



# Q3 2024 Earnings Call

November 6, 2024

# Disclaimer

This presentation contains “forward-looking statements” that are based on management’s beliefs and assumptions and on information currently available to management. These forward-looking statements include, but are not limited to, statements about our plans, objectives, expectations and intentions and other statements contained herein that are not historical facts. When used herein, the words “expects,” “anticipates,” “intends,” “plans,” “believes,” “seeks,” “will,” “should,” “could,” “estimates” and similar expressions are generally intended to identify forward-looking statements. In particular, statements about the markets in which we operate, including growth of our various markets, and statements about our expectations, beliefs, plans, strategies, objectives, prospects, assumptions or future events or performance contained in this presentation are forward-looking statements. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievement to be materially different from any projected results, performance or achievements expressed or implied by the forward-looking statements. Forward-looking statements represent the beliefs and assumptions of DoubleVerify Holdings, Inc. (the “Company”) only as of the date of this presentation, and we undertake no obligation to update or revise, or to publicly announce any update or revision to, any such forward-looking statements, whether as a result of new information, future events or otherwise. As such, the Company’s results may vary from any expectations or goals expressed in, or implied by, the forward-looking statements included in this presentation, possibly to a material degree.

We cannot assure you that the assumptions made in preparing any of the forward-looking statements will prove accurate or that any long-term financial or operational goals or targets will be realized. For a discussion of some of the risks, uncertainties and other factors that could cause the Company’s results to differ materially from those expressed in, or implied by, the forward-looking statements included in this presentation, you should refer to the “Risk Factors” section and other sections in the Company’s Form 10-K filed with the SEC on February 28, 2024 and the Company’s other filings and reports with the SEC.

In addition to disclosing financial results that are determined in accordance with U.S. generally accepted accounting principles (“GAAP”), the Company also discloses in this presentation certain non-GAAP financial measures, including Adjusted EBITDA, Adjusted EBITDA Margin and Adjusted EBITDA less Capital Expenditures. We believe that these non-GAAP financial measures are useful to investors for period-to-period comparisons of the Company’s core business and for understanding and evaluating trends in the Company’s operating results on a consistent basis by excluding items that we do not believe are indicative of the Company’s core operating performance. These non-GAAP financial measures have limitations as analytical tools, and are presented for supplemental purposes and should be considered in addition to, and not in isolation or as substitutes for an analysis of the Company’s results as reported under GAAP. In addition, other companies in the Company’s industry may calculate these non-GAAP financial measures differently than the Company does, limiting their usefulness as a comparative measure. You should compensate for these limitations by relying primarily on the Company’s GAAP results and using the non-GAAP financial measures only supplementally. A reconciliation of these measures to the most directly comparable GAAP measures is included at the end of this presentation.

In addition, this presentation contains industry and market data and forecasts that are based on our analysis of multiple sources, including publicly available information, industry publications and surveys, reports from government agencies, reports by market research firms and consultants and our own estimates based on internal company data and management’s knowledge of and experience in the market sectors in which the Company competes. While management believes such information and data are reliable, we have not independently verified the accuracy or completeness of the data contained in these sources 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.

# Robust Growth and Profitability in Q3'24

**+18%**

REVENUE GROWTH (Y/Y%)

**83%**

REVENUE LESS COST OF SALES

**35%**

ADJ. EBITDA MARGIN

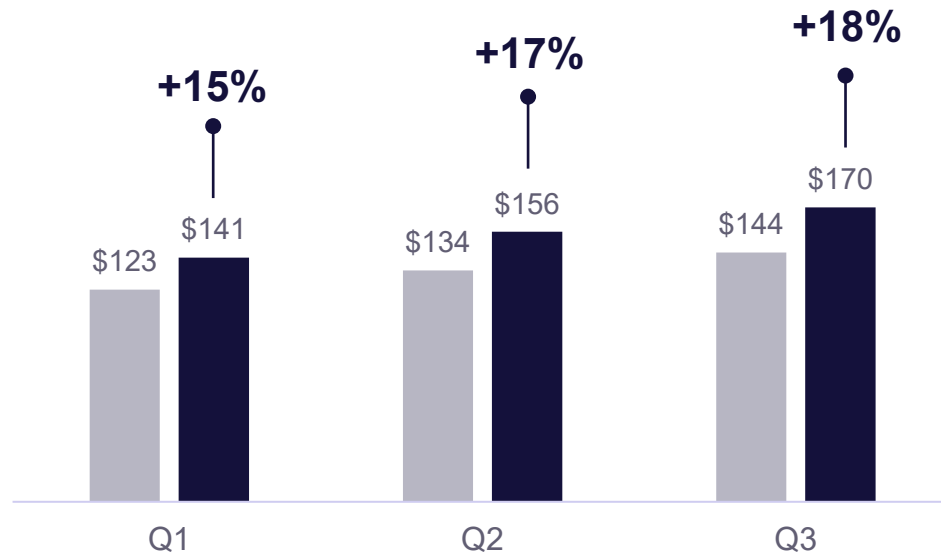
**+54%**

NET OPERATING CASH GROWTH (Y/Y%)

## Quarterly Revenue Growth Trajectory

\$ in millions % y/y growth

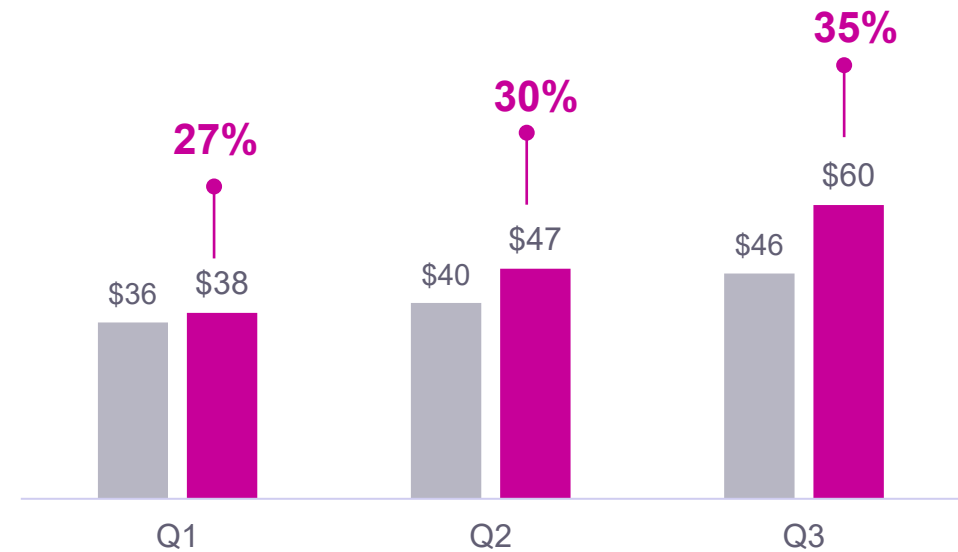
■ 2023 ■ 2024



## Quarterly Adj. EBITDA Margin Trajectory

\$ in millions % margin

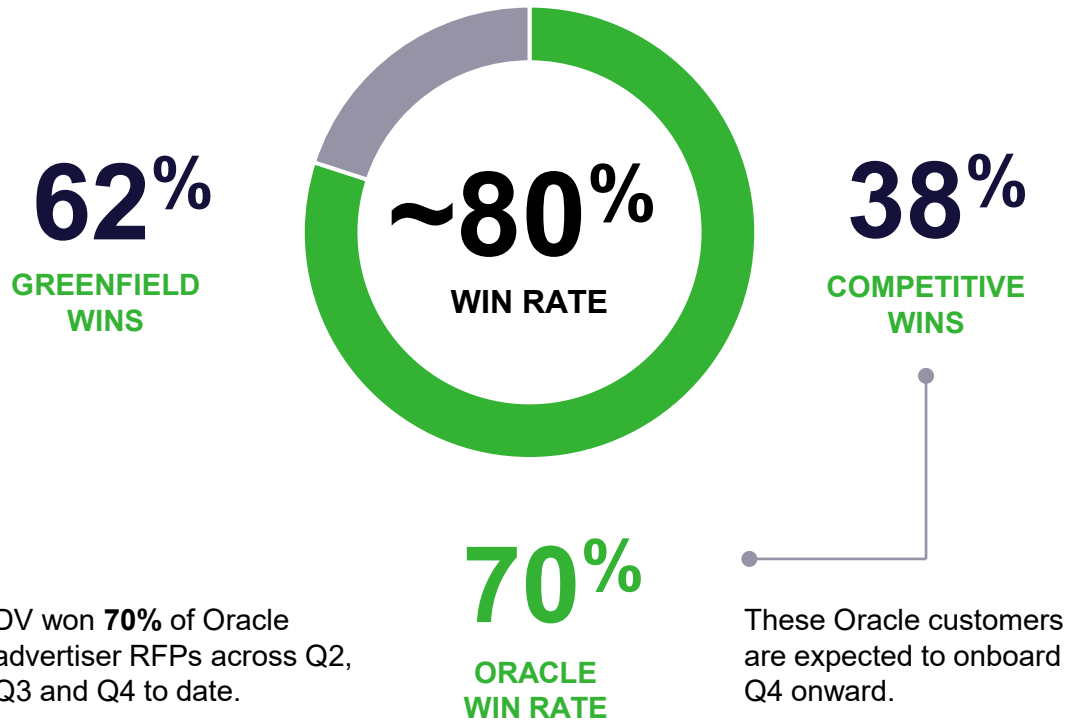
■ 2023 ■ 2024



# Momentum in Motion: Strong New Customer Wins

In the third quarter, DV recorded its **largest-ever global market share wins** in a single quarter.

## DV Q3'24 Advertiser Win Rate



## Why DV Wins

### PROTECTION & PERFORMANCE.

Combined power of measurement, activation and optimization, powered by Scibids AI.

### Key Advertiser, Platform & Publisher Wins



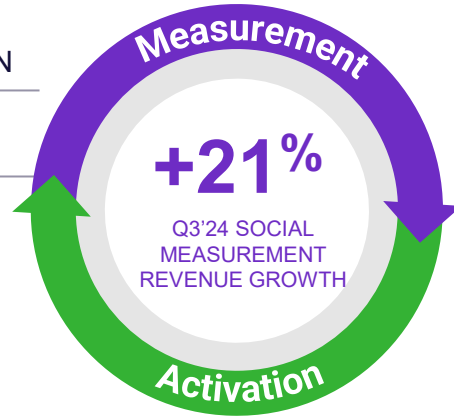
# Expanding DV's Social Activation and Measurement

## DV's Social Media Growth Opportunity

UPSELL OPPORTUNITY

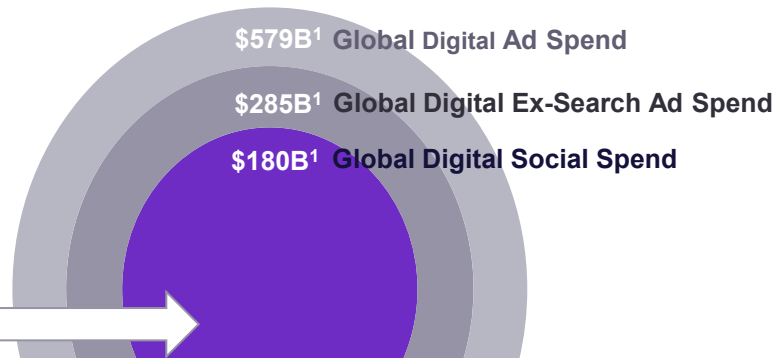
TOP 700 ADVERTISER ADOPTION

>350	Social measurement
>120	Social activation



PENETRATION OPPORTUNITY

DV MEASURED <5% OF ALL US SOCIAL IMPRESSIONS IN FY23<sup>2</sup>



## Measurement Coverage

BRAND SAFETY AND SUITABILITY



VIEWABILITY

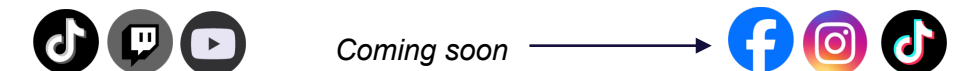


FRAUD & IVT



## Activation Coverage

PRE-BID SUITABILITY CONTROLS

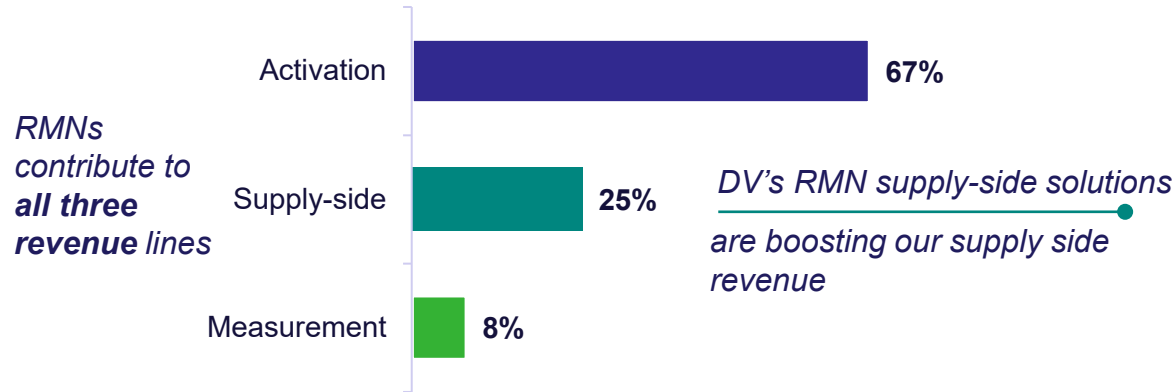


Platform Solutions

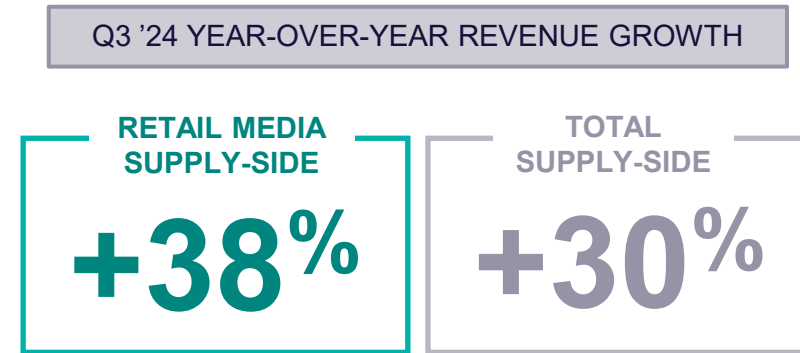
Advertiser Solutions

# Driving Growth and Reach Across Global RMNs

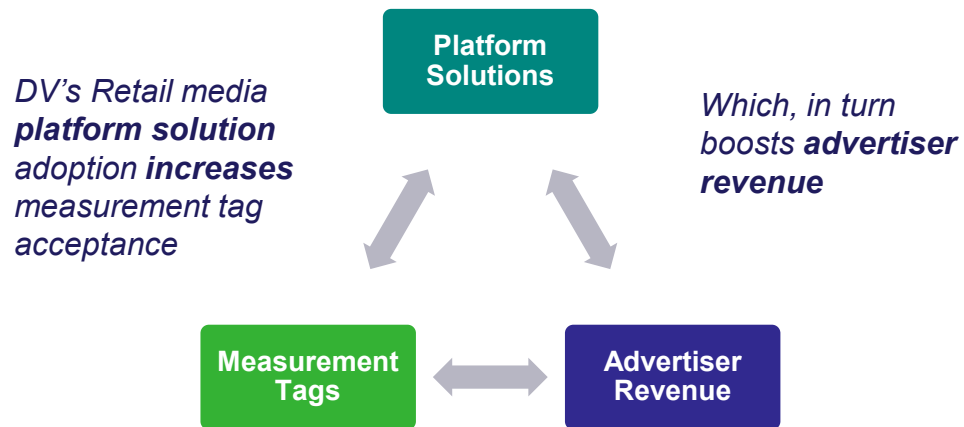
## YTD 2024 Retail Media Revenue Breakdown



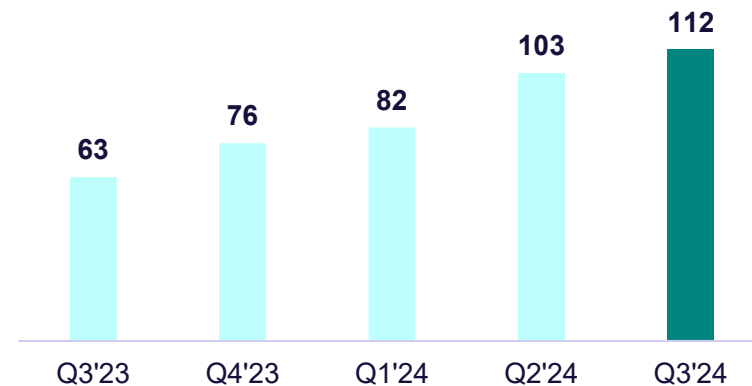
## Q3'24 Supply-Side Revenue Growth Driver



## The Network Effect



## DV's measurement tags accepted across a growing number of global retail media networks and sites



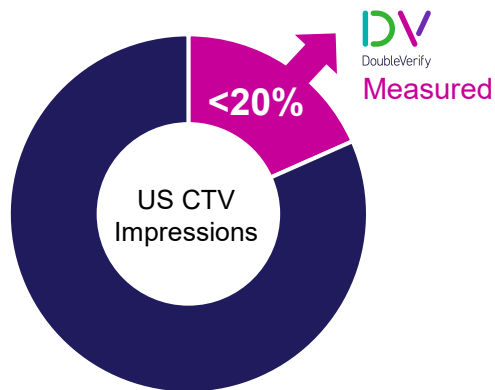
# Driving Transparency & Growth in CTV

## CTV Measurement Volume Growth

**+59%**

Q3 2024 YEAR-OVER-YEAR

## CTV Measurement Opportunity<sup>2</sup>



FY 2023

## Fraud Remains a Growing Challenge<sup>1</sup>

**+58% ~4x**

Increase in the number of CTV fraud schemes y/y

Nearly quadrupling of fraud schemes and variants from 2020-2023

## Global CTV Coverage



## Strong Suite of MRC Accreditations for CTV Measurement

Authentic Viewable Impression: A unified quality metric standard (Viewability, Brand Suitability, & SIVT)



CTV Fully On-Screen Completion Metrics



Display & Video Impressions



Video Viewability Measurement & Related Metrics



IVT Monitoring, Blocking and Video Filtering



Property-level Brand Suitability & Safety Monitoring, Blocking & Video Filtering



# Empowering Advertisers Protection and Performance on the Open Web



DV is delivering growth across **ALL** open web activation and measurement solutions, with **performance solutions** leading the way

## ACTIVATION

## MEASUREMENT



**15**

of DV's Top 100 customers are using Scibids AI

**~50**

DV customers upsold since the acquisition

**\$100M**

DV on pace to deliver \$100M in revenue from Scibids AI by 2028

**~300%**

Year-over-year growth in Q3'24 authentic attention impression volumes

**>300**

Advertisers using Authentic Attention YTD '24



# Q3 2024 Financial Highlights

**\$170**  
MILLION

Total  
Revenue

**18%**  
GROWTH

Total Revenue  
Growth

**\$55**  
MILLION

Net Cash from  
Operating Activities

**\$60**  
MILLION

Adjusted  
EBITDA

**35%**  
MARGIN

Adjusted EBITDA  
Margin

**\$0**  
DEBT

No long-term  
debt

# Q3 2024 Revenue Growth Drivers

Q3 '24 TOTAL REVENUE GROWTH OF 18%

DOUBLE-DIGIT GROWTH ACROSS ALL THREE REVENUE LINES

## Key Drivers

 Core Programmatic, Scibids AI & Social Activation

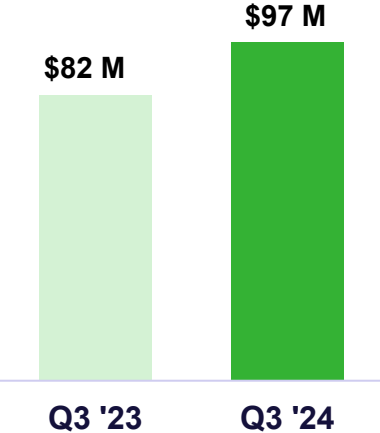
 Authentic Brand Suitability

 Social Measurement

 Retail Media Platforms

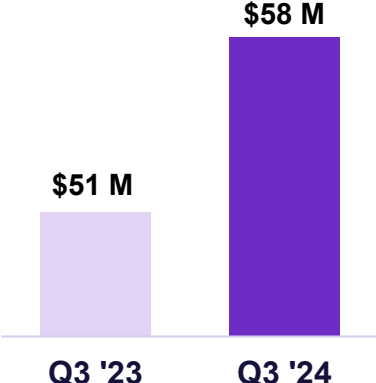
## Activation

**+18%**   
year-over-year growth



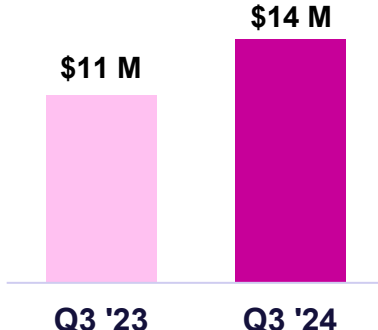
## Measurement

**+14%**   
year-over-year growth



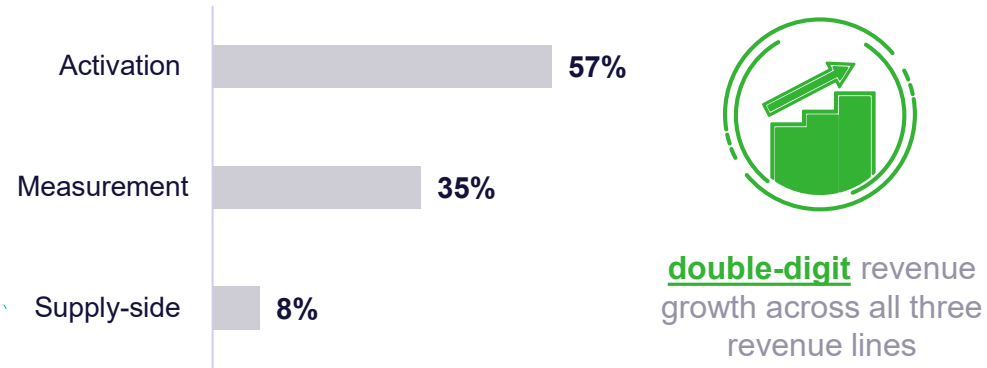
## Supply-Side

**+30%**   
year-over-year growth



# Q3 2024 Revenue Growth Drivers (cont'd)

## Business Line Contribution to Total Revenue



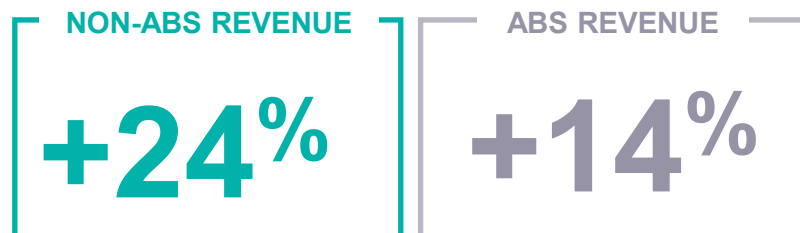
## Advertiser Revenue Growth Drivers

Q3 '24 ADVERTISER REVENUE GROWTH OF 17%



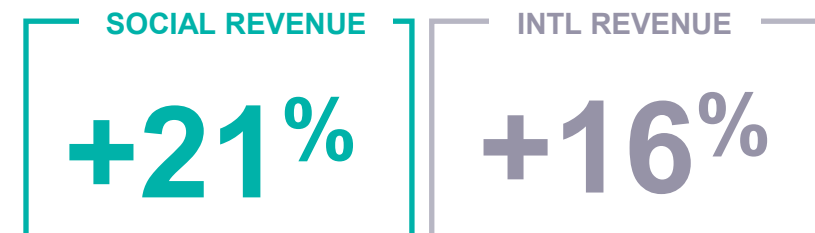
## Activation Drivers: ABS & Non-ABS

Q3 '24 ACTIVATION REVENUE GROWTH OF 18%



## Measurement Drivers: Social and International

Q3 '24 MEASUREMENT REVENUE GROWTH OF 14%



# Strategic Capital Allocation



## ACQUISITIONS

M&A Strategy

**Accelerate** product roadmap

Expand product/technology into new media environment **adjacencies**

Accelerate **International** expansion



## SHARE REPURCHASES

YTD'24 Progress

Purchased a total of **4.1M** shares for **\$75M** YTD'24

Announced additional **\$200M** share repurchase authorization

Total of **\$275M** authorized and available



## INVESTING IN CORE

Key Priorities

**Social Media**

**CTV**

**Retail Media Networks**

Underpinned by DV's **Strong Balance Sheet** and **Cash Flow Generation**

**\$122M**

YTD'24 NET CASH FROM OPERATING ACTIVITIES

**\$363M**

9/30 CASH & SHORT-TERM INVESTMENTS

**\$0M**

LONG-TERM DEBT

# Q4 & FY 2024 Guidance

## Q4 2024 Guidance

### Revenue

**\$194 M - \$200 M**

Low-end

High-end

**+14%**  
year-over-year  
growth at the  
midpoint

### Adjusted EBITDA

**\$73 M - \$79 M**

Low-end

High-end

**39%**  
Margin at the  
midpoint

## FY 2024 Guidance

### Revenue

**\$660 M - \$666 M**

Low-end

High-end

**+16%**  
year-over-year  
growth at the  
midpoint

### Adjusted EBITDA

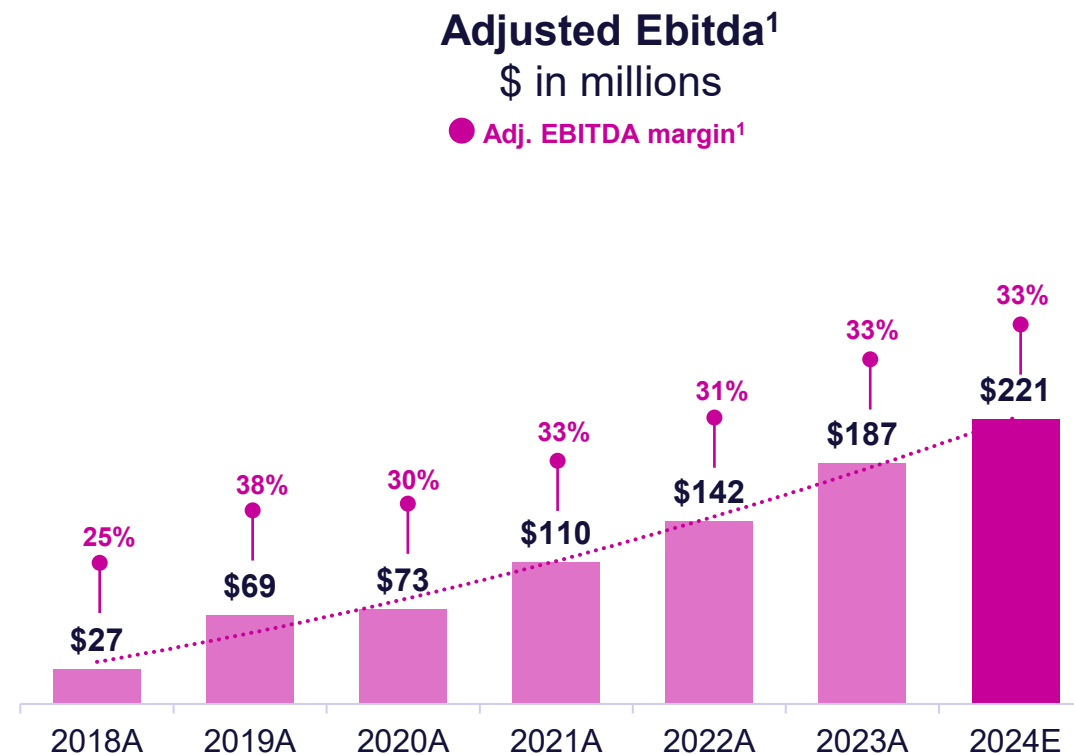
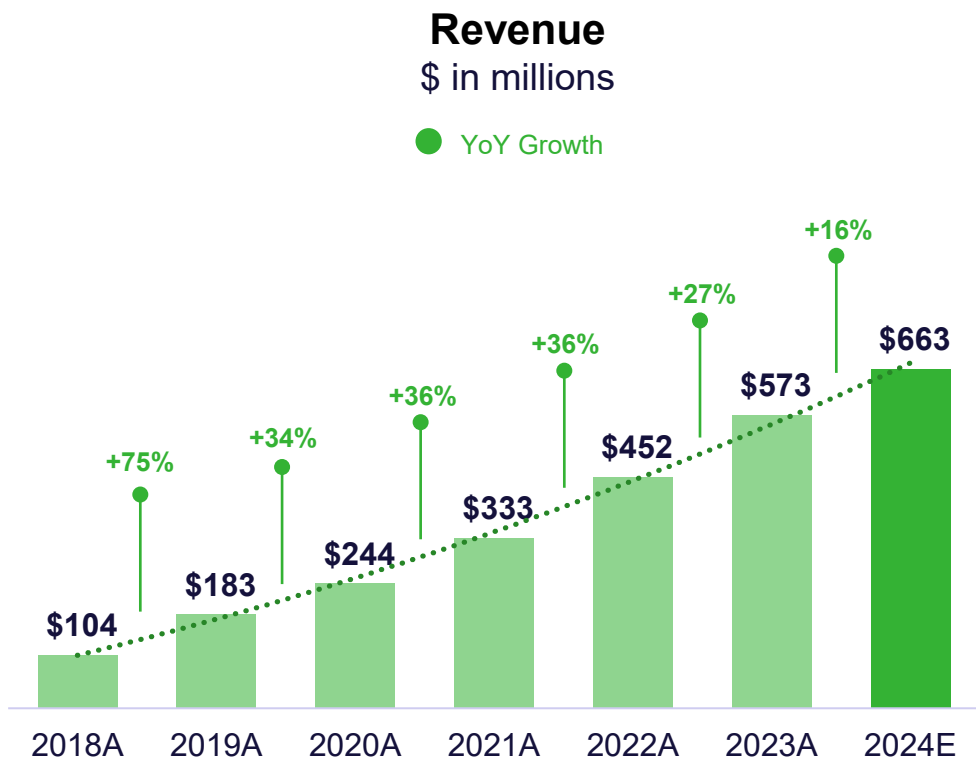
**\$218 M - \$224 M**

Low-end

High-end

**33%**  
Margin at the  
midpoint

# Proven History of Growth & Profitability



**2008**  
Year  
Founded

**1101**  
Employees at  
year-end 2023

**7.0T**  
Media Transactions  
Measured in FY 2023

**\$71M**  
Net Income in  
FY 2023

**\$120M**  
Net Cash from Operating  
Activities FY 2023

**124%**  
Net Revenue  
Retention FY 2023

# Key Business Terms

- **Activation** revenue is generated from the evaluation, verification and measurement of advertising impressions purchased through programmatic demand-side and social media platforms.
- **Measurement** revenue is generated from the verification and measurement of advertising impressions that are directly purchased on digital media properties, including publishers and social media platforms.
- **Supply-Side** revenue is generated from platforms and publisher partners who use DoubleVerify's data analytics to evaluate, verify and measure their advertising inventory.
- **Gross Revenue Retention Rate** is the total prior period revenue earned from advertiser customers, less the portion of prior period revenue attributable to lost advertiser customers, divided by the total prior period revenue from advertiser customers.
- **Net Revenue Retention Rate** is the total current period revenue earned from advertiser customers, which were also customers during the entire most recent twelve-month period, divided by the total prior year period revenue earned from the same advertiser customers, excluding a portion of our revenues that cannot be allocated to specific advertiser customers.
- **Media Transactions Measured (MTM)** is the volume of media transactions that DoubleVerify's software platform measures.
- **Measured Transaction Fee (MTF)** is the fixed fee DoubleVerify charges per thousand Media Transactions Measured.
- **International Revenue Growth Rates** are inclusive of foreign currency fluctuations.

# Non-GAAP Financial Measures Reconciliation

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
	(In Thousands)		(In Thousands)	
Net income	\$ 18,201	\$ 13,347	\$ 32,831	\$ 38,361
Net income margin	11%	9%	7%	10%
Depreciation and amortization	11,483	10,706	33,415	29,365
Stock-based compensation	22,950	15,791	67,906	42,771
Interest expense	353	288	818	791
Income tax expense	11,395	6,234	18,580	15,775
M&A and restructuring costs (a)	-	921	-	1,621
Offering and secondary offering costs (b)	-	286	68	595
Other recoveries (c)	-	(267)	-	(800)
Other income (d)	(4,225)	(1,633)	(8,561)	(6,843)
Adjusted EBITDA	\$ 60,157	\$ 45,673	\$ 145,057	\$ 121,636
Adjusted EBITDA margin	35%	32%	31%	30%



# Non-GAAP Financial Measures Reconciliation

- a) M&A and restructuring costs for the three and nine months ended September 30, 2023 consist of transaction costs related to the acquisition of Scibids.
- b) Offering and secondary offering costs for the three and nine months ended September 30, 2024 and September 30, 2023 consist of third-party costs incurred for underwritten secondary public offerings by certain stockholders of the Company.
- c) Other recoveries for the three and nine months ended September 30, 2023 consist of sublease income for leased office space.
- d) Other income for the three and nine months ended September 30, 2024 and September 30, 2023 consist of interest income earned on interest-bearing monetary assets, and the impact of changes in foreign currency exchange rates.

We use Adjusted EBITDA and Adjusted EBITDA Margin as measures of operational efficiency to understand and evaluate our core business operations. We believe that these non-GAAP financial measures are useful to investors for period to period comparisons of the core business and for understanding and evaluating trends in operating results on a consistent basis by excluding items that we do not believe are indicative of our core operating performance.

## **Fourth Quarter and Full-Year 2024 Guidance:**

With respect to the Company's expectations under "Fourth Quarter and Full Year 2024 Guidance" above, the Company has not reconciled the non-GAAP measure Adjusted EBITDA to the GAAP measure net income in this press release because the Company does not provide guidance for depreciation and amortization expense, acquisition-related costs, interest income, and income taxes on a consistent basis as the Company is unable to quantify these amounts without unreasonable efforts, which would be required to include a reconciliation of Adjusted EBITDA to GAAP net income. In addition, the Company believes such a reconciliation would imply a degree of precision that could be confusing or misleading to investors.