

INNOVD

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# INVESTOR PRESENTATION

June 2021

INNOVD

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# PRESENTERS AND SENIOR LEADERSHIP

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**ZVIKA NETTER**  
CEO & CO-FOUNDER

Serial entrepreneur with over 28 years of experience launching, managing and growing technology companies

Prior to co-founding Innovid, founded and served as CEO for several technology companies



**TANYA ANDREEV-KASPIN**  
CFO

Leads finance, accounting, legal and HR functions at Innovid

Prior to Innovid, spent eight years in finance roles at several technology companies and four years at PwC



**GILAD SHANY**  
CEO

CEO of ION Acquisition Corp. 1 and 2, Co-CEO of ION Acquisition Corp. 3, Managing Partner of ION Crossover Partners (ICP)

Prior to co-founding ICP, 10 years of experience investing in public and private companies with Baron Capital (NY) and Magma Venture Partners (TLV)



**AVROM GILBERT**  
COO

President and COO of ION Acquisition Corp. 1 and 2, Co-CEO and President of ION Acquisition Corp. 3

COO of growth tech companies SimilarWeb & Seeking Alpha

8 years public & private investments, including equities analyst with UBS & venture capital at Jerusalem Global Ventures

# AGENDA

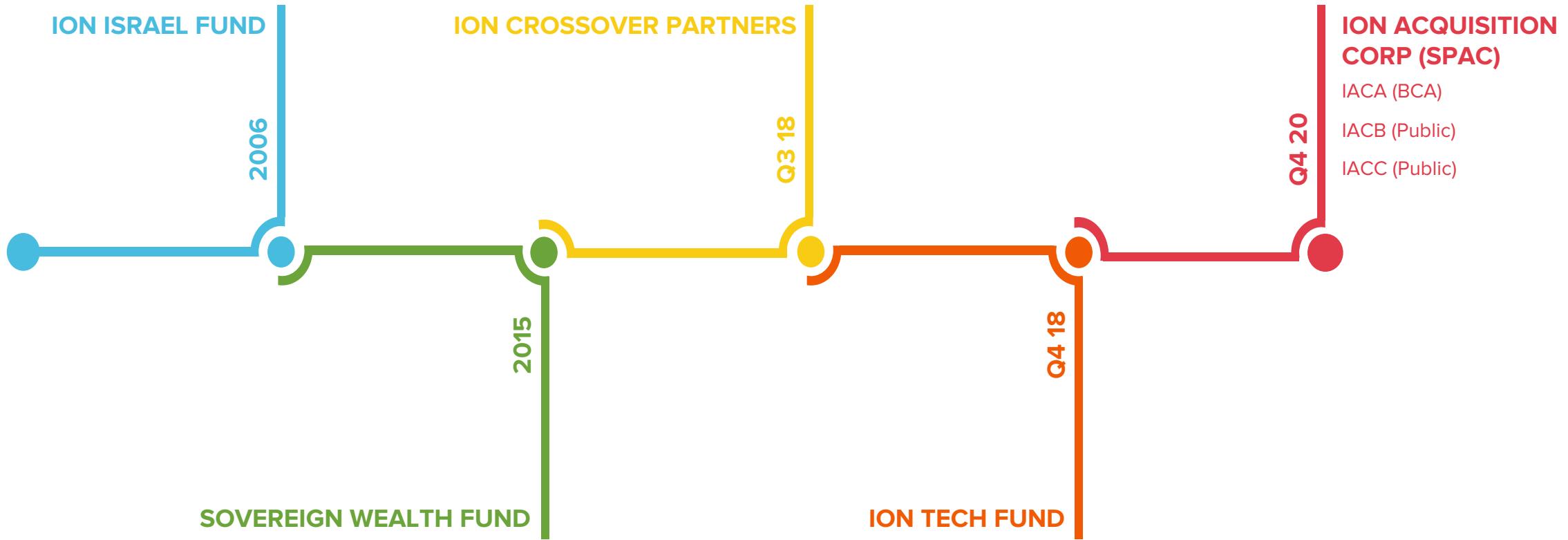
- Introduction
- Overview
- About Innovid
- Go-to-Market Strategy
- Investment Highlights
- Financial Information
- Growth Strategy
- Valuation & Comparables



# INTRODUCTION



# ION – GLOBAL REACH, LONG-TERM VALUE



Total AUM: >\$2bn

# ION INVESTMENT THESIS – MARKET LEADING EXPOSURE TO CONNECTED TV GROWTH

1

## TV ADVERTISING IS A \$200B MARKET SHIFTING FROM LINEAR TV TO CTV

As “cord cutting” audiences move to CTV, and OTT publishers grow, brand advertising dollars follow

2

## MARKET-LEADING INDEPENDENT CTV ADVERTISING PLATFORM

Used by >40% of major global advertisers to manage ad campaigns in a fragmented CTV market

3

## VISIONARY, FOUNDER-LED, FIRST-TO-MARKET PLAYER WITH DEEP MOAT

Proprietary tech to future-proof for CTV roadmap + Unmatched Partner Network (TTD, MGNI, Peacock, Roku, Hulu, etc.)

4

## DIFFERENTIATED SOFTWARE COMPANY TO RIDE THE EXPLOSIVE GROWTH OF CTV

80%+ gross margins, 37% Revenue Growth, 94% logo retention + upside from advanced capabilities

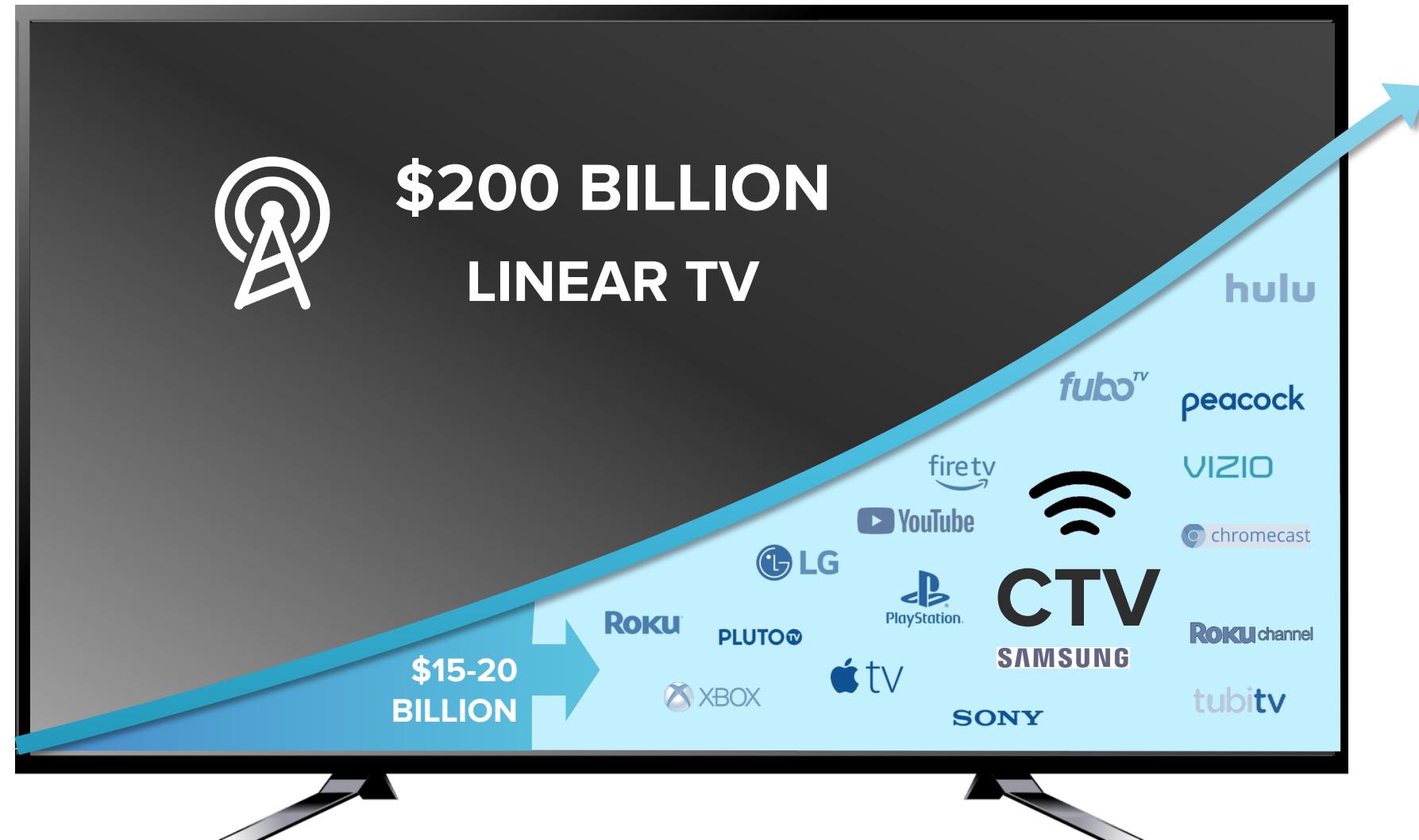
# OVERVIEW



# THE TV ECOSYSTEM IS SHIFTING

**\$200 BILLION**  
of TV ad spending

**\$15 - \$20 BILLION**  
of estimated ad spending  
on CTV today



Source: Dentsu, eMarketer

Note: \$200bn estimate includes 2021 traditional TV ad spend of \$169bn and assumes 2021 global CTV ad spend is ~2x US ad spend of \$13bn

# CTV CREATES OPPORTUNITIES AND CHALLENGES



**Centralized Creative Ad-Delivery**



**Personalization and Interactivity**



**Advanced Measurement**



## Leading Independent Ad Delivery and Measurement Platform for Connected TV

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Empowering advertisers to shift investment  
from linear to connected TV

# ABOUT INNOVID

**INNOVID**

# PEOPLE-FIRST: AN AWARD-WINNING CULTURE

## INNOVID'S Company Values

Our shared values unite our team and drive our award-winning company culture

Be **GENEROUS**

Be **DARING**

Be **UNBEATABLE**



**~365 Employees**

NYC Headquarters  
15 Offices Worldwide

**glassdoor**  
**4.8**  
star rating      **99%**  
CEO approval

**Inc. Best Workplaces**  
2021

SELECT INVESTORS

**SEQUOIA**  **Goldman Sachs**  
**GENESIS PARTNERS**  **NEWSPRING**

# FOCUSED ON CTV BEFORE THERE WAS CTV

## INNOVID = “INNOVATION + VIDEO”

Focus on CTV has led to a growing list of industry firsts and key milestones:



1<sup>st</sup> CTV advertising  
SDK to market



Exclusive Roku  
ACR integration



1<sup>st</sup> MRC certification  
for CTV measurement



1<sup>st</sup> ad serving into  
Peacock



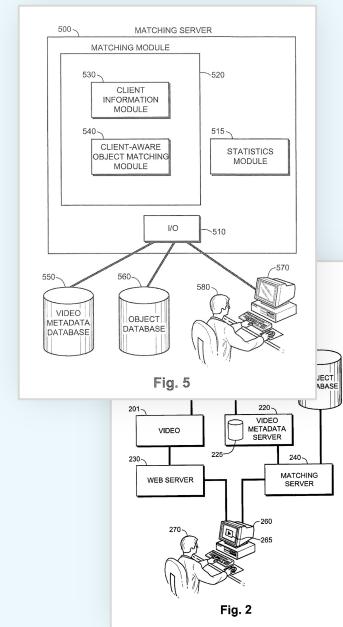
1<sup>st</sup> interactive  
Super Bowl ad



Named a leader  
by Forrester

## INVENTION IS INGRAINED IN INNOVID’S DNA

2008 - 1<sup>st</sup> PATENT



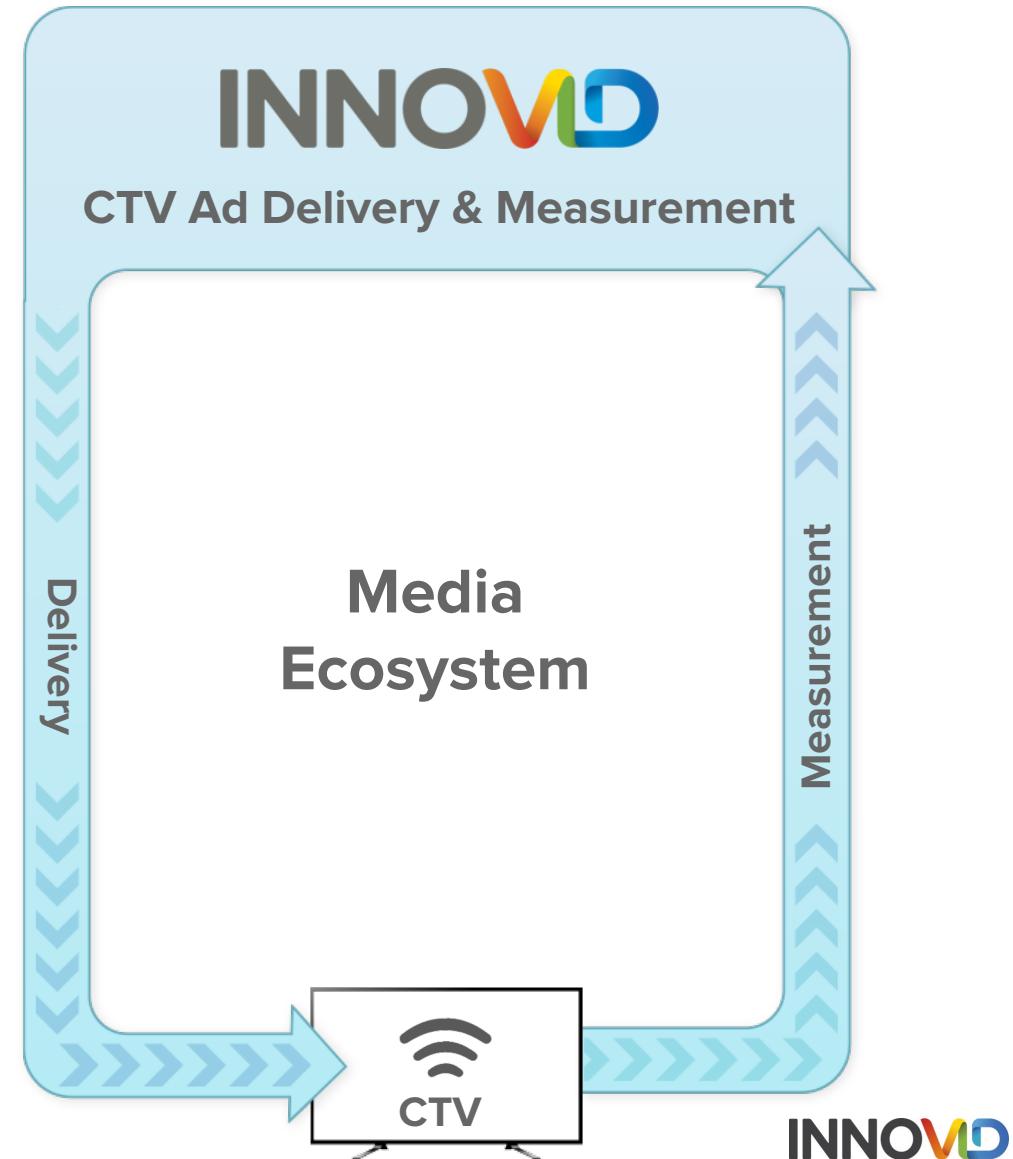
- ✓ Insert **interactive** objects into video content
- ✓ **Video-associated** objects
- ✓ **Serving objects** to be inserted to videos and tracking usage statistics
- ✓ **Real-time monitoring** of sentiment with respect of a desired phrase
- ✓ **Analyzing sentiment** based on term taxonomies of UGC

# DELIVERING AND MEASURING ADS ACROSS ALL MAJOR TV MEDIUMS

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## Innovid's CTV advertiser software platform:

- ✓ Automatically uploads and encodes advertising creative to stream ads to any screen or device
- ✓ Manages the physical delivery of ads – connecting marketers and publishers in real-time
- ✓ Independently measures performance across the widest breadth of MRC accredited metrics



# PARTNERING ACROSS THE ADTECH ECOSYSTEM

Fragmentation complicates advertising - we work with, not against, the leading players in the technology stack

## INNOVID INTEGRATES ACROSS AD TECH:

### Demand Side Platform (DSP)

Programmatic Media Buying

### Supply Side Platforms (SSP)

Programmatic Media Selling

### Publisher Apps

Stream Content

### Connected TV Devices

Connecting the TV to the Internet



# STRATEGIC, EXCLUSIVE PARTNERSHIPS TO ADVANCE CTV ADVERTISING

Leading in CTV innovation as acknowledged by industry-first and exclusive relationships with leading providers



**Comcast Partners With Innovid To Automate Digital And Linear Campaigns**

by Tony Rifulato // Wednesday, March 31st, 2021 – 5:34 pm



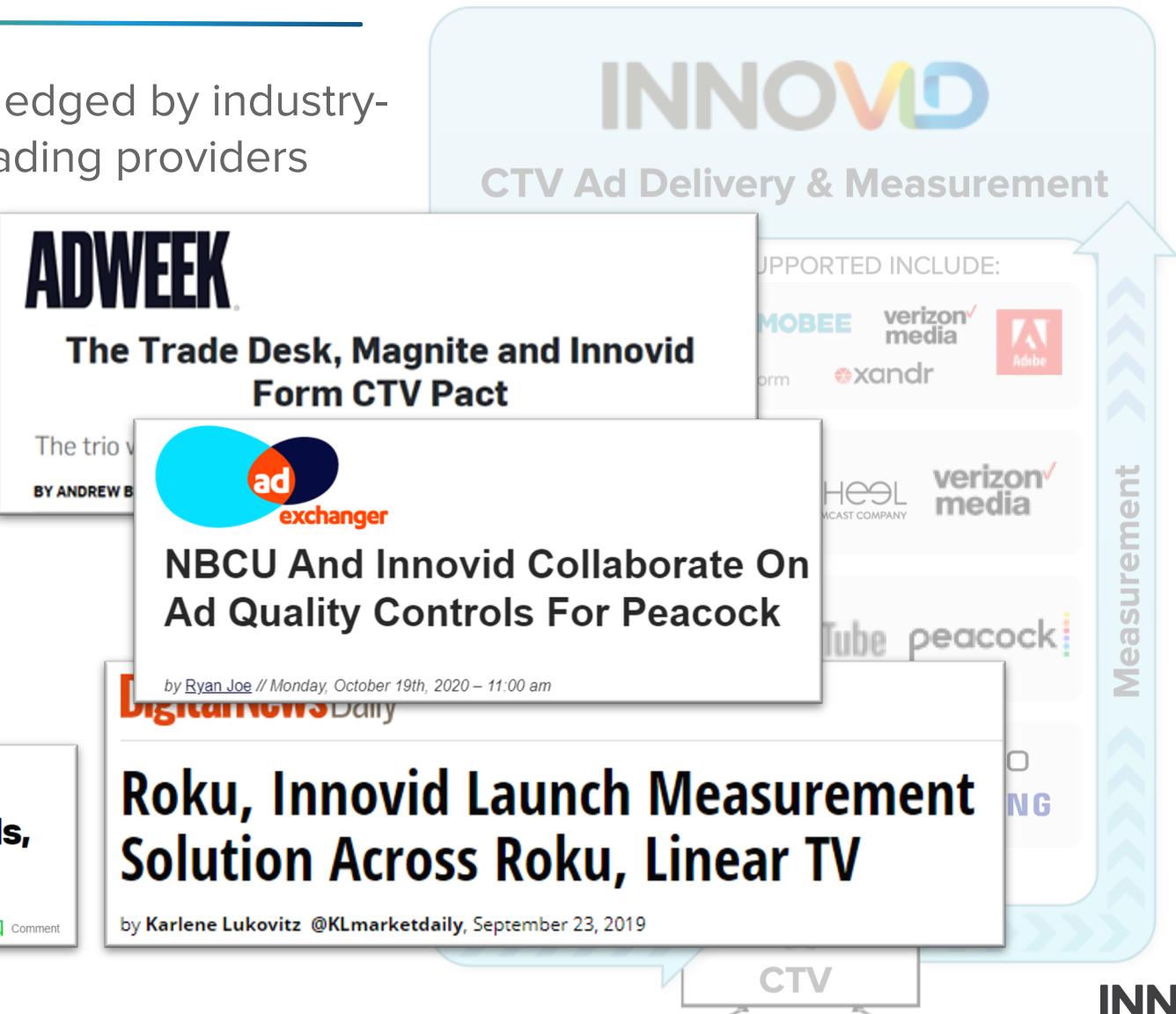
**Hulu named first partner in Innovid's self-serve ad composer for connected TV**

By Bennett Bennett - September 27, 2018



**Roku And Innovid Roll Out Interactive Video Ads, Including SMS-Based Reminders To Watch**

Sarah Perez @sarahintampa / 12:17 PM EDT • June 18, 2015



# GO-TO-MARKET



# OUR GO-TO-MARKET STRATEGY



Selling to brands,  
used by agencies



Primary CTV technology  
platform used by our clients



Technology fees based on  
ads delivered, not media  
spend

**ABInBev**

**TOYOTA**

**FCA**  
FIAT CHRYSLER AUTOMOBILES

  
**PUBLICIS  
MEDIA**

  
**SPARK  
FOUNDRY**

  
**SAMSUNG**

  
**Zenith**  
The ROI agency

  
**CONAGRA<sup>®</sup>  
• BRANDS •**

  
**Allergan<sup>™</sup>**

  
**L'ORÉAL**

  
**MillerCoors<sup>™</sup>**

  
**gsk**

  
**Bank of America**

# FOCUSING ON THE NEEDS OF THE LARGEST TV ADVERTISERS

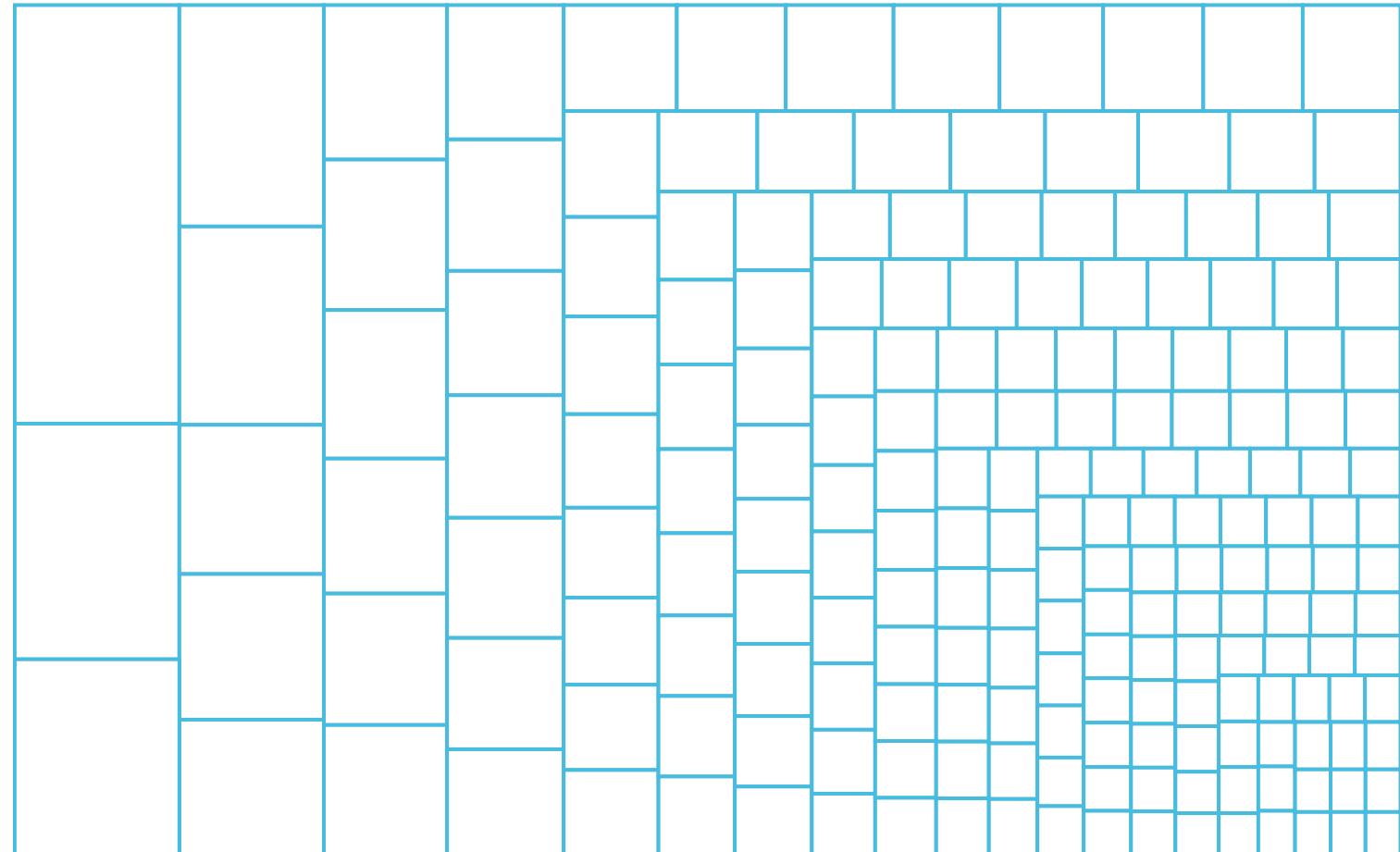
HIGH CONCENTRATION AT THE TOP:

**200** top U.S. TV  
**ADVERTISERS**

represent

~**75%** of total U.S.  
**TV AD SPEND**

DISTRIBUTION OF TV AD SPEND BY TOP 200 US TV ADVERTISERS



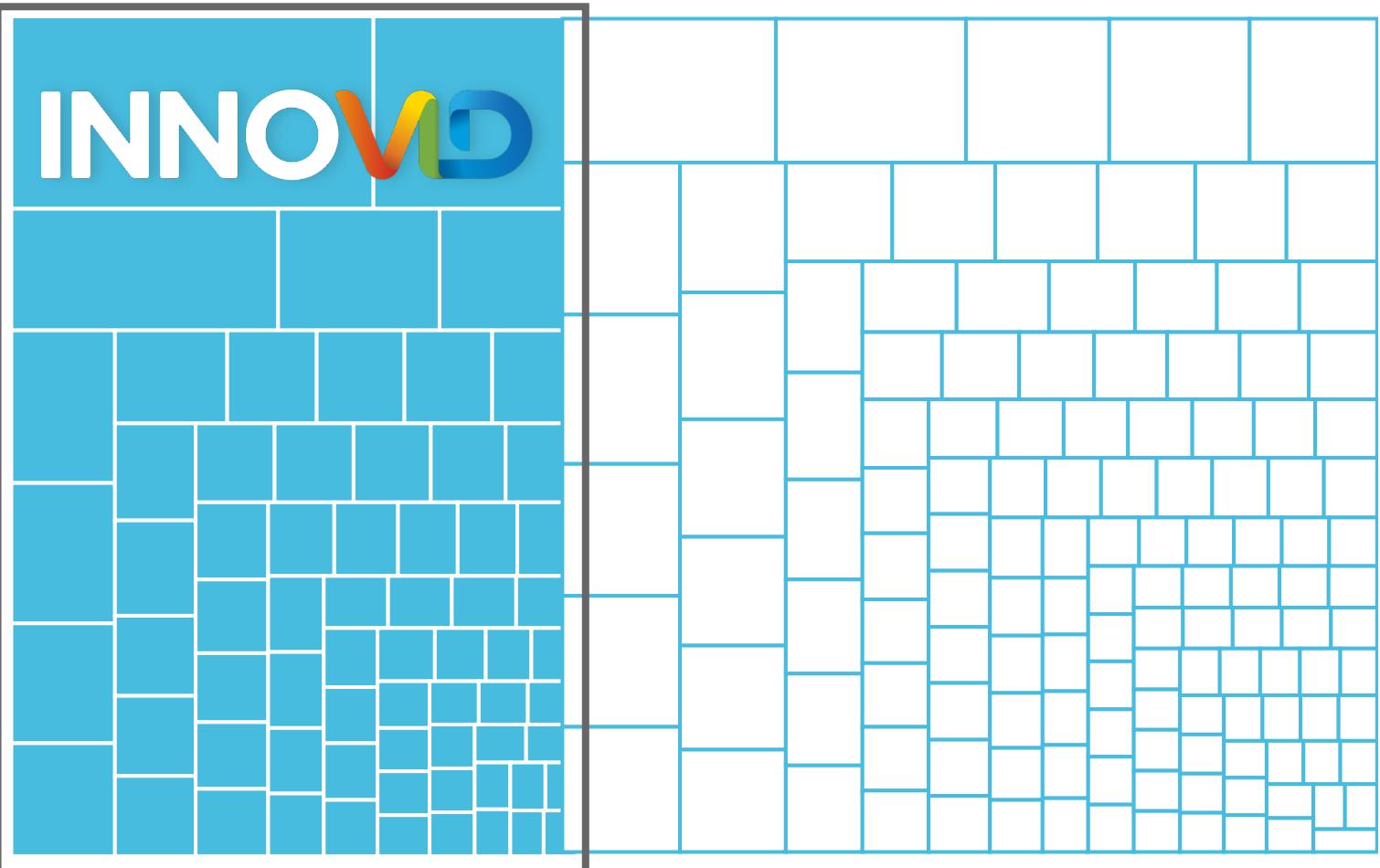
# INNOVID IS THE TRUSTED DELIVERY PLATFORM

DISTRIBUTION OF TV AD SPEND BY TOP 200 US TV ADVERTISERS

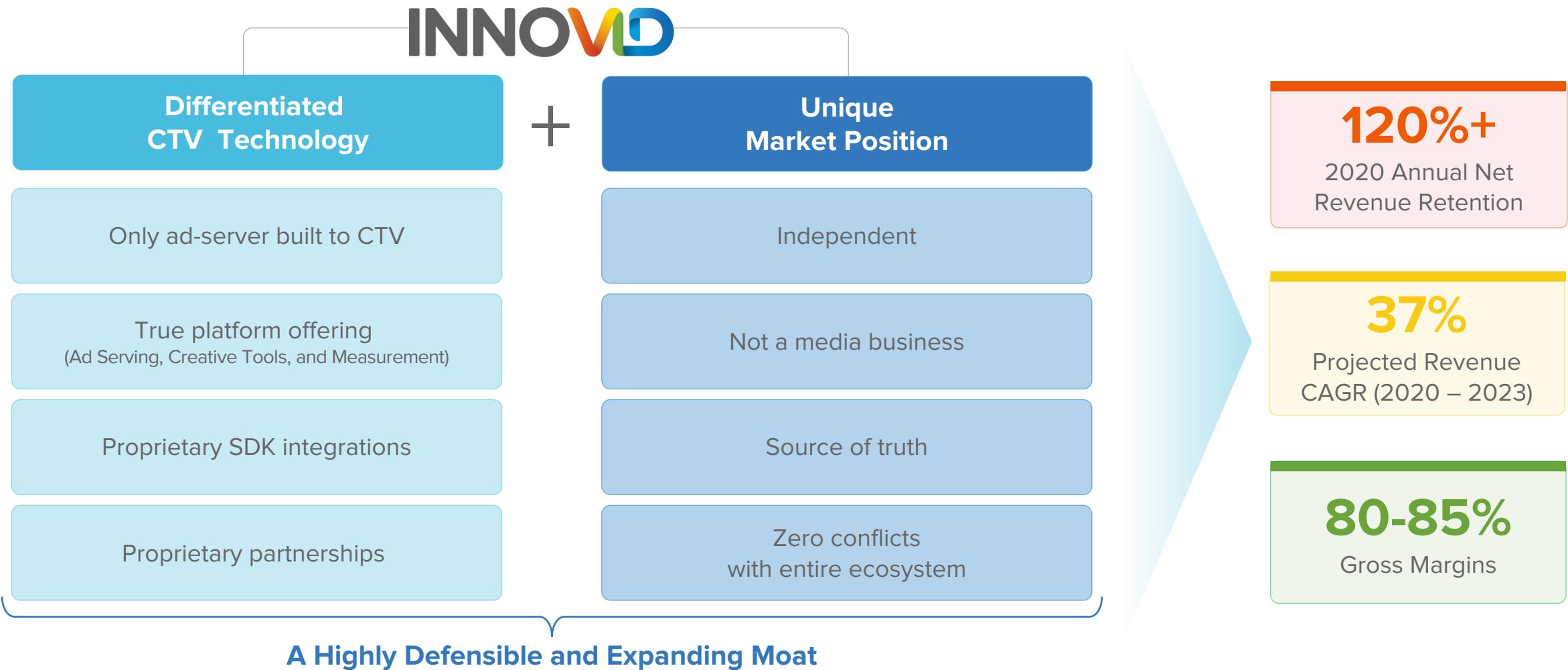
## ESTABLISHED FOOTPRINT:

INNOVID is already a trusted ad delivery platform

**~40%** of the top 200 U.S. TV advertisers

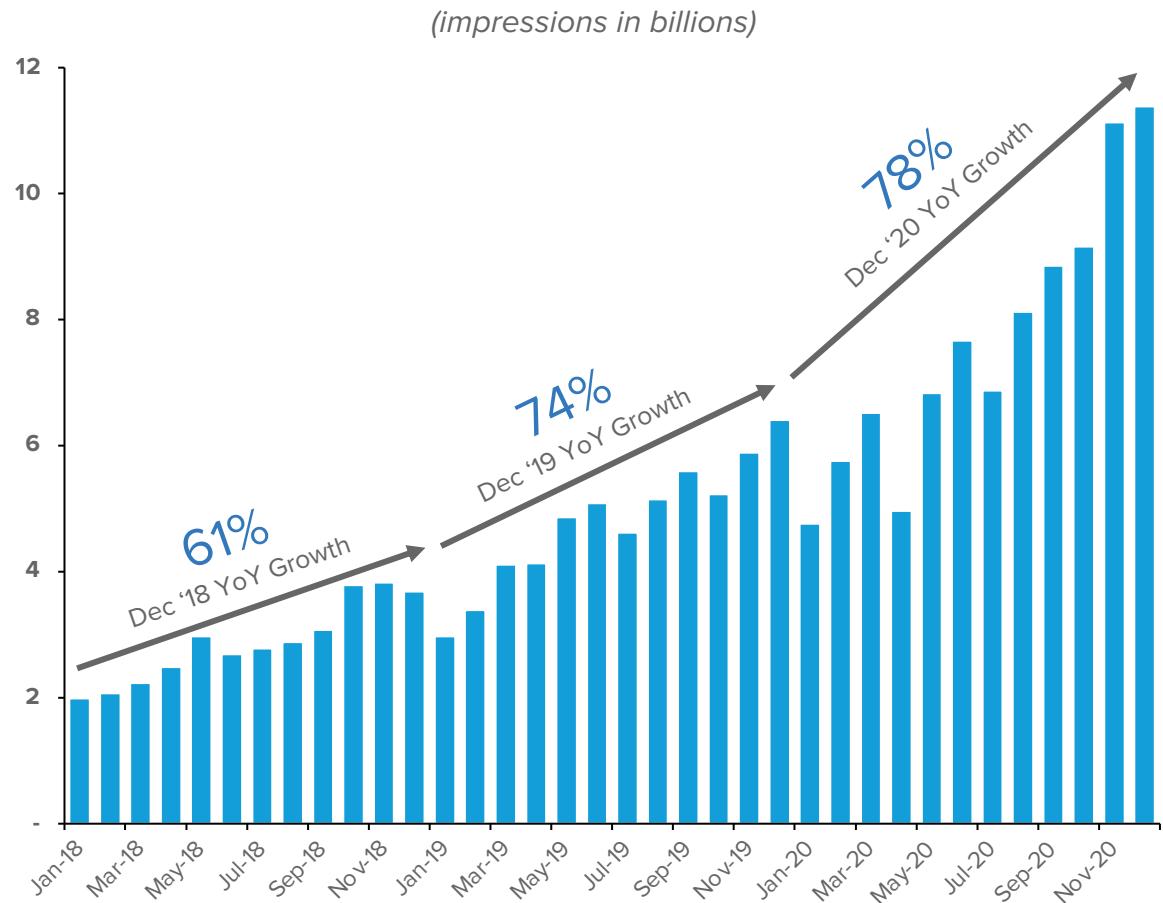


# DIFFERENTIATED OFFERING IS WHY WE WIN WITH TV ADVERTISERS

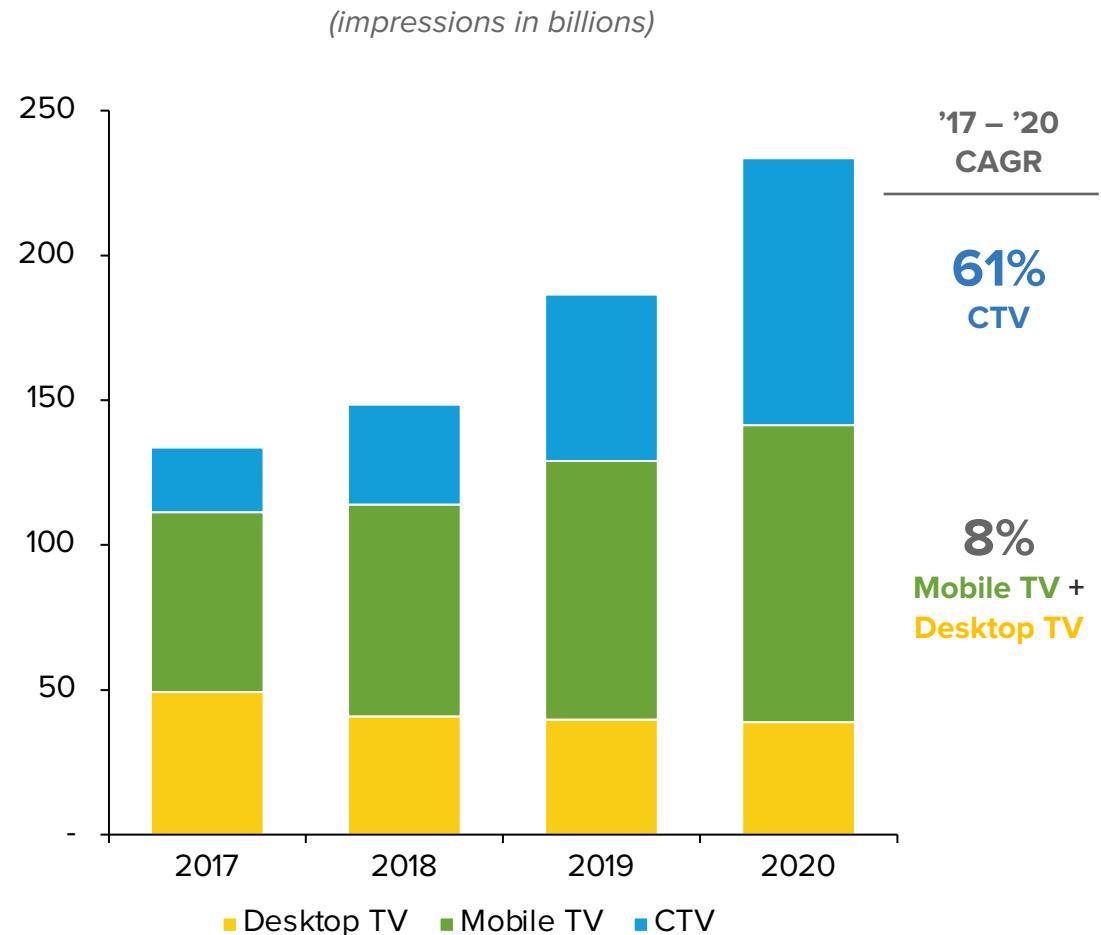


# CTV IS DRIVING THE GROWTH IN OUR BUSINESS

## CTV Impression Volume Growth



## Impression Volume by Device

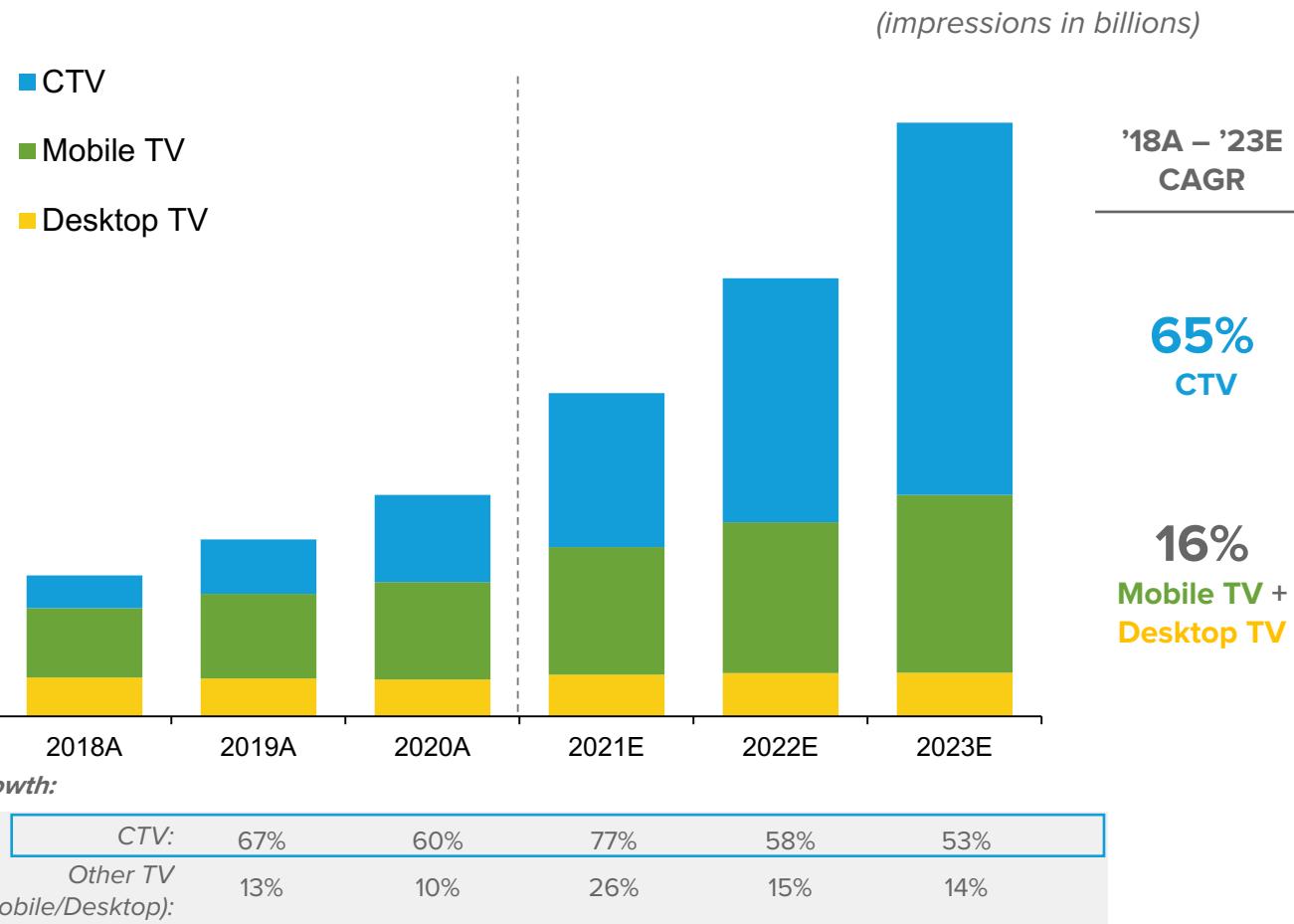


Source: Company data

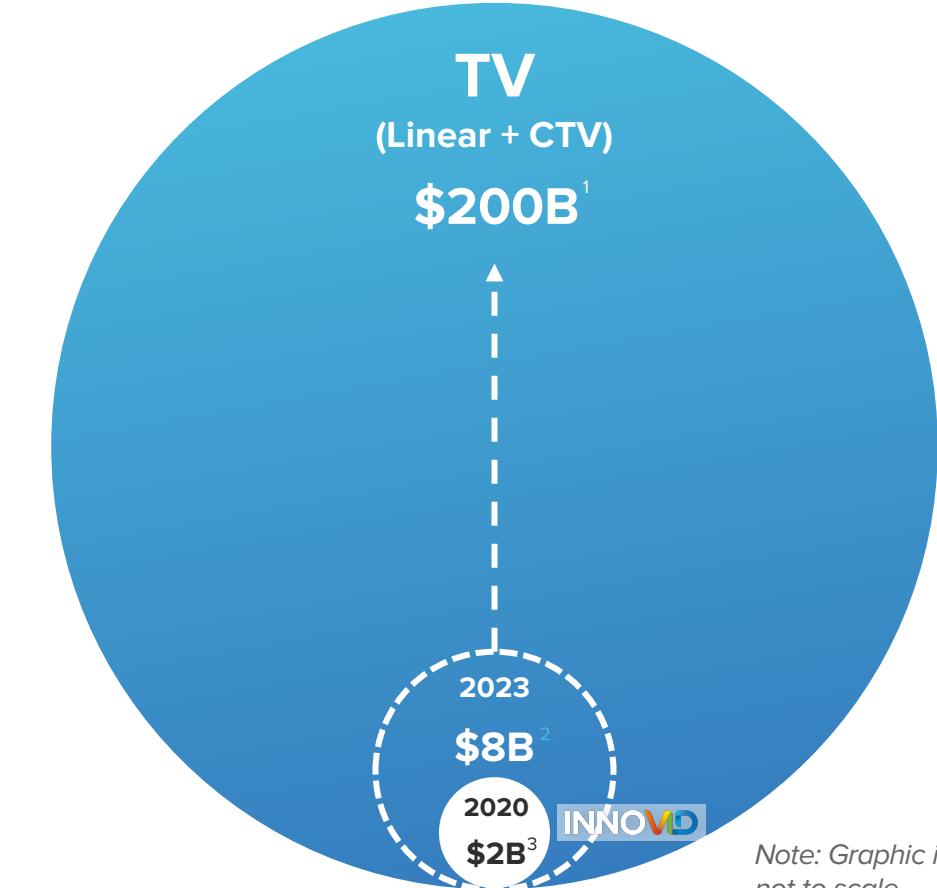
24 | An immaterial volume (less than 5%) of impressions which are not automatically classified by device were omitted from the historical 2018-2020 data in the impression chart. Revenue from these impressions is included in the company revenue by device on a prorated basis.

# CTV DRIVES OUR IMPRESSION VOLUME ACCELERATION

Impression Volume by Device



Illustrative Global Market Potential



Source: Company data, Dentsu, eMarketer, Kantar (<https://www.kantar.com/>), Winmo (<https://www.winmo.com/>)

An immaterial volume (less than 5%) of impressions which are not automatically classified by device were omitted from the historical 2018-2020 data in the impression chart. Revenue from these impressions is included in the company revenue by device on a prorated basis.

Note: Illustrative market size based on current global TV advertising spend of \$200 billion and Company data assuming constant \$20 media CPM

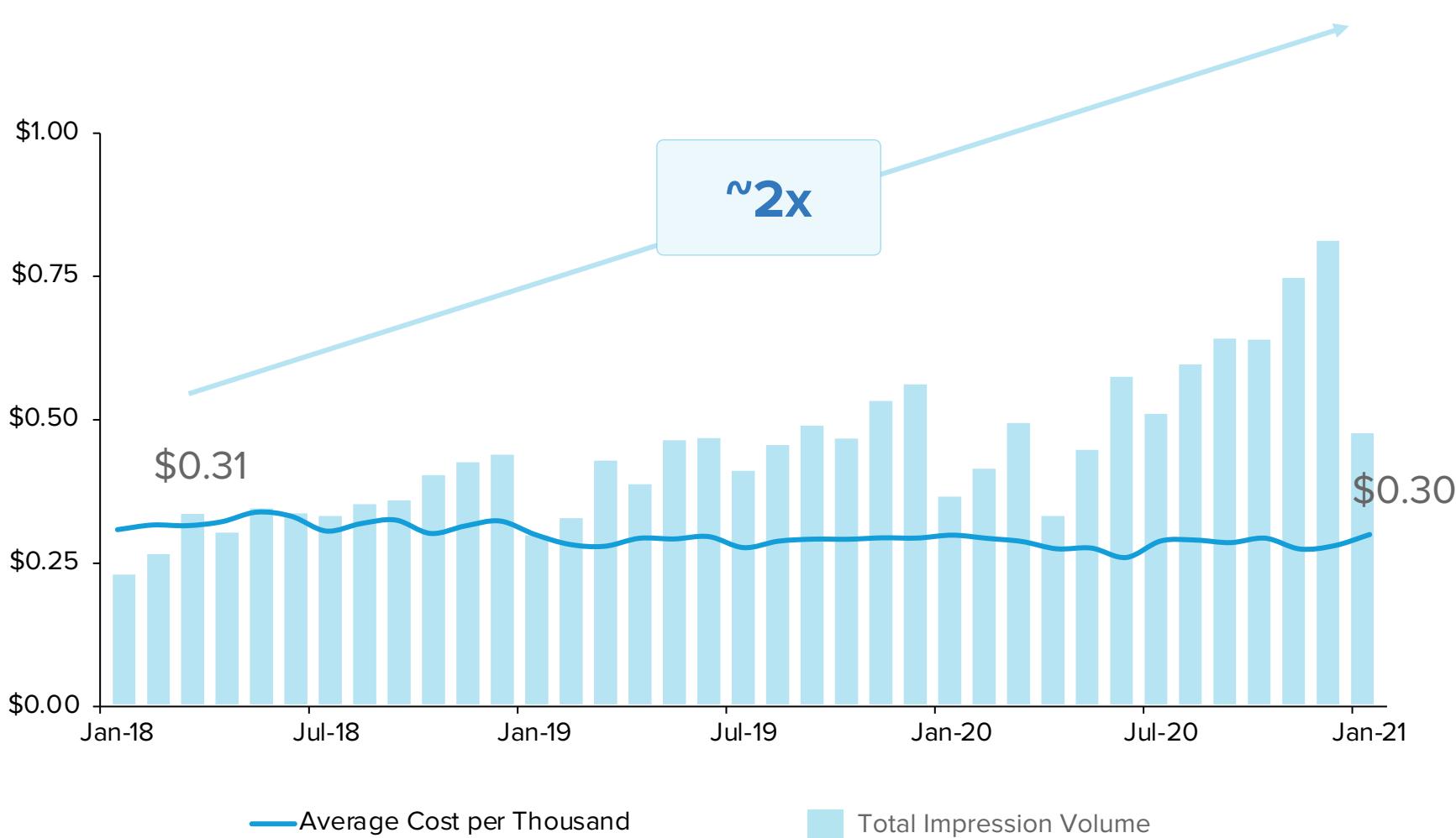
1. \$200bn estimate includes 2021 traditional TV ad spend of \$169bn and assumes 2021 global CTV ad spend is ~2x US ad spend of \$13bn

2. Projected 2023 CTV advertising spend for Innovid customers assuming constant \$20 media CPM

3. Estimated 2020 CTV advertising spend for Innovid customers assuming constant \$20 media CPM

# STRONG PRICING WITH UPSIDE POTENTIAL

Impression Volume Has Grown ~2x While Pricing Has Been Stable

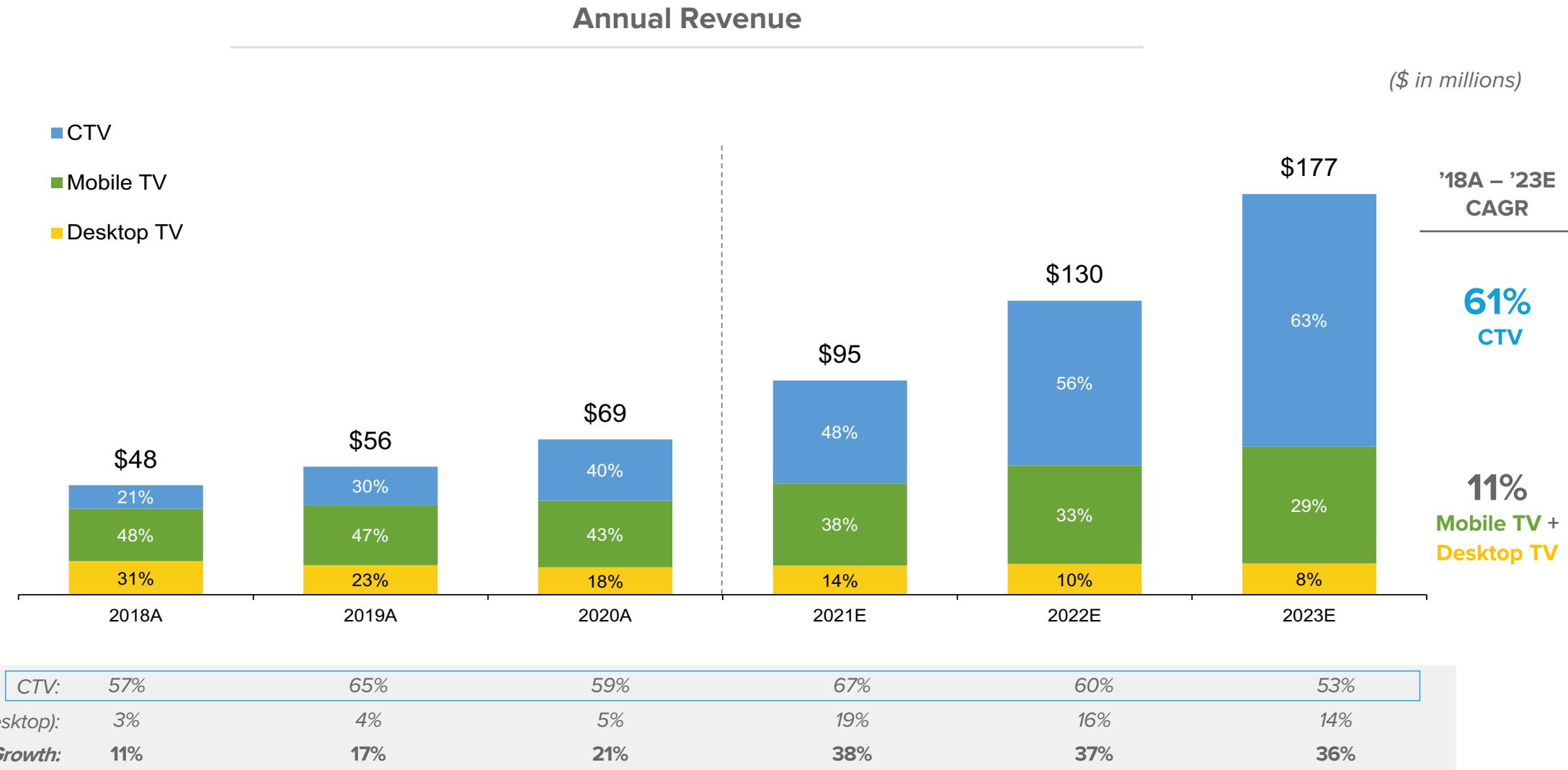


Tech Usage Fees,  
Not Media Spend

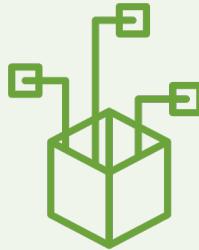
“Always On” Every  
Impression

Price Increases  
from Cross-Sell and  
Up-Sell

# CTV DRIVES OUR PROJECTED REVENUE ACCELERATION



# PLATFORM EXTENSIONS DRIVE FUTURE REVENUE



## CTV Ad Delivery



## CTV Personalization

Personalized ads  
Interactive capabilities / experience  
Most advanced CTV SDK  
Innovid's SDK powers Trade Desk, Magnite, Roku and Hulu  
Leader in The Forrester Wave: Creative Advertising Technology, 2020



## CTV Measurement

Launched 2020

Universal “Source of truth”  
Unbiased insight and data  
TV-first, cookieless and compliant identity solution  
Uniquely positioned to win as the ad server  
Driving industry-wide standardization

# FINANCIAL INFORMATION



# KEY FINANCIAL HIGHLIGHTS

**~\$130M**

2022E Revenue

**~37%**

2022E

Revenue Growth

**~81%**

2022E

Gross Margins

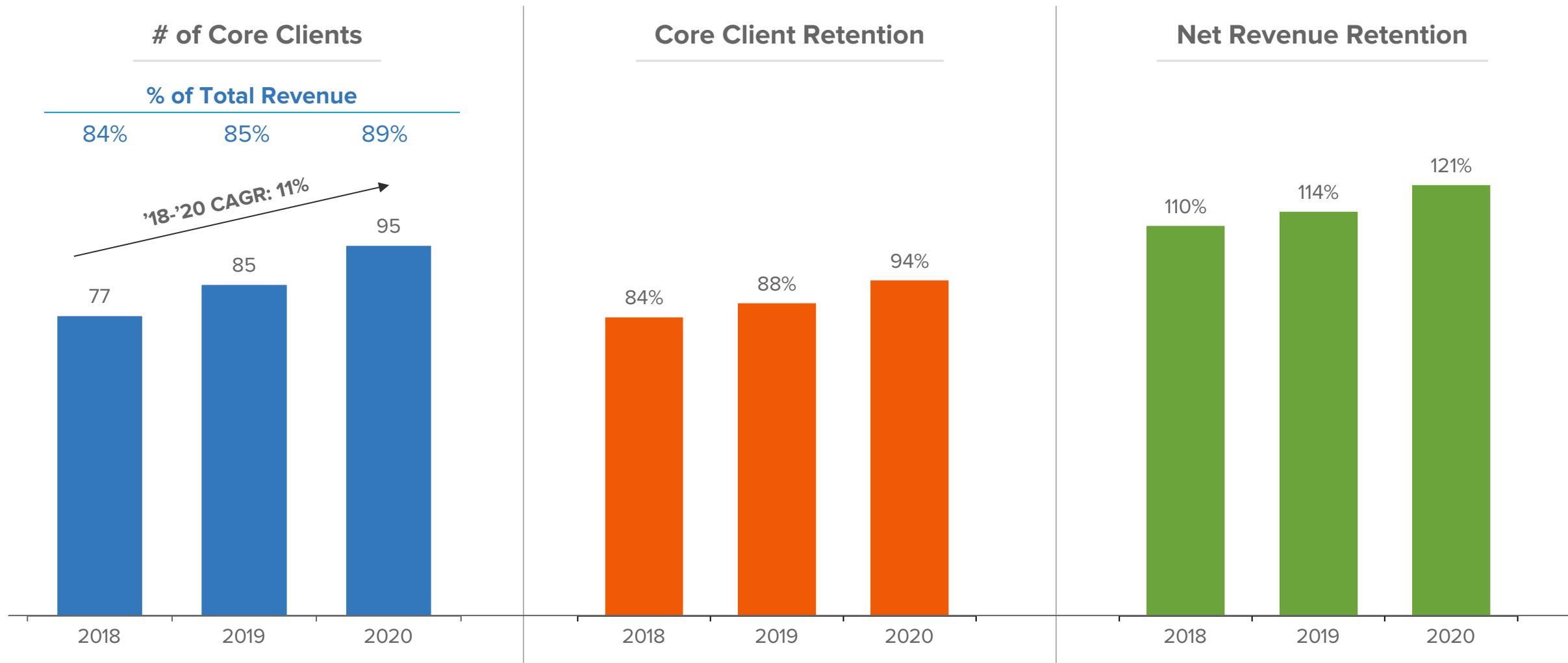
**~\$16M**

2022E

Adj. EBITDA

- Highly **predictable** and **visible re-occurring revenue**:
  - ▶ Existing clients generate **~90%** of revenue each year<sup>1</sup>
  - ▶ **Strong net dollar retention** over the last 3-years, exceeding 120% in 2020
  - ▶ **Low customer churn** with 94% core customer retention in 2020
  - ▶ **Strong and stable pricing with path to higher margins** with further adoption of highly differentiated products
- **Significant operating leverage**, with low incremental costs as client impression volumes grow

# STRONG AND INCREASING CORE CUSTOMER



# RAPID REVENUE ACCELERATION

(\$ in millions)

Quarterly Revenue



# P&L SUMMARY

	Historicals <sup>1</sup>			Projections <sup>2</sup>			(\$ in millions)
	Audited		Unaudited	Projected		Long-Term	
	2018A	2019A	2020A	2021E	2022E	Margins	
<b>Revenue</b>	\$48.4	\$56.5	\$68.8	\$94.8	\$130.1	\$177.3	
% Growth	11.0%	16.7%	21.8%	37.8%	37.2%	36.3%	
Cost of Revenue	(\$9.4)	(\$10.6)	(\$12.7)	(\$18.0)	(\$24.7)	(\$33.7)	
<b>Gross Profit</b>	<b>\$39.0</b>	<b>\$45.9</b>	<b>\$56.1</b>	<b>\$76.8</b>	<b>\$105.4</b>	<b>\$143.6</b>	
% Margin	80.5%	81.3%	81.6%	81.0%	81.0%	81.0%	82% - 85%
R&D	(\$12.2)	(\$14.5)	(\$17.4)	(\$23.0)	(\$27.3)	(\$32.8)	14%
S&M	(19.4)	(29.0)	(28.2)	(35.8)	(46.9)	(56.7)	26%
G&A	(5.9)	(7.6)	(7.9)	(10.8)	(15.6)	(19.5)	8%
Total OpEx	(\$37.6)	(\$51.1)	(\$53.6)	(\$69.6)	(\$89.8)	(\$109.1)	48%
<b>Adjusted EBITDA<sup>3</sup></b>	<b>\$1.4</b>	<b>(\$5.2)</b>	<b>\$2.6</b>	<b>\$7.2</b>	<b>\$15.6</b>	<b>\$34.6</b>	
% Margin	2.9%	-9.2%	3.8%	7.6%	12.0%	19.5%	~35%

1. Internal management results prior to PCAOB audit completion

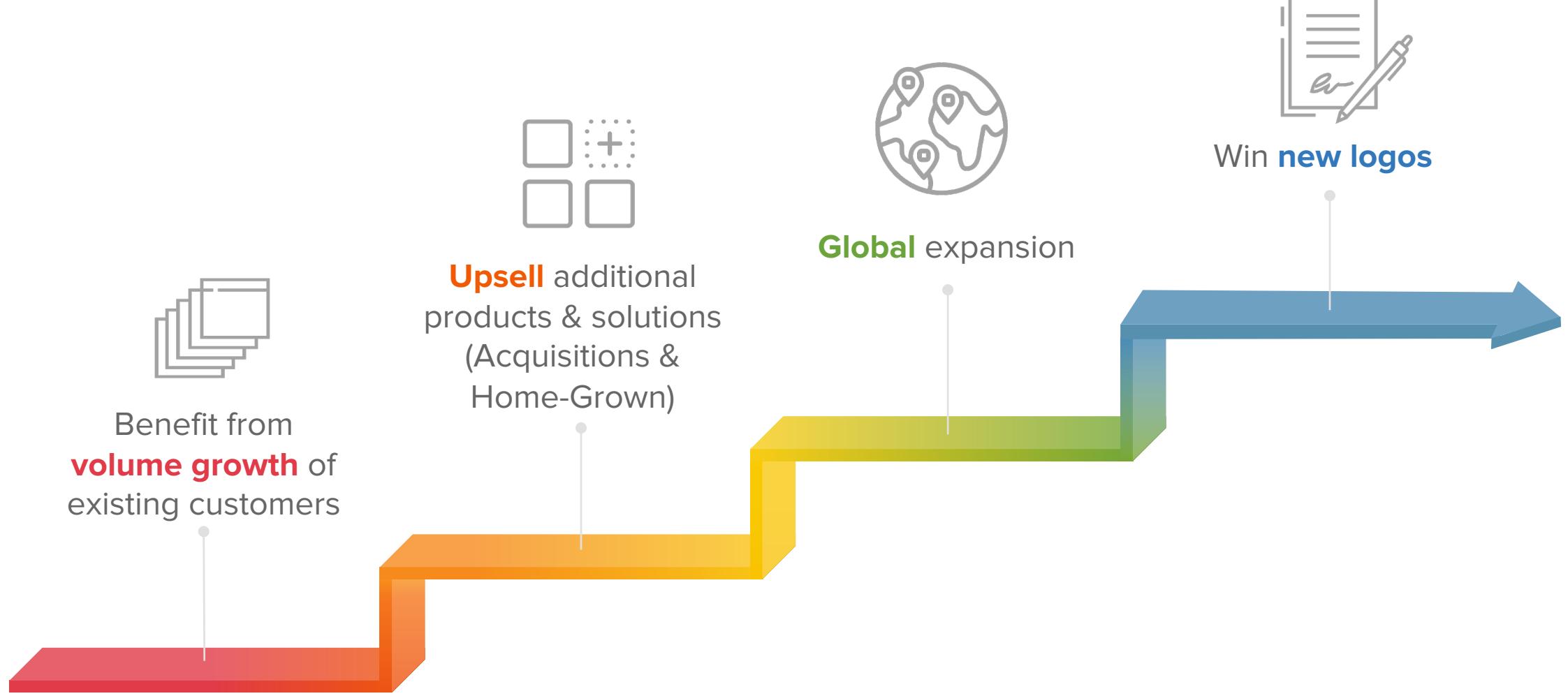
2. No quantitative reconciliation of EBITDA to the most directly comparable GAAP financial measure has been provided for projections because management cannot reliably predict all of the necessary components of the GAAP financial measure without unreasonable effort

3. Adjusted EBITDA includes add-back of stock-based compensation from 2018 – 2020; stock-based compensation not projected for 2021 – 2023

# GROWTH STRATEGY



# MULTIPLE LEVERS TO DRIVE HIGH GROWTH FOR FORESEEABLE FUTURE



# INVESTMENT HIGHLIGHTS

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- 1 Benefiting from the **explosive growth of streaming content** driving “cord-cutting”, “cord shavers” and “cord-nevers”
- 2 **\$200 billion of TV ad spend** is moving from linear to CTV to reach digital audiences and requires digital infrastructure
- 3 Innovid is a **leading independent platform** for CTV ad delivery and measurement infrastructure
- 4 Exclusive technology relationships with clients creates **strong customer retention**
- 5 **Predictable business model** with consistent cohort performance as client impression volumes scale
- 6 **Strong revenue growth** with high software gross margins while increasing profitability

# VALUATION & COMPARABLES

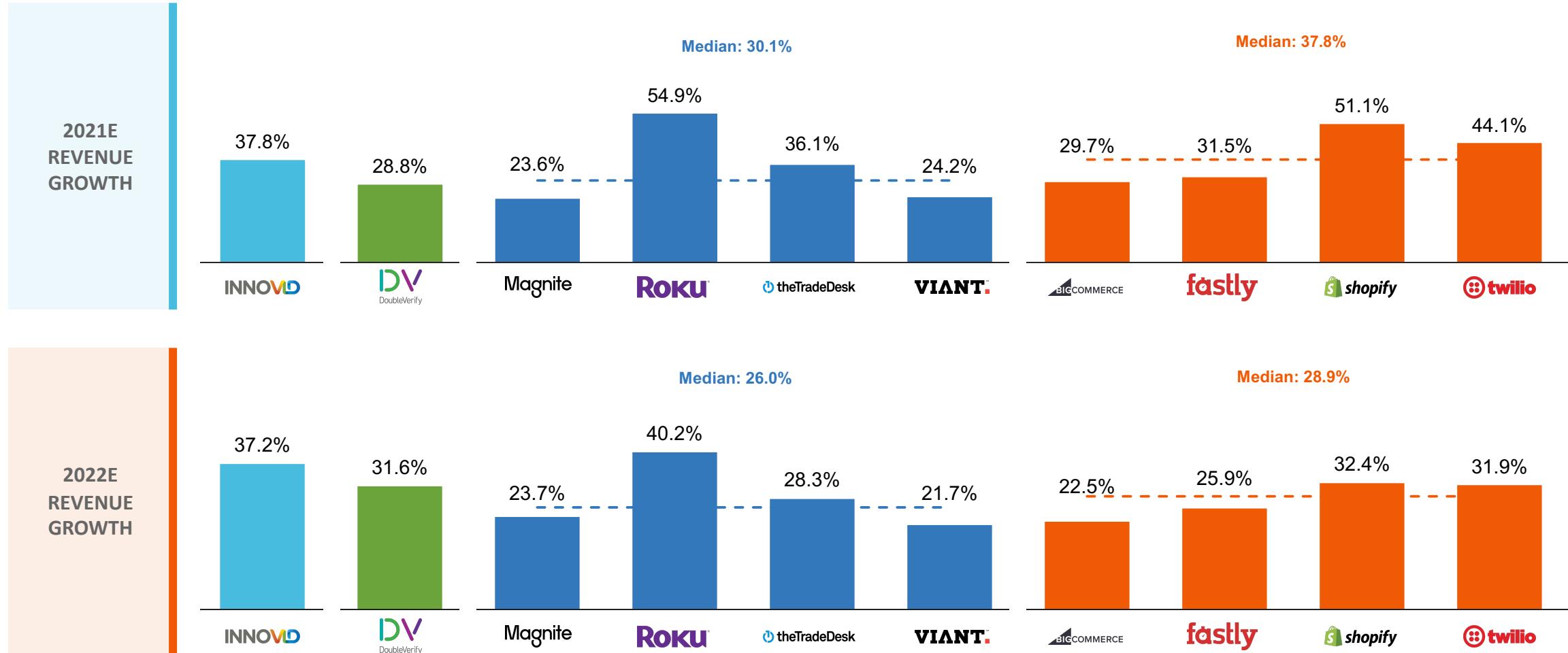


# DEFINING THE PUBLIC COMPARABLE UNIVERSE FOR INNOVID

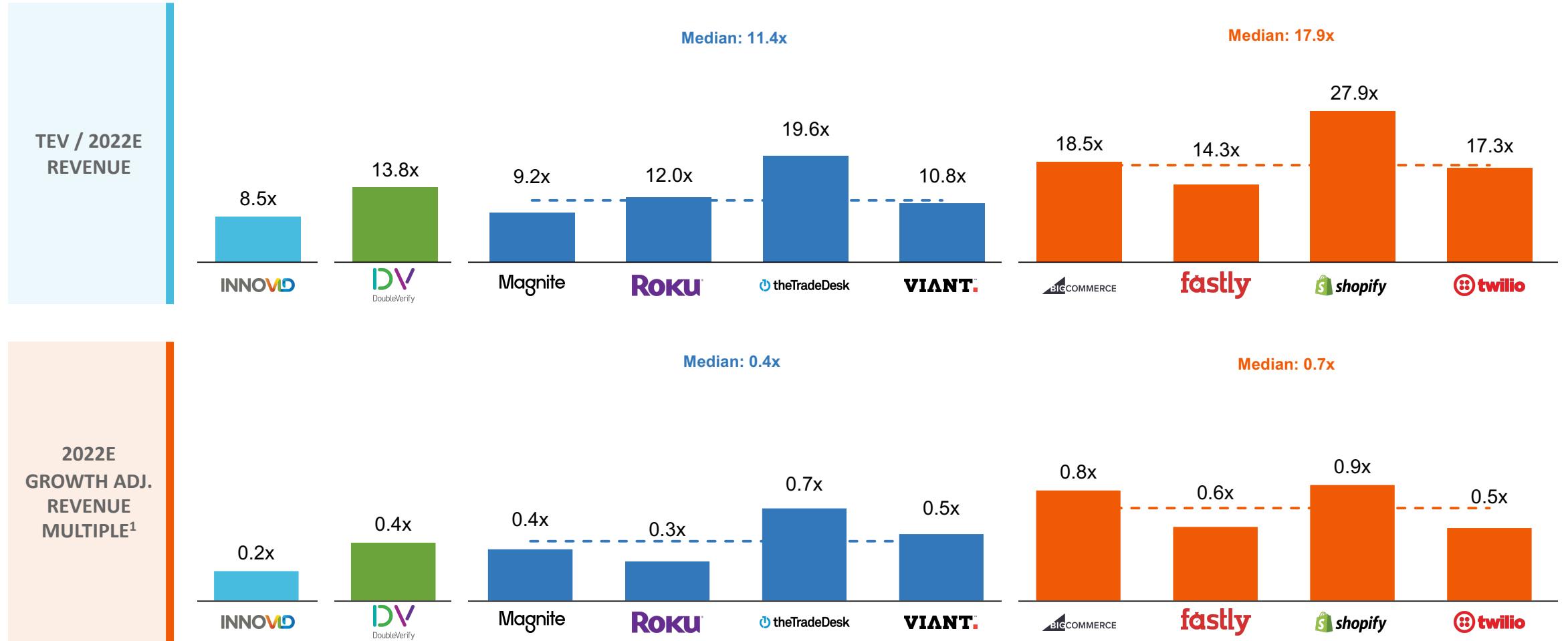
Innovid is an Infrastructure Software Platform, collaborating with High Growth Ad Tech Platforms

High Growth Ad Tech Platforms		Infrastructure Software Platforms							
Market / Sector	DV DoubleVerify	Magnite	ROKU	theTradeDesk	VIAINT.	BIGCOMMERCE	fastly	shopify	twilio
Business Model									
✓	✓	✓	✓	✓	✓				
✓						✓	✓	✓	✓

# OPERATIONAL BENCHMARKING



# VALUATION BENCHMARKING



# TRANSACTION SUMMARY

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- Pro forma anticipated enterprise value of **\$1.1 billion**
- \$403 million total anticipated cash proceeds consisting of:
  - ▶ \$253 million from ION Acquisition Corp. 2 Ltd.
  - ▶ **\$150 million in target PIPE proceeds** expected to be raised at \$10.00 / share, including sponsor participation of up to \$50 million at the Company's discretion
- Existing Innovid shareholders expected to retain **"64% of the pro forma company"**
- Use of proceeds anticipated to include **"\$200 million of cash to balance sheet**, which is anticipated to be used to pursue organic growth strategies and inorganic growth through opportunistic acquisitions, with balance of funds raised as secondary proceeds to existing Innovid shareholders
- Completion of transaction is **expected by Q4 2021**



Leading Independent Ad Delivery and  
Measurement Platform for Connected TV

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THANK YOU.

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# APPENDIX



# TRANSACTION OVERVIEW

## Anticipated Sources and Uses

Sources (\$M)		
SPAC Cash in Trust <sup>1</sup>	\$253	20%
PIPE Investment <sup>2</sup>	150	12%
Innovid Equity Rollover	844	68%
<b>Total Sources</b>	<b>\$1,247</b>	<b>100%</b>
Uses (\$M)		
Cash to Selling Shareholders	\$163	13%
Cash to Balance Sheet	200	16%
Innovid Equity Rollover	844	68%
Fees and Expenses	40	3%
<b>Total Uses</b>	<b>\$1,247</b>	<b>100%</b>

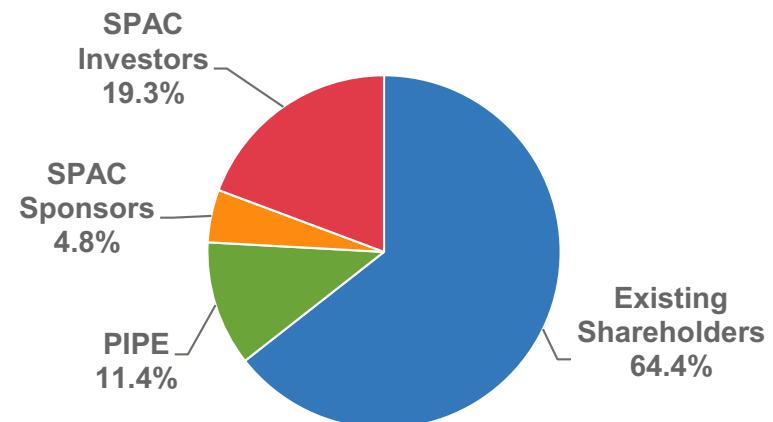
Note: All values in millions except for share price. Assumes no redemptions from SPAC investors. Excludes impact of

7.06m sponsor warrants and 3.16m public warrants

1. SPAC cash amount subject to change depending on interest earned
2. Includes \$50.0m Forward Purchase Agreement from SPAC sponsors
3. Includes 84.42m Innovid rollover shares, 15.00 PIPE shares, 6.33 sponsor shares and 25.30 SPAC shares
4. PF net cash calculated as pre-transaction net cash of \$10m plus cash proceeds from transaction of \$200m

## Anticipated Pro Forma Valuation and Ownership Split

Pro Forma Valuation (\$M)	
PF Shares Outstanding <sup>3</sup>	131.0
Share Price	\$10.00
<b>PF Equity Value</b>	<b>\$1,310</b>
(+) PF Net Debt / (Cash) <sup>4</sup>	(210)
<b>PF Enterprise Value</b>	<b>\$1,100</b>
PF EV / 2022E Revenue	8.5x
<i>2022E Revenue</i>	\$130



# NET INCOME TO ADJUSTED EBITDA RECONCILIATION

*(\$ in millions)*

	Historical Annual Results <sup>1</sup>		
	Audited		Unaudited
	2018A	2019A	2020A
<b>Net Income</b>	<b>(\$0.3)</b>	<b>(\$7.1)</b>	<b>(\$0.7)</b>
Depreciation and Amortization	0.3	0.4	0.9
Finance and Other Expenses, Net	0.6	0.4	0.9
Taxes	0.4	0.7	0.9
Stock-based compensation	0.4	0.4	0.6
<b>Adjusted EBITDA<sup>2</sup></b>	<b>\$1.4</b>	<b>(\$5.2)</b>	<b>\$2.6</b>

1. Internal management results prior to PCAOB audit completion

2. Adjusted EBITDA includes add-back of stock-based compensation