



Q3 2021 Earnings Call

November 9, 2021

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.

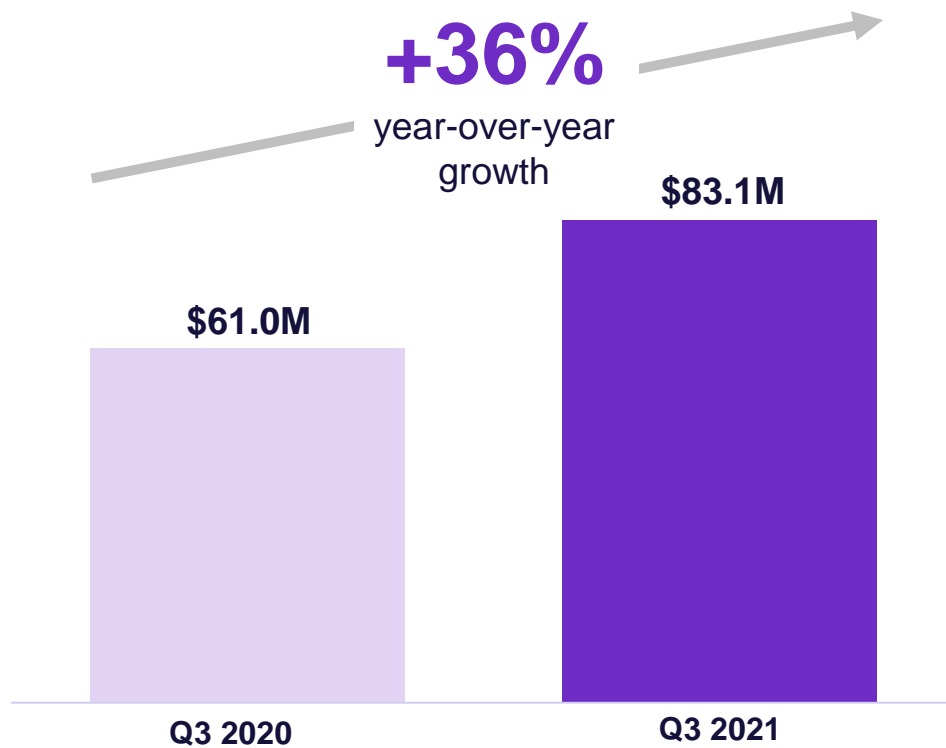
We cannot assure you that the assumptions made in preparing any of the forward-looking statements will prove accurate or that any long-term financial or operational goals or targets will be realized. For a discussion of some of the risks, uncertainties and other factors that could cause the Company’s 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” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” sections in the Company’s 10-Q filed with the SEC on November 9, 2021.

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.

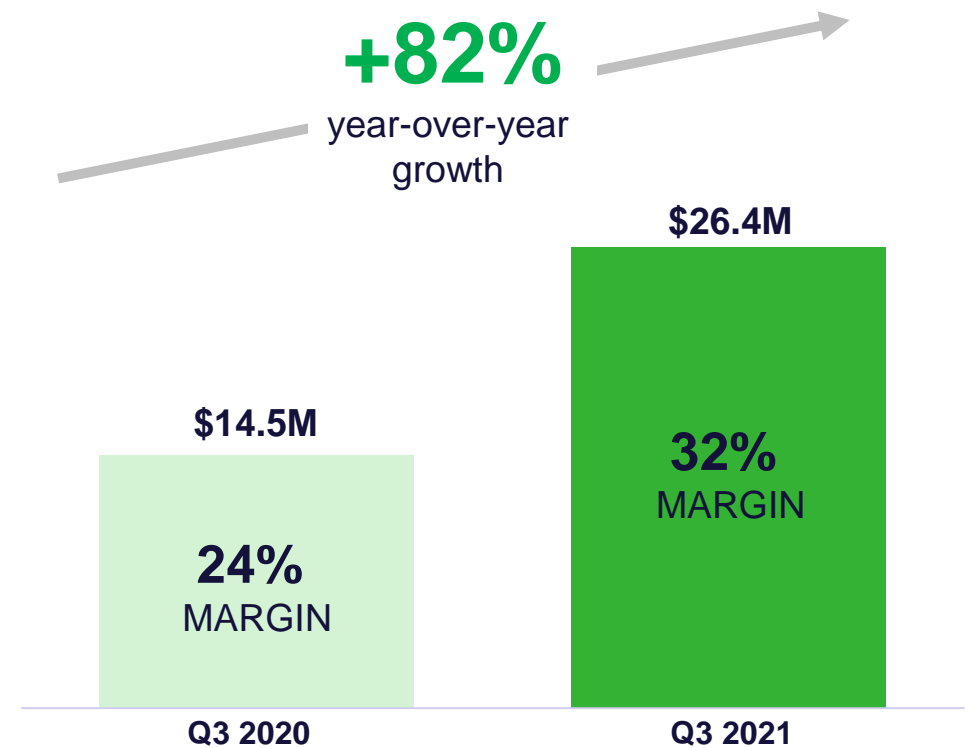
In addition, this presentation contains industry and market data and forecasts that are based on our analysis of multiple sources, including publicly available information, industry publications and surveys, reports from government agencies, reports by market research firms and consultants and our own 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.

Strong Third Quarter Results

Total Revenue Growth



Adjusted EBITDA Growth and Margin



Broad-based Third Quarter Revenue Growth

Key Drivers

3Q '21 TOTAL REVENUE GROWTH OF 36%



Authentic Brand Suitability



Social



CTV

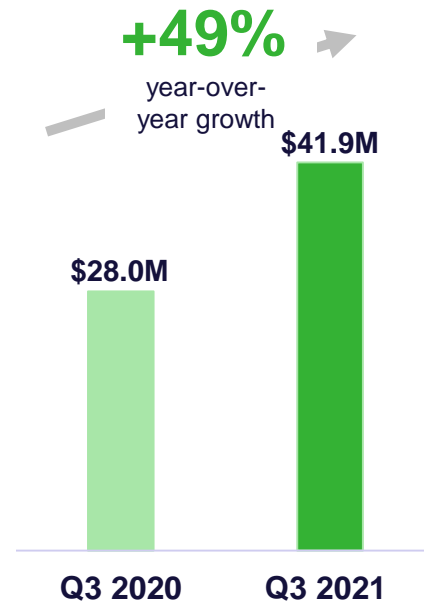


Global Expansion

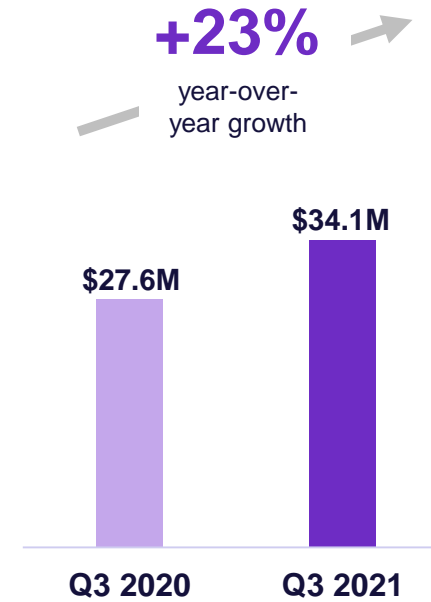


New Partnerships

Programmatic



Direct



Supply Side



Strong YTD (Nine Months) 2021 Performance

YTD Revenue

+37%

year-over-year
growth

\$67.6M

Q1 2021

\$76.5M

Q2 2021

\$83.1M

Q3 2021

YTD Adj. EBITDA

+52%

year-over-year
growth

\$21.7M

Q1 2021

\$21.2M

Q2 2021

\$26.4M

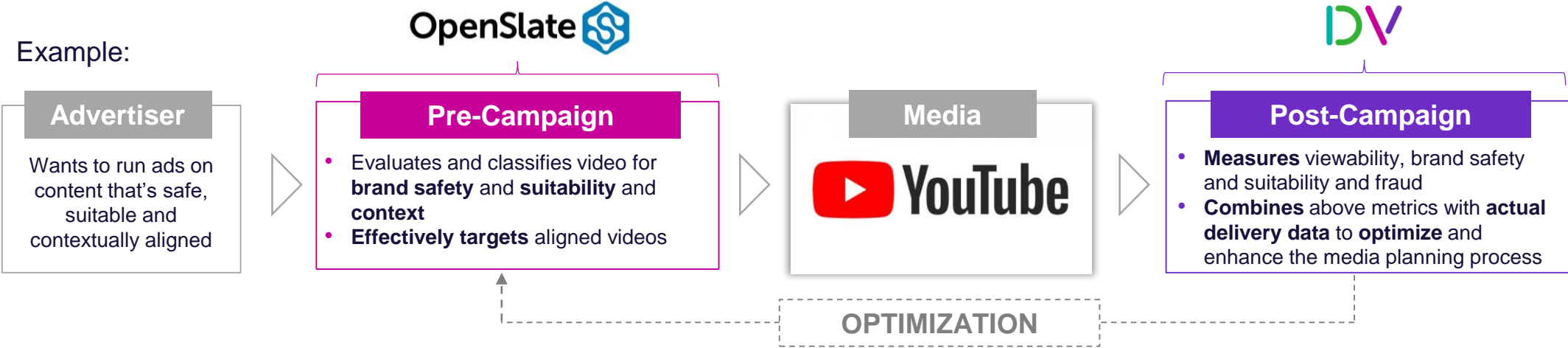
Q3 2021

Expanding CTV/Social Leadership with OpenSlate

1 Expands Product Leadership in CTV and Social

Will integrate **pre-campaign planning tools** with **post campaign measurement**, allowing advertisers to seamlessly optimize and drive better outcomes:

Example:



2 Deepens coverage on relevant channels



3 Shares our principles



Independent, objective, unbiased.



Privacy-centric. Does not use cookies or any other persistent tracking technologies to deliver the service.

Expanding EMEA Footprint with Meetrics

Meetrics provides DV with:

A strong operating platform and **experienced sales, product and engineering teams.**

18

Engineering
& Product
Headcount

16

Client Services and
Sales & Marketing
Headcount

The opportunity to **scale existing customer relationships** through access to DV's **global** capabilities.

80+

Customers

23

Countries in Europe

Key Growth Drivers Continued to Deliver

Advertiser Programmatic



Authentic Brand Suitability

+64% year-over-year revenue growth in the third quarter



DV Custom Contextual™

+60% sequential (Q3 vs. Q2 2021) increase in the number of advertisers regularly using DV Custom Contextual

Advertiser Direct



Social

+83% year-over-year volume growth in the third quarter



CTV

+41% year-over-year volume growth in the third quarter



International

+60% year-over-year revenue growth in the third quarter

Reiterating FY 2021 Guidance

Q4 2021 Guidance

Revenue

\$98M - \$103M

Low-end

High-end

+28%

year-over-year
growth at the
midpoint

Adjusted EBITDA

\$34M - \$36M

Low-end

High-end

+27%

year-over-year
growth at the
midpoint

FY 2021 Guidance

Revenue

\$325M - \$330M

Low-end

High-end

+34%

year-over-year
growth at the
midpoint

Adjusted EBITDA

\$103M - \$105M

Low-end

High-end

+42%

year-over-year
growth at the
midpoint

Key Business Terms

Advertiser Direct 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.

Advertiser Programmatic revenue is generated from the evaluation, verification and measurement of advertising impressions purchased through programmatic demand-side 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.

Non-GAAP Financial Measures Reconciliation

	Three Months Ended Sept 30,		Nine Months Ended Sept 30,	
	2021	2020	2021	2020
	(In Thousands)		(In Thousands)	
Net income	\$ 7,924	\$ 5,805	\$ 1,000	\$ 12,323
Net income margin	10%	10%	0%	7%
Depreciation and amortization	7,492	6,087	21,989	18,167
Stock-based compensation	4,848	1,619	12,100	3,561
Interest expense	249	858	936	2,958
Income tax expense (benefit)	3,270	(1,376)	8,361	1,975
M&A costs (recoveries) (a)	1,079	(25)	1,128	198
Offering costs and IPO readiness costs (b)	318	768	22,465	2,995
Other costs (c)	878	307	987	3,031
Other expense (d)	365	481	365	359
Adjusted EBITDA	<u>\$ 26,423</u>	<u>\$ 14,524</u>	<u>69,331</u>	<u>45,567</u>
Adjusted EBITDA Margin	32%	24%	31%	28%

Non-GAAP Financial Measures Reconciliation

- (a) M&A costs (recoveries) for the three and nine months ended September 30, 2021 consist of transaction costs related to the acquisition of Meetrics and other deferred compensation costs related to acquisitions. M&A costs for the three and nine months ended September 30, 2020 consist of deferred compensation costs related to acquisitions.
- (b) Offering costs and IPO readiness costs for the three and nine months ended September 30, 2021 and 2020 consist of third-party costs incurred in preparation and completion for our IPO and other transaction related expenses.
- (c) Other costs for the three and nine months ended September 30, 2021 consist of reimbursements paid to Providence for costs incurred prior to the IPO date and non-recurring recognition of a cease-use liability related to unoccupied leased office space. For the three and nine months ended September 30, 2020, other costs include reimbursements paid to Providence as well as costs related to the departure of our former Chief Executive Officer, and third-party costs incurred in response to investigating and remediating certain IT/cybersecurity matters that occurred in March 2020.
- (d) Other expense for the three and nine months ended September 30, 2021 and 2020 consists of changes in fair value associated with contingent considerations and the impact of foreign currency transaction gains and losses associated with monetary assets and liabilities

Fourth Quarter and Full Year Adjusted EBITDA Guidance

With respect to the Company's expectations regarding "Fourth Quarter and Full Year 2021 Guidance", 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 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.