflects our evolution into a truly channel agnostic platform centered around Outmax. Our proprietary advanced AI agent designed to plan, execute, optimize, and measure campaigns across diverse media environments.

By moving away from siloed reporting, we are aligning our financial disclosures with our operational strategy, focusing on how our technology delivers integrated value for the advertiser rather than focusing on the performance of individual channels. Instead, it makes much more sense to report our growth engines in terms of spend and not as revenue or contribution ex-TAC. Spend represents the total media budget running through our platform. It is the truest leading indicator of our platform's adoption, customers' trust and long-term scale. And now to our quarterly results. Revenue for the first quarter was \$90.4 million, a 1% increase year-over-year. Total contribution ex-TAC was \$39.7 million flat year-over-year with a 44% margin consistent with the same period last year. Adjusted EBITDA for the quarter was half a million dollars compared to \$1.8 million in the first quarter of 2025.

The decrease was mainly the result of higher go-to-market investments aiming to support our three-year growth plan. We generated cash flow from operations of \$6.7 million and adjusted free cash flow of \$7 million. During the quarter, we repurchased 2.5 million shares for over \$24 million bringing our net cash position to \$293 million as of the end of the quarter.

Let's take a look at the momentum of our growth engines through the lens of spend. As advertisers increasingly trust our AI infrastructure to execute their campaigns, we expect more dollars to flow through the Perion One platform. CTV spend grew 68% year-over-year to \$18 million, underscoring the strong demand for our performance driven CTV capabilities. Digital out-of-home spend grew 29% year-over-year to \$60.6 million, reflecting our expanding global footprint and our advanced digital out-of-home technology. Retail media spend increased by 27% year-over-year to \$36.5 million.

We continue to unlock commerce related outcomes for top tier brands despite some market softness, especially in the CPG sector. It is also important to note that CTV, digital out-of-home and retail media have been consistently outpacing the broader market. These impressive growth rates drove a 6% year-over-year increase in total Perion One spend compensating for the decrease in web. The aggregate impact of

the customer spend shows a growing momentum through this important KPI. In the first quarter of 2026, we achieved the solid 6% increase in Perion One spend while navigating the near term macro headwinds and cautious advertisers planning cycles. This is a testament of the increasing demand for our solutions and our expected scale as we look towards the second half of the year. Revenue for the first quarter came in at \$90.4 million with advertising solutions revenue at \$66.7 million and search at \$23.7 million.

Contribution ex-TAC remained flat year-over-year at \$39.7 million. The 44% margin was stable and consistent with last year. While advertising solutions revenue decreased in the first quarter due to the anticipated decline in the web activity, it is important to emphasize that Perion One contribution ex-TAC increased by 7% year-over-year aligned with the spend trajectory. This demonstrates that as we are gradually shifting our business to the Perion One platform, contribution ex-TAC and spend are becoming the true indicators of our underlying growth. Perion One contribution ex-TAC continue to be the main profit driver, representing 81% of the total contribution ex-TAC up from 75% in the first quarter of 2025. We expect the structural shift to continue with Perion One growing to 85% to 90% of the full year 2026.

With respect to our search revenue, as we transition away from the Microsoft agreement, the margin profile of our search activity is naturally shrinking. As a result, even though search revenue increased year-over-year by 21%, the related contribution ex-TAC decreased by 70% as expected.

Adjusted EBITDA for the first quarter was half a million dollars compared to \$1.8 million in the first quarter of 2025. While we are laser focused on operational efficiency and disciplined execution, the year-over-year delta was expected. This reflects the incremental expense base from the Greenbids acquisition in the second quarter of 2025 and additional go to market investments to support our three-year growth plan. In addition, during the first quarter of 2026, the headwinds of the US dollar weakness represented \$1.4 million impact related to foreign exchange.

Excluding this foreign exchange impact, adjusted EBITDA would have been \$1.9 million largely flat year-over-year despite the additional costs planned for. As we onboard several large strategic agreements currently in advanced stages, we expect adjusted EBITDA to inflect meaningfully in the second half of the year. This is consistent with a second half-weighted profile of our business similar to last year.

On a GAAP basis, net loss was \$10 million or 26 cents per diluted share. This compares with a net loss of \$8.3 million or 19 cents per diluted share in the first quarter last year. On a non-GAAP basis, net income was \$4.8 million or 11 cents per

diluted share. This compares with \$5.4 million or 11 cents per diluted share in the first quarter last year. Net cash provided by operating activities was \$6.7 million and adjusted free cash flow was \$7 million.

The cash generative quality of our business model and our disciplined CapEx investments practices ensure that our internal operations are streamlined to support our growth.

We ended the first quarter with \$293 million in cash, cash equivalent, short-term bank deposits, and marketable securities on our balance sheet. While we continue to generate positive cash flow from operations, the \$20 million reduction from year-end is driven by \$24.1 million returning cash to our investors in a form of share repurchases. This strong liquidity profile gives us the financial flexibility to pursue organic investments, M&A opportunities, and continued shareholders' return. Our capital allocation priorities remain highly disciplined, focused on creating long-term value. During the first quarter, we repurchased 2.5 million shares for a total of \$24.1 million. Under our current authorized program, we have now repurchased a cumulative total of 15.3 million shares for \$142.2 million.

Since the program's initiation, we have acquired these shares at an average price of \$9.27 per share. This is notably lower than our average stock price at the last 30 days. By doing so, we have already generated immediate tangible value for our shareholders. Buying back our own stock at current valuation levels alongside disciplined organic and inorganic investments is the most effective use of our access cash. It reflects our confidence in Perion's long-term intrinsic value.

Despite the expected macro headwinds for the second quarter, given the momentum we see building in our pipeline for the back half of the year, particularly the several large strategic agreements that are in advanced stages, we are reiterating our full year 2026 guidance. To conclude, Perion entered 2026 with a strong financial foundation, a proven platform strategy, highly disciplined operations, and a set of growth engines that are constantly outpacing their markets. The infrastructure is in place, the pipeline is building continuously and we are prioritizing sustainable, profitable growth and long-term value creation for our shareholders. With that, I will turn the call back to the operator to open the line for questions. Thank you.

Operator:

We will now begin the Q&A. If you would like to ask a question, we ask that you please use the raised hand function at the bottom of your Zoom screen, or if you have dialed in, please press star nine. Our first question today comes from Andrew Marok

at Raymond James. Andrew, you may now unmute your line and ask your question, thank you.

Andrew Marok, Raymond James:

Hi, thanks for taking my questions. Wanted to start off with one on Outmax, some really good numbers there and we're seeing the agentic space getting increasingly crowded. How are you differentiating Outmax in the marketplace in your go-to-market process that is allowing it to more than triple spend year over year, and then I have a follow-up?

Tal Jacobson, CEO:

Yeah, thank you, Andrew. Yes. So you saw Outmax AI agent technology that we have grew by over 300%. The main thing and our main advantage is we're the only technology out there that can perform this across both CTV, web and social with the closed gardens, which is a major advantage to have only one AI agent technology and infrastructure that can run across all those channels, all those platforms is a major, major advantage.

Andrew Marok, Raymond James:

Great. Thank you. And then maybe one for Elad. Can you expand a little bit on the commentary that you gave in your prepared remarks on the uneven macro conditions and some of the caution you're seeing from advertisers? From your peer set, we're hearing feedback that's quite variable. So I'd just like to get a little bit more granularity of what you're seeing from your position. Thank you.

Elad Tzuber, CFO:

Sure. Thanks, Andrew. In terms of the headwinds that we are seeing, we see that the inflation in the oil prices and all of the tension in the Middle East caused some uncertainty in terms of the budget spends, especially I would say around CPG we see and slightly around Auto. In addition to that, we are continuing to see the slow, or say short planning cycles of the advertisers in terms of their budget spend. So this is what we see currently towards Q2, but it is important to say that we already started to see some more momentum growing in our pipeline towards the second half of the year. Now, of course, we do not know yet the timing of when all of those headwinds will really be over. We do not know to anticipate, but we do see more and more strengths into our pipeline moving forward, especially around Outmax, the adoption of more and more customers to this solution. And of course we are taking all of those considerations when we are building the guidance towards the rest of the year.

Andrew Marok, Raymond James:

Thank you. Appreciate the detail.

Elad Tzuber, CFO:

Sure.

Operator:

Thank you. Our next question comes from Jason Helfstein at Oppenheimer. Jason, please unmute your line by pressing star six and ask your question.

Jason Helfstein, Oppenheimer:

Hey thanks, can you hear me?

Operator:

Yes, thank you.

Elad Tzuber, CFO:

Yeah.

Jason Helfstein, Oppenheimer:

Good morning. So first, your comment just about tracking total spend, which we agree with, are you planning to break down total spend between advertising and search? Or that was just a comment of just one number for that? And then I've got some follow-ups.

Elad Tzuber, CFO:

Okay. So in terms of the spend, our main growth, our main focus and today's focus, as you know, is around Perion One. So definitely for Perion One, we'll continue to give the spend levels for Perion One and to give the trajectory of how much we are growing year over year, of course. And also, as you saw, we started to provide spend also for our growth engines. How does CTV and digital out-of-home contribute in terms of spend? How exactly Outmax is performing in terms of spend? And this is how we are managing our day-to-day operation in the business as well so we are tied this fund together. In search – as much as it is not right now our main strategic focus of the business – it's still stabilized and we are providing obviously most of the trajectory moving forward in terms of contribution ex-TAC, of course, to give it the full profitability of the business.

Jason Helfstein, Oppenheimer:

And I think search was better than expected in the quarter. Just any thoughts why that happened?

Elad Tzuber, CFO:

Yes. So we saw a minor increase in search spend, say year over year. This is contributing to 21% in revenue the search year over year. But if you are looking at it from a contribution ex-TAC, which is more important, as we are shifting out from Microsoft and focusing on other search providers as expected, the margins are lower. The contribution ex-TAC from search activity was actually reduced year-over-year. And I have to say it was exactly as we built into our guidance this year. So, despite seeing the contribution ex-TAC flat year over year, actually what you are seeing is Perion One increase of 7% year-over-year in the contribution ex-TAC and search is actually declining, but ended up exactly as we expected at the beginning of the year.

Jason Helfstein, Oppenheimer:

Okay. And then I guess with the weaker advertising in the quarter, I think relative to what folks were expecting yet you're still keeping your full year guidance. I mean, how much is this known versus unknown? I mean, obviously the macro is unknown. I think you said that this macro was maybe a little worse than you thought in the quarter, but yet you're again, still keeping your full year guide the same and you were assuming new clients start spending. So I guess why is that the most prudent way to look at this right now? Why not lower the full year outlook for the maybe weaker first quarter? I don't know. Why is this the right way to look at the business right now?

Elad Tzuber, CFO:

Okay. So I will touch on this in three different points. I would say the first, we do see tangible pipeline that's increasing already towards the second half of the year coming from the adoption of Outmax, and we saw, by the way, in the previous quarter, if you remember the land and expand model, it takes time to ramp, but we see in the direction right now and we see the adoption towards the second half. In addition to that, and I discussed it a bit in my script, we have a few strategic agreements that are expected to be closed very soon and to onboard already in the next few weeks in Q2, and we will start to see the ramp-up already in the second half of the year. So those, I would say two initiatives, are tangible things that we see and we are building into the pipeline.

I would also add that in terms of the EBITDA, that will help our growth, but also from an expense perspective, we are investing right now at the right places that will give

us this growth to H2 savings we did last year, both from growth perspective and also from EBITDA perspective on the efficiency level. As we saw last year, the second half of the year we are much more heavyweighted towards the second half and it's very much important right now to continue our investment in terms of the growth, but also in terms of the efficiency that we'll be able to see that benefit going into the second half of the year.

Jason Helfstein, Oppenheimer:

Okay, thank you.

Operator:

Thank you. Our next question today comes from Matthew Weber at Canaccord. Matthew, you may now unmute your line and ask your question. Thank you.

Matthew Weber, Canaccord:

Yeah, thanks so much for taking the question. Just wanted to ask about your comments on pivoting the sales leadership team to better convert pipeline into realized revenue. Can you just provide some additional color on what this entails? Are you looking to make new hires altering the compensation structure of employees or reorganizing the team? And then I have a quick follow-up.

Tal Jacobson, CEO:

Yeah, absolutely. Thank you for your question. So the main idea is how do we streamline the growing pipeline towards conversion? So we're flattening our organization. As I said, part of the call is that Stephen Yap is transitioning out of his role and we're flattening the organization to make it more streamlined and more efficient. We're also introducing a lot of new AI capabilities to the sales team, especially a new capability of AI SDR, which is lead qualification, with faster turnaround from leads to sales. And we are now mainly focusing as we advance our technology, focusing a lot on accelerating our sales. So that's part of it.

Matthew Weber, Canaccord:

Got it. Thank you. And then just on the launch of Outmax to African markets, I believe it's currently available in South Africa. What does the timing for a broader continental rollout look like and are there any major investments you still need to make to support these efforts or is it just a matter of execution?

Tal Jacobson, CEO:

Right. So we've just launched this new partnership with those two new partners to see how we work on a reseller agreement and have mainly Outmax with resellers across - now Africa, but we're going to put a lot of efforts to launch more and more resellers going forward. We believe Outmax is the perfect product for resellers. It's an easy pitch, easy setup. There are - worldwide, the majority of budgets in marketing sits within Meta, YouTube, and TikTok. So it's pretty perfect anywhere on the planet. At the same time, we can grow without adding extra cost to our P&L. So we believe it's only the beginning of something that can become much bigger worldwide, the reseller program that we launched.

Matthew Weber, Canaccord:

Thank you. Very helpful.

Operator:

Thank you. Our next question today comes from Laura Martin at Needham. Laura, you may now unmute your line and ask your question. Thank you.

Laura Martin, Needham:

Hi too. So the advertising growth was negative four. Total growth for ex-TAC was zero and most of the industry is reported now, I think you're last. And then really the benchmark was 10 to 12. So could you talk about how you're planning to close the gap to the rest of the ad tech industry growth rates? And then secondly, AI, could you talk about what you're doing with generative AI internally to cut costs and then externally to increase sales velocity, not sales velocity, but like new product velocity and how you think it helps you reattain growth in the advertising part of your business. Thank you.

Elad Tzuber, CFO:

Hey, Laura. So I will take the first question and then I'll hand over to Tal. So in terms of the advertising solution revenue, the reason for the decrease that we see right now in the advertising solution revenue line is mainly related to product mix. From an accounting perspective, there are certain products that are recognized on a net basis and some of them are recognized on a gross basis. And by the way, as we are leaning more and moving more towards Perion One solution, we'll see more and more revenue recognized on a net basis. That's why we started to focus more and more on the contribution ex-TAC and spend, because, as you see in this quarter, those are really reflecting the real trajectory of the business as the leading indicator for how we are growing. So the spend of Perion One increased 7%, 6%, I'm sorry, the

contribution ex-TAC increased by 7%. So I would say the gap that you're referring to from the peers is not that different. We are, I would say, investing more, as I said, towards the go-to-market and we changed some of our sales strategies as I discussed and we are building the pipeline. And in our models, we are seeing much more increased, I would say, growth more aligned, by the way, with the plan that we provided also towards the 2028 3-year plan that we provided.

Tal Jacobson, CEO:

And as for AI, we have two layers of AI. Obviously, Perion One and Outmax is fully AI-driven. The new products that we're about to launch are fully agentic, but on the internal parts, everything is becoming AI-driven: from our R&D, it's fully deployed with Claude and we do see accelerated development and accelerated launches of features. And internally, like I said before, one of the example is we now have an AI agent for an SDR. It's all part of the 2028 plan that we announced three months ago. We believe we're going to start seeing even more meaningful efficiency in H2 because we do deploy pretty fast our AI solution mainly for the efficiency part.

Laura Martin Needham:

Okay. Maybe I'll just follow up. So Google did its IO developers conference keynote yesterday and their vision Tal is to get consumers in via search and then keep them in the Google perimeter and become essentially a gatekeeper and not really let them get to the open internet. Is there anything really you or any open internet company can do if Google's vision is to keep consumers within their perimeter for all discovery, purchase, consideration, essentially displacing the purchase funnel that we know today? Do you have any points of view about that?

Tal Jacobson, CEO:

Yeah, absolutely. I think it's a great question. And I actually thought it was kind of brilliant on their behalf. Now, as you probably remember, we said that two years ago, that LLMs are going to take over, web is not going to be the future, open web is not going to be the future. This is why two years ago we started moving from open web in towards out-of-home, which is a channel that is not going to get affected by LLMs, and closed gardens. So Outmax works on YouTube, Meta, TikTok, things that are not getting affected by those LLMs. But in parallel, our Outmax AI team, the development team, are already researching how we deploy Outmax on platforms such as ChatGPT and Google Shopping ads? So that's already in the works.

It requires a bit more development, but we're focusing on the marketing budgets, not on the channels themselves. And as I said in the past, we want to be channel agnostic.

Wherever advertisers would want to advertise, we're going to be there. Now, if you look at the new product of Google, the major parts are basically Google Shopping ads, so it's not fully organic. Advertisers would still need to go through that. And that's why our Outmax team are investigating how do we get Outmax to deploy also on Google Shopping ads. That's going to take a bit of time, but we're totally focusing on it.

Laura Martin, Needham:

Super helpful. Thank you.

Tal Jacobson, CEO:

Thank you.

Operator:

Thank you. Our next question today comes from Jason Kreyer at Craig-Hallum Capital. Jason, you may now unmute your line and ask your question. Thank you.

Jason Kreyer, Craig-Hallum:

Thank you. Just one question for me. I wanted to talk about the customer pipeline. You've talked a few times just about your confidence in the second half of the year. Can you give color on how the RFP processes has evolved over the last couple of quarters? Maybe how the different conversations have changed as Perion One and as Outmax have evolved. Thanks.

Tal Jacobson, CEO:

Sure. Thank you for the question. So I think two moving parts. The RFPs, we see that, we saw that last year as well, that advertisers do not plan one year ahead. It's three months to six months top ahead and that didn't change. It's still the same pacing.

The thing that we have a bit different this year is the reseller agreements. So we launched two resellers in Africa. We have a few more agreements which we consider strategic. We do believe that they're going to start ramping up in H2, which gives us a bit more confident about our pacing. And we do work on other things that we're going to announce once they're ready. But on an RFP to RFP, it's the same pacing that we saw last year. That didn't change. It's mainly the more strategic parts, like the things we just announced.

Operator:

Thank you. Our next question comes from Eric Martinuzzi at Lake Street. Eric, you may now unmute your line and ask your question.

Eric Martinuzzi, Lake Street:

Yeah, can you hear me?

Operator:

We can hear you. Thank you.

Eric Martinuzzi, Lake Street:

Yes. Okay, thanks.

So the three-year plan anticipates this. You talk about the Platform One Contribution ex-TAC at about a 20% CAGR. And just based on kind of the early days, typically CAGRs in the early years are greater, and then they slow down in the later years. And yet, we're in what I think I heard you was 6%, or I guess 7%, Contribution ex-TAC. Was that where we were for Q1?

Tal Jacobson, CEO:

Yes, 7%. And remember that our business, like most adtech businesses, is extremely seasonal. So Q1 is the weakest out of the quarters, typically, and we do see a 7% increase.

Eric Martinuzzi, Lake Street:

Okay. As you go, I'm just wondering, at a certain point, we've actually got to get better than 20%. I'm just trying to size up this three-year progression, right? If we're starting out in a mid to high single digits here, at what point should we anticipate? Are you guys already seeing, "Hey, this is a slam dunk? We're already, based on the pipeline, we're going to see 20% plus in the back half of 2026?"

Elad Tzuber, CFO:

So to answer your question, I will divide my answer to two: First of all, when we are looking at 2028, we discussed right out of the get-go that we'll have to bring some investment at early stages to ramp it up. And the reason why we showed the landed expense, because it takes time to get to the customers. We started, if you remember the previous customer that we saw, the first year was only 50K in terms of spend. Second year it was ramped up to 4.5 million and the third year was more than \$20 million in spend in different channels, etcetera. And so this is very much also how

what we are thinking about the 2028 model with the terms of the land and expand. So it takes time to ramp up.

Now, when I'm talking specifically about 2026, we do expect to see the second half of the year to be, I would say, in double-digit growth and aiming towards the 20% already towards the fourth quarter of the year.

Eric Martinuzzi, Lake Street:

Okay.

Elad Tzuber, CFO:

So we'll start seeing this ramp go.

Eric Martinuzzi, Lake Street:

Sorry, could you repeat that last?

Elad Tzuber, CFO:

I said that for 2026, we will start, of course, to see the ramp along the year. And I believe that already in Q4, we'll start to see the double-digit growth aiming towards 20% already in Q4 in this year.

Eric Martinuzzi, Lake Street:

Okay. And then the Contribution ex-TAC margin, was that totally at the ... It was below what I was anticipating. Another way to put it is, hey, it was an increased TAC. Is that pretty much all search related in your mind?

Elad Tzuber, CFO:

It's very much search related. As search becoming, I would say, a smaller part of our business, and Perion One will increase its part of the overall contribution. We'll see the margin goes up, as I discussed earlier about the net recognition and etcetera. So definitely this is something that we see.

We need to remember that the search has lower seasonality than all of the rest of our business. So in Q1, you'll see that the search Contribution ex-TAC was roughly 19% of the business or 18% of the overall Contribution ex-TAC. And if you remember last quarter, we said that the overall Perion One will be 85% to 90%. So along the year, we'll see the seasonality much more rapid in with respect to Perion One, and the margin will increase as well.

Eric Martinuzzi, Lake Street:

Okay, got it. Thanks for taking my questions.

Operator:

Thank you.

Elad Tzuber, CFO:

Thank you.

Operator:

Our final question today comes from Jeff Martin at Roth Capital Partners.

Jeff, you may now unmute your line and ask your question. Thank you.

Jeff Martin, Roth Capital:

Thank you. I appreciate it. You made mention in your prepared remarks about onboarding agreements will drive a meaningful EBITDA inflection. Just curious if you could elaborate on what those agreements are and the timing in terms of the EBITDA inflection?

Elad Tzuber, CFO:

So in terms of this agreement, there are few strategic agreements that we start working with them over the last year. Of course, they're taking time. But we are really right now at the final stages, and we start to see more of their contribution is start to onboard to our platform. It does take time. We believe that we're going to see some ramp up, but relatively to Perion in terms of the spend. And then of course, I cannot really speak about what those names in terms of confidentiality, but they are very heavy on the spend of how much they are running in different markets.

And from the test that we did with them, and we saw the network and what is the potential and how much we believe that the ramp up of their customers will be, etcetera, we see very good traction towards the second half of the year. And it should start, of course, building even higher going forward to next years. This is obviously some of the high-volume agreements that we have discussed that we expect to sign during this year.

Jeff Martin, Roth Capital:

Great. And then my second question is, and I know this is not the core growth focus of the business, it's not a growth focus at all, but the web advertising, you go back six to

nine months, commentary was that this business was flattening out for you. And it sounds like in Q1 it was more pressure on growth perhaps. And relative to your initial guidance for 2026, how much of a headwind is any negative shift in web create a hurdle for hitting your full year guidance? Thanks.

Elad Tzuberly, CFO:

So we do not see the web shift is actually taking our guidance. If you look at the revenue, you see the minus 4%, obviously it's come mostly from web, but we need to remember that web was relatively low margin. And at the beginning of 2025, we took proactive action to close even some of the web solution that we are providing.

If you look at the Contribution ex-TAC level, you will see that the CTV and out-of-home and Outmax, of course, are actually compensated on the web shrinking. So we grew year over year. I believe that this is coming from the overall market and budget that are shifting away from open web, as we have discussed, moving into more closed gardens and digital out-of-home and CTV. And also, of course, I believe to the LLMs in the next future.

So overall, as we are seeing more revenue flowing for the Perion One, we are becoming more channel-agnostic and we are not really prioritizing or doing the performance based on certain channels, and more focusing on the ROI for the advertisers. So overall, we are not expecting this to change where we are at the guidance right now.

Jeff Martin, Roth Capital:

Thank you.

Elad Tzuberly, CFO:

Sure.

Operator:

Thank you. This concludes today's Q&A. I will now pass back to Tal Jacobson for closing remarks.

Tal Jacobson, CEO:

Thank you. Thank you everyone for joining us at the Q1 earning call. We will continue to invest and advance our technologies and continue to invest in our clients, and the adoption rate should be increasing. And we'll see you next time. Thank you.

Operator:

This concludes today's call. Thank you everyone for joining. You may now disconnect.