

Perion Q2 2026 Earnings Call | August 10, 2026

Moderator:

Hello everybody, and welcome to the Perion Network second quarter 2026 earnings conference call. Today's conference call is being recorded. 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 and risks, uncertainties, and other factors, including those discussed under the headings risk factors and elsewhere in the company's annual reports on Form 20F that may cause actual results, performances, 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 and their comparable GAAP measures in our earnings release, which is available on our website and has also been filed on Form 6K.

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

Tal Jacobson:

Good morning, and thank you for joining us on Perion's earnings call for the second quarter of 2026. Nearly two years ago, we made a deliberate decision to diversify Perion away from the open web. We quickly adapt to the demands of the marketplace ahead of the budget shift the industry is experiencing today. This diversification was driven by both our organic investment in CTV and retail media and our M&A strategy from Hivestack & Digital Out-of-Home to Greenbids and the Outmax AI Agent. Ever since, we've been doubling down on that strategy, and this quarter results reflect that conviction with strong traction across all our key growth engines. In the second quarter of 2026, we saw a massive adoption of the Perion One platform and its product lines. This reflects a growing advertising trust and accelerating adoption of our solution across our client base. CTV, retail media, and digital out-of-home all outpaced the market, and our advanced AI technology Outmax continue to scale rapidly with a triple digit year-over-year spend growth.

We also continue to expand our reach this quarter, both geographically and in the depth of our platform capabilities. In retail media, Best Buy Canada selected Perion as its end-to-end in-store retail media technology partner, which is now available to our retail and digital out-of-home advertisers. As part of our strategy to double down on retail media and digital out-of-home, especially with in-store inventory, we expect those new partnership to unlock new budget from high growth verticals, the same verticals that are targeting consumers at the moment of purchase decisions. This quarter, we also added a new distribution partner to bring Outmax to Greece and to the Central and Eastern Europe. This partnership

extended our reach into new regions through the partner-led model. On the technology side, we extended our full stack digital out-of-home infrastructure into Google DV360, giving buyers the ability to activate our programmatic guaranteed inventory through Google's media platform. We also launched an agentic self-serve mobile application within Perion One, which we call Ask Perion. This upgrade transform our execution capability to be more accessible to advertisers and agencies.

New distribution channels, new retail media, and each out-of-home partnership, and advancing our technologies are exactly what's driving the sustainable momentum we're seeing across our growth engines. Marketers navigate a universe of channels, screens, platform, formats, data sets, and buying environments, all while consistently chasing higher performance. Budget signals and optimization remain siloed by channels. This fragmentation is exactly what breaks efficiency and performance. Perion One is designed to close that gap with advanced technology-driven solutions. Perion One is our unified AI native execution infrastructure for advertisers. It is built to plan, activate, and optimize advertising campaigns across CTV, social, digital out-of-home, retail media, and open web. At the center of Perion One is Outmax, our proprietary AI agent continuously optimizing outcomes across channels and platforms. Perion One is an infrastructure, not a tool set.

Here's what it looks like in practice. The advertiser's entry point is Perion One, our platform and AI execution layer. Under the hood, whenever we need outcome-driven activations, Outmax operates as an agent that plans and executes on our advertisers' behalf. Perion One leverage multiple connections to audiences, data, and measurement technologies, including our own sort audience segmentation technology. From there, Perion One reaches into the channels themselves, every major open and well guarded DSP and SSP from YouTube, Meta, TikTok, and the broader open web, plus our own Perion-owned digital out-of-home DSP and SSP. It's an open ecosystem with effectively unlimited connections we keep adding, giving advertisers the reach to the entire global market.

Outmax, our AI agent, works across all major channels, which allows us to optimize complex campaigns and drive better business outcomes to advertisers. Outmax removes the guesswork and replace it with algorithm certainty, allocating spent, managing pacing, and optimizing outcomes inside Perion One and beyond.

This quarter, we introduce Ask Perion, sparking deeper conversation with CMOs and agencies eager to get ahead of the agentic media buying curve. Ask Perion puts the power of Perion One directly into the hands of advertisers and agencies through a simple conversational interface. Ask Perion is about making sophisticated execution more accessible to more customers. This expansion gives our customers easier access to our technology while embedding Perion One more deeply within the infrastructure they use.

This quarter, Best Buy Canada selected Perion as its end-to-end in-store retail media technology partner for its digital signage network. Using Perion's ed server SSP and header bidding technologies, Best Buy Canada is moving from a fixed loop-based signage to a programmatic retail media model that selects ads dynamically. This technological adoption is designed to give advertisers more measurable in-store retail media campaign capabilities. For Perion, this partnership expands our retail media reach, deepens our role as a full stack infrastructure partner, and supports a repeatable model for building more predictable infrastructure level revenue streams over time.

This full stack infrastructure is also becoming easier for buyers to access. We added programmatic guaranteed deal execution for our digital out-of-home directly within Google's DV360 media platform. This gives buyers access to premium digital out-of-home inventory through their primary DSP. With fixed pricing, committed inventory, and predictable delivery, this capability is available across our full global digital out-of-home supply reach, covering more than 1.6 million screens in over 40 countries. By bringing guaranteed digital out-of-home buying into the same workflow advertisers already use for

display, video, and CTV, we are making our supply more accessible and expanding its monetization potential.

We are also extending our reach geographically through our capital efficient partner-led model. Most recently, we partner with Acrossmedia241 to bring Outmax to agencies and brands across Greece and the broader Central and Eastern European region. Acrossmedia241 brings established relationships across agencies, national tourism boards, and international buying desks, as well as existing experience with Perion's digital out-of-home technology. Through this partnership, Outmax can be applied across major digital channels and optimize toward advertisers' defined business outcomes. This builds on a distribution model we've already applied in other markets. The partnership is expected to accelerate Outmax's path to revenue growth and extend our reach with low incremental costs and margin accretive growth potential.

This quarter, we also added a new data partnership with Fetch, the leading consumer reward and purchase intelligence platform, access through LiveRamp. This gives our advertisers access to verified SQ level purchase data from over 13 million monthly active users and 26,000 plus merchants. Purchase behavior is the most direct signal of consumer intent, and accessing it at the scale outside the closed platform has been a persistent industry challenge. Fetch data spends more than 1,300 retail agnostic segments from category level shopper profiles to SKU specific competitor targeting. Take it together, those initiatives show how Perion One scales. First, by embedding more deeply with enterprise customers. Secondly, by expanding access to our infrastructure. And finally, by extending Outmax into new markets through our partners. This reach and trust are the foundation of our land and expand model, giving us a strong base to deepen customer relationships and drive sustainable growth over time. With that, I will hand it over to Elad to walk through the financials.

Elad Tzuberly:

Thank you, Tal, and good morning, everyone. Our second quarter performance reflects our continued operational focus on driving scale and adoption across Perion One. In the second quarter, Perion One spend increased 15% year-over-year to \$156.7 million.

Elad Tzuberly:

This was driven by the strong momentum in CTV and digital out-of-home channels growing 56% and 45% year over year respectively. In addition, our retail media vertical spend grew by 60%, partially offset by continued softness in the open web advertising across the industry.

Perion One contribution ex-TAC came in at \$34.9 million down 4% year over year. This was driven by the use of promotional terms to acquire new accounts and drive incremental spend from existing customers, which temporarily impacted our take rates. As we scale the platform, take rates naturally normalized over time, though we expect them to modestly improve in the second half of the year.

Outmax, our AI agent, continued to scale rapidly with spend growing 136% year over year on a proforma basis reflecting strong adoption across walled gardens. Our focus on delivering advanced technological solutions is translating into tangible enterprise wins. During the quarter, Best Buy Canada selected Perion as its end-to-end retail digital out-of-home technology partner, deploying our complete ad server SSP and header bidding technologies to power one of the largest SSP enabled digital out-of-home media networks in Canada. This relationship validates our digital out-of-home business strategy, and it allows us to replicate this offering to other retailers, growing our retail media business globally. We also remain focused on creating immediate value through our shareholders' return program. Our highly disciplined approach to capital allocation allowed us to repurchase 2.7 million shares for \$24.5 million during the quarter.

Finally, based on our growing visibility going into the second half of the year, the strong momentum we are seeing in our pipeline, new strategic agreements, and the structural efficiencies we have secured, we are nearing our full year guidance ranges. We are adjusting the high end of our contribution ex-TAC outlook to reflect the softer first half while maintaining the midpoint of our EBITDA guidance. I will discuss this in more detail shortly.

Let's take a look at spend, the top line metric which reflect customer's adoption of Perion solutions. Total spend for the quarter increased 9% year over year, reaching \$194.7 million. More importantly, spend on the Perion One platform grew 15% year over year to \$156.7 million, accounting for 80% of our total spend. This compares to 76% in the same period last year, proving that our unified platform strategy is successfully attracting enterprise media budgets. This was driven by the continuous acceleration of our core growth engines. CTV spend grew 56% year over year to \$17.7 million. Digital out-of-home spend grew 45% year over year to \$87.7 million. Both continue to vastly outpace the broader market growth expectations as advertisers are actively shifting budgets towards Perion One to gain precise performance and cross-channel execution.

In addition, our retail media vertical spend significantly accelerated, growing 60% year over year to \$59.4 million. Retail media represents a strategic focus for Perion, bringing together our CTV, digital out-of-home, and display capabilities. Enterprise mandates like Best Buy Canada demonstrate our ability to modernize in-store media networks. This uniquely positions us to bridge the physical and digital worlds. The combination of physical and digital unlocks powerful synergies between in-store digital screens and external digital out-of-home screens, delivering a truly unified end-to-end customer journey that few in the industry can match.

Revenue for the second quarter was \$98.2 million, down 5% year over year. Contribution ex-TAC for the second quarter was \$42.3 million, down 11% year over year. Perion One contribution ex-TAC with \$34.9 million representing 83% of total contribution ex-TAC in the quarter up from 76% last year. Perion One contribution ex-TAC declined 4% year-over-year, mainly due to our use of promotional terms to acquire new accounts and drive incremental spend from existing customers through our platform. As we continue to scale the platform, we expect take rates to naturally normalize over time, though modestly improved in the second half of the year. As expected, search revenue declined 2% year over year, while search contribution ex-TAC declined 30% year over year. We continue to manage the search business to maximize cash flow to reinvest into Perion One, and return capital to shareholders through share repurchase program.

Adjusted EBITDA for the second quarter was \$2.8 million, representing a 7% margin of contribution ex-TAC. This includes a \$1.6 million of foreign exchange headwind. Excluding this foreign exchange impact, adjusted EBITDA would have been \$4.4 million. As we are scaling our top line and capturing more market share, we remain focused and disciplined on improving our operational efficiency. At the end of the second quarter, we executed targeted efficiency initiatives to optimize our cost base as part of this year's efficiency plan. While the second quarter did not benefit from these actions, we expect adjusted EBITDA margin to meaningfully inflect upward in the second half of the year to reach our full year targets.

On a GAAP basis, second quarter net loss was \$6.8 million, or 18 cents per diluted share. On a non-GAAP basis, net income was \$3.9 million or nine cents per diluted share. It is important to emphasize that the year-over-year increase in our GAAP net loss was almost entirely driven by negative foreign exchange impact to our non-operating finance income, and lower interest income from our cash balance. While our underlining operations remain profitable on a non-GAAP basis, the combination of these non-operating financial headwinds and the lower outstanding share count mathematically amplifies our gap loss per share this quarter.

However, we are making a highly strategic trade-off by aggressively executing our buybacks now. At depressed valuations, we are permanently reducing our share count. As our profitability scales in the second half of the year, and into 2027, this concentrated equity base is expected to serve as a powerful multiplier for future EPS growth. In the second quarter, we generated \$2.5 million in net cash from operating activities while adjusted free cashflow reached \$4.8 million. On a yearly basis, we expect to maintain a strong conversion rate relative to adjusted EBITDA as we did in previous years. This reliable cash generation provides us with the financial flexibility to fund our organic growth initiatives, invest in platform innovation, and support our shareholders' return commitments, all without stretching our balance sheet. As of June 30, 2026, we held \$268 million in cash, cash equivalents, short-term bank deposits, and marketable securities with zero debt.

During the second quarter, we continued the strong execution of our shareholder return program. We repurchased 2.7 million shares for \$24.5 million at an average price of \$9.12 per share. Since the initiation of this buyback program nine quarters ago, we have repurchased a cumulative total of 18 million shares for \$166.8 million. By the end of this year, we plan to fully execute the remaining \$33.2 million under the current plan. Repurchasing our stock at current valuations levels reflects our confidence in Perion's long-term value and future prospects.

Turning to our updated 2026 outlook, based on our increased visibility for the second half of the year and the momentum we see building in our pipeline, we are narrowing our full year 2026 outlook ranges. We now expect contribution ex-TAC of \$215 to \$225 million and adjusted EBITDA of \$51 to \$53 million, implying an adjusted EBITDA margin of 24% at the midpoint. Our confidence in meeting this guidance is driven by tangible second half catalysts. Leading these catalysts is the execution of large scale strategic agreements. These recently signed agreements are actively in the onboarding phase. Their material financial contribution is expected to kick in towards the end of the third quarter and accelerate moving forward. In addition, the continued scaling of Perion One growth engines combined with the streamlined sales organization is rapidly converting a robust pipeline into realized spend.

In parallel to our top line expansion, operational efficiency remains a core priority. In the first half of the year, we took decisive steps to optimize our cost structure and streamlined operations. These deliberate actions are yielding productivity gains and cost savings designed to positively impact our profitability starting in the second half of the year and beyond. With an optimized expense base and growing momentum across Perion One, we are scaling our business on a strong agile foundation and we remain completely on track to achieve our 2028 growth and efficiency targets.

With that, I will now turn the call back to the Operator for the Q&A sessions. Thank you.

Operator:

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 today, please press star nine. Our first question comes from Andrew Marok at Raymond James. Andrew, you may now unmute your line and ask your question. Thank you.

Andrew Marok:

Thank you for taking my questions. Maybe first on the Outmax and Ask Perion trends that you're seeing so far. Obviously, the double-digit growth in Outmax is great to see, but can you also talk about the synergy possibilities you see between Ask Perion and Outmax? And maybe more generally, what you're seeing with clients and tools like this are helping to make complex workflows more accessible?

Tal Jacobson:

Thanks, Andrew. You were breaking off, so I'll see if I got all of it. So Outmax grew, and continues to grow very fast. We do see synergies between our products as Outmax is now pushing out of CTV, retail, and social, and Outmax is becoming an integrated part of Perion One. It actually drives a lot of the AI technologies within the platform. Again, you were breaking up a bit, so I'm not sure I answered the entire question. So if I didn't, if you want to repeat the parts that were not answered, that would be great.

Andrew Marok:

I think you got most of it. It was really just the synergies between Perion and Outmax, both these agentic tools and how generally the agentic workflows that you're bringing to market are helping make some of these complex workflows for advertisers more accessible.

Tal Jacobson:

Yeah, so absolutely. The agentic solution that we have, including Ask Perion is fully integrated with Outmax. So R2X actually provides a lot of the answers within Ask Perion, including the suggestion of how do you reallocate budgets in between platforms. If you just completed a campaign on different social platforms, it will suggest what's next. So it would say, "I would put more money towards Open-Web, CTV or Meta or YouTube or whatever it is," but Outmax is becoming an even more integrated solution within our entire Agentic platform and Ask Perion obviously.

Andrew Marok:

All right, maybe one more if my audio will allow me. Can you talk a little bit about the trajectory toward your medium-term goals given the 2026 performance you're seeing so far? Are those still accessible for you and the path to get there? Thank you.

Elad Tzuberly:

Andrew, I'm sorry. It's very hard hearing you. If you can repeat it for a second.

Andrew Marok:

Just talking about your medium-term goals and the 2026 performance so far. If you are still on track for the medium-term goals at the beginning of the year and the track to how to get there.

Elad Tzuberly:

Got it. All right. So I think we're looking at the H2 of 2026, we are starting right now to onboard some strategic agreements we have discussed about in Q1. They were recently signed, we're seeing them right now onboarding into our pipeline. And we see all of our growth engines continued to generate healthy pipeline as we are looking at Q3 and Q4. And looking at last year as well when we see the ex-TAC and EBITDA had weighed on the second half of the year, right now we have the right visibility to narrowing down a bit the guidance for the remaining part of the year. And of course, taking into account everything that we already did with respect to efficiency measures that took place in Q1, we have the right visibility right now towards the second half of the year.

Moderator:

Thank you. Our next question comes from Jason Helfstein at Oppenheimer. Jason, you may now unmute your line and ask your question. Thank you.

Jason Helfstein:

Hey, everybody. Can you hear me okay?

Elad Tzuberly:

Yes. Thank you.

Jason Helfstein:

Great. Okay. So can you give us a little bit of help? Obviously you're giving us the spend for Perion One, but we don't know the revenue. So I mean obviously the other parts of the business are still having a negative mix shift because overall revenue is still down. Albeit you are guiding for a mid-teens-ish type of growth in the back end year. So just maybe help us understand how much was either Perion One revenue in the quarter or the non-Perion One revenue year-over-year decline. So that's question number one.

Number two, would you think about perhaps changing the segment disclosure to revenue ex-TAC since you're now guiding to revenue ex-TAC and not revenue? And so maybe giving us that level of detail.

Next question, you highlighted a RIF, a headcount reduction. I'm just curious if we can get some more details, like what percent of people, how many people or what percent did that impact?

And then just lastly, with the 268 million of cash, should investors assume it's entirely goes to buybacks or are there other M&A opportunities you're looking at? Thank you.

Elad Tzuberly:

So I'll start with the revenue. The revenue for Q2 for Perion One was \$74.2 million. You'll have it obviously in the presentation that we will upload to the website. It did show a slight decline year-over-year when you're looking at the revenue, but it's something that we will expect as we onboard more customers into the Perion One, from a revenue recognition method, most of it will come on a net perspective, not necessarily as growth. So we expected to see it this way.

If we're looking at the segments and how we are breaking that down, it is important for us to really speak about the spend and how we are contributing spend towards a different channel because we believe that the real adoption of our solution, what's our customers is really coming into place when you're looking at the spend level. It's more giving indication of the adoption of the customers. And at the end, Perion One is channel-agnostic. So when we are contributing for different channels, it makes more sense to give it breaking down through the spend. And Perion One is a total number, which obviously supposed to produce the better ROI for the compensators.

From the reduction standpoint. So as we discussed, I believe even starting last year, we are constantly doing improvements on how we are operating our business and improving our cost base to be more efficient. We'll be able to, first of all, of course, support all of this scale with the current cost base and improve wherever we can. In H1, we're very focused about also creating this operational leverage going into the second half of the year. We just announced right now the restructuring that we did. Roughly, I can tell you that we reduced roughly 10% of the cost base. It was intentionally made also to support the different fluctuation in the FX (Foreign Exchange), but also to give us some room to invest more when we are going into 2027 when we want to hit the top-line expansion that we are aiming to get and the growth rates to Perion One. So not everything would be baked in 2027, without even getting into the guidance right now.

For the question with respect to the cash, we currently have almost \$270 million in cash in our balance sheet. We are continuously trying to do... also looking at the buybacks. So we expect to end the buyback

current plan by the end of the year. But we are constantly also looking on M&A activities to see if there are any interesting opportunities out there that can generate more value to the Perion customers and to really increase our synergy dollars. Something very important to highlight on that. We are taking very disciplined approach when we are looking at our cash and we're always trying to see what will get the best value to our shareholders, whether this can be a buyback or an M&A or investing in our own business for the growth. But we're always trying to balance between those three.

Tal Jacobson:

Yeah, I'll just echo what Elad said and say with our current cash, obviously buyback, we still have a hefty chunk to complete this year. We're investing in our technology. So all the growth engines, we're putting some investment there to make sure that they're continue to grow and continue to outpace the market. And we're constantly looking at M&A. But as you can see in the past two or three years, we always been disciplined in buying the right things with Hivestack, which is showing almost three years after it's still showing amazing growth with Digital Home. Greenbids with Outmax showing amazing growth. So we're not running to just spend the money. We are looking for good opportunities. And when we find something that makes sense and is extremely synergetic and profitable, then we can explore that.

Moderator:

Thank you. As a reminder, if you would like to ask a question and you are in the Zoom webinar, 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 next question today comes from Matthew Weber at Canaccord. Matthew, you may now unmute your line and ask your question. Thank you.

Matthew Weber:

Hi, great. Can you hear me okay?

Tal Jacobson:

Yeah.

Matthew Weber:

Okay, great. Thanks, guys. Just one from me. We talked about execution of recently signed agreements actively in the onboarding phase and we started kicking towards the end of Q3. Can you just talk about some of the factors that go into the pacing of those contributions and what could cause them to either exceed or drive some variance relative to your expectations as customers come online? Thanks.

Elad Tzuber:

Yes, thank you, Matt, for your question. So we gave a bit of color of those agreements, but it's basically a volume play with a very large agency that operates. I can tell you that it took us a lot of time to do the onboarding and all of the testing phases. And the entire H1, we were focusing about showcasing the Perion One capabilities and why it can drive better results for them and for their customers.

Elad Tzuber:

Right now we signed them. I think it will take a bit more time to do the onboarding phase. And then I believe that those contracts will be more materialized towards the end of Q3 and obviously towards Q4 and mostly in 2027 as well. It can be faster, but I want to be a bit careful about what... When you look at

few months of testing, even though onboarding can take more time and it's something that they are controlling, we are very capable to take any volume that they will decide to give us. There can be an upside on that, but it's not under our control.

That's why currently we still see a range in the ex-TAC level from those specific reasons, and the fact that obviously, the entire industry is very heavy on the second half of the year, and specifically towards Q4.

Tal Jacobson:

I'll just say, again to echo what Elad said, we spent H2 mainly showcasing how our technology can provide better outcome than anything else to those two strategic clients that we have now. It was a frustrating process to take so long to close those agreements, but the fact that the barrier for entry was so high gives us the confidence that our technology can provide great value and that others are going to have a very high barrier to entry, which we are considering is a very good thing.

We're feeling very optimistic about those two agreements, and we're now looking how do we duplicate that with other clients.

Matthew Weber:

Makes sense. Thank you.

Moderator:

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

Jason Kreyer:

Thank you. Can you guys unpack the commentary about the promotional activity on Perion One? It seems like there's maybe some take rate concessions upfront that'll moderate over time. I'm just trying to understand how you migrate take rates to normalized levels and why there's more of an out-sized impact in the near term.

Tal Jacobson:

Yeah, absolutely. Thank you for the question. As we said, during H1, we ran a lot of test campaigns. Test campaigns come with very low margins. As their name suggests, it's tests. But now, again as we close those two strategic agreements, obviously they're not going to stay at testing rates, so that should be normalized.

But going forward, even though we do think this is going to be normalized, we think testing budgets is a great tool for us to use to showcase our technology and gain market share. So, our goal is to gain as much market share as possible, but obviously once we close those agreements and future agreements, we believe take rates will go back to normal.

Elad Tzuber:

Just to add on what Tal said, already starting from the second half of the year, I believe that we're going to see the take-rate to be slightly increasing towards the second half of the year.

Jason Kreyer:

Thank you. And then as a follow-up, you guys had impressive growth across CTV and out-of-home and retail media. Can you just reconcile that to the CXT growth that declined in the quarter? When do you think the consolidated growth rates more closely align with these segments as opposed to the legacy segments which are in decline? Thanks.

Elad Tzuberly:

I think it's not a secret that the Web is driving it down. We see budgets are shifting away from the open web and moving towards Digital Out-Of-Home and CTV. Our solutions of Digital Out-Of-Home and CTV are very much focusing most of them around self-serve, which increasing the take-rates from what we used to see in the past. But having said that, I think that our take-rates are still very healthy when you're looking at total Perion One. They were even relatively high when we are looking at it still, so it gives us some room for all of those promotional deals that we discussed. When we are looking about the different channels, again, in our opinion, the best structured way to give it is on the spend level, because this is really the discussion with the customers and it showcases really the adoption of how much we are using the platform.

And the third one, usually it's a channel agnostic and it's not something that is under our control in terms of the take-rate. We are, of course, controlling the overall take-rate that we are expecting to get out of certain campaign, but not necessarily about where the money will be deployed and in which channel. I'm assuming also ex-TAC will start to see more [growth]. It leans towards CTV and Digital Out-Of-Home as well, and obviously web will influence that. But I would not expect it to go relatively lower than the 20% rate that we see right now. As said, in H2, we're even going to see a moderate increase.

Jason Kreyer:

Thank you.

Moderator:

Okay.

Elad Tzuberly:

Thank you.

Moderator:

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

Eric Martinuzzi:

Curious to know the repeat customers that are using Outmax. Are you seeing larger spend on subsequent campaigns?

Tal Jacobson:

Yes, thank you. I think the interesting thing about Outmax specifically, it's a great product for the land-and-expand model. The majority of our clients that are using it started from small budgets, and now they're growing quarter over quarter within the same account. Since Outmax is outcome-driven, it can show actual business results for our clients. It's a very natural land-and-expand type of model with the majority of our clients of Outmax.

Eric Martinuzzi:

I noticed in your guidance, you lowered the midpoint for the contribution ex-TAC for 2026. Was this a result of a slower than expected ramping of these two large strategic accounts?

Elad Tzuberly:

Yes, Eric. First of all, our initial expectation was that this onboarding and those agreement will be signed earlier in the year, and we'll be able to see more growth out there. Also factoring all of the macro headwinds that we saw in H1, we had better visibility to see where we are, but the reduction in ex-TAC was... narrowing down to the low rate was actually because of those two main factors.

Eric Martinuzzi:

I did note that you reiterated the midpoint on the adjusted EBITDA, so that was good to see.

Tal Jacobson:

Yes.

Elad Tzuberly:

Yes. Thank you.

Eric Martinuzzi:

Thank you.

Elad Tzuberly:

Thank you, Eric.

Moderator:

This concludes today's Q&A. I'll now hand back to management for any closing remarks. Thank you.

Elad Tzuberly:

Thank you.

Management:

Thank you all for joining. Perion One adoption is accelerating across every growth engine, and we're entering the second half with building momentum. We look forward to updating you in the next quarter. Thank you for your time.

Moderator:

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