

PERI Earnings Call Transcript

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Quarter: 3

Operator: Hello everybody, and welcome to the Perion Network Ltd., Third Quarter 2025 Earnings Conference Call. Today's conference call is being recorded, and an archive of the call 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 reports on Form F-20. That may cause actual results, performance, or achievements to be materially different from 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 the non-GAAP measures to their comparable GAAP measures on 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 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 at the Perion's earnings call for 2025. This quarter, we continue to strengthen our foundation and execute our long-term strategy. Our focus remains clear and disciplined, and the results we are sharing today reflect solid progress across all parts of our business. We are building for sustainable growth for this year and for years ahead. This quarter we demonstrated progress across all aspects of our business, delivered strong financial results, announced new products, initiated new partnerships to support our global expansion, and won industry awards. Our key growth engines, CTV, digital out of home, and retail media continue to expand and present healthy growth. We are also expanding our share repurchase program to \$200 million, adding \$75 million to the current program, pending regulatory approvals. This decision was made after a deep analysis of our future capital needs that will support our growth and it reflects our confidence in Perion's long-term value for investors and our ability to continue to generate cash. On the innovation front, we introduced three strategic products under the Perion One vision: Outmax, which unifies all our performance-driven AI algorithms for media outcomes, across CTV, social, and open web. This includes the Greenbills algorithms and our new performance CTV capabilities. By unifying all our AI algorithms for media outcomes under one product, we enable our global sales team to accelerate growth, with a simple yet powerful holistic solution. Soda, our AI for Publisher, is our new next-generation supply path optimization for smarter monetization. That strengthens our supply-side technology. And our new digital out of home player which completes the full stack marketing operation system for digital out of home and retail media. It is designed to drive tremendous value for our digital out of home partners in a high margin and recurring revenue for Perion. We also advanced strategic partnerships across retail media and digital out of home, extending our reach throughout the U.S., Europe, and Asia. We continue to gain recognition in our industry with multiple awards, further validating our technology leadership and impact in performance-driven advertising. These

achievements highlight how Perion executed by focusing on today while building a strong foundation for sustainable profitable growth in the future. All this progress aligns with one clear direction: our vision of becoming the platform of choice for modern CMOs and their teams. While CROs rely on Salesforce and CTOs on Jira, CMOs still lack a unified platform that connects media, data, and our Perion One strategy is the answer for this gap a multi-channel AI-powered platform that brings together creative, data, and media to deliver measurable business outcomes. A marketing operating system for modern marketers. Every product we develop and every partnership we form brings us closer to making Perion One, the central system for marketing performance. As we continue our journey towards this vision, we wanted to better understand how CMOs view the challenges they face today. So, in partnership with advertiser perceptions, we surveyed CMOs across North America and the findings were revealing. Research results proved that there is a strong need to solve the fragmentation between marketing and finance. Highlighting the growing needs for the unified solution Perion One provides. This validates why our mission matters. Helping marketers connect creativity and data to measurable outcomes. And bridging the divide between CMOs and CFOs. You are welcome to view the full research report on perion.com website. One of our new strategic partnerships is with Albertsons Media Collective, a leading retail media network in the U.S. According to eMarketer, retail media in the U.S. is a \$60 billion opportunity growing at double-digit annual rates. This partnership gives Perion a strong foothold with one of the largest grocery retailers in the U.S. By combining Albertsons first-party data with our retail media technology, we deliver Commerce Connect measurable campaigns that align perfectly with where the market is moving. A great example is Splimo Water. A brand that wanted to drive product sales among Albertsons shoppers on the go. The campaign delivered over 5.5 million impressions and achieved a 5.5% sales lift. This demonstrates how Perion's technology directly connects ad exposure to measurable business outcomes. Let's take a look. Campaigns like Plymouth Water demonstrate how our creative, data, and technology excellence translate into real business performance. OutMAX takes that principle further, unifying all our outcome-driven AI algorithms under one solution. A solution designed to maximize outcomes by connecting creative intelligence with real-time optimization. Represents the next step in Perion's evolution: OutMAX is built to power results across every media environment. transforming AI-driven algorithms and insights into measurable, scalable growth. OutMAX, unifies optimization across CTV, social, and open web. And that also includes the Green Bits technology that we acquired earlier this year. What sets OutMAX apart from all other solutions? OutMAX continuously learns where the performance truly happens. The algorithm analyzes multiple signals such as device, time, and context to identify the most effective audience and inventory combination in real-time. It then reallocates budgets toward those high-performing segments driving stronger ROI, and more efficient media investment. By connecting insights across CTV, social, and open web, OutMAX creates one continuous optimization loop. Improving results for advertisers, enhancing Perion's scalability and growth potential. We've already seen strong validation through recent case studies. Outmax optimized YouTube campaigns for Ford, using carbon award bidding improving viewability by 12 points, lowering CPMs by 22% and cutting collarbone intensity by 33%. Demonstrating how the Outmax algorithm delivers better results through advanced AI. We're continuing to strengthen our supply-side technology with the launch of SODA, our AI monetization engine for publishers. SODA combines Perion's multi-format bidder technology, with an AI real-time algorithm. That optimizes every impression path. This drives higher yield reduced waste, and provides better ad delivery. Both for the publisher and for advertisers. What's most exciting is that SODA makes Perion an embedded technology partner within the publisher stack. I'm confident that this will expand our recurring high-margin revenue base. It's a clear example of how we're executing and translating innovation directly into growth and operating leverage. Another major milestone is the launch of the Perion digital out of home player. This completes the full stack marketing operating system for digital out of home in retail media. The digital out of home player extends our full stack supply-side technology, giving media owners and digital signage partners a single platform to manage both direct and programmatic campaigns. It replaces fragmented legacy systems with a dynamic hardware-agnostic solution improving efficiency, transparency, and control across global signage networks. The new Perion Digital Out of Home Player is designed to drive tremendous value for our Digital at Home partners. And a high margin recurring revenue for Perion. This new product broadens

our total addressable market, by integrating with the digital out of home media owners and retailers. It has the potential to generate high margin and recurring software income. Through embedded deployments over time. It also strengthened our role as a technology partner of choice within the digital out of home and retail media ecosystem. Another important step in connecting the supply side and the Perion ONE platform. As we look ahead, it's important to remember that everything we're delivering today is part of a broader, long-term transformation. After laying the foundation in 2024, spent this year activating the PERION-one vision. Unifying our technologies and brands under one platform. And streamlining our operations for improved efficiency and scalable growth. The next phase, beginning in 2026, is about scaling the platform. We are expanding Perion One across more channels, deepening adoption with global brands, and increasing recurring high-margin revenue streams. Powered by AI, automation, and self-service capabilities. Each step brings us closer to our vision, a single, platform that delivers better performance faster decisions, and long-term value for marketers and shareholders. To conclude, our message to investors is clear: Perion is executing on its strategy. And building for long-term value. We operate in high-growth areas, supported by a proven track record of profitability and positive cash flow. We have a global team with deep, high-growth experience. Focused on building technology and accelerating our global go-to-market strategy, for the AI-first era in advertising. With that, I'll now turn it over to Elad Tzuberly, our CFO. Who will walk you through the financial results for the third quarter. Thank you, Tal. And thank you all for joining us on the call today. Our third-quarter results mark another strong step forward in Perion's strategic transformation.

Elad Tzuberly: We are now seeing the tangible impact of the structural, operational, and technological foundation we've built over the past twenty months. During this quarter, we achieved our first year-over-year revenue and contribution ex TAC growth since 2024. This is a milestone that reflects our disciplined execution and it's a direct result of our enhanced organizational structure, our continued adoption of the Unified Perion One platform, and a strong go-to-market strategy. Importantly, our adjusted EBITDA increased 63% year over year to \$12.1 million. This reflects the early results of our efficiency initiatives that are expected to fully materialize in 2026. Our core growth engines, CTV, retail media, and digital out of home are also among the strongest growing channels and verticals in 75%, 40%, and 26% respectively. We also continued to execute our capital allocation plan with discipline. During the quarter, we repurchased 800,000 shares for \$7.5 million. Due to our confidence in Perion's long-term growth and the strength of our cash generation, we have approved in principle an expansion of our share repurchase authorization by an additional \$75 million, a total amount of \$200 million. It reflects the balance between returning capital to shareholders and continued investment in innovation and in strategic opportunities to strengthen our core businesses and drive sustainable growth. Looking ahead, we are firmly establishing the infrastructure for sustained growth in 2026 and beyond. This is supported by operational efficiency, scalable technology, and disciplined capital allocation. Moving on to our key financial metrics for the third quarter. Revenue accounted for \$110.5 million representing 8% year-over-year growth. Contribution ex TAC came in at \$51 million up 7% year over year, maintaining a healthy 46% margin. Notably, this marks the first time since 2024 that we've achieved year-over-year growth in both revenue and contribution TAC. This is a testament to Perion's growing ability to deliver measurable outcomes for our customers as well as the strong performance of our core growth engines and our disciplined operational execution. We believe our revenue contribution excluding TAC represents a more accurate measure of our top-line performance than revenue alone. Adjusted EBITDA this quarter was \$12.1 million. This represents a 63% year-over-year increase, Our ex TAC margin was 24% signifying an encouraging margin expansion. Non-GAAP net income was \$12.5 million. Resulting in a non-GAAP diluted earnings per share of \$0.28. Cash flow from operations was \$5.9 million bringing our year-to-date total to \$20.1 million. This further demonstrates the strength of our underlying business model and our consistent stability to generate cash. Our growth engines continue to be the cornerstone of Perion's future growth. Both CTV and digital out of home channels are growing at a fast rate. They are continuously outpacing the overall market growth on an annual basis as projected by eMarketer. This positions Perion as a high-growth player in two of the most dynamic segments in digital advertising. CTV continues its strong growth trajectory, with revenue up 75% year over year driven by sustained demand for our advanced formats. Looking ahead, we expect CTV revenue to continue outpacing the market supported by the ongoing shift from linear to connected TV

and growing customer adoption of our performance CTV solutions. Our digital out of home channel remains a highly strategic entry point into new markets. We continue to leverage its differentiated capabilities to position Perion for sustainable, profitable growth through cross-selling and product synergy. We recently launched our digital out of home player, an advanced solution that completes our full stack marketing operating system for digital out of home and retail media. The digital out of home player strengthens our customer stickiness and recurring revenue streams, making our business model more predictable and scalable across this fast-growing channel. Our retail media market vertical continued to demonstrate strong momentum with revenue up 40% year over year. Retail media remains one of the fastest-growing verticals in advertising. Projected to expand at a 14.7% CAGR through 2029. As new and existing customers continue to adopt our retail focus solutions, we are well-positioned to capture market share and outpace market growth. Our third-quarter channel mix demonstrates the growing portion of CTV and digital out of home. These two channels combined represent 37% of revenue versus 28% in the same quarter last year. Digital out of home increased by 26% year over year reaching 22% of revenue up from 19% last year. This reflects the continued global momentum with new partnerships across APAC, the U.S., and EMEA. CTV increased by 75% year over year, representing 15% of revenue compared to 9% last year. The significant growth is a testament to increasing customer adoption of our full-funnel solutions offering. Web revenue declined by 11% year over year due to a continued trend of lower advertiser appetite for standard display and video formats. It is important to note that the comparison to 2024 is skewed due to the discontinuation of lower margin activities in late 2024 as previously announced this year. Search increased by 9% year over year representing 21% of revenue and continues the search business stabilization. While in this quarter, we enjoyed strong growth across each of our core growth engines, Perion's platform is built to be channel agnostic. This structure enables us to seamlessly adapt as advertisers spend naturally shifts across channels. This flexibility allows us to capture growth wherever demand emerges, and helps to increase advertiser spend and retention. Contribution ex TAC in the third quarter grew by 7% year over year to \$51 million representing a stable margin of 46%. As we move forward with our unified platform, we expect to grow our revenue 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 third quarter grew 63% year over year to \$12.1 million representing 24% of contribution TAC and 11% of total revenue. This significant margin expansion reflects our improved operational leverage. The efficiency initiative we've implemented this year continues to bear fruit and drive improved profitability. We continue to further optimize our cost structure to align with our unified operating model. We expect to benefit from these improvements throughout the remainder of 2025 and into 2026 as these efforts gain momentum. On a GAAP basis, our third-quarter net loss was \$4.1 million or \$0.10 per diluted share. A non-GAAP basis, net income improved year over year to \$12.5 million compared to \$11.9 million in 2024. This represents a non-GAAP diluted earnings per share of \$0.28 this quarter compared to \$0.23 per diluted share last year. Representing a 22% year-over-year increase. In 2025, cash generated from operating activities was \$5.9 million and our adjusted free cash flow was \$4.8 million. Looking ahead, we are confident that we will maintain a strong cash flow conversion rate of over 70% in 2025. As of September 30, our balance sheet includes \$315 million in cash, cash equivalents, short-term bank deposits, and marketable securities. Our strong cash position gives us the financial flexibility to support the broader capital allocation framework, pursuing our diversified growth strategy while continuing to return capital to shareholders. During the quarter, we continued to execute our share buyback. Due to regulatory volume restrictions, our repurchase activity was limited leading to the repurchase of 800,000 shares for a total amount of \$7.5 million. As of 09/30/2025, we have repurchased a cumulative total of 10.4 million shares for \$94.2 million. This continued buyback commitment underscored our confidence in Perion's long-term value proposition. As of today, during the fourth quarter, we already purchased an additional 1 million shares and we expect to complete the current plan by the end of this year. We are pleased to announce the principal approval of the expansion of our previously authorized share repurchase program. Our confidence in Perion's future allows us to expand the program by an additional \$75 million. This increased the total program from \$125 million to \$200 million. The overall program represents an estimated shareholders implied return of nearly 50% since initiation. We believe our current share price is not reflective of the value and

opportunities we have at Perion. The share buyback program alongside disciplined investments in organic growth and in M&A; opportunities is the best use at present for our excess cash. Turning to our financial outlook. We are reiterating our full-year 2025 guidance with revenue at \$430 million to \$450 million and adjusted EBITDA at \$44 million to \$46 million. The progress we made in Q3 from returning to year-over-year growth to expanding profitability underscores the strength of our transformation and the resilience of our model. As we continue consolidating our operations into the Perion ONE platform, we are confident that we have established a strong foundation for sustainable growth and profitability heading into 2026. With that, I'll now turn it back to the operator to open the line for questions. Thank you.

Operator: If you wish to ask a question, we ask that you please use the raise hand function at the bottom of your Zoom screen, or if you've dialed in, please press 9. We'll take our first question from Andrew Marok with Raymond James. Please unmute your line and ask your question.

Andrew Marok: Hi. Thanks for taking my questions. Maybe one for Tal and one for Elad. Tal, if you could dive into some of the CTV strength drivers we saw in Q3 with the 75% growth. I know you had mentioned some spend shifts or budget shifts last quarter, out of Q2 into the second half. But any more specificity there would be appreciated. And then maybe, on the guidance range, given that you're reiterating the guidance range, it does seem like a fairly wide range for Q4. I guess, what should we be inferring from that in terms of what you're seeing to date in either October or expectations for the holiday season? Thank you.

Tal Jacobson: Yeah. Thanks for the question. So, absolutely, on CTV, I think what we see is that our performance CTV together with our new algorithm GreenBits, which we now call OutMAX, are really performing well. You know, we're seeing a healthy pipeline and deals from our customers, and that's what drove the significant growth that we're seeing. Elad, do you want to answer the guidance?

Elad Tzuberly: Yeah. Sure. In terms of the guidance, the quarter right now, it's generally in line with our expectations. So far, as we are entering an important holiday season. We feel very good with our ability to deliver within this range of guidance. And we already increased the guidance at the beginning of the year in May, and it was important for us, of course, to make sure that we are delivering on everything that we are saying and maintaining the guidance as is, of course. But we do feel very confident in our ability to meet those numbers. Because as we see, overall, we do not see right now any slowdown, I would say, in spend. Of the advertiser. It's just a change in terms of timelines of how the budgets are getting or spending within the month. Yeah. So I'll just add to that that, as I have said, you know, we did raise our guidance within the year, and ever since then, we continue to build strong momentum. And as I had said, the quarter is in line with our expectation, but we're waiting for the shopping season to see how that's gonna evolve.

Andrew Marok: Understood. Thank you.

Operator: We'll take our next question from Eric Martinuzzi from Lake Street. Please unmute your line and ask your question.

Eric Martinuzzi: Yeah. I kind of wanted to revisit the Q4 growth just based on the projections here. That growth rate would be versus the growth you had in Q3. You know, I realize we're early in the holiday spending season. Is it just conservatism that that sequential growth rate would be down?

Elad Tzuberly: Yes, Eric. Thank you. I would say it's a bit conservative as well. As we mentioned, Q4 is obviously the peak of the year in terms of advertising budget. You know, just before the holiday season, it was important for us to be cautious.

Eric Martinuzzi: Okay. And then for I know you haven't you're not addressing 2026, but right now, there's an expectation for double-digit growth there. I think the Street consensus is at 11% growth in 2026. Should that be coming down based on what you're seeing for Q4?

Elad Tzuberly: No. Not at all. We haven't provided yet the outlook for 2026. We are providing it as usual at the end of the year. What I can tell you, by the way, is that we are aiming for next year to capture much, much more market share and we actually believe that we will be able to beat next year as well the street expectation. And our growth engines will continue to outperform the market, and I believe that it will drive our growth going forward. And we are as much as we are focusing on the efficiency and we start to see this in terms of the numbers starting already for this Q, we are also investing in our current business to allow us to scale and to grow much faster also for next year.

Eric Martinuzzi: Understand. And congratulations on the return to growth here in Q3.

Elad Tzuberly: Thank you. Thank you.

Operator: Our next question comes from Jason Helfstein with Oppenheimer. Unmute your line and ask your question.

Jason Helfstein: Thanks, everybody. So I guess kind of following on to what you just said, you know, it sounds like you're having more success now selling the package of services across the different disciplines. There has been a pretty significant investment in sales and marketing to kind of get here. Just how are you thinking about investment needed, particularly as we go into next year on sales and marketing? Is it still like, another heavy lift or can you harvest? And then, obviously, the implied, you know, kind of web business, I think, is down something like 11% year over year. Give or take our math in the quarter. But it's still, you know, roughly half of revenue. So obviously, you know, CTV, digital out of home, some of the other areas are gonna grow so meaningfully faster than that. Just how are you thinking about like, you know, those, you know again, the puts and takes there. Right? Web declining, everything else. Or display, really, declining, and everything else really growing is where just thinking out over the next, like, two years. Thank you.

Elad Tzuberly: Yeah. Absolutely. Thanks for the question. So I'll divide it into a few parts. One, we think that web and search is gonna be totally aligned with human behavior as AI agents or AI chatbots are growing, you know, less and less web search is gonna happen. And with this whole trend of zero clicks on Google, I think less traffic is gonna go on web. But that only means that a lot of the budgets are gonna shift towards closed gardens, right, meta TikTok, Google, YouTube. Out of home and CTV, which is exactly why we bought GreenBits. That's exactly why we bought Hive Stack, and this is exactly why we're investing in those areas. Just because we think this trend is gonna continue. But we do think our algorithm OutMAX, our CTV, and out of home is gonna outpace the growth of the market going forward. So that should show good growth in the next year or the year after that. In terms of sales of marketing, you know, before Elad is gonna go, a bit on the numbers, but certain marketing is now so much easier since we have PerionOne. We're seeing more and more and increasingly big number, and it's increasing by the day of customers that are using more than one of our products. So we do have algorithm with CTV. We have CTV with out of home customers. So we're seeing synergies, even faster than what we could have imagined. At this time of stage within the transformation. But it also helps us with marketing since we're spending marketing very focused on driving new customers to the platform. You know, we're seeing great success there. Elad, do you want to add anything to that?

Elad Tzuberly: I would add about the sales, the SME investment that we are planning to do also for next year. To increase our ability to tap into more and more customers into the platform. So first of and, of course, foremost, we will going to increase, of course, our margin marketing budget as well as we are going to the market. We want to get a spread as possible we are going into 2026. As Tal mentioned, '26 and '27 are years that we are aiming to scale. Perion One, as much as possible globally. As part of the transform as part of the changes also with the agreement, we are increasing also the a bit the sales team just to get more and more reach points towards more customers and to be able to showcase the Perion One capabilities into more customers. So, definitely, this is an area that we're going to increase our investments next year. And also around, let's say, R&D; as well. Is something that we are planning to increase both also of our resources around invest yeah. About R&D; in order to make sure that we are expediting our road map coming to the streets, to our customers with more and more solutions and ability to spend more within this platform.

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

Jeffrey Michael Martin: Great. Thank you. Was curious. You mentioned that there was a clouded comparison on web versus last year due to some low margin business that was exited. Could you give us an apples-to-apples comparison and then pair that with how web trended relative to your expectation? I know the last two quarters, you've talked about a bottoming out of that a little earlier than expected. So just curious how that trended in the quarter relative to your internal expectations. Thanks.

Elad Tzuberly: Yes. So thanks for the question, Jeff. Actually, web acted exactly as we expected. I would say even a bit better than our original plans. As I said, if you remember on February's call, we

announced that we are closing some of our previous technology that we did to web, but they were although we would very, very low margin. And they were defocused. For a premium one strategy. when we are comparing Q3 to Q3, a major part of the decrease that you see in the work is because of this of those business lines that we started we are shutting down. Web comparing to our expectation is actually did better if we are removing those terminated business.

Jeffrey Michael Martin: Great. And just one more if I could. You've talked in the past about expanding the TAM. Dramatically. Just curious if you could give us an update on you know, timing of that and how it's trended, so far this year. Thanks.

Tal Jacobson: Yeah. Sure. So when we bought GreenBits, you know, we got into YouTube and Meta. Which is something that we never had the capability to do. So now every advertiser that spends money on YouTube Google Ads, and Meta, can actually work with us. And to trade us. Now, we're in a process of integrating this into more social platforms and more and more, DSPs. So that will continue to increase our TAM. And you're gonna see more and more growth out of that part, out of new channels, Hopefully, next year, you're gonna see more channels than just, web and CTV and out of home.

Jeffrey Michael Martin: Thank you.

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

Laura Anne Martin: Hi, guys. Need to ask the AI question. So I'm merely interested in how you're using AI internally. Because it sounds like you're still hiring people and it's our thesis that if you're a tech company, you're using AI and not people. So can you talk about internally how you're using new tools with AI to replace people. And then secondly, I wanted to drill down, follow-up on some of my competitors' questions on web. I know, Tal, you think sort of that the open web is gonna share too, and that's why you've gone into digital at home and CTV. But then, Elad just said that a lot of the 11% decline in the quarter was attributable to actions you took in February therefore, the declines would have been much less, which implies to me, Tal, that by February, we anniversary those, let's call it, self-harm that you decided to do. And that we could maybe return to growth in the open web, it sounds like? So could you, talk to me about how much of this web decline you think is structural? Because it sounds like it's a lot less than the 11% decline that you reported in the web business in the quarter. Thank you.

Tal Jacobson: Yeah. Alright. Thanks, Laura. Sure. So two things. So as you said, I think you're absolutely right. With time and automation, the amount of people we would hire is gonna be lower. But as we build this company for scale, you know, there are two parts where we do hire people. One, R&D;, to continue to build AI-driven products. Because AI is everything, and we're becoming more and more of a technology company than anything else. And on the other part is sales. So which sales should bring our new platform into more clients. So those are the areas where we look to hire more people. Everything else, you know, we hired the new COO six months ago just for that to transform all our internal operations to be AI-driven and more efficient. So less and less manual work, more and more automation to AI, that's on the internal part. Now within when we built we're building Perion One, also within that, everything is AI-driven. Even all everything that we build within R&D; is now supported with AI. So can actually say that 100% of our R&D; work is supported now with AI. So that's on the AI part. On the web part, I'll just say generally, and then I'll let Elad answer his part. I'll just say, you know, in terms of human behavior, I do not think editorial web websites growth in the future. are gonna see a huge And that's what we call web. Having said that, we did a few things within in-house, like releasing SODA and other products for web, And since we're such a small part of the web, globally, you know, even though it can grow within us, it doesn't necessarily mean that humans are gonna use more and more editorial websites. As a general trend out of that. I don't think that's gonna be the future. Elad, anything you want to add to that?

Elad Tzuberly: I can just add is to make sure that I was clear. The expectation that we had when shutting down those businesses that we will that the web will continue to decline more. In mind, Laura, we are channel agnostic. In a way. And it's like that our growth engines are But it also allows us in a way to tap on the opportunity that's that out of home and CTV, of course. related also to, to web. I'm not expecting, by the way, going to the future that I will see an increase in web that dramatically. But on a year-over-year comparison, as we will continue to increase the overall spend that will come to the

system. I believe that also, the web will capture some of those spend yet. Was that answer answering your question?

Laura Anne Martin: Well so I think a lot of what would help me is of the 11% decline, you said that most of it was this decision you'd made in February. Was it 8% of the 11%? Like, would have only been down 3% in web if you hadn't taken the actions yourself in February. How much of the 11% decline was your actions in February?

Elad Tzuberly: No. Actually, more closely towards, 13% was related to our action. So overall, otherwise, I would see the web is increasing. It's at roughly 2%.

Laura Anne Martin: Okay. Well, that answer I like a lot. So thank you. That's perfect.

Elad Tzuberly: Thank you. Thank you.

Operator: Our last question comes from Jason Kreyer with Craig Hallum Capital Group. Please unmute your line and ask your question.

Jason Kreyer: Good. Thank you, guys. Just one for me. So you'd highlighted how Soda and the out of home player create more predictable revenue streams. Wondering if you can just size up those opportunities give a little more detail on how you monetize those solutions. Thanks.

Tal Jacobson: Yeah. Thank you, Jason. And first of all, welcome. Very happy to have you with us. So in terms of SOTA and the digital out of home player, the thing is we're trying to be the operating system, the marketing operating system, within the tech stack of the inventory part. Right? So what Perion One is the operating system for marketers SOTA and the digital home player is the operating system for the inventory. Part, and we wanna be as implemented as possible within their tech stack. So SOTA for out of home and web publishers and, obviously, the digital home player, can get a bigger chunk of all the spend that's going through the screens, what it means is a lot of the time when digital out of home screen owners the budget that we're seeing to them is the programmatic part. But when we implement the digital home player, we can actually benefit from all the budgets that are going through that. And that means direct and programmatic. That actually increases our TAM quite dramatically. And it does once that's gonna be deployed in big scale, that will provide us better visibility and predictability into our revenue streams. Did that answer your question?

Jason Kreyer: Yep. That's perfect. Thank you.

Tal Jacobson: Thank you.

Operator: This now concludes the question and answer session. I'll now hand back to Tal Jacobson for closing remarks.

Tal Jacobson: Thank you everyone for joining us at the Q3 earnings call. We're happy to show we're making good progress on our Perion One vision and I hope to see you everyone, at our next earnings call. Thank you.

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