

Perion Q4 and Full Year 2025 Earnings Call | Perion | February 18, 2026

Moderator:

Hello everybody and welcome to the Perion Network Q4 and Full Year 2025 Earnings Call. Today's conference is being recorded, and an archive of the webcast will be posted on the Company 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, performance or achievements to be materially different, and any future results, performance or achievements anticipated or implied by these forward-looking statements.

The company does not undertake to update any forward-looking statements to reflect future events or circumstances. As in prior quarters, the results reported today will be analyzed both on a GAAP and a non-GAAP basis. While mentioning EBITDA, we will be referring to adjusted EBITDA. We have provided a detailed reconciliation of non-GAAP measures to their comparable GAAP measures in our earnings release, which is available on our website and has also been filed on Form 6-K.

Hosting the call today are 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 fourth quarter and full year of 2025.

2025 was a defining year for Perion. For a company that has been around since 1999, we consider 2025 as Year One for the new Perion – A year in which we changed everything except our name.

We redefined our mission, our strategy, our technology, our organizational structure, and even our executive team – all in one year.

Today, we will summarize the results of the pivotal path we took 12 months ago. We will present the Q4 results that give us confidence in our Perion One strategy.

We will also cover our 2026 guidance, and our 3 year organic plan, based on the momentum we're seeing.

In 2025, we started building Perion One as a centralized platform for marketers.

We integrated our technologies, expanded strategic partnerships, and introduced new innovations to drive growth.

We are now introducing the next phase of Perion One, deepening our technology and becoming an AI-native execution infrastructure that delivers measurable results across channels, platforms, and verticals.

Outmax, our AI execution Agent, is already getting into more and more channels, delivering meaningful results for our customers.

Perion One is becoming the infrastructure that allows our clients to harness the power of AI agents, to execute all their media activities.

Let's start with the fourth quarter performance.

I'm happy to share that we delivered strong results in Q4. Our main growth engines – CTV, Digital Out-of-Home, and Retail Media – all delivered double-digit year-over-year growth, significantly outpacing the market.

We accelerated our contribution ex-TAC faster than the revenue growth \ We delivered strong adjusted EBITDA growth, and generated meaningful operating cash flow, demonstrating that we continued to operate with discipline.

This combination of growth and profitability reflects the strength of the infrastructure we are building, AND our ability to execute in a highly dynamic market.

The global advertising ecosystem is both massive and complex.

Marketers navigate in a fragmented universe of screens, platforms, formats, and buying environments, while being held to higher standards of performance and accountability.

Budgets, signals, and optimization are often siloed by channel. That fragmentation is where efficiency and performance break down. This is the core challenge we've been focused on solving.

We built Perion One to unify the fragmented ecosystem. Its AI-powered execution infrastructure enables marketers to harness AI Agents to perform highly complex marketing activities.

Perion One helps advertisers make confident decisions faster and continuously optimize every campaign in real time \ It also helps publishers 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.

At the center of Perion One is Outmax, our AI-native execution agent that drives results for our customers. Outmax's goal is to be the one AI agent for every channel.

Whether it's YouTube, Facebook, Instagram, NBC, Disney+, or Digital Out-of-Home — Outmax acts as the intelligent execution agent that ensures every dollar spent is working at its maximum potential.

It removes the guesswork and replaces it with algorithmic certainty, allocating spend, managing pacing, and optimizing outcomes in real time. Outmax is already showing strong results for our customers.

Let's take a look:

[Play video](#)

Here is a strong example of how Outmax AI agent performance drives trust and scale.

The Outmax algorithmic model started with a specific advertiser on a \$50,000 YouTube budget test in 2023. The performance justified a budget expansion as we grew the spend to \$4.5 million in 2024 and to \$20 million in 2025.

When technology drives performance, scale comes organically.

Another example comes from our Digital Out-of-Home technology, where we're seeing the same pattern. In late 2025, we launched our Digital Out-of-Home player, which became the marketing operating system for Out-of-Home publishers.

An Out-of-Home publisher that integrated this solution in September 2025 scaled from a spend of 200 euros per month to over half a million euros per month in just 90 days.

This is not an isolated win. It demonstrates the repeatability of our execution model across environments and formats.

It's the Perion One infrastructure that scales performance and creates stickiness among our customers.

This next example shows how execution and optimization come together in Outmax for CTV. With Webroot, we applied AI-driven optimization to continuously improve performance.

Outmax drove a significant reduction in cost per action and an uplift in site visitation that led to week-over-week efficiency improvements.

It is also important to note that Webroot had full transparency into performance, allowing them to see what was working and scale with confidence.

All these examples prove that the outcome is consistent across different brands, channels, and formats.

The Outmax Outcome Delta represents how we think about our AI agent models — models with one purpose: to create consistent incremental uplift for our customers.

It is the difference between having an army of media traders executing manually versus our Outmax AI agent optimizing in real time.

Following a short learning period, the Outmax agent continuously applies dynamic bid and execution adjustments across dimensions, reallocating spend based on live performance signals.

This execution capability directly translates into how customers consistently increase ROI at scale with us and why this execution model is trusted by some of the world's largest brands.

Perion's technology serves 52 of the Fortune 100 companies in the US across industries including retail, pharmaceuticals, airlines, technology, media, financial services, and insurance.

This wide variety reflects trust in our execution model regardless of vertical.

One of the most exciting aspects of the new Perion is the level of strategic partnerships we are attracting. We are partnering with the most advanced companies in our industry to accelerate our growth.

This quarter, we launched three new partnerships with Amazon, Walmart, and Mastercard.

Through our Amazon partnership, we combine Amazon's unique audience data and measurement capabilities with our AI-driven creative technology and premium

inventory. This strengthens Perion's long-term programmatic revenue potential with commerce brands.

Our AI-powered Dynamic Creative Optimization is now integrated with Walmart Connect's first-party audience and sales insights. This helps advertisers personalize campaigns, drive incremental sales lift, and improve ROI.

With Mastercard, we are integrating aggregated purchase insights across the U.S. and Europe, particularly strengthening our Digital Out-of-Home and CTV execution.

Together, these partnerships extend the power of our infrastructure.

Collectively, these achievements reflect a structural shift in our business. 2025 marked Perion's transition from reset to execution and scale.

We established Perion One as our AI-native execution infrastructure. We unified our brands, technology, and data into a single operating system powering planning, activation, optimization, and measurement.

Our growth engines re-accelerated. CTV, DOOH, and Retail Media showed clear momentum and drove Advertising Solutions back to growth.

We strengthened execution across the organization, simplified the operating model, refreshed leadership, and increased focus and speed.

At the same time, we deepened our AI capabilities, introduced advanced execution algorithm agents, and expanded performance solutions across channels.

Importantly, we returned to year-over-year growth in the second half of the year, demonstrating operating leverage and improved cash flow strength.

Taken together, 2025 repositioned Perion for scalable, durable growth. This foundation supports our forward targets.

By 2028, we expect Perion One to represent the vast majority of our business, with legacy activities remaining stable and no longer defining growth.

Our 2028 targets include three main KPIs — two for accelerated organic growth and one for EBITDA margin expansion:

Perion One pro-forma spend CAGR of at least 25%

Contribution ex-TAC CAGR of at least 20%

Adjusted EBITDA margin reaching 28% of Contribution ex-TAC

These targets are supported by structural growth drivers, including continued expansion of our AI agent across CTV, Digital Out-of-Home, YouTube, Meta, Web, and Retail Media.

This aligns with the market-wide shift toward performance advertising, directly supporting the Perion One offering.

Internal AI-driven automations improve operating leverage, while disciplined cost management and targeted investments in go-to-market and innovation ensure we scale efficiently.

This is scalable growth built on execution.

With that, I'll now turn it over to Elad Tzubery, our CFO, who will walk you through the financial results for the fourth quarter, full year 2025, our 2026 guidance, and our targets for 2028.

Elad Tzubery, CFO:

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

Our fourth-quarter results mark a definitive turning point for Perion.

Over the last 18 months, we focused on unifying our advertising solutions under the Perion One strategy. We are now seeing substantial financial impact.

This quarter demonstrates the power of our execution. It reflects on our top three financial metrics:

We delivered 19% year-over-year growth in Contribution ex-TAC, resulting from our Go-To-Market strategy. We achieved a 53% surge in Adjusted EBITDA, resulting from the efficiency measures we built earlier this year, and we generated over 400% year-over-year increase in operating cash flow, which enabled us to end the year at almost 90% Adjusted FCF to Adjusted EBITDA ratio.

The Perion One platform continues to fuel our three growth engines — CTV, Retail Media, and DOOH. Even more importantly than the outstanding performance of these engines, they are also consistently outgrowing the market. We expect this momentum to continue, serving as the primary catalyst for our future expansion.

We are entering 2026, with a highly efficient operating model. Strong cash generating abilities and a clear long-term financial roadmap to continue our top-line growth.

Our strong financial results, the successful implementation of the Perion one strategy, and our AI-based execution infrastructure are the foundations on which our 2028 Target-Plan is built on. We are backing this confidence in Perion's organic growth trajectory with action. We recently expanded our share repurchase program to a total of \$200 million, of which we already executed \$118 million.

Moving on to our key financial metrics for the fourth quarter.

Revenue for the quarter grew 6% year-over-year to \$137.1 million. More importantly, our Contribution ex-TAC, grew 19% year-over-year to \$65.2 million, significantly outpacing our growth in revenue.

Adjusted EBITDA reached \$24.3 million, an increase of 53% compared to last year. This implies an Adjusted EBITDA to Contribution ex-TAC margin of 37%, showcasing the operating leverage we have unlocked.

The strength of our underlying business model AND our consistent ability to generate cash proved itself effective once again.

During this quarter we generated \$21.8 million in operating cash flow. We ended the year with \$313 million in net cash, even after repurchasing shares at almost \$24 million in the fourth quarter alone.

Looking at the full year of 2025, revenue was \$439.9 million, and Contribution ex-TAC for the year was \$203.4 million. Adjusted EBITDA reached \$45.2 million, reflecting a 22% ex-TAC margin.

On an annual basis, we generated \$41.9 million cash from operations, representing a 504% year-over-year increase. Furthermore, our conversion rate of Adjusted Free Cash Flow to Adjusted EBITDA was an exceptional 89%. This proves that even during a transition year, Perion's business model is resilient, profitable, and highly cash-generative.

While our AI execution Infrastructure is channel agnostic, our strategic focus on the fastest-growing channels in digital advertising is bearing fruit. Our growth engines are both growing and outpacing the market.

CTV revenue grew 59% in the fourth quarter, and 42% for the full year, reaching \$62.1 million. As the shift from traditional linear TV to Connected TV advertising is accelerating, advertisers are increasing their CTV spend, looking for performance and measurement. This is exactly what Perion is offering.

DOOH revenue grew 28% in the quarter and 36% for the full year to \$94.9 million. This was driven by our expanded global footprint, and our complete, end-to-end DOOH full-stack solution.

Retail Media also continues to be a star performer. Revenue increased 42% in Q4 and 36% for the full year, and more than doubled the market growth. As we integrate more deeply with industry-leading retail partners, like Walmart and Albertsons, we are seeing higher stickiness and recurring spend from top-tier brands. We expect to continue to capture market share in this rapidly expanding vertical.

Looking at our revenue mix for Q4 and the full year, we see the continued shift toward Advertising Solutions that stands at the core of Perion One.

Advertising Solutions revenue increased by 7% year-over-year in Q4. This demonstrates the growing portion of CTV and DOOH, which accounted collectively for 44% of revenue in the fourth quarter and 36% in the full year 2025, accelerating from 34% and 23% respectively, last year.

Web declined 17% year-over-year in the fourth quarter, and 13% for the full year. It is important to note that on a pro forma basis, when neutralizing the lower-margin activities that were discontinued in late-2024, Web revenue declined 12% in the quarter and only 1% for the full year.

Search revenue increased 3% year-over-year in Q4, and we expect it to remain stable going forward.

Contribution ex-TAC in the fourth quarter grew by 19% year-over-year to \$65.2 million, representing a margin of 48%, compared to 42% last year.

For the full year 2025, contribution ex-TAC margin was 46%, compared to 43% last year.

As we move forward with our strategic plan, and add more customers to the Perion one platform, we expect a shift in product mix that will grow our contribution excluding TAC at a faster pace compared to total revenue. This measure better represents our top-line performance than revenue alone.

Adjusted EBITDA for the fourth quarter surged 53% year-over-year to \$24.3 million, representing 37% of contribution ex-TAC and 18% of total revenue. This compares with 29% and 12%, respectively, last year.

The fourth quarter is the second consecutive quarter that delivered year-over-year margin expansion. This reflects our improved operational leverage, and is a result of the disciplined cost management structure we implemented earlier this year.

We have successfully decoupled our expense base from our revenue growth, allowing a higher share of each incremental dollar to flow to the bottom line.

As we increase our investments in innovation and go-to-market initiatives, we will also continue to optimize our cost structure.

Those efforts, along with the scaling of our Perion One platform, will allow us to further expand our margins gradually over the next years .

GAAP net income in the fourth quarter was \$8.0 million, or 19 cents per diluted share, a 61% increase compared to the fourth quarter last year.

On a non-GAAP basis, net Income for the fourth quarter was \$21.4 million, or 49 cents per diluted share. This reflects 30% increase compared to the fourth quarter last year.

For the full year, GAAP net loss amounted to \$7.9 million, or a loss of 19 cents per diluted share.

On a non-GAAP basis, net Income for the year was \$51.3 million, delivering a Non-GAAP Diluted earnings per share of \$1.13.

In the fourth quarter of 2025, cash generated from operating activities significantly increased to \$21.8 million, and our Adjusted Free Cash Flow grew to \$20.7 million.

On an annual basis, cash generated from operating activities significantly increased to \$41.9 million, and Adjusted Free Cash Flow grew 142% to \$40.2 million. This reflects an 89% free cash flow conversion ratio, among the highest in our industry.

Turning to the balance sheet.

As of December 31, 2025, our balance sheet remains very strong and includes \$313 million in cash, cash equivalents, short-term bank deposits, and marketable securities.

Our strong cash position gives us the financial flexibility to support our balanced capital allocation framework. First, it supports organic investments in our AI infrastructure and an aggressive go-to-market strategy. Next, it allows us to fund our share repurchase program, and lastly, it provides us the flexibility to pursue M&A opportunities that align with our Perion One strategy.

Looking ahead, we expect to continue to generate positive free cash flow and maintain a strong conversion ratio.

We remain committed to returning value to our shareholders. In the fourth quarter alone, we repurchased 2.5 million shares for a total amount of \$23.9 million.

Since the initiation of the program, we have returned over \$118 million by repurchasing 12.9 million shares.

Reflecting our confidence in our 2028 target plan, our long-term value proposition, and our cash generation ability, the Board has recently authorized an expansion of the share repurchase program from 125 to a total of \$200 million. At our current valuation, this program represents in full a 56% return on our market cap.

2025 served as a year in which we focused on consolidating our Perion One platform.

We introduced new advanced solutions, implemented Outmax – our agentic AI execution agent, and built the foundations for growth with efficient scale. We expect 2026 to be the year we begin to scale.

For the full year 2026, we expect: Contribution ex-TAC of \$215 to \$235 million, and Adjusted EBITDA of \$50 to \$54 million.

Looking ahead for the next three years.

Our strong results, the successful enrollment of the Perion one strategy, and the AI-based execution infrastructure we have been building, provide us with the substantial foundations for the 2028 Target Plan we present to you today.

As we become the AI execution infrastructure of Digital Advertising, Spend becomes a leading indicator for our platform's adoption and scale. It represents the total media spend running through our platform.

On a Pro forma basis, Perion One's spend grew at a CAGR of 34% in the 2022 to 2025 time frame. Due to our investments in Go-to-Market, our innovative solutions that allow us to attract new customers, and Outmax's ability to improve ROI and retain customers – we remain confident that the growth trajectory, will continue, moving forward.

We project that Perion One's Spend will continue to grow at a pace of at least 25% CAGR through 2028.

The other legacy parts of Perion, primarily our Search activities, are expected to slightly decrease going forward and remain relatively stable.

Diving deeper into Perion One.

On a Pro forma basis, Perion One contribution ex-TAC grew at a CAGR of 19% across the 2022 to 2025 time frame. Moving Forward, the surge in Spend is expected to translate into growing Contribution ex-TAC. This provides us with confidence to target a Contribution ex-TAC CAGR for Perion One of over 20% through 2028.

Our confidence in this target is supported by three key catalysts: First, the ongoing strength of our Growth Engines – CTV, DOOH, and Retail Media – continues to provide significant organic tailwinds. Second, the broader market shift to Performance Advertising aligns perfectly with Perion One's offering. Outmax, our AI Agent, demonstrates higher ROI for advertisers, establishing our solutions as value-driven Products. Third, our value proposition attracts new customers and drives expansion within existing ones, reflected in our 'Land and expand' business model.

It is important to emphasize that this growth will be purely organic, driven by the Perion One flywheel.

Starting 2026, we expect Perion One to comprise 85%–90% of the consolidated Contribution Ex-TAC. Moving forward Search is becoming a smaller portion of the contribution ex-TAC mix, completing our transition to a Perion One pure-play growth story.

The rapid growth of Perion One's Spend and Contribution ex-TAC will be accompanied by a balanced approach to profitability. We are targeting an Adjusted EBITDA to Contribution ex-TAC margin of 28% by 2028.

Achieving this margin expansion relies on two complementary levers: First, Efficiency. We will continue to drive internal efficiency, and utilize AI-based automation to optimize our cost structure. Second, we will Invest to Scale. We plan to strategically deploy capital into Go-to-Market and innovation. While this requires upfront investments, it is essential to expedite growth and ensure we capture the full potential of our platform in the long term.

As a result, Perion's consolidated profitability margins are expected to expand into 2028.

We have always prided ourselves on being a highly profitable and cash-generative business, and our 2028 Target plan is designed to amplify that. Even as we continue to invest in our AI infrastructure, we expect to maintain a high adjusted FCF conversion ratio.

To summarize, the Perion One model is a combination of top-line growth, increased efficiency, and strong and sustainable cash flow generation.

Perion enters 2026 stronger and more focused than ever. We have the technology, the balance sheet, and the strategy to deliver significant value to our shareholders.

With that, I will turn the call back to the Operator for questions.

Moderator:

We'll now begin the Q&A session. If you wish 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 comes from Andrew Marok at Raymond James. Andrew, please unmute your line and ask your question. Thank you.

Andrew Marok, Raymond James:

Hi, thanks for taking my questions. Two, I could. Can we please start on the 2026 guide? A little bit of a wide range there, about 10 percentage points worth of growth. So, I guess, can you walk us through what the low-end versus the high-end

assumptions are there, and what you're maybe thinking for political impact in the second half of the year?

Elad Tzubery, CFO:

Yes, yes. Hi. Thank you. The guidance for 2026 represents the current view of the business. We expect to see a gradual decline in search and our other legacy activities, and in parallel, a sharper increase in the Perion contribution ex-TAC.

Given the market dynamics we see today, we see shifts towards performance and within that, I do believe that Outmax will be able to deliver, will be able to capture more scale into our Perion One. Right now, how we're seeing 2026 in terms of the budget span, we see that advertisers are planning for shorter cycles. The visibility remains three to six months, and since right now we're at the beginning of the year, we decided to stay disciplined in how we're seeing it, and taking into account that second half of the year with the seasonality of Adtech is taking much more jump.

Andrew Marok:

Got it. Thank you. And then maybe a follow-up on that. I haven't run through all of the numbers, but it seems that there's an acceleration implied going from '26 in the context of your 2028 guide, accelerating off of '26 into '27 and '28. Is that just an impact of the mix shift away from search and toward the Perion One platform, or are there things like incremental product launches and things like that that are contemplated over the course of your medium-term guide? Thank you.

Elad Tzubery, CFO:

Sure. We're not actually taking into account a new propositions and products we'll add to the market. You take on the point, the growth of the Perion One platform together with the search declining will actually bring and expedite the growth towards 2028.

Moderator:

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

Eric Martinuzzi, Lake Street:

Yeah. I saw that one of your announcements in the past quarter was the integration with the Amazon DSP. Just wondering if you did see wallet share gains with your advertising, both brand and agency advertisers. And then what does that mean for the ramp in 2026? And I have a follow-up.

Tal Jacobson, CEO:

Yeah, absolutely. So the Amazon DSP, you know, that request actually came from our customers for a long time to use our DCO, our Dynamic Content Optimization with our inventory through the Amazon DSP. So we've been working with Amazon for quite a while on that integration and we're extremely happy about it. We think that's going to open up a huge opportunity for us. As we just launched this, there's obviously there are things that are going through this, but it's just getting started.

Eric Martinuzzi, Lake Street:

Okay. And then, as far as each of the DSPs also has AI tools to optimize spend across... through their relationships with advertisers, what are you hearing from advertisers as far as the prioritization of using Perion One to manage campaigns as opposed to leaving in place spend at traditional legacy DSP?

Tal Jacobson, CEO:

Yeah, that's a great question. I think that's really where we're focusing on. We're not trying to replace other DSPs. I think... I would carefully predict that all DSPs are going to have their own AI tools if some of them don't already have them. But that's not the case for us. What we're trying to do is to be a layer above all of those DSPs and optimize cross-channel and understand where things operate the best. And that's based on the goal. So if the goal is to drive more people to websites, the goal is to drive more people to physical stores. the goal is to install an app, that is the goal, and then our AI agent can actually run across all DSPs, and figure out on that specific goal where would that make the most sense and get the best outcome.

So even though currently most of AI tools that we're seeing out there are mostly UI based and not the execution there, I'm sure people are going to add more execution parts, but our execution infrastructure is built in a way where other AI agent can interact with our AI agent and based on that, get the best yield for the advertiser. So it's a different play. We're not optimizing for inventory, which every DSP optimized for its own inventory. We're optimizing for the outcome of the advertiser across all inventories, which is really the big thing we're trying to solve for that industry.

Eric Martinuzzi, Lake Street:

Understand. Thanks for taking my questions.

Tal Jacobson, CEO:

Thank you.

Moderator:

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

Jason Kreyer, Craig Hallum:

Thank you, guys. Appreciate it. So I just want to start out talking about Outmax. If you can talk about maybe what the adoption has been the course of over the last couple of quarters, and then are there any barriers to marketers adopting Outmax?

Tal Jacobson, CEO:

Yeah, absolutely. Thanks for the question. We're seeing strong adoption, and we've shown only one example what we have. We have many example how the land and expand actually works with Outmax. Outmax is really all about performance. So even though we're extremely excited about the level of technology we have here, our advertisers are actually excited about the level of performance it drives, and we're seeing anything between 40 to almost 80% uplift with some of our advertisers. And we know it usually starts from budgets for tests, and then pretty quickly it goes into getting more and more budgets, but it's all performance-driven. So we're seeing great success with that.

Jason Kreyer, Craig Hallum:

And broader question just on Perion One. Over the course of the last year, as you've rolled this out, and you've worked with new customers to onboard, are you seeing anything unique in terms of selling cycles or are you seeing selling cycles compress at all over time now that that's been in the market longer?

Tal Jacobson, CEO:

Yeah. So we are seeing people talking less about specific features and more about the outcome of the feature. So people in the past, they were tending to look at specific features or specific channels. Now they mainly care about the performance at the outcome. So that's why it makes sense that we combine everything into one AI agent where just tell us what you're trying to achieve and let the agent figure it out. So that made our sales cycle shorter. It's easier to get testing budgets and then through showing actual results increasing that the amount we're getting from the clients.

Jason Kreyer, Craig Hallum:

All right, great. Thank you.

Moderator:

Thank you. Our next question comes from Steve Hormin Oppenheimer. Steve, you may unmute your line by pressing star six and ask your question.

Steve Hormin, Oppenheimer:

Hi, this is Steve Orman on for Jason. So just one question from us. So with the very strong 28% guide for 28 EBITDA margin versus I guess this year is around 23. So just if you could double click on what underpins your confidence in achieving that between cost of revenue efficiencies or OPEX or anything of that nature, AI initiatives. Thank you.

Elad Tzuber, CFO:

Sure, thank you. So I would start by saying that we already seeing the progress that we did this year with our efficiency. Q4 results are proving... we jumped from 29% last year in Q4 to 37% this quarter. We took a lot of efficiency measures already this year, and we'll continue to invest in them, specifically around the G&A and cost of revenues, using automation and AI tools that we implemented and build on our day-to-day operation. Together with that, we are seeing increase for next year for 23% since we are about to invest as well in go-to-market and in R&D. So as we'll progress along the years, we'll see more of our ex-TAC growth as a result of our for performance, then we're definitely going to see the impact of what coming as well to the EBITDA to Contribution ex-TAC ratio. So it's a combination of those two.

Moderator:

Thank you. As a reminder, if you wish to ask a question today, 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 next question comes from Laura Martin at Needham. Laura, you may now unmute your line and ask your question. Thank you.

Laura Martin, Needham:

Sure. So my first question is on the web. I think you said it was down 17%. So I'm really ... Can you hear me okay? There you go.

Tal Jacobson, CEO:

We just lost you for a minute. Repeat that, please.

Laura Martin:

Okay. Sure. So the first one is on Web. I think you said the web piece of the business was down 17%. And so I'm interested in is that because I'm interested in the fundamentals behind that. Is that CPMs are under pressure or traffic is down

because we have AI answers not sending visitors to websites, or is that ... Tell me what's going on on the fundamentals of web. That's my first question.

Elad Tzubery, CFO:

Hi, Laura.

Laura Martin, Needham:

Hi.

Elad Tzubery, CFO:

With respect to web, the decline is driven from two different reasons. First of all, it's proactive. If you remember, we shut down low tech and low margin legacy activities at the beginning of '25. So that's part of the decline. If we are on a pro forma basis, if we're neutralizing that, Q4 decline was 12% and overall on a yearly basis, it was quite flat. I think that the second reason is that actually the human behavior is shifting towards other Walled Gardens. But it is important to remember that current one is a channel agnostic. Outmax is optimizing for the ROI of the advertisers without necessarily specification of a certain channel. It's programmed to hit certain KPIs that are defined by the customer and whatever channel presents the best ROI, this is where we're going to see the spend. So, it's really a channel agnostic play.

Laura Martin, Needham:

Okay. And then my other question was customers. So to your point about the fact you're not really a DSP. You're sitting on the layer above that because you want to optimize for brand advertising for the advertiser. It feels like there's going to be a big shift in your customer, what kind of customer you're calling on. So can you talk about that please?

Tal Jacobson, CEO:

Sure. I'm not sure we're going to have a shift in the type of customers. We're still dealing with ... the majority of our clients come through agencies, but some of them are brand direct. But I think the way we interact with customers is definitely going to change. Up until a year ago, we interacted with them based on specific products or channels, we're now looking at the more holistic approach at let's look at the entire budget. Let's figure out what are we trying to achieve, let's see if we can get you guys on better performance. Not necessarily switching between DSPs, but necessarily optimizing algorithmic approach into driving more performance. So the algorithm might choose different creatives, it might choose different audiences, might choose different devices, but that's the focus. So we're actually, it's the same type of

customers, different level of conversation, which is more holistic and a broader approach.

Laura Martin, Needham:

Okay, great. Thanks very much. Good numbers you guys. Thank you.

Tal Jacobson, CEO:

Thank you, Laura.

Moderator:

Thanks, Laura. Our next question comes from Jeff Martin at Roth. Jeff, you may now unmute your line and ask your question. Thank you.

Jeff Martin, ROTH:

Thank you. I was just curious if you could touch on, at least in your core growth areas, the market share gains that you've achieved over 2025. What has been the biggest contributors to the outpaced growth relative to the industry? And could you touch on the sustainability of that outpaced growth? Thanks.

Elad Tzubery, CFO:

Sure. I think we see it in the growth in Q4 definitely came from the more growth engines than we see. CTV led with almost 60% year-over-year growth, digital out of home for 28%. The retail media vertical once again increased 42% in Q4. So overall, all of our growth engines were really outpaced the market by double or triple than the industry. And I think this is part of the power of the value proposition that we are inviting to customers around, specifically around those channels. This is, as we said, this is the foot in the door always to gain more spend and budgets when we see this in Q4 results.

Jeff Martin, ROTH:

Thank you.

Elad Tzubery, CFO:

Thank you, thank you.

Moderator:

Thank you. This now concludes the question and answer session. I will hand the call back to Tal Jacobson for closing remarks. Thank you.

Tal Jacobson, CEO:

Thank you for joining us at our Q4 and full-year 2025 earnings call, and thank you for being part of our journey. We'll see you next time. Thank you.