

Criteo (CRTO) FAQs

As of June 27, 2024

On June 27, 2024, Criteo published a [blog post](#) highlighting results from testing Google's Privacy Sandbox with 1% of Chrome users. We believe Privacy Sandbox has the potential to be a sustainable alternative to third-party cookies, provided our recommendations are implemented, a disciplined rollout schedule is maintained, and a clear roadmap is provided. We are committed to continue helping Google close Privacy Sandbox gaps through our partnership and testing.

The testing simulates a scenario where Privacy Sandbox is the only available tool for addressability in Chrome. Below please find answers to frequently asked questions regarding these results.

Question: What are the key takeaways from the Privacy Sandbox testing results?

Answer: In line with the latest [report](#) published by the Competition & Markets Authority (CMA), testing results show Privacy Sandbox is not yet ready to meet CMA requirements.

- The key finding from our extensive testing was that if third-party cookies were deprecated today and the Privacy Sandbox implemented at present, we expect publishers' revenue from Chrome to decrease by an average of 60% for those that have fully integrated the Privacy Sandbox. This falls short of Google's goal [stated](#) in 2021 to limit the publishers' revenue lost to a maximum of 5%.
- The Privacy Sandbox also currently results in an advantage for Google's advertising business due to a lack of broader adoption. We found that Google Ad Manager (GAM) captured the majority share of spend in the treatment population, with 83% of publishers' revenue going through GAM, or close to four times more than with control groups not using Privacy Sandbox. This demonstrates a significant increase in publisher reliance on Google for ad revenue.
- We believe Privacy Sandbox has the potential to be a sustainable alternative to third-party cookies. Backed by our testing, we provided critical Privacy Sandbox feature recommendations to ensure a functioning market emerges post Privacy Sandbox rollout.

Question: Are the testing results better or worse than expected? What does that mean for Criteo?

Answer: The testing results are consistent with our assumptions already embedded in our plan.

- We continue to expect to retain about 60% of our Retargeting Contribution ex-TAC on Chrome after third-party cookies are deprecated.
 - As a reminder, Retargeting is now less than 50% of our overall Contribution ex-TAC and Chrome is approximately 50% of that. As previously mentioned, our expectation to retain about 60% of our Retargeting Contribution ex-TAC on Chrome means that less than 10% of our overall business is expected to be impacted.
- From here, optimized Privacy Sandbox APIs in line with our recommendations could provide upside to our assumptions.

Question: Are you going to continue to invest in the Privacy Sandbox?

Answer: Privacy Sandbox is an ecosystem effort, and we believe it has the potential to be a sustainable alternative to third-party cookies. We will continue to test and inform their APIs while we also continue to pursue and advance the other pillars of our multi-pronged addressability strategy.

- We are longstanding partners with Google and have committed significant time and resources to providing evidence-based feedback that will ensure the Privacy Sandbox meets its objectives.
- Throughout our collaboration since the Privacy Sandbox inception, Google has implemented several of our recommendations. Most recently, we have proposed additional critical Privacy Sandbox features to Google and the CMA. Backed by our testing, these requests are made to ensure a functioning market emerges post Privacy Sandbox rollout. By adopting our requests, Google would improve Privacy Sandbox performance.
- At the same time, we continue to advance our multi-pronged addressability strategy which emphasizes scalability and interoperability of privacy-safe solutions for a more open, unified, and efficient ecosystem for all stakeholders.

Question: What are the next steps? Could the deprecation of third-party cookies be further delayed?

Answer: We provided a set of critical feature recommendations to improve Privacy Sandbox APIs, that we believe can bridge to a higher level of performance for publishers, and therefore, make Privacy Sandbox successful for the wider ecosystem.

- The testing results are consistent with our assumptions already embedded in our plan. Optimized Privacy Sandbox APIs in line with our recommendations could provide upside to our current assumptions.
- We support Google's decision to postpone the deprecation of third-party cookies until 2025 to allow time for the implementation of these recommendations.
- You can access Google's Privacy Sandbox timeline [here](#).

Cautionary Statement Concerning Forward-Looking Statements

This document contains forward-looking statements, including 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 innovate and 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, including without limitation uncertainty regarding the timing and scope of proposed changes to and enhancements of the Chrome browser announced by Google, 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 (including related to changes in a specific country's or region's political or economic conditions), 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, the impact of consumer

resistance to the collection and sharing of data, our ability to access data through third parties, 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 Contribution 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 February 23, 2024, and in subsequent Quarterly Reports on Form 10-Q as well as future filings and reports by the Company. Importantly, at this time, macro-economic conditions including inflation and rising interest rates in the U.S. have impacted Criteo's business, financial condition, cash flow and results of operations.

Except as required by law, the Company undertakes no duty or obligation to update any forward-looking statements contained in this release as a result of new information, future events, changes in expectations or otherwise.