



# Q1 2023 Earnings Call

May 10, 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 Focus Areas



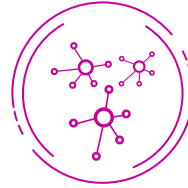
**Launching** Innovative Outcome-Driving Products

Launched **CTV Viewability** verification solution

Launched **Authentic Direct** and **Campaign Automator**

Launched **DV Universal Attention Segments** (pre-bid Attention Activation)

Rolled out **Pinnacle 2.0** to our advertiser clients



**Scaling** Core Verification Solutions

Expanded **Twitter** Brand Safety & Suitability

Launched verification on **Netflix**

Expanded brand safety solutions as Badged Measurement Partner on **TikTok**



**Expanding** Partnerships with Advertisers and Platforms

Drove global market share growth through **product upsells, international expansion** and **new enterprise logo wins**

# Q1 2023 Revenue Growth Drivers

## Key Drivers

Q1 '23 TOTAL REVENUE GROWTH OF 27%



Authentic Brand Suitability



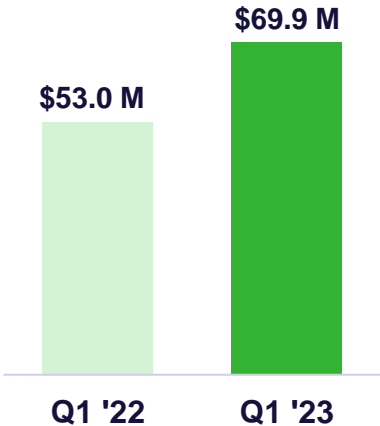
Social measurement



New Client Growth

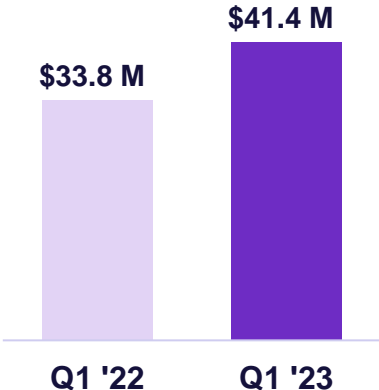
## Activation

**+32%**  
year-over-year growth



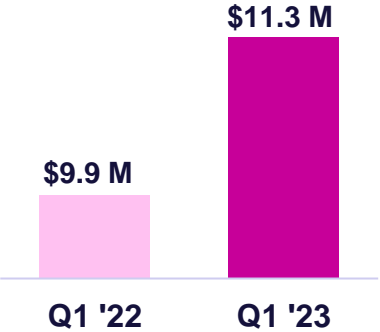
## Measurement

**+22%**  
year-over-year growth



## Supply-Side

**+15%**  
year-over-year growth

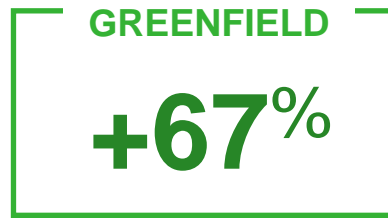


# Customer Wins and KPIs

## Key New Business Wins



Select New logos



Notable Expansions



## Key Performance Indicators

**+65**

### New Social Activation Customers

New social activation customers since launching our pre-campaign social activation solutions in 2022

**+60**

### New EMEA Customers

New measurement customers in EMEA since Q4 2021

**+31%**

### Increase in # of Large Advertisers

y/y growth in the total number of advertisers generating >\$200K on a trailing twelve-month basis

**+95%**

### High Customer Retention

Gross revenue retention (GRR)

# Three Key Differentiators

Scale		Innovation	Trust
<b>+33%</b>	<b>SOCIAL</b> measurement volumes	Proprietary Data Science powers DV's <b>AI and ML</b>	<b>Comprehensive</b> suite of <b>accreditations</b>
<b>+39%</b>	<b>CTV</b> measurement volumes	Launched <b>DV Universal Attention Segments</b> (pre-bid Attention Activation)	Ranked in the <b>top 1%</b> of all data providers scored by <b>Neutronian</b> in their transparency ratings
<b>N</b>	<b>LAUNCHED</b> viewability + fraud measurement	Launched <b>Campaign Automator Pinnacle 2.0</b>	New fraud schemes detected and mitigated by DV <b>more than doubled over the last two years</b>
<b>+26%</b>	<b>INTERNATIONAL</b> measurement revenue growth	<b>Authentic Brand Suitability</b> grew 56% year-over-year	Published DV's <b>first Impact Report</b>

# Q1 2023 Financial Highlights

**\$123**  
MILLION

Total  
Revenue

**27%**  
GROWTH

Total Revenue  
Growth

**\$21**  
MILLION

Net Cash from  
Operating Activities

**\$36**  
MILLION

Adjusted  
EBITDA

**29%**  
MARGIN

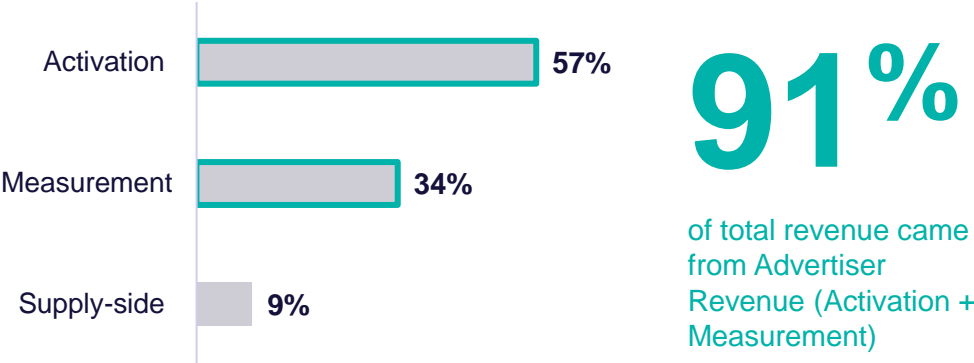
Adjusted EBITDA  
Margin

**\$0**  
DEBT

No long-term  
debt

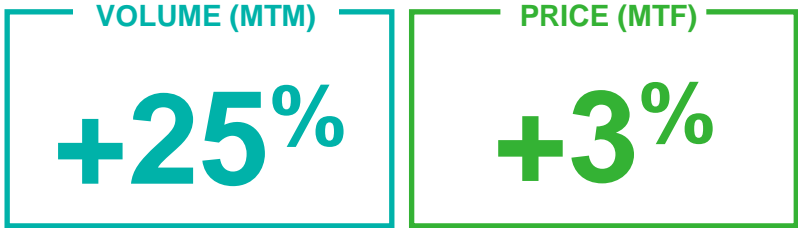
# Q1 2023 Revenue Growth Drivers

## Business Line Contribution to Total Revenue



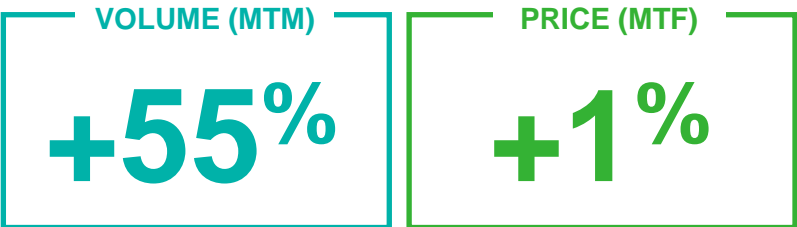
## Advertiser Revenue Growth Drivers

Q1 '23 ADVERTISER REVENUE GROWTH OF 28%



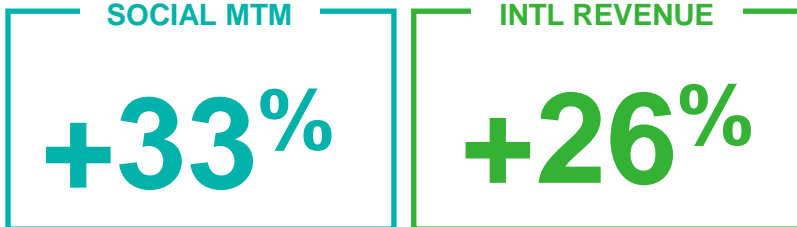
## Activation Driver: Authentic Brand Suitability

Q1 '23 ABS REVENUE GROWTH OF 56%



## Measurement Drivers: Social and International

Q1 '23 MEASUREMENT REVENUE GROWTH OF 22%





# Q2 & FY 2023 Guidance

## Q2 2023 Guidance

### Revenue

**\$131 M - \$135 M**

Low-end

High-end

**+21%**  
year-over-year  
growth at the  
midpoint

### Adjusted EBITDA

**\$37 M - \$39 M**

Low-end

High-end

**29%**  
Margin at the  
midpoint

## FY 2023 Guidance

### Revenue

**\$557 M - \$569 M**

Low-end

High-end

**+24%**  
year-over-year  
growth at the  
midpoint

### Adjusted EBITDA

**\$171 M - \$179 M**

Low-end

High-end

**31%**  
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.
- **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 March 31,	
	2023	2022
	(In Thousands)	
Net income	\$ 12,175	\$ 4,579
Net income margin	10%	5%
Depreciation and amortization	8,983	9,040
Stock-based compensation	11,813	10,994
Interest expense	256	232
Income tax expense (benefit)	5,507	(1,998)
M&A and restructuring costs (a)	-	653
Offering, IPO readiness and secondary offering costs (b)	187	-
Other (recoveries) costs (c)	(267)	1,197
Other income	(2,734)	46
Adjusted EBITDA	\$ 35,920	\$ 24,743
Adjusted EBITDA margin	29%	26%

# Non-GAAP Financial Measures Reconciliation

- a) M&A and restructuring costs for the three months ended March 31, 2022 consist of transaction costs, integration and restructuring costs related to the acquisition of OpenSlate.
- b) Offering, IPO readiness and secondary offering costs for the three months ended March 31, 2023 consist of third-party costs incurred for an underwritten secondary public offering by certain stockholders of the Company.
- c) Other (recoveries) costs for the three months ended March 31, 2023 consist of sublease income for leased office space. For the three months ended March 31, 2022, other costs consist of costs related to the departures of the Company's former Chief Operating Officer and Chief Customer Officer, and of costs related to the disposal of furniture for an unoccupied leased office space.
- d) Other (income) expense for the three months ended March 31, 2023 and March 31, 2022 consist of interest income earned on interest-bearing monetary assets, and of 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.

## 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 presentation 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.