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<<Andrew Marok, Analyst, Raymond James>>

Thanks everyone for joining us, this year at the Raymond James TMT & Consumer Conference and we're thrilled to close out Tuesday with Perion Network and its CEO, Tal Jacobson. Tal, thanks for joining us today.

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

Thanks for having me.

<<Andrew Marok, Analyst, Raymond James>>

So I always like to start kind of with the 30,000 foot view because we do get a lot of people who are maybe newer to certain stories at these types of events. So how would you position Perion within the digital ad ecosystem for somebody who's maybe a little bit more unfamiliar with the story?

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

Yeah, absolutely. So historically, we were heavily on the inventory side. So think of us like kind of an SSP. We're probably the biggest SSP for search engines, which was a good growth engine for us. And we were also on open web publishers. This coming year, we've realized that inventory is a commodity and everybody's driving either performance or not, but only through the commercials in relationship with advertisers. So we're actually shifting our entire ship towards advertiser solutions and really focusing on that.

Like Magnite are doing an amazing job going from inventory to actually being closer to advertisers. The Trade Desk is working on both sides and we're just focusing on how can we make the life of advertisers better. Now its almost \$700 billion a year through digital pipes and currently no one can make sense out of that, like every single platform makes sense on its own, but when you need to go and buy through the Trade Desk and Google and Meta and TikTok and out-of-home and CTV, it's a mess.

And we're trying to solve that. We're trying to connect the dots, and connect the creative, connect the attribution, connect the activation and through that make a lot more sense and reduce waste to the advertiser.

<<Andrew Marok, Analyst, Raymond James>>

Great. And then if somebody's just looking maybe to kind of tie into your commentary there, looking at your financial statements.

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

Yeah.

<<Andrew Marok, Analyst, Raymond James>>

So you had a search line, a digital advertising line and there's been some kind of movement reallocation of focus between the two.

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

Right.

<<Andrew Marok, Analyst, Raymond James>>

So as we get into kind of 2025 and what should be a more normalized year, maybe what areas of the business are you most excited about?

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

So Retail Media is very big for us. So we realized, well, Retail Media as a whole is going to grow over 20% next year, so top of my head, over \$160 billion next year. Now part of it is going to be online, so Amazon is basically the biggest winner there. And part of it is going to go into offline. So how do we push people back into Target, into Walmart, to actual physical stores?

And that's the area where we're making a lot of progress in. We're working with all those big retailers connecting their data, connecting their promotional data with our super advanced out-of-home, we have an out-of-home DSP and SSP. We're connecting that with our CTV servers and Openweb servers, and then we can do an omni-channel that can actually measure how many people we actually drive into physical stores. So our Retail Media is, I think the biggest part that we're excited about, but connecting that omni-channel story into actual performance is what drives us forward.

<<Andrew Marok, Analyst, Raymond James>>

Great. And then we definitely want to kind of dive into the Retail Media topic a little bit more later on. But just while we're on the topic here with search, we can just kind of close the book on it. There's still some revenue being driven by search, I guess, how should investors think about the trajectory of that business kind of longer-term now that we get into the rationalization of 2025?

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

Yeah, absolutely. So we – at the search part work again, kind of an SSP for Yahoo, Microsoft. We're not going to renew the Microsoft agreement, even though we're going to make money out

of that next year. As in as long as we can keep pushing that activity forward and make – continue to make EBITDA out of that, that’s great. But we’re not investing in that, so none of the new technologies are going to that basically zero investment. We’re just going to extract as much value as we can get out of that. But we’re going to invest in our core business, which is getting more value to advertisers.

<<Andrew Marok, Analyst, Raymond James>>

All right. So we can maybe talk about some of the exciting things here like CTV.

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

Yeah.

<<Andrew Marok, Analyst, Raymond James>>

So CTV, obviously a hot topic around the industry and a nice contributor to Perion’s financials recently and a nice grower. So where are you finding success in that space now and what are some of the big opportunities you can look forward to?

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

Yeah. So we’ve just launched a new product we call Anyplace TV, where if – when we get CTV budgets, we can now extend that into out-of-home. So we’re going to take the same video ad on CTV sometimes we are also going to run that on social, but we’re going to take that from CTV and also run that on video screens out-of-home. So that might be here in New York on the subways, right, video screens might be at airports, might be inside the malls, and might be inside stores. So we’re actually extending the budgets of CTV budgets into out-of-home budgets screens.

<<Andrew Marok, Analyst, Raymond James>>

And that’s one thing that’s really interesting. And we’ll touch on digital out-of-home, I think, a little bit more deeply in a second. But digital out-of-home has been a channel that is attracting more attention but has been very resistant to going programmatically transacted. So, when you’re extending those CTV budgets, does that maybe familiarize advertisers with digital out-of-home? And I don’t know if you would then maybe buy it as a standalone, but at least give the awareness that this is a channel that you should be paying attention to.

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

Yeah. I think that’s absolutely a good point. What we found is traditionally, out-of-home exists for almost 200 years, 1830 still had out-of-home here in the U.S., so it’s very traditional. Now, what we found is there are agencies that are experts at out-of-home and they would continue to buy the way they buy. But we now get a lot more interest from holding companies or advertisers that say, can I now add out-of-home to my entire strategy? And that’s where we extend that CTV

budget, we extend that Retail Media budget. How do we start on your CTV at home? But then as you go into the mall, you actually see those screens and getting into the store and buy it, right?

So you're absolutely right out-of-home into programmatic - that's quite a challenge. But when we combine this into an omni-channel experience with actual attribution, we now see the traction that we've expected.

<<Andrew Marok, Analyst, Raymond James>>

And that's great that you can push that along kind of through your own awareness building and investment and things like that. But is there anything that maybe needs to happen from an industry perspective or from a very high level that needs to happen to be able to push along the digital out-of-home maturity, especially the programmatic side of it.

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

Yeah. Well, I think programmatic always come with measurements. So we're investing quite a lot in measurement. People tend to still buy out-of-home a lot of time, direct and pre-purchase six months ahead, which is not programmatic. Imagine you would go to Meta and buy an ad for six months in the future. That doesn't work, right?

<<Andrew Marok, Analyst, Raymond James>>

Sure.

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

So we kind of need to change their mindset. That, that would come with measurement, like if you go online now and you buy an ad, we can tell you if it works or doesn't work. If that person actually goes to your store, doesn't go to your store and that's where our measurement and algorithms are coming into play.

<<Andrew Marok, Analyst, Raymond James>>

And maybe moving on to Retail Media a bit, you spoke at the top of your remarks about some of the exciting things that you're seeing there. But I guess, again, kind of how would you characterize the maturity of the format and awareness among buyers? And how can we think about Perion really capitalizing on increased spend volumes going into Retail Media?

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

Right. Again, our strength in the past few years was how do we get budgets that are attached to getting people back to physical stores, not just online.

<<Andrew Marok, Analyst, Raymond James>>

Right.

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

There are a lot of companies who can push sales online. You have Criteo and you have Amazon and you have Walmart, which are great. But it seems like not a lot of companies actually specialize in driving people into physical stores. And people like to go into physical stores.

And especially now, when we see that because we bought Hivestack, Asia is even bigger, like, people constantly stay outside of the house more than inside the house. A lot of countries don't actually have kitchens, they're small, right? So when we look at Retail Media, we're now trying to figure out how do we combine online and offline to push sales to both parts, right? And that's the new journey we're taking now, again with measurement and attribution, how do we go into the Target's, Walmart's of the world and say if we're going to get the whole budget, we can actually drive more performance for you guys online and offline.

<<Andrew Marok, Analyst, Raymond James>>

And I remember at one of our prior events, you had an interesting slide that showed all the different touch points of a person who could engage with Perion delivered ads over the course of the day. You're in your car and hear a digital audio ad, you see a digital out of home billboard, you go home at the end of the day and watch a CTV program. That kind of holistic advertising philosophy must throw up some measurement challenges, right. So how do you deal with that kind of cross channel sort of nature of these things?

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

Yeah. Well, I think as we add more and more channels to our stack, we're getting more and more data. You're right. The attribution between them, we can count attribution in between them. I think it's always challenging, not only for us, but for the industry to close the loop. So we would know that the person, not a specific person, but an audience, saw an ad on TV, saw our ad out of home, because we know the area, heard something on Spotify with our ad. And we would know that there's an uplift in sales.

But it's always harder to make that match, to say that's person saw that ad and bought those bananas. And that's something we're actually working on with a few other companies now to try to.. how do we get that data and match it, again, while trying to preserve privacy, but having a better attribution. So again, that's one of the challenges we're trying to solve now. I think it's an unsolvable thing in the industry as a whole.

<<Andrew Marok, Analyst, Raymond James>>

Is that something – you got to ask the obligatory AI question and we do have a couple of more specific AI products that you've talked about that we'll ask about. But is this an AI problem that can be really kind of tailor made for it?

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

Yeah. Well, so we have – again, Israeli company, most of our tech is Israeli. We have an AI lab. And in the past year, we've developed quite a lot of products. And that's one of the things our AI team are concentrating on. How do we fix more attribution issues? How do we – and we're emitting more and more of the Amazon partners, the Walmart partners, trying to figure out what are you guys missing? How do you guys extract more conversions? And that's what our AI teams are working on.

<<Andrew Marok, Analyst, Raymond James>>

Great. And then maybe specifically on some of those AI products, you talked in the past about an alternative identity solution, SORT, before Google had really kind of determined what they were actually going to do with Cookie Deprecation. So now that that's more set, what is the future of SORT or identity issues maybe more broadly impacting Perion and some of its businesses?

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

Yeah. So as you said, we've invented SORT as a predictive analytic to get away from cookies. What it turned out to be a pretty powerful deep learning algorithm that can understand behavior between channels. So now we've adopted it into CTV. So we know if a person sees that specific show on Netflix, he's probably going to be less price sensitive and more towards sports cars, right? So we are now combining those signals, the TV signals, with the web signals and we're now going to add more and more channels into that. And SORT is now evolving into that to be that whole connecting tissue in between channels.

<<Andrew Marok, Analyst, Raymond James>>

Interesting. So it shows kind of like the broader applicability of some of the AI investments that you made, where it's not just necessarily one specific product, it's more of a philosophy.

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

Absolutely.

<<Andrew Marok, Analyst, Raymond James>>

Interesting, interesting. So kind of along those lines the digital audio product that you had spoken about over the course of the last couple of quarters WAVE, we've done the demos. It sounds exactly like a real human-read ad. How has that reception been from potential advertisers? And just kind of again, back to the maturity question. How are you thinking about digital audio as a space?

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

Right. I think we all saw that The Trade Desk has partnered up with Spotify, because everybody's understanding that audio ads is \$8 billion a year in the U.S. And to be frank, it's kind of dumb. I mean, you need to put somebody in a studio to record a version, take that MP3 file, send it to somewhere, upload it. It's not scalable. So we've developed WAVE less than a year ago, which is generative AI to create audio ads based on data from retailers at scale. So we can create millions of ads a day, which sounds very much human, but we also have the attribution to know if people skip them, if people actually interacted with them, if sales went up because of that. So we see a lot of potential in that. And we've developed a Spanish version for that so we can get into more countries.

<<Andrew Marok, Analyst, Raymond James>>

Very interesting. Before maybe we get into some of the more financially oriented questions. So I'll take a quick pause to see if anybody in the audience has anything. Seeing none. Okay. So as we contemplate kind of all the moving pieces that we've spoken about over the course of the product section of the conversation. How should investors look at that margin trajectory and investment prioritization for the company over the course of 2025?

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

Right. So currently, we're working on improving our margins. And I'm not going to go into numbers since we didn't release the guidance yet.

<<Andrew Marok, Analyst, Raymond James>>

Sure.

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

But in terms of resource allocation, we're going to invest more in technology to get to be able to scale faster. Not with humans, but with actual technology. But we're also looking at acquiring more companies. Now acquiring more companies, our methodology on how we look at that is EBITDA positive, super synergetic. We're not going to open new type of businesses, right? It needs to make the organic part move way faster with that acquisition versus without it.

And it has to serve the same type of client. So synergetic, right? So how do we go to a client and say, you know us for this. Now we also have this. So we want a bigger cut of the pie, right? So that's how we look at it. Again, we're going to be very focused on optimizing our cost, but also investing in technology going forward and buying more growth engines.

<<Andrew Marok, Analyst, Raymond James>>

And that's great. That leads right into my next question on M&A. So the pace has maybe slowed a little bit in terms of the quantity, but the size of the deal has gone up and I think they both made sense strategically. You have Vidazoo plugging into your video side. You have Hivestack as the digital out of home as the extension of the CTV as we talked about earlier. But how do we think

about, what are – is there anything on your shopping list in terms of capabilities that you think Perion doesn't have or could turbocharge through inorganic means?

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

Yeah. So I think the entire ecosystem of advertising is going through a shift towards performance. I mean, advertisers want to see that their budget is getting them more value than it used to do before. So that goes back to algorithms, AI, data, attribution, all those stuff that supercharge your ability to show and prove the ROI on media spend and that's where our minds at.

<<Andrew Marok, Analyst, Raymond James>>

Very interesting. One more opportunity for anyone in the crowd. All right, My last one that I like to ask everybody before we wrap in our presentations is if you're choosing one thing from the business to be really excited about or that you feel that investors should kind of key in on in 2025 to judge the progress or the success of the company, what would you call out?

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

Right. It's a huge industry, \$700 billion a year. It's totally broken. It's totally broken. I've been doing this since 1997. And we're going to invest a lot in algorithms and optimization and reducing waste. Now, we haven't released our guidance for next year and KPIs for next year, but we should definitely focus on how do we attract more advertisers, how do we gain more budgets with the plans for next year, you're going to see this. You're going to see how do you measure that.

<<Andrew Marok, Analyst, Raymond James>>

Awesome. All right, Very interesting. Tal, thanks for joining us.

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

Thank you.

<<Andrew Marok, Analyst, Raymond James>>

And thanks everyone in the audience for joining us at the Raymond James TMT and Consumer Conference.

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

Thank you.