

Key Investor Topics

The following document provides additional and supplemental information on common investor questions including GDPR, ePrivacy, the impact of Criteo's marketing partner status with Facebook, the impact of user coverage limitations in, for example, Safari and Mozilla, and our share repurchase program set forth in an FAQ format. This FAQ is dated as of December 2018 and the statements herein speak only as of such date. Except as required by law, Criteo undertakes no duty or obligation to update any statements contained in this FAQ as a result of new information, future events, changes in expectations or otherwise.

1. **Apple's Intelligent Tracking Prevention (ITP)**

What is ITP?

ITP, short for Intelligent Tracking Protection, is a feature of the Safari browser that was introduced in version 11 in September 2017. In effect, the feature categorizes as "tracker" any technology provider that is used by more than 3 different websites. From then on, Safari imposes restrictions to "tracker" domains, in particular severely limiting their use of cookies. This feature can be disabled, but it is activated by default by Apple.

In September 2017, when Safari 11 was made generally available, Criteo's integrations with advertiser websites relied almost entirely on cookies. As a result, our ability to retarget shoppers using solely Safari was gradually but severely impacted.

It is important to note that this change didn't impact Criteo's ability to show relevant ads on other browsers, or to iOS mobile apps' users.

How much impact has ITP had on Criteo's business?

As users bought new hardware or updated Safari, more and more Apple users used browsers which had ITP enabled, and Criteo's reach on Safari diminished accordingly.

In previous filings we provided estimates of ITP's negative impact on Criteo's Revenue ex-TAC: \$1 million and \$25 million in the fiscal quarters ending on September 30, 2017 and December 31, 2017 respectively.

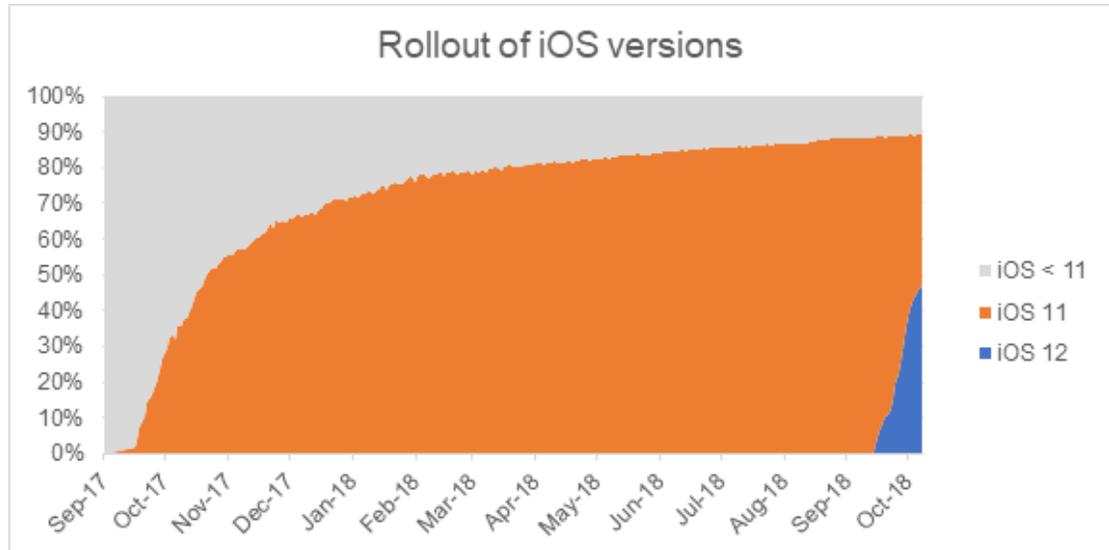
Because of ITP's restrictions, we have since lost significant visibility on our potential Safari business. As a consequence, reliable quantitative estimates of impact have not been available for any period in 2018. We however believe that it has continued to challenge our business during that time, while we continued to adapt our solution to make it robust to the decisions of browser vendors.

We believe our guidance for fiscal year 2018, as communicated on February 14, 2018 and revised on August 1, 2018, accounts for ITP's impact on our business.

We continue to adapt our solution to be less dependent on the decisions of any one browser manufacturer.

What is the timing of the ITP impact?

Apple released iOS 11 on September 19, 2017. The adoption of any new version of iOS is gradual, and so the impact to Criteo is felt commensurate with worldwide adoption of iOS 11. According to Apple’s [developer site](#), as of September 3, 2018, 85% of iOS users are on iOS 11. This means that the ramp-down of the impact that ITP has on Criteo’s business will also be gradual, as we progressively reach the anniversary date of ITP’s fuller impact on the business.



At Apple’s most recent Worldwide Developer Conference in June 2018, Apple introduced iOS 12 (released in September 2018) which includes a new version of ITP further promoting privacy. Our teams have tested the beta version and do not expect any additional impact. This update seems to be mainly directed at services like Facebook’s ad business by blocking its tracking tools.

What is Criteo doing to mitigate the impact of ITP?

Our advertisers value the business of Safari users. We continue to adapt our solution to make it robust to decisions of browser vendors, and to deliver value-added ads to users who have expressed consent. We have further moved away from relying on standard cookies, and we use several techniques, including hashed-email, CRM data, and mobile application IDs.

2. Mozilla Firefox

Mozilla has indicated that it plans to introduce a feature similar to ITP in version 65 of its Firefox browser in late January 2019. Rather than relying on device-specific detection of “trackers”, it will rely on a static list of domains

While it is technologically different from ITP, the Firefox feature has similar objectives and impact on Criteo’s ability to use cookies. Also similarly to ITP, it will be enabled by default by Mozilla.

Firefox has a low market share worldwide ~5%, in particular on mobile <1%. Given the demographics of the browser's user base, our own user base has long under-indexed Firefox and represents ~4% of our Revenue ex-TAC.

We continue to adapt our solution to make it robust to decisions of browser vendors, and to deliver value-added ads to users who have expressed consent. We have further moved away from relying on standard cookies, and we use several techniques, including hashed-email, CRM data, and mobile application ID.

3. Facebook (FB) partner status

Facebook notified us that, as of July 1, 2018, they removed our preferred marketing partner badge. What the removal of the preferred marketing partner badge means is that we are not listed as a preferred partner on their [partner page](#) and we will not be able to beta-test new features in the future.

Because of FB specific settings, our technical integration with FB was always less optimized than with other publishers. As a result, we tend to get lower results for our clients on FB, which leads to buying less inventory on FB in favor of other publishers that are more optimized. In Q3 2018, we generated ~3% of our Revenue ex-TAC from ads that we placed on FB inventory on behalf of our clients.

The way we currently buy ads on FB is through a custom integration that allows us to bid for ad space and make product recommendations based on user-level data.

We continue to work with FB and to buy their inventory. We expect that FB to discontinue our custom integration in the fourth quarter of 2018 and we would instead purchase ads through their standard API.

Finally, it is worth looking at FB and considering why they would make this change. FB is a walled-garden publisher – meaningfully different from Google or anyone else – whose primary objective, like any publisher's, is simply to maximize the monetization of its inventory. For some time, FB has been imposing restrictions on partners in an effort to capture the margin those partners have been earning.

This is materially different from Google, who is not a publisher in the capacity in which we partner with them. We have a partnership with Google through Google Ad Manager (formerly known as the DoubleClick Ad-X platform), on which we purchase a substantial amount of advertising inventory owned by the third-party publisher clients of Google Ad Manager. We do not buy on Google's owned and operated inventory, such as YouTube or Gmail. Given Google's business model and economics in its platform business, we believe they have no economic interest in making the same type of changes to their partner status as FB did. In summary, we do not see the actions that FB has taken as being something likely to be replicated by a significant publisher elsewhere across the industry.

4. GDPR

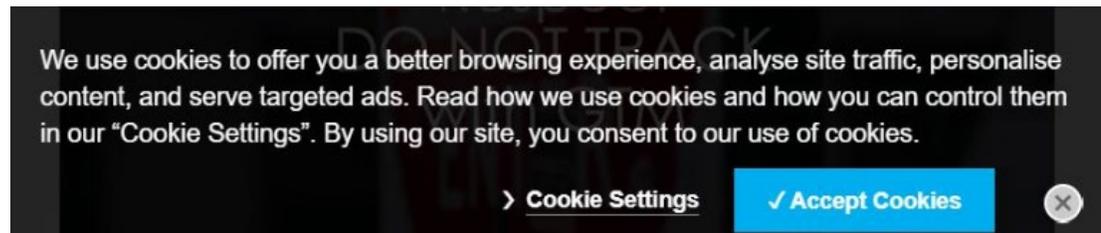
What is GDPR?

The European GDPR (General Data Privacy Regulation – Regulation (EU) 2016/6791) replaces the former EU Data Protection Directive adopted in 1995, and aims at harmonizing the various data privacy laws that exist across all 28 EU member states.

While this regulation governs all data collection practices of companies located in Europe or targeting the European market, the portion of the regulation that is probably the most important to Criteo's business relates to the conditions in which a website (an advertiser and/or a publisher where we place ads) shall gain consent from its user (the visitor to the website) in order to use cookies or similar technologies to collect information on a user's journey.

Consent banners and cookie notices are not a new thing that has been created by or in response to GDPR. However, the use of consent management platforms and tag management systems has significantly increased in order for websites to ensure that no information is collected on the user journey before he/she actually consented.

Such consent mechanisms come in many different formats, but something like the below is reasonably typical of the prevalent market practice since GDPR came into force:



Many publishers rely on having the ability to deliver targeted advertising to their users as their primary source of revenue. Without obtaining consent to use cookies, a publisher would not be able to deliver targeted advertisements to that user, therefore limiting their revenue (this user would only be shown non-targeted advertisements, which typically have lower likelihood of monetization and therefore drive lower CPMs).

The practical impact of GDPR is that websites that service users based in the EU must obtain consent to drop a cookie into their browser, or else risk being non-compliant with the regulation.

More detail about GDPR can be found here

[Article 29 Working Party guidance on Consent under the GDPR](#) (2018)

[Article 29 Working Party guidance on Transparency under the GDPR](#) (2018)

[Article 29 Working Party guidance on Legitimate Interests](#) (2014)

[Article 29 Working Party guidance on obtaining consent for cookies](#) (2013)

[Article 29 Working Party guidance on cookie consent exemption](#) (2012)

[Article 29 Working Party guidance on online behavioral advertising](#) (2010)

How has GDPR affected Criteo's business?

Since May 25, 2018, Criteo has not collected information from a website where user consent has been refused.

The current practical implications of GDPR on Criteo's business were mainly concentrated around the GDPR implementation date (May 25, 2018), when some advertisers expressed some level of hesitation with respect to the appropriate way to collect consent for placing ads and had to investigate the seriousness of the practices of their vendors and adtech partners such as Criteo. Today, we believe that their approach to GDPR and therefore their data collection practices have since normalized.

So far, things are unfolding as we expected: While most publishers are obtaining consent in a manner that is near-frictionless to users, some publishers have implemented obtaining consent in a very onerous manner which is restricting the number of users that provide that consent. This has the effect of reducing the available inventory into which we can serve targeted ads. As these publishers are seeing a reduction in their revenues, we think that a large portion of these publishers will change their consent to be more user-friendly over time.

We experienced a limited impact in Q2 2018, which we estimate to be \$2.5M of Revenue ex-TAC between May 25 and June 30, or 1% of our business for Q2. For Q3 2018, we estimate the impact to be approximately \$4M, or less than 2% of our business for the entire quarter.

For the remainder of 2018, we remain cautiously optimistic that the overall impact will remain limited and within our expectations.

One aspect of the GDPR implementation that remains unclear is how Google Ad Manager (formerly Google's AdX exchange) will handle advertising inventory from publishers that do not provide them with a representation of effectively collecting user consent. Google Ad Manager may require its publisher clients to formalize obtaining user consent for Ad Manager to be able to monetize this publisher's inventory through its platform. As of early November 2018, Google continues to allow publishers that have not provided consent flags for each user to continue offering their inventory on AdX for such users. However, there have been reports that in 2019, Google may change their stance and only allow publishers who have provided proof of consent in a format that is stricter than required by GDPR to continue selling their inventory on AdX. If Google were to do this, Criteo could be negatively affected as our supply of advertising inventory could be reduced. We believe that if this were to happen, any impact would be reasonably short-lived.

Is there any debate as to how Criteo is interpreting the law and if that could be an issue?

GDPR is recent and there has been little enforcement to date by EU Data Protection Authorities (DPAs). As a result, there is always the risk that the applicable DPAs could take a more restrictive approach than we anticipate. However, when it comes to GDPR and the way to properly collect consent for cookie retargeting purpose, Criteo has always aligned with the position of the CNIL (French DPA) which is our home DPA and supervisory authority under the GDPR.

Whose responsibility is it to ensure compliance with the privacy directives outlined in GDPR?

It is our view that Privacy is a shared responsibility between Criteo and its partners (advertiser clients and publisher websites).

In the relationships with our partners, each party is accountable for the aspects under its control: (i) our partners for the information and choice mechanisms they provide to their users (ii) Criteo for nearly all other aspects (from the way our recommendation algorithms operate, to the process and security measures that we implement to ensure the respect of the user's rights and the protection of their information).

Our position is notably supported by the CNIL and the WP29 (Working Party of the Article 29 – advisory body made up of representatives from each EU DPA) and our commercial agreements with clients and publisher partners clearly define and outline our respective responsibilities.

Here are some additional links for further reading about Criteo's view of GDPR

[\[White Paper\] GDPR: An Evolution, Not a Revolution](#)

[GDPR Compliance: Six Bases For Collecting Personal Data](#)

[GDPR Sensitive and Non-Sensitive Data: A Distinction with a Difference](#)

[GRPR: Criteo is Ready for the Journey](#)

[What the Industry is Getting Wrong About GDPR](#)

[GDPR: What You Need to Know](#)

[How Will the GDPR Affect Criteo Solutions?](#)

[A GDPR Checklist: Are You Ready?](#)

5. ePrivacy

What is the proposed ePrivacy Regulation?

The proposed Regulation on Privacy and Electronic Communications, also known as the ePrivacy regulation, is a proposal from the EU Commission that addresses, among other things, the use of and practices related to cookies.

The proposed ePrivacy Regulation is intended to complete and substantially update the EU data protection legal framework in coordination with the GDPR. Because ePrivacy would be a specific text it would override the rules of the GDPR for the specific fields of electronic communications and the digital economy.

One of the key objectives of GDPR and ePrivacy is to reinforce user and consumer trust in the digital economy, a key pillar of the economy and society of the 21st century. To achieve this, the basic tenets of the regulation are to provide transparency to individual users and to put them in control of how they want their personal data to be collected and processed and for what purpose.

While the ePrivacy regulation has not yet been finalized, a draft of the ePrivacy regulation exists and can be found [here](#).

What impact could the ePrivacy Regulation have on our business?

Because the regulation is still in draft form, it is too soon to know for sure what impact, if any, this legislation could have on our business, and we have no way to predict whether changes will be made to the draft before it becomes law, which changes could be substantial.

It is our current view that although several items remain unknown, given the experience we have had with GDPR thus far, we believe that the implementation of ePrivacy will not represent a meaningful headwind to our business. It is our current view that companies that have become compliant with GDPR should have a relatively easy time becoming compliant with ePrivacy. Our view is that although there may be temporary disruptions, the overall impact on our business will be limited and any impact would be temporary.

Here are some additional resources regarding the ePrivacy regulation

[EU Commission | Proposal for an ePrivacy Regulation](#)

[iapp | EU ePrivacy Regulation](#)

6. How is Criteo altering its go-to-market strategy and organization?

In order to more appropriately apportion resources to all our addressable clients, including our most complex clients (e.g. those who could benefit from a “solution” or “consultative” sale that potentially involves numerous products), we have adjusted our go-to-market strategy and organization. We now group our clients into three “main” categories (large, upper mid-market, and lower mid-market) and six “segments”, based upon their average monthly spend.

More specifically, our new go-to-market strategy is intended to achieve three primary objectives:

1. Adapt our sales organization to be able to sell a multi-solution offering
2. Provide the right level of service to each client segment
3. Scale our operations to enhance our profitability



Beginning in H1:2019, we plan to release an automated self-service platform for new lower mid-market clients to sign up by themselves and self-onboard onto our solutions that we believe will enable us to more efficiently gain and service new lower mid-market clients. We would expect the impact of this to be most acutely felt in 2H:2019.

7. Is Criteo making any changes to its traditional “cost-per-click” (CPC) pricing structure for its Dynamic Retargeting product?

No. Criteo’s standard retargeting product remains a CPC-based product, as does most its revenue from its “Criteo Sponsored Products” offering. Criteo is not contemplating adjusting its pricing model on its core retargeting product, which as of Q3:2018, represents ~93% of the Company’s total Revenue ex-TAC.

Criteo is evaluating adding new products that are priced on a cost-per-impression (CPM), cost-per-install (CPI), either on managed-service model or a SaaS model. For example, in some instances, large retailers with whom we partner on Criteo Sponsored Products have asked to purchase some elements of our data monetization solution on a CPM basis using a SaaS model, and Criteo is evaluating adjusting its pricing strategy accordingly.

8. \$80 million Share Repurchase Program

What do you intend to do with the repurchased shares?

Indicating our confidence in our business, and our ability to achieve our vision in the mid-term and return to growth while generating healthy Free Cash Flow, we announced on October 31, 2018, that our Board of Directors authorized a share repurchase program of up to \$80M of Criteo’s outstanding American Depositary Receipts. This program relies upon the authorization provided by our shareholders at Criteo’s 2018 AGM (Resolution 12) and as such, we intend to use the repurchased shares in connection with M&A transactions. In addition, we may repurchase shares to satisfy employee equity plan vesting instead of issuing new shares.

The authorization is effective immediately and remains in effect until June 27, 2019. Under the terms of the approved program, the stock purchases may be made from time to time on the NASDAQ Global Select Market in compliance with applicable state and federal securities laws and applicable provisions of French corporate law. The timing and amounts of any purchases will be based on market conditions and other factors including price, regulatory requirements and capital availability, as determined by our management team and within the limitations set by the shareholders’ authorization. The program does not require the purchase of any minimum number of shares and may be suspended, modified or discontinued at any time without prior notice.

Can you tell us why you chose to buy back shares now?

With respect to allocating capital, our priorities are organic growth and acquisitions. Given our strong cash flow generation, the progress we are making in our transformation to a multiproduct company, and the current stock price, we felt now is

the right time to announce a share buyback program of a size that still allows us to retain sufficient capital for organic growth and acquisitions.

Why did you not announce a larger program?

Given the primary objective of this share buyback program is to use repurchased shares in the context of M&A, the authorization the Company relies on for this purpose is based on a provision of French law that limits a buyback to 5% of shares outstanding.

Forward-Looking Statements Disclosure

This FAQ contains forward-looking statements, including discussion of the expected impact of actions taken by browser manufacturers and other counterparties, the expected impact of pending legislation, projected financial results for the fiscal year ending December 31, 2018, our expectations regarding our market opportunity and future growth prospects and other statements that are not historical facts and involve risks and uncertainties that could cause actual results to differ materially. Factors that might cause or contribute to such differences include, but are not limited to: failure related to our technology and our ability to respond to changes in technology, uncertainty regarding our ability to access a consistent supply of internet display advertising inventory and expand access to such inventory, investments in new business opportunities and the timing of these investments, whether the projected benefits of acquisitions materialize as expected, uncertainty regarding international growth and expansion, the impact of competition, uncertainty regarding legislative, regulatory or self-regulatory developments regarding data privacy matters and the impact of efforts by other participants in our industry to comply therewith, failure to enhance our brand cost-effectively, recent growth rates not being indicative of future growth, our ability to manage growth, potential fluctuations in operating results, our ability to grow our base of clients, and the financial impact of maximizing Revenue ex-TAC, as well as risks related to future opportunities and plans, including the uncertainty of expected future financial performance and results and those risks detailed from time-to-time under the caption "Risk Factors" and elsewhere in the Company's SEC filings and reports, including the Company's Annual Report on Form 10-K filed with the SEC on March 1, 2018, the Quarterly Report on Form 10-Q for the quarter ended March 31, 2018, filed with the SEC on May 4, 2018, the Quarterly Report on Form 10-Q for the quarter ended June 30, 2018, filed with the SEC on August 2, 2018, the Quarterly Report on Form 10-Q for the quarter ended September 30, 2018 that will be filed with the SEC, and future filings and reports by Criteo. Except as required by law, Criteo undertakes no duty or obligation to update any forward-looking statements contained in this FAQ as a result of new information, future events, changes in expectations or otherwise.