



Perion Q2 2025 Earnings Call | August 11, 2025

Tal Jacobson, CEO:

Good morning and thank you for joining us on Perion's earnings call for the 2nd quarter of 2025.

We continue to focus on our vision: a future where CMOs and their teams are empowered by a centralized platform built for their needs.

Contrary to CROs who rely on Salesforce, COOs on Monday.com, and CTOs on Jira - CMOs, who drive nearly one trillion dollars annually through the pipes of digital advertising, lack a centralized platform that supports their needs. As of now, a comprehensive, centralized platform tailored for marketers' needs has not emerged. This creates a clear gap in the market.

Perion One is a platform that connects media with measurable business outcomes. A channel Neutral platform that brings together creative, data, and AI. That's the role we want Perion One to play, and the direction we're steadily moving towards.

With every feature we develop, every channel we expand into, and every new advertiser we onboard, we're taking clear steps toward becoming the CMO's platform of choice.

The strategic shift into Perion One strategy didn't happen over night. We've been planning it since late 2023. We believe this shift toward becoming the CMO's centralized platform, requires more than one product or one quarter. It requires a long-term, deliberate transformation, and that's exactly what we have been building at Perion.

Over the past 18 months, we've been laying the foundation, reorganizing our structure, unifying our technologies, and aligning our go-to-market strategy with our long-term platform vision. This is both a product evolution and a company-wide transformation.

In December 2023, we acquired HiveStack, an advanced multifunctional digital advertising platform that we knew would evolve into the Perion One platform. This also allowed us to enter the exciting world of the global DOOH space that shows great growth. In addition, we appointed key global executives to lead our new platform strategy.

At the beginning of 2025, we announced Perion One Strategy and focused on execution. Our strategy is about bringing together all of our technologies and brands under one unified platform that serves the new needs of the digital advertising world in the AI era.

We acquired Greenbid, an AI-first company to optimize and improve walled-garden performance. By that we extended our TAM and offering to our customers, and initiated a go-to-market transformation focused on vertical solutions and enterprise clients.

Looking ahead to 2026 and beyond, we plan to scale this platform so that Perion One will orchestrate planning, activation, and measurement across all major digital channels. We aim to transition toward a platform-led company, expanding recurring, high-margin revenue streams, powered by AI-driven insights, self-service capabilities, and creative automation.

We aim to improve speed and efficiency, while deepening global adoption across brands, agencies and retailers, unlocking long-term growth and margin leverage.

Each step we take now brings us closer to our vision: A single intelligent platform that delivers better performance, faster decisions, and long-term value, for marketers and shareholders.

While this is our long-term journey, we're already seeing the impact of this transformation in our execution, in our innovation, and in the progress we saw this quarter.

Let's highlight a few of our most meaningful achievements this quarter: our non-search revenue, or as we call it: Advertising Solutions, is up year over year for the first time since Q3 2023. Our Retail Media, DOOH and Web are up year over year. And as for our CTV, which is slightly down, we remain optimistic about our annual growth in this channel.

Which brings us to the launch of our new Performance CTV solution - a new native feature within Perion One. While Perion was always focused on High Impact CTV ads, now, with our Performance CTV feature, we are integrating our high impact technology with a new performance algorithm and measurement capabilities. With this new feature, we focus our activation, not only on viewability, but also on actual outcomes.

It's been 3 months since we acquired Greenbids, and our business and tech integrations are fully on track. It is proving to be a strategic fit as it's already generating new synergies. We are excited by the capabilities that GreenBids added to our AI technologies under the Perion One suite of solutions.

We expanded our programmatic DOOH footprint in APAC, with new partnerships in Korea, expanding our reach in a \$21B market. We are also expanding our reach in EMEA with two new DOOH partnerships in Germany and Italy.

All our achievements are not isolated wins. They are milestones coming to life in our journey towards our goal - to become a platform of choice for marketers.

One of the most exciting milestones this quarter is the launch of our new Performance CTV solution. It brings the precision of performance marketing to Connected TV, one of the fastest-growing, most premium video channels. Our Performance CTV transforms CTV ads into a full-funnel, ROI-focused channel activation. By focusing campaigns on real KPIs and return on ad spend, we're turning what was traditionally an awareness medium into a measurable performance engine. It gives us access to new outcome-driven budgets from advertisers who were previously underserved, especially mid-market brands and retailers looking for high-intent, accountable inventory. It strengthens the Perion One value proposition, as it seamlessly integrates with our Web, DOOH, Algo and Social offerings. This enables unified activation, cross-channel attribution, and platform-wide insights.

We believe this new solution positions Perion to capture a greater share in a market projected to exceed \$36 billion of ad spend in the US by 2026, as advertisers demand greater accountability from their video investments.

I'm proud to share our new Performance CTV clip to showcase this new feature within the Perion One platform.

[→video clip]

None of this progress, from launching our new Performance CTV to scaling the Perion One platform, would be possible without a world-class leadership team behind it.

What you see here is a group of highly experienced executives with deep roots in advertising, technology, and operations. Each one of them brings expertise from some of the most respected companies in the world.

This team has been instrumental in aligning our strategy, accelerating innovation, and driving disciplined execution across every part of the business.

I'm pleased to welcome Anat Paran, who recently joined us as Chief Operating Officer to streamline our operations and accelerate our efficiencies as we plan for growth.

I'd like to take a moment to thank Maoz Sigron for his incredible contributions to Perion during his nearly 8 years as our COO and CFO. Maoz has decided to move on, and we're grateful for the impact he's had. He played a key role in transforming Perion into a platform company and was a truly positive force throughout our journey.

Thank you, Maoz — you will be greatly missed at Perion!

Anat Paran brings a wealth of operational and organizational leadership, and she's already helping us strengthen the infrastructure needed to scale Perion One globally.

The strength of this team, and the culture we're building together, is one of our greatest long-term advantages.

With the right strategy in place, strong technology, and an experienced team driving it forward - What does all this mean from an investor's perspective? What makes Perion such a compelling investment opportunity?

We operate in a high-growth industry with high growth verticals and channels: CTV, DOOH, and Retail Media.

At our core, we're a tech company with a proven innovation culture. For the past 10 years, we've delivered positive annual adjusted EBITDA and operating cash flow.

We have an experienced global management team, and we're building a platform designed for an AI-first world.

We feel confident in our ability to execute and drive long-term shareholder value, as Perion is uniquely positioned to lead the next chapter of digital advertising, a chapter in which performance is the product, and Perion One is the platform.

With that, I'll now turn it over to our CFO, Elad Tzuber, to walk you through our financial results for the quarter.

Elad Tzuber, CFO:

Thank you, Tal, and hello everyone.

Our second quarter results mark another important step forward in Perion's strategic transformation. It reflects strong operational execution, a disciplined cost structure, and an increasing momentum across our core businesses.

Our Advertising Solutions business returned to year-over-year growth - for the first time since the third quarter of 2023, earlier than we anticipated. This was driven by healthy performance across DOOH, Retail Media, and Web.

This quarter we also delivered a robust free cash flow, reinforcing the cash-generative nature of our business model.

Perion's main growth engines continued to demonstrate strength, supported by our strategic partnerships and access to high-quality supply.

DOOH continued its strong growth trajectory, recording a 35% year-over-year growth, and we continue to expand our global Programmatic DOOH presence through strategic partnerships.

Despite a 5% year-over-year decline in CTV, going forward we still see CTV as one of our growth engines. This decline is mostly attributed to CTV budgets shifting to the second half of the year. We continue to see a healthy demand for our CTV solutions that now also include Performance CTV as presented by Tal.

Our Retail Media vertical continues to gain traction, generating \$22.3 million in the second quarter that represent a 27% year-over-year increase. For the full year, we continue to expect above-market growth across our growth engines, including CTV, DOOH and Retail media.

Three months ago, we announced the acquisition of Greenbids – a cutting-edge AI platform that delivers custom algorithms across walled gardens and major DSP platforms. Since then, we have been focusing on integrating Greenbids into Perion, aiming to maximize and accelerate the potential synergies we identified pre-acquisition. So far, I can share that we are very pleased with the progress we've made. We are already benefiting from both tangible synergies and a positive market reaction that are reflected in early wins for the Perion Algo solution - from both existing and new customers. As of today, we already booked more than one million dollars of Perion Algo deals from existing Perion customers, and our healthy new business pipeline is growing faster than we initially expected.

Our quarterly and year-to-date performance gives us the confidence to reiterate our full year outlook that was raised last quarter in May.

With that, let's dive into the numbers.

Revenue for the second quarter was \$103 million - marked by 8% year-over-year increase in Advertising Solutions revenue.

Contribution ex-TAC margin was 46%, remaining stable year-over-year. Adjusted EBITDA was \$7.1 million, resulting in a 7% adjusted EBITDA margin and a 15% ex-TAC margin.

Non-GAAP net income was \$12 million, resulting in non-GAAP diluted earnings per share of 26 cents. Importantly, we generated \$21.3 million in operating cash flow this quarter. This reflects the strength of our business model, and our ability to convert earnings into cash.

Looking at our revenue mix - DOOH increased by 35% year-over-year, reaching 17% of the total revenue, up from 12% last year. CTV declined by 5% year-over-year, representing 9% of revenue, same as last year. The decline was primarily due to shifts in advertiser budgets to the second half of the year. This is another example of us being channel Neutraland focusing on advertiser's budget rather than specific channels, such as CTV. Having said that, we remain confident that our CTV channel will deliver strong results on an annual basis, as we are expecting to outpace the CTV market growth.

Web revenue increased by 5% year-over-year, representing 52% of the total revenue, compared to 47% in the same quarter of last year.

Search revenue for the quarter was \$22.4 million, representing 22% of the total revenue, compared to 32% in the same quarter of last year.

Revenue from Advertising Solutions grew by 8.3% year-over-year, accounting for 78% of total revenue. This marks the first positive year-over-year growth since the third quarter of 2023, ending a streak of six consecutive quarters of decline.

Search revenue in the second quarter was \$22.4 million, accounting for 22% of total revenue. This shows a trend of stability over the past four quarters. Looking ahead, we expect this trend to continue, generating roughly similar revenue levels per quarter.

In the second quarter of 2025, the Contribution Excluding Traffic Acquisition Costs Margin was 46%. This is similar to the second quarter margin of last year. Year-to-date, we have benefited from a product mix that is centered around more profitable solutions. Moving forward this year, we expect to see similar levels of contribution ex-TAC margins.

Adjusted EBITDA for the second quarter was \$7.1 million, representing 15% of contribution ex-TAC. As we noted last quarter, we are actively taking steps to optimize our cost structure to better align with our unified operational structure. As we continue to execute on our cost efficiency initiatives, we expect the second half of 2025 to show continued margin expansion.

On a GAAP basis, our second quarter net loss was \$3.5 million, or 8 cents per diluted share. This compares with a net loss of \$6.2 million, or 13 cents per diluted share in the same quarter last year. On a non-GAAP basis, Net Income was \$12 million compared to \$13.4 million in the second quarter of 2024. Despite this income decrease, the earning per share remained stable at 26 cents per diluted share. This is a direct result of our shares buyback plan reflected in a reduced number of outstanding shares.

In the second quarter of 2025, Cash generated from Operating activities was \$21.3 million, and our Adjusted Free Cash Flow was \$20.7 million. As we mentioned last quarter - our cash performance in the second quarter benefited from the \$8 million of collections that shifted from March to April. Yet, this highlights our strategic focus on profitability, and our ability to generate positive cash flow. We continue to expect a strong cash flow conversion rate on an annual basis.

As of June 30th, our balance sheet includes \$318.5 million in cash, cash equivalents, short-term bank deposits, and marketable securities. During the quarter, we used \$26.6 million for the Greenbids acquisition, and \$33.4 million for shares repurchased under our buyback plan. These were offset by \$21.3 million in cash provided by operating activities.

During the quarter, we continued to execute our share buyback program - repurchasing a total of 3.6 million shares for a total amount of \$33.4 million. This brings our year-to-date accumulated share repurchase spend to \$86.7 million. These actions further reinforce our confidence in Perion's long-term value proposition. Our strong cash balance provides the financial flexibility to execute on both organic and inorganic growth opportunities, while also supporting capital returns to shareholders. We remain disciplined in our approach and focused on maximizing shareholder value.

Turning to our full year 2025 outlook. Our performance in the first half of 2025, combined with the momentum heading into the second half of the year, gives us the confidence to reaffirm our guidance. For the full year, we still expect Revenue in the range of \$430 million to \$450 million, and adjusted EBITDA in the range of \$44 million to \$46 million.

To conclude, we are pleased with our second quarter results and the positive business momentum that we built. We believe, we have considerable opportunities to expand both our top and bottom lines in the second half of 2025 and beyond. We are confident that this marks the beginning of our return to year-over-year growth trajectory.

With that, I will now turn it back to the operator to open the line for questions. Thank you

Operator:

If you wish to ask a question, we ask that you please use the raise hand function at the bottom of your Zoom screen, or if you have dialed in, please press star nine. Our first question comes from Eric Martinuzzi with Lake Street. Please unmute your line and ask your question.

Eric Martinuzzi:

Yeah. Congratulations on the good results for the second quarter. I wanted to ask a question regarding the CTV. I was a little bit surprised by the 5% decline in CTV. You attributed that to a budget shift to the second half of the year. Do you feel this was a macro industry-wide phenomenon or that it was just particular to the advertisers and agencies with which Perion works?

Tal Jacobson, CEO:

Thank you, Eric. We don't think it's an actual issue of the industry or within Perion. As you know, we've announced the Perion One strategy, which is focused on CMOs and on outcomes of marketing budgets. And within that, we did see in Q2, people are shifting towards other formats which tend to perform better than CTV, but we also saw that the CTV budgets are getting shifted towards H2. Now again, as we focus on CMOs, we're channel agnostic, right? We're not pushing customers towards specific channels. We're pushing customers towards what works best for them, because at the end of the day, we're after the budgets, not after the channels. And we want to make sure that our customers are getting the best results. So we can expect fluctuation in between channels, but our eyes are always about customers and how much more budgets are we getting, and that's the major focus for us.

Eric Martinuzzi:

Okay. My second question has to-

Tal Jacobson, CEO:

Yeah, I just-

Eric Martinuzzi:

Yeah, go ahead.

Tal Jacobson, CEO:

Sorry. I just wanted to say within that, we obviously launched the performance CTV solution now, because we know that everybody's focusing on performance, and CTV has to also come with performance metrics. So that should also help the CTV numbers in H2 and onwards.

Eric Martinuzzi:

Okay. And then there was issues earlier in the year with marketers running shorter campaigns just because of the uncertainty and the overall economy due to tariff concerns. Have you seen any change in the campaign length amongst marketers?

Tal Jacobson, CEO:

No, we haven't seen any major changes. We're not seeing any concerns with regards to tariffs or any of those things. People are still continuing business as usual, so we haven't seen anything unusual.

Eric Martinuzzi:

Okay. Thank you for taking my questions.

Tal Jacobson, CEO:

Thank you.

Eric Martinuzzi:

Thank you.

Operator:

Our next question comes from Jason Helfstein with Oppenheimer. Please unmute your line and ask your question.

Jason Helfstein:

Okay. Now I'm unmuted... Thank you. Thanks, everybody. A few questions. So continuing with the CTV question, why are you confident CTV growth will accelerate in the back half? Question number one. Number two, just broadly is the sales organization the right-size for Perion One, and should we expect sales headcount growth in the back half? And then just broadly, how are you thinking about use of cash over the next six months? Should we expect any meaningful M&A, some kind of buyback, or just be conservative with the cash? Thank you.

Elad Tzuber, CFO:

Yes. Hi, Jason. Thank you. I'll start with CTV for a second. First of all, we're not really concerned about the CTV decrease that we saw in the second quarter, because we do see the budget shifting also towards H2. We see a healthy demand and we do see already the increase towards Q3 and Q4 in terms of the pipeline itself.

It is important to note by the way, that on an annual basis we do expect to outpace the market growth in '25. eMarketer is discussing roughly 13% of CTV growth this year. We believe that we will be even above the 20%. So we are very confident in where we're going towards this year in CTV. And as Tal mentioned by the way, we do see ourselves as channel neutral.

Also in Q2, we saw some of the budgets shifted from CTV to different channels as a result of CMO's needs in some cases. If we discuss about the sales headcount. So, looking at H2, and even going forward to 2026, as we discussed, part of the strategy behind Perion One was that agency will already have the white label of the platform of Perion One. It gives us the leverage and the possibility to increase our sales without always having more and more salespeople on the ground and to be much more efficient in our sales cycles. We have discussed that, going into the future, we are expecting to see our EBITDA margin increase and to be much more efficient in how we are operating. And this is including also the sales operations side.

Of course, we're tapping into in '26 and also I would say 2027 as Tal mentioned, we are expecting to grow our market share much faster. So I do believe that we will increase our sales force in a way, but when we are looking at the efficiency level, it's not going to be on the same scale in terms of how we are expecting to increase the revenue. Now, in terms of use of capital for H2, we are going to continue, of course, with the buyback as well, and we are tapping into M&A activities. I'll let Tal discuss about the M&A in a second.

It's also important to say we're constantly reevaluating our capital allocation. What are the needs that we have in terms of investing in our organic growth? And how we're planning to increase our market share going forward. We are looking, of course, at M&A opportunities, and to also increase our growth rates through M&As as well. And of course, capital return to the shareholder is also something that we are constantly considering and always trying to find the right balance. We still have 38 million in our buyback program that we believe will be utilized by the end of the year. We are hoping that it'll be ended as soon as possible, of course. And once this will be done, we'll reconvene, whether do we need to increase it or any more allocation. But as I said, we're constantly working on the balance between those three angles.

Tal, do you want to discuss a few words about the M&A?

Tal Jacobson, CEO:

Yeah. So I'll just echo everything that Elad said, and I'll say with regards to the headcount, as we progress with Perion One, we are moving a lot of things to automation, and we are moving a lot of our features to self-serve. So we do believe that as we progress, we're going to become more and more efficient. So we're setting up the company to grow the sales and grow the revenues, but not necessarily grow our headcount. As for the capital allocation, as Elad said, we still have a lot more revenue, a lot more funds to deploy into the buyback, and we hope to complete that as soon as possible. We are evaluating other M&A opportunities, but we're also doing a lot of work on how to deploy the rest of our capital. And this is in the work now. Jason, anything else?

Jason Helfstein:

No, that's it. Thank you.

Operator:

Thank you.

Tal Jacobson, CEO:

Thank you.

Jason Helfstein:

Thank you.

Operator:

Next question comes from Andrew Marok with Raymond James, please unmute your line and ask your question.

Andrew Marok:

Hi, thanks for taking my questions. I have two on two different topics, so it maybe makes sense to take them one at a time. First, with the Web revenue increasing 5% year-over-year, pretty good result given that we've heard concerns around AI Search impacts on publisher traffic. I guess how do you see the impact of that AI Search playing out for your Web business, given it's still the biggest part of your advertising segment?

Tal Jacobson, CEO:

So you're asking how we see Web and Search revenue going forward?

Andrew Marok:

No. So given AI searches impacts on publisher traffic, so on the Web formats, how do you see that Web business playing out in the potential risks from AI search?

Tal Jacobson, CEO:

Yeah, that's a great question. So as you know, I'm a big believer that web search and websites are not a segment that's going to continue to grow. But as we focus on marketers and budgets, I think human behavior might change. People are going to use less web search and less websites, but marketers are going to continue to look for audiences and deploy budgets. And we're channel agnostic, so if people are going to move towards TikTok, we're going to deploy that. If they're going to move to Meta or YouTube, we're going to be there. And as I said before, we're not really focusing on specific channels, we're focusing on customers. How do we get more customers to spend with us? Because we can deliver the outcome that they need. So I think you're absolutely right, if we're going to look at the future in the next few years we would probably see search and web starting to decline a few years, but then we'll see other channels starting to grow. As long as we're sitting with the advertiser itself and deploying their media investment towards outcomes, I think we're on the right path.

Andrew Marok:

Great. Thank you. And then maybe one-

Tal Jacobson, CEO:

Did that answer your question?

Andrew Marok:

Yeah, no, I appreciate that. And then maybe one on the performance CTV business. I think you mentioned in the prepared remarks and in the slide deck that you're targeting the mid-market customers. I guess how does that relate to, we have some firms already in market targeting the SMB segment. Is that something that you maybe intend to take on directly? Or is there a customer segmentation issue, where you guys can both coexist and go after different potential marketers? Thank you.

Tal Jacobson, CEO:

Absolutely. So that's a great question. As of now, we do not plan to do a self-serve feature for this for the middle market or local markets. We're continuing to attract holding companies, independent agencies and CMOs on a bigger scale, but also the middle market, wherever we can actually deploy their creative through our systems. As I said, a few months ago I think, is as we progress with Perion One, we're going to have more and more self-serve features, and that's where we're going to start looking at local markets and small businesses, but not for the next, at least year and a half. For now, we're just focusing on providing more outcome driven results or campaigns versus brand awareness. That's the major thing.

Andrew Marok:

Understood. Thank you.

Tal Jacobson, CEO:

Thank you.

Operator:

Our next question comes from Laura Martin with Needham. Please unmute your line and ask your question.

Laura Martin:

Hi there. I'll also ask two. One is on cost [inaudible 00:13:49]. So could you talk about what's going on with the cost of revenue, why it's growing so much faster? And then secondly, could you update us on what you guys are doing with GenAI tools to try to integrate those into automating your Perion One products, please?

Tal Jacobson, CEO:

Yeah, good morning, Laura. We didn't hear the first question, so if you can repeat the first one and...

Laura Martin:

Sure. Just the cost of revenue, I think it rose 15% while your net revenue itself fell 4%. So I'm just wondering why the increase in cost of revenue?

Elad Tzuber, CFO:

So, hey, Laura, good morning.

Laura Martin:

Hi.

Elad Tzuber, CFO:

So, in terms of the cost of revenue, as you see, the retail vertical that we have is increasing. And as part of tapping more and more into retailers, we are providing more analysis also for the retailers and more reporting to that. But I would echo an important thing on that, and also, of course, the hosting services that we have, part of our work this year and tapping into 2026 is about the efficiency of the business. And this is exactly the areas that we are working to automate more and more going into the year. And I do believe that already in the second half of the year, we'll start to see the cost of revenue, percentage of revenue, is increasing more and more already in Q3 and Q4. So I think what you see right now, it's the shift of the business towards more leaning, I would say, towards retailer businesses and more towards the advertising solutions.

Laura Martin:

Okay. And then GenAI?

Tal Jacobson, CEO:

Yeah, so GenAI, we're deploying, as you saw, we have Anat Paran, which is our new chief operating officer, and her first job is to see how can we streamline our entire operation with GenAI? This goes through our entire company from HR to use more GenAI to answer employee's question, to actually deploying the campaigns themselves through GenAI. We are focusing to streamline our entire company with GenAI for the operation part, so we can streamline our growth without increasing our headcount as we grow. Does that answer your question?

Laura Martin:

Yeah, it definitely does. Thank you so much.

Elad Tzuber, CFO:

Thank you.

Tal Jacobson, CEO:

Thank you.

Operator:

Our next question comes from Jeff Martin with Roth. Please unmute your line and ask your question.

Jeff Martin:

Thanks. Good evening, guys. I wondered if you could comment on any noticeable shifts in trends on digital out-of-home, that's obviously your biggest strength at this point from a growth perspective. You

mentioned some geographic expansion. Is that mainly focused on digital out-of-home? And how significant do you see that geographic expansion contributing over the next six to 18 months? Thanks.

Tal Jacobson, CEO:

Yeah, thank you. So yes, the new partnerships that we've announced are all through Digital out-of-Home (DOOH). We're seeing DOOH as our foot in the door in specific markets. But once we are there, we're already training our sales team on the ground to start selling our Perion Algo, which is the Greenbids that we bought, to start pushing Pelion Algo in those countries. So we're seeing a combination. And we're starting to see a lot of cost pollination in between our products. We're starting to see digital out-of-home together with CTV campaigns, Digital out-of-Home together with Perion Algo. So when we have a feature that is pretty unique for us, which is the out-of-home part, it gives us the ability to get into an agency in a smoother way, because we don't have a lot of competition. And once we're there, we're actually presenting our entire suite of solutions, and then we're starting to create those cross-selling. So our out-of-home is mainly a strategy of expansion, and then we do the cross-selling and the synergies. Does that answer your question?

Operator:

As there are no further questions, I shall now pass to Tal Jacobson for closing remarks.

Tal Jacobson, CEO:

Thank you everyone for joining us on our earnings of Q2. We hope to see you together in our next earnings when we report our progress on our strategy and business. Thank you.