REFINITIV STREETEVENTS

EDITED TRANSCRIPT

CRTO.OQ - Criteo SA Investor Day

EVENT DATE/TIME: OCTOBER 31, 2022 / 12:30PM GMT

CORPORATE PARTICIPANTS

Brian Gleason *Criteo S.A. - Chief Revenue Officer*

Megan Clarken *Criteo S.A. - CEO & Director*

Melanie Dambre *Criteo S.A. - IR Director*

Sarah J. S. Glickman *Criteo S.A. - CFO & Principal Accounting Officer*

Sherry Smith

Todd Parsons *Criteo S.A. - Chief Product Officer*

CONFERENCE CALL PARTICIPANTS

Douglas Till Anmuth *JPMorgan Chase & Co, Research Division - MD*

Mark John Zgutowicz *The Benchmark Company, LLC, Research Division - Senior Equity Analyst*

Mark Patrick Kelley *Stifel, Nicolaus & Company, Incorporated, Research Division - MD & Senior Equity Research Analyst*

Matthew Corey Thornton *Truist Securities, Inc., Research Division - VP*

Rocco Strauss *Arete Research Services LLP - Senior Analyst*

Sarah Simon *Joh. Berenberg, Gossler & Co. KG, Research Division - Analyst*

Steven Wilson

Timothy Wilson Nollen *Macquarie Research - Senior Media Analyst*

David Young

Felicity Long

Jesse Kanclerz

Mike Feldman

Ram Iyer

PRESENTATION

Melanie Dambre - *Criteo S.A. - IR Director*

Good morning, everyone. Good morning, and welcome to Criteo's 2022 Investor Day. First of all, I would like to thank everyone for making the trip to attend our Investor Day here in New York City. We would also like to welcome everyone who's listening online to the webcast.

We have a great lineup of speakers today and exciting content to share with you. We are very pleased to have with us Chief Executive Officer, Megan Clarken; Chief Revenue Officer, Brian Gleason; Chief Product Officer, Todd Parsons; Chief Financial Officer, Sarah Glickman; and General Manager, Global Enterprise, Sherry Smith.

We'll have about 2.5 hours' worth of prepared comments with a short break in the middle and then a Q&A session. This will be followed by product demos and the launch to give you the opportunity to sit down and talk with our team. We've reserved quite a bit of time for Q&A today. During the Q&A session, if you're in the audience, please raise your hand and the mic will be brought over to you. And for those of you who are online, you're welcome to send in your question at any given point in time, and we'll get to those as well.

Now I'll run through a couple of housekeeping items. I would like to remind you that our remarks will include forward-looking statements, which include Criteo's judgment, assumptions and analysis only as of today. Our actual results may differ materially from current expectations based on a number of factors affecting Criteo's business. Except as required by law, we do not undertake any obligation to update any forward-looking statements discussed today.

For more information, please refer to the risk factors discussed in our most recent Forms 10-K and 10-Q filed with the SEC. We'll also discuss non-GAAP measures of our performance. Definitions and reconciliations to the most directly comparable GAAP metrics can be found on our Investor Relations website or our filings with the SEC. And before we get started, we wanted to show you a short video explaining who we are today.

(presentation)

Melanie Dambre - *Criteo S.A. - IR Director*

And with that, let me welcome Megan to the stage.

Megan Clarken - *Criteo S.A. - CEO & Director*

Well, look, thanks, Melanie, and good morning to everybody. Thanks for joining us today. We're grateful to be here with you in person at NASDAQ. And with those of you on the line. Last year, our Investor Day event was purely virtual. So we're happy to have some of our senior leadership team meet with many of you in person this year.

Today, I'll start with a brief overview of our transformation journey and share our views on the potential deprecation of third-party cookies. I'll also provide an update on our ambition to achieve $1.4 billion in contribution ex-TAC by 2025. I'll talk about our competitive moats that set us up to become the leading ad tech player that supports the fourth wave in digital advertising called Commerce Media.

Let me start the journey by talking about our people. When you meet Criteo, you meet its people, the Criteos who now include the IPONWEB team. They're passionate, they're diverse, they're smart and they care about our business. Our values of open, together and impactful are represented everywhere that you turn. We attract the best talent, and we're very proud of it. We've been widely recognized with LinkedIn ranking us fourth on their list of 2022 top companies in marketing and advertising in the U.S. We've also been named as 1 of the top 50 most inspiring workplaces in North America.

Our people are our biggest assets, and they create the first layer of the moats that surround our thriving business. Over the past 3 years, you've seen the creation of our leadership team, something that I'm incredibly proud of. Today, you'll meet 2 new faces, in Brian Gleason and Sherry Smith. Now Brian joined the business in April as our Chief Revenue Officer from GroupM. Brian brings a client-first mindset to our organization. And with his deep understanding of the advertising market, he takes Criteo's commercial activity to an entirely new level. I can't wait for you to see Brian in action today.

You'll also meet Sherry Smith. Now Sherry has been with us for over 2 years, and she has a long history within the retail media space, and you'll see that today. Also speaking today will be Todd Parsons, and of course, Sarah Glickman, who you already know.

The other members of our leadership team are Ryan Damon, our Chief Legal and Corporate Affairs Officer; Brendan McCarthy, our Chief Marketing Officer, who joined us from Nielsen, where I had the pleasure of working closely with him; Manuela Montagnana, she's our Chief Product -- sorry, Chief People Officer, helping us attract and retain world-class talent.

The acquisition of IPONWEB brought 2 new faces to our leadership team: Stephen Taylor, who's our EVP and General Manager for the IPONWEB team; and then, of course, Boris Mouzykantskii, a man whose name is synonymous with ad tech across the globe and he's the Founder and CEO of IPONWEB, and Boris joins us as our Chief Architect.

I want to make special mention to our Chief Technology Officer, Diarmuid Gill, and our 940 R&D and product associates. Aside from the walled garden platforms, I believe we now have the largest concentration of R&D talent in the ad tech industry. Now this represents the second moat that surrounds our business. For me, the journey started nearly 3 years ago.

At the time, Criteo was a point solution company focused on retargeting, which was and still is an important tool amongst marketers globally. Retargeting is an advertising tactic to target consumers who have visited a website to remind them of their initial interest and then bring them back to complete the purchase. That's what retargeting is. And it was Criteo's primary focus. What Criteo had at that time ventured into the area of retail media and upper-funnel advertising, retargeting was responsible for close to 90% of our top line in early 2020.

Now the challenge that we faced was that retargeting was experiencing headwinds, became harder to identify devices to do the increasing challenges with third-party cookies and overall signal loss. And while we wanted to retain that lower funnel performance capability of retargeting, we also wanted to pivot from a point solution to a platform play to leverage our performance assets, along with our retail media expertise to capitalize on the growing commerce media opportunity that we saw coming.

This new Commerce Media opportunity put the focus on both retargeting -- sorry, retail media and our expanding targeting solutions, which centered around commerce audiences. We referred to these business lines as new solutions. And these new solutions don't depend on third-party cookies or signals. On average, these new solutions have grown close to 50% year-over-year each quarter over the past 11 quarters through to today. It's helped us shift our business mix towards a solution portfolio focused on commerce media and away from the dominance of retargeting. The pivot that we undertook and the progress that we've made with retail media and commerce audiences has positioned us now as a market leader in commerce media with a full platform play for our clients, a set of capabilities that are hyperfocused on retailers, on commerce audiences, on performance and of course, on outcomes.

One of our objectives today is to help you understand how you should think about the potential impact of third-party cookie deprecation in light of this overall business transformation. Between 2022 and 2025, our ambition is to grow our new solutions top line at a CAGR of about 45%, while we expect our retargeting top line to continue to soften over that period. Now thanks to the strategic investments we've made, we're now in a position, unlike in our past, where our growth in new solutions is expected to more than offset our anticipated decline in retargeting, regardless of whether Google deprecates third-party cookies and signals or not.

In 2025, our ambition is to achieve about $1.4 billion in contribution ex-TAC. And our new solutions will represent about 75% of our top line while retargeting would represent about 25%. Importantly, this is assuming that the deprecation of signals from Google's Chrome and Android environments happens in the second half of 2024. But even if Google delays or doesn't deprecate third-party signals at all, we would still expect our retargeting to represent a much smaller part of our top line in 2025.

Now many people have asked if retargeting will go to 0 once third-party cookies have deprecated. Let me address that and explain at a high level why we do not believe that this will happen. It may be a growing business -- it may not be a growing business, but it certainly won't go away either. And later, Todd will show you the techniques that we've developed that enable us today to replace lost signals and operate retargeting in a cookieless environment like Safari and iOS.

Now we make up for those lost signals using a number of alternatives, namely consented and persistent first-party data and explicit opt-in signals from consumers. These would include opt-in consumers in Android and potential upside from consumers and a number of logged in environments in which we expect to participate in the future, including, for instance, potentially billions of logged-in users on social platforms or other environments. We also anticipate that there will be some coverage from Google's alternative solutions coming out of the sandbox. Our ability to drive performance, even in the land of the blind, is a huge differentiator for us. And ironically, as signals disappear, our work here over many, many years is world leading and has created the third moat that surrounds our business.

Zooming out, now it's important to understand that clients don't actually ask for retargeting. They ask for outcomes. They look for performance, and we excel when it comes to performance. We have an AI lab that's been working that muscle for the last 16 years. It is our heritage. Applying this to our ability to reach commerce audiences makes us an obvious choice for marketers looking to drive sales. And the need for performance-based advertising will never going away. It's only becoming stronger and the best performer will win.

So now let's talk about our vision. We're sitting at the forefront of one of the highest secular growth areas in advertising and markets to emerge since social media. This is, of course, Commerce Media. To begin, I'd like to dive into what Commerce Media is and why Criteo is in the pole position here. Simply put, Commerce Media is advertising to a consumer where they're on their buyer journey, meaning they are shopping. They could be researching a product, comparing features or price, they could be in the digital store. The selling of advertising on those sites where this activity is taking place is called Commerce Media, and it's tipped to be the next big wave in advertising.

According to McKinsey, it has the potential to create a paradigm shift in digital advertising not seen since the rise of programmatic. What better place to advertise than on a site app or e-commerce store where a consumer is visiting while they're in the process of researching a product or the act of buying.

Simply put, why not advertise to someone who's buying. 73% of consumers say they start their buyer journey on the open Internet, including retailer sites. And yet only 40% of ad spend reaches them. The rest, 60% of ad dollars are spent on search or social media. Now search and social media have been strong recipients of advertising dollars because of the massive reach of these platforms and the demographic data that they have. But advertising on those platforms might mean that you'll reach a lot of people, but are they the right people? Are they in the process of shopping? How far removed are they from the point of sale? Can they guarantee outcomes? Now retailers would say, not.

Retailers are early adopters to Commerce Media. They refer to this as retail media. Retail media is a subset of Commerce Media. Retailers have been practicing selling advertising in physical stores in the form of promotions and sponsored ads for decades, brands by these spots. They pay for them primarily from trade marketing or shopper marketing budgets. They deployed teams of merchandises into stores who have specialists in valuing shelf positioning and foot traffic. Which side of the aisle is more valuable than the other?

Now why am I telling you this? Because this exact same practice has to be deployed to their digital stores. It's the logical extension for retailers. Retailers have also been encouraged by watching Amazon and Walmart to create multibillion dollar high-margin business, advertising businesses this way. Retailers are looking for ways to capitalize on that same opportunity. When retailers extend their trade marketing activities to their digital stores, they can't use merchandisers. There's no such thing. It doesn't exist. They need a tech partner. And specifically, they need ad tech. Now this is the piece that's really important.

That ad tech needs to extend well beyond what ad tech normally does. That tech needs to reform functions that require it to be deeply integrated into the retailer's data, including their catalog data to the SKU level, their loyalty card data, their CRM data and more. The tech needs to be able to understand discounting, product availability, make predictions and recommendations to consumers and perform closed-loop reporting, tying campaigns across media and omnichannel together in real-time. It's a discipline that takes years to understand and develop. And it requires deep integrations with the retailer, the logistics and the teams that are responsible.

This is a specialized field. Criteo has those relationships. With close to 160 of the world's largest retailers, we power their retail media programs. These relationships provide us with access to a huge amount of shopping data. Think of this. We see some $1 trillion in e-commerce sales. By comparison, Amazon sees $600 billion. This allows us to find commerce audiences across the open Internet, the most valuable audiences to brands. And while brands see the benefit of advertising on Amazon's platform for its reach, they need to advertise everywhere consumers are and drive consumers into digital stores that stop their products. This requires a streamlined platform that has that reach and access to multiple retailer networks.

Criteo is the obvious choice to complement Amazon. Criteo is Amazon advertising for the rest of the Internet. We have integrations in place with over half of the top 25 retailers that have a retail media monetization program in the U.S. and in Europe. Our growing number of mid-market retailers further expands our scale and our relationships with large online marketplaces, that brings us long tail for merchants to our platform. No other player matches that footprint, none. The first-mover advantage we've built around retail media, the retail network that it creates and the scale of valuable commerce audiences that we can deliver to brands is the fourth moat that surrounds our business.

Now let's look at the size of the market opportunity. Starting with retail media, our serviceable market, the SAM, which excludes Amazon and China, is now predicted to reach about $42 billion by 2025. Further to this, GroupM estimates that the revenue opportunity for retailers could reach up to 5% of GMV, or gross merchandise value, as retailers better monetize the digital shelves over the long term. Sarah is going to unpack what this means in her section.

If we extend that out further to the broader Commerce Media market beyond retailers, meaning other media that attracts commerce audiences like travel, auto, et cetera, our serviceable market is expected to reach $110 billion by 2025. If we extend that out even further to the total addressable market for Commerce Media, so now we include Amazon and China, that is expected to reach $290 billion by 2025.

So just to put this into perspective of the broader digital advertising spend. This compares to search by 2025 will be $350 billion and social media at $190 billion. This is real, and it's happening incredibly fast. Our positioning right now as the leading ad tech platform for Commerce Media is exactly where we want to be. Exactly.

The advertising dollars coming out of Commerce Media will come from 3 main areas: number one, firstly, the continued momentum of e-commerce, which we've seen a sizable increase over the past 2 years. This momentum creates more advertising inventory in places where commerce audiences are, and this will attract ad spend. Secondly, trade marketing budgets shifting online to address consumers at that digital point of sale, creating in-store experiences on digital shelves, as I talked about earlier. This is new money by the way, coming into digital advertising. And thirdly, with search and social currently receiving a disproportionate share of overall digital ad spend, the rise of Commerce Media focuses on the areas of the Internet where shoppers can be found and where the advertising can be measured directly to an outcome. This will create a share shift.

We've been talking about our Commerce Media platform over the past year. And so it's important to understand Criteo even beyond retail media and towards our longer-term ambition to be the ad tech platform for Commerce Media. Now we have moved, as you've seen from point solution, which is what most other ad tech companies are, to a multi-solution platform provider.

Our platform focuses on all of the elements that you would expect from us, performance, outcomes, commerce audiences, retail media and measurement. Our platform is built on world-class tech, and we're continuously innovating and reviewing expansion opportunities using build-buy partner approaches when it comes to new capabilities.

We start with the centerpiece of retail media. Our position there makes us a trusted partner to our retail clients who are building their retail media monetization programs and are using us to power this. Through those relationships, we bring to life our demand side platform, or DSP, which we call Commerce Max. The more inventory that we have from our retailers, the more relevant that we are for brands and agencies, which helps us attract more spend than data. This activity feeds our algorithms and the data sets, which we use to target commerce audiences across their buyer journey. This enables us to improve outcomes and in turn, attract more spend and provide better monetization to our supply partners.

It creates this powerful snowball effect as we continue to scale. Our AI thrives on more and more activity because it learns from this to drive extraordinary performance, which attracts more spend, which attracts more data and it goes on and on and on. We're already one of the largest-scale players on the open Internet and by feeding that engine that drives that performance. With our anchor being the retailers, we expand our proposition to the $290 billion TAM opportunity, rivaling, search and social for advertising dollars.

When it comes to underlying tech, our recent acquisition of IPONWEB complements our assets. We now drive an end-to-end offering that meets our clients' needs. These 2 sides of supply and demand bring us access to unique first-party data, enabling us to connect consumers across that network. It creates ease of advertising by reducing workflows and the tech tax while increasing the fidelity of the data.

Important to note, and as I said before, our platform sees around $1 trillion in e-commerce transactions every year. This helps us understand consumer behavior, predict actions and sharpen our recommendations, driving results for our clients. Between our reach the intelligence that we glean from volumes of commerce transactions and years of development in this area, we're harnessing intelligence and a scale that we believe cannot be replicated. This is the fifth moat that surrounds our business.

Now something that I'm really proud of is what we've called our say-do ratio, an extremely high say-do ratio that we've upheld. We do what we say we're going to do. This comes up time and time again as we talk about our progress and our performance. It applies to the successful acquisition of IPONWEB and the ongoing integration of that business into ours. So the continued expansion and growth of our partnerships, including global agency partnerships with GroupM and Ascential; direct supply partnerships with Disney and Nexstar and Microsoft, amongst others; retail media partnerships with Walmart Canada, Nordstrom, Lowe's, Michaels, Deliveroo, Bloomingdale's, MediaMarkt to name a few; and e-commerce marketplace partners with Flipkart and Shopify. Not to mention the 7 consecutive quarters of growth and our return to double-digit growth in 2021.

And as I talked about upfront, the continued pivot of our business towards areas of high growth and expanding our leadership position in Commerce Media. We've built incredible momentum that we expect will only continue in 2023 and in the years to come. So in summary, with our unique commerce data at scale, our deep integrations with retailers, a differentiated technology, world-class team and R&D powerhouse, we have created a competitive differentiation in our business.

As a leader in Commerce Media and one of the few scaled global ad tech providers, we believe this positions us well to achieve $1.4 billion in contribution ex-TAC and triple our Retail Media business by 2025. With all the information we'll share today, I hope -- you'll see why our team is so energized by our future. I also hope that you'll leave the event agreeing with us that Criteo is a compelling investment opportunity and that we're well positioned to deliver shareholder value for many years to come.

And with that, I'll pass the baton now over to Brian, who will talk you through our -- all things client, marketplace, and his focus on the future. Thank you so much.

Brian Gleason - *Criteo S.A. - Chief Revenue Officer*

Just to start the event when you meet a new neighbor in the audience. Thank you, Megan, and good morning, everyone. It's great to be here with you today, and I'm excited to share the work we've been up to with our Client Solutions team. I'm fortunate to have joined Criteo at a pivotal moment in the formation of Commerce Media. And I saw firsthand at GroupM that Criteo is in a unique position to lead this next wave of digital advertising and is an amazing to work with our team as we realize the full potential of Commerce Media.

Today, I will walk you through our value proposition for our 3 distinct client categories, including retailers, brands through direct relationships as well as agencies and performance marketers. And I will discuss the significant growth in each one of these categories.

I hope you all walk away from this presentation with a better appreciation of our client-centric mindset and a deeper understanding of the opportunities that we can unlock with our differentiated solutions and integrated go-to market. We believe that the superiority of our offering will continue to drive the momentum as we benefit from both the fast growth of our new solutions, which saw an increase of roughly 45% in activated media spend over the last 12 months and the ongoing contribution of our retargeting business. Importantly, our platform play allows us to win with agencies, something near and dear to my heart, which has become an important channel as we transform the business. The contribution of agencies to our growth has accelerated, representing more than 1/2 of our growth so far this year. And the good news is we are just getting started. Before diving into specifics, let's take a look at what Commerce Media means to our clients.

Mike Feldman

Helping our clients and consumers shop more easily.

Jesse Kanclerz

It's an omnichannel experience for the customer to really create the best personalized experience for them.

Ram Iyer

To directly connect audience impressions with omnichannel transactions, be it in-store or online.

David Young

Building a media practice that's additive to the customer experience...

Felicity Long

Adding value to consumers and connecting them with products at the right time in the right place.

Mike Feldman

Everything is becoming shoppable and having a commerce ability or a shoppable moment...

Brian Gleason - *Criteo S.A. - Chief Revenue Officer*

I get to spend time with them each, every day, but it's great to be able to hopefully share that with you directly, and you'll hear more throughout the presentation. Let me reiterate what Megan described earlier, and this is important. We are no longer a pure-play retargeting business or point solutions like so many others in the ad tech space, being a platform that we offer much, much more than traditional digital marketing. Our platform is centered on Commerce Media, which is built on 2 main objectives: attracting more customers and selling more products.

We have repositioned our solutions around 3 pillars, tailored to each one of our specific client needs. Criteo serves as the ad tech partner for retail media, the platform at the intersection of brands and shopper moments on the open Internet and the growth engine for performance marketers. So what does this mean for our clients? Our platform enables retailers to build and run a media business, monetizing their commerce audiences and ad space. And for brands, our retail media capabilities provide direct access to the point of purchase on retailers' digital stores with unparalleled measurement, which is incredibly important.

More broadly, our platform connects brands to shopper moments on the open Internet and continues to drive both new and existing customers back to the point of purchase. Our clients with a D2C, or direct-to-consumer offer, use our platform to drive the performance marketing to attract new customers and keep existing ones coming back and buying more. Our clients are at the center of everything that we do. And when they win, we win. It's as simple as that. And not every client uses our commerce platform the same way. So let's take a look at who they are and what we bring to each one of them. You'll also hear, I think, we've got 4 client videos throughout, to be able to bring that to light throughout the presentation.

Starting with retailers on the supply side. Criteo provides the best-in-class ad stack and ancillary services for retail media monetization, meaning selling their ad space. And all retailers are at different stage of the maturity for monetization. And we have the ability to tailor our offer to each stage of that cycle. We bring superior technology and monetization best practices. We adapt our support and our level of maturity to that. And Sherry is going to do a deep dive later on today. I can't wait for you to hear from her in terms of our retail media monetization business.

And our direct sales team is instrumental to quickly scale their business and drive revenue. We partner with close to 160 retailers that have a monetization program today. These include traditional retailers like Best Buy, Walmart Canada and Walmart Mexico. And these retailers are looking for the right tech partner to maximize media and data revenues from their unique media inventory and first-party data while growing their customer relationships. Monetization capabilities go far beyond traditional retailers with the retail model being replicated in adjacent verticals.

For example, we're very excited to announce or bring Deliveroo in as a client a few months ago. Online marketplaces are looking to offer advertising on commerce platforms that are partnering with Criteo to light up the opportunity. We're also helping smaller retailers who want to participate in the rise of retail media while remaining nimble and expanding their relationships with brands. And finally, we offer new ways for traditional publishers to get the best monetization and yield out of this new opportunity.

Moving to brands and agencies on the demand side. We bring exclusive retail media inventory on leading retailer sites, which we call on-site and proprietary commerce audiences to engage with new customers, which we call off-site. We also provide the data and the commerce insights needed to understand what performs why and how. We do all of this in one single interface which brings incredible efficiency to a fragmented ecosystem.

In addition, we are the first to market with Retail Media University, our certification and trading program, which has been amazing as we lead this exciting new space and educate both clients, agencies and the entire ecosystem. Today, we serve over 1,600 brands, including the likes of L'Oréal, Procter & Gamble. And we partner with the big 6 agencies or holdcos, including GroupM.

To align with the latest trend, shaping digital advertising, large brands or holdcos are looking to adapt their strategy and scale their commerce media approach by capitalizing on the intersection of brands and shopper moments on the open Internet. And lastly, performance marketers. Outcomes are the Criteo DNA. And our flexible platform and always on strategies allow our clients to acquire and retain customers and reach the commerce audiences that matter the most to them any time to grow their business.

Today, we partner with over 20,000 performance clients, including performance agencies. These include the legs of Raymour & Flanigan or the Ovative Group. They're typically looking for new ways to build their brands through niche consumer demands and the digital media renaissance. Their primary objectives is to maintain the sales pipelines through performance media and grow. For our clients, we bring a powerful combination of 4 characteristics to each one of them.

Our unique combination of data activation, media access, AI expertise and measurement capabilities is what sets us apart, and it's why our clients choose Criteo. It includes the largest data commerce set on the open Internet was 725 million daily active users and $2.5 billion in sales each and every day over the 16 years of deep machine learning and AI expertise enabling us to deliver better predictions and better outcomes for our clients.

Supply optimization tools that maximize the value we bring to both advertisers and publishers and near real-time transparent closed-loop measurement and reporting, including product-level sales attribution to show what performs, why and how. Nobody in the market offers that today outside of Criteo.

Delivering outcomes is at the core of Criteo, and it's what our clients expect of us. We believe the ability to demonstrate outcomes will only become increasingly important for clients as they allocate their media budget. We deliver impactful advertising for the complete buyer journey, from discovery all the way through to purchase for both online and in-store visits. Our heritage retention outcomes and retargeting at the bottom of the marketing funnel has expanded to help our clients acquire and retain customers with a holistic commerce audience approach.

And we have brought new approaches to reach, acquire, engage, convert and retain consumers. Today, commerce audiences account for close to 20% of our Marketing Solutions business, and we continue to grow rapidly. But outcomes are no longer exclusive to direct-to-consumer marketing. Retail media drives outcomes for brands as well. That has been nearly impossible to measure in the past as brands did not have access to retailer transactional data in real-time. Transaction data or closed-loop measurement allows advertisers to understand how their media impacts their top line, which is essential in measuring media effectiveness.

For each stage of the buying journey, marketers can map back to applicable metrics from cost of completed view, brand favorability, all the way through to the return on ad spend and understand their share of shelf, their share of category and more at the product level. Megan walked, I love this slide, so I'm giving you a little precursor. Megan walk you through the massive market opportunity earlier, which is expected to represent $110 billion in media spend by 2025, and the light of this huge opportunity we are chasing.

Let me break down the current client count and current media spend by category. Beginning with retail. We focused on the largest 400 retailer relationships, which includes our 160 retailers using our monetization capabilities that I referenced earlier. The first column is media activation, where Criteo is executing performance marketing solutions, meaning acquiring new customers and retaining existing ones for both retail online and physical stores. Our total Criteo media activation for these large retailers has grown to approximately $400 million over the last 12 months. Now moving to media monetization which corresponds to brand advertising spent with our retail partners using on-site sponsored ads, on-site display ads and off-site audience targeting to drive with each one of them, outcomes.

Total brand spend with Criteo was close to $850 million, growing at 47% over the last 12 months with 34% of it activated through agencies. And finally, let's move to media activation to our close to 20,000 performance marketers looking to drive growth through customer acquisition and retention. Over the past 12 months, our teams have executed about $1.6 billion in media spend, including commerce audiences, which is growing at 40%. We continue to gain scale rapidly.

In total, the past 12 months, Criteo teams have activated $2.8 billion in spending for nearly 22,000 clients that is a 12% increase in our total media activated on the platform. And our recent acquisition of IPONWEB adds another $1 billion in media spend, which helps us further broaden our access to unique media and expand our consumer reach.

Our future growth will be driven by our success with future clients. But we believe that our platform also enables multiple solutions for growth across our existing client base. And we've seen this in practice as a number of clients using more than 1 Criteo solution increased from 17% 3 years ago to 33% today. And that creates revenue expansion through increased wallet share that Criteo can capture. While the total number of clients using more than one Criteo solution is steadily increasing, the majority of our clients are not yet utilizing the full commerce capabilities available to them today.

First, we see meaningful cross-selling opportunities with our retailer clients, who are either using monetization capabilities or our performance marketing stack, but often, not both. Secondly, we see significant opportunities to increase our penetration with agencies, especially holdcos, including GroupM, Omnicom, dentsu and others. We have almost doubled the total number of agencies that we work with since 2020 to approximately 1,200 today. And the media spend coming from the big 6 agencies over the last 12 months, has grown nearly over double digit, reaching $300 million or over $300 million in total.

Building upon this momentum, we're expanding our platform capabilities with off-site commerce audiences and access to our identity graph to tap into additional agency budgets. We are also well positioned to support agencies like Ascential that want to develop their commerce media practice. And our relationship with large brands in the retail media side positions us to unlock additional acquisition and retention brand budgets that we would not have otherwise had access to. And lastly, we have tremendous upselling opportunities with our large performance marketing client base.

Clients value having 1 partner to help them cover the full funnel of marketing objectives and engage with consumers across the entire buying journey. Across our 20,000 direct relationships, we therefore, have the ability to expand our share of voice for performance marketing tactics at speed and scale with a broader solution portfolio and always-on strategies on our platform.

In practice, that means our clients can choose different types of commerce audiences, different types of targeting and engage with these commerce audiences across the web and app environments to attract, convert and retain consumers. This also applies to our partnerships with Shopify, and the opportunities with Meta.

I'd like to address our retailer ecosystem and how retailers can broadly leverage our Commerce Media capabilities. And next up, Sherry will do a deep dive into retail media modernization. With retail representing a large majority of our business, we have a deep retail expertise. We have been working with retailers since our company's inception, starting with retargeting. And then expanding to retail media following the acquisition of HookLogic in 2016, and we have continued to build and enhance tailored solutions for each of our retail clients ever since. We have a world-class platform and a full suite of services, all available to our retailers.

Today, 12% of our largest retailers use both media activation and media monetization solutions built on our Criteo platform. They include the likes of Carrefour, Best Buy Canada and Lowe's Canada. And we believe this has significant opportunity for growth.

Revenue drivers include expansion of retailers building on an ad business, the expansion of new monetization capabilities with on-site or off-site advertising. The increased need for measurement services with our commerce insights, our marketplace capabilities, benefiting the likes of Flipkart and the need to connect media activation and media monetization in 1 platform. As mentioned earlier, this is the exciting part. Let's hear directly from our clients, first of which will be Shipt.

David Young

Commerce Media to Shipt really means building a media practice that's additive to the customer experience, not just advertising customer experience that already exist. And what's really helpful about working with Criteo is the ever-evolving road map that's available from you guys as partners has helped us to stay on top of creating those new touch points in a way that's interesting and differentiating for our customer base and for the way that we work with our brand partners.

The way Criteo has really been a big part of that evolution here is always bringing new perspectives and products to the market that we can not only just leverage wholesale, but really customize the experience that we built here at Shipt in a way that we think fits our ethos and fits the value prop that we bring to the marketplace, and they've been an essential partner in that evolution.

We started in retail media back in 2018. And I think we've evolved it from that point to where really Commerce Media is now a central priority within the organization. I think we've seen the value that's been able to provide to our members as much as it is to us as a business from our brand partners.

The way that we work together go beyond the products, though, I think really leveraging the capabilities that come with those products, our ability to optimize our campaigns, drive audience targeting in new and better ways. Being a marketplace partner, we have our unique technical challenges that Criteo has been a willing collaborator in helping to solve and helping to take our input in what's being infused into their own road map so that we can help be a partner for innovation as much as we are a consumer, what was already being innovated upon.

So our needs within the Commerce Media space really come back to our ability to reach customers at a point that's going to be additive to their journey. That means creating a moment of real connection that's going to be inspiring. It's going to drive new actions. So what we really look for from partners like Criteo, who's probably leaning into this the hardest with us, is meeting our brands and our customers at those moments.

Brian Gleason - *Criteo S.A. - Chief Revenue Officer*

It really is so much fun to build this category with partners like Dave and his team. But now I'd like to elaborate on why we believe we'll be able to grow our agency penetration. We deliver differentiated value, bridging retail media on-site and commerce audiences on the open Internet. We provide a one-stop shop for agencies that are struggling with fragmentation -- struggling with the fragmentation of Commerce Media. In fact, on average, last year in 2021, an agency bought on average 4 retail media networks. This year, in 2022, it's expanded to 8. We are the only platform that combines digital commerce on both direct-to-consumer and traditional retailer as we serve the largest CPG and commerce brands in the world and not just D2C.

We have tailored our platform to best meet agency needs. Our DSP Commerce Max is roughly 80% self-service, operating at 100% transparent end-to-end digital media buys. And with deeper commerce insights to demonstrate outcomes, which is incredibly important, we simplify the unstructured ecosystem and bring new efficiency to our agency partners. Our global retail media partnerships with major agencies highlight that we are a retail media partner of choice and further accelerate the demand of supply growth for our business.

Criteo is the front door to Commerce Media for both agencies and brands. Rather than here from me, let's hear directly from dentsu.

Mike Feldman

In terms of Commerce Media, what that means to dentsu is really helping our clients and consumers shop more easily for products. This is an area that we are very, very focused on up through our global executive leadership team. Commerce Media is a topic that we discuss on a very regular basis. And what Criteo is doing with Commerce Max is that the ability to tie in brand into retail or demand or commerce signals all in one holistic view because at the end of the day, it's one consumer, but sometimes you're in a shopping mindset, sometimes you're in a learning mindset so being able to connect the threads through the experience is something that we're really keen on.

There is extreme inconsistencies with how clients and the brands are setting this up in their organizations. We've been talking to several of our clients about reorganizing to have a more modern org chart, having folks that are incented for both the retail benefits and the media benefits and not siloing those 2. There are definitely a few solutions that were looking for help in conquering and it does take key partners, especially like Criteo.

I got really excited when Criteo purchased IPONWEB with every dollar being scrutinized and every dollar being held more accountable. That ability to connect the consumer through their entire experience becomes invaluable. And so that's an area where I'm really excited for what the future holds for dentsu and Criteo. With Criteo and the acquisition of IPONWEB, we are beta testing with Microsoft and Best Buy but really the possibilities are endless in a more integrated future programmatic approach...

Brian Gleason - *Criteo S.A. - Chief Revenue Officer*

Again, fine with partners like that. But we also have the privilege of hearing directly from Microsoft, who's been a great partner of ours.

Ram Iyer

Commerce Media for us is a pretty important priority. And one of the holy grails of marketing, as you know, is attribution. This is especially challenging for us, given that we retail our products to 3P retail partners, and they own all the transaction data. Commerce Media, in my view, changes this by providing us the ability to directly connect audience impressions with omnichannel transaction, be it in-store or online.

One of the critical needs in digital advertising today is incrementality. Criteo's advanced analytics helps us to measure the incremental lift of sponsored products and leveraging real-time insights to align our creative content and optimize our media spend. One of the added benefits of a platform solution like Criteo is the ability to scale rapidly successful experiments across relevant regions globally.

We've been one of Criteo's first media clients and have partnered closely with Criteo now for over 9 years. Some of Criteo's product solutions that we use are sponsored products and commerce display. This is something which we were the first movers when Criteo introduced this along with Costco in the U.S. and dynamic retargeting.

As we look into the future, we see clearly 3 opportunities. We would love to lean in into new Criteo products and maximize our opportunity as Criteo expands its footprint across new CE retail partners. We look at retail media network being an always on investment that complements our full-funnel marketing efforts.

Brian Gleason - *Criteo S.A. - Chief Revenue Officer*

We partner with everyone, and we love our partnership with Microsoft. We have direct relationships with roughly 20,000 performance marketers as clients who come to us for our leading solutions in performance marketing. These clients rely on Criteo for outcome-driven growth, specifically in acquiring and retaining customers, which is essential to their success.

Today, we have significant opportunities to win additional clients and incremental budgets with these different types of tactics to execute full-funnel campaigns and always-on strategies. Our direct relationships with this client base gives us the ability to scale quickly across our global footprint.

While our clients historically turned to our retargeting capability, we're very encouraged to see the traction of commerce audiences representing close to 40% of our new business growth so far this year. And we're also incredibly excited about our Shopify channel. Our Shopify merchants have already experienced impressive growth and return, driving 3x more traffic and 5x more sales using Criteo. And we are now part of the Shopify Plus certified app program, which we expect will further supercharge these results. But finally, let's hear from another of our performance marketers, Raymour & Flanigan.

Jesse Kanclerz

It's an omnichannel experience for the customer where they really don't distinguish between what's happening in the digital advertising channel, the website or the store experience. It's making sure that we've built a unified foundation of all those different touch points that they have to really create the best personalized experience for them.

When you think about like the deprecation of third-party cookies, it's really important to be working with partners that have built out an identity graph. The fact that like we'll be able to start leveraging that within not just our retargeting but across other potential upper funnel as well as consideration media channels, is really going to be important for maintaining performance.

Like many advertisers, we started working with Criteo specifically for retargeting. But what we're really excited about are additional opportunities that are upcoming. So things like their shopper graph, which is really going to allow us to start to target high-intent prospects that are really into the market for product categories that we carry. And then when you think about the opportunity to leverage that data across the full funnel, we're really excited about the opportunity to begin testing CTV, native display and other prospecting efforts with them. As we think about 2023, another opportunity for us is really starting to build out a retail media network.

Brian Gleason - *Criteo S.A. - Chief Revenue Officer*

Since I joined Criteo a few months ago, we realigned our organization to best meet the specific needs of our agency, enterprise and growth marketing clients. And we continue to enhance our sales training and process to scale our platform. Among others, our go-to-market strategy now relies on a more systematic way to introduce and maximize the success of our solutions. Our unified sales team allows us to more easily cross-sell our solutions. We bring deep sector expertise and consultancy rooted in clients' business growth. These changes are all contributing to building stickier, richer client relationships and allowing us to scale.

We strengthened our client solutions team and recently welcomed a number of industry veterans, including former CNET Media Group and CBS executives, Katie Kulick and Courtney Cochrane, both our rock stars, who bring deep digital media experience and advertising experience that will help us scale our new offerings across the Americas.

We also welcome Chris Padmore and Alex Crowe to strengthen our global brands and omnichannel strategies. And I know that our entire team shares my sense of energy and excitement about the opportunity that we have ahead.

And with that, I'll invite Sherry to take the stage. Thank you.

Sherry Smith

Thank you, Brian. Well, good morning, everyone. I'm very pleased to be here today to tell you more about how we're incredibly well positioned to capitalize on the retail media revolution, which is reshaping the entire retail landscape at a rapid pace, and it represents a massive market opportunity for us. The objective of this presentation is to showcase the strong moat we have built through highly differentiated technology and a highly scalable operating model since we entered the retail media space 6 years ago.

Retail media is very much an enterprise SaaS-like business monetized through the ad spend. Our multiyear and often, our exclusive contracts with deep technical integration contribute to the stickiness of our business with consistent and predictable revenue. I hope you walk away with a clear understanding of the multiple growth drivers that we expect will drive continued rapid growth in our retail media business for many years to come.

Let's start with a short video to show you how consumers experience retail media when shopping or just spending time online.

(presentation)

Sherry Smith

Now let me walk you through our unique value proposition in this compelling market. We have been enabling retailers and marketplaces to scale monetization and media programs while serving brands and agencies for over 6 years. To put it simply, we are the global leader when it comes to retail media.

As Brian noted, we entered the retail media space in 2016 with sponsored products capabilities to help retailers generate advertising revenue from their websites. We've since added on-site display on retailer websites and commerce insights in the form of granular product category as well as shelf analytics.

Last year, we also enhanced our marketplace capabilities through our acquisition of Mabaya. This helps us better meet the unique needs of marketplaces as well as their sellers, and it helps us address an even broader range of clients on a global scale.

Lastly, we've already integrated IPONWEB's open web demand side platform into our retail media capabilities, and this helps us address off-site use cases. IPONWEB brings access to more inventory and brand-friendly ad formats like video, more flexible campaign management capabilities. and the ability to embed those capabilities into our existing self-serve campaign management tools for brands as well as agencies.

So let me walk you through what matters when we complete an RFP process and most importantly why we win against other players in the space based off real-life experiences. We've built a leading platform for retailers to manage their entire retail media business. It's everything from on-site sponsored product and display advertising to offsite audience extension on the open Internet.

Our unified self-service platform with closed-loop measurement is unique in the market, and it's resonating with our rapidly growing retailer client base. We offer 1 platform for all ad formats and demand sources. This reduces operational and tech management complexity and allows advertisers to easily optimize their campaigns. We provide retailers with the ability to acquire and retain targeted customers and to also scale their retail media businesses.

You will hear others talk about retail media. But retail media is not an add-on. It requires expertise and discipline. It requires deep integrations with retailers, including their commerce and their physical retail transactional data, their product catalogs, their stock availability, content management, merchandising and their personalization systems. We worked with retailers for a very long time, and this is something we focus on every day.

Three other important reasons why retailers choose to partner with Criteo include the incremental demand we are able to generate from brands and agencies, plus third-party demand generated through our API partners. They have full control of media pricing and yield. This gives retailers control of their own floor prices and rate cards, and that's regardless of demand source. Flexible campaign management and creative workflows makes it easier to create, manage and optimize complex campaigns.

Experts agree on the disruption and the massive opportunity in retail media. In fact, retail media is expected to soon represent nearly 1 in 5 digital ad dollars, and that's according to eMarketer and Group M. Well, why is that? Shoppers get a more personalized experience while brands can also ensure the visibility of their products on the digital shelf and retailers benefit from a new revenue stream, making their e-commerce operations much more profitable.

As part of a large $110 billion commerce media market opportunity that Megan referenced earlier, retail media is expected to represent about $42 billion in media spend by 2025 when excluding Amazon in China. I'd like to unpack that a bit and talk about how we're going after that opportunity and walk you through the multiple levers that we see to continue to gain share and drive long-term sustainable growth when powering retailers' media businesses.

The advertising revenue opportunity is different for every retailer, and it depends on the size and the scope and the ramp-up period as well as the overall level of maturity of the retail media program. The pace of the ramp-up also depends on a number of factors, including internal alignment and how the retailer leverages its commerce data.

Let me elaborate a bit on our land-and-expand dynamics. Our monetization partnership with retailers typically starts with sponsored ads on those retailers' websites. And we're often able to complement this with display ads and inventory expansion on the retailer websites. And we're continuously innovating to add engaging formats, including video and display ads.

Off-site advertising with audience extension on the open Internet represents another important growth driver, which we plan to rapidly expand with the launch of Commerce Max. Marketplace capabilities and commerce insights are incremental capabilities that are increasingly adopted by our retailer clients, and they reinforce the stickiness of our client relationships.

In addition, we're working with a number of global retailers across multiple geographies with additional countries to be rolled out in the near future. While we're growing existing relationships, we're also actively adding new retailers, and we're entering adjacent verticals such as service delivery.

Our ability to drive more demand and media spend through our retail media business is twofold. First, we are increasingly able to tap into expanded brand budgets. This is including national media budgets as we move further up the marketing funnel. Brands are interested in retail media for discovery with audience extension, including on CTV and on video.

They can create that story and they can reach their commerce audiences. They have choice with on-site display and soon on-site video. They can connect with customers and they can engage strategic shoppers on their e-commerce site. And finally, they purchased with sponsored products. And with this, they can close prospects and transform interest into purchase close to the online point of sale.

Secondly, we benefit from our strong and growing agency relationships, our API partners and our direct brand relationships. These multiple sources of demand, combined with our ability to scale quickly with our technology and client solutions team support are among the deciding factors in retailers' decisions to partner with us.

Our extensive network of demand partners is a key differentiator. In addition, operating both demand and supply solutions at scale creates very powerful network effects. The more retailers we have on the supply side, the more brands we're able to attract on the demand side and vice versa. It benefits brands, agencies, retailers in Criteo.

As evidence of our fast-growing scale with our extensive network of partners, the media spend activated through our platform for retail media alone has been multiplied by 4 over the past 4 years, and we've been growing twice as fast as the market. Let me highlight some examples of how we've supported the growth of our clients and their retail media programs. And I want to talk through 3 different use cases show the evolution that we've had from a point solution journey to a full Commerce Media Platform offering multiple growth drivers.

They also show how each retail media program is different and our ability to support our clients' needs at every level of maturity. We power a wide range of retailers from some of the largest omnichannel retailers in the world to mid-market retailers or nontraditional retailers in adjacent verticals. Our partnership with Best Buy started 7 years ago with sponsored ads, and we have since significantly expanded the scope of our partnership.

We've added new formats with display and marketplace capabilities. We've expanded geographically with the launch of Best Buy Canada. And most recently, we added offsite advertising and commerce insights. This has allowed us to double the media spend we activate for them over the past 3 years. Similarly, we announced our partnership with Carrefour in 2020 and have since launched multiple ad formats, multiple countries and more inventory, which has doubled activated media spend.

And finally, Meijer. They started their journey with us in 2019 with sponsored ads. 3 years later, we've multiplied the media spend we activate for Meijer by 4. We also power their display ads and even more of their inventory. Our marketplace technology for retail media allows us to win with e-commerce marketplaces like Flipkart in India.

It's still early days, but we're really, really excited about what this potential partnership can bring as we combine our off-site capabilities with Flipkart's commerce audience scale. Using our platform, 45 brands have already leveraged our best-in-class advertising solutions and off-site capabilities across 330 campaigns and there is so much more to come.

Over the past decade, many major retailers have become media companies. And we've been the tech partner for the majority of them. We built a strong moat around our business through a combination of unique technology, scale and retail expertise. Starting with scale. Today, we support more than half of the top 25 U.S. and EMEA retailers who have an online monetization program.

We have also recently entered new geographies in Lat Am with retailers like Carrefour and Walmart Mexico, and we are expanding our footprint in APAC. In addition, building upon our deep experience with retail and e-commerce, we have big opportunities to expand into adjacent verticals that leverage our core competencies.

Marketplaces are a great example of that. They have unique needs compared to traditional retailers. But by combining our existing assets with targeted M&A, most specifically, our acquisition of Mabaya, we've been able to expand and scale in this client vertical.

Delivery services is another example of a vertical where we are leveraging our existing retail media capabilities to address an emerging market. Today, we already work with companies such as Shipt in the U.S. and Deliveroo in Europe, and we expect further growth in this client vertical in the near future.

Our leading expertise is recognized in the industry. Our focus and our experience is a massive differentiator. Our purpose-built ad serving and monetization capabilities have helped us stand apart from others with more generic products. We also have unique capabilities in managing large-scale data sets and applying AI to drive outcomes for retail and e-commerce clients.

We built a retail media ecosystem with all the scalability and efficiency of programmatic, but with technology purpose-built to meet the unique needs of retail media. We'll now take a short break. Thank you.

(Break)

Todd Parsons - *Criteo S.A. - Chief Product Officer*

Okay. Still a couple of people to get their seats. But welcome back. It's absolutely my privilege to be with all of you in person running around for just a couple of minutes here and seeing so many familiar faces saying, we don't know whether to hug or to shake hands or what exactly to do. But just being here together with you is something I'm very grateful for and obviously, with our team.

So you've heard from my colleagues, we've talked a lot about the massive opportunity, which is commerce media, our client-centric approach for seizing the opportunity and the cornerstone asset of our platform, retail media. I'm going to go deeper by walking you through 3 fundamental needs that we're solving on behalf of our partners and making commerce media performance work for our clients.

I'll also share how our Commerce Media Platform is coming to life, and I'll share with you our unparalleled combination of AI and commerce data that we operate and why it makes us have an unfair advantage to win in environments deprived of third-party signals. Net, I hope this is going to help you appreciate the durability of our asset base and technology and why we expect our moats to deepen as we continue to scale.

Before we get started, let's just take one moment to absorb the scale on which we operate Criteo by this slide. Each second, we process 12 million advertising requests, each second. And we're making 100 million commerce predictions, while we're hosting one of the largest data centers in Europe, we think maybe the biggest. This is the immense power of our underlying technology infrastructure and network, what we have built our platform upon.

So why is this important? Because we're the only platform with scale to help our clients address 3 critical needs of this exciting emerging marketplace. First, our clients need to engage customers increasingly in places where the journey, the buyer journey is fragmented. Through our scale, we're able to reassemble, analyze and understand billions of buying journeys to deliver clients the richest commerce insights and analytics and help them fulfill an important second need, that is to help consumers they care about most, find the perfect product.

We're rapidly innovating commerce experiences to bring greater utility to every buyer's journey, as you heard from the videos prior. We invest in products that enable what we call commerce everywhere, through shoppable formats and automation at every single customer touch point along the buyer journey.

And third, our clients need to leverage their own data safely and securely across that buyer journey. Our platform is enabling better inter-operation of data between buyers and sellers, contributing towards better outcomes while satisfying increasingly stout data security and compliance requirements.

Criteo has many unfair advantages in solving each of these needs. Let me tell you a little bit more about why before diving into how our clients experience the solutions that we're building and launching. First of all, our access to commerce transaction data at scale is a key differentiator. The image that you see behind me illustrates the power of the data that we operate. In short, we know it's better than anybody else who is going to be in market for a product and through which channel that they're likely to purchase.

I'll take it. Our ability to predict what product or product information consumers need is incredibly powerful. It enables us to deliver utility through commerce media at every stage of the buyer journey across channels to drive outcomes in the form of product sales for retailers and brands and to increase advertising revenues for our media owners.

The engine behind our Commerce Media Platform is purpose-built to leverage the data that we operate. Bringing the right product information to the consumer experience over the buying journey that you see here has been a top product focus for me and my team. And we've accelerated our innovation, pardon me, over the last 2 years.

Our AI engine is always on and being tuned continuously to enhance engagement with in-market audiences and to deliver meaningful recommend data at every stage of their journey. I'm going to get some clicks here. Along the buyer journey, we're innovating to support new shopping experiences in environments with native content that show promise for how consumers are evolving the way they shop.

We've been developing in-game and augmented reality solutions. We're now going deeper with investments into shoppable formats for video and for live streams. And we've begun the process of bringing retail storefronts and other interactive commerce experiences across our network, as you can see on this slide.

Now that we've covered a few examples of how we're solving commerce media challenges for our clients, I'm going to shift gears and present what we're only able to talk about in concept last Investor Day, and that is our new portfolio of client solutions, which underpin our Commerce Media Platform.

With commerce data at the core of our platform strategy, we've begun shipping for user experiences to address the specific needs of our clients. Starting with our demand-side clients. We shipped our first version of Commerce Max, a demand-side platform designed for enterprise brands and their agencies to maximize engagement across retail media and the open Internet.

In short, Commerce Max enables our clients to maximize return on ad spend and avoid the cost of operating multiple systems to address our marketplace. It will be the first of several product launches that you will see from Criteo over the coming quarters.

Commerce growth is next. It's our second demand-type product designed specifically to automate customer acquisition and retention use cases. Commerce growth builds on our proud legacy of providing performance solutions for marketers using commerce audiences. We plan to extend the reach of the self-service offering to many smaller businesses from the thousands that we already serve.

Now moving to our supply-side clients, Commerce Yield. Commerce Yield is our monetization platform for retail media networks, providing our retailers with a complete set of monetization capabilities, including search, display and sponsored listings for their own properties, while extending the reach of their on-site experiences to the open Internet. Commerce Yield, as you heard Sherry say before, includes our offering for marketplaces and their third-party sellers.

Finally, Commerce Grid is a next-generation SSP aimed at helping media owners find new ways to monetize commerce audiences and their content for commerce applications. As we shared at our last Investor Day, having both demand and supply capabilities in our Commerce Media Platform offers unique benefits for a fragmented industry, helping remove ad tech value chain inefficiencies by consolidating workflows and removing tech tax.

Importantly, our approach can be delivered with complete transparency and neutrality because Criteo does not own any media or retail business. In other words, marketers get more ad spend and media owners get much higher benefit from take rates. In turn, these dynamics position us naturally to attract more advertising spend while we're delivering better outcomes.

Now let's take a quick look at our brand-new DSP, Commerce Max, which we officially launched last month.

(presentation)

Todd Parsons - *Criteo S.A. - Chief Product Officer*

That's really cool and a theme that you're going to hear from us over and over again, which is that in launching products like Commerce Max, we're really emphasizing and including the demand side of retail media. We've also done a great job so far integrating IPONWEB'S technology with Criteo's, enabling brand and agency clients to create both their on-site and off-site campaigns, manage them seamlessly and report product level sales at retail points of sale, not just on a single retailer but across retail media networks.

Marketers address the entire buyer journey while driving measurable sales results plus execute efficiently at scale within a single self-service solution to access multiple retailers and programmatic inventory. Retailers are able to scale their demand operation and generate additional revenue through on-site and off-site advertising while protecting their valuable customer data.

So why is the Commerce Max product different from other well-known DSPs in market? With our deeply integrated on-site and off-site solution and as I said, emphasizing retail first, we're bringing differentiated commerce audiences to brands and agencies as well. Commerce Max is also the first to provide closed-loop measurement in near real-time for both on-site and off-site campaigns, just to name a couple of things.

Our DSP operates over the largest retail media ecosystem you heard Sherry talk about. We didn't just stumble into it. Building trust and relationships with agency holdcos, major independent agencies themselves, brands, third-party demand platforms using our APIs and many retailers and media owners.

Unlike others, our pricing is up-front and transparent. And our AI engine is a key differentiator, leveraging a combination of consumer interest, contextual data and trillions now of purchasing events to maximize ad performance. Put into perspective, that data is being used to run over 20,000 tests a year on new performance algorithms, which benefit all of our partners and clients.

Lastly, we created 1 user-friendly interface for campaign management, for audience and creative setup as well as reporting all with the flexibility, control and transparency that I've mentioned. With Commerce Growth, we connect clients to the right consumers to help them grow their business. We do this by applying the same AI-driven automation across bidding, budgets, audiences and creatives to optimize outcomes on specific acquisition and retention goals.

Commerce Growth is being freshly designed for additional ease of use and efficiency. Clients can reach commerce audiences at scale across the open Internet through an automated experience. As we've always offered our larger clients, access to our tool sets can also be entirely customized to their needs.

Starting with customer acquisition, just take you through a couple of things here. Our marketer clients can reach commerce audiences based on market locations, on demographics, on repeated habits, and they can also reach new people who behave more like their best-known shoppers. They can also engage in-market shoppers based on specific brands and products they love. Net, we're analyzing over 20 shopping intent signals every day and using them to engage customers where they're likely to interact with our client's brand.

Moving on to customer retention. We engage known customers and reengage lapsed buyers through retargeting or other techniques to increase the lifetime value of existing customers. We also provide recommendations of products that buyers are likely going to be more interested in based on their past purchases.

Moving to Commerce Yield, which includes the supply side of retail media now it is our goal to be the top commerce monetization solution for retailers and their marketplaces. Our new product structure enables us to focus on retail media monetization through Commerce Yield, which allows retailers to monetize both their website and app traffic, while expanding opportunities with brands to connect shoppers at every stage of the buyer journey through the new ad formats that I shared earlier on.

With our Mabaya technology that Sherry also mentioned, now part of Commerce Yield, we also aggregate third-party sellers and merchants into a marketplace, supporting many-to-many trading. It is our one-stop shop solution that enables marketplaces to monetize their traffic.

Finally, by integrating MediaGrid, which is IPONWEB'S publisher SSP with our Criteo Direct Bidder, we've significantly expanded our direct publisher footprint, and now we bring sophisticated commerce capabilities to increase all those publishers' revenue. In short, we enrich our established direct supply strategy with commerce audiences and we add yield management powered by MediaGrid, all with a renewed focus on commerce experiences and solutions. This also gets us closer to premium publishers to marry their first-party data assets with that of marketer's first-party data for superior activation, interoperability and measurement.

Over the next few minutes, I'm going to take you through our identity strategy and techniques, and then I'll show you how they apply in real-world results. Today, we're leveraging our assets to support 2 use cases. First, our consumers being addressable on a one-to-one basis, which informs our true set. We'll talk about that in just a moment. And secondly, non-addressable commerce audiences.

More specifically, the addressability that we're preserving for retention and retargeting starts with opted-in consumers across our network and creates what we call a first-party media network. This enables consented addressable data to interoperate across our close to 22,000 marketers, 160 retailers and 75% of Comscore 100 publishers. Our first-party media network isn't new. It won the 2021 Digiday Media award for Best First-Party Strategy, and we've only built on that since.

Our first-party media network acts as our true set, as I mentioned, which is really the largest real-time commerce data set, we think, on the open Internet, augmented with contextual data and 16 years of machine learning to make sense of it. As I mentioned earlier, we observed millions of buyer journeys each minute, predicting on how they will unfold. We'll use our true set to predict how commerce audiences behave and how ads will perform and convert in the same way.

We believe that the amount of addressability data we operate in environments that are deprived of third-party signals will allow us to remain effective at privacy-safe consumer engagement, to drive the best outcomes for our clients and to capture increasingly more advertising budgets.

To go 1 level deeper, and this is for the fellow nerds that are here in the audience. Let me tell you, this is my safe place, okay. Let me tell you just a little bit more on how we leverage other match keys and commerce data. to replace third-party signals that retargeting depended on.

Where it's available and consented, we're using first-party data such as hashed e-mails for cross-device support, and we regularly evaluate and use some other commonly used industry ideas. The combination of our large-scale commerce data set and our AI technology allows us to power more relevant advertising with the join of this data. And intent signals can actually be arrived at when a [mask key] is not present. Overall, this drives superior performance for advertisers across our product portfolio, which is always our goal.

In addition to the large-scale first-party data we operate on behalf of marketers and publishers, we regularly expand our access or our footprint through a number of customer data platform partnerships and by onboarding offline transaction data from our partners. We're also utilizing data clean rooms to further ensure data safety for our clients.

Let's jump now to talk a little bit about how IPONWEB is accelerating our strategy. As I mentioned earlier, with the MediaGrid SSP, we're expanding our direct relationships with premium publishers and our ability to onboard publishers' first-party data. In addition to their world-class R&D and engineering capabilities, IPONWEB is connected to most trading platforms across the programmatic ecosystem.

The BidSwitch media trading marketplace is really key here. And that process is over a trillion bid requests every single day to give you an example of the size. This critical -- this critically enhances our scale and, we believe, will facilitate much more first-party data operation. Obviously, trust is very important. When you're transacting as much as we are, it gives us access.

Now let me show you how the real-world results are looking from work that we performed. This one comes from a large-scale premium publisher that shares hashed e-mails with us to retarget consumers on iOS. The first results are quite impressive, and I'm just kind of looking at this slide, I'm going point to a couple of things here. Basically, first-party data has allowed us to recover roughly 75% of users that were dropping off here.

So this is a pre-ATT app transparency and what we all do when we opt in to either being tracked or not tracked, by an app. And this basically, you saw what happened was as it was adopted, we lost signal, lost signal, lost signal. Now by using our collection of first-party data from the publisher that I'm describing, we've been able to recapture 75% of those that we lost in this little downward trend.

And more importantly, maybe on the right-hand side, we're also by inference, capturing monetization for other types of audiences. In other words, not directly addressable audiences. So I just want to make mention of that. This is one to let sink in because while it is early, it is an embodiment of how we think and what we're building to attack the deprecation of signals in iOS.

And of course, it's not just about iOS. Deprecation of signals there led to decrease in ad spend for retargeting well before we started matching first-party data in the form of hashed e-mails. But leveraging our data here, as you see, has not just recovered targeting, but we've also recovered 150% of ad spend lost on the Safari iOS platform since ATT was started having an impact in 2021.

First-party media network is really working, and this is a key differentiator for Criteo. It's important to note that our advantage is not limited to iOS, which is critical given that we're a global company, and some browsers are more important than others in certain regions, okay? So that's an example where I live, in Paris, in Europe, Firefox is still very commonly used for a large portion of the general population.

One large European publisher actually started sharing their first-party data with us after being directly impacted by a loss of revenue on Firefox. Today, same publisher is recovering about 60% of their spend through the first-party media network. And beyond this large publisher for all of Central Europe, 20% of Criteo Firefox spend is being powered by the first-party media network. Just a year ago, I remember doing Investor Day and talking about it as a completely nascent thing. So we're making incredible progress.

It's still early days overall, but we believe this is clearly a demonstration of our ability to perform in environments where third-party signals have been blocked. We expect our results to continue to improve over time as we gain more and more access to first-party data from publishers and advertisers. And importantly, our success across multiple signal-limited environments is what gives us confidence in the ability to perform in Chrome and Android if and when third-party signals are finally completely diminished.

Our breakthrough contextual technology powered by commerce data and AI enables us to find audiences who act like our clients' best customers in contextually relevant environments. That was the extra little boost that you saw on the right hand of the prior slide. This has now been rolled out globally for us across iOS. As early evidence of our success, we've almost doubled iOS spend on our platform associated with Commerce Audiences offering versus pre-ATT levels.

And the share of our commerce audiences business on iOS has increased a couple of percentage points since we started this program, and that's what we're looking for. Remember, we're working in an environment where the signals are going down, not up. So not only are we holding ground, but we are gaining it.

REFINITIV

As a reminder, our engine is tuned towards client outcomes. What that means is that our ad spending is going to be tied to performance that we're able to drive every single time. On average, with these new commerce audiences that we're promoting and using, we've experienced a 280% increase in qualified visits to our customer sites and apps.

Okay. That was a lot of nerdiness I think. I hope that was -- that worked for everyone here. Let me get back to the safe harbor of what we're building on and how we're prioritizing product. You've heard all about moat and our moats. Our 2023 priorities really are pretty straightforward. We're expanding our Commerce suite of products, as you see with much more exciting rollout announcements, we're scaling our first-party media network, which is vital as an underpinning to the future of commerce media, and we're driving commerce audiences as a way for all of our partners to get a piece of the Commerce Media ecosystem.

As you know, Google announced that they won't deprecate third-party cookies until late 2024, give them more time for testing their privacy sandbox APIs. Criteo, you may recall from last year, is one of the bigger partners in testing those APIs and providing regular feedback to Google. We are proud to continue to do that because the sandbox APIs have to work for everyone in the ecosystem, and we have a pole position to be that process. As they've done before, Google could further delay the schedule. But in either scenario, we believe that our performance will be superior in the marketplace.

I'm going to hand it over to Sarah now, and thank you very much for having me and your time.

Sarah J. S. Glickman - *Criteo S.A. - CFO & Principal Accounting Officer*

Thank you, Todd, and good morning, everyone. We are really excited to be with you here today to share our plans, to deliver long-term profitable growth and unlock shareholder value. I will talk about our strong financial profile, our growth outlook and our capital allocation strategy. I hope you walk away with a clear sense of how we expect to scale our Commerce Media Platform and why we are confident in our growth trajectory for 2023, 2024 and beyond.

Over the past couple of years, we have consistently delivered against our goals, and we have repositioned Criteo for the long term. We have rebalanced our top-line mix with fast-growing new solutions to capitalize on strong secular tailwinds. And we are on track to deliver 10% to 11% contribution ex TAC growth at constant currency this year. We have strong margins while investing for growth, high cash generation and a robust balance sheet that are especially valuable in the midst of uncertain market conditions.

We have no long-term debt, and we have significant financial flexibility with $744 million in total liquidity. This includes our renewed and expanded EUR 407 million 5-year revolving credit facility, which was closed last month and underscores the confidence of our global banking partners in our business. And as a reminder, we do not need to utilize this for day-to-day working capital needs.

Over the years, we have consistently generated high margins and free cash flow conversion above 45% of EBITDA. Our transformation enabled our return to double-digit growth in contribution ex TAC in 2021, and our new solutions have grown, on average, close to 50% year-over-year growth over the past 11 quarters. We expect our growth to accelerate relative to peers despite a tough macro environment.

We are less reliant on third-party signals today and continue to perform despite many third-party signals being already blocked for years. Over the past 2 years, we grew despite the impact of $120 million due to signal loss, including close to $80 million due to the implementation of ATT and iOS 15.

We wanted to share our preliminary thoughts on 2023 and our multiple growth drivers. We will provide guidance for 2023 when we report Q4 earnings early next year, and we'll have more visibility on the macro environment next year.

Directionally, we are very conscious of the macro uncertainties. We believe we are positioned for top-line growth, including IPONWEB. And from an organic standpoint, we will benefit from our Commerce Max DSP and which we expect to be broadly available to the market by mid-2023 and to accelerate our growth in off-site retail media.

We also anticipate growth of commerce audiences, which we previously referred to as audience targeting, which positions us well in signal-limited environments such as iOS or Firefox. This is complemented by the scaling up of our Shopify partnership and our opportunities with Meta. We do not expect any significant incremental impact from signal loss in 2023.

From an adjusted EBITDA perspective, we have been deliberate in 2022 in internal investments in innovation and bringing in new land to support large enterprise clients and agencies, and we believe this will enable sustainable growth. We expect adjusted EBITDA margin to be in line with 2022 levels with the full-year impact of growth investments, the lower-margin profile of IPONWEB and the ongoing integration of that business.

We have a clear plan to drive operating leverage from scaling and transitioning to more self-service solutions over time as well as synergies with IPONWEB and optimizing our business processes. We know how to do this. We will exercise discipline in the management of our headcount and our expenses. And also, we have a clear focus on performance with all our employees being on either a sales commission program or a bonus plan linked to top-line growth and EBITDA.

We are fully engaged on our transformation, focused on our customers, top-line growth and excellence in execution as we scale our platform. The integration of IPONWEB is progressing well and accelerating our Commerce Media Platform strategy with the launch of our Commerce Max DSP. Our IPONWEB team members are already integrating into Criteo, and we're seeing early wins with great teamwork and complementary capabilities.

Looking ahead, we expect to grow faster than the market in 2024 and beyond. We are in the driver's seat as the market transitions away from third-party signals. The results that Todd shared earlier demonstrate our ability to perform in various signal-limited environments today. Our ability to recover a large portion of ad spend in environments like iOS is evidence that our technology and our strategy are working and that our platform is future-proofed when it comes to signal loss.

To be clear, we are not saying that third-party signal deprecation on Chrome and Android will not impact our business. Rather, we are saying that the impact is manageable and it's already part of our plan and that it could be better than planned if Google's Privacy Sandbox performs as well as third-party cookies do today or if the deprecation is further delayed. Overall, we are confident in our ability to navigate any potential changes in Chrome and Android.

Now let me move on to our mid-term financial outlook. As we scale our Commerce Media Platform, our ambition is to achieve $1.4 billion in contribution ex TAC by 2025, including tripling our retail media business over the next 3 years. All of this is at today's FX rates. This represents a contribution ex TAC CAGR of 15% from 2022 to 2025 and assumes we more than double the annual media spend that we activate through our platform over that period to reach about $10 billion in media spend, and we are only getting started.

We are well positioned to win market share post-cookie deprecation given our unrivaled AR commerce data and breakthrough acquisition solutions. We anticipate an accelerated shift in our business mix with retail media representing approximately 40% of our business and retargeting approximately 25% of our business by 2025, assuming the deprecation of third-party cookies and identifiers by Google occurs in the second half of 2024. This represents a CAGR of approximately 45% for our new solutions, more than offsetting lower retargeting.

From a margin perspective, we expect to maintain a longer-term adjusted EBITDA margin between 28% and 32%. We expect our adjusted EBITDA margin to ramp up from the low end of this range in 2023 to get to the high end of the range by 2025 as we will gain productivity and operating leverage as we scale our platform.

Now let me walk through our assumptions supporting this growth outlook, starting with retail media. Retail media is one of the fastest-growing channels in digital advertising, and it's a profitable business for us. It's also a very sticky business. Our same retailer contribution ex TAC retention was 137% over the past 4 quarters, driven by multiyear contracts and exclusive partnerships with most of the retailer clients on our platform. This puts us in the upper quartile of companies reporting net revenue retention.

On the demand side for retail media, we have also tripled. The number of brands on our platform over the past 3 years tripled, and we expect to activate close to $1 billion in media spend in 2022. In summary, we have a working playbook for our retail media business with visible and sticky client behavior and a massive market opportunity to execute against.

So let me break this down into more detail. I'm going to use bottom-up approach to walk you through our significant growth opportunity in retail media. Starting with retail media on-site and our existing client base, we believe we have an opportunity to increase ad spend against our retailers' gross merchandise value, or GMV, up to 5% of GMV over the long term, which GroupM recently described as a high watermark for advertising revenue.

Today, we support more than 50% of the top U.S. and Europe retailers that -- we support more than 50% of the top 25 retailers that have a retail media network in the U.S. and Europe. And our existing retail client base represented $135 billion in e-commerce sales in 2021. We expect secular e-commerce tailwinds to increase this to $200 billion by 2025. So this is the GMV. 5% of that would be $10 billion of ad spend.

It's still very early days for most retailers, and the level of ad revenue varies depending on the country's site, the product category and the maturity of the retailer. Typically, the U.S. is more mature than Europe regarding ad revenue. The larger retailer often are more attractive to brands. And while the average of our clients was below 0.5% in 2020, we saw an average increase of 30 basis points across our client base in 2021.

Overall, we believe we can reach between 2% and 3% of GMV by 2025, representing a $4 billion to $6 billion ad spend opportunity. We also expect an incremental $2 billion in ad spend coming from new retailer logos new deep geographies and adjacent verticals that we have started to make inroads into. So in total, we see the potential to activate $6 billion to $8 billion in media spend on site. On top of that, we believe retail media off-site represents an opportunity of approximately $90 million by 2025.

When adding the growth potential of our existing clients, with our opportunity to add new clients and expand in new geographies and new verticals as well as our $90 million off-site opportunity by 2025, we believe we can triple the size of our retail media business over the next 3 years and capture a sizable market share. We also believe that our retail media business will be a beneficiary of continued signal losses impacting digital advertising at large. Retail media on site, which is the fastest-growing part of our business, is not impacted by the deprecation of third-party signals and, we believe, could attract more advertising dollars as privacy changes impact other channels. As a leader in retail media, this creates a hedge against additional privacy changes.

Now let me turn to marketing solutions, which encompasses our full-funnel acquisition and retention solutions. Our commerce audiences have opened an opportunity to address new use cases. We are also unlocking targeting opportunities in signal-limited environments that others cannot address, with a demonstrated effectiveness of our innovative solutions leveraging our large-scale commerce data and 16 years of AI. We believe these dynamics will allow us to capture a growing wallet share and possibly a growing market share. We also expect to see some advertising budget shift from retargeting to acquisition and new retention strategies following the deprecation of third-party cookies.

Overall, we expect this will translate into a 2022 to 2025 contribution ex TAC CAGR of 35% to 40% for commerce audiences. And with our innovation heritage, our focus on the future, our product and R&D teams are continuously experimenting to engage consumers where they are spending their time and to help to shape the next frontier of digital advertising.

Now let me address our current assumptions as it relates to the potential loss of signal in Chrome and Android and the impact that has on retargeting. Unlike most ad tech peers, we have a multiyear history of transparency on these changes, and our track record indicates our ability to accurately assess the impact of signal loss on our business. It's important to understand that we don't look at it in terms of impact mitigation. We've already lost a lot of signals across multiple environments and we have continued to perform. In fact, we expect to continue to grow, through these changes, from $921 million in 2021 to $1.4 billion in contribution ex TAC by 2025 at constant currency rates as the growth of our new solutions outpace lower retargeting revenues. And we see potential upside to that goal.

We believe we are prepared for any scenario. Google already delayed the time line for third-party cookie deprecation twice. There is a scenario of further delays into the mid and the long term, in particular given Google's commitments to the U.K.'s CMA. However, let's assume that Google proceeds as planned. We currently estimate the net signal loss impact to range between $140 million and $160 million. Roughly 60% of the net impact is estimated to occur in 2024, and 40% in 2025, given the seasonality of our business, with about 70% and 30% for Chrome and Android, respectively. This means that, thanks to our identity strategy and innovative techniques, we would retain about 55% to 60% of our retargeting contribution ex TAC on Chrome and Android, which combined represents about 2/3 of our total retargeting.

We also expect our continued performance in retargeting to be driven by our first-party media network, explicit opt-in signals from consumers and Google's replacement solution as required by the U.K.'s CMA. We are also well positioned to gain market share given the superior performance we expect to deliver for our clients relative to our peers. It's important to note that, while this is the estimated impact for retargeting as of today, we also expect to capture advertising budget shifting from retargeting to commerce audiences.

Potential incremental market share gains, an optimized Google API or a further delay in third-party cookies deprecation would provide upside to these assumptions. If there is no signal loss in late 2024 or 2025, this would represent additional upside to our contribution ex TAC and adjusted EBITDA margin. Should Google continue to push their date to deprecate cookies and signals, we expect retargeting to slightly decline as we drive our clients towards adopting our new retention strategies. And we would expect the rest of our business to grow at a CAGR of about 45% between 2022 and 2025. As of today, we estimate the potential margin uplift to range between 100 and 200 basis points for 2025. And in any scenario, we will adjust our costs based on top line dynamics.

We operate with great financial discipline, and our ambition is to continue to deliver strong margins regardless of the changes impacting our ecosystem. We expect to continue to overcome external factors with rigorous cost control and agility in order to drive profitable growth and shareholder returns.

So let's turn to our capital allocation strategy. We remained disciplined, balanced and shareholder focused. Our priority uses of cash include investing in profitable growth through both organic investments and value-enhancing acquisitions. Creating shareholder value is a top priority, as evidenced by our share buyback program. We continuously innovate and invest approximately 10% of contribution ex TAC annually to build our future. We also have a proven track record when it comes to acquisitions.

We have repurchased a total of $342 million of shares since 2018, and we are committed to using the $121 million left on our authorization. We returned close to 60% of free cash flow through share repurchases in 2021 and 66% of free cash flow so far this year. We are highly focused on our capital allocation strategy to maximize value for our shareholders, and using our available cash for share buyback is a central tenet of that strategy.

And now I'm going to turn it back to Megan for some closing remarks.

Megan Clarken - *Criteo S.A. - CEO & Director*

Are you doing all right?

Unidentified Participant

[We're doing good].

Megan Clarken - *Criteo S.A. - CEO & Director*

Good, good. Well, thanks for your focus over the last couple of hours. It's been a long morning, but I hope that you got a lot out of it. Before we close, I want to hit a couple of topics that are particularly important to me, and then we'll go into a Q&A session: our commitment to diversity, equity and inclusion and a sustainable planet.

Our retention rates this year are the highest I've seen since I joined Criteo in 2019. And our employee turnover is close to 88 -- sorry, 800 basis points lower so far this year compared to the same period last year. In addition to some of the recognitions I mentioned earlier, we earned Ragan CSR and diversity awards for our global DE&I commitment as well as our ESG engagement and communications report. We're proud of these recognitions.

We continue to strive to be best in class and advance our efforts every single year. Our current female population at Criteo is 43%, which is above the industry average. We're committed to reach 30% of females in tech role specifically for 2030. We also strive to minimize our impact on the planet and we're working towards setting up carbon emissions targets and securing validation from the Science Based Targets initiative. And we'll continue to enhance our transparency in these efforts by leveraging the recommendations from the Task Force on Climate-related Financial Disclosures.

To conclude, I want to leave you with the following takeaways. We're in the pole position to capitalize on commerce media, the largest market opportunity in advertising since search and social, the pole position. Our Commerce Media Platform is at the forefront of this massive paradigm shift, with momentum building every single day. We have differentiated assets to drive faster growth than the market in 2023 and beyond. We have derisked our business away from third-party signal deprecation. We have a seasoned leadership team that understands exactly what's needed to win. We're committed to delivering shareholder value with strong financial performance and capital allocation.

Looking at how much we have transformed this business in less than 3 years shows you just how much we can accomplish between now and 2025 and beyond, and we've just begun. At Criteo, the future is wide open.

I want to -- thank you so much. And we're going to go into Q&A. Thank you.

Melanie Dambre - *Criteo S.A. - IR Director*

Thanks, everyone. As we prepare for Q&A: If you would like to ask a question, just raise your hand. We'll bring the mic over to you. And please state your name and the name of your firm for those of you who are on the webcast. We're just getting started in a minute.

QUESTIONS AND ANSWERS

Mark John Zgutowicz - *The Benchmark Company, LLC, Research Division - Senior Equity Analyst*

It's Mark Zgutowicz with Benchmark Company. My question is if you look at your targets for through 2025, if you can maybe talk about the demand-versus-supply side in terms of where that growth first originates from. It seems to be a bit of chicken and the egg. You have to have obviously good momentum on the demand side to drive more on the other side. And the same thing, you need more retailers to drive more of that demand, so if you can maybe talk about just where the majority of that initially comes from, that momentum. And I just had a quick follow-up then.

Megan Clarken - *Criteo S.A. - CEO & Director*

Let me start. And then I'm going to hand it to Brian, who knows this field really well, but if you think about our retail media business, it's been about supply, lighting up retailer supply for their brands. And because we've been able to do that so effectively, it's attracted brands to retailers. And then it attracts more retailers to us and that attracts more brands, and so the snowball effect happens. So it has started on the supply side, but with Commerce Max and the DSP, where we bring that supply to the agencies and to the brands, the snowball effect now is happening, is able to happen on the demand side. So it's about both, but just as an example, on the retail media side it sort of started on the supply side.

Brian Gleason - *Criteo S.A. - Chief Revenue Officer*

I'd build on that. So it does start with the retailer because, without it, you can't drive the demand. And we're fortunate to have 160 of the biggest retailers around the world. I think, as we look at new markets like EMEA and others as we add new capabilities, whether it's beyond display, the sponsored ads; as we add new supply, that brings in additional demand. However, the demand for long-term growth, I think, has significant opportunity because, if you look at GroupM's numbers, I think they referenced that 20% or 19% of all retail media. It's 19%. That's going to go to 25%. And we're going to see more dollars flow in from upper funnel activities that are able to leverage the performance metrics that we enjoy from the sponsored ads or display as we go up funnel. And I think, when you start to look at those dollars, they'll far out-weight in terms of what you see in typical performance dollars.

Mark John Zgutowicz - *The Benchmark Company, LLC, Research Division - Senior Equity Analyst*

Super. And then just a quick follow-up, on the off-site side of the equation. Does that weigh more to the back end of that outlook in terms of [25], in terms of realizing that revenue opportunity? Or do you see that sort of spread out over the next few years?

Megan Clarken - *Criteo S.A. - CEO & Director*

Off site?

Mark John Zgutowicz - *The Benchmark Company, LLC, Research Division - Senior Equity Analyst*

Off site specifically.

Megan Clarken - *Criteo S.A. - CEO & Director*

Thanks. Sarah?

Sarah J. S. Glickman - *Criteo S.A. - CFO & Principal Accounting Officer*

Yes. I mean it ramps up over time, so we do anticipate it continues to ramp up from general availability of Commerce Max and kind of moving from there. So it will be a ramp-up over time, but we're already seeing dollars coming into that and we expect those to continue to move up.

Megan Clarken - *Criteo S.A. - CEO & Director*

So yes. Just to link: So off site is related to Commerce Max. Commerce Max goes into full market in the beginning of '23, and so it's a ramp up from there.

Timothy Wilson Nollen - *Macquarie Research - Senior Media Analyst*

It's Tim Nollen from Macquarie. You've got a very good growth story at a time when the market is getting potentially very soft, and I just wonder. How do you work with agencies and advertisers to get them to accelerate spending into all the good stuff that you're doing? Because when there are headwinds, it's difficult for everybody, but what you've got seems to be so important to advertisers and retailers to push their brands.

Megan Clarken - *Criteo S.A. - CEO & Director*

Yes. I'm going to get back to the agency...

Brian Gleason - *Criteo S.A. - Chief Revenue Officer*

I think it goes to what Megan said last, was we're in the pole position for commerce media. So if you look at the first and second wave of what we've seen in these digital growth trends, they were based on performance. So search, obviously performance-based, social performance-based. Commerce, for the majority, has been performance-based. So there's new media that's coming to the market that's driving outcomes. And whether that's our retail media business or whether that is our commerce audience business is we get to play both sides of that equation. For brands, it's the opportunity to look to it and say, "Okay, great. Listen. I know the market is challenged, but I can see directly the value of any dollar spent," because it ties to a transaction on a retailer site. That's invaluable. And now they can move [to the other tactics]. On the other side, for performance marketers, they have the same thing they ever had, which says, hey, the market is tough. I need to bring more customers in and I need to keep the ones that we have. So I think we're fortunate in that.

And agencies are leaning in. If you look at agencies: They are gaining more dollars coming to the space, specifically for the holdcos as they deal with more trade dollars. And they're building out entire practices, which, enhanced, enables us to move faster. So we're in this nice cycle in terms of it drives performance. It delivers outcomes like nothing else can, and we're just at the beginning of it.

Sarah Simon - *Joh. Berenberg, Gossler & Co. KG, Research Division - Analyst*

Yes. Sarah Simon from Berenberg. I've got 3, unrelated. First one was in terms of your 2025 targets. What kind of proportion of your contribution ex TAC do you think will come from agencies by that point? Second one was, Sarah, you talked about 60% of free cash flow being returned last year and 66% this year. Is -- are we supposed to take from that, that we should think about 60% going forward because obviously you have some restrictions in terms of buybacks?

And then the third one was for Megan, which is, as Tim said, the story is great, so what keeps you up at night in terms of what could derail this if it's not cookies?

Megan Clarken - *Criteo S.A. - CEO & Director*

Sarah, do you want the first 2?

Sarah J. S. Glickman - *Criteo S.A. - CFO & Principal Accounting Officer*

Yes, yes. So just in terms of agency, I mean, that's continued to grow for us. So it grew about 30% this year. It's about 34%, I think, overall. We anticipate that will continue to grow for us, so I guess 40% of agency but will continue in Commerce Max. So most of the brand spend is going to come through the agencies. The second question, on share buyback: We know it's important to shareholders. And it also, of course, is an important part of our capital allocation, so we do anticipate to continue to leverage our attractive free cash flow to continue to drive share buyback at likely similar amounts. Of course, there's a Board authorization that's required for that. And we will look to renew that as and when we need to, to -- as we look at other priorities as well, but our assumption is that it would likely be at a similar level going forward.

Megan Clarken - *Criteo S.A. - CEO & Director*

Yes. In terms of keeping me up at night, it's a tricky one because this company has been so resilient. We have -- we're sitting here having gone through the first round of cookie deprecation and signal deprecation and COVID and everything else that we've been hit with, and we're stronger than what we've ever been. We're laser focused on this opportunity and we can see it. It's real. We are in the pole position, so nothing about that keeps me up at night. I think it would be remiss for a CEO not to mention the current macro environment and just the unknown around what might happen, but we've taken that into account as we thought through our 3-year plan. We take that into account as we think through our vision. And what we love is that, when the going gets tough, the marketplace looks for outcomes. It looks for full performance. It looks to find people who are actually going to buy, that are not online chatting with each other or searching their family tree but are actually doing something that indicates that they're going to buy. And that's exactly what we're offering up, so if we just lean into this and execute in the way that we've been executing over the last 3 years, this is ours. So that doesn't -- that makes me rest well.

Matthew Corey Thornton - *Truist Securities, Inc., Research Division - VP*

Yes. Matt Thornton with Truist Securities. I've also got 3. I think they're pretty quick here. First one, you've talked about -- for a couple of quarters, you've talked about some of the tests that you've run that have allowed you to recover audience and spend in environments where third-party identifiers have been deprecated. The question there is how does that play into the 3-year outlook, if you can expand on that a little bit. Secondly, the new Meta partnership, which I know is still nascent. Again, how does that play into that 3-year CAGR outlook, if at all?

And then just thirdly, and this is a tough one. We won't hold you to it, but I guess, how would you handicap cookies and Android IDs actually being deprecated in second half '24 versus much further out? Any color there?

Megan Clarken - *Criteo S.A. - CEO & Director*

Yes. Todd, are you able to answer a couple of those? And I think Sarah might take some -- the numbers piece. And then I can talk about the long-term Google...

Todd Parsons - *Criteo S.A. - Chief Product Officer*

I'll get the last one, I guess, the handicapping thing. I think a couple of things we watch for, and I hinted at it in my presentation, is does -- is Google going to pass the litmus test that the CMA has put on them to deliver a solution in any privacy sandbox API that doesn't disrupt the ad tech ecosystem, okay? So that means you've got a lot of people to satisfy and hungry mouths to feed. It's not an easy job for them. And it's why we're so invested in helping, because if they win, then commerce audiences will just benefit by riding on top of what it is that they ship. So we -- I would say, if we were going to handicap it, we would say it's a hard job. 2024, it looks like a tough challenge, but I don't know. I'm going to refer to Sarah on the numbers. We're going to keep investing and helping them actually meet the CMA requirement. They're a great partner and they can be very helpful. At the same time, we are going to build our first-party media network because we're finding our own solutions, our own ability to build a commerce audience works better. I shared some of those numbers with you and we're just at the beginning of that. So we like to control the controllables at our company, and that's one of them. The guess about when they're going to make a move is a little bit more speculative.

Sarah J. S. Glickman - *Criteo S.A. - CFO & Principal Accounting Officer*

Yes. I mean I can address the question on Meta. So we're very excited about the opportunity not only of Meta but of Shopify and Flipkart and the other opportunities. In terms of our 3-year plan, we're at the beginning of our Meta relationship, so we have not assumed, I will say, massive growth. We have assumed in our conversations that there's great opportunity and -- opportunity. That's -- most of that is not baked into the outlook that we shared today, but what is baked in is the cookie deprecation. So just to be clear: That's in the numbers, yes.

Steven Wilson

Steve Wilson, Lapides Asset Management. I'm curious. And I guess the die has been cast for 3-part questions, but the crux of my main question is, if you're talking about 50% revenue growth in 3 years, I'm surprised there isn't more profit leverage. So you talked about holding the investment in terms of the development, R&D 10%, but the other areas, you would certainly expect. Now I know there's a lot of moving pieces in terms of targeting coming way down. New business is coming up. And I'm just trying to figure out. Is it because some of these new products, new categories, what have you are actually serious loss making? And they're going to be kind of an anchor as we go through this transition, so we'll get the revenues, but a couple of these businesses, in again this 3-year window, just aren't going to flip into being meaningfully profitable. And that's why we're not seeing any SG&A leverage, sales and marketing leverage. Because any other company that would grow revenue that materially should see a much better flow-through.

The second question is just we're in a very dynamic world on currencies. I just don't know 3 years out, you don't have a crystal ball any better than anybody else. Did you just fix them at where they are today? And then the last question I have is just if you could address from the standpoint of staffing. So if we were going to grow 50%, do you now have to increase 30%, 40%, 50% people that you need? And you talked about where you stand as an employer, but just in general we're still in a tight market. It's tough to find tech people, AI, whatever those capabilities are. What do you have to do, whether it's set up new centers, new outposts or what, to do the staffing that's going to be associated with this?

Megan Clarken - *Criteo S.A. - CEO & Director*

I can do the last 1 if you do the first 2.

Sarah J. S. Glickman - *Criteo S.A. - CFO & Principal Accounting Officer*

Yes, yes okay. I was thinking I was going to be all 3, so...

Megan Clarken - *Criteo S.A. - CEO & Director*

You can take all 3.

Sarah J. S. Glickman - *Criteo S.A. - CFO & Principal Accounting Officer*

So just on -- well, actually I think one and three are related. So just in terms of our EBITDA margin. So we have invested. We are very deliberate. We put an investment envelope together for 2022. And that was to increase, from a low point of where we work, new talent in solution selling; marketing, which you see on display today, back to events; and product and R&D. Those were the key areas of focus, along with some, I would say, supporting infrastructure for general and administrative costs more around recruiting as well as being able to build new types of revenue streams. Our expectation is that we scale. So we have a high level of retargeting revenues today that's at high margin, and it becomes a bit of a flywheel. So this year, we've been hampered by the macro for Q4, which is our highest quarter of retargeting. So that's what you're seeing in the assumption we've made for 2022 on the margins. It's due to Q4, when we have most of our revenues for all our businesses all being slightly lower than we would have anticipated at the beginning of the year. We do scale, so for us it is a flywheel, and what we see is that we still have 90% retention of our customer base. We have [100] in marketing solutions. We have 137% contribution ex TAC from our retail media business. And we do expect that to scale.

So if we look at the spend this year versus, say, during COVID: There's less spend per average customer within marketing solutions. And we have 21,000 customers that we support, so we do see that being a scale-up. That will, of course, improve the margin profile -- the same number of people that we need and subject to some variability on performance pay. That would be fixed. And in terms of the future investments, all of them require a high ROI before we approve them. Most of those would relate to new geographies or new skill sets very -- in very small areas that we are focused on to ensure that we can deliver value, but it's a high bar that we have in terms of ensuring that those new heads make sense and that there's a high ROI. So for example, India or Asia would be areas that we're focused on. I think those are the key questions.

Megan Clarken - *Criteo S.A. - CEO & Director*

Yes. In terms of our people, right now we don't have any problem attracting talent, finding talent. We turn -- we are having to turn talent away. Brian went through a couple of his new hires, 4 or 5 of his new hires. We're up-skilling and upscaling the people that we have. And we're doing that with the notion that their contribution to the organization, the ROI on those people will be very high, so we're all about scale. And we're all about making sure that -- because we can attract top talent in the industry, that we're doing just that because we want to make sure that we get the most out of the people that come onboard at Criteo.

Mark Patrick Kelley - *Stifel, Nicolaus & Company, Incorporated, Research Division - MD & Senior Equity Research Analyst*

This is Mark Kelley with Stifel. I had 2. I'll limit it to 2. Do you -- on the unique or -- [ways] around cookies, I think there's like 80-plus different IDs that are being worked on at the moment. What do you think is like the right number? Like how many win in the end, do you think? And then maybe can you just elaborate a little bit on the M&A strategy, especially after IPONWEB? Now you have a pretty broad set of assets in house.

Megan Clarken - *Criteo S.A. - CEO & Director*

Todd, you take the...

Todd Parsons - *Criteo S.A. - Chief Product Officer*

Yes, sure. So there is a couple of things. One is, if you're just talking about an ID that is connecting cookie to cookie, we would look at that differently than if you were taking a first-party data set on both buy and sell side and joining them. There are only maybe half a dozen IDs that really have scale and reach today, and it drops off very quickly after that. Of those, the data, I think, is pretty publicly available. There's not a tremendous amount of trading going on them, right, so what really matters to us is that we're supporting the IDs that our clients are choosing to invest in. And that's how we're deciding on what to do with -- I wasn't that clear about that in the presentation, about choosing partners, third-party IDs. So call it 5, but really at the end of the day, that's just the cookie side of the equation. If you look at where the market is going, it's going to be joining a lot more first-party [data] environments because consumers are increasingly in logged-in environments, in apps than they are just on a browser where a cookie is -- has to be substituted. So those are the dimensions. I'm calling it 5.

Megan Clarken - *Criteo S.A. - CEO & Director*

On the M&A front. We've always maintained a healthy pipeline for M&A. We take a build-by-partner approach to solving problems. And the pipeline is mostly targeting things where we need to solve a gap for the platform or client-specific needs. In retail media, we've done 4 acquisitions over the last 4 or 5 years, so you can see how that product is being built up through acquisitions. And then IPONWEB has been the big one of late. We'll keep refreshing that pipeline. We'll keep reviewing it against the things that we need to build out our strategy. And where it makes sense, we're quite willing to make an acquisition, which you've seen us do before, either tuck-ins or a large one like IPON.

Douglas Till Anmuth - *JPMorgan Chase & Co, Research Division - MD*

It's Doug Anmuth from JPMorgan. Brian, you mentioned 33% of clients use more than one solution today. Can you just talk about what percentage of contribution ex TAC those clients might drive? And then how do you get more of them going cross-solution? And then maybe second, the closed-loop measurement seems to be a pretty big advantage relative to competitors in retail media. Can you just talk about how that compares more with peers and Amazon in particular and kind of what you hear from customers there?

Brian Gleason - *Criteo S.A. - Chief Revenue Officer*

I just want to make sure I understand the second. It's about how -- which part compares to Amazon...

Megan Clarken - *Criteo S.A. - CEO & Director*

Closed-loop measurement.

Douglas Till Anmuth - *JPMorgan Chase & Co, Research Division - MD*

Closed-loop measurement.

Brian Gleason - *Criteo S.A. - Chief Revenue Officer*

Okay, all right. I'll let Sarah answer the ex TAC, but I can light it up in terms of what I think around our performance marketing. The unique thing is we have a direct relationship with 20,000 performance marketers around the world. It was probably the most attractive thing for me at Criteo to join. And the unique thing about that is if you track back 3 years. So 3 years ago, when it was a point solution, it was just retargeting. We didn't have much overlap in terms of other things you would sell. If you look at the thesis, meaning can we light up additional things that we bring to those clients, do we have a demand that we can fill for them? Bringing commerce audiences into light, now at 33% -- and I referenced also our new business that's making up 40% of our new business in terms of the new solutions we bring. I think we're just at the beginning of that, so when I think about new things that we can bring to them: We have a direct line to them. We have an established trust in terms of they come back to us and they know what -- Criteo delivers outcomes. And we have global scale to move very quickly and a proven track record to it, so when it relates to that, I think there's a lot.

In terms of Amazon. Amazon sets the playbook in terms of closed-loop attribution. They did a phenomenal job of it. And when I think about Amazon, what Amazon does inside the walls, Criteo does outside of the walls. And if you look at any typical agency setup, it's Amazon plus Criteo to equal commerce media. And we're just starting to do that. Sherry and the team do a phenomenal job of really beginning to uncover because most of the closed-loop attribution, so far, has been focused on on-site activity. Next it will be linking up what we do in the physical store. And when you think about the ROAS implications of that and what you can build around that, it's immense. And our platform is at the center of it all, so I think your imagination can start to go to a lot of different ways of how do you use that attribution to drive overall value for brands. Specifically with regardless of what happens with cookie, that is the most effective view of medium efficiency because it goes down to the transaction. So there's a ton of cool things we do on both sides, and I think we're -- again, we're just starting.

Rocco Strauss - *Arete Research Services LLP - Senior Analyst*

All right. It's Rocco from Arete [here]. I have 2 questions as well. I mean 1 for Todd. It's probably just to follow up. I mean if I'm just thinking about this correctly. I mean, Android IDs, IP addresses, cookies, they will all go away at some point in the near future. And with the chart that you have shown, like how you're making up for that signal loss with your solutions, shouldn't it be kind of like great or like a tailwind for Criteo when these things happen earlier rather than later by also starting not only to take share from like shifting budgets or shifting retail budgets but also by starting to take budgets from peers both on the SSP and the DSP side? That's the first one, and then I have a second one.

Megan Clarken - *Criteo S.A. - CEO & Director*

(inaudible).

Todd Parsons - *Criteo S.A. - Chief Product Officer*

Well, so a couple of things I would observe. First of all, as we're looking out to, say, '25 and beyond, we're replacing the cookie, anyway, in our plans. So what we're doing between here and there in terms of creating a tailwind really ends up being a lot of symptomatic treatment. What we're doing with the publishers that I was sharing examples of is actually just building our ability to operate data. It's a lot like what Brian was just referring to with transaction data for closed-loop measurement. If you start operating the data from publishers and from marketers alike, then you can actually do a much more pliable job of building a solution that gets you to cookie free. So I think there's a bit of a, hey, you're sharing some cool stuff that you're doing right now. It's all 100% true, but it's also a variety of one-offs. And we deal with many, many different platforms, not just one. Like Amazon has one kind of central place to do closed-loop measurement. We do it with hundreds of different parties, so -- when it comes to publishers, thousands, so I think it would just be smart not to let the immediate results mislead in any way. What we're trying to do is make sure we end up with complete freedom from cookies in '25.

Rocco Strauss - *Arete Research Services LLP - Senior Analyst*

Yes, that's clear. And then the second question, maybe that's for Sarah. I mean it's a huge set of goals that you have been setting out. It was like $10 billion of gross spend or like $1.4 billion of revenues ex TAC. I mean, how much of that is secured by logos that you have already presented today or like, say, by some you have signed but not yet announced in -- and -- or in line of sight with the agency partners? So I guess the question really is what is the mix between new business and increasing share of wallet of existing clients here.

Sarah J. S. Glickman - *Criteo S.A. - CFO & Principal Accounting Officer*

Yes, most of it is from existing retailers that continue to grow, so we benefit from the secular tailwind, including newly signed, so those newly signed need to scale up. And we have some retailers that we haven't yet announced or -- and other commerce partners outside of retail that we will ramp up too. We do have an expectation that within Asia Pac and in Europe we will scale up new names that are not within that list yet, but most of it is a mix between our existing retailers continuing to scale up. The new capabilities that we're bringing in, we see that being a massive differentiator for us. Of course, we have, I would say, some bigger ambitions in terms of some of those very large, whale retailers, if you will, or e-tailers, especially in Asia Pac as well. And we -- it is expected that we benefit from the GroupM kind of analysis of where our GMV is today, where it could go to. So we're going from 0.5% to 1%, to 2%, to 3% over time. That's the way that we've built up the model. And that assumes we continue to have an excellent roster of retailers today as well as some new names that we expect to either sign now or that will move to retail networks over the coming year.

I did want to address the question on FX, which I apologize I haven't addressed before. So in our 3-year plan, we have assumed that we're at -- I wouldn't say today's exchange rate but current exchange rate, so we do hope and anticipate that there will be some tailwinds as FX normalizes. About 40%, just over 40% of our business is in the Americas today. So that includes Brazil and as well as [Lat Am] as well. About 34% is in Europe and the remainder is in Asia Pac. So those large swings have impacted us about $90 million of contribution ex TAC for 2022, which is the main reason that we have $1.4 billion in 2025 given, assuming that $90 million kind of lower base today and ramping from there. So no upside, I would say, assumed and, for that matter, no downside assumed in FX, as we presented it, based on today's rates.

Unidentified Analyst

I had -- it's [Alf Randol from J. Goldman].

Megan Clarken - *Criteo S.A. - CEO & Director*

We can't hear...

Sarah J. S. Glickman - *Criteo S.A. - CFO & Principal Accounting Officer*

We can't hear you. Sorry.

Unidentified Analyst

Can you hear me now?

Todd Parsons - *Criteo S.A. - Chief Product Officer*

Yes.

Unidentified Analyst

Much better, okay. [Alf Randol from J. Goldman]. I wanted to follow up on something that Todd said regarding the 2 experiments in the Safari and Firefox ecosystems. How do you think about taking those from one-off experiments to a scalable solution that can meaningfully impact the business, whether it's in 2025 or at a later period? And then on kind of I think you guys made the assertion that about 1% of your retailer GMV is reinvested into retail media today. The leader is Amazon. They're at 5%. Could you help me understand like what the delta is? Is there a product difference? Is it an awareness difference? Like why are our retailers so much lower right now? That might help us understand how we can close the gap in the future.

Todd Parsons - *Criteo S.A. - Chief Product Officer*

Yes, I can just quickly say that each one is a building block. I mean I don't want to take anything away from the importance of what we're doing with the examples that I shared. There are single points of success, high-scale points of success, places where we can transact 40 million IDs at one time. And that gives us the ability to get more scale of addressable connections between buyer and seller as we build our network over time. And the other thing it does is it gives us the biggest truth set, as I was sharing, so what we want is to be able to predict commerce behaviors, wherever they're happening, better than anyone else to get the performance that Brian was speaking about. That's my job every day, thinking about how do we interpret the data to get the performance. So in a way, those examples are just building blocks to get us the largest truth set on the planet. We would sure like to have a lot more direct connections too because every brand wants to have a relationship with their customer directly. They want to be able to send out an offer. They want to be able to confirm an order. They want to be able to provide some special in the festive season, so there will be a lot of that going on, but ultimately that leads us to the bigger opportunity of commerce audiences with the truth set.

Megan Clarken - *Criteo S.A. - CEO & Director*

On the Amazon front. And Amazon have been doing this for a long time, yes. And they're their own retailer and they're their own media company, so they get to control it. And they've done a really, really good job of that, which is why you see the results as they are today. The expectation and the data says that the rest of the market will catch up and it will be bigger, so we're riding that wave. And as they get more control over what they're doing and start ramping up and understand better how they can attract audiences and what their media properties look like, we would expect to see certainly scale across what it is that we're doing for them.

Melanie Dambre - *Criteo S.A. - IR Director*

We'll take a question from the webcast: "If you could elaborate on your hiring plans for 2023."

Sarah J. S. Glickman - *Criteo S.A. - CFO & Principal Accounting Officer*

Yes. I mean we expect the hiring plans for 2023 will be quite limited. We have brought in a ton of fantastic talent in 2022. We are looking at IPONWEB, where clearly we are transitioning talent in -- from their former company to our company. So we are looking at those complementary skill sets. We also look at the geographical expansion; and then key talent, if we see amazing talent that is filling a capability that we don't necessarily have today or that we want to strengthen. Those will be, I would say, one -- a few key hires. We're not looking to significantly scale up and increase our head count from where it is today. We made the investments this year. That was very deliberate. And we anticipate, for the most part, retaining a similar level of head count going into 2023.

Megan Clarken - *Criteo S.A. - CEO & Director*

Yes. We want to make sure our people are in the right place, they're focused on the right things and they have the skills that they need to do those jobs, so it's not about expanding that workforce. It's about making sure that we're utilizing everybody to their full capacity.

Melanie Dambre - *Criteo S.A. - IR Director*

Another question as it relates to the $1.4 billion objective for 2025. "You mentioned upside. Can you elaborate on the upside to that goal?"

Sarah J. S. Glickman - *Criteo S.A. - CFO & Principal Accounting Officer*

I mean we're incredibly excited about all the opportunities that we have. We have a massive client base across the globe. We operate in 90 countries. We have 21,000 customers that are all looking for us to help them with their marketing goals, and we're in the sweet spot of secular trends. In terms of upside, we do see some of the partnerships we discussed today to continue to grow with us. We co-create with our retailers and with our partners. And that's one of the things that really, I would say, differentiates us is to -- we sit side by side with our product teams, with our commercial teams, understanding, listening to what their issues are and what they're trying to do; and partnering with those to help -- with them to help them to fix those issues or to address their challenges. The ability to be able to do that; and of course, bringing in IPONWEB, where they just have an incredible grounding and understanding how ad tech operates and where it's moving to, we see that all being opportunity for us to listen to our customers across the globe and really move forward with them at the pace that they're moving with. So that's the upside there, not baked into plan.

Megan Clarken - *Criteo S.A. - CEO & Director*

I think, the cookie deprecation, as we said before, there's upside there. I don't know if you mentioned that, Sarah, if that gets moved out; and the macro. If the macro looks better sooner, then that's upside as well. We've done a plan based on what we know today. And we're in a fast-moving environment, of which we're at the pole position of the fastest-growing secular trends, so we've -- again, it's wide open for us for next year. And we're putting our best foot forward in terms of our numbers, and we think that potentially there's upside in there as well.

Melanie Dambre - *Criteo S.A. - IR Director*

Another question on Commerce Max for you, Todd. How good is Commerce Max DSP versus other well-known DSP in the market, if you could elaborate on that?

Todd Parsons - *Criteo S.A. - Chief Product Officer*

I tried to touch on that a little bit, maybe not as effectively as I would have liked, judging on the question, but it's pretty straightforward. We -- there -- by brokering on the ability to go across retail media networks and solve a fragmentation problem for brands and agencies that want to participate in retail media, we set ourselves apart. By going deeper in the connections that we're making on data, both in helping a retailer to operate its first-party data for off site as well as to closed loop with measurement, as we talked about before, we're totally -- not only totally different, but we actually use all of those relationships where we already have the integrations. We start out, like, fundamentally being different because, even as we talk about the term DSP, it implies advertising, pure advertising. It does not imply commerce. We're a commerce company at the core, with advertising being a way we get value for our partners to market. And so you can think of Commerce Max, by the name, as being focused on commerce and delivering commerce outcomes. And it takes each of those 3 points that I just mentioned to do it in a special way, so it's hard to compare. One last thing on it: We [started] a couple of -- you saw a diagram that I -- in the deck where we compared ourselves to one walled-garden DSP and one open-web DSP. I bet you couldn't guess who those were, but we found ourselves revisiting that analysis a bunch of different times in the client conversations that we're having and kind of coming up with that's not so much home cooking as you might think. So I just want to leave you with that. We have a ton of product leverage, and yes, it's a new product.

Brian Gleason - *Criteo S.A. - Chief Revenue Officer*

Could -- if I could, for a second, just build on that. I think it's also important from the client view of what that means having sat through many DSPs, looking them all come to fruition. Todd and the team they've built can do something that no other DSP can. That's important, to think about that.

So no other DSP can do on-site sponsored ads, on-site display ads, off-site ads utilizing our retailer audiences; and then introduce our commerce audiences, doing closed loop. That itself is beyond comparison because there's not anything else to compare it to. Others can do components of that, but nobody can do the overall, which is why I think you see $1 billion flowing through to retail media today; why you see the tailwinds behind commerce media in terms of what they will be; and why you see our increased spend from brands going to, what, 1,200 brands now and, what, 1,600 -- or 1,600 brands and 1,200 agencies. The groundswell is around it because there's nothing else like it. And I don't say that lightly.

Unidentified Participant

I wanted to ask about the ad spend environment we're in right now, particularly related to the issues Meta and Snap are having with the ATT signal deprecation. So in terms of the timing of that versus -- related to your -- one, the iOS results that -- early results that you're seeing; two, reentering Meta inventory; and three, retail media off site, do you see an advantageous position in terms of getting a shift of ad budgets from there because -- considering these are massive ad buckets we're talking about related to Meta?

Megan Clarken - *Criteo S.A. - CEO & Director*

Yes, I'll start with that one. Absolutely. So as I said upfront, there will be a share shift from social and search because brands want to find commerce audiences. They want results. They want people who are buying. They want to see that people have spent money, and audiences on Meta and audiences on Snap are not necessarily people who are buying. They're doing something else on that platform. They're not on a site that is geared around feeding a commerce audience with the information they want about a product or pricing comparisons or those things that are really about consumers who are on their buyer journey. So we think that as -- some of the big spend that's going into commerce media is because brands and agencies will see the performance because they'll get that spend. So I think, for social platforms and search platforms, there will be a share shift. I think that it was interesting to see the ad spend going to social, by 2025, being less than commerce media. So it tells us that we're -- again, we're riding a very big wave here; and it's coming very, very, very fast. I think, on the Meta front, meta as a supplier to us is exciting. It's fantastic, but guess what: We are looking for commerce audiences, so where they have powerful, impactful in-market commerce audience, we'll go in there, but it's those audiences that are of value to us, if that -- if all that makes sense.

Unidentified Participant

[Yes].

Megan Clarken - *Criteo S.A. - CEO & Director*

Great.

Todd Parsons - *Criteo S.A. - Chief Product Officer*

I can just build on that in that, from a purely technical and partnership standpoint, the environment helps, okay? There's no doubt that you have 2 billion people in Facebook. You've got another 1 billion in Insta that you can do some reasonably good matching on if you bring money in. I wouldn't say that Meta was probably that excited about partnering with companies that were bringing commerce audiences in, okay, but they are probably more so now, which is I think the point Megan was trying to make. They look like very good partners because of the macro right now, so we'll take it.

Melanie Dambre - *Criteo S.A. - IR Director*

And we'll take one last question from the webcast. "You talked about wallet share and growth and also mentioned some win-backs. You have very clear disclosure of your retail commerce media efforts, but others say much less. What's the best way investors can track the growth in your market share of commerce media?"

Megan Clarken - *Criteo S.A. - CEO & Director*

Sarah, do you want to -- when you say others don't, it means we don't. Or...

Melanie Dambre - *Criteo S.A. - IR Director*

No. We do, while others don't.

Megan Clarken - *Criteo S.A. - CEO & Director*

We do, while others don't. Okay, I understand. We like that.

Sarah J. S. Glickman - *Criteo S.A. - CFO & Principal Accounting Officer*

I mean...

Megan Clarken - *Criteo S.A. - CEO & Director*

I guess this is a reporting question.

Sarah J. S. Glickman - *Criteo S.A. - CFO & Principal Accounting Officer*

Yes. We've -- I mean we look at, I mean, of course, our key metrics of contribution ex TAC, so it's basically what we bring into our reporting. In terms of looking at the external world, we're looking at what outcomes do we drive for our customers and how much spend that we get to our customers. I will say that there should be more visibility as we look to the e-marketers. McKinsey's, GroupM have already started to kind of put new, I would say, guideposts around how we should think about those audiences. For us we'll focus on what we know. We already see $1 trillion of transactions a year in some other areas outside of retail. We are starting to light those up and we're very excited about those partnerships. And I would assume that the strategic consulting firms and others will start to highlight where those growth trajectories are moving to and where the spend is and also how we influence that. I mean, back to co-creation, we're sitting CMO to kind of our CRO and our CPO, really -- and our -- actually our CTO too, really sitting like in the same meeting, having a discussion about how do we ensure that we enable the commerce growth. But I'll take, I'll look for the right metrics. And we will continue to provide those as well.

Melanie Dambre - *Criteo S.A. - IR Director*

Thanks, everyone. And thanks to those of you who are on the webcast. Thanks for staying with us for a few hours. We appreciate it. Have a great rest of your day.

Megan Clarken - *Criteo S.A. - CEO & Director*

Thank you, everyone.

Sherry Smith

Thank you.

Brian Gleason - *Criteo S.A. - Chief Revenue Officer*

Thank you.

Todd Parsons - *Criteo S.A. - Chief Product Officer*

Thank you.