

PubMatic Investor Presentation

August 8, 2024

SAFE HARBOR

This presentation contains forward-looking statements regarding our future business expectations, including but not limited to our guidance relating to our revenue and adjusted EBITDA for the third quarter of 2024 and revenue, adjusted EBITDA margin and capex for the full year 2024, our expectations regarding our free cash flow, capital expenditures, future hiring, future market growth, our long-term revenue growth and our ability to gain market share. These forward-looking statements are based on our current expectations and assumptions regarding our business, the economy and other future conditions and may differ materially from actual results due to a variety of factors including: our dependency on the overall demand for advertising and the channels we rely on; our existing customers not expanding their usage of our platform, or our failure to attract new publishers and buyers; our ability to maintain and expand access to spend from buyers and valuable ad impressions from publishers; the rejection of the use of digital advertising by consumers through opt-in, opt-out or ad-blocking technologies or other means; our failure to innovate and develop new solutions that are adopted by publishers; the war between Ukraine and Russia and the ongoing conflict between Israel and Palestine, and the related measures taken in response by the global community; the impacts of inflation as well as fiscal tightening and changes in the interest rate environment; public health crises, including the resulting global economic uncertainty; limitations imposed on our collection, use or disclosure of data about advertisements; the lack of similar or better alternatives to the use of third-party cookies, mobile device IDs or other tracking technologies if such uses are restricted; any failure to scale our platform infrastructure to support anticipated growth and transaction volume; liabilities or fines due to publishers, buyers, and data providers not obtaining consents from consumers for us to process their personal data; any failure to comply with laws and regulations related to data privacy, data protection, information security, and consumer protection; and our ability to manage our growth. Forward-looking statements should not be read as a guarantee of future performance or results and will not necessarily be accurate indications of the times at, or by, which such performance or results will be achieved, if at all.

We operate in a competitive and rapidly changing market, and new risks may emerge from time to time. Additional information about risks and uncertainties associated with our business are disclosed in our reports filed from time to time with the Securities and Exchange Commission, including our most recent Form 10-K and any subsequent filings on Forms 10-Q or 8-K, available on our investor relations website at <https://investors.pubmatic.com> and on the Securities and Exchange Commission website at www.sec.gov. All information in this presentation is as of August 8, 2024. We undertake no obligation to publicly update any forward-looking statement, whether as a result of new information, future developments or otherwise, except as may be required by law.

In addition to financial information presented in accordance with U.S. generally accepted accounting principles ("GAAP"), this presentation includes certain non-GAAP financial measures, including adjusted EBITDA, adjusted EBITDA margin, Free Cash Flow, non-GAAP net income, non-GAAP net income margin and non-GAAP diluted EPS. We believe that this information can assist investors in evaluating our operational trends, financial performance, and cash generating capacity. These non-GAAP measures are presented for supplemental informational purposes only and should not be considered a substitute for financial information presented in accordance with GAAP. These non-GAAP measures have limitations as analytical tools. For example, other companies may calculate non-GAAP metrics differently or may use other metrics to evaluate their performance, all of which could reduce the usefulness of our non-GAAP financial metrics as tools for comparison. They should not be considered in isolation or as a substitute for analysis of other GAAP financial measures. A reconciliation of these measures to the most directly comparable GAAP measures is included at the end of this presentation.

This presentation contains statistical data, estimates and forecasts that are based on independent industry publications or other publicly available information, as well as other information based on our internal sources. This information involves many assumptions and limitations, and you are cautioned not to give undue weight to these estimates. We have not independently verified the accuracy or completeness of the data contained in these industry publications and other publicly available information. Accordingly, we make no representations as to the accuracy or completeness of that data nor do we undertake to update such data after the date of this presentation.

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WHAT WE DO

**PubMatic is Building a Better
Supply Chain for the Future of
Advertising on the Open Internet**

Sell-side technology like PubMatic's is critical to the growth of the open internet

OUR CORE BELIEFS

- 1** | All advertising will become digital, and all digital advertising will become programmatic
- 2** | The ad-supported open internet will thrive
- 3** | Omnichannel platforms will win vs. point solutions
- 4** | Long-term success requires differentiated infrastructure

THE SUPPLY CHAIN OF THE FUTURE

- Omnichannel
- Global
- Transparent
- Efficient
- Effective
- Privacy-Compliant

PUBMATIC OFFERS A LEADING VALUE PROPOSITION ACROSS THE ECOSYSTEM

We empower customers in three differentiated ways:



INTEGRATED PLATFORM

PubMatic's omnichannel sell-side technology efficiently and effectively connects buyers and sellers



CUSTOMER CONTROL & PARTNERSHIP

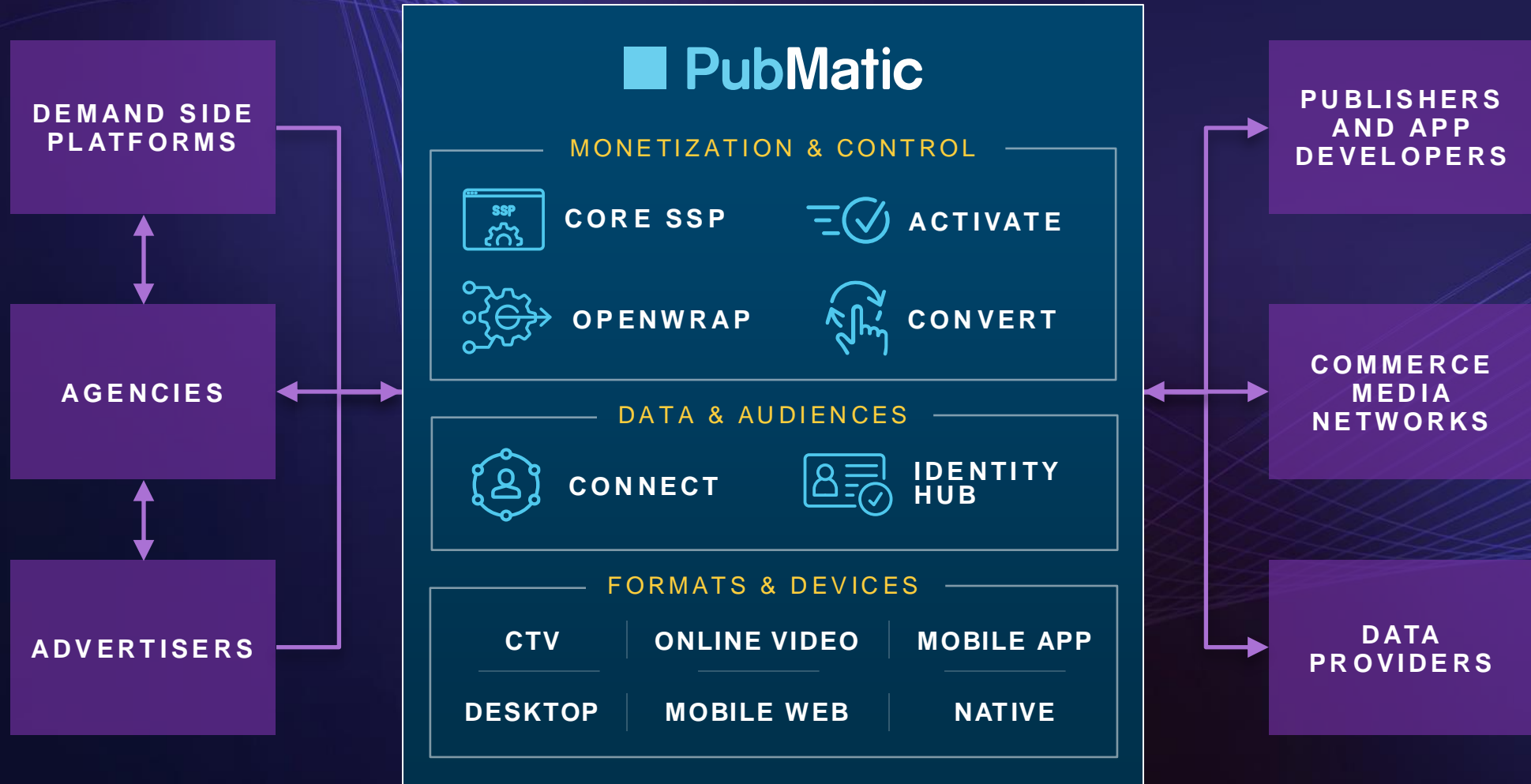
Our best-in-class products and customer service empower customers with unprecedented access and control to enable their business model



SUSTAINED INNOVATION

We own and operate a global infrastructure so we can innovate quickly and without restraint

PUBMATIC'S FULL-STACK AD TECH DELIVERS VALUE FOR ALL INDUSTRY PARTICIPANTS



INVESTMENT HIGHLIGHTS



Scaled Business With Expanding Market Opportunity



Strong & Growing Customer Relationships



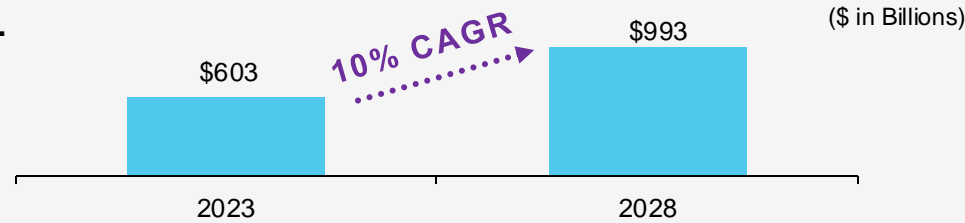
Investments Fuel Revenue Growth & Market Leadership



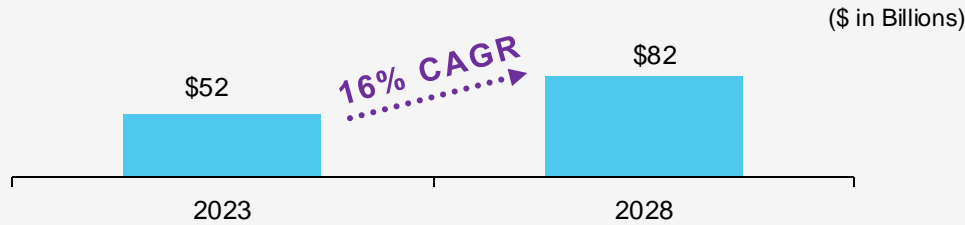
Durable Business Model Drives Margin Expansion & Healthy Cash Flow

OMNICHANNEL FOCUS POSITIONS PUBMATIC WELL ACROSS KEY GROWTH AREAS

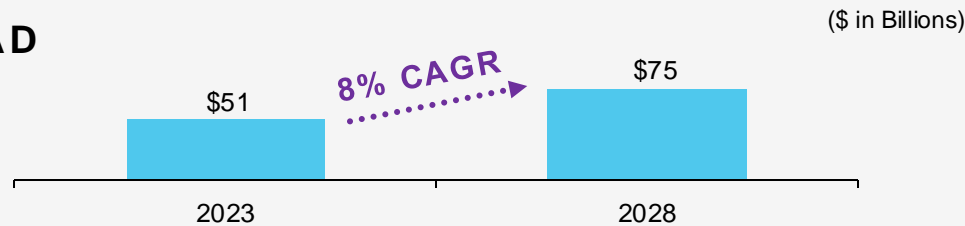
GLOBAL DIGITAL AD SPEND¹



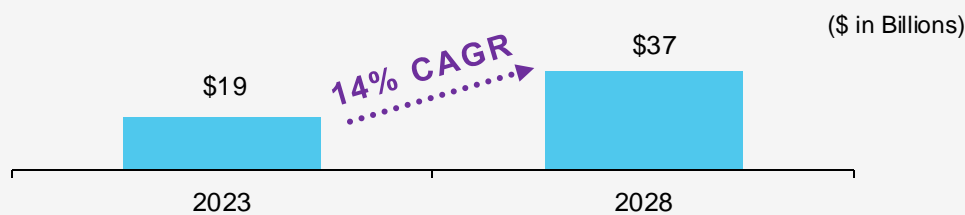
MOBILE APP AD SPEND²



DIGITAL VIDEO AD SPEND² (EX. OTT / CTV)



CTV/OTT AD SPEND²



NEW PRODUCTS SIGNIFICANTLY EXPAND TAM

- Activate enables direct insertion order buys to shift to programmatic, growing TAM by \$65 billion²
- Convert adds commerce media solutions, expanding TAM by \$10 billion²

OMNICHANNEL + OPEN INTERNET OPPORTUNITY DRIVING MARKET SHARE GAINS

**ESTIMATED PUBMATIC
MARKET SHARE¹**

4-4.5%

LONG-TERM MARKET SHARE OBJECTIVE

20%+

**SECULAR SHIFTS DRIVE
GROWING LONG-TERM
OPPORTUNITIES**

Shift to Programmatic

Buyer Consolidation via
Supply Path Optimization

Growth in CTV, Commerce
& Mobile App Channels

Increased Use of Data Targeting
to Drive Higher ROI

¹ In 2023. Excludes China.

OUR BUSINESS MODEL

Deeper Customer Relationships & Growth via Land and Expand



PUBLISHER FOOTPRINT

We work with the world's leading content creators across CTV, online video, mobile app, display and native

STREAMING MEDIA AND CONNECTED TV FUEL REVENUE GROWTH



Premium Indian streaming platform selected PubMatic as a preferred SSP



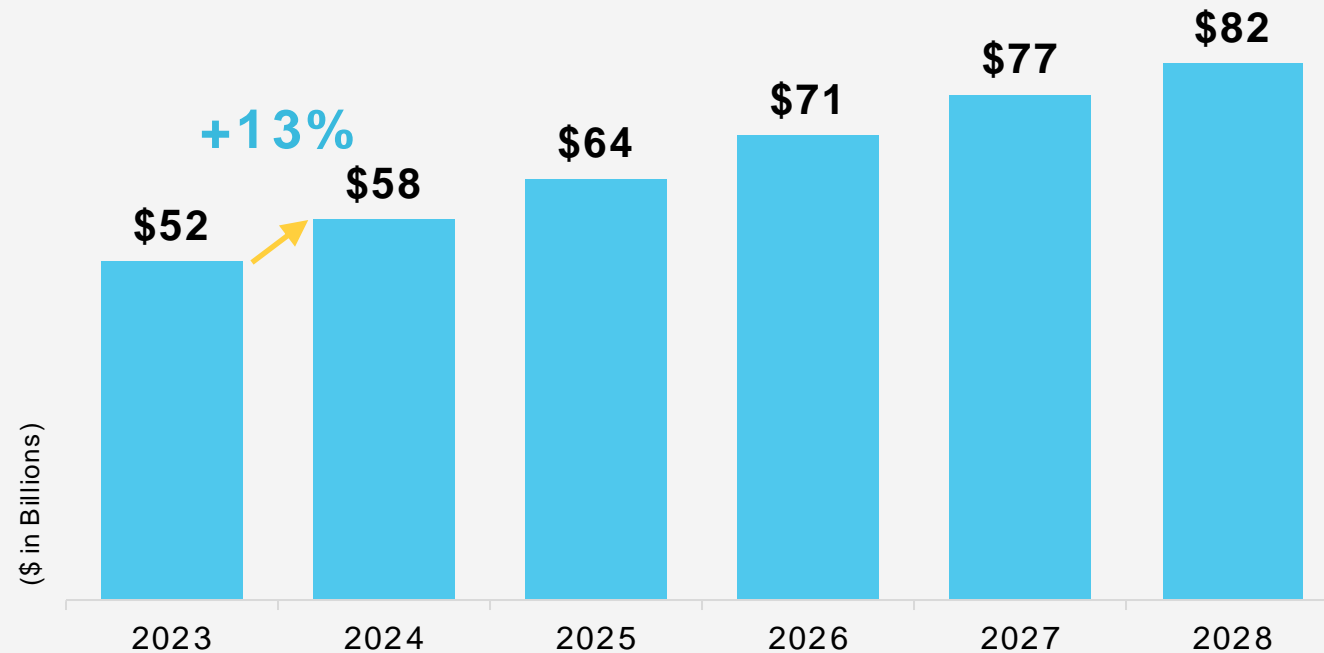
Integrated into the Roku Exchange, maximizing demand for Roku's streaming inventory via SPO relationships and unique buyer demand via Activate

YOY INCREASE IN CTV
MONETIZED IMPRESSIONS
IN Q2 2024

NEARLY 2X

MOBILE APP CONTINUES TO DRIVE REVENUE GROWTH AND DIFFERENTIATION

Mobile App Ad Spending, Worldwide¹



¹ MAGNA Global, 2024, excludes search and social advertising

YOY INCREASE
IN MOBILE APP
REVENUE IN
Q2 2024

20%+

YOY INCREASE IN
OPENWRAP SDK
REVENUE IN
Q2 2024

2X

SUPPLY PATH OPTIMIZATION

Leading ad buyers are consolidating activity on our platform via SPO, driving more spend through PubMatic

ADVERTISERS



AGENCIES



DSPs



SUPPLY PATH OPTIMIZATION ACCELERATION WIDENS COMPETITIVE MOAT



Large greenfield opportunity as only one third of advertisers have engaged in SPO¹

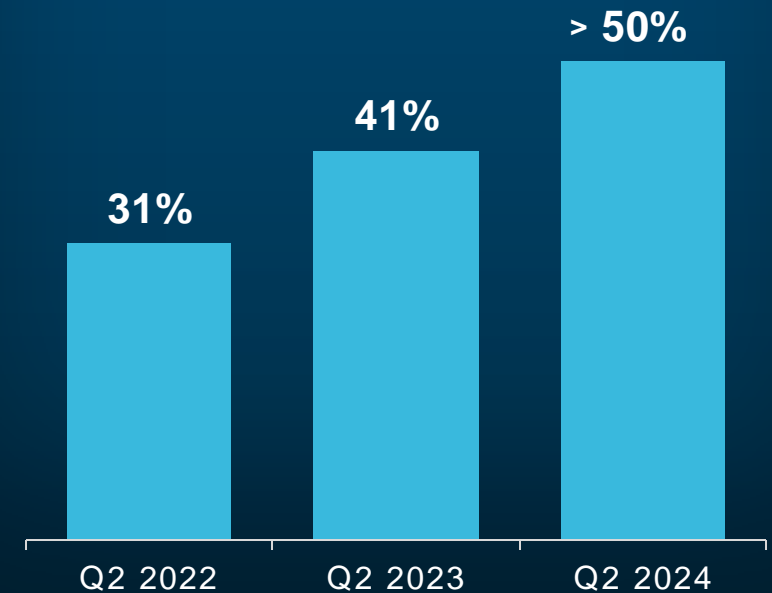


Adding 50% more buyer-focused salespeople to accelerate relationships



Continued consolidation as scale requirements of digital advertising mount

SPO SHARE OF TOTAL ACTIVITY ON OUR PLATFORM

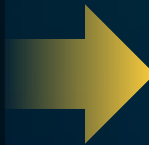


¹ Source: [Association of National Advertisers](#), December 2023

LAND & EXPAND STRATEGY DRIVES EFFICIENT GROWTH



Adding New Publisher Logos



Continue to acquire new sell-side customers globally, including CTV, transactional commerce, and mobile app clients



Revenue Growth From Existing Publishers



Excluding Yahoo, net dollar-based retention on a TTM basis was 117%¹



Spend Growth From Existing Buyers



Net spend retention rate from SPO partners with at least three years of spending was 120%²

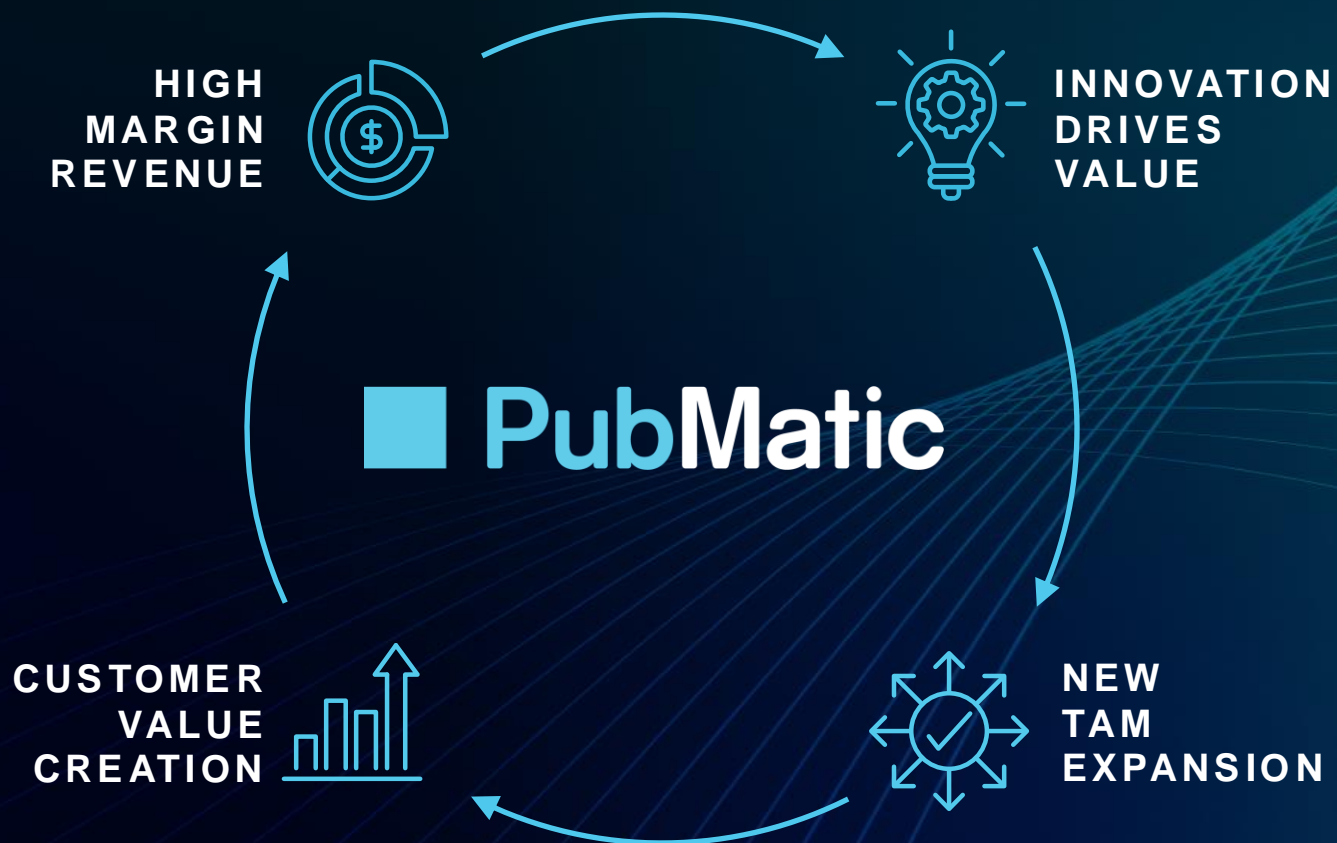
¹ We calculate our net dollar-based retention rate by starting with the revenue from publishers in the last prior year ("Prior Period Revenue"). We then calculate the revenue from these same publishers in the current year ("Current Period Revenue"). Current Period Revenue includes any upsells and is net of contraction or attrition but excludes revenue from new publishers. Our net dollar-based retention rate equals the Current Period Revenue divided by Prior Period Revenue.

² We calculate our Supply Path Optimization ("SPO") net spend retention rate by starting with the spend from SPO buyers that have been buyers on our platform for at least three years, in the last prior year ("Prior Period SPO Buyer Spend"). We then calculate the spend from these same buyers in the current year ("Current Period Spend"). Current Period SPO Buyer Spend includes any upsells and is net of contraction or attrition but excludes spend from new SPO buyers. Our net SPO retention rate equals the Current Period SPO Buyer Spend divided by Prior Period SPO Buyer Spend.

OUR BUSINESS MODEL

Innovation Drives Consolidation and TAM Expansion

We continue to invest and innovate, unlocking new avenues for growth



PUBMATIC'S PRODUCT STRATEGY

PRODUCT VISION

To build a better supply chain for the future of advertising on the open internet

ONE INTEGRATED PLATFORM

Bring publishers and buyers closer for more efficient advertising transactions

Maximize publisher yield across channels & formats by applying machine learning and AI excellence

Connect commerce media data and inventory to the open internet

Future proof audience addressability to establish alternatives to the walled gardens

TECHNOLOGY INNOVATION ACCELERATION WIDENS COMPETITIVE MOAT



OpenWrap

Wrapper Software



Activate

Buyer SPO Solution



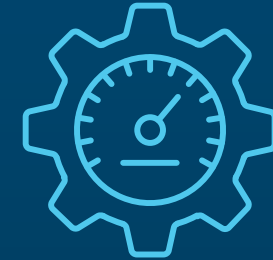
Connect

Audience Targeting



Convert

Commerce Media



2023 YOY INCREASE
IN SOFTWARE
RELEASES

60%

SUPPLY PATH OPTIMIZATION

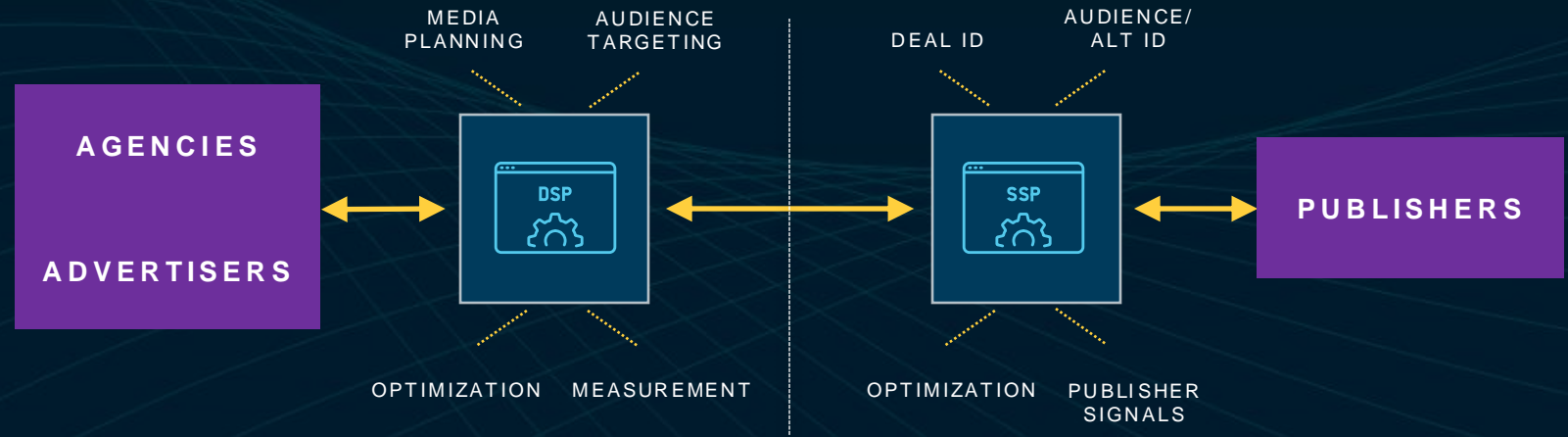


Allows direct insertion orders (IOs) to be executed programmatically

Brings incremental ad dollars into the ecosystem

Gives publishers access to unique ad demand

MULTIPLE LAYERS BETWEEN BUYER & PUBLISHER CREATES INEFFICIENCIES



SINGLE LAYER BETWEEN BUYER & PUBLISHER



MARS PETCARE EXCEEDS INCREMENTAL SALES GOALS BY LEVERAGING ACTIVATE

“ One of the primary goals of our media at Mars is to drive business efficiencies through new and innovative approaches to the way we buy and deliver our media. We were able to accomplish this in spades by leveraging PubMatic Activate to go direct to supplier, effectively circumventing the standard tech fees that are charged through multiple technology platforms. **This was a complete game changer for us.** ”

JONATHAN TUTTLE
ASSOCIATE DIRECTOR, MEDIA
MARS PET NUTRITION NORTH AMERICA



20%

OVER
PERFORMANCE
AGAINST SALES
LIFT GOALS¹

126%

OVER DELIVERY
IN INCREMENTAL
SALES GOALS¹

INTEGRATED RETAIL
MEDIA SOLUTION



A unified technology
platform for commerce
media, combining onsite
and offsite capabilities

CORE PUBLISHER STRENGTHS FUELING COMMERCE MEDIA GROWTH



Omnichannel Monetization



Unified Auctions & Header Bidding



Audience Extension



Data Monetization

PUBMATIC'S SCALE, TECHNOLOGY & INNOVATION DRIVES NEW CUSTOMERS TO ITS PLATFORM



Attracting new entrants to programmatic advertising



Offsite media opportunities fuel sell-side opportunity

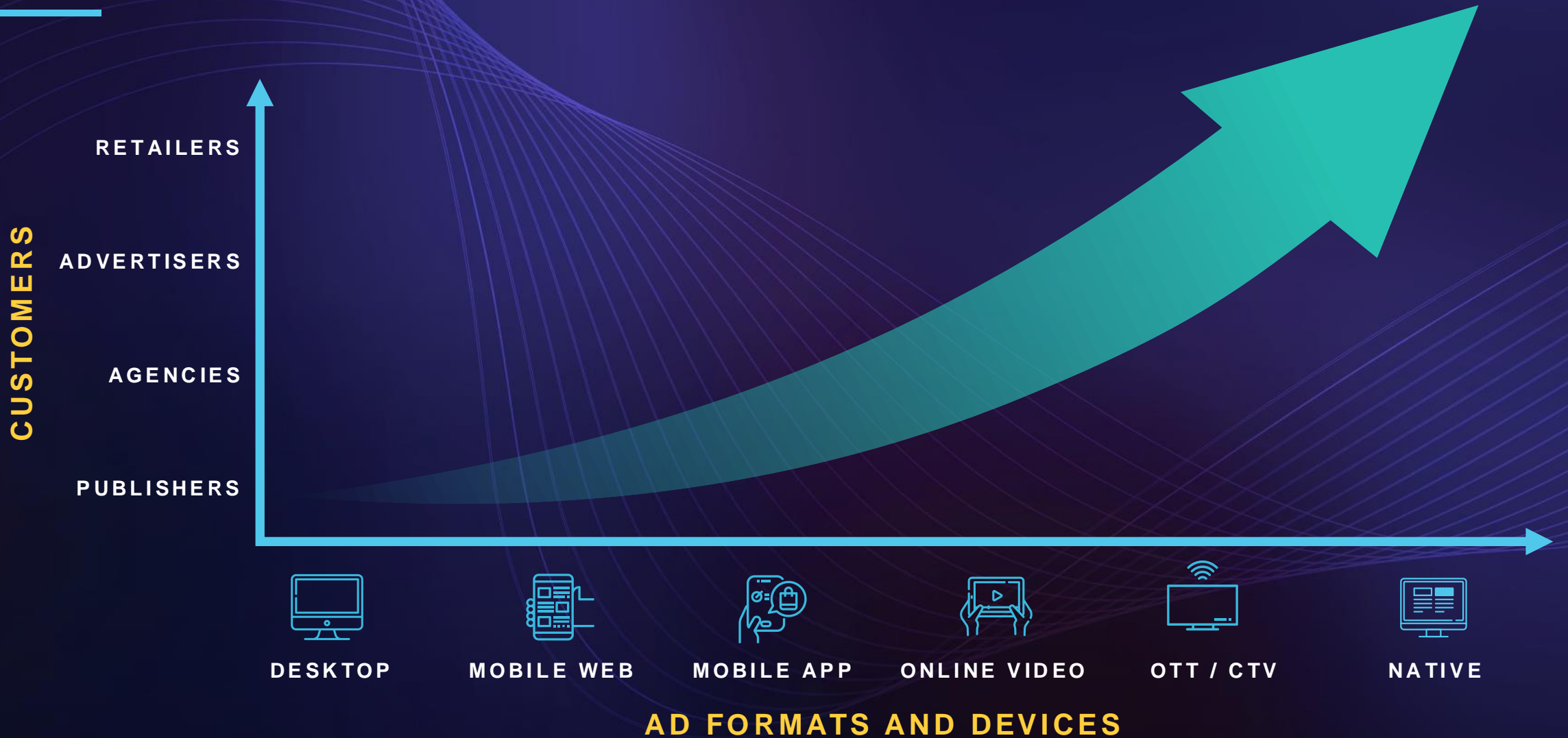
PUBMATIC IS BUILDING AHEAD OF MAJOR INDUSTRY TAILWINDS

SPO & Industry Consolidation

Growth of Connected TV

Rise of Commerce Media

MULTIPLE GROWTH DRIVERS INCREASE UTILIZATION OF OUR CLOUD INFRASTRUCTURE



Note: Chart does not depict underlying data, but is intended to illustrate the Company's beliefs regarding the extension of its infrastructure to additional ad formats and customer types as a driver of its addressable market and growth.

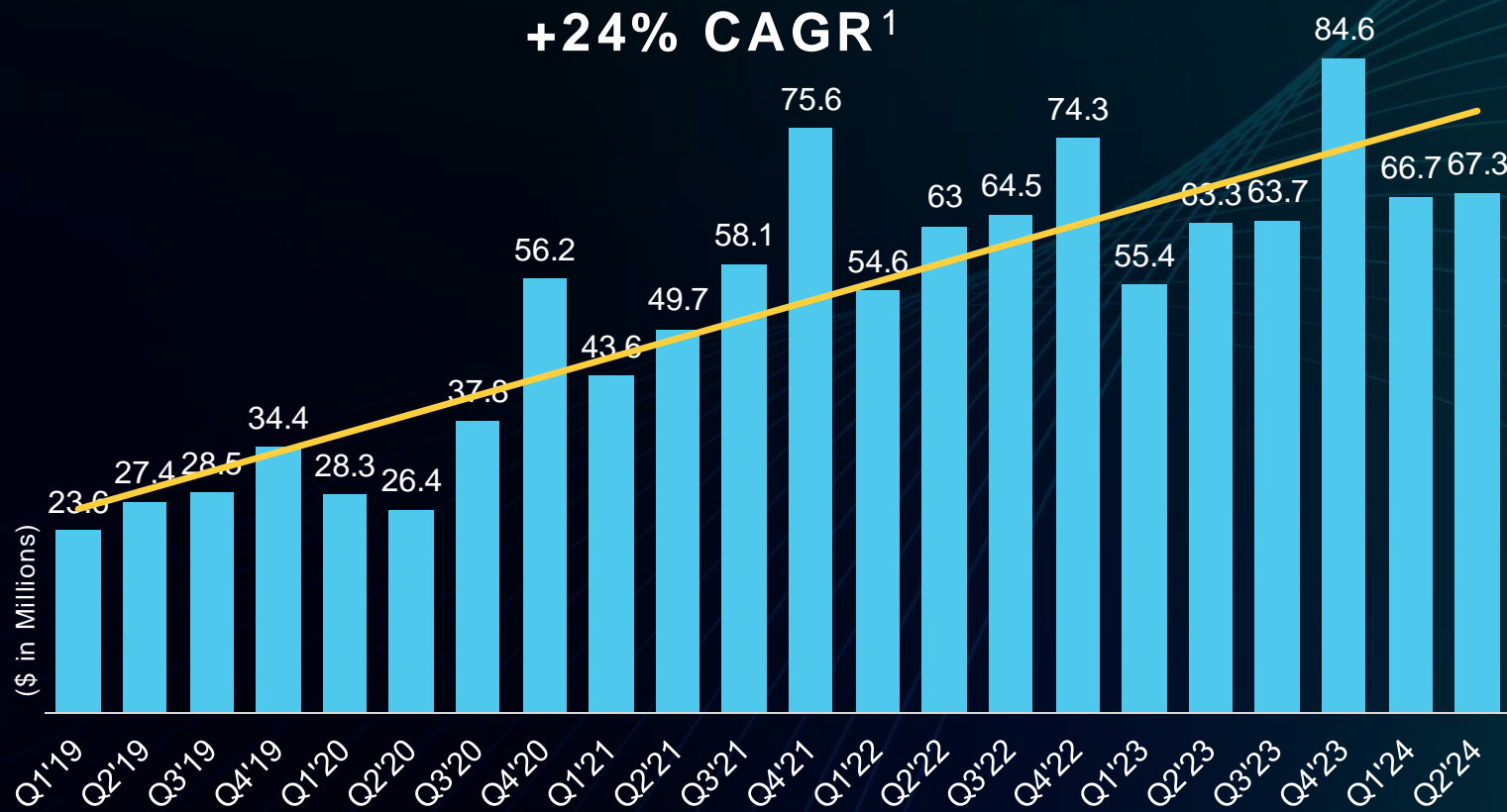
LONG-TERM COMPETITIVE ADVANTAGES

- 1 | Revenue Growth Ahead of Market Growth**
- 2 | Differentiated Adjusted EBITDA and Free Cash Flow Generation**
- 3 | Strong Publisher and Buyer Relationships**
- 4 | Diversified Omnichannel Platform**
- 5 | Durable Business Model**

Financial Highlights

PROFITABLE GROWTH DRIVES MARKET SHARE GAINS

REVENUE



CONSECUTIVE QUARTER
OF POSITIVE ADJ.
EBITDA²

33rd

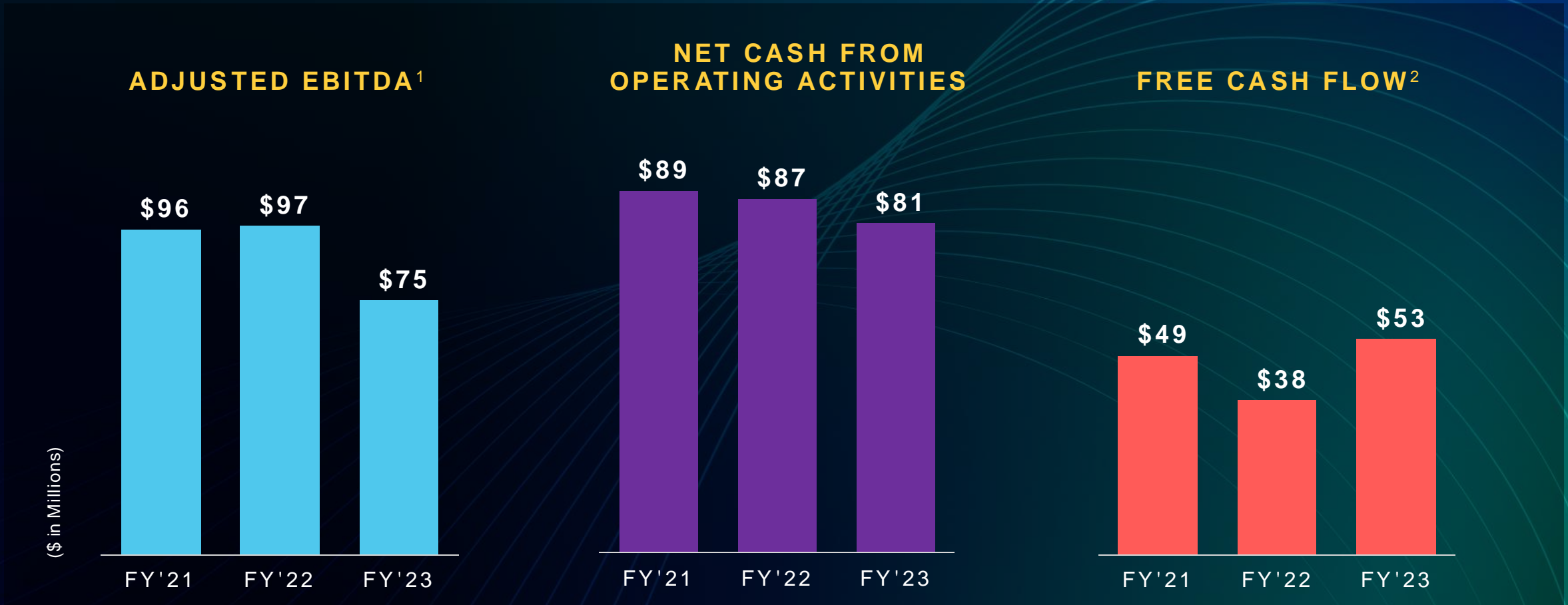
CONSECUTIVE YEAR
GENERATING CASH
FROM OPERATIONS

10th

¹ Compound Annual Growth Rate calculated based on TTM Q2 2020 vs TTM Q2 2024

² Adjusted EBITDA and Adjusted EBITDA Margin are non-GAAP financial measures. See reconciliation in Appendix.

PROFITABLE GROWTH FUELS DIFFERENTIATED FINANCIAL PROFILE

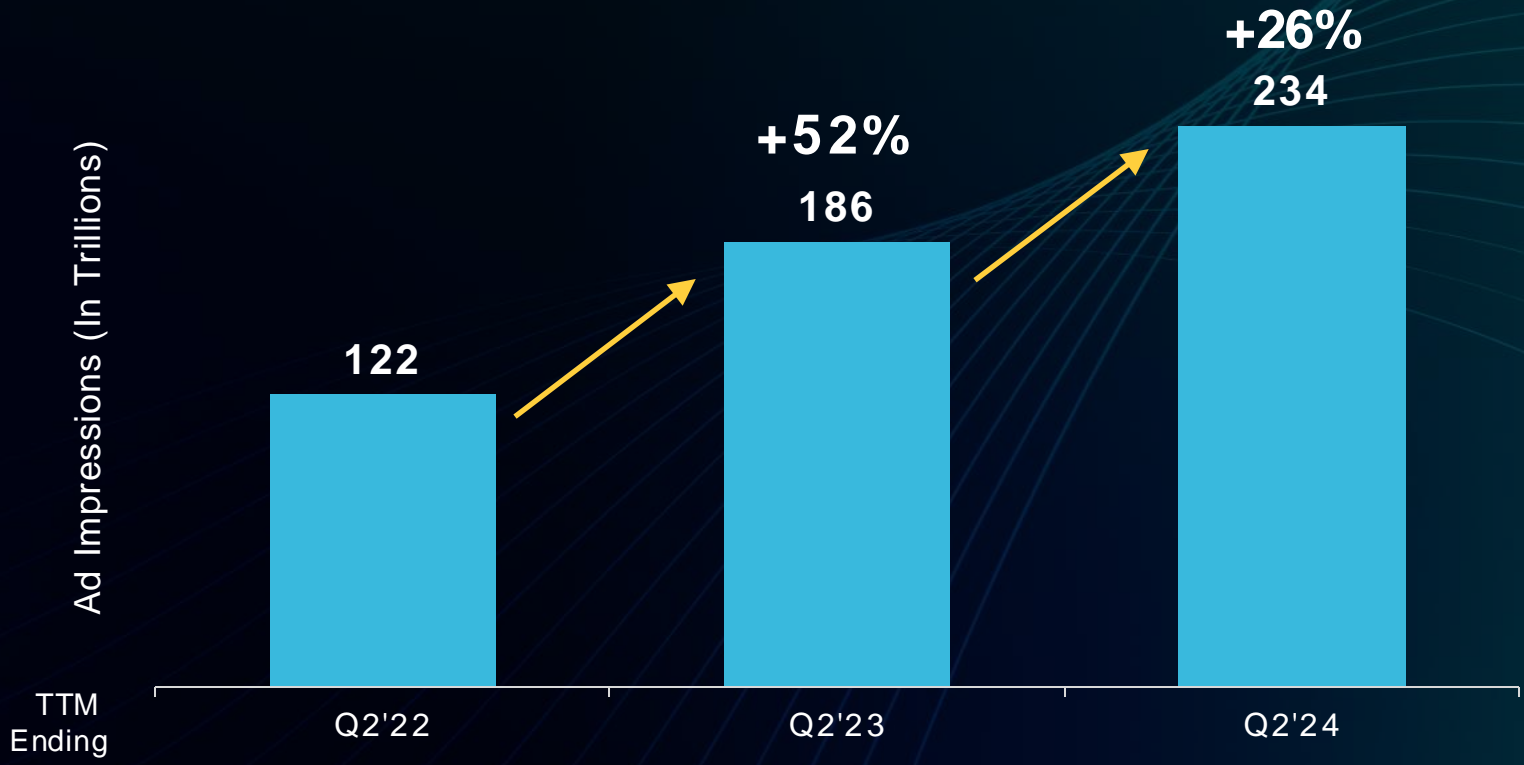


¹Adjusted EBITDA is a non-GAAP measure. A reconciliation of Adjusted EBITDA to net income is provided in the Appendix.

²Free cash flow is calculated by taking cash provided from operating activities less capital expenditures (i.e. purchases of property and equipment and capitalized software development costs). Free cash flow is a non-GAAP financial measure. See reconciliation in Appendix.

OWNED & OPERATED INFRASTRUCTURE DRIVES MONETIZED IMPRESSION GROWTH WHILE REDUCING UNIT COSTS

AD IMPRESSION PROCESSING GROWTH (TRAILING TWELVE MONTHS)



REDUCTION IN COST OF REVENUE PER MILLION IMPRESSIONS PROCESSED OVER THE LAST TWO YEARS

25%

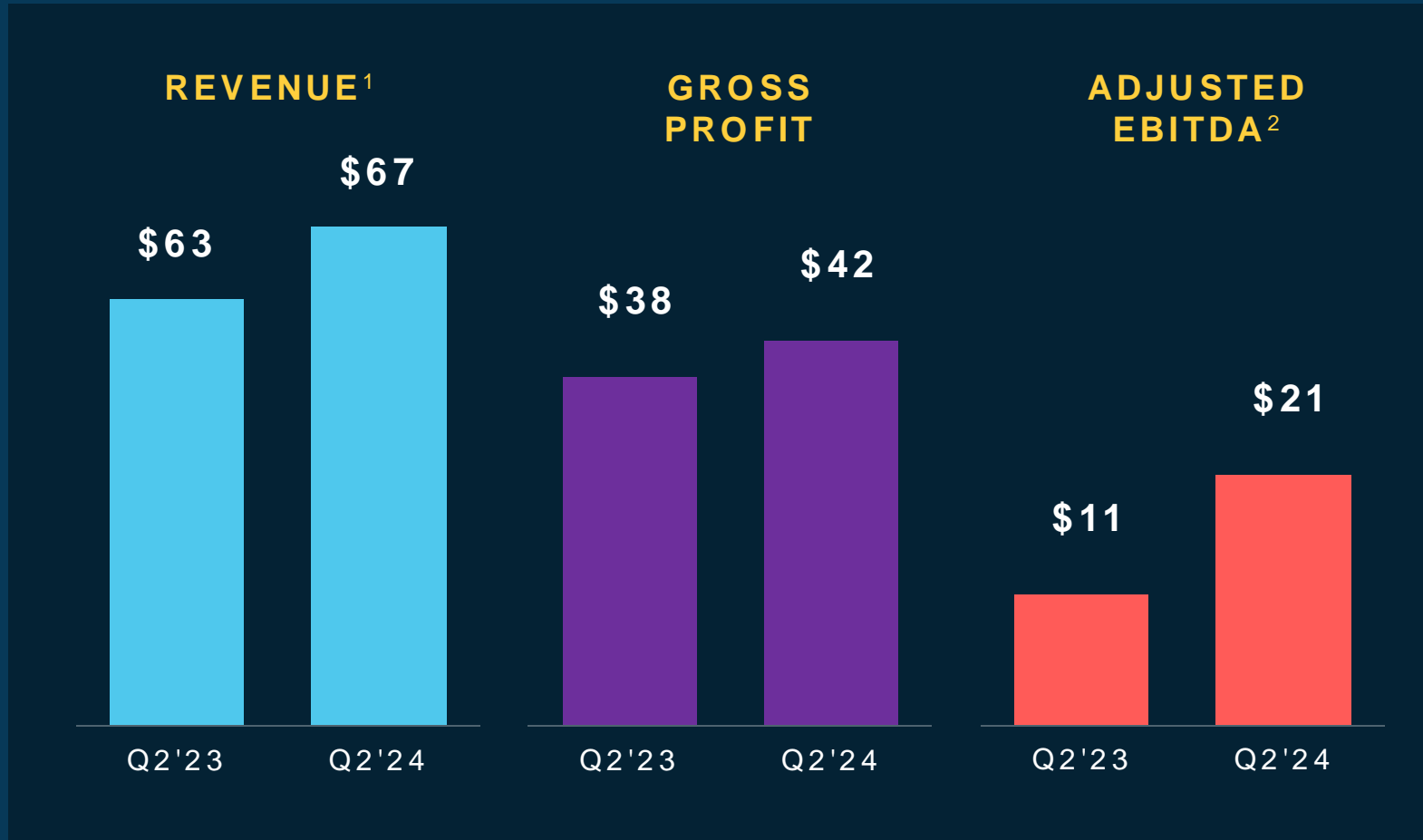
YOY INCREASE IN MONETIZED IMPRESSIONS IN Q2 2024

12%

FINANCIAL HIGHLIGHTS

Q2 2024 Financial Highlights

CONTINUED REVENUE GROWTH & STRONG MARGINS



¹ Q2 2024 revenue includes a several million-dollar impact from one DSP buyer on our platform that changed their bidding methodology.

² Adjusted EBITDA and Adjusted EBITDA Margin are non-GAAP financial measures. See reconciliation in Appendix.

REVENUE GROWTH YOY¹

6%

GROSS PROFIT GROWTH YOY

10%

GAAP NET INCOME

\$2.0M

3% MARGIN

ADJUSTED EBITDA²

\$21.1M

31% MARGIN

OMNICHANNEL PLATFORM FUELS STRONG SECULAR GROWTH



OMNICHANNEL
VIDEO¹ REVENUE
GROWTH YOY IN
Q2 2024

19%



MOBILE REVENUE
GROWTH YOY IN
Q2 2024

12%

TOTAL MOBILE²

20%+

MOBILE APP ONLY

DIMENSIONS OF PLATFORM DIVERSITY

Omnichannel
Revenues

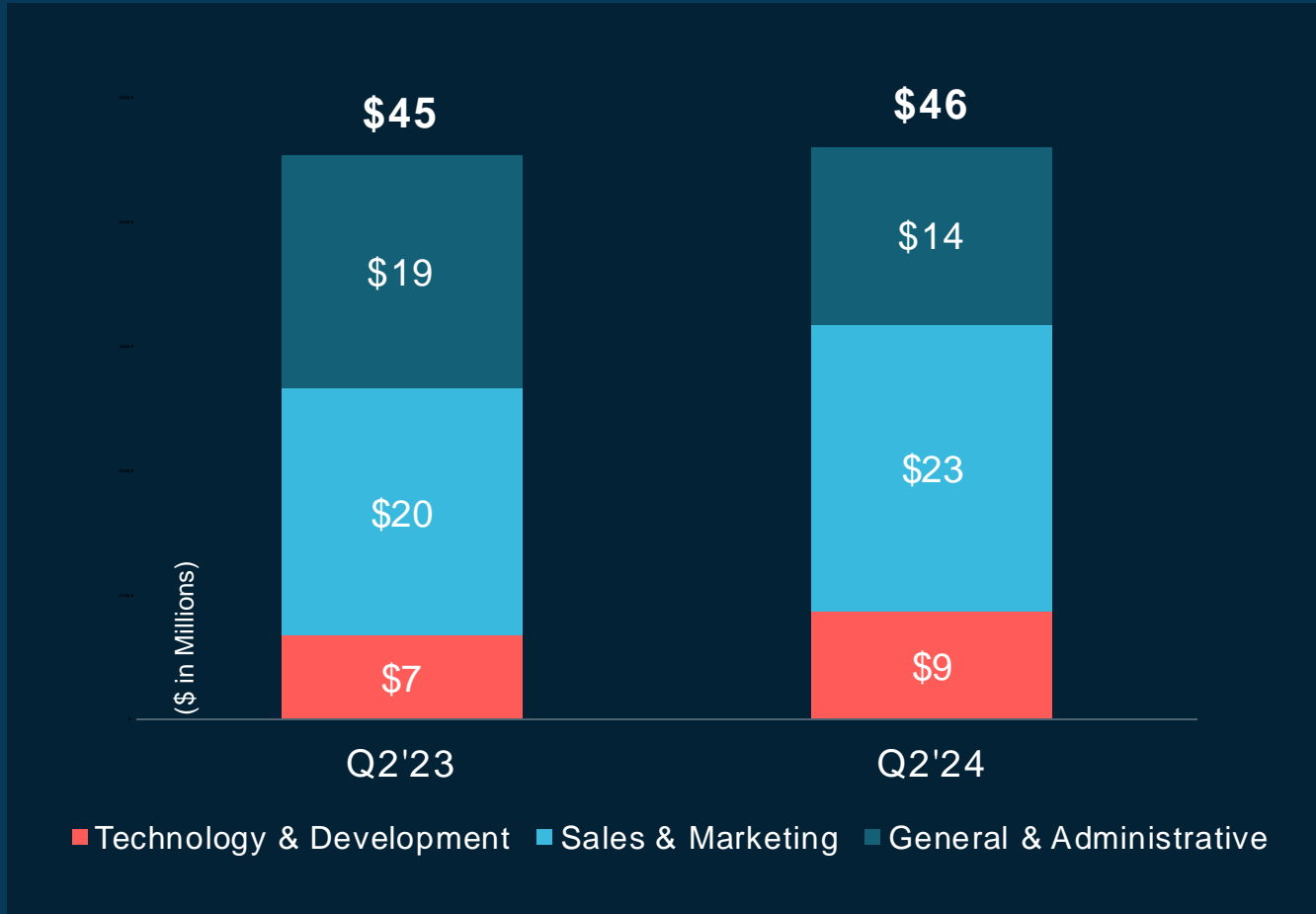
Geographies

20+ Ad Verticals

¹ Omnichannel video is the sum of online digital video plus CTV/OTT

² Total mobile revenue spans across web, app, video and display

GAAP OPERATING EXPENSES: INVESTING FOR GROWTH



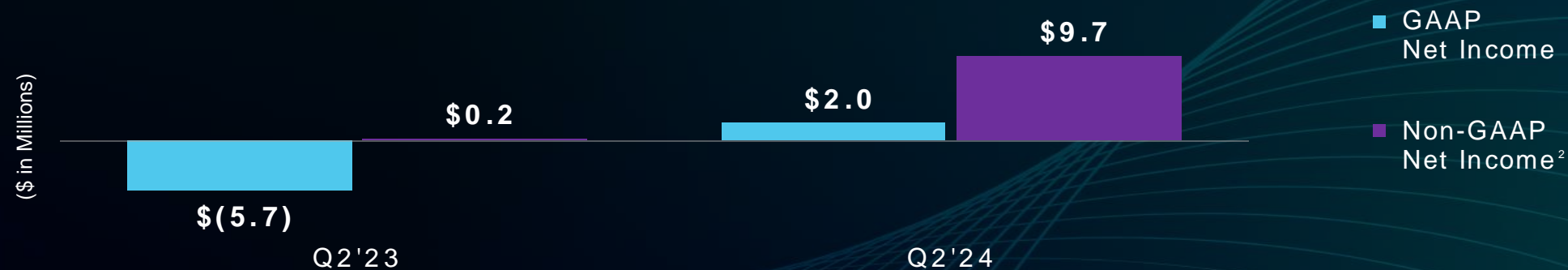
Subtotals for each bar may not add up to total due to rounding.

DRIVERS

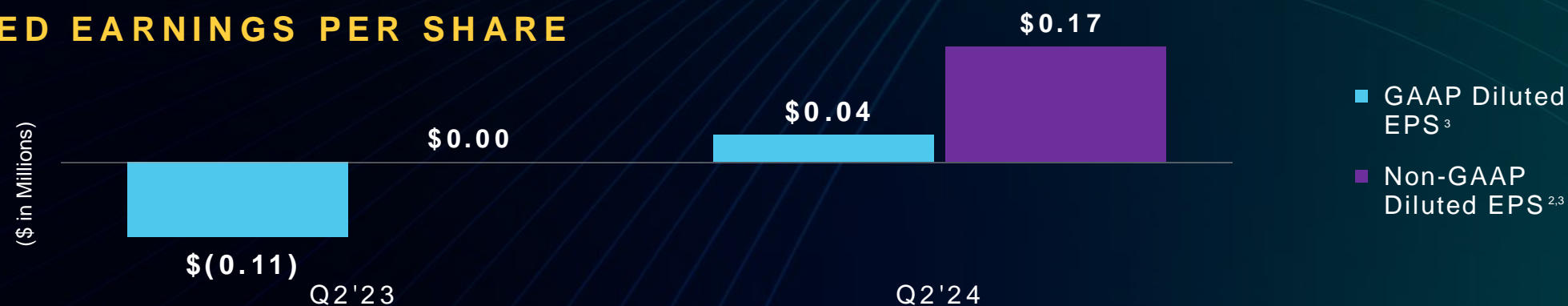
- Q2 2024 includes targeted investments and increased headcount in T&D and S&M
- Q2 2023 includes a \$5.7M expense in G&A related to the bankruptcy of a DSP partner

NET INCOME AND DILUTED EARNINGS PER SHARE

NET INCOME¹



DILUTED EARNINGS PER SHARE



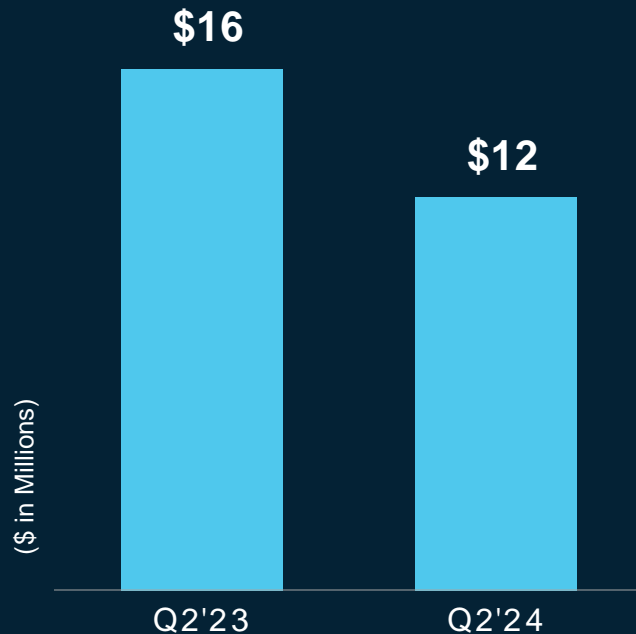
¹ Included in GAAP and Non-GAAP Net Income is other income related to our work to build and test integrations with the Google Privacy Sandbox

² Non-GAAP net income and Non-GAAP diluted EPS are non-GAAP measures. A reconciliation of Non-GAAP net income to net income is provided in the Appendix of this presentation.

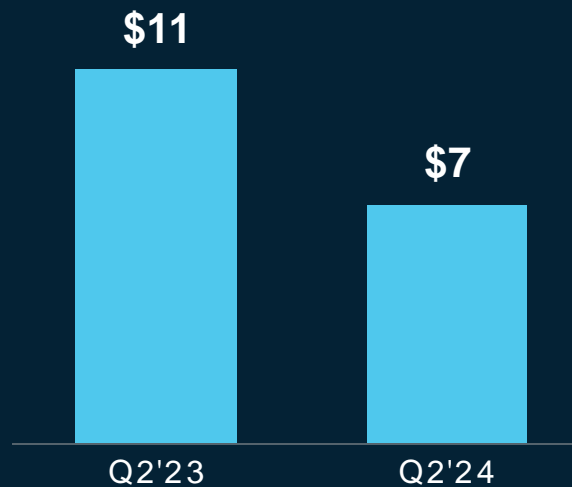
³ EPS = Earnings per share

FOCUS ON CASH FLOW

NET CASH PROVIDED BY OPERATING ACTIVITIES



FREE CASH FLOW¹



\$166M

Q2'24 END CASH AND MARKETABLE SECURITIES

\$100M

CASH USED TO REPURCHASE 6.1 MILLION CLASS A COMMON SHARES (Feb. 1, 2023 - July 31, 2024)

¹ Free Cash Flow is a non-GAAP measure. A reconciliation of free cash flow to net cash flow provided by (used in) operating activities is provided in the Appendix. Note: Numbers rounded for presentation purposes

EXECUTING ON 2024 OPERATING PRIORITIES



ACCELERATE REVENUE WITH INCREMENTAL INVESTMENT

Buyer-Focused Sellers

Activate, Connect, Convert, OpenWrap



DRIVE CONTINUED COST-EFFICIENCIES

Efficiently Increasing Capacity

AI-Based Optimization

LONG TERM DRIVERS OF SHAREHOLDER VALUE



Durable Business Model With Strong Cash Flows



Efficient Cost Structure Driving Margin Expansion



Sticky and Growing Customer Relationships



Investing In High-Growth Revenue Opportunities

Appendix

FOUNDER-LED MANAGEMENT TEAM WITH PROVEN TRACK RECORD

EXECUTIVE TEAM WITH 100+ YEARS OF INDUSTRY EXPERIENCE



Rajeev Goel
Co-Founder & CEO
Director



Steve Pantelick
Chief Financial Officer



Amar Goel
Founder, Chief Innovation
Officer & Chairman



Mukul Kumar
Co-Founder & President,
Engineering



Paulina Klimenko
Chief Growth Officer



Johanna Bauman
Chief Marketing Officer



Nishant Khatri
EVP, Product Management



Kyle Dozeman
Chief Revenue Officer,
Americas



Andrew Woods
General Counsel



Lorrie Dougherty
SVP, Human Resources

SUPPORTED BY EXPERIENCED BOARD MEMBERS



Susan Daimler
Zillow
SeatGuru
by TripAdvisor



Anton Hanebrink
INTUIT



Nick Mehta
Gainsight



Shelagh Glaser
SYNOPSYS



Ramon Jones
Nationwide



Jacob Shulman
TEKION

NON-GAAP RECONCILIATION – ADJUSTED EBITDA & NON-GAAP NET INCOME (LOSS)

(\$ in Thousands)	Q2'24	Q1'24	Q4'23	Q3'23	Q2'23	Q1'23	Q4'22	Q3'22	Q2'22
Net income (loss)	\$1,971	(\$2,454)	\$18,702	\$1,774	(\$5,724)	(\$5,871)	\$12,781	\$3,326	\$7,819
Add back (deduct):									
Stock-based compensation	9,699	9,111	7,337	7,200	7,266	7,059	5,464	4,655	5,391
Depreciation and amortization	11,336	11,212	11,039	11,401	10,898	11,432	10,662	9,082	7,321
Unrealized (gain) loss on equity investments	-	-	-	-	-	-	-	6,405	915
Interest income	(2,340)	(2,564)	(2,515)	(2,246)	(2,176)	(1,891)	(1,170)	(596)	(325)
Acquisition-related and other expenses ¹	-	-	-	-	-	-	51	867	-
Provision for income taxes	412	(249)	4,343	111	545	(3,375)	4,034	1,398	1,927
Adjusted EBITDA	\$21,078	\$15,056	\$38,906	\$18,240	\$10,809	\$7,354	\$31,822	\$25,137	\$23,048
Revenue	\$67,267	\$66,701	\$84,600	\$63,677	\$63,330	\$55,407	\$74,296	\$64,500	\$63,032
Adjusted EBITDA Margin	31%	23%	46%	29%	17%	13%	43%	39%	37%

¹ Beginning in the third quarter of 2023, we no longer exclude the impact of post-acquisition cash compensation agreements for certain key acquired employees from the Martin acquisition from Adjusted EBITDA.
Note: Numbers rounded for presentation purposes

NON-GAAP RECONCILIATION – ADJUSTED EBITDA & NON-GAAP NET INCOME (LOSS)

(in thousands except per share data)	Q2'24	Q1'24	Q4'23	Q3'23	Q2'23	Q1'23	Q4'22	Q3'22	Q2'22
Net income (loss)	\$1,971	(\$2,454)	\$18,702	\$1,774	(\$5,724)	(\$5,871)	\$12,781	\$3,326	\$7,819
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Stock based compensation	9,699	9,111	7,337	7,200	7,266	7,059	5,464	4,655	5,391
Acquisition-related and other expenses ¹	-	-	-	-	-	-	51	867	-
Adjustment for income taxes	(1,999)	(1,886)	(1,590)	(1,397)	(1,390)	(1,318)	(352)	(3,032)	(1,093)
Non-GAAP net income (loss)	\$9,671	\$4,771	\$24,449	\$7,577	\$152	(\$130)	\$17,944	\$12,221	\$13,032
Revenue	\$67,267	\$66,701	\$84,600	\$63,677	\$63,330	\$55,407	\$74,296	\$64,500	\$63,032
Non-GAAP net income margin	14%	7%	29%	12%	0%	0%	24%	19%	21%
Non-GAAP weighted average shares outstanding – diluted	55,577	55,006	54,940	55,979	56,259	52,740	56,944	56,944	56,847
Non-GAAP diluted EPS	\$0.17	\$0.09	\$0.45	\$0.14	\$0.00	(\$0.00)	\$0.32	\$0.21	\$0.23

¹ We no longer excluding the impact of post-acquisition cash compensation agreements for certain key acquired employees from the Martin acquisition from Adjusted EBITDA.

FREE CASH FLOW RECONCILIATION

(\$ in Millions)	Three Months Ended June 30,		
	2024	2023	2022
Net Cash provided by Operating Activities	\$11.9	\$15.8	\$20.5
Deduct:			
Purchases of Property and Equipment	(0.7)	(1.1)	(12.2)
Capitalized Software Development Costs	(4.3)	(3.9)	(2.5)
Free Cash Flow	\$6.9	\$10.8	\$5.7
Revenue	\$67.3	\$63.3	\$63.0
Free Cash Flow Margin	10%	17%	9%

Note: Numbers rounded for presentation purposes