



Q4 & FY 2022 Earnings Call

March 1, 2023

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 March 1, 2023 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.

Key 2022 Highlights

5.5
TRILLION

Media Transactions Measured
(MTM)

\$452
MILLION

Total
Revenue

36%
GROWTH

Total Revenue
Growth

\$95
MILLION

Net Cash from
Operating Activities

\$142
MILLION

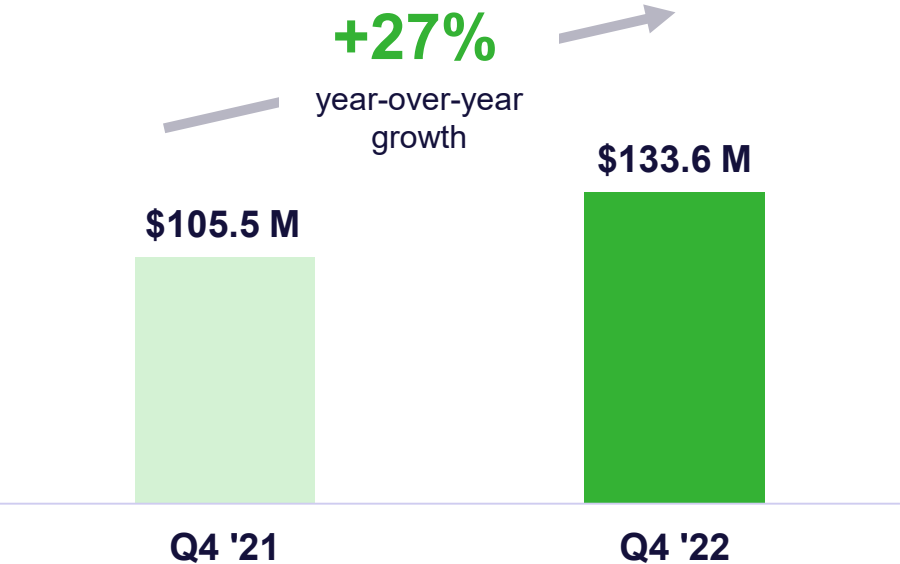
Adjusted
EBITDA

31%
MARGIN

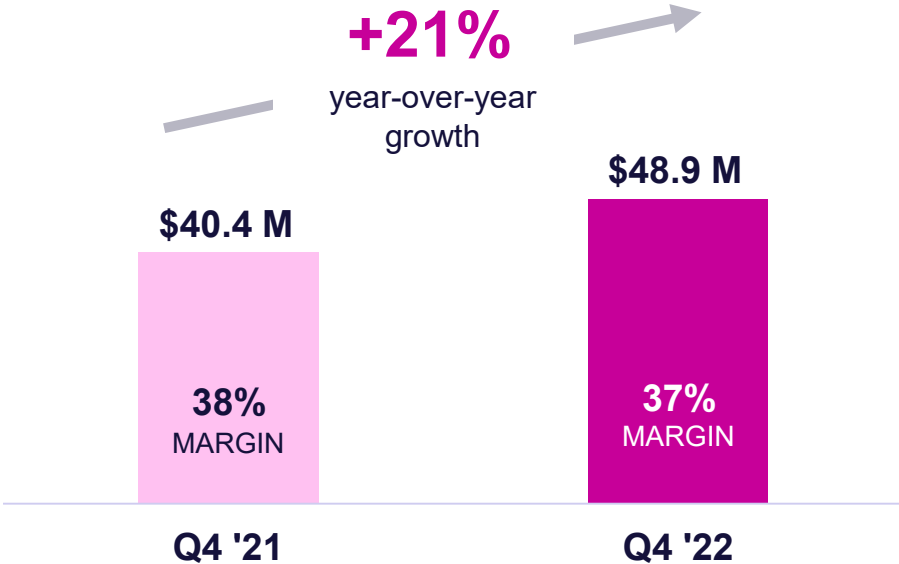
Adjusted EBITDA
Margin

Delivered A Strong Fourth Quarter

Total Revenue Growth



Adj. EBITDA Growth and Margin¹



Three Key Differentiators

Cross Platform
Scale

Identifier Independent
Innovation

Accredited Objectivity
Trust

Top Ad-Supported CTV Providers

US & Canada



Global



EMEA



APAC



The Industry's Leading CTV Verification Solution



COMPREHENSIVE

Most robust set of measurement and protection solutions across fraud, brand suitability and geo



INDUSTRY-LEADING

Consistently first to market with innovative solutions including Fully On-Screen, brand suitability controls and active protections



ACCREDITED

Our video and CTV solution is **MRC accredited** across fraud, brand suitability, and Fully On-Screen metrics



UNMATCHED SCALE

Offering **100% coverage** on all global CTV inventory wherever verification is accepted, leveraging industry standards



ROBUST SUITABILITY

Only full-scale CTV suitability measurement and controls, including 90+ suitability categories and GARM tiers



VIEWABILITY

Only solution to solve for viewability challenges like TV Off and ads playing off-screen.

Growth Opportunity in Social Media

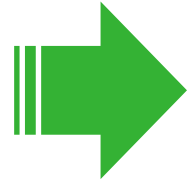
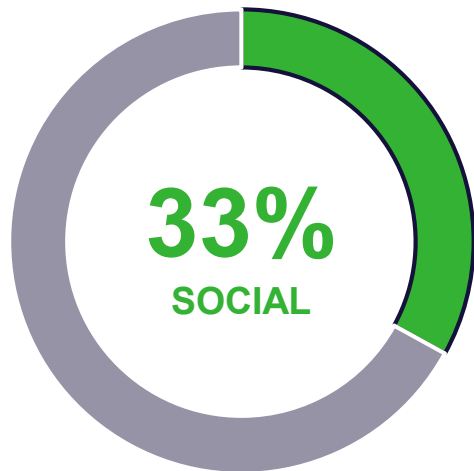
Recent TikTok launches:

- ▶ Nov 2022: Brand Safety and Suitability measurement
- ▶ Sep 2021: Viewability and Fraud measurement

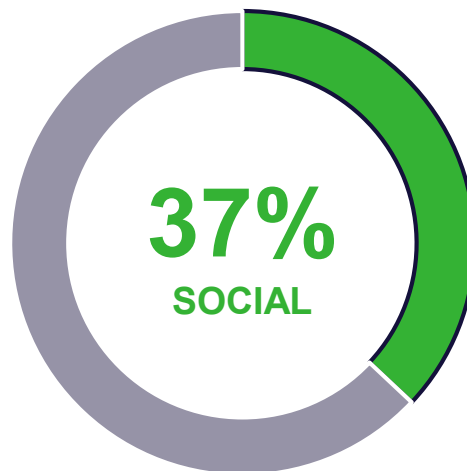
Recent Twitter launches:

- ▶ Jan 2023: Brand Safety and Suitability measurement

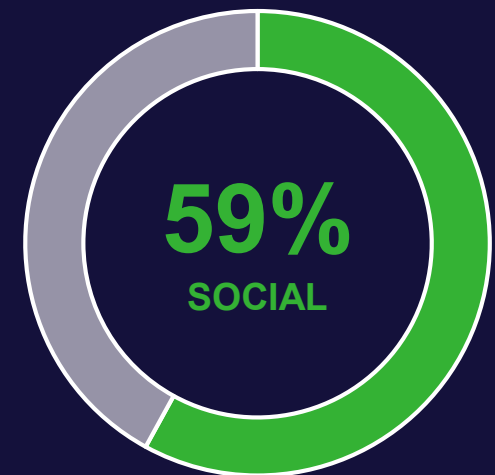
DV: 2021
Social % of Measurement Revenue



DV: 2022
Social % of Measurement Revenue



Global Industry: 2023
Social % of Digital Ad Spend ex Search¹



1. Magna Global December 2022 forecast

Strong Growth in Retail Media Networks



DV | DoubleVerify

Buy-side

Sell-side

Activation

Measurement

Supply-Side Platform Verification

115%

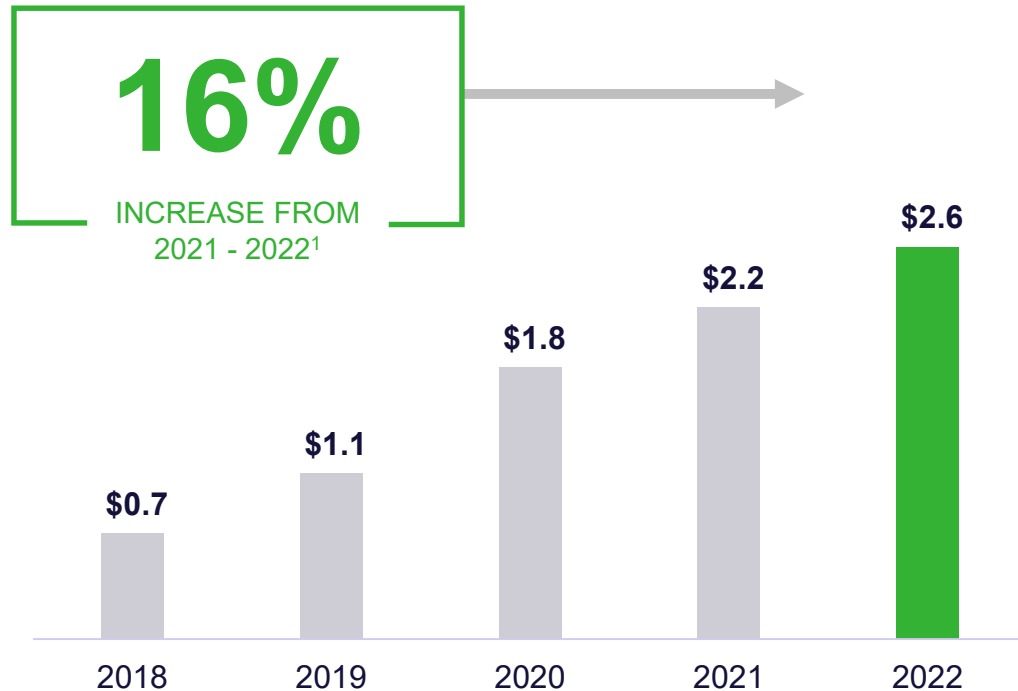
2022
REVENUE GROWTH

Strong Customer KPIs

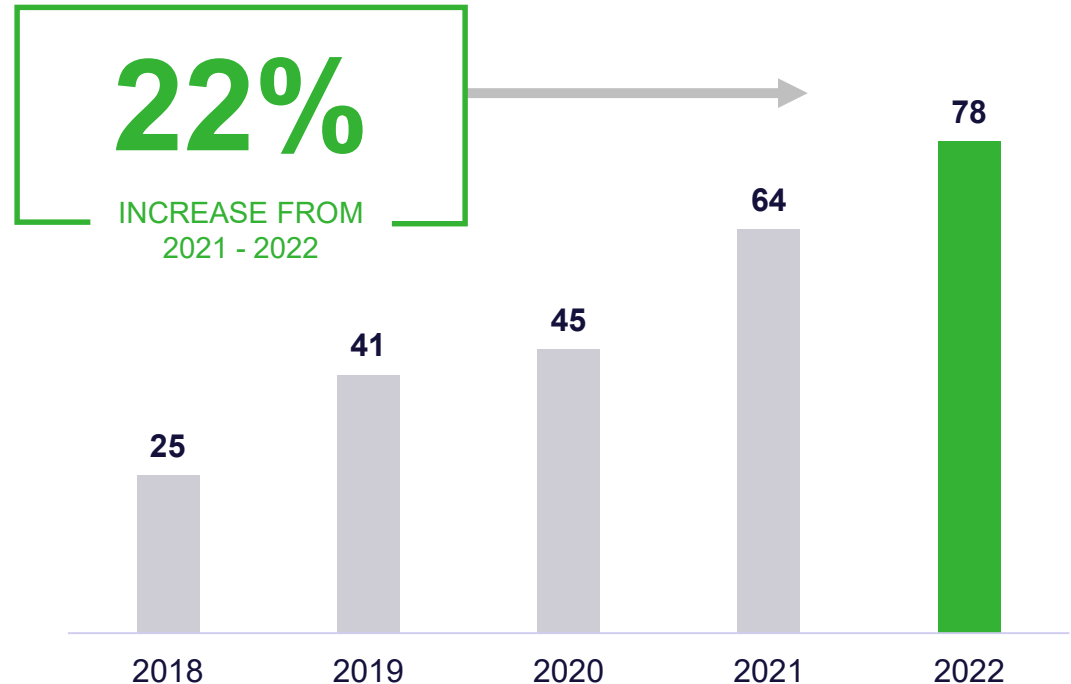
Net Revenue Retention (NRR) 127%

Four Years of >120% NRR

**Annual Revenue Per Customer – Top 100
(US\$ Millions)**



**Number of Customers with > \$1M Revenue
Contribution**



Advertisers Generating >\$200K Revenue

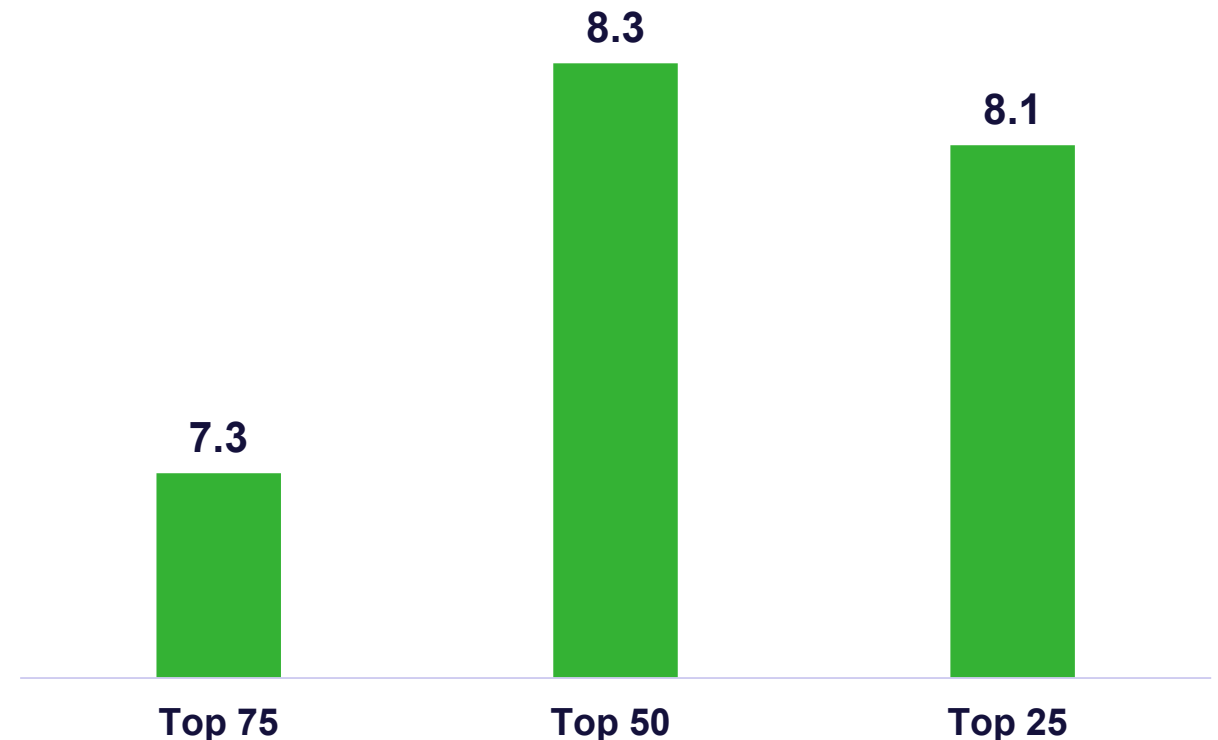
246
TOTAL # OF
ADVERTISERS¹

29%
GROWTH
YEAR-OVER-YEAR

Long-Standing Customer Relationships

Top Customer Tenure

(YEARS)



Strong Fourth Quarter and Full Year 2022

Q4 2022

Total Revenue

\$133.6
MILLION

Adj. EBITDA

\$48.9
MILLION

+27%
GROWTH¹

37%
MARGINS²

Twelve Months Ended 12.31.2022

Total Revenue

\$452.4
MILLION

Adj. EBITDA

\$141.6
MILLION

+36%
GROWTH¹

31%
MARGINS²

Q4 2022 Revenue Growth Drivers

Key Drivers

Q4 '22 TOTAL REVENUE GROWTH OF 27%



Authentic Brand Suitability



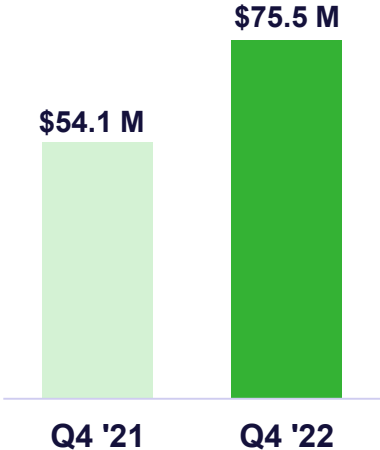
Core Programmatic Products



New Client Growth

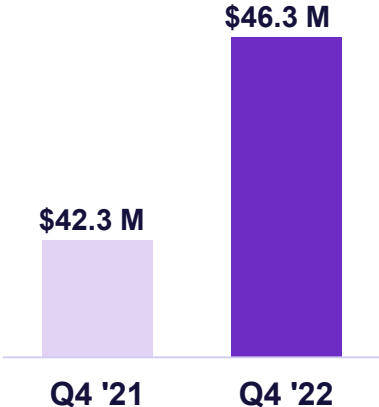
Activation

+40%
year-over-year growth



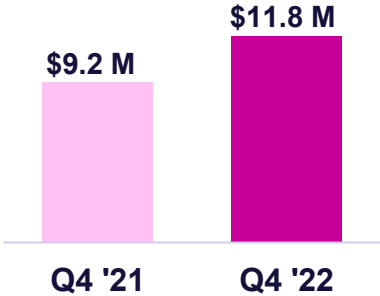
Measurement

+10%
year-over-year growth



Supply-Side

+29%
year-over-year growth



FY 2022 Revenue Growth Drivers

Key Drivers

FY '22 TOTAL REVENUE GROWTH OF 36%



Authentic Brand Suitability



Core Programmatic Products



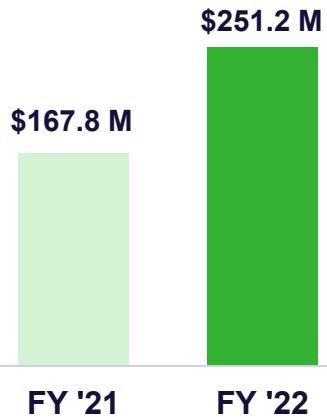
New Client Growth

Activation

~55% of Total Revenue

+50%

year-over-year growth

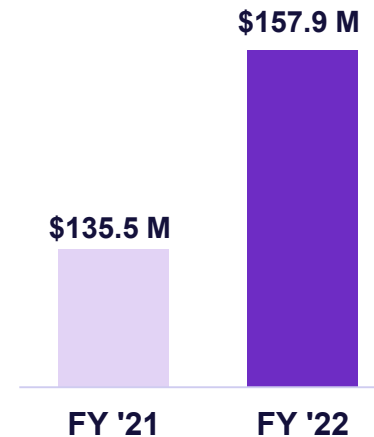


Measurement

~35% of Total Revenue

+17%

year-over-year growth

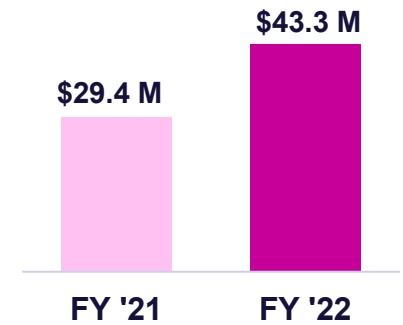


Supply-Side

~10% of Total Revenue

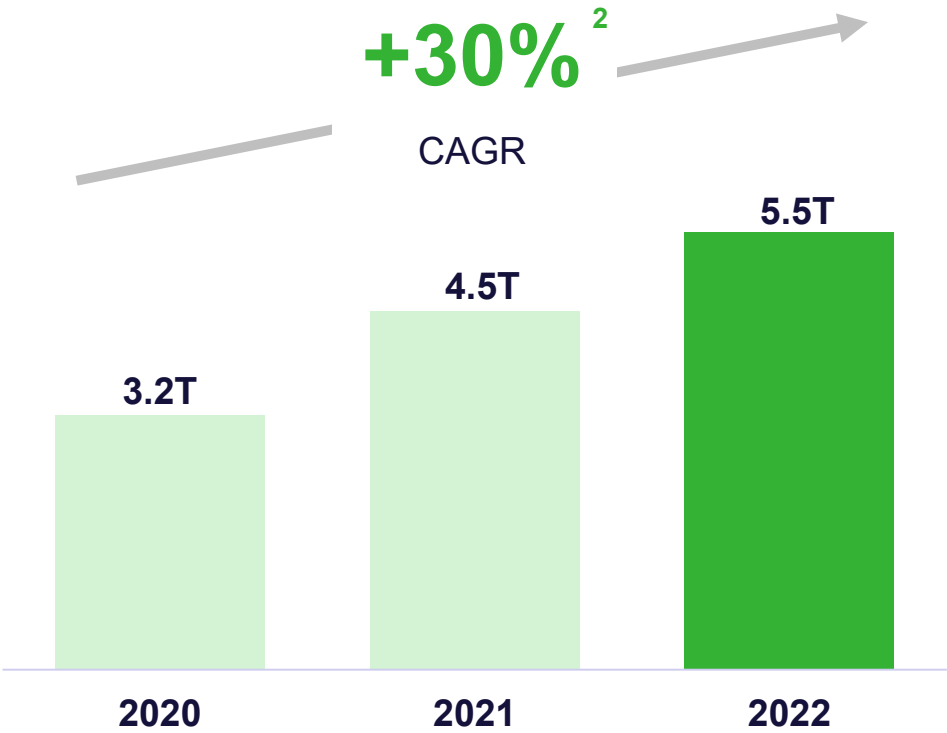
+47%

year-over-year growth

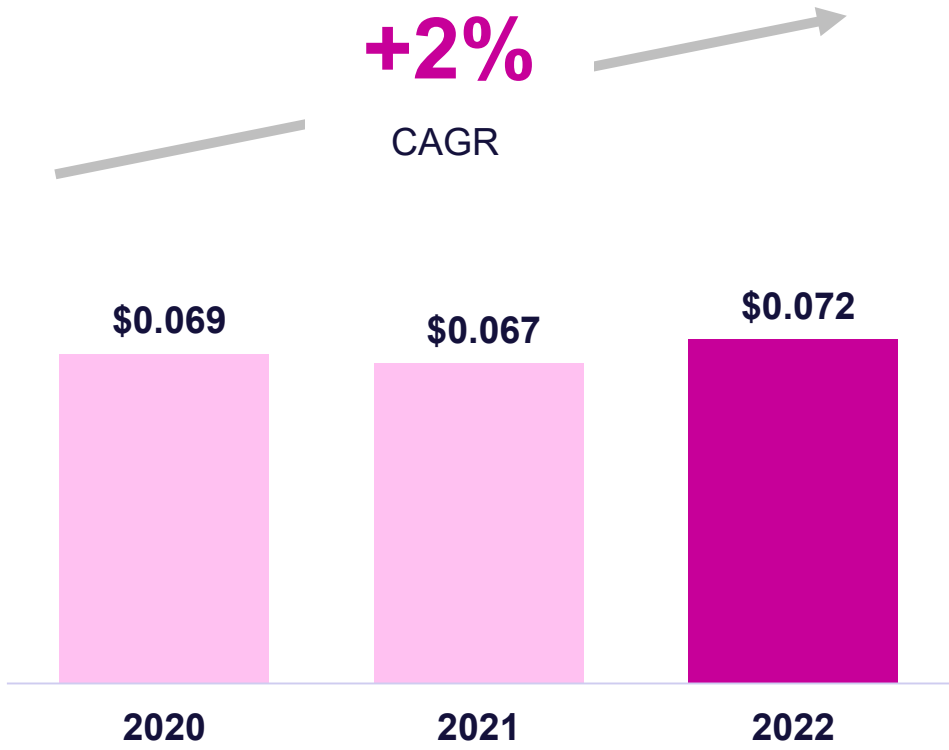


Volume Driven Revenue Growth

Media Transactions Measured (MTM)¹



Measured Transaction Fees (MTF)¹



1. Excludes the impact of recent acquisitions
2. The 30% CAGR is calculated on actuals not rounded numbers

FY 2023 Guidance

Q1 2023 Guidance

Revenue

\$117 M - \$119 M

Low-end

High-end

+22%
year-over-year
growth at the
midpoint

Adjusted EBITDA

\$28 M - \$30 M

Low-end

High-end

25%
Margin at the
midpoint

FY 2023 Guidance

Revenue

\$550 M - \$564 M

Low-end

High-end

+23%
year-over-year
growth at the
midpoint

Adjusted EBITDA

\$164 M - \$172 M

Low-end

High-end

30%
Margin at the
midpoint

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.
- **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.
- **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.
- **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 December 31,		Full Year Ended December 31,	
	2022	2021	2022	2021
	(In Thousands)		(In Thousands)	
Net income	\$ 18,068	\$ 28,308	\$ 43,268	\$ 29,308
Net income margin	14%	27%	10%	9%
Depreciation and amortization	8,882	8,296	34,328	30,285
Stock-based compensation	11,083	9,787	42,307	21,887
Interest expense	224	237	905	1,172
Income tax expense (benefit)	11,979	(11,848)	16,100	(3,487)
M&A and restructuring costs (a)	5	2,382	1,224	3,510
Offering, IPO readiness and secondary offering costs (b)	566	1,099	1,292	23,564
Other (recoveries) costs (c)	(245)	2,825	3,414	3,812
Other income	(1,671)	(674)	(1,249)	(309)
Adjusted EBITDA	\$ 48,891	\$ 40,412	\$ 141,589	\$ 109,742
Adjusted EBITDA margin	37%	38%	31%	33%

Non-GAAP Financial Measures Reconciliation

- a) M&A and restructuring costs for the year ended December 31, 2022 consist of transaction costs, integration and restructuring costs related to the acquisition of OpenSlate. M&A costs for the year ended December 31, 2021 consist of transaction and integration costs related to the acquisition of Meetrics and OpenSlate as well as associated restructuring costs and related activities.
- b) Offering, IPO readiness and secondary offering costs for the year ended December 31, 2022 consist of third-party costs incurred for the Company's filing of a "shelf" registration statement on Form S-3, and costs incurred for an underwritten secondary public offering by certain stockholders of the Company. Offering, IPO readiness and secondary offering costs for the year ended December 31, 2021 consist of third-party costs incurred for the Company's IPO, and costs for an underwritten secondary public offering by certain stockholders of the Company.
- c) Other costs for the year ended December 31, 2022 consist of costs related to the departures of the Company's former Chief Operating Officer and Chief Customer Officer, impairment related to a subleased office space and costs related to the disposal of furniture for unoccupied lease office space, partially offset by sublease income for lease office space. Other costs for the year ended December 31, 2021 include reimbursements paid to Providence for costs incurred prior to the IPO date, non-recurring recognition of a cease-use liability related to unoccupied lease office space, and costs associated with the early termination of the agreement for the Zentrick Deferred Payment Terms, previously disclosed as a contingency.
- d) Other income for the years ended December 31, 2022 and 2021 consists of interest income earned on monetary assets, changes in fair value associated with contingent consideration, 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 the core business operations of the Company. 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 the core operating performance of the Company.

Full Year and First Quarter 2023 Adjusted EBITDA Guidance

With respect to the Company's expectations under "Full Year 2023 and First Quarter 2023 Guidance", the Company has not reconciled the non-GAAP measure of Adjusted EBITDA to the GAAP measure net income in this press release because the Company does not provide guidance for stock-based compensation expense, 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.