

Q3 2024 Earnings Presentation

November 12, 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, adjusted EBITDA, and adjusted EBITDA margin for the fourth quarter and full year 2024 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 November 12, 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 dollar-based retention, 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

Q3 2024 FINANCIAL HIGHLIGHTS

REVENUE

\$71.8M

13% YOY

GAAP NET LOSS

\$(0.9M)

ADJUSTED EBITDA¹

\$18.5M

26% MARGIN

CASH FLOW FROM OPERATIONS²

\$19.1M

¹ Adjusted EBITDA and Adjusted EBITDA Margin are non-GAAP financial measures. See reconciliation in Appendix.

² Cash flow from operations is net cash provided by operating activities.

SCALED CONNECTED TV BUSINESS & POLITICAL SPEND FUEL Q3 GROWTH

100%+

YOY Increase in CTV monetized impressions

70%

Penetration of the top 30 streaming publishers¹

250+

Gen AI innovation led to incremental publishers opening up access to political ads



¹ Based on internal PubMatic analysis

SUPPLY PATH OPTIMIZATION ACCELERATION WIDENS COMPETITIVE MOAT

dentsu

Global agency holding company
integrated PubMatic technology into
its Merkury for Media solution

BUYERS ARE LEVERAGING PUBMATIC PRODUCTS TO POWER THEIR BUSINESSES

 **Connect**

Increases audience reach and cost
efficiency

 **Activate**

Provides end-to-end media activation
and measurement at scale

SPO SHARE OF TOTAL ACTIVITY ON OUR PLATFORM



MOBILE APP CONTINUES TO DRIVE REVENUE GROWTH AND DIFFERENTIATION



PubMatic's OpenWrap SDK joined one of the largest global mobile mediation platforms as a certified bidding partner

YOY INCREASE
IN MOBILE APP
REVENUE IN
Q3 2024

20%+

2024 ESTIMATED
GLOBAL OPEN
INTERNET MOBILE
AD SPEND¹

\$58B

¹ MAGNA Global, 2024, excludes search and social advertising

TAM EXPANSION

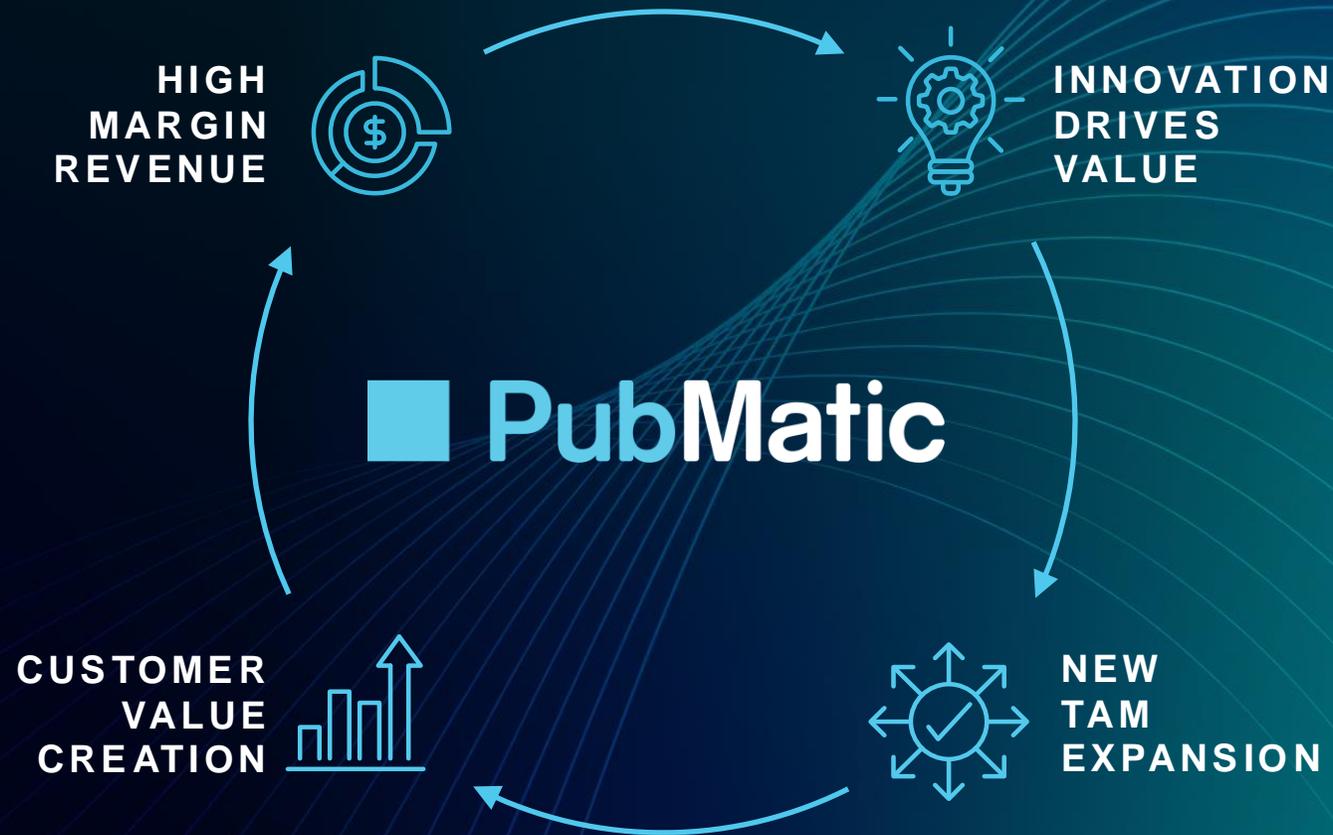
Our integrated platform offers multiple new revenue streams including commerce and social media



Western Union expanded their relationship with PubMatic from on-site monetization to offsite audience extension

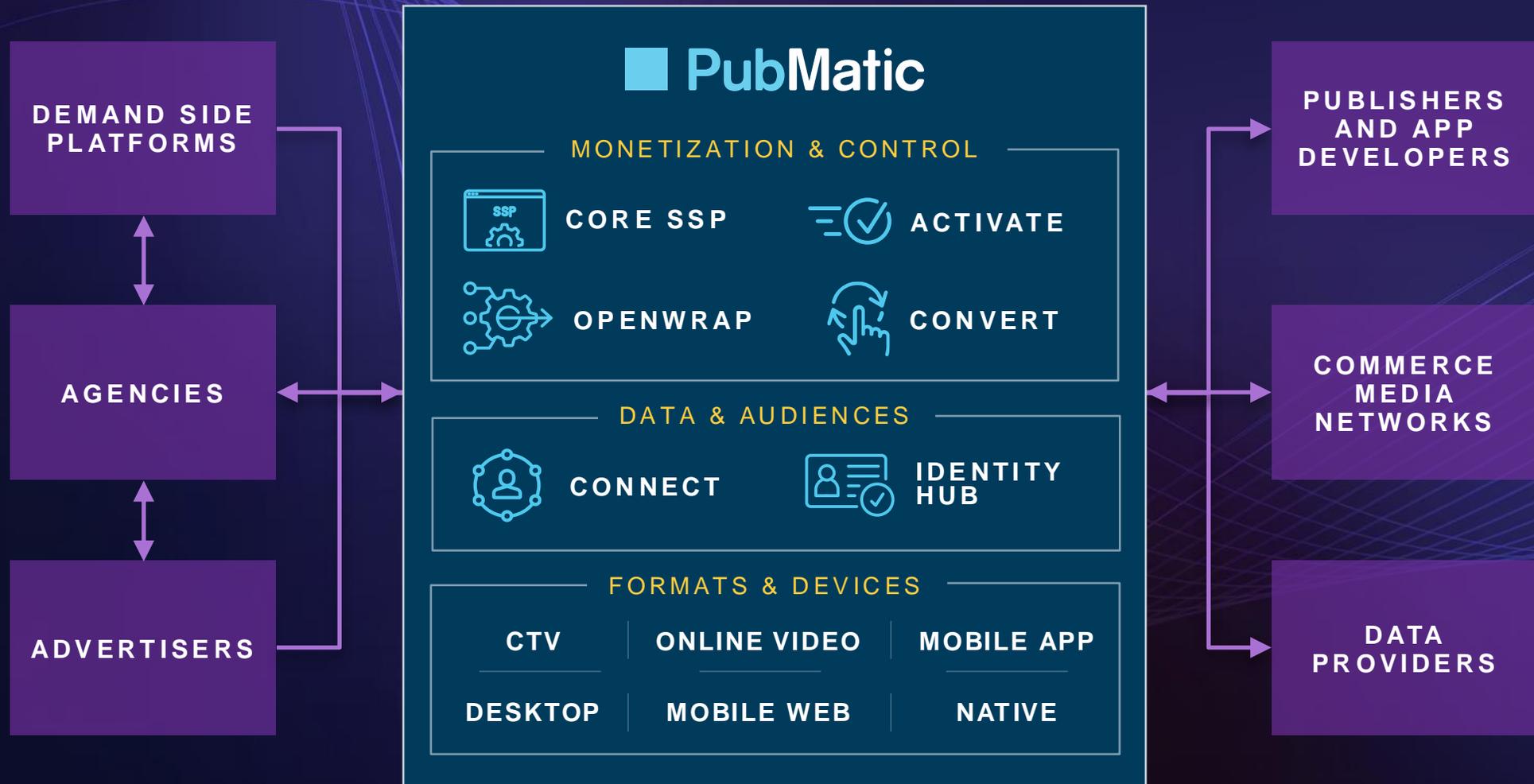


The global town square selected PubMatic as an SSP, opening up its traditionally closed ecosystem to open internet ad spend



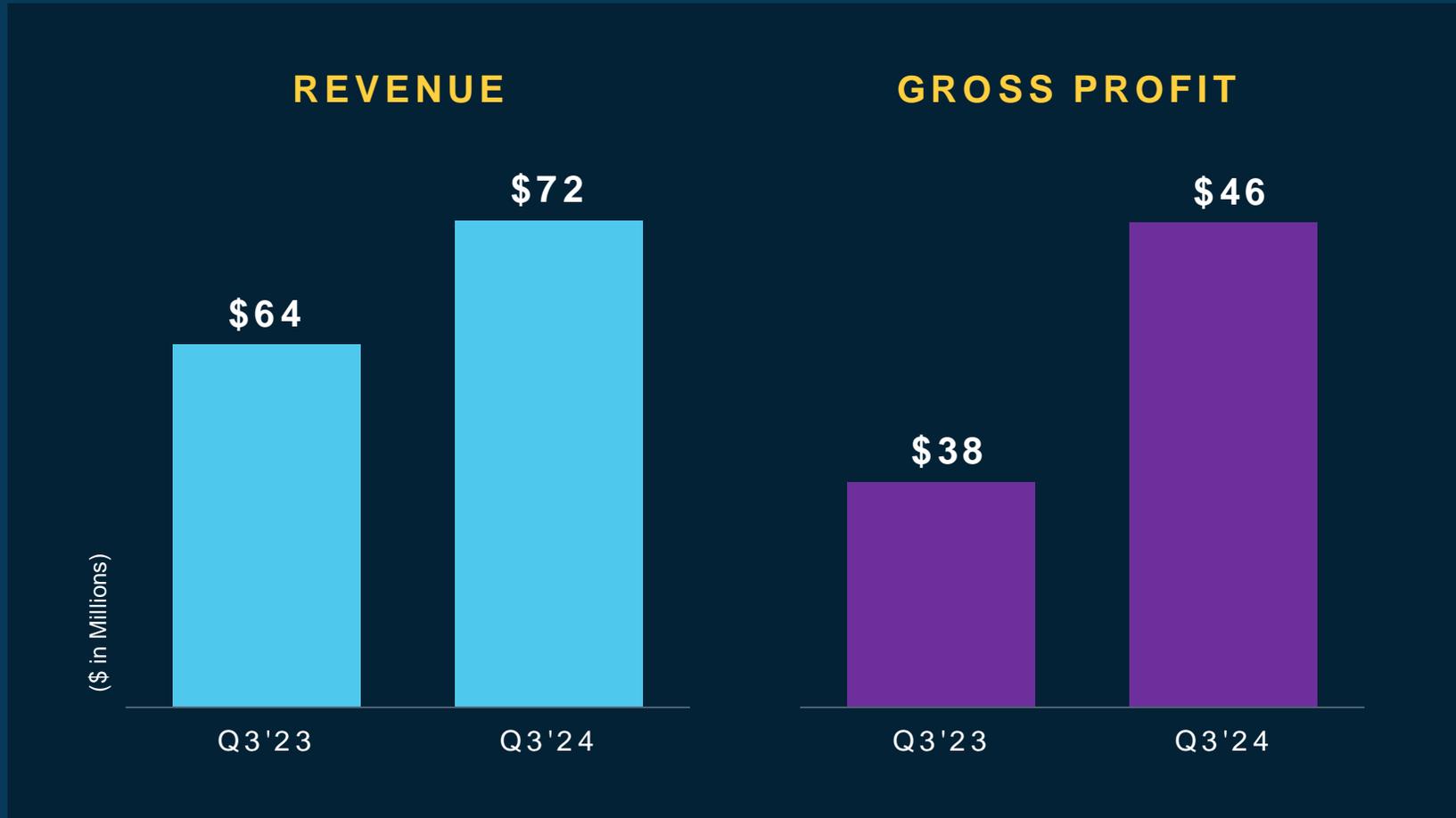
Our use of generative AI across the product development cycle allows us to innovate faster and deliver value

PUBMATIC'S INTEGRATED PLATFORM IS BUILT TO THE NEEDS OF A COMPLEX AND EVOLVING ECOSYSTEM



Financial Highlights

Q3 FINANCIAL HIGHLIGHTS



REVENUE GROWTH YOY

13%

GROSS PROFIT GROWTH YOY

23%

GAAP NET LOSS

(\$0.9)M

-1% MARGIN

ADJUSTED EBITDA¹

\$18.5M

26% MARGIN

¹ Adjusted EBITDA and Adjusted EBITDA Margin are non-GAAP financial measures. See reconciliation in Appendix.

Q3 QUARTERLY GROWTH METRICS



Revenue Accelerated
Excluding Political and One DSP Buyer¹



VS. PRIOR YEAR

17%



**Significant Growth in Omnichannel Video
Monetized Impressions**



~50%



Emerging Revenues Ramping



~2X

¹ Excludes a several million-dollar impact from one DSP buyer on our platform that changed their bidding methodology and All Political advertising revenues.

DELIVERING 20%+ GROWTH IN SECULAR GROWTH AREAS



OMNICHANNEL VIDEO¹
REVENUE GROWTH
YOY IN Q3 2024

25%



OMNICHANNEL VIDEO¹
SHARE OF TOTAL
REVENUE

36%



MOBILE APP
REVENUE GROWTH
YOY IN Q3 2024

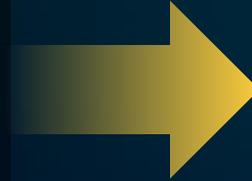
20%+

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

ADDITIONAL LEVERS DRIVING Q3 REVENUE GROWTH



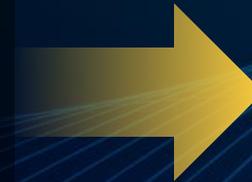
Revenue Growth From Existing Publishers



Net dollar-based retention on a TTM basis was 112%¹



Spend Growth From Existing Buyers



Net spend retention rate from SPO partners with at least three years of spending was 113%²



Growth From Top Ad Verticals



Top ten ad verticals, inclusive of political, increased by 20% YOY

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

EXECUTING ON 2024 OPERATING PRIORITIES



ACCELERATE REVENUE WITH INCREMENTAL INVESTMENT

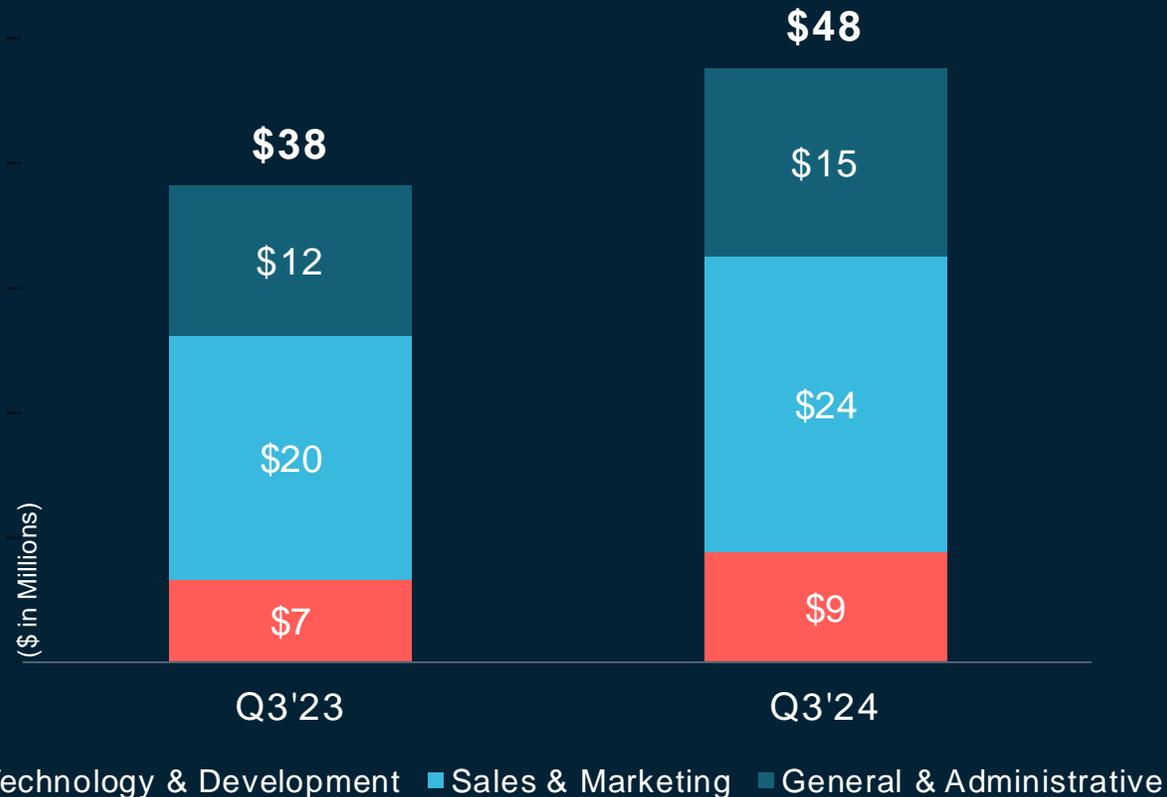
- Reallocation of Resources Against CTV
- Buyer-Focused Efforts
- Activate, Connect, Convert, OpenWrap



DRIVE CONTINUED COST-EFFICIENCIES

- Efficiently Increasing Capacity
- AI-Based Optimization

GAAP OPERATING EXPENSES: INVESTING FOR GROWTH



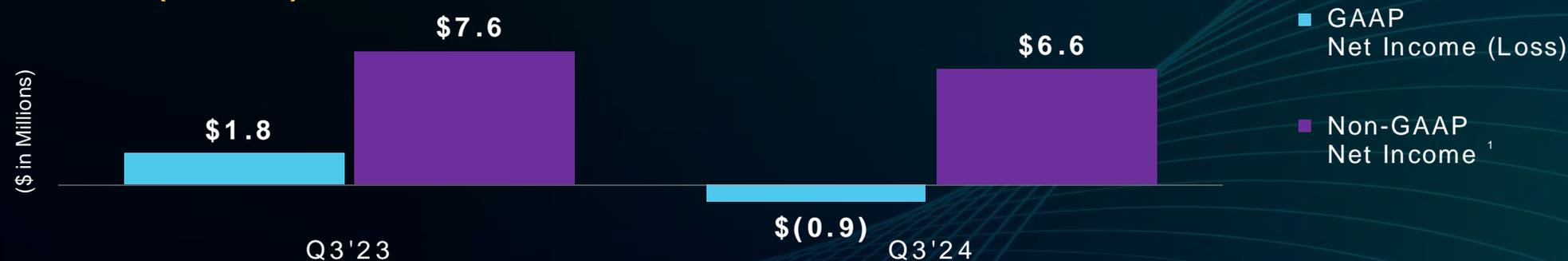
Subtotals for each bar may not add up to total due to rounding.

DRIVERS

- Q3 2024 includes targeted investments in T&D and S&M headcount
- Q3 2024 net headcount additions +119 net compared to Q3 2023
- On track to fill the incremental roles planned for growth initiatives

NET INCOME (LOSS) AND DILUTED EARNINGS PER SHARE

NET INCOME (LOSS)¹



DILUTED EARNINGS PER SHARE



¹Non-GAAP net income and Non-GAAP diluted EPS are non-GAAP measures. A reconciliation of Non-GAAP net income to net income (loss) is provided in the Appendix of this presentation.

²EPS = Earnings per share

CAPITAL ALLOCATION

CASH USED FOR
REPURCHASES

\$124.1

(\$ in Millions)

FEB 2023 TO SEP 2024

CASH & MARKETABLE
SECURITIES

\$140.4

Q3'24 END CASH

REPURCHASED

7.6 MILLION
CLASS A COMMON SHARES

(Feb. 1, 2023 - Sep. 30, 2024)

FOCUS ON CASH FLOW

NET CASH PROVIDED BY OPERATING ACTIVITIES



FREE CASH FLOW¹



DRIVERS

- Capex investments for growth
- Near term cash flow impacted by change in DSP buyer mix
- DSOs expected to stabilize by midyear 2025

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

2024 Q4 AND FY GUIDANCE

(\$ in Millions)	Q4 2024		Full Year 2024	
	Low	High	Low	High
Revenue	\$86	\$90	\$292	\$296
Year over Year Growth %	2%	6%	9%	11%
Adjusted EBITDA	\$34	\$37	\$89	\$92
Adjusted EBITDA Margin	40%	41%	30%	31%

Note: Numbers rounded for presentation purposes

Although we provide guidance for Adjusted EBITDA, a non-GAAP metric, we are not able to provide guidance for net income, the most directly comparable GAAP measure. Certain elements of the composition of GAAP net income, including stock-based compensation expenses, are not predictable, making it impractical for us to provide guidance on net income or to reconcile our Adjusted EBITDA guidance to net income without unreasonable efforts. For the same reason, we are unable to address the probable significance of the unavailable information. Adjusted EBITDA margin is a non-GAAP financial measures. See reconciliation in Appendix.

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**

Appendix

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

(\$ in Thousands)	Q3'24	Q2'24	Q1'24	Q4'23	Q3'23	Q2'23	Q1'23	Q4'22	Q3'22
Net income (loss)	(\$912)	\$1,971	(\$2,454)	\$18,702	\$1,774	(\$5,724)	(\$5,871)	\$12,781	\$3,326
Add back (deduct):									
Stock-based compensation	9,457	9,699	9,111	7,337	7,200	7,266	7,059	5,464	4,655
Depreciation and amortization	11,384	11,336	11,212	11,039	11,401	10,898	11,432	10,662	9,082
Unrealized (gain) loss on equity investments	-	-	-	-	-	-	-	-	6,405
Interest income	(1,969)	(2,340)	(2,564)	(2,515)	(2,246)	(2,176)	(1,891)	(1,170)	(596)
Acquisition-related and other expenses ¹	-	-	-	-	-	-	-	51	867
Provision for income taxes	586	412	(249)	4,343	111	545	(3,375)	4,034	1,398
Adjusted EBITDA	\$18,546	\$21,078	\$15,056	\$38,906	\$18,240	\$10,809	\$7,354	\$31,822	\$25,137
Revenue	\$71,786	\$67,267	\$66,701	\$84,600	\$63,677	\$63,330	\$55,407	\$74,296	\$64,500
Adjusted EBITDA Margin	26%	31%	23%	46%	29%	17%	13%	43%	39%

¹Beginning 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)	Q3'24	Q2'24	Q1'24	Q4'23	Q3'23	Q2'23	Q1'23	Q4'22	Q3'22
Net income (loss)	(\$912)	\$1,971	(\$2,454)	\$18,702	\$1,774	(\$5,724)	(\$5,871)	\$12,781	\$3,326
Unrealized (gain) loss on equity investments	-	-	-	-	-	-	-	-	6,405
Stock based compensation	9,457	9,699	9,111	7,337	7,200	7,266	7,059	5,464	4,655
Acquisition-related and other expenses ¹	-	-	-	-	-	-	-	51	867
Adjustment for income taxes	(1,978)	(1,999)	(1,886)	(1,590)	(1,397)	(1,390)	(1,318)	(352)	(3,032)
Non-GAAP net income (loss)	\$6,567	\$9,671	\$4,771	\$24,449	\$7,577	\$152	(\$130)	\$17,944	\$12,221
Revenue	\$71,786	\$67,267	\$66,701	\$84,600	\$63,677	\$63,330	\$55,407	\$74,296	\$64,500
Non-GAAP net income margin	9%	14%	7%	29%	12%	0%	0%	24%	19%
Non-GAAP weighted average shares outstanding – diluted	49,056	55,577	55,006	54,940	55,979	56,259	52,740	56,944	56,944
Non-GAAP diluted EPS	\$0.12	\$0.17	\$0.09	\$0.45	\$0.14	\$0.00	(\$0.00)	\$0.32	\$0.21

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 September 30,

	2024	2023	2022
Net Cash provided by Operating Activities	\$19.1	\$23.8	\$28.1
Deduct:			
Purchases of Property and Equipment	(11.7)	(2.9)	(14.6)
Capitalized Software Development Costs	(4.5)	(3.8)	(2.8)
Free Cash Flow	\$2.9	\$17.2	\$10.7
Revenue	\$71.8	\$63.7	\$64.5
Free Cash Flow Margin	4%	27%	17%

Note: Numbers rounded for presentation purposes