

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2025

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number: 001-39748

PUBMATIC, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

20-5863224

(I.R.S. Employer Identification Number)

Not applicable

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
Class A common stock, \$0.0001 par value per share	PUBM	The Nasdaq Global Market

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the Registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input checked="" type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b).

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

The aggregate market value of common equity held by non-affiliates of the registrant as of June 30, 2025, based on the closing sales price for the registrant's Class A common stock as of the last business day of the registrant's most recently completed second fiscal quarter, as reported on the Nasdaq Global Market, was approximately \$458.3 million. As of February 19, 2026, there were 39,142,185 shares of the registrant's Class A common stock outstanding and 8,263,239 shares of the registrant's Class B common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's proxy statement for its 2025 annual meeting of stockholders are incorporated herein by reference in Part III of this Annual Report on Form 10-K to the extent stated herein. Such proxy statement will be filed with the Securities and Exchange Commission within 120 days of the registrant's fiscal year ended December 31, 2025.

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K, including the section entitled “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” contains forward-looking statements. The words “believe,” “may,” “will,” “potentially,” “estimate,” “continue,” “anticipate,” “intend,” “could,” “would,” “project,” “plan,” “expect,” “in the future,” and similar expressions that convey uncertainty of future events or outcomes are intended to identify forward-looking statements.

Forward-looking statements include, but are not limited to, statements about:

- our future financial and operating results;
- our ability to maintain our growth and profitability;
- our ability to attract and retain publishers and expand the utilization of our buyers;
- our ability to maintain a consistent supply of quality advertising inventory;
- our ability to maintain our competitive technological advantages against competitors in our industry;
- our expectations concerning the advertising industry, including the impact of macroeconomic conditions, inflation and fluctuating interest rates;
- our ability to introduce new offerings and bring them to market in a timely manner;
- our ability to maintain, protect, and enhance our brand and intellectual property;
- our ability to continue to expand internationally;
- our expectations concerning relationships with third parties;
- retail and commerce media participants using our platform for onsite monetization today and offsite monetization in the future;
- future acquisitions of or investments in complementary companies or technologies; and
- our ability to comply with evolving legal and industry standards and regulations, particularly concerning data protection and consumer privacy.

These forward-looking statements are subject to a number of risks, uncertainties and assumptions, including those described in “Risk Factors” and elsewhere in this Annual Report on Form 10-K. Moreover, we operate in a very competitive and rapidly changing environment, and new risks emerge from time to time. It is not possible to predict all risks, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements we may make. In light of these risks, uncertainties, and assumptions, the forward-looking events and circumstances discussed in this Annual Report on Form 10-K may not occur and actual results could differ materially and adversely from those anticipated or implied in the forward-looking statements.

You should not rely upon forward-looking statements as predictions of future events. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee that the future results, performance, or events and circumstances reflected in the forward-looking statements will be achieved or occur. We undertake no obligation to update publicly any forward-looking statements for any reason after the date of this Annual Report on Form 10-K to conform these statements to actual results or to changes in our expectations, except as required by law. You should read this Annual Report on Form 10-K and the documents that we reference in this Annual Report on Form 10-K and have filed with the Securities and Exchange Commission (the “SEC”), with the understanding that our actual future results, performance, and circumstances may be materially different from what we expect.

Unless otherwise indicated, the terms “PubMatic,” “we,” “us,” and “our” refer to PubMatic, Inc. and our consolidated subsidiaries.

MARKET AND INDUSTRY DATA

Unless otherwise indicated, information contained in this Annual Report on Form 10-K concerning our industry and the markets in which we operate is based on information we obtained from industry publications and third-party research, surveys and studies, as well as assumptions that we have made that are based on that data and on our knowledge of the markets for our products and services. This information involves important assumptions and limitations, and are necessarily subject to a high degree of uncertainty and risk due to a variety of factors, including those described in “Risk Factors” and elsewhere in this Annual Report on Form 10-K.

This Annual Report on Form 10-K contains our trade names, trademarks, and service marks, including the PubMatic name and logo, and all product names. This Annual Report on Form 10-K may also contain the trade names, trademarks, and service marks of other companies. We do not intend our use or display of other companies’ trade names, trademarks, or service marks to imply a relationship with these other companies, or endorsement or sponsorship of us by these other companies. Other trademarks appearing in this Annual Report on Form 10-K are the property of their respective holders.

SUMMARY OF RISK FACTORS

The following is a summary of the principal risks described below in Part I, Item 1A “Risk Factors” in this Annual Report on Form 10-K. We believe that the risks described in the “Risk Factors” section are material to investors, but other factors not presently known to us or that we currently believe are immaterial may also adversely affect us. The following summary should not be considered an exhaustive summary of the material risks facing us, and it should be read in conjunction with the “Risk Factors” section and the other information contained in this Annual Report on Form 10-K.

- Our revenue and results of operations are highly dependent on the overall demand for advertising.
- If our existing customers do not expand their usage of our platform, or if we fail to attract new customers, our growth will suffer. Moreover, any decrease in the use of the advertising channels or formats that we primarily depend on, or failure to expand into emerging channels or formats, could adversely affect our business, results of operations, and financial condition.
- Our results of operations may fluctuate significantly and may not meet our expectations or those of securities analysts and investors.
- If we fail to make the right investment decisions in our platform, or if we fail to innovate and develop new solutions that are adopted by customers, we may not attract and retain customers, which could adversely affect our business, results of operations, and financial condition.
- Our increasing reliance on artificial intelligence to operate our platform and differentiate our offerings creates new operational, competitive, and execution risks that may be difficult to predict or manage.
- The adoption of artificial intelligence by our customers, competitors, and other market participants may alter the competitive dynamics of the digital advertising ecosystem in ways that reduce demand for our platform or diminish our competitive position.
- We must scale our platform infrastructure to support anticipated growth and transaction volume. If we fail to do so, or doing so becomes too costly, we may limit our ability to process ad impressions, and we may lose revenue.
- Our efforts to provide new or expanded offerings may not be successful, or we may not be able to scale our offerings to meet demand in a timely manner, and, as a result, we may not realize a return from our investments.
- Our litigation with Google LLC presents several risks to our business that could adversely affect our business, results of operations and financial condition.
- The rejection of targeted advertising by consumers, through opt-in, opt-out or ad-blocking technologies or other means or the restriction on the use of third party-cookies, mobile advertising identifiers or other tracking technologies, could adversely affect our business, results of operations, and financial condition.
- The continued restriction, reduced utility, or future deprecation of tracking technologies, or the potential development of proprietary or closed alternatives to cookies, could adversely affect our business, results of operations, and financial condition.
- Our business depends on the lawful availability and utility of data signals used to enable advertising transactions, support analytics, optimization, and automation features, including those incorporating machine-learning or artificial-intelligence-based functionality, and any limitations on our ability to collect, process, or share such data could diminish the value of our platform and our financial results.
- If publishers, buyers, and data providers do not obtain necessary and requisite consents from consumers for us to process their personal data, we could be subject to fines and liability.
- Privacy-related class-action litigation poses increasing financial and operational risk.
- The digital advertising industry is intensely competitive, and if we do not effectively compete against current and future competitors, our business, results of operations, and financial condition could be adversely affected.
- Market pressure may reduce our revenues.
- Seasonal fluctuations or market changes in digital advertising activity could adversely affect our business, results of operations, and financial condition.
- If changes in ad formats, delivery mechanisms, or platform policies prevent advertisements from being delivered to consumers, our business, results of operations, and financial condition may be adversely affected.
- If we fail to detect or prevent fraud on our platform, or malware intrusion into the systems or devices of our publishers and their consumers, publishers could lose confidence in our platform, and we could face legal claims.
- Our success depends on our ability to retain key members of our management team, and on our ability to hire, train, retain, and motivate new employees.

- We are subject to payment-related risks if demand-side platform (“DSP”) buyers dispute or do not pay their invoices, and if DSPs file for bankruptcy protection or there are any decreases in payments, it could adversely affect our reputation, business, results of operations, and financial condition.
- Our international operations subject us to additional costs and risks, and our continued international expansion may not be successful.
- Our use and reliance upon technology and development resources in India may expose us to unanticipated costs and liabilities, which could affect our ability to realize cost savings from our operations in India.
- We depend on third-party data centers, the disruption of which could adversely affect our business, results of operations, and financial condition.
- Platform outages or disruptions, including due to cyberattacks or our failure to maintain adequate security and supporting infrastructure, could adversely affect our business, results of operations, and financial condition.
- Our software platform could be susceptible to errors, defects, or unintended performance problems that could adversely affect our business, results of operations, and financial condition.
- Our continued business success depends upon our ability to offer high-quality inventory with appropriate viewability capabilities.
- Future acquisitions or strategic investments could be difficult to identify and integrate, divert the attention of management, and could disrupt our business, dilute stockholder value and adversely affect our business, results of operations, and financial condition.
- We rely on customers, publishers, buyers, and partners to abide by contractual requirements and relevant laws, rules, and regulations when using our platform, and legal claims or enforcement actions resulting from their actions could expose us to liabilities, damage our reputation, and be costly to defend.
- We use artificial intelligence in our business, and challenges with properly managing its use could result in reputational harm, competitive harm, and legal liability, and adversely affect our results of operations.
- We are subject to frequently evolving laws, regulations and industry requirements related to data privacy, data protection, information security, and consumer protection across the markets we operate in.
- Legal uncertainty and industry unpreparedness for new regulations may mean substantial disruption and inefficiency, demand constraints, and reduced inventory supply and value.
- Recent legal developments in Europe have introduced uncertainty for transferring personal data from the European Union to the United States, which may require us to change our EU data practices.
- Our failure or the failure of third parties to protect our sites, networks and systems against security breaches, or otherwise to protect our confidential information, could damage our reputation and brand and substantially harm our business and operating results.
- We may be subject to intellectual property rights claims by third parties, which are costly to defend, could require us to pay significant damages, and could limit our ability to use technology or intellectual property.
- Our intellectual property rights may be difficult to enforce and protect, which could enable others to copy or use aspects of our technology without compensating us, thereby eroding our competitive advantages and having an adverse effect on our business, results of operations, and financial condition.
- We rely on licenses to use the intellectual property rights of third parties to conduct our business.
- Our platform relies on third-party open source software components. Failure to comply with the terms of the underlying open source software licenses could expose us to liabilities, and the combination of open source software with code that we develop could compromise the proprietary nature of our platform.
- If we fail to maintain effective internal controls, our ability to produce accurate financial statements and other disclosures on a timely basis could be impaired.
- Our credit agreement contains operating and financial covenants that may restrict our business and financing activities.
- The trading price of the shares of our Class A common stock has been and may continue to be volatile and could subject us to litigation.
- Insiders have substantial control over our company, including as a result of the dual class structure of our common stock, which could limit or preclude investors’ ability to influence corporate matters, including the election of directors and the approval of any change of control transaction.

PART I

ITEM 1. BUSINESS

Overview

PubMatic, Inc. (“we”, or “us) is an independent, artificial intelligence-powered advertising technology company that delivers digital advertising performance. Our mission is to fuel the endless potential of Internet content creators and to enable a thriving, advertisement-funded digital ecosystem where global audiences can gain free or affordable access to information and entertainment.

Our integrated technology platform connects buyers, publishers, data providers, and commerce media networks on a single, unified platform, to deliver advertising performance, control, transparency and efficiency. Our platform empowers the world’s leading digital content creators (which we collectively refer to as “publishers”) to maximize monetization of their advertising inventory and audiences and provides control and transparency to buyers, which includes advertisers, agencies, agency trading desks, and demand side platforms (“DSPs”), which we collectively refer to as “buyers”.

Our Industry

The digital advertising ecosystem continues to evolve and adapt at a rapid pace. Some key industry trends include:

Continued Growth of Digital Media Across Multiple Platforms: Consumers have dramatically increased the amount of time they spend online, on mobile devices, or watching content through connected television, or CTV. To better reach consumers, media spend continues to shift to digital formats across every media channel and device.

Consolidation and Convergence of the Digital Advertising Supply Chain: As advertisers increase the percentage of their overall advertising budgets spent on digital formats, they are increasingly demanding greater efficiency and control of their entire digital advertising supply chain. This desire for efficiency and control has led to a growing trend among advertisers to establish direct relationships with vendors in the digital advertising ecosystem that have transparent business practices and technical capabilities to meet their objectives. Additionally, buyers are increasingly interested in adopting integrated solutions on one platform that provides both demand side and sell side functionality. This has resulted in a larger portion of media spend consolidating onto fewer, more capable technology platforms.

Increased Focus on Performance Driven Media: As spend shifts to digital formats, media budgets are further consolidating around measurable, outcome-based media. As a result, spend is shifting towards media channels where authenticated audiences, rich first-party data, commerce transactions, and deeper engagement enable more durable and measurable monetization. These media channels include:

- CTV and premium video,
- Retail and commerce media, which leverages authenticated users and closed-loop attribution tied to transaction data, and
- Applications designed specifically for mobile devices (e.g., mobile apps) and emerging AI-native environments that offer richer signals and higher-quality engagement than traditional browser-based surfaces.

These channels emphasize outcome measurement, closed-loop attribution, high quality supply, and curated transaction paths, reflecting the industry’s migration away from the traditional browser-based model.

Automation and Data Processing: As consumers increasingly engage with digital media, and as advertisers bid on a growing array of ad formats and impressions, an immense amount of data is generated. Additionally, we see a shift toward increased automation and AI-driven data processing as media consumption fragments across platforms, devices, and formats. The growth of programmatic advertising, real-time bidding, header bidding, retail media, and CTV has materially increased the volume, velocity, and complexity of data generated across the advertising supply chain.

As a result, the ability to rapidly process and act on large, diverse data sets has become foundational to effective participation in the digital advertising ecosystem while also prioritizing efficiency and user experience. Machine learning and AI have become critical to enabling this automation and increasingly power pricing, yield optimization, demand allocation, fraud detection, and performance measurement. Platforms that embed intelligent automation and AI into their core infrastructure are better positioned to scale efficiently, manage rising transaction volumes, and control unit economics, while supporting increasingly complex advertising workflows.

Data Privacy and Regulatory Challenges: There continues to be an increasing awareness of how digital user data is being leveraged to target ads, resulting in the continued expansion of privacy laws and regulations. This expansion includes provisions for private right of action, resulting in an increase in class-action litigation involving digital advertising specifically. In addition to governmental actors, including legislatures and regulatory agencies at the national and state level, there have also been a growing number of consumer-focused non-profit organizations and commercial entities advocating for privacy rights. These laws and institutions enable consumers to assert their rights over the use of their digital data in advertising transactions, a trend which we support. Digital advertising as an industry must continue to adapt to these trends they are signals of what consumers tolerate in the wake of their digital footprint.

Our Digital Advertising Solutions

Our platform and suite of solutions serve four primary customer types:

- Publishers, primarily large omnichannel partners, across display, video, mobile web, app, and CTV,
- Buyers, including DSPs, agency holding companies, independent agencies, and advertisers, mostly for brand-oriented spend,
- Data partners and curators that leverage our platform for activation, measurement, and privacy-safe audience solutions, and
- Retail and commerce media participants using our platform for onsite monetization today and offsite monetization in the future.

Through these customers, we generate revenue from the use of our platform for the purchase and sale of digital advertising inventory and value-added features and functionality.

We primarily work with large publishers and app developers who allow us direct access to their ad inventory, as well as select channel partners that meet our quality and scale thresholds. Our channel partners aggregate and provide further access to thousands of sites and apps from smaller publishers. We generate revenue through fees charged to our publishers, which are generally a percentage of the value of the advertising impressions that publishers monetize on our platform.

We also generate revenues from new and add-on features and functionality, such as Connect, our solution that provides additional data and insights to buyers, Activate, which allows buyers to execute direct deals on our platform across our publisher inventory, and OpenWrap, our header bidding solution. These solutions, among many others, are sold separately from or in conjunction with use of our platform. We are also investing in AI products that are creating incremental revenue streams such as Intelligent Yield for publishers, which uses adaptive learning models to automate pricing and improve auction efficiency.

We continue to invest in new features for our existing solutions and emerging solutions such as our product Convert, our commerce media solution and AI-powered solutions for buyers and publishers.

To facilitate the sale of publisher inventory, we enter into written service agreements with our buyers, including DSPs, that allow them to use our platform to buy ad inventory. We also enter into supply path optimization (“SPO”) agreements directly with both advertisers and agencies through various arrangements to increase the volume of ad spend on our platform.

Our Competitive Advantage

Our ability to serve both sides of the transaction (both publisher and buyer), while maintaining independence and neutrality, provides us with a competitive advantage as the open web consolidates around the smaller number of scaled infrastructure providers.

Our AI-powered agentic buyer and publisher platforms provide agentic workflows that we believe drive significant operational efficiencies during discovery, planning, and activation phases. In addition, we believe through products like Intelligent Yield and AI Insights demonstrate that we are deploying AI in a manner that improves speed, performance, and outcomes faster than many of our competitors.

Publishers are actively seeking to maximize the value of their ad inventory, and buyers are seeking to increase advertising ROI. We believe that our specialized cloud platform, supported by rapid innovation, and transparent business model provide incentives to buyers to consolidate an increasing share of their total digital spend on our platform. At the same time, we believe our direct publisher relationships, omnichannel header bidding capabilities, global scale, emerging solutions, and access to incremental advertiser demand through direct relationships with buyers drive superior yield for publishers.

We believe the following strengths provide us with long-term competitive advantages:

Global, Omnichannel Reach: We are a global business with distributed critical infrastructure and a go-to-market presence in every major advertising market in the world outside of China. Many of our publishers have diversified businesses with media properties and audiences across the globe and with a wide variety of ad products, including display and video ads across desktop, tablet, mobile, and CTV devices. Similarly, many of our buyers have brand portfolios that span the globe with a variety of ad campaign requirements, from branding to performance, to combinations thereof. All of these parties actively seek global, omnichannel platform providers that can solve for their needs around the world and across ad formats and devices. Our offering is omnichannel and targets a diverse set of publishers touching many ad formats, and digital device types, including mobile app, mobile web, desktop, display, video, over-the-top video (“OTT”), CTV, and rich media. Due to the global, omnichannel reach of our infrastructure, we believe we are well positioned to help publishers and ad buyers make their advertising businesses more efficient and effective.

Customer Control and Partnership: Due to our status as an independent infrastructure provider prioritizing transparency, we can more closely align with both publishers and buyers. Unlike some of our competitors, we do not own media and therefore do not have a vested interest in driving ad revenue to specific media properties. We do not take a position in media or arbitrage media. Our customers can therefore be more confident that our algorithmic software decisions and our guidance are independent and unbiased. Our trusted status has enabled us to build direct relationships with publisher and buyers. Leveraging these relationships, we create bespoke products that meet our customers’ needs. Our ability to meet the demands of both buyers and inventory sellers enables us to produce superior outcomes for all industry participants.

Sustained Innovation of our Cloud Platform: Our specialized cloud platform enables real-time programmatic advertising transactions in a market characterized by significant data and impression volumes, regulatory complexity, and increased focus on transparency and privacy. We have maintained a demonstrated track record of stability and agility to address these regulatory and market conditions, and provide superior outcomes for both publishers and buyers. Additionally, our early adoption of AI in our platform and products is a defining advantage for us which we expect will grow over time.

Finally, we own and operate our proprietary software and hardware infrastructure around the world which saves significant costs and gives us the efficiencies, control, and independence compared to companies that rely on public cloud alternatives. As the sheer volume of data processed in digital advertising multiplies, these cost savings and efficiencies can be shared with our customers.

Growth Strategy

We believe we are positioned to benefit from tailwinds in the advertising industry, including the rapid proliferation of digital media, the need for purpose-built infrastructure to address the increasing complexity in the digital advertising landscape, the focus of buyers on performance driven media and increasing consumer time spent online. Our growth strategy includes:

Attract New Customers and Expand our Relationship with Existing Customers Globally: We constantly seek to acquire new customers and expand our relationships with existing publishers and buyers around the world. We invest in continued innovation based on an ever-changing market. We utilize customer feedback to help address the demands of publishers and buyers in order to maintain and improve our relationships with those customers. We continue to evaluate new markets with a strategy to use our existing global infrastructure and adjacent sales offices, or by expanding our infrastructure footprint and placing personnel directly in those markets.

Expansion of SPO Agreements and Activate: As advertisers and agencies increasingly consolidate their spending with fewer larger technology platforms, we seek to increase the proportion of their digital ad spending on our platform through direct relationships. We have entered into SPO agreements directly with both advertisers and agencies through various arrangements including custom data and workflow integrations, product features, and volume-based business terms. The effect of these SPO agreements is to increase the volume of ad spend on our platform without corresponding increases in technology costs. Additionally, we believe our Activate platform provides buyers with the transparency and reporting they demand and a more efficient, performance-based way to access publisher inventory.

Expansion of Video and Mobile: We see significant growth opportunities in both video and mobile as consumers shift more of their time online to mobile devices and online streaming services. For example, as streaming video continues to expand and ad-supported models become more prevalent, advertising budgets have shifted from linear television to CTV.

Accelerate Emerging Revenue Streams: As we grow our customer base and process increasing volumes of ad impressions and data, we gain insights into new challenges we can solve on behalf of our customers. We focus on creating new products that we believe address our customers’ needs, at times before the customer is aware of such need.

We will continue to invest in our go to market efforts to sell our emerging offerings such as Connect, Activate, and Convert, which drives new revenues streams, as well as our offerings such as Intelligent Yield and Access Membership.

Monetization Excellence: We strive to continuously improve publisher revenue and advertiser ROI by investing in our technology and improving our machine learning capabilities. We leverage our increasing artificial intelligence and machine learning capabilities, alongside our growing publisher and buyer relationships, to improve liquidity in our marketplace. Increasing numbers of ad impressions, increasing number of advertiser bids, and data proliferation provide us with many opportunities to better match sellers and buyers of ad inventory. We believe that improved matching will lead to the growth of our platform and greater publisher and buyer retention.

Infrastructure Platform Efficiency: We have a proven track record of improving data center infrastructure performance on a year-over-year basis. This metric reflects the full cost and operational complexity of running a programmatic digital advertising platform, not merely the cost of serving ad impressions. Our performance improvements account for shifts in workload mix, including processing fewer but higher-value impressions and supporting increasingly sophisticated use cases such as complex deal targeting, pacing, and optimization logic.

Additionally, we analyze the data on our platform through extensive application of AI technologies, including machine learning and increasingly Generative AI. By leveraging these capabilities, we are able to more cost effectively improve outcomes for our customers. For example, when our machine learning models predict that an impression will attract high bids, our algorithms provide pricing guidance to bidders in real time, which can lead to significant inventory yield improvements for publishers and higher win rates for ad buyers. Our ability to accurately predict and monetize high value impressions also allows us to operate more efficiently, due to the fact that the cost of processing low-value impressions and high-value impressions are approximately the same. Our algorithms, such as for traffic shaping, deploy a variety of means to optimize traffic sent to DSPs, agencies, and advertisers.

Regulatory Compliance: A rapidly expanding, evolving, and increasingly enforced set of global, federal, and state-level privacy, data protection, and consumer transparency and data governance laws and regulations has significantly increased the complexity, cost, and operational burden associated with the collection, use, processing, and transmission of data within the digital advertising ecosystem. These regulations include, most notably, the European Union’s General Data Protection Regulation (“GDPR”), which became effective in May 2018, and continues to be the subject of active regulatory guidance and enforcement, and the California Consumer Privacy Act, as amended by the California Privacy Rights Act (“CCPA”), which became effective in January 2020. In the United States, legislative and regulatory activity at the state level continues at a rapid pace, including the enactment of new and numerous state privacy laws and amendments to existing statutes, and related regulations governing targeted advertising of sensitive data, automated decision-making, and consumer rights, resulting in a regulatory landscape that is fragmented, dynamic, and subject to differing interpretations and enforcement approaches.

As a result, all in the digital advertising supply chain are subject to increasing and ongoing compliance obligations that require continuous monitoring, interpretation, and implementation as laws, regulations, guidance, and enforcement priorities evolve. In response to this evolving regulatory environment, we have implemented technology enhancements, operational controls, and industry-aligned solutions intended to support compliance at scale. We support browser-based privacy controls such as the Global Privacy Control (“GPC”), as well as continuously evaluate emerging privacy-preserving technologies and standards. These efforts also include participation in industry frameworks and standards developed by organizations such as IAB Tech Lab, including the Transparency and Consent Framework (“TCF”), and the Global Privacy Protocol (“GPP”), as well as contributing to the development of emerging specifications designed to support automated and agent-based advertising transactions, such as the Ad Creative Protocol (“AdCP”). These frameworks are designed to facilitate the standardized communication of consent, opt-out, and other privacy signals across complex, multi-party advertising transactions.

In connection with these initiatives, we have developed internal systems and processes designed to capture, evaluate, and transmit consent, opt-in, and opt-out signals within bid requests and related transactions. However, these frameworks, systems, and processes continue to evolve and may not fully address all current or future legal requirements, including those arising from new legislation, enforcement actions, or amendments to existing laws, which may require additional investment, operational changes, or constraints on data-driven activities.

Our Technology

We have designed our technology to efficiently process real-time advertising transactions while leveraging data to optimize outcomes for publishers and buyers. We own and operate our software and hardware infrastructure globally, which saves significant infrastructure expenditures as compared to public cloud alternatives. We designed our platform using a flexible, service-oriented architecture in order to facilitate rapid development of new solutions, to meet evolving industry demands, and to support new use cases and new ad formats. Our agile development process and flexible, service-oriented architecture empower our development teams to routinely convert a requirement into working software within a typical time frame of two weeks or less.

We offer our solution as a complete, unified offering for publishers who want a simple, efficient and comprehensive solution. We also offer modular access to our platform via rich application programming interfaces and a mobile software developer kit for mobile applications (“SDK”), for publishers who wish to integrate with or extend the platform or develop new business models and custom advertising solutions.

Some key benefits of our platform to publishers and buyers include:

- **Scalability:** Our specialized cloud infrastructure is designed for the rapid and efficient processing of real-time, programmatic ad transactions and the aggregation and analysis of the significant data accompanying each transaction. The hundreds of billions of ad impressions and trillion advertiser bids that we process every day generate enormous volumes of data that we harness to drive higher revenue for our publishers and increased ROI for our buyers.
- **Transparency:** We provide log-level data to buyers and provide transparency on every ad impression, which gives buyers full control over which publishers, ad formats, and specific ad impressions on which they would like to bid.
- **Built in Quality Controls:** We have developed a multi-pronged strategy to create a high-quality marketplace beginning with high quality publisher selection, supported by proprietary and third-party fraud detection software, manual review, timely fraud investigations, and a fraud-free program in which buyers are credited for any fraudulent inventory they may have purchased on our platform.
- **Data Driven Decisions:** We leverage our AI and machine learning capabilities to record, aggregate, analyze, and act on vast amounts of data in a matter of milliseconds to help our customers optimize their digital advertising businesses in real-time. This data includes first party customer owned audience data, ad impression and bid request data, and advertiser bid response data. We flow all of this data through our machine learning platform in order to run thousands of algorithmic iterations on trillions of data points per month. These capabilities improve long term marketplace liquidity resulting in increased publisher revenue and higher advertiser ROI.
- **Self-Serve:** Our cloud infrastructure solutions are available via self-serve to publishers and buyers, including an easy-to-use customer user interface and a set of application programming interfaces that allow our publisher customers to configure new inventory, extend into new geographies or ad formats, review reporting insights, and manage and track payments and billing cycles.
- **Reporting:** Our technology platform provides extensive reporting capabilities to both buyers and publishers via application programming interfaces for direct integration into a customer’s reporting systems. Publishers are able to review performance, monitor key performance indicators (“KPIs”), and make adjustments to their set up and optimization in real time. Buyers have access to campaign insight data to facilitate testing and adaptation toward maximizing ROI. Detailed performance by ad format, channels, and ad sizes allows for optimization to achieve maximum ROI.

Sales and Marketing

We employ a nimble in-market sales team with expertise in programmatic advertising to attract premium publishers to our platform. For our publisher relationships, we focus our sales and marketing efforts on supporting, advising, and training our publishers to optimize their usage of our platform. We have dedicated teams focused on new publisher acquisition and existing publisher relationship management. Publishers on our platform work closely with our Customer Success team, which handles on-boarding and providing support throughout the publisher relationship life cycle. Our Customer Success team is organized and specialized by type of ad format and device and is trained to both maximize the number of integrations with each publisher and deploy the value-added solutions that we provide.

Similarly, we have teams focused on new business acquisition and existing partner retention and expansion for our buyers. These teams focus on onboarding new partners and increasing spend across a variety of ad formats, devices, and geographies.

Our marketing team is focused on achieving thought leadership, educating customers on how to harness programmatic advertising to improve their business, guiding buyers on how to maximize ROI via the PubMatic cloud infrastructure, supporting our sales team, generating new leads, and increasing awareness for our brand.

Our Competition

The digital advertising ecosystem is competitive and we compete with other large SSPs, smaller private SSPs in markets around the world, and divisions of larger technology companies.

While there is direct competition, we believe our AI-driven cloud infrastructure is differentiated and is a competitive advantage. In addition, our infrastructure is interoperable with the major header bidding software frameworks including open source Prebid, Google's Open Bidding, Amazon's Transparent Ad Marketplace, and others.

We have also demonstrated an ability to extend our header bidding infrastructure into a variety of higher-growth ad formats such as mobile web, mobile app, digital video, and most recently OTT/CTV.

We believe that our specialized platform and cloud infrastructure enable us to compete favorably on the factors described above. In addition, we believe that new market entrants would find it difficult to gain direct access to publishers and ad buyers given their limited scale and would also face significant costs to integrate with publishers and ad buyers and comply with evolving regulatory requirements around the world.

Seasonality and Customer Concentration

Digital advertising spend has historically been subject to seasonality. For example, digital advertisers tend to devote a large portion of their budgets to campaigns in the fourth quarter of the year, to coincide with consumer holiday spending, and then have a significantly smaller advertising budget in the first calendar quarter. Pricing of digital ad impressions in the fourth quarter is likely to be higher due to increased demand, while those same impressions may be priced lower in other quarters. As a result, our fourth quarter has historically been our strongest quarter for revenue. Accordingly, our first quarter is typically our largest for collections and publisher payments.

We depend upon a limited number of large DSPs for a large percentage of impressions purchased and our business results, including revenues, may be impacted by changes in their pricing strategies, bidding algorithms or go-to market efforts. Two of our largest DSP relationships are with Google and The Trade Desk. We are party to an agreement with Google LLC, under which Google is a buyer on our platform. The initial one-year term of the current agreement ended in May 2019, and it automatically renews for successive one-year terms unless either party provides written notice at least 60 days' prior to the end of the initial term or such successive terms. Either party may terminate for convenience upon providing at least 30 days' prior written notice. We signed a prior similar agreement with a Google subsidiary in 2012. We are also party to an agreement with The Trade Desk, Inc., under which The Trade Desk is a buyer on our platform. The initial term of the agreement ended in November 2013, and it automatically renews for successive one-year terms. Either party may terminate for convenience upon providing at least 30 days' prior written notice.

Intellectual Property

The protection of our technology and intellectual property is an important component of our success. We protect our intellectual property rights by relying on federal and state statutory and common law rights, foreign laws where applicable, and contractual restrictions. We seek to control access to our proprietary technology by entering into non-disclosure agreements with third parties and disclosure and invention assignment agreements with our employees and contractors.

We consider our trademarks, patents, copyrights, trade secrets, and other intellectual property rights to be, in the aggregate, material to our business. We currently own two issued U.S. patents, expiring in 2034, relating to online advertising and auction techniques. We also own one issued Japanese patent. We also own trademark registrations and applications for the "PubMatic" name and variants thereof and other product-related marks in the United States and certain foreign countries. We have also registered numerous Internet domain names related to our business. We believe our platform would be difficult, time consuming, and costly to replicate.

We intend to pursue additional intellectual property protection to the extent we believe it would be beneficial and cost effective. Despite our efforts to protect our intellectual property rights, they may not be respected in the future or may be invalidated, circumvented, or challenged. In addition, the laws of various foreign countries where our products are distributed may not protect our intellectual property rights to the same extent as laws in the United States.

Privacy and Data

We are subject to laws and regulations governing privacy and the transmission, collection, and use of personal data. Interest-based advertising, including the use of AI, or the use of data to draw inferences about a consumer's interests and deliver relevant advertising to that consumer, has come under increasing scrutiny by state and federal legislatures, regulatory agencies, and self-regulatory bodies, privacy advocates, academics, and commercial interests in the United States and abroad that focus on data protection and consumer privacy. In particular, much of this scrutiny has focused on consumer consent and the use of cookies and other tracking technologies that collect or aggregate information about consumers' online browsing and mobile app usage activity. Because both our company and our buyers rely upon large volumes of such data collected primarily through cookies and other tracking technologies, it is essential that we monitor legal requirements and other developments in this area, domestically and globally, maintain a robust privacy and security compliance program, and engage in responsible privacy practices, including providing consumers with notice of the types of data we collect, how we collect it, with whom we share it, how we use that data to provide our solutions, and the applicable choices we offer consumers.

We provide notice through our privacy policies and notices, which can be found on our website at www.pubmatic.com. We do not collect information, such as names, addresses or telephone phone numbers, for providing our advertising services that are directly identifying of the underlying individual. We take steps not to collect and store such information (although on occasion, our publishers voluntarily share information of their consumers with us and in such circumstances, we require the publishers to have obtained all necessary consents for such sharing). Our advertising and reporting rely on information that does not, on its own, directly reveal the identity of the underlying individuals and we do not attempt to associate this information with other information that can identify such individuals. We typically do collect and store IP addresses, geolocation information, and device identifiers that are considered personal data or personal information under the privacy laws of some jurisdictions or otherwise may be the subject of current or future data privacy legislation or regulation. The definition of personally identifiable information, personal information, or personal data, varies by jurisdiction and continues to evolve in ways that may require us to adapt our practices to avoid violating laws or regulations related to the collection, storage, and use of consumer data. As a result, our technology platform and business practices must be assessed regularly against a continuously evolving legal and regulatory landscape, and we have adopted data minimization practices that mitigate our compliance risks.

There are also an increasing number of specific laws and regulations governing the collection and use of certain types of consumer data relevant to our business. For example, the Children's Online Privacy Protection Act ("COPPA") imposes restrictions on the collection and use of data provided by children under the age of 13 by child-directed websites or online services, such as apps, directed to children or any website if the collection of such data is known to the website or app operator. We have taken various steps to implement a system in which our publishers are contractually obligated to either flag or notify us in writing of child-directed websites. When websites are flagged, or we receive notice of such websites, we do not collect personal information, as defined by COPPA, including cookie identifiers that can recognize the same consumer across multiple sites over time, or location information more specific than street and city, on such websites or online services.

Additionally, our compliance with our privacy policy and our general consumer data privacy and security practices are subject to review by the Federal Trade Commission, which may bring enforcement actions to challenge allegedly unfair and deceptive trade practices, including the violation of privacy policies and representations or material omissions therein.

Certain State Attorneys General in the United States may also bring enforcement actions based on comparable state laws or federal laws that permit state-level enforcement. In California, for example, the state's Attorney General and the California Privacy Protection Agency ("CalPrivacy", which is charged with CCPA rule-making and enforcement) may bring regulatory actions for violations of the CCPA. We have registered as a data broker in California, Texas and Oregon with each respective state's Attorney General, and monitor additional state-level registration or reporting obligations as they emerge. Each US state privacy law sets forth high potential liabilities for data privacy violations on a per-record basis, along with private rights of action in some states. These developments have required, and are expected to continue to require, sustained investments in legal, technical, and operational resources. Changes in applicable laws or interpretations, including amendments that expand scope, introduce new consumer rights, or modify consent or opt-out requirements, may necessitate changes to our products, systems, or business practices and could limit our ability to process data or offer certain services in particular jurisdictions. Failure to effectively adapt to these changes could expose us to regulatory investigations, enforcement actions, litigation, contractual liabilities, or reputational harm.

Outside of the United States, our privacy and data practices are subject to regulation by data protection authorities and other regulators in the countries in which we do business. The use and transfer of personal data in member states of the European Union is currently governed under the GDPR, which grants additional rights to consumers about their data, such as deletion and portability, and generally prohibits the transfer of personal data of EU subjects outside of the EU, unless the party exporting the data from the EU implements a compliance mechanism designed to ensure that the receiving party will adequately protect such data. On July 10, 2023, the European Commission approved the EU-U.S. Data Privacy Framework as a valid transfer mechanism, and in October 2023 we self-certified to comply with the EU-U.S. Data Privacy Framework, the UK Extension to the EU-U.S. Data Privacy Framework, and the Swiss-U.S. Data Privacy Framework as a mechanism to legally facilitate personal data transfers from the EU, the U.K., and Switzerland to the U.S. These frameworks are subject to ongoing regulatory oversight and may be challenged in court, including by privacy advocacy organizations, and any invalidation or modification could require us to adopt alternative transfer mechanisms or make changes to our data flows

The use of other approved cross-border transfer mechanisms, such as the standard contractual clauses for the transfer of personal data specifically to the United States, continues to be subject to regulatory scrutiny and regulators in both Europe and the United States regulators have increasingly focused on cross-border bulk transfers of data, particularly in connection with national security, surveillance, and data access concerns.

The GDPR, as originally implemented by the respective EU member states and later adopted by the U.K. following Brexit (the “UK GDPR”), sets out higher potential liabilities for certain data protection violations, which may result in fines up to the greater of €20 million or 4% of an enterprise’s global annual revenue. Additionally, the UK GDPR will also have the ability to fine up to the greater of £17.5 million or 4% of global turnover.

Other jurisdictions have enacted legislation that closely tracks the concepts, obligations, and consumer rights described in the GDPR, including Brazil’s General Data Protection law and India’s Digital Personal Data Protection Act of 2023. Additional jurisdictions continue to adopt or expand comprehensive privacy regimes and the regulatory regime surrounding AI is complex and evolving. Some jurisdictions have in recent years enacted data localization laws, which require any personal data of citizens of those jurisdictions to be stored and processed on servers located in those jurisdictions. Such laws are gaining momentum and are being enforced by local authorities.

Beyond laws and regulations, we are also members of self-regulatory bodies that impose additional requirements related to the collection, use, and disclosure of consumer data, including the IAB, the Digital Advertising Alliance, and the NAI. Under the requirements of these self-regulatory bodies, in addition to other compliance obligations, we provide consumers with notice via our privacy policies about our use of cookies and other technologies to collect consumer data, our collection and use of consumer data to deliver interest-based advertisements, and consumers’ opt-out choices. We also allow consumers to opt-out from the use of data we collect for purposes of interest-based advertising through mechanisms described in our privacy policies available on our website. Some of these self-regulatory bodies have the ability to discipline members or participants, which could result in penalties and cause reputational harm. Additionally, some of these bodies might refer violations of their requirements to the Federal Trade Commission or other regulators.

Our Team and Culture

Our culture and our team are our most important asset in building and expanding our business. Our team identifies new problems to solve, builds solutions, optimizes and extends our infrastructure, and acquires and serves our customers. We believe that strong and diverse customer teams deepen customer relationships, promote innovation, and increase productivity.

Our workplaces have been recognized as a Great Place to Work in the United States, India, Asia, and Europe.

We have achieved these results by creating employee experiences that foster deep employee engagement built upon personal development and achievement that is supported by continuous feedback, learning, and team building. Our practice of open and transparent communication coupled with a performance-based approach to compensation has created a culture in which employees feel empowered in their ability to influence and impact our business and be rewarded for their efforts. The value proposition we offer to our employees is rounded out with strong benefits programs that include paid family leave, health and wellness benefits, and company sponsored opportunities to give back to the communities in which they work and live.

It has always been our goal to attract and retain the best talent in the industry and our inclusive recruiting process includes finding those candidates that best add to our company mission, values, and cultural principles. These three guiding elements form a social contract between employees as well as set expectations for the common behaviors we can expect from each other and inform how we treat our customers. They are infused in every aspect of our business, from employee experience and workplace culture to marketing strategies and customer success.

Values:

- We put the customer first.
- We are biased towards action.
- We are leaders and innovators.
- We are committed to integrity.
- We celebrate teamwork.

Cultural Principles:

- We will empower every individual team member and treat each other as partners.
- We will make having fun a priority.
- We will hire and retain the best talent.
- We will communicate internally with honesty, transparency, and authenticity, including positive and negative information.
- We will encourage diversity and inclusion of ideas and people, creating a high-trust and high-performance workplace.

As of December 31, 2025, we had 1,030 employees, of whom 322 were located in the United States, 573 in India, and 135 in our other offices around the world.

Corporate Information

We were incorporated in the State of Delaware in 2006.

Our internet address is www.pubmatic.com. We file Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, proxy statements and related amendments, exhibits and other information with the Securities and Exchange Commission (the “SEC”). You may access and read our filings without charge through the SEC’s website at www.sec.gov or through our website at <https://investors.pubmatic.com> as soon as reasonably practicable after such materials are electronically filed with or furnished to the SEC pursuant to Section 13(a) or 15(d) of the Exchange Act.

Website addresses referred to in this Annual Report on Form 10-K are not intended to function as hyperlinks, and the information contained on or available through our website is not incorporated into, and does not form a part of this Annual Report on Form 10-K or any other report or documents we file with or furnish to the SEC.

ITEM 1A. RISK FACTORS

Investing in our common stock involves a high degree of risk. You should carefully consider the risks and uncertainties described below, together with all of the other information in this Annual Report on Form 10-K, including our consolidated financial statements and related notes, before making an investment decision. The risks and uncertainties described below are not the only ones we face. Additional risks and uncertainties that we are unaware of, or that we currently believe are not material, may also become important factors that affect us. If any of the following risks materializes, our business, financial condition, results of operations, and prospects could be materially harmed, which could cause the price of our Class A common stock to decline, and cause any investment in our Class A common stock to lose some or all of its value.

Risks Related to Our Business, Results of Operations and Growth

Our revenue and results of operations are highly dependent on the overall demand for advertising.

Our business depends on the overall demand for advertising and on the economic health of our current and prospective publishers and buyers. In recent years, macroeconomic factors such as general economic volatility, recessionary fears, inflation, volatile interest rates and softening demand in certain verticals caused some advertisers to reduce their advertising budgets. Such macroeconomic factors, as well as broader economic downturns, recessions, transnational trade wars or disruptions, inflation, further volatility in interest rates or foreign exchange rates or any supply chain disruptions, changes in the tax treatment of advertising expenses, or general financial uncertainty in North America, Europe, and Asia, where we do most of our business; could adversely affect our business, results of operations, and financial condition. In addition, the conflict in Ukraine and the resumption of the conflict in Israel could cause unpredictable economic effects in Europe and EMEA, including potentially softening general consumer demand. Such conflicts may increase costs of labor and other items impacting our cost of revenue, and these factors and potential others may do so in the future. Reductions in overall advertising spending due to these factors or other factors could make it difficult to predict our revenue and could adversely affect our business, results of operations, and financial condition.

If our existing customers do not expand their usage of our platform, or if we fail to attract new customers, our growth will suffer. Moreover, any decrease in the use of the advertising channels or formats that we primarily depend on, or failure to expand into emerging channels or formats, could adversely affect our business, results of operations, and financial condition.

We depend upon our buyer and publisher relationships, including channel partners, which aggregate large numbers of smaller publishers, to provide advertising space which we can offer to prospective buyers to continue to grow the usage of our platform. In doing so, we compete for both supply and demand with larger, well-established companies that may have technological or other advantages stemming from their broader experience in the market. We must continue to adapt and improve our technology to compete effectively, and customers have not always embraced our offerings due to various factors, including switching costs from moving away from pre-existing technology integrations, such as already implemented header bidding wrappers, and lack of awareness of our omnichannel offerings. Although we believe we provide superior transparency and accountability to such competitors, certain customers may make technological or financial demands that we are unable or unwilling to meet. These and other factors may make it difficult for us to increase our business with our publishers and buyers, cause some buyers to reduce their spending with us, or increase our costs of doing business, which could adversely affect our business, results of operations, and financial condition.

We generally do not have minimum commitments from publishers. As a result, the amount, quality, and cost of ad impressions available to us can change at any time with little or no prior notice, and we cannot assure you that we will have access to a consistent volume or quality of ad impressions at a reasonable cost, or at all. We depend upon a relatively small number of premium publishers and channel partners and expect to continue to do so for the foreseeable future. To support our continued growth, we seek to add additional publishers and buyers to our platform and to expand current utilization with our existing publishers and buyers. Any disruptions in our relationships with premium publishers, buyers, or our largest channel partners could adversely affect our business, results of operations, and financial condition. If we cannot retain or add individual publishers with valuable ad impressions, or if such publishers decide not to make their valuable ad impressions available to us, then our buyers may be less inclined to use our platform, which could adversely affect our business, results of operations, and financial condition.

A limited number of large demand side platforms (“DSPs”) – The Trade Desk and Google DV360 in particular – account for a significant portion of the ad impressions purchased on our platform. We depend upon these DSPs for a large percentage of impressions purchased and expect to do so for the foreseeable future. We have no minimum commitments from buyers to spend on our platform, so the amount of demand available to us can change at any time with little or no prior notice, and we cannot provide assurance that we will have access to a consistent volume or quality of ad campaigns or demand for our ad impressions at a reasonable price, or at all. Any disruptions in our relationships with DSPs, agencies, advertisers, or buyers could adversely affect our business, results of operations, and financial condition. If a buyer or group of buyers representing a significant portion of the demand in our marketplace decides to materially reduce use of our platform, it could cause an immediate and significant decline in our revenue and profitability and adversely affect our business, results of operations, and financial condition. In addition, our business results, including revenues, may be impacted by changes in their pricing strategies, bidding algorithms, or go-to-market efforts.

Historically, our buyers have predominantly used our platform to purchase mobile, display, and video advertising inventory from our publishers. We expect that these will continue to be significant channels used by our customers for digital advertising in the future. We also believe that our revenue growth may depend on our ability to expand within mobile, video, and in particular, CTV, and we are continuing to enhance such channels. We believe our ability to incorporate Artificial Intelligence, or “AI”, and specifically agentic AI, into our new and existing products will also be a key factor to encourage expanded use of our platform. We may not be able to accurately predict changes in overall advertiser demand for the channels in which we operate and cannot assure you that our investment in formats will correspond to any such changes or shifts in demand. Any decrease in the use of mobile, display, and video advertising, whether due to customers losing confidence in the value or effectiveness of such channels, regulatory restrictions or other causes, or any inability to further penetrate CTV or enter new and emerging advertising channels, could adversely affect our business, results of operations, and financial condition.

Our results of operations may fluctuate significantly and may not meet our expectations or those of securities analysts and investors.

We operate in an evolving industry with ever-changing customer needs and behavior, and, as a result, our business has evolved over time such that our operating history makes it difficult to evaluate our business and future prospects. Our results of operations have fluctuated in the past, and future results of operations are likely to fluctuate as well. Although we have experienced periods of prolonged revenue growth, we may not be able to sustain a consistent growth rate, current revenue levels, or profitability. In addition, because our business is evolving, our historical results of operations may be of limited utility in assessing our future prospects. We expect to face challenges, risks, and difficulties frequently experienced by growing companies in rapidly developing industries, including those relating to:

- changes in demand and pricing for ad impressions sold on our platform;
- changes in our access to valuable ad impressions from publishers;
- responding to evolving industry standards and government regulations that impact our business, particularly in the areas of data protection and consumer privacy;
- developing, maintaining, and expanding relationships with publishers, DSPs, agencies, advertisers, and buyers;
- seasonality in our business;
- changes in demand due to real or perceived economic stagnation or recession in certain markets;
- innovating and developing new solutions that are adopted by and meet the needs of publishers, DSPs, agencies, advertisers, and buyers;
- competing against companies with a larger customer base or greater financial or technical resources;
- changes in the structure of the buying and selling of ad impressions;
- changes in demand for certain formats of ad impressions;
- changes in the pricing policies of publishers and competitors;
- changes in the bidding behavior of buyers of ad impressions;
- changes in demand due to changes in macroeconomic environment, including as a result of an economic downturn, recession, inflation, volatility in interest rates or foreign exchange rates, disruptions to supply chains, disruptions to global trade, or otherwise;

- further expanding our business internationally; and
- recruiting, integrating, and retaining qualified and motivated employees, particularly engineers.

Any one or more of the factors above may result in significant fluctuations in our results of operations. Past results should not be relied upon as an indicator of our future performance.

Because many of our expenses are based upon forecasted demand and may be difficult to reduce in the short term, volatility in quarterly revenue could cause significant variations in quarterly results of operations. We may not forecast our revenue or expenses accurately, causing our results of operations to diverge from our estimates or the expectations of securities analysts and investors. If we fail to meet or exceed such expectations for these or any other reasons, the trading price of our Class A common stock could fall, and we could face costly litigation, including securities class action lawsuits.

If we fail to make the right investment decisions in our platform, or if we fail to innovate and develop new solutions that are adopted by customers, we may not attract and retain customers, which could adversely affect our business, results of operations, and financial condition.

We face intense competition in the marketplace and are confronted by rapidly changing technology and artificial intelligence, evolving industry standards and consumer preferences, regulatory changes, and the frequent introduction of new solutions by our competitors that we must adapt and respond to. The pace of technological disruption in digital advertising is accelerating, and our ability to keep pace with or stay ahead of these changes is critical to our competitive position. We need to continuously update our platform and the technology we invest in and develop, including our machine learning and other proprietary algorithms, in order to attract customers and keep ahead of changes in technology, evolving industry standards and a rapidly changing regulatory environment.

Our platform is complex and new solutions can require a significant investment of time and resources to develop, test, introduce, and enhance. These activities can take longer than we expect and may require the hiring of employees or contractors with new skill sets, which we may not be able to do in a cost-effective manner or at all. In an environment where competitors and market expectations move quickly, delays in product development or feature delivery, or missteps in product launches, can have outsized negative effects that compound over time as customers shift spend to alternative platforms.

Moreover, we may not make the right decisions regarding these investments, and new product or feature launches may fail to meet partner expectations, resulting in reduced adoption, loss of customer confidence, and adverse impact on our results. For example, we have launched Activate and Commerce Media products to address evolving market opportunities. Additionally, newer formats and channels, such as mobile header bidding and CTV, present unique challenges that we must address to succeed. Our success in new formats and channels depends upon our ability to integrate our platform with these new formats and channels. If we fall behind in this rapidly evolving environment, the effects may be difficult to reverse, as customers, publishers, and buyers may establish relationships with competitors that are challenging to displace. If our mobile, video, or CTV solutions are not widely adopted by publishers and buyers, we may not retain such publishers and buyers. In addition, new demands from customers, superior offerings by competitors, changes in technology or format, or new industry standards or regulatory requirements could render our platform or our existing solutions less effective and require us to make unanticipated changes to our platform or business model. Our failure to adapt to a rapidly changing market and regulatory environment, anticipate demand, or attract and retain customers would cause our revenue or revenue growth rate to decline, and adversely affect our business, results of operations, and financial condition.

Our increasing reliance on artificial intelligence to operate our platform and differentiate our offerings creates new operational, competitive, and execution risks that may be difficult to predict or manage.

Our business has evolved from a traditional programmatic advertising exchange toward an AI-powered platform in which machine learning algorithms, generative AI, and agentic workflows are increasingly embedded in our core operations and commercial offerings. We describe ourselves as an “AI-powered advertising technology company” and have made AI a central element of our competitive positioning and growth strategy. Our AI capabilities now influence or automate a range of functions that affect customer outcomes, including real-time bid pricing, yield optimization through products such as Intelligent Yield, fraud detection, traffic shaping, demand allocation, and the planning and activation workflows available through our buyer and publisher platforms. While our revenue is not yet heavily dependent on AI-specific products, we expect AI to become an increasingly material contributor to our platform's value proposition, competitive differentiation, and revenue over time.

As AI becomes more deeply embedded in our operations, errors, underperformance, or unintended behavior in our AI systems could directly reduce publisher yields, misallocate advertiser spend, or degrade auction efficiency, any of which could damage customer relationships and reduce platform utilization. Because AI model performance depends on the volume, quality, and diversity of the data on which models are trained, any reduction in the data available to us, whether due to privacy regulations, customer restrictions on data sharing, or competitive dynamics, could degrade the effectiveness of our AI capabilities relative to competitors with larger or more proprietary data sets. If our AI capabilities fail to deliver the performance improvements we and our customers expect, or if we are unable to develop and deploy AI-driven features at the pace required to remain competitive, customers may choose alternative platforms, which could adversely affect our business, results of operations, and financial condition.

Our investments in AI may not produce the competitive advantages we expect. We have committed meaningful engineering and infrastructure resources to AI product development, including Intelligent Yield, AI Insights, and agentic workflow capabilities. These investments may not achieve the adoption, performance, or margin contribution we anticipate, and may divert resources from other product development priorities that could have generated more immediate returns. The transition from a primarily transaction-processing business model to one in which AI-powered capabilities are a principal driver of competitive differentiation also introduces operational complexity and execution risk. Maintaining, updating, and scaling AI models requires specialized engineering talent and infrastructure capabilities, including access to GPU and other accelerated computing resources that are subject to market constraints and rising demand across industries. Our historical operating results, which were generated in a period when our business was primarily defined by programmatic header bidding and auction exchange services, may be of limited value in predicting our future performance as AI-driven products and workflows become a larger component of our business.

If we are unable to develop, deploy, and maintain AI capabilities that meet the evolving expectations of publishers and buyers, our business, results of operations, and financial condition could be materially and adversely affected.

The adoption of artificial intelligence by our customers, competitors, and other market participants may alter the competitive dynamics of the digital advertising ecosystem in ways that reduce demand for our platform or diminish our competitive position.

AI-driven platforms operated by large technology companies with closed ecosystems, extensive first-party data, and direct consumer relationships may capture an increasing share of advertising spend by offering AI-powered targeting, optimization, and measurement capabilities that reduce advertiser reliance on the open internet. AI-powered “zero-click” discovery environments and conversational assistants may reduce the volume of traditional web traffic and referral-based content consumption that currently supports programmatic advertising. If consumer engagement increasingly shifts to AI-mediated surfaces that do not generate conventional ad impressions or that operate outside of established programmatic transaction models, the addressable market for our platform could contract. These dynamics could disproportionately affect independent sell-side platforms like ours that depend on the health of the open internet advertising ecosystem.

The anticipated emergence of agentic buying, in which advertisers and agencies deploy AI agents to plan, negotiate, and execute media purchases with reduced human oversight, may also disrupt established demand patterns over time. While adoption of agentic buying remains in early stages across the industry, and we are actively investing in capabilities and industry standards to support it, including contributing to the development of the IAB Tech Lab’s Ad Creative Protocol (“AdCP”), there is no assurance that these efforts will position us favorably as AI-driven buying matures. AI buying agents, once widely deployed, may optimize spend toward platforms or inventory sources that offer the lowest cost or highest predicted performance, which could increase pricing pressure and diminish the value of our existing customer relationships and SPO agreements. These agents may prioritize direct publisher integrations, closed-loop measurement environments, or alternative transaction protocols over traditional SSP intermediation. The standards governing agent-based advertising transactions are still being defined and may evolve in ways that do not favor our platform architecture or business model.

Publishers, buyers, and other participants in the digital advertising supply chain are also independently developing and deploying their own AI capabilities. Publishers may use AI to optimize yield, manage demand relationships, or execute transactions without intermediaries, reducing their reliance on our platform. Buyers may develop proprietary AI-driven media planning and execution tools that bypass sell-side platforms or that concentrate spend with a smaller number of preferred partners. Competitors with greater financial or technical resources, or with access to larger proprietary data sets, may deploy AI capabilities that are superior to ours or that achieve greater market adoption. New market entrants that build AI-native advertising platforms from the ground up, unburdened by legacy infrastructure or business models, may be able to compete effectively against established platforms like ours. If these trends accelerate and we are unable to position our platform as a preferred destination for AI-driven media execution, our market share, revenue, and results of operations could be adversely affected.

If AI-driven changes in the competitive environment reduce the relevance of, or demand for, independent sell-side platforms, our business, results of operations, and financial condition could be materially and adversely affected.

We must scale our platform infrastructure to support anticipated growth and transaction volume. If we fail to do so, or doing so becomes too costly, we may limit our ability to process ad impressions, and we may lose revenue.

Our business depends on processing advertising impressions in milliseconds, and we must handle an increasingly large volume of such transactions. The demands on our platform infrastructure have increased over time due to, among other factors, the addition of new solutions, such as our Activate or Commerce Media offerings, the need to support evolving advertising formats, the handling and increased use of large amounts of data, support of AI-enabled offerings, and overall growth in impressions. Expanding our platform infrastructure and the number of ad impressions we can process requires resource commitment over a period of months or years, and we may not be able to scale quickly or efficiently enough if demand increases rapidly as short-term solutions may be too costly or unavailable. The increasing use of AI by consumers and businesses has also increased the cost to grow our infrastructure and secure colocation services on financially beneficial terms. If we are unable to grow our platform to support substantial increases in the number of transactions and in the amount of data we process, on a high-performance, cost-effective basis, or we are slow in growing our infrastructure compared to demand, our business, results of operations, and financial condition could be adversely affected. We expect to continue to invest in our platform in order to meet these requirements, and that investment could adversely affect our business, results of operations, and financial condition. Additionally, if we overestimate future usage of our platform, we may incur expense in adding infrastructure without a commensurate increase in revenue, which could adversely affect our business, results of operations, and financial condition.

Our efforts to provide new or expanded offerings may not be successful, or we may not be able to scale our offerings to meet demand in a timely manner, and, as a result, we may not realize a return from our investments.

We believe there is significant and growing demand for our offerings and those we are developing, and we are making significant investments to meet that demand and grow our market share, including through the use of AI. That demand may not materialize and, even if it does, we may not be able to take advantage of that increased demand if we cannot scale our offerings in a timely manner or if the demand for one of our offerings cannibalizes the demand for another product we offer. In some cases, we have experienced fee pressure as we have built out our offerings, and we expect this fee pressure to increase as more competitors, including new entrants as well as publishers themselves, build their own technology and infrastructure to enter the markets in which we do business. Even if the market for these offerings develops as we anticipate, publishers and buyers might not embrace our offerings to the degree we expect due to various factors such as inertia from usage of existing implementations of competitive products or technological advances by our competitors. While continued investment in and use of our products has allowed us to achieve efficiencies, the investment cost to gain such efficiencies may grow over time, especially with our existing products which may be closer to technical and economic maturity, and the potential expansion of our business or offerings may increase regulatory scrutiny of our company. Additionally, even if publishers and buyers embrace our new or expanded offerings, the positive effect of these new or expanded offerings on our results of operations may be offset or negated if such adoption cannibalizes business from our existing solutions, if we are unable to scale our offerings to keep up with demand, if we are unable to hire or retain personnel with the requisite skills and experience related to our new or expanded offerings, if publishers and buyers prefer similar offerings from our competitors, or by other adverse developments.

Our litigation with Google LLC presents several risks to our business that could adversely affect our business, results of operations and financial condition.

On September 8, 2025, we filed a lawsuit against Google LLC ("Google"), seeking damages and injunctive relief in connection with Google's alleged anticompetitive behavior in the publisher ad server and ad exchange markets for open-web display (the "Google Lawsuit"). The Google Lawsuit followed an April 2025 ruling in a case brought against Google by the U.S. Department of Justice, where the U.S. District Court found that Google engaged in anticompetitive and monopolistic behavior in certain digital advertising markets.

Google is a significant participant in the digital advertising ecosystem and both a major partner and competitor to PubMatic. A material portion of our revenue is generated through our relationship with Google and the Google DV360 DSP. The Google Lawsuit is in its early stages, and the outcome and timing of the Google Lawsuit is uncertain and difficult to predict.

The Google Lawsuit presents several risks to our business, including the potential for retaliatory actions by Google. Such actions could include, but are not limited to, altering our access to their platforms, seeking to modify commercial terms between PubMatic and Google in a manner unfavorable to us, deprioritizing our services or offerings, or otherwise using their market position to negatively impact our operations. Any such actions could disrupt our ability to serve our customers and partners, reduce our revenue, and harm our relationships with publishers and advertisers.

The Google Lawsuit may be costly, protracted, and divert management's attention and resources from our business operations. Any damages awarded may not be commensurate with our expectations, and we may not receive any monetary damages at all. The injunctive relief sought in the Google Lawsuit may not be granted, or may not be granted to the extent we have requested or in a manner that adequately protects us in the future. The existence of the Google Lawsuit and any potential retaliatory measures could also negatively affect our reputation and our ability to compete, potentially causing our business, financial condition, and results of operations to be materially and adversely affected.

Risk Related to Data Collection and the Use of Collected Data

The rejection of targeted advertising by consumers, through opt-in, opt-out or ad-blocking technologies or other means or the restriction on the use of third party-cookies, mobile advertising identifiers or other tracking technologies, could adversely affect our business, results of operations, and financial condition.

We use “cookies,” or small text files placed on consumer devices when an Internet browser is used, as well as mobile advertising identifiers, and other permitted tracking or contextual signals to gather data that enables our platform to better serve our customers. These signals do not identify consumers directly, but allow for our customers to provide us insight into factors, such as ad exposure, engagement, device characteristics, approximate location, and usage patterns that are used to improve relevance, measurement, and pricing efficiency. Publishers, buyers, third-party data providers, and partners may also choose to share their information about consumers’ interests or give us permission to use their cookies and mobile advertising identifiers. We then use this data to help advertisers decide whether to bid on, and how to price, an ad impression in a certain location, at a given time, for a particular consumer.

Without cookies, mobile advertising identifiers, and other tracking technology data, transactions processed through our platform would be executed with less insight into consumer preferences, reducing the precision of advertisers' decisions about which impressions to purchase for an advertising campaign. This could make advertising through our platform less valuable and decrease our revenue as advertising budgets may be decreased or directed to alternatives that are not exclusively reliant on cookies, mobile advertising identifiers, and other tracking technology data, or favor platforms that rely more heavily on first-party data, authenticated users, or closed ecosystems. If our ability to use cookies, mobile advertising identifiers or other tracking technologies is limited as a result of consumers rejecting targeted advertising, we may be required to develop or obtain additional applications and technologies to compensate for the lack of cookies, mobile advertising identifiers and other tracking technology data, which may not be available to us or could be time consuming or costly to develop, less effective than current services, and subject to additional regulation.

Additionally, consumers can, with increasing ease, implement technologies that limit our ability to collect and use data to deliver targeted advertisements or otherwise limit the effectiveness of our platform. Cookies may be deleted or blocked by consumers. The most commonly used Internet browsers allow consumers to modify their browser settings to block first-party cookies (placed directly by the publisher or website owner that the consumer intends to interact with) or third-party cookies (placed by parties, like us, that have no direct relationship with the consumer), and some browsers block third-party cookies by default, or implement browser-level or operating system level privacy controls (including global privacy control or similar mechanisms) that may restrict data collection or use, as a result of changes to a growing list of US state privacy laws.

Some consumers also download “ad blocking” software on their computers or mobile devices, not only for privacy reasons, but also to counteract the adverse effect advertisements can have on the consumer experience, including increased load times, data consumption, and screen overcrowding. Ad-blocking technologies and other global privacy controls may prevent some third-party cookies, or other tracking technologies, from being stored on a consumer's computer or mobile device. If more consumers adopt these measures, or more regulators mandate the use of specific controls, it could reduce the volume or effectiveness and value of targeted advertising, which could adversely affect our business, results of operations, and financial condition. In addition, some ad blocking technologies block only ads that are targeted through use of third-party data, while allowing ads based on first-party data (i.e., data owned by the publisher). These ad blockers could place us at a disadvantage relative to competitors with extensive first-party data assets, including companies that operate consumer-facing platforms. Even if ad blockers do not ultimately have an adverse effect on our business, investor concerns about ad blockers could cause our stock price to decline.

In mobile environments, advertising identifiers are governed by operating system-level permission frameworks, and platform providers may modify or further restrict identifier access at their discretion. In emerging AI-driven and “zero-click” discovery environments, advertising may be delivered or measured through new mechanisms that reduce traditional referral traffic, alter attribution models, or require new forms of consent and governance. If we are unable to adapt our platform, measurement, and data-governance capabilities to these evolving environments, our business, financial performance, and growth prospects could be adversely affected.

The continued restriction, reduced utility, or future deprecation of tracking technologies, or the potential development of proprietary or closed alternatives to cookies, could adversely affect our business, results of operations, and financial condition.

Some prominent technology companies, including Google, previously announced intentions to discontinue the use of third-party cookies, and to develop alternative methods and mechanisms for targeting advertisements, though the expected timeline for such changes is difficult to predict and has changed over time. While Google announced in July 2024 that it was discontinuing plans to phase out cookies in its Chrome browser, large technology platforms and other market participants continue to invest in, promote, and expand the use of alternative identity solutions, including deterministic identifiers, proprietary identity graphs, and authenticated user-based tracking methods. These approaches may rely on login credentials, first-party data collected across multiple owned properties, or closed technical systems that enable tracking and targeting outside of traditional cookie-based mechanisms, including across devices and environments.

Additionally, some companies may build different and potentially proprietary consumer tracking methods into their widely used web browsers, which we may not be able to effectively use for our publishers and buyers. Such proprietary methods may favor closed or vertically integrated ecosystems, limit interoperability, or restrict independent ad-tech providers' access to data or functionality, which could reduce demand for our services. Many applications and other content creators also allow consumers to avoid receiving advertisements by paying for subscriptions or other downloads. Although we believe our platform is well-positioned to adapt and continue to provide key data insights to our publishers without cookies, this transition could be more disruptive, slower, or more expensive than we currently anticipate, or publishers and buyers could elect to move a larger proportion of their advertising inventory or spend to these providers to take advantage of proprietary consumer tracking methods, any of which could materially affect our ability to serve our customers, publishers, and buyers, and our business, results of operations, and financial condition could be adversely affected.

Our business depends on the lawful availability and utility of data signals used to enable advertising transactions, support analytics, optimization, and automation features, including those incorporating machine-learning or artificial-intelligence-based functionality, and any limitations on our ability to collect, process, or share such data could diminish the value of our platform and our financial results.

As we process transactions through our platform, we collect large amounts of data about advertisements and where they are placed, such as advertiser and publisher preferences for media and advertising content. We also collect data on ad specifications such as placement, size and format, ad pricing, and auction activity such as price floors, bid response behavior, and clearing prices. Further, we collect data on consumers that does not directly identify the individual, but includes pseudonymous identifiers and data regarding browser, device location and characteristics, online browsing behavior, exposure to and interaction with advertisements, and inferential data about purchase intentions, and preferences. We collect this data through various means, including from our own systems, pixels that publishers allow us to place on their websites to track consumer visits, software development kits installed in mobile applications, cookies, and other tracking technologies. Our publishers, buyers, and data providers may also choose to provide us with their proprietary data about consumers.

The collection, use, and sharing of these data signals are subject to an increasingly complex and fragmented global regulatory environment, as well as evolving technical and policy restrictions imposed by browsers, operating systems, and other platform providers. Regulatory developments, enforcement actions, private litigation, platform policy changes, or increased exercise of consumer privacy controls may restrict the types of data that may be collected, the purposes for which data may be used, the duration for which data may be retained, or the parties with whom data may be shared.

Our ability to collect, use and share data about advertising transactions and consumer behavior is critical to the value of our services. Internet users can, with increasing ease, implement practices or technologies that may limit our ability to collect and use data to deliver targeted advertisements, or otherwise inhibit the effectiveness of our platform. Although our publishers and buyers generally permit us to aggregate and use data from advertising placements, subject to certain restrictions, publishers or buyers might decide to restrict our collection or use of their data based on their own regulatory, commercial, or risk considerations. Any limitations on this ability could impair our ability to deliver effective solutions, which could adversely affect our business, results of operations, and financial condition.

If publishers, buyers, and data providers do not obtain necessary and requisite consents from consumers for us to process their personal data, we could be subject to fines and liability.

Because we do not generally have direct relationships with consumers, we rely on publishers, buyers, and data providers, as applicable, to obtain the consent of the consumer on our behalf to process their data and deliver interest-based advertisements, and to implement any notice or choice mechanisms required under applicable laws. Our reliance on third parties for consent and notice creates inherent compliance risk, including situations where regulatory authorities or plaintiffs seek to impose liability on multiple participants in the advertising supply chain regardless of contractual allocations of responsibility. If publishers, buyers, or data providers do not follow the applicable requirements and processes or otherwise fail to secure any legally-required consents or provide required notice and choice mechanisms, which can be difficult given the rapidly evolving regulatory consent frameworks being promulgated, we could be subject to fines and liability. Additionally, if our data, privacy, or consent practices are found to be inadequate, or we make errors in the deployment of existing and future policies or technical safeguards, we may be subject to regulatory enforcement action or named in class-action lawsuits. We may not have adequate insurance or contractual indemnity arrangements to protect us against any such fines, penalties, claims, and losses.

Privacy-related class-action litigation poses increasing financial and operational risk.

The advertising technology industry has experienced a significant increase in privacy-related class-action litigation in recent years, and the focus of these claims has shifted from consumer-facing publishers to intermediaries within the digital advertising supply chain. Plaintiff counsel have increasingly pursued novel and expansive legal theories alleging improper data collection, use, or sharing by intermediaries, often seeking to impose liability based on the operation of complex programmatic advertising systems rather than direct relationships with end users.

Claims may involve allegations relating to consent, transparency, data sharing practices, or the use of identifiers and tracking technologies across web, mobile, CTV, or other environments. Even where such claims lack merit, class-action litigation is inherently costly, time-consuming, and unpredictable, and may require substantial management attention, diversion of internal resources, and significant legal expense over extended periods of time.

The outcomes of privacy-related class actions are uncertain and may result in adverse judgments, settlements, fines, penalties, or injunctive relief that could require changes to our products, data-processing practices, or business operations. In addition, defending against such litigation may necessitate increased investment in compliance infrastructure, documentation, discovery processes, and external advisors, which could increase operating costs and negatively impact margins.

Privacy-related litigation may also have broader consequences beyond direct financial exposure. Public allegations of non-compliance, even if ultimately unfounded, could damage our reputation with publishers, buyers, regulators, and partners, reduce trust in our platform, and negatively affect our ability to attract or retain customers. Increased litigation risk may also cause publishers, buyers, or data partners to restrict or reconsider their participation in our marketplace, limit data sharing, or impose additional contractual requirements, which could reduce platform liquidity and revenue opportunities.

Furthermore, the evolving and fragmented nature of privacy regulation increases the likelihood that litigation will continue to be brought under differing legal standards across jurisdictions. Courts and regulators may adopt interpretations of privacy and data-protection laws that are inconsistent, expansive, or difficult to reconcile with existing industry practices. As a result, we may be required to make business decisions or accept certain risks in an environment where legal standards remain unsettled, and there can be no assurance that our mitigation efforts or defenses will be successful.

If privacy-related class-action litigation continues to increase in frequency or severity, or if we are unable to effectively defend against or resolve such claims, our business, results of operations, financial condition, and long-term growth prospects could be materially and adversely affected.

Risk Related to the Advertising Industry and Competition

The digital advertising industry is intensely competitive, and if we do not effectively compete against current and future competitors, our business, results of operations, and financial condition could be adversely affected.

The digital advertising ecosystem is competitive and complex due to a variety of factors. While programmatic header bidding and other digital advertising has enabled the purchasing and selling of vast amounts of digital advertising inventory, there are significant challenges related to proliferation of media across platforms, including maintaining competitive transaction speed, increased costs, transparency, and evolving regulatory requirements. To address these issues at scale for both buyers and sellers, we provide specialized software and hardware infrastructure to optimally power technology-driven transactions. To successfully grow our business, we compete with a range of SSPs, including large, publicly-traded SSPs and smaller private SSPs in markets around the world, as well as divisions of larger companies like Google.

Some of our competitors have greater financial, technical, sales, and marketing resources, longer operating histories, and greater name recognition. In addition, some competitors, particularly those with greater scale or a more diversified revenue base and a broader offering, have greater flexibility than we do to compete aggressively on the basis of price and other contract terms, or to compete with us by including in their product offerings services that we may not be able to provide. Competitors that are larger or more well-funded than our Company may be able to invest greater resources than we can in technological development and innovation, particularly in the area of AI where investments can be capital intensive without a guarantee of a return on the investment. Some of our competitors may also choose to sell products or services competitive to ours at lower prices by accepting lower margins and profitability, or they may be able to sell competitive products or services at lower prices given proprietary ownership of data, technical superiority, or economies of scale. The introduction of competitive products, pricing strategies, or other technologies by our competitors that are superior to or that achieve greater market acceptance than our products and services could adversely affect our business.

We experience requests from publishers and buyers for discounts, fee concessions, rebates, refunds, and greater levels of pricing transparency, in some cases as a condition to maintain the relationship or to increase the amount of advertising spend that the buyer sends to our platform. In addition, we may decide to offer discounts or other pricing concessions in order to attract more inventory or demand, or to compete effectively with other providers that have different or lower pricing structures and may be able to undercut our pricing due to greater scale or other factors. Our revenue, take rate, business, results of operations and financial condition could be adversely affected if we cannot maintain and grow our revenue and profitability through volume increases that compensate for any price reductions, or if we are forced to make significant fee concessions, rebates, or refunds.

Some of our competitors are also able or willing to agree to contract terms that expose them to risks that might be more appropriately allocated to publishers or buyers (including inventory risk and the risk of having to pay publishers for unsold advertising impressions, among others), and in order to compete effectively we might need to accommodate risks that could be costly to manage or insure against. Some existing and potential buyers have their own relationships with publishers or are seeking to establish such relationships, and many publishers are investing in capabilities that enable them to connect more effectively directly with buyers. Our business suffers when publishers and buyers purchase and sell advertising inventory directly from one another or through other intermediaries other than us, reducing the amount of advertising spend on our platform. If we are unable to compete effectively for publishers' ad impressions and buyer's advertising spend, we could experience a decline in market share and revenues and be forced to reduce our prices, resulting in lower profit margins for us. Loss of existing or future market share to new competitors and increased price competition could substantially harm our business, results of operations, and financial condition.

There has also been rapid evolution and consolidation in the advertising technology industry, and we expect these trends to continue, increasing the capabilities and competitive posture of larger companies, particularly those that already are dominant or have a greater market share than us, and enabling new or stronger competitors to emerge. Many publishers and buyers are large, consolidated organizations that may need to acquire other companies in order to grow. Smaller publishers and buyers may need to consolidate to compete effectively. There is a finite number of large publishers and buyers in our target markets, and any consolidation of publishers or buyers may give the resulting enterprises greater bargaining power or result in the loss of publishers and buyers that use our platform, reducing our potential base of publishers and buyers, each of which would lead to erosion of our revenue and financial condition.

Market pressure may reduce our revenues.

Our revenue can be affected by market changes, new demands by publishers and buyers, new solutions, and competitive pressure. Our solutions may be priced too high or too low, or our pricing approaches may not be accepted, any of which may carry adverse consequences to our business and results of operations. We may receive requests from publishers for discounts, fee revisions, rebates, and refunds, or from DSPs, agencies and advertisers for volume discounts, fee revisions, and rebates. Any of these pressures from publishers or buyers can adversely affect our business, results of operations, and financial condition.

Seasonal fluctuations or market changes in digital advertising activity could adversely affect our business, results of operations, and financial condition.

Our revenue, net cash provided by operating activities, results of operations, and other key operating and performance metrics vary from quarter to quarter due to the seasonal nature of digital advertising spending. For example, digital advertisers historically tend to devote a large portion of their budgets to campaigns in the fourth quarter of the year, to coincide with consumer holiday spending, and then have a significantly smaller advertising budget in the first calendar quarter. Pricing of digital ad impressions in the fourth quarter is likely to be higher due to increased demand. The degree of seasonality in digital advertising spending can vary and be difficult to predict on a year-to-year or quarter-to-quarter basis. In addition, adverse economic conditions, inflation, changes in foreign exchange rates or interest rates, international trade tensions, or general economic uncertainty may cause advertisers to decrease purchases of digital ad impressions, adversely affecting our business, results of operation and financial condition. A decline in the market for programmatic advertising or the failure of that market to grow as expected could also adversely affect our business, results of operations, and financial condition.

If changes in ad formats, delivery mechanisms, or platform policies prevent advertisements from being delivered to consumers, our business, results of operations, and financial condition may be adversely affected.

Our success depends upon the ability of our platform to provide advertising for a variety of digital devices, the major operating systems or Internet browsers that run on them, and the thousands of applications that are downloaded onto them. The design of digital devices and operating systems or browsers is controlled by third parties that may also introduce new devices and operating systems or modify existing ones, including by implementing technical, contractual, or policy-based restrictions on advertising, data access, or interoperability, and our access to content on certain devices may be limited. If our platform cannot operate effectively with popular devices, operating systems, or Internet browsers, including, for example, as a result of Google's deactivation of cookies or other similar events, our business, results of operations, and financial condition could be adversely affected. As a result of browser- or operating system-level privacy controls, restrictions on identifiers, limitations on APIs, or other platform policy changes, our business, results of operations, and financial condition could be adversely affected.

Risks Related to our Operations

If we fail to detect or prevent fraud on our platform, or malware intrusion into the systems or devices of our publishers and their consumers, publishers could lose confidence in our platform, and we could face legal claims.

We may be subject to fraudulent or malicious activities undertaken by persons seeking to use our platform for improper purposes. For example, someone may attempt to divert or artificially inflate advertiser purchases through our platform, or to disrupt or divert the operation of our systems and the devices of our publishers and their consumers in order to misappropriate information, generate fraudulent billings, stage cyberattacks, or for other illicit purposes. For example, sophisticated bot-nets and other complex forms of click fraud might be used to generate fraudulent impressions and divert advertising revenue from legitimate websites of publishers. Those activities could also introduce malware through our platform to commandeer or gain access to information on consumers' computers. We use third-party tools and proprietary technology to identify non-human traffic and malware, and we may reduce or terminate relationships with publishers that we find to be engaging in such activities. Although we continuously assess the quality and performance of advertising on publishers' digital media properties, it may be difficult to detect fraudulent or malicious activity quickly or at all. Further, perpetrators of fraudulent impressions and malware frequently change their tactics and can become more sophisticated over time, requiring both us and third parties to improve processes for assessing the quality of publisher inventory and controlling fraudulent activity. If we fail to timely detect or prevent fraudulent or malicious activity of this sort, our reputation could be damaged, publishers may contest payment, demand refunds, or fail to give us future business, or we could face legal claims. Even if we are not directly involved in fraud or malicious activity, any sustained failures of others in our industry to adequately detect and prevent fraud could generate the perception that programmatic advertising is unsafe and lead our publishers to avoid programmatic advertising.

Our success depends on our ability to retain key members of our management team, and on our ability to hire, train, retain, and motivate new employees.

Our success depends upon the continued service of members of our senior management team and other key employees. Our Co-Founder and Chief Executive Officer, Rajeev K. Goel, is critical to our overall management, as well as the continued development of our platform and relationships with publishers, DSPs, and agencies, and our strategic direction. Our success also depends on our ability to hire, train, retain, and motivate new employees that align with our corporate culture that has fostered innovation, creativity, and teamwork across our business. Competition for employees in our industry can be intense, and we compete for experienced personnel with many companies that have greater resources than we have. Further, as our business grows and we introduce new offerings, we may need to hire employees with skills and experience that we have not historically required. This is especially true as our business increases focus and resources on emerging revenue streams or other offerings that were not historically a material part of our business. The market for talent in our key areas of operations, especially in engineering, and competition for qualified personnel is particularly intense in the San Francisco Bay Area, Pune, India, and New York, where we maintain offices. As we expand and evolve, in particular across multiple geographies or following acquisitions, it may be difficult to preserve our corporate culture, which could increase employee turnover or reduce our ability to innovate, create, and operate effectively.

We are subject to payment-related risks if DSP buyers dispute or do not pay their invoices, and if DSPs file for bankruptcy protection or there are any decreases in payments, it could adversely affect our reputation, business, results of operations, and financial condition.

We generate revenue primarily through revenue share agreements with our publishers. We invoice DSPs and collect the full purchase price for the digital ad impressions they purchase, retain our fees, and remit the balance to the publisher. However, in some cases, we are required to pay publishers for digital ad impressions delivered even if we are unable to collect from the buyer that purchased the digital ad impressions. In the past, certain buyers have sought to slow their payments to us or have filed for bankruptcy protection, resulting in us not receiving payment. These challenges may be exacerbated by the overall market and economic volatility, inflation, changes in foreign exchange rates or interest rates, disruptions to supply chains, pandemics, epidemics or other public health crises, and the resulting economic impacts, as our buyers may experience financial difficulties and liquidity constraints. Some DSPs have historically carried relatively high debt obligations, and the maturity of that debt or changes in interest rates may negatively impact the liquidity of those DSPs and their ability to timely pay us. In certain cases, buyers have been unable to timely make payments and we have suffered financial losses, including in June 2023 when MediaMath declared bankruptcy, which led us to record a bad debt expense of \$5.7 million. While our contracts generally do not contain such exposure, there are certain agreements under which we may be responsible for the whole amount of contracted spending, whether or not ultimately paid by the buyer.

In addition, a prolonged economic downturn or prolonged period of elevated interest rates may lead additional buyers to slow or default on payments or in some cases seek bankruptcy protection. We cannot provide assurance that we will not experience bad debt in the future, and write-offs for bad debt could adversely affect our business, results of operations, and financial condition in the periods in which the write-offs occur. If our cash collections are significantly diminished as a result of these dynamics, our revenue and/or cash flow could be adversely affected, and we may need to use working capital to fund our accounts payable pending collection from the buyers. This may result in additional costs and cause us to forgo or defer more strategic uses of that working capital.

Our international operations subject us to additional costs and risks, and our continued international expansion may not be successful.

We have entered into several international markets and we expect to continue to expand our international operations. Further expansion may require significant management attention and financial resources and may place burdens on our management, administrative, operational, legal, compliance, and financial infrastructure. The costs and risks inherent in conducting business internationally include, but are not limited to:

- difficulties and costs associated with maintaining effective controls at foreign locations;
- foreign currency fluctuations and controls;
- adapting our platform and solutions to non-U.S. publishers' preferences and customs;
- regulatory and other delays and difficulties in setting up foreign operations, including difficulties in hiring personnel with skill sets and experience that match our international expansion efforts;
- compliance with anti-bribery laws and regulations, export and import control and economic sanctions, laws and regulations;
- compliance with foreign data privacy laws;
- compliance with domestic and foreign bulk data transfer laws;
- economic and political instability in some countries, including as a result of the conflict in Ukraine or a resumption of the conflict between Israel and Palestine;
- trade disputes among countries, and changes in international trade volumes or pricing; and
- compliance with the laws of numerous taxing jurisdictions.

As we continue to expand our business globally, our success will depend, in large part, on our ability to anticipate and effectively manage these risks. These factors and others, and the costs associated with any failure to effectively manage risks and comply with local laws and regulations, could harm our ability to increase international revenues and, consequently, could adversely affect our business, results of operations, and financial condition.

Our use and reliance upon technology and development resources in India may expose us to unanticipated costs and liabilities, which could affect our ability to realize cost savings from our operations in India.

Most of our technology and development work is conducted in Pune, India. We cannot assure you that our reliance upon development resources in India will enable us to achieve meaningful cost reductions or greater resource efficiency. Further, our development efforts and other operations in India involve significant risks, including, but not limited to:

- difficulty hiring and retaining engineering and management resources due to intense competition for such resources and resulting wage inflation;
- heightened exposure to changes in economic, health, security, and political conditions in India; and
- fluctuations in currency exchange rates and tax compliance in India.

In addition, enforcement of intellectual property rights and confidentiality protections in India may not be as effective as in the United States or other countries. Policing unauthorized use of proprietary technology is difficult and expensive, and we may need to resort to litigation to protect our trade secrets and confidential information. The experience and capabilities of Indian courts in handling intellectual property litigation vary, and outcomes are unpredictable. Further, such litigation may require significant expenditures of cash and management efforts and could harm our business, financial condition, and results of operations.

We expect to continue to rely on significant cost savings obtained by concentrating our technology and development and engineering work in India, rather than in the United States, but difficulties resulting from the factors noted above and other risks related to our operations in India could increase our expenses and harm our competitive position. The historical rate of wage inflation has been higher in India than in the United States. Accordingly, it may be harder in the future to achieve labor-related cost efficiencies that we have historically benefited from. In addition, if the Rupee strengthens against the U.S. Dollar, our costs would increase. If the cost of technology and development work in India significantly increases or the labor environment in India changes unfavorably, our cost savings may be diminished. Any such developments could adversely affect our business, results of operations, and financial condition.

We depend on third-party data centers, the disruption of which could adversely affect our business, results of operations, and financial condition.

We host our company-owned infrastructure at third-party data centers. Any damage to or failure of our systems generally would prevent us from operating our business. We rely on the Internet and, accordingly, depend upon the continuous, reliable, and secure operation of Internet servers, related hardware and software, and network infrastructure. While we control and have access to our servers and all of the components of our network that are located in our external data centers, we do not control the operation or costs of these facilities.

The owners of our data center facilities have no obligation to renew their agreements with us on commercially reasonable terms, or at all. If we are unable to renew these agreements on commercially reasonable terms, or if one of our data center operators is acquired, we may be required to transfer our servers and other infrastructure to new data center facilities, and we may incur significant costs and possible service interruption in connection with doing so. As the demand for compute power and data center usage grows as a result of AI and other technological advancements, our ability to secure data center or colocation space at financially reasonable terms may be challenged, which could adversely affect our business, results of operations, and financial condition.

Problems faced by our third-party data center operations, with the telecommunications network providers with whom we or they contract, or with the systems by which our telecommunications providers allocate capacity among their customers, including us, could adversely affect the experience of publishers on our platform. Additionally, improving our platform's infrastructure and expanding its capacity in anticipation of growth in new channels and formats, as well as implementing technological enhancements to our platform to improve its efficiency and cost-effectiveness, are key components of our business strategy, and if our data centers are unable to keep up with our growing needs for capacity, this could have an adverse effect on our business. Increasing data center capacity requires physical plant expansion and the procurement of additional equipment, which can take a year or more to accomplish. Accordingly, if there is a rapid increase in our need for data center capacity, we may not be able to increase our capacity quickly enough to meet the needs of publishers or our business, which could adversely affect our business, results of operations, and financial condition. Any changes in third-party service levels at our data centers or any errors, defects, disruptions, or other performance problems could adversely affect our reputation, expose us to liability, cause us to lose customers, or otherwise adversely affect our business, results of operations, and financial condition. Service interruptions might reduce our revenue, trigger refunds to publishers, subject us to potential liability, or adversely affect our business, results of operations, and financial condition.

The occurrence of a natural disaster, an act of terrorism, vandalism or sabotage, or other unanticipated problems at these facilities could result in interruptions in the availability of our platform. While we have disaster recovery arrangements in place, they have not been tested under actual disasters or similar events and may not effectively permit us to continue to provide our products and services in the event of any problems with respect to our data centers. Moreover, because we do not currently have full redundancy with respect to the services at each data center, if one of our data centers shuts down there may be a period of time that our products or services, or some of our products or services, will be unavailable to publishers served by that data center. If any of these events were to occur to our business, our business, results of operations, or financial condition could be adversely affected.

Platform outages or disruptions, including due to cyberattacks or our failure to maintain adequate security and supporting infrastructure, could adversely affect our business, results of operations, and financial condition.

As we grow our business, we expect to continue to invest in our platform infrastructure, including hardware and software solutions, network services, and database technologies, as well as potentially increase our reliance on open source software. Without these improvements, our operations might suffer from unanticipated system disruptions, slow transaction processing, unreliable service levels, impaired quality, or delays in reporting accurate information regarding transactions on our platform, any of which could negatively affect our reputation and ability to attract and retain publishers. The steps we take to enhance the reliability, integrity, and security of our platform as it scales are expensive and complex, and poor execution could result in operational failures. In addition, cyberattack techniques are constantly evolving and becoming increasingly diverse and sophisticated as attackers deploy AI, and could involve denial-of-service attacks or other maneuvers that have the effect of disrupting the availability of services on our platform.

Other types of cyberattacks could harm us even if our platform operations are left undisturbed. For example, attacks may be designed to deceive employees into releasing control of their systems to a hacker, while others may aim to introduce computer viruses or malware into our systems with a view to stealing confidential or proprietary data. Additionally, we rely on third party software providers for the delivery of certain of our services and offerings, and a disruption to those providers, whether an outage, cybersecurity attack, or otherwise, could adversely affect our business, results of operations, and financial condition.

We are also vulnerable to unintentional errors or malicious actions by persons with authorized access to our systems that exceed the scope of their access rights, distribute data erroneously, or, unintentionally or intentionally, interfere with the intended operations of our platform. Although we maintain insurance coverage, it may be insufficient to protect us against all losses and costs stemming from security breaches, cyberattacks and other types of unlawful activity, or any resulting disruptions from such events. Outages and disruptions of our platform, including any caused by cyberattacks, may harm our reputation and adversely affect our business, results of operations, and financial condition.

Our software platform could be susceptible to errors, defects, or unintended performance problems that could adversely affect our business, results of operations, and financial condition.

We depend upon the sustained and uninterrupted performance of our platform to operate our business. Software bugs, faulty algorithms, technical or infrastructure problems, or system updates could lead to an inability to process data to place advertisements or price inventory effectively, or cause advertisements to display improperly or be placed in proximity to inappropriate content, which could adversely affect our business, results of operations, and financial condition. These risks are compounded by the complexity of our technology and the large amounts of data we utilize. Because our software is complex, undetected material defects, errors and failures may occur. Despite testing, errors or bugs in our software may not be found until the software is in our live operating environment.

For example, changes to our solution have in the past caused errors in the measurements of transactions conducted through our platform, resulting in disputes raised by publishers. Errors or failures in our offerings, even if caused by the implementation of changes by publishers or partners to their systems, could also result in negative publicity, damage to our reputation, loss of or delay in market acceptance of our offerings, increased costs or loss of revenue, or loss of competitive position. As a result, defects or errors in our products or services could harm our reputation, result in significant costs to us, impair the ability of publishers to sell and for buyers to purchase inventory, and impair our ability to fulfill obligations with publishers and partners. Any significant interruptions could adversely affect our business, results of operations, and financial condition.

Our continued business success depends upon our ability to offer high-quality inventory with appropriate viewability capabilities.

We must address quality concerns of both advertisers and publishers. Publishers require ad quality tools that enable granular control over the characteristics of the ads that run on their ad impressions, including those relating to the advertiser, industry and content for a particular ad. We must also provide automatic or ad hoc blocking of ads that contain malware or other ads the publisher deems undesirable. Our inventory quality tools must continue to help publishers demonstrate the value and quality of their ad impressions to DSPs, advertisers, and agencies with automated fraud detection and viewability reporting. Maintaining and upgrading our capabilities associated with ad quality and inventory quality is complex and costly. Maintaining high-quality inventory may become increasingly difficult with the advent and proliferation of “deep fake” video and other media produced using AI. If we fail to maintain high quality controls for our publishers and partners, our business, results of operations, and financial condition could be adversely affected.

In addition, the viewability of ad impressions is important to certain advertisers because it enables them to assess the value of particular ad impressions as a means to reach a target audience. However, there is no consensus regarding the definition of viewability or the minimum standard viewability thresholds and metrics that should apply for different ad formats. We cannot predict whether consensus views will emerge, or what they will be. Incorporating accepted viewability approaches fully into our business as they evolve will require us to incur additional costs to integrate relevant technologies and process additional information through our platform. In addition, ad impressions that are well differentiated on the basis of viewability will also typically be differentiated on the basis of value, with those that are less viewable valued lower. In this context, if we are not able to effectively transact ad impressions with higher viewability and to incorporate appropriate viewability capabilities into our platform, we could be competitively disadvantaged and our business, results of operations, and financial condition could be adversely affected.

Future acquisitions or strategic investments could be difficult to identify and integrate, divert the attention of management, and could disrupt our business, dilute stockholder value and adversely affect our business, results of operations, and financial condition.

As part of our growth strategy, we may acquire or invest in other businesses, assets, or technologies that we believe fit within our strategic goals. Any acquisition or investment may divert the attention of management and require us to use significant amounts of cash, issue dilutive equity securities, or incur debt. An acquisition or investment may not ultimately bring the anticipated benefits to the Company that we intended or anticipated. Any additional capital raised through the sale of equity or convertible debt securities would dilute your stock ownership, and any new equity securities we issue could have rights, preferences, and privileges superior to those of holders of our common stock.

Any debt financing we secure in the future could involve restrictive covenants relating to our capital raising activities and other financial and operational matters, which may make it more difficult for us to obtain additional capital and to pursue business opportunities, including potential acquisitions. In addition, the anticipated benefits of any acquisition or investment may not be realized, and we may be exposed to unknown risks, any of which could adversely affect our business, results of operations, and financial condition, including risks arising from:

- difficulties in integrating the operations, technologies, product or service offerings, administrative systems, and personnel of acquired businesses;
- ineffectiveness or incompatibility of acquired technologies or solutions;
- potential loss of key employees of the acquired business;
- inability to maintain key business relationships and reputation of the acquired business;
- litigation arising from the acquisition or the activities of the acquired business;
- failure to generate the expected financial results related to an acquisition in a timely manner or at all;
- failure to accurately forecast the impact of an acquisition; and
- implementation or remediation of effective controls, procedures, and policies for acquired businesses.

Accordingly, any acquisition or investment would be subject to a risk of partial or total loss of invested capital

We rely on customers, publishers, buyers, and partners to abide by contractual requirements and relevant laws, rules, and regulations when using our platform, and legal claims or enforcement actions resulting from their actions could expose us to liabilities, damage our reputation, and be costly to defend.

The customers, publishers, buyers, and partners engaging in transactions through our platform impose various requirements upon each other, and they and the underlying advertisers are subject to regulatory requirements by governments and standards bodies applicable to their activities. We may assume responsibility for satisfying or facilitating the satisfaction of some of these requirements through the contracts we enter into with customers, publishers, buyers, and partners. In addition, we may have responsibility for some acts or omissions of customers, publishers, buyers, or partners transacting business through our platform under applicable laws or regulations or as a result of common law duties, even if we have not assumed responsibility contractually. These responsibilities could expose us to significant liabilities and we may not have the ability to impose effective mitigating controls upon, or to recover from, publishers and buyers. Moreover, for those third parties who are both publishers and buyers on our platform, it is feasible that they could use our platform to buy and sell advertisements in an effort to inflate their own revenue. We could be subject to litigation as a result of such actions, and, if we were sued, we would incur legal costs in our defense and cannot guarantee that a court would not attribute some liability to us. Regulators, plaintiffs, and class action litigants may seek to hold multiple participants in the advertising supply chain liable regardless of contractual allocations of responsibility. Even where we have indemnification rights, recovery may be uncertain if counterparties lack resources to pay or dispute coverage.

We contractually require our customers, publishers, buyers, data providers, and partners to abide by relevant laws, rules and regulations, and restrictions by their counterparties, when transacting on our platform, and we generally attempt to obtain representations from buyers that the advertising they place through our platform complies with applicable laws and regulations and does not violate third-party intellectual property rights, and from publishers about the quality and characteristics of the impressions they provide. We also generally receive representations from publishers, buyers, and data providers about their privacy practices and compliance with applicable laws and regulations, including their maintenance of adequate privacy policies that disclose and permit our data collection and transfer practices. Nonetheless, there are many circumstances in which it is difficult or impossible for us to monitor or evaluate compliance by our publishers, buyers, data providers, and partners. For example, we cannot control the content of publisher's media properties, and we are often unable to determine exactly what information a partner collects after an ad has been placed, and how the buyer uses any such collected information. Moreover, we are unable to prevent DSPs from aggregating bid requests from publishers and directing it to their own buying platforms or even reselling such bid data to advertisers or third parties.

If publishers, buyers, data providers, or partners fail to abide by relevant laws, rules and regulations, or contractual requirements when transacting over our platform, or after such a transaction is completed, we could potentially face liability to consumers for such misuse. Potential sources of liability to consumers include malicious activities, such as the introduction of malware into consumers' computers through advertisements served through our platform, and code that redirects consumers to sites other than the ones consumers sought to visit, potentially resulting in malware downloads or use charges from the redirect site. In such an event, consumers may look to us to recover any alleged damages as a result of publishers' use of limitations or disclaimers of liability through their terms of use with consumers. Similarly, if such misconduct results in enforcement action by a regulatory body or other governmental authority, we could become involved in a potentially time-consuming and costly investigation or we could be subject to litigation or some form of sanction or penalty. We may not have adequate indemnity to protect us against, and our insurance policies, may not cover, such claims and losses.

We cannot guarantee that our share repurchase program will be fully consummated or that it will enhance long-term stockholder value. Share repurchases could also increase the volatility of the trading price of our stock and diminish our cash reserves.

In February 2023, our board of directors authorized and approved a program pursuant to which we could repurchase up to \$75.0 million in aggregate of shares of our Class A common stock, with the authorization to expire on December 31, 2024 (the "2023 Repurchase Program"). On February 22, 2024, our board of directors authorized an increase and extension to the 2023 Repurchase Program from \$75.0 million to \$175.0 million through December 31, 2025. On May 7, 2025, our board of directors authorized a further increase and extension to the 2023 Repurchase Program, increasing the total amount authorized for repurchase from \$175.0 million to \$275.0 million and extending the 2023 Repurchase Program through December 31, 2026 (the "2025 Repurchase Program Extension"). As of December 31, 2025, we have repurchased approximately \$181.1 million of our Class A common stock in aggregate under the 2023 Repurchase Program. Although our board of directors authorized the 2025 Repurchase Program Extension, the program does not obligate us to repurchase any specific dollar amount or to acquire any specific number of shares of our Class A common stock. The actual timing and amount of repurchases remain subject to a variety of factors, including stock price, trading volume, market conditions and other general business considerations, all of which may be negatively impacted by macroeconomic conditions and factors, including, for example, volatile interest rates, inflation, and geopolitical uncertainty. The 2023 Repurchase Program may be modified, suspended, or terminated at any time, and we cannot guarantee that the 2023 Repurchase Program will be fully consummated or that it will enhance long-term stockholder value. The program could affect the trading price of our Class A common stock, increase volatility and diminish our cash and cash equivalents and marketable securities, and any announcement of a termination of this program may result in a decrease in the trading price of our stock.

Our business is subject to the risk of catastrophic events such as pandemics, earthquakes, flooding, fire, and power outages, and to interruption by man-made problems such as acts of war and terrorism.

Our business is vulnerable to damage or interruption from pandemics, earthquakes, flooding, fire, power outages, telecommunications failures, terrorist attacks, acts of war, human errors, break-ins, and similar events. A significant natural disaster could have a material adverse effect on our business, results of operations, and financial condition, and our insurance coverage may be insufficient to compensate us for losses that may occur. We have office and data center facilities located in California, a state known for seismic activity. Significant portions of our development and advertising operations work is located in Pune, India, which is susceptible to earthquakes and flooding. In addition, economic or political instability or international responses thereto could adversely affect our business, results of operations, and financial condition. Furthermore, acts of terrorism, which may be targeted at metropolitan areas that have higher population density than rural areas, could cause disruptions in our or our publishers' and partners' businesses or the economy as a whole. Our servers may also be vulnerable to computer viruses, break-ins, denial-of-service attacks, and similar disruptions from unauthorized tampering with our computer systems, which could lead to interruptions, delays, and loss of critical data. We may not have sufficient protection or recovery plans in some circumstances, such as natural disasters affecting California, New York, Virginia, or Pune, India. As we rely heavily on our data center facilities, computer and communications systems, and the Internet to conduct our business and provide high-quality customer service, these disruptions could negatively impact our ability to operate our business and either directly or indirectly disrupt publishers' and partners' businesses, which could adversely affect our business, results of operations, and financial condition.

We use artificial intelligence in our business, and challenges with properly managing its use could result in reputational harm, competitive harm, and legal liability, and adversely affect our results of operations.

We incorporate AI solutions into our development efforts, external product offerings, and optimization capabilities, and these applications and the use of AI will become more important in our operations over time. We are making significant investments in AI, and we may not be successful in generating revenue or profit from these efforts. Our ability to develop and deploy AI solutions also depends on our ability to attract and retain employees with specialized AI expertise, and competition for such talent is intense.

AI-powered features, including our machine learning algorithms for bid optimization, fraud detection, and audience targeting, are important to our competitive position and our ability to deliver value to publishers and buyers. However, AI technologies are complex and rapidly evolving, and we face significant competition from other companies as well as an evolving regulatory landscape. These efforts, including the introduction of new products or changes to existing products, may result in new or enhanced governmental or regulatory scrutiny, litigation, ethical concerns, or other complications that could adversely affect our business, operating results and financial condition. Additionally, the European Union's Artificial Intelligence Act, which entered into force in August 2024 with phased compliance obligations extending through 2027, may classify certain AI-driven advertising technology uses as subject to transparency, documentation, or conformity assessment requirements, and the scope and application of these obligations to our business remains uncertain.

Our competitors or other third parties may incorporate AI into their products and offerings more quickly or more successfully than us, which could impair our ability to compete effectively and adversely affect our results of operations. Our AI-enabled solutions rely on third-party equipment, technology, and other technical and physical infrastructure, such as processing hardware, network capacity or models, and any limitations, changes, or disruptions associated with such third-party technologies could adversely affect our ability to develop, deploy, or enhance our AI services. In particular, the integration of third-party AI models with our products and services relies on certain safeguards implemented by the third-party developers of the underlying AI models. Our reliance on a limited number of third-party AI model providers creates concentration risk; if such providers experience service disruptions, materially change their terms or pricing, or discontinue offerings we depend upon, our ability to deliver AI-powered features could be impaired. If the content, analyses, optimization decisions or recommendations that AI applications assist in producing are or are alleged to be inaccurate, deficient, or biased, our business, financial condition, and results of operations may be adversely affected. Additionally, the development of our AI solutions depends on access to data to effectively train and operate our models, and limitations on our access to data, whether due to cost, availability, regulatory restrictions, or other factors, could adversely affect the effectiveness of our AI products and solutions.

AI applications generally state they do not use personal data or other classes of protected data, but we may not know the source of data used by an AI application and may inadvertently incorporate personal information, or data derived from personal data, in the course of using an AI application. The use of AI applications has resulted in, and may in the future result in, cybersecurity incidents that implicate the sensitive data of customers analyzed within such applications. Any such cybersecurity incidents related to our use of AI applications for analysis of sensitive data could adversely affect our reputation and results of operations.

If we include portions of our proprietary information when using AI tools, that information may enter the public domain and we may lose the ability to protect such proprietary information. AI also presents emerging ethical issues and if our use of AI becomes controversial, we may experience brand or reputational harm, competitive harm, or legal liability. The rapid evolution of AI, including potential government regulation of AI and its various uses, will require significant resources to develop, test, and maintain our intelligence cloud platform, offerings, services, and features to help us implement AI ethically in order to minimize unintended, harmful impact. In addition, inconsistent or evolving AI-related legal and regulatory frameworks across jurisdictions may require us to incur additional compliance costs and to modify our offerings or operations in certain jurisdictions.

Finally, as AI enabled services become popular across industries, we may find ourselves competing for scarce compute capacity. Demand for data-center capacity and related infrastructure has increased significantly, driven in part by the rapid adoption of AI-driven technologies across industries. Constraints on the availability, geographic distribution, or cost of such infrastructure—whether due to market conditions, energy availability, regulatory requirements, or actions by third-party providers—could limit our ability to scale AI-enabled operations efficiently or maintain performance levels as our platform grows, which could adversely impact our business or results of operations.

Risks Related to Regulations

We are subject to frequently evolving laws, regulations and industry requirements related to data privacy, data protection, information security, and consumer protection across the markets we operate in.

We receive, store, and process data about or related to consumers in addition to publisher, buyer, partner, employee, and services provider or vendor data. Our handling of this data is subject to numerous federal, state, and foreign laws and regulations that are constantly evolving and not always consistent across jurisdictions. We are also subject to regulation by various governmental authorities in addition to federal and state regulations. Our data handling is further subject to contractual obligations and may be deemed to be subject to industry standards and trade associations.

The U.S. federal government and various state and foreign governments have adopted or proposed limitations on the collection, distribution, use, and storage of data relating to individuals, including the use of contact information, precise geolocation information, and other data for marketing, advertising and other communications with individuals and businesses. In the United States, various laws and regulations apply to the collection, processing, disclosure, and security of certain types of data. Additionally, the U.S. Federal Trade Commission and many state attorneys general are interpreting federal and state consumer protection laws as imposing standards for the online collection, use, dissemination, and security of data. These regulatory regimes are constantly evolving and not always interpreted in a consistent manner. If we fail to comply with any such laws or regulations, we may be subject to enforcement actions that may not only expose us to litigation, fines, and civil and/or criminal penalties, but also require us to change our business practices, each of which could adversely affect our business, results of operations, and financial condition.

The regulatory framework for data privacy worldwide is evolving and is likely to remain uncertain for the foreseeable future. The occurrence of unanticipated events often rapidly drives the adoption of legislation or regulation affecting the use, collection, or other processing of data and manners in which we conduct our business. Restrictions have been placed upon the collection, management, aggregation, transfer, and use of information, and compliance with those restrictions may require us to change how we collect, manage, aggregate, transfer, and use data in the future, which could result in a material increase in the cost of collecting or otherwise obtaining certain kinds of data. These restrictions could further limit the ways in which we may use or disclose information or may require us to make changes to our offerings, which could adversely affect our business, results of operations, and financial condition. In particular, interest-based advertising, or the use of data to draw inferences about a user's interests and deliver relevant advertising to that user, and similar or related practices (sometimes referred to as behavioral advertising or personalized advertising), such as cross-device data collection and aggregation, have come under increasing scrutiny by legislative, regulatory, and self-regulatory bodies in the United States and abroad that focus on consumer protection or data privacy. In addition, the steps taken by companies to de-identify personal data, to use and distribute the resulting data, including for purposes of personalization and the targeting of advertisements, have also been a frequent target of scrutiny by these authorities. Much of the related regulatory activity has focused on the use of cookies and other technology to collect information about Internet users' online browsing activity on web browsers, mobile devices, and other devices, to associate such data with user or mobile advertising identifiers or de-identified identities across devices and channels. There is also increased regulatory focus on the use of geolocation data that aims to limit what can be collected, what kind of consent may be required with respect to the same, and how such data may be used, exchanged, or disclosed to others.

In the United States, the U.S. Congress and state legislatures, along with federal regulatory authorities, have increased their attention on matters concerning the collection and use of consumer data. In the United States, non-sensitive consumer data generally may be used under current rules and regulations, subject to certain restrictions, so long as the person does not affirmatively "opt-out" of the collection or use of such data. If an "opt-in" model or other more restrictive regulations were to be adopted in the United States, less data would be available, and the cost of data would be higher. It is uncertain what steps the second Trump Administration in the United States may take to expand, curtail, or alter the current federal regulatory regime in which we operate.

California enacted the California Consumer Privacy Act (as amended, "CCPA") which took effect in January 2020. The CCPA created individual privacy rights for California residents, including rights of deletion and access, and increased the privacy and security obligations of businesses handling personal data. The CCPA is also still enforceable by the California Attorney General, and there is a CCPA private right of action relating to certain data security incidents. The CCPA generally requires covered businesses to, among other things, provide disclosures to California consumers regarding the collection, use and disclosure of their personal data. The CCPA also affords California consumers the ability to opt-out of certain sales of personal data, a concept that is defined broadly and is subject to evolving regulations promulgated initially by the California Attorney General, and now the California Privacy Protection Agency ("CPPA"), newly renamed "CalPrivacy," and the agency charged with CCPA rulemaking and enforcement.

CCPA amendments have also imposed additional data protection obligations on companies doing business in California, including additional consumer rights processes and opt-outs for certain uses of sensitive data and “sharing” of personal data for cross-context behavioral advertising. The effects of the CCPA, including from expected but not yet promulgated regulations, are potentially significant and may require us to modify our data collection or processing practices and policies and to incur substantial costs and expenses in an effort to comply, which will increase our potential exposure to regulatory enforcement and/or litigation. Decreased availability and increased costs of information due to implementing the CCPA, could adversely affect our ability to meet our customers’ requirements and could have an adverse effect on our business, results of operations, and financial condition.

In addition to regulations under the CCPA, CalPrivacy has also promulgated regulations as a result of the California Delete Act, which applies to those entities defined as ‘data brokers’ under the CCPA amendments. The Delete Act has required CalPrivacy to establish an accessible data deletion mechanism by January 1, 2026, to allow California consumers to submit a single verifiable consumer request to delete their data across all data brokers. By providing an opportunity for mass data subject requests, the Delete Act imposes compliance and operational costs and has the potential to limit the availability of personal data that PubMatic may utilize for targeted advertising.

The California Invasion of Privacy Act (as amended, “CIPA”) has become the basis for a growing number of lawsuits against digital advertising companies, including PubMatic. Plaintiffs have argued that CIPA prohibits certain forms of interception of communications and the use of pen registers or similar tracking devices without the consent of all parties to the communication. Plaintiffs in several recent cases have alleged that adtech intermediaries—including supply side platforms (SSPs)—have violated CIPA by participating in the interception of communications between consumers and websites through the use of tracking pixels, cookies, session replay scripts, or real-time bidding signals. Although we believe our practices comply with applicable laws, the legal framework surrounding CIPA is unsettled and continues to evolve through litigation and courts have issued conflicting decisions regarding the scope of CIPA’s application to modern internet technologies. Should plaintiffs successfully argue that our participation in the adtech ecosystem constitutes a violation of CIPA, we could be subject to significant statutory damages, costly litigation, injunctions, or other regulatory actions. Even unmeritorious claims can result in substantial legal expenses and divert management attention. If similar claims are adopted by courts in other jurisdictions, or if regulators issue adverse guidance interpreting these practices as unlawful under CIPA or other statutes, our financial exposure and liability could increase and our business, results of operations, and financial condition could be adversely affected.

The federal Video Privacy Protection Act (“VPPA”) has also been the basis for a growing number of lawsuits involving the alleged disclosure of consumers’ video-viewing information to third parties through pixels or similar technologies. As courts address these lawsuits, adverse decisions could increase VPPA-related litigation (including class actions), expand statutory damages exposure, reduce available defenses for companies that host, embed, or monetize video content and use common analytics or advertising technologies, and require changes to industry practices, any of which could adversely affect our business, results of operations, and financial condition.

The CCPA has encouraged “copycat” laws in other states across the country. Following California’s lead, over a third of other U.S. states have enacted comprehensive consumer privacy laws as well as privacy laws targeted at specific industries or types of data, and at data brokers specifically. Numerous other states have or are in the process of passing their own privacy or privacy-adjacent laws. Compliance with new privacy legislation adds complexity and may require investment in additional resources for compliance programs, thus potentially resulting in additional costs and expense of resources to maintain compliance. We cannot yet fully predict the impact of such state laws or subsequent guidance on our business or operations, but it may require us to further modify our data processing practices and policies and to incur substantial costs and expenses in an effort to comply, including the opportunity cost of devoting resources to developing compliance solutions over expanded platform capabilities. New and proposed legislation has added and may in the future add additional complexity, variation in requirements, restrictions, and potential legal risk, require additional investment in resources to compliance programs, and could impact strategies and availability of previously useful data and could result in increased compliance costs and/or changes in business practices and policies. In some cases, different regulatory regimes may interpret certain practices differently, and there may be contradiction among the regimes in which we operate. Although proposals are regularly introduced in Congress, it remains to be seen whether the U.S. will implement comprehensive federal consumer privacy legislation.

In Europe, the GDPR took effect on May 25, 2018, and applies to products and services that we provide in Europe, as well as the processing of personal data of European Union (“EU”) citizens, wherever that processing occurs. The United Kingdom (“U.K.”) implemented the Data Protection Act, effective May 2018, and statutorily amended it in 2019 to contain provisions, including its own derogations, for how GDPR is applied in the U.K. post-Brexit (the “UK GDPR”). The GDPR includes operational requirements for companies that receive or process personal data of residents of the EU. For example, we are required to offer consent mechanisms to data subjects in Europe before processing data for certain aspects of our service. Failure to comply with GDPR may result in significant penalties for non-compliance of up to the greater of €20 million (£17.5 million in the U.K.) or 4% of an enterprise’s global annual revenue. In addition to the foregoing, a breach of the GDPR could result in regulatory investigations, reputational damage, orders to cease/ change our processing of our data, enforcement notices, and/ or assessment notices (for a compulsory audit). We may also face civil claims including representative actions and other class action type litigation (where individuals have suffered harm), potentially amounting to significant compensation or damages liabilities, as well as associated costs, diversion of internal resources, and reputational harm.

Further, European regulators continue to be focused on compliance with requirements in the online behavioral advertising ecosystem and enforcing national laws that implement the ePrivacy Directive (commonly called the “Cookie Directive”) in those ecosystems. European court decisions and regulators’ recent guidance continue to drive increased attention to cookies and tracking technologies. As regulators start to enforce a stricter approach (which has already begun to occur in multiple EU member states, where data protection authorities have initiated a probe on third-party cookies), this could lead to substantial costs, require significant systems changes, limit the effectiveness of our marketing activities, divert the attention of our technology personnel, adversely affect our margins, increase costs, and subject us to additional liabilities.

IAB Europe previously collaborated with the digital advertising industry to create a user-facing framework (the Transparency and Consent Framework, or “TCF”) for establishing and managing legal bases under the GDPR and other U.K. and EU privacy laws including the ePrivacy Directive. In February 2022, the Belgian Data Protection Authority (“DPA”) issued an order against IAB Europe that imposes specific remedies on IAB Europe and its operation of TCF. IAB Europe appealed the Belgian DPA’s decision, and the Belgian Market Court issued an interim ruling on the appeal and referred preliminary questions to the CJEU for guidance. IAB Europe subsequently issued an updated version of the TCF, and following the CJEU’s March 2024 ruling, the appeal remains in the Belgian Market Court on the substantive questions posed.

In addition, some countries, including India, Brazil, Thailand, and Japan, are considering or have passed legislation implementing data protection requirements or requiring local storage and processing of data or similar requirements that could increase the cost and complexity of delivering our services or force us to change business practices to conform to local law. The U.S. federal government has additionally added restrictions on the flow of certain data to China and other so called “countries of concern” which has the potential to limit with whom we may partner or the data we are able to share with certain partners. Any failure to achieve required data protection standards (which are not currently clear when applied to the online advertising ecosystem) may result in lawsuits, regulatory fines, or other actions or liability, all of which may harm our results of operations and revenue opportunities. Because the interpretation and application of privacy and data protection laws, such as the CCPA and GDPR, and their related regulations and standards, are potentially uncertain and may be different across jurisdictions, it is possible that these laws, regulations and standards may be interpreted and applied in manners that are, or are asserted to be, inconsistent with our data management practices or the technological features of our solutions.

We are also subject to laws and regulations that dictate whether, how, and under what circumstances we can transfer, process and/or receive certain data that is critical to our operations, including data shared between countries or regions in which we operate, and data shared among our products and services.

We are also subject to regulation with respect to political advertising activities, which are governed by various federal and state laws in the United States, EU, and national and provincial laws worldwide. Online political advertising laws are rapidly evolving, and our publishers may impose restrictions on receiving political advertising, especially in light of recent elections both in the United States, EU, and in foreign jurisdictions. The lack of uniformity and increasing compliance requirements around political advertising may adversely impact the amount of political advertising spent through our platform, increase our operating and compliance costs, and subject us to potential liability from regulatory agencies. Moreover, in the European Union, the Regulation on the Transparency and Targeting of Political Advertising (“TTPA”) introduces new obligations for participants in the digital political advertising ecosystem, including enhanced transparency, labeling, and recordkeeping requirements, as well as restrictions on the use of personal data and inferred characteristics for targeting or amplifying political advertisements. Although the precise scope and application of the TTPA will depend on implementing guidance and national enforcement practices, it may be interpreted to apply to multiple participants in the advertising supply chain, including intermediaries such as supply-side platforms. Compliance with the TTPA may require changes to our products, processes, contractual arrangements, or data flows, increase compliance and operational costs, reduce demand for political advertising in the EU, or expose us to regulatory investigations, fines, or other liability.

The collection and processing of health-related data presents heightened compliance risks due to the broad and ambiguous language of emerging privacy laws such as Washington’s My Health My Data Act (“MHMD”) and the Nevada Consumer Health Data Law. These laws expand the definition of “consumer health data” far beyond traditional medical information, potentially encompassing data points that are commonly used in digital advertising, such as location data, app usage, and browsing history when linked to health-related interests. Unlike HIPAA, which applies to specific entities such as healthcare providers, these new state laws cast a wider net, creating uncertainty around what constitutes health data and how it must be handled. Compliance obligations, including obtaining explicit consumer consent, offering broad deletion rights, and imposing strict contractual restrictions on data sharing, introduce operational complexity and potential liability for companies such as ours. Additionally, these laws contain private rights of action, exposing businesses to costly class action lawsuits even in cases where health-related data is inadvertently inferred rather than explicitly collected. As enforcement of these regulations ramps up, our company must continuously assess and adapt our data practices to mitigate risk, which may require limiting certain data-driven advertising use cases or investing in additional compliance infrastructure, impacting operational efficiency and revenue opportunities.

In addition to government regulation, privacy advocacy and industry groups may propose new and different self-regulatory standards that either legally or contractually apply to us or our customers. We are members of self-regulatory bodies that impose additional requirements related to the collection, use, and disclosure of consumer data. Under the requirements of these self-regulatory bodies, in addition to other compliance obligations, we are obligated to provide consumers with notice about our use of cookies and other technologies to collect consumer data and of our collection and use of consumer data for certain purposes, and to provide consumers with certain choices relating to the use of consumer data. Some of these self-regulatory bodies have the ability to discipline members or participants, which could result in fines, penalties, and/or public censure (which could in turn cause reputational harm) being imposed on us. Additionally, some of these self-regulatory bodies might refer violations of their requirements to the U.S. Federal Trade Commission or other regulatory bodies. If we were to be found responsible for such a violation, it could adversely affect our reputation, as well as our business, results of operations, and financial condition.

Legal uncertainty and industry unpreparedness for new regulations may mean substantial disruption and inefficiency, demand constraints, and reduced inventory supply and value.

Some of our publishers may be unprepared to comply with the evolving complexity established as a result of an abundance of state, national, and other privacy laws and regulations which are no longer solely limited to the CCPA, GDPR, and the UK GDPR, and which may result in removing or limiting personal data from their inventory before passing it into the bid stream. This may lower the value of their inventory, at least temporarily, resulting in loss of ad spend and revenue for us.

As privacy and data protection laws continue to evolve, it is possible that these laws may be interpreted and applied in a manner that is inconsistent with our safeguards and practices that could result in fines, lawsuits, and other penalties, and significant changes to our publishers' business practices and inventory. Even well-prepared publishers and buyers may be confronted with difficult choices and administrative and technical hurdles as they implement compliance programs and integrate with multiple other parties in the ecosystem. Further, compliance program design and implementation will be an ongoing process as understanding of the CCPA, CPRA, GDPR, UK GDPR, increasing numbers of U.S. state privacy laws, or other emerging regulations and industry compliance standards (such as those related to the use of Artificial Intelligence), evolves and companies address sometimes conflicting compliance guidance. In addition to California, approximately 20 U.S. states have enacted regulations that may apply to our business, and we expect more state legislatures or regulatory agencies to do the same. The resulting process friction could result in substantial inefficiency and loss of inventory and demand, as well as increased burdens upon our organization as we seek to assist customers and adapt our own technology and processes as necessary to comply with laws and regulations and adapt to industry practice. The uncertain regulatory environment caused by the CCPA, GDPR, UK GDPR, increasing numbers of U.S. state privacy laws, or other emerging regulations may disadvantage us in comparison to larger, integrated competitors such as Google and Meta (Facebook), which have greater compliance resources and can take advantage of their direct relationships with end users to secure consent directly from those users. Changes in the business practices of such large integrated competitors could impose additional requirements with respect to the retention and security of our handling or ability to handle customer and end user data, could limit our marketing and core business activities, and have an adverse effect on our business, results of operations, and financial condition.

Recent legal developments in Europe have introduced uncertainty for transferring personal data from the European Union to the United States, which may require us to change our EU data practices.

The GDPR generally prohibits the transfer of personal data of EU subjects outside of the European Union to another country that the European Commission does not recognize as offering an adequate level of data protection unless a lawful data transfer mechanism has been implemented or a data transfer derogation applies. On July 10, 2023, the European Commission adopted an adequacy decision for the EU-U.S. Data Privacy Framework ("DPF") as a valid transfer mechanism for data transfers to the United States, and we have self-certified to comply with the EU - U.S. Data Privacy Framework, the UK Extension to the EU-U.S. Data Privacy Framework, and the Swiss-U.S. Data Privacy Framework as a mechanism to legally facilitate personal data transfers from the EU, the U.K., and Switzerland to the U.S. This new Data Privacy Framework could be subject to legal challenge in front of the Court of Justice for the European Union (the "CJEU"), where non-governmental organizations successfully litigated to invalidate previous framework, known as Privacy Shield, in 2020.

Specifically, recent developments have introduced potential challenges to the stability of the DPF. On January 27, 2025, the Trump administration dismissed all three Democratic members of the Privacy and Civil Liberties Oversight Board (PCLOB), the independent agency responsible for overseeing U.S. surveillance activities and ensuring they align with privacy and civil liberties standards. This action has left the PCLOB without a quorum, effectively incapacitating its ability to function and fulfill its oversight responsibilities.

The operational status of the PCLOB was a significant factor in the European Commission's decision to adopt the DPF. The current limited functionality of the PCLOB raises concerns about the continued viability of the DPF and may prompt legal challenges, including potential scrutiny by the Court of Justice of the European Union (CJEU).

The Standard Contractual Clauses ("SCCs") is an alternative transfer measure that we also offer to our EU and UK customers for cross-border data transfers that was upheld as a valid legal mechanism for transnational data transfers by the CJEU in 2020. However, the ruling requires that organizations seeking to rely on the SCCs to export data out of the European Union must ensure the data is protected to a standard that is "essentially equivalent" to that in the European Union, including, where necessary, by taking "supplementary measures" to protect the data. Although "supplementary measures" are not explicitly defined, it is possible that European data protection authorities may determine that there are no supplementary measures that can legitimize EU-US data transfers. For the time being, we will rely on the DPF and SCCs for EU-US transfers of EU personal data and explore what "supplementary measures" can be implemented to protect EU personal data that is transferred to us in the United States. SCCs also contemplate data received from a third party, but may not cover data that is collected directly on behalf of a third party. In June 2021, the European Commission further updated the SCCs to require additional information for cross-border data transfers. It remains possible that the SCCs may be later determined inadequate to cover our use of cookies and other tracking technologies placed directly on consumer's browsers or devices through our publishers or buyers' websites.

Depending on evolving legal developments, we may need to restructure our transfers of European data via another European subsidiary and have such entity enter into SCCs with other group entities and implement “supplementary measures” to ensure the continuing flow of data from the European Union to the United States. In the event that use of the SCCs is subsequently invalidated as a solution for data transfers to the United States, or there are additional changes to the data protection regime in the European Union resulting in any inability to transfer personal data from the European Union to the United States in compliance with data protection laws, European customers may be more inclined to work with businesses that do not rely on such compliance mechanisms to ensure legal and regulatory compliance, such as EU-based companies or other competitors that do not need to transfer personal data to the United States in order to avoid the above-identified risks and legal issues. Such changes could cause us to incur penalties under GDPR and UK GDPR and could increase the cost and complexity of operating our business.

Our failure or the failure of third parties to protect our sites, networks and systems against security breaches, or otherwise to protect our confidential information, could damage our reputation and brand and substantially harm our business and operating results.

We collect, maintain, transmit and store data about consumers, employees, partners and others, including personal and other confidential information.

We also engage third parties that store, process, and transmit these types of information on our behalf. We rely on encryption and authentication technology licensed from third parties in an effort to securely transmit confidential and sensitive information, including payment information. Advances in computer capabilities, new technological discoveries, or other developments may result in the whole or partial failure of this technology to protect transaction data or other confidential and sensitive information from being breached or compromised. In addition, ecommerce websites are often attacked through compromised credentials, including those obtained through phishing and credential stuffing. Our security measures, and those of our third-party service providers, might not detect or prevent all attempts to breach our systems, denial-of-service attacks, viruses, malicious software, break-ins, phishing attacks, social engineering, security breaches, ransomware, credential stuffing attacks, or other attacks and similar disruptions that may jeopardize the security of information stored in or transmitted by our websites, networks, and systems or that we or such third parties otherwise maintain, including payment card systems, which may subject us to fines, higher transaction fees, or limit or terminate our access to certain payment methods. We and such third parties might not anticipate, prevent, or detect attacks until after they have already been launched. Further, techniques used to obtain unauthorized access to, or sabotage, systems change frequently and might not be known until launched against us or our third-party service providers. In addition, security breaches can also occur as a result of non-technical issues, including intentional or inadvertent breaches by our employees or by third parties. These risks can increase over time as the complexity and number of technical systems and applications we use also increases.

Breaches of our security measures or those of our third-party service providers on whom we rely or other cyber security incidents could result in unauthorized access to our mobile applications, sites, networks and systems; unauthorized access to and misappropriation of data and customer information, including customers’ personally identifiable information, or other confidential or proprietary information of ourselves or third parties; viruses, worms, spyware or other malware being served from our mobile applications, sites, networks or systems; deletion or modification of content or the display of unauthorized content on our mobile applications or sites; interruption, disruption or malfunction of operations; costs relating to breach remediation, deployment of additional personnel and protection technologies, response to governmental investigations and media inquiries and coverage; engagement of third-party experts and consultants; litigation; regulatory action; investigations, fines or penalties, and other potential liabilities. In the future, we or our third-party service providers may experience social engineering, ransomware, phishing, malware and similar attacks and threats of denial-of-service attacks and such attacks could have a material adverse effect on our operations and financial condition. If any of these breaches of security should occur, our reputation and brand could be damaged, our business may suffer, we could be required to expend significant capital and other resources to alleviate problems caused by such breaches, and we could be exposed to a risk of loss, litigation or regulatory action and possible liability. We cannot guarantee that recovery protocols and backup systems will be sufficient to prevent data loss. Actual or anticipated attacks may cause us to incur increasing costs, including costs to deploy additional personnel and protection technologies, train employees and engage third-party experts and consultants. In addition, any party who is able to illicitly obtain a user’s password could access the user’s transaction data or personal data, resulting in the perception that our systems are insecure.

Many U.S. and foreign laws and regulations require companies to provide notice of data security breaches and/or incidents involving certain types of personal data to individuals, the media, government authorities or other third parties. In addition, some of our customers contractually require notification of data security breaches. Any compromise or breach of our security measures, or those of our third-party service providers, could cause significant legal and financial exposure, adverse publicity, and a loss of confidence in our security measures, which could have a material adverse effect on our business, results of operations, financial condition and prospects. There can be no assurance that any limitations of liability provisions in our contracts would be enforceable or adequate or would otherwise protect us from any such liabilities or damages with respect to any particular claim arising from a cyber incident. We also cannot be sure that our existing cyber insurance coverage, general liability insurance coverage, and coverage for errors or omissions will fully cover such incidents, will continue to be available on acceptable terms, or will be available in sufficient amounts to cover one or more large claims, or that insurers will not deny coverage as to any future claim. One or more large, successful claims against us in excess of our available insurance coverage, or changes in our insurance policies, including premium increases or large deductible or co-insurance requirements, could have an adverse effect on our business, operating results and financial condition.

Failure to comply with industry self-regulation could adversely affect our business, results of operations, and financial condition.

In addition to complying with government regulations, we participate in trade associations and industry self-regulatory groups such as the Interactive Advertising Bureau, the Trustworthy Accountability Group, the Digital Advertising Alliance, and the Networking Advertising Initiative that promote best practices or codes of conduct addressing privacy and consumer transparency in interest-based advertising. For example, we have undertaken to comply with industry codes of conduct in the United States and Europe. On our website, we offer consumers the ability to opt out of receiving advertisements based on cookies or other technologies. If we encounter difficulties implementing such guidelines, or our opt-out mechanisms fail to work as designed, we may experience negative publicity and be the subject of investigations or litigation.

Some of these self-regulatory bodies have the ability to discipline members or participants, which could result in fines, penalties, and/or public censure (which could in turn cause reputational harm) being imposed on us. Additionally, some of these self-regulatory bodies might refer violations of their requirements to the U.S. Federal Trade Commission or other regulatory bodies. Therefore, any representations that we make regarding our adherence to self-regulatory standards could result in regulatory action if we fail to meet such representations. Any regulatory action against us could be costly and time consuming, require us to change our business practices, cause us to divert management's attention and our resources, and be damaging to our reputation and our business. New self-regulatory guidelines that are inconsistent with our practices or in conflict with applicable laws and regulations in the United States and other countries where we do business could arise. If we fail to abide by or are perceived as not operating in accordance with applicable laws, regulations, and industry best practices, or any industry guidelines or codes with regard to privacy or the provision of Internet advertising, our reputation may suffer and we could lose market share or relationships with our publishers, buyers, or others.

In addition to government regulation, privacy advocates and industry groups may propose new and different self-regulatory standards that may apply to us, and are constantly evolving in the United States, European Union, and other jurisdictions. Because the interpretation and application of privacy and data protection laws, regulations, rules, and other standards are still uncertain, it is possible that these laws, rules, regulations, and other actual or alleged legal obligations, such as contractual or self-regulatory obligations, may be interpreted and applied in a manner that is inconsistent with our existing data management practices or the functionality of our platform. If so, in addition to the possibility of fines, lawsuits, and other claims, we could be required to change our offerings or business activities and practices or modify our software, any of which could have an adverse effect on our business, results of operations, and financial condition.

We are subject to governmental economic sanctions requirements and export and import controls that could impair our ability to compete in international markets or subject us to civil or criminal liability.

We are subject to various U.S. export control and trade and economic sanctions laws and regulations, including the U.S. Export Administration Regulations and the various sanctions programs administered by the U.S. Department of the Treasury's Office of Foreign Assets Control (collectively, "Trade Controls"). U.S. Trade Controls may prohibit the shipment of specified products and services to certain countries, governments, and persons. Although we endeavor to conduct our business in compliance with Trade Controls, our limited ability to oversee and control the inventory of our channel partners or our failure to successfully comply may expose us to negative legal and business consequences, including civil or criminal penalties, governmental investigations, and reputational harm.

Furthermore, if we export our technology or software, the exports may require authorizations, including a license, a license exception, or other appropriate government authorization or regulatory requirements. Complying with Trade Controls may be time-consuming and may result in the delay or loss of opportunities.

In addition, various countries regulate the import of encryption technology, including the imposition of import permitting and licensing requirements, and have enacted laws that could limit our ability to offer our platform or could limit our customers' ability to use our platform in those countries. Changes in our platform or future changes in export and import regulations may create delays in the introduction of our platform in certain markets or prevent our customers with international operations from deploying our platform globally. Any change in export or import regulations, global trade activity, economic sanctions or related legislation, or change in the countries, governments, persons, or technologies targeted by such regulations, could result in decreased use of our platform by, or in our decreased ability to export our technology and services to, existing or potential customers with international operations. Any decreased use of our platform or limitation on our ability to export our platform could adversely affect our business, results of operations, and financial condition.

Risks Related to Intellectual Property

We may be subject to intellectual property rights claims by third parties, which are costly to defend, could require us to pay significant damages, and could limit our ability to use technology or intellectual property.

We operate in an industry with extensive intellectual property litigation. There is a risk that our business, platform, and services may infringe or be alleged to infringe the trademarks, copyrights, patents, and other intellectual property rights of third parties, including patents held by our competitors or by non-practicing entities. We could be subject to third party claims if our publishers or buyers do not have sufficient rights to the content, technology, data, or other material associated with an ad impression that they provide, or if it infringes or is alleged to infringe the intellectual property rights of other parties. We may also face allegations that our employees have misappropriated or divulged the intellectual property of their former employers or other third parties. Regardless of whether claims that we are infringing on the intellectual property rights of others have any merit, the claims are time consuming, divert management attention and financial resources, and are costly to evaluate and defend. Some of our competitors have substantially greater resources than we do and are able to sustain the cost of complex intellectual property litigation to a greater extent and for longer periods of time than we could. Due to the cost of litigation, we may choose to enter into license agreements with third parties alleging infringement even when we do not believe our business, platform, or services infringe on third parties' intellectual property rights. Results of intellectual property litigation matters are difficult to predict and may require us to stop offering some features, purchase licenses, which may not be available on favorable terms or at all, or modify our technology or our platform while we develop non-infringing substitutes, or incur significant settlement costs. Any of these events could have an adverse effect on our business, results of operations, and financial condition.

Our intellectual property rights may be difficult to enforce and protect, which could enable others to copy or use aspects of our technology without compensating us, thereby eroding our competitive advantages and having an adverse effect on our business, results of operations, and financial condition.

We rely upon a combination of trade secrets protections, third-party confidentiality and non-disclosure agreements, contractual restrictions on disclosure and use, and trademark, copyright, patent, and other intellectual property laws to establish and protect our proprietary technology and intellectual property rights. We rely on copyright laws to protect computer programs related to our platform and our proprietary technologies, although to date we have not registered for statutory copyright protection. In order to bring a copyright infringement lawsuit in the United States, the copyright must be registered. Accordingly, the remedies and damages available to us for unauthorized use of our software or products may be limited. Historically, we have prioritized keeping our technology architecture, trade secrets, and engineering roadmap private and confidential, and as a general matter, have not patented our proprietary technology. As a result, we cannot look to patent enforcement rights to protect much of our proprietary technology. Any issued patents may be challenged, invalidated, or circumvented, and any rights granted under these patents may not actually provide adequate defensive protection or competitive advantages to us. Additionally, the process of obtaining patent protection is expensive and time-consuming, and we may not be able to prosecute all necessary or desirable patent applications at a reasonable cost or in a timely manner.

We cannot guarantee that others will not independently develop technology with the same or similar functions to our proprietary technology that we rely on to conduct our business and differentiate ourselves from our competitors. Unauthorized parties may also attempt to copy or obtain and use our technology to develop applications with the same functionality as our offerings, and policing unauthorized use of our technology and intellectual property rights is difficult, time-consuming, and costly, and may not be effective. In addition, the laws of some foreign countries may not be as protective of intellectual property rights as those of the United States, and mechanisms for enforcement of our intellectual property rights in such countries may be inadequate. If we are unable to protect our intellectual property rights (including in particular, the proprietary aspects of our offerings) we may find ourselves at a competitive disadvantage to others who have not incurred the same level of expense, time, and effort to create and protect their intellectual property, which could adversely affect our business, results of operations, and financial condition.

While it is our policy to protect and defend our rights to our intellectual property, especially via trade secrets protections, we cannot predict whether steps taken by us to protect our intellectual property will be adequate to prevent infringement, misappropriation, dilution, or other violations of our intellectual property rights. Third parties may knowingly or unknowingly infringe our intellectual property rights, third parties may challenge intellectual property rights held by us, and pending and future trademark and patent applications may not be approved. These claims may result in restrictions on our use of our intellectual property or the conduct of our business. In any of these cases, we may be required to expend significant time and expense to prevent infringement or to enforce our rights.

Our customer agreements generally restrict the use of our confidential information solely to such customer's use in connection with its use of our offerings. In spite of such limitations, reverse engineering our software and feature sets, or the theft or misuse of our confidential information, could occur by customers or other third parties who have access to our technology, and we may fail to detect such theft or misuse in a timely manner.

We also endeavor to enter into agreements with our employees and contractors in order to limit access to and disclosure of our confidential information, as well as to clarify rights to intellectual property and technology associated with our business. These agreements may not effectively grant all necessary rights to any inventions that may have been developed by such employees or consultants. In addition, these agreements may not effectively prevent unauthorized use or disclosure of our confidential information, intellectual property, or technology and may not provide an adequate remedy in the event of unauthorized use or disclosure of our confidential information, intellectual property, or technology. Furthermore, protecting our intellectual property is particularly challenging after our employees or contractors end their relationship with us, and, in some cases, decide to work for our competitors. Enforceability of the non-compete agreements that we have in place is not guaranteed, and contractual restrictions could be breached without us becoming aware of such breach or adequate remedies available to us.

We rely on licenses to use the intellectual property rights of third parties to conduct our business.

We rely on products, technologies, and intellectual property that we license from third parties for use in operating our business. We cannot assure you that these third-party licenses, or support for such licensed products and technologies, will continue to be available to us on commercially reasonable terms, if at all. We cannot be certain that our licensors are not infringing the intellectual property rights of others or that our suppliers and licensors have sufficient rights to the technology in all jurisdictions in which we may operate. Some of our license agreements may be terminated by our licensors for convenience. If we are unable to obtain or maintain rights to any of this technology because of intellectual property infringement claims brought by third parties against our suppliers and licensors or against us, or if we are unable to continue to obtain the technology or enter into new agreements on commercially reasonable terms, our ability to operate and expand our business could be adversely affected.

Our platform relies on third-party open source software components. Failure to comply with the terms of the underlying open source software licenses could expose us to liabilities, and the combination of open source software with code that we develop could compromise the proprietary nature of our platform.

Our platform utilizes software licensed to us by third-party authors under “open source” licenses, and we expect to continue to utilize open source software in the future. The use of open source software may entail greater risks than the use of third-party commercial software, as open source licensors generally do not provide warranties or other contractual protections regarding infringement claims or the quality of the code. To the extent that our platform depends upon the successful operation of the open source software we use, any undetected errors or defects in this open source software could prevent the deployment or impair the functionality of our platform, delay new solutions introductions, result in a failure of our platform, and harm our reputation. For example, undetected errors or defects in open source software could render it vulnerable to breaches or security attacks, and, in conjunction, make our systems more vulnerable to data breaches. Furthermore, some open source licenses contain requirements that we make available source code for modifications or derivative works we create based upon the type of open source software we use. If we combine our proprietary software with open source software in a specific manner, we could, under some open source licenses, be required to release the source code of our proprietary software to the public. This would allow our competitors to create similar solutions with lower development cost, effort, and time, and ultimately put us at a competitive disadvantage.

Although we monitor our use of open source software to avoid subjecting our platform to conditions we do not intend or requirements to disclose source code, we cannot assure you that our processes for controlling our use of open source software in our platform will be effective. If we are held to have breached the terms of an open source software license, we could be required to seek licenses from third parties to continue operating using our offerings on terms that are not economically feasible, to re-engineer our solution or the supporting computational infrastructure to discontinue use of code, or to make generally available, in source code form, portions of our proprietary code.

Risks Related to Financial and Accounting Matters

If we fail to maintain effective internal controls, our ability to produce accurate financial statements and other disclosures on a timely basis could be impaired.

We are required, pursuant to Section 404 of the Sarbanes-Oxley Act (“SOX”), to furnish a report by management on, among other things, the effectiveness of our internal controls over financial reporting. The failure to implement and maintain effective internal controls over financial reporting, could adversely affect our business, results of operations, our financial condition and could have a negative effect on the trading price of our Class A common stock. Potential challenges, risks and difficulties could include:

- failure to meet our reporting obligations;
- restatement of our financial statements due to an undetected material weakness;
- loss of investor confidence in our reported financial information; and
- additional costs to remediate any identified material weaknesses.

If we are unable to continue to meet the reporting requirements per the SEC and SOX, we may not be able to remain listed on the Nasdaq Global Market.

In addition to our results determined in accordance with GAAP, we believe certain non-GAAP measures and key metrics may be useful in evaluating our operating performance. We present certain non-GAAP financial measures and key metrics in this report and intend to continue to present certain non-GAAP financial measures and key metrics in future filings with the SEC and other public statements. Any failure to accurately report and present our non-GAAP financial measures and key metrics could cause investors to lose confidence in our reported financial and other information, which could have a negative effect on the trading price of our Class A common stock.

Our credit agreement contains operating and financial covenants that may restrict our business and financing activities.

As of December 31, 2025, we had no outstanding borrowings under our Senior Secured Credit Facilities Credit Agreement (the “Credit Agreement”) with Silicon Valley Bank (“SVB”). Borrowings under the Credit Agreement are secured by substantially all of our assets. The Credit Agreement contains customary representations and warranties as well as customary affirmative and negative covenants. Negative covenants include, among others, limitations on incurrence of, indebtedness, liens, dispositions of property and investments by us and our subsidiaries. In addition, the Credit Agreement requires us to maintain certain interest coverage, leverage and senior leverage ratios. The operating and financial restrictions and covenants in the Credit Agreement, as well as any future financing arrangements that we may enter into, may restrict our ability to finance our operations, engage in, expand, or otherwise pursue our business activities and strategies. Our ability to comply with these or other covenants may be affected by events beyond our control, and future breaches of these or other covenants could result in a default under the Credit Agreement. If not waived, future defaults could cause all of the outstanding indebtedness under our Credit Agreement to become immediately due and payable and terminate all commitments to extend further credit.

If we do not have or are unable to generate sufficient cash to repay our debt obligations when they become due and payable, either upon maturity or in the event of a default, it could negatively impact our ability to operate and continue our business as a going concern. Additionally, if we are unable to repay our debt obligations under the Credit Agreement, we may not be able to obtain additional future debt or equity financing on favorable terms, if at all, which could negatively impact our ability to operate and continue our business as a going concern.

On March 10, 2023, SVB was closed by the California Department of Financial Protection and Innovation and subsequently appointed the Federal Deposit Insurance Corporation (“FDIC”) as receiver. Similarly, on March 12, 2023, Signature Bank and Silvergate Capital Corp. were each swept into receivership. While the FDIC has taken steps to make whole all depositors of SVB, there is no assurance that similar guarantees will be made in the event of further bank closures or instability in the global banking system. If other banks and financial institutions enter receivership or become insolvent in the future in response to financial conditions affecting the banking system and financial markets, then our ability to obtain financing may be threatened, which could have a material adverse effect on our business and financial condition. Moreover, events such as the closure of SVB, in addition to other global macroeconomic conditions, may cause further disruptions and uncertainty in the capital markets.

Our tax liabilities may be greater than anticipated.

The U.S. and non-U.S. tax laws applicable to our business activities are subject to interpretation and change. We are subject to audit by the Internal Revenue Service and by taxing authorities of the state, local and foreign jurisdictions in which we operate. Our tax obligations are based in part on our corporate operating structure, including the manner in which we develop, value, use and hold our intellectual property, the jurisdictions in which we operate, how tax authorities assess revenue-based taxes such as sales and use taxes, the scope of our international operations, and the value we ascribe to our intercompany transactions. Taxing authorities may challenge, and have challenged, our tax positions and methodologies for valuing developed technology or intercompany arrangements, positions regarding the collection of sales and use taxes, and the jurisdictions in which we are subject to taxes, which could expose us to additional taxes. Any adverse outcomes of such challenges to our tax positions could result in additional taxes for prior periods, interest and penalties, as well as higher future taxes.

In addition, our future tax expense could increase as a result of changes in tax laws, regulations or accounting principles, or as a result of earning income in jurisdictions that have higher tax rates. For example, various jurisdictions have threatened to impose laws that tax specified digital services, which may increase our tax obligations in such jurisdictions. Many countries have adopted changes to their tax laws based on the model rules adopted by The Organization for Economic Cooperation and Development defining a 15% global minimum tax (commonly referred to as Pillar 2) that could increase our tax obligations in countries where we do business or cause us to change the way we operate our business. Any increase in our tax expense could have a negative effect on our financial condition and results of operations. Moreover, the determination of our provision for income taxes and other tax liabilities requires significant estimates and judgment by management, and the tax treatment of certain transactions is uncertain.

Any changes, ambiguity, or uncertainty in taxing jurisdictions’ administrative interpretations, decisions, policies and positions, including the position of taxing authorities with respect to revenue generated by reference to certain digital services, could also materially impact our income tax liabilities. Although we believe we have made and will continue to make reasonable estimates and judgments, the ultimate outcome of any particular issue may differ from the amounts previously recorded in our financial statements and any such occurrence could adversely affect our business, results of operations, and financial condition.

Tax changes could affect our effective tax rate and future profitability.

We are subject to federal, state, and local taxes in the United States, and we are subject to taxes in numerous foreign jurisdictions. Significant judgment is required in evaluating our tax positions and our worldwide provision for income taxes. During the ordinary course of business, there are many activities and transactions for which the ultimate tax determination is uncertain. In addition, our future income tax obligations could be adversely affected by changes in, or interpretations of, tax laws in the United States or in other jurisdictions in which we operate. For example, the United States tax legislation commonly referred to as the Tax Cuts and Jobs Act of 2017 (the “Tax Act”) (as modified by the Coronavirus Aid, Relief, Economic Security Act, the Families First Coronavirus Response Act and the American Rescue Plan Act), significantly reformed the Internal Revenue Code of 1986, as amended, reducing U.S. federal tax rates, making sweeping changes to rules governing international business operations, and imposing significant additional limitations on tax benefits, including the deductibility of interest and the capitalization of research and development expenses. In addition, the Inflation Reduction Act of 2022 (the “Inflation Reduction Act”) imposes a 15% corporate alternative minimum tax and 1% excise tax on repurchases of corporate stock. We anticipate further changes in the tax laws of the United States in the future.

Tax proposals and enactments worldwide include changes to the existing framework in respect of income taxes, limitations on the ability of taxpayers to claim and utilize tax benefits, as well as new types of non-income taxes (such as taxes based on a percentage of revenue or taxes applicable to digital services). For example, the Organisation for Economic Co-operation and Development proposed introduction of the global minimum tax standard. Due to the large and expanding scale of our international business activities, these types of changes to the taxation of our activities could impact the tax treatment of our foreign earnings, increase our worldwide effective tax rate, increase the amount of taxes imposed on our business, and impact our financial position.

Risks Related to Ownership of Our Class A Common Stock

The trading price of the shares of our Class A common stock has been and may continue to be volatile and could subject us to litigation.

Technology stocks historically have experienced high levels of volatility. The trading price of our Class A common stock has fluctuated substantially and may continue to do so. These fluctuations could cause holders of our Class A common stock to incur substantial losses, including all of such investment in our Class A common stock. Factors that could cause fluctuations in the trading price of our Class A common stock, some of which are beyond our control and may not be related to our operational or financial performance, include, among others, the following:

- volatility in the market price and trading volume of technology companies in general and of companies in the digital advertising industry in particular;
- announcements of new solutions or technologies, commercial relationships, acquisitions, or other events by us or our competitors;
- the public’s reaction to our press releases, other public announcements, and filings with the SEC;
- fluctuations in the trading volume of our shares or the size of our public float;
- sales of large blocks of our common stock; actual or anticipated changes or fluctuations in our results of operations or financial projections;
- changes in actual or future expectations of investors or securities analysts;
- governmental or regulatory developments or actions, or litigation involving us, our industry, or both; and
- general economic conditions and trends or catastrophic events in our domestic and foreign markets.

In addition, if the market for technology stocks, the stock of digital advertising companies or the stock market, in general, experiences a loss of investor confidence, the trading price of our Class A common stock could decline for reasons unrelated to our business, results of operations, or financial condition. The trading price of our Class A common stock might also decline in reaction to events that affect other companies in the digital advertising industry even if these events do not directly affect us. In the past, following periods of volatility in the market price of a company’s securities, securities class action litigation has often been brought against that company. If litigation is instituted against us, it could subject us to substantial costs, divert management’s attention and resources, and adversely affect our business.

Insiders have substantial control over our company, including as a result of the dual class structure of our common stock, which could limit or preclude investors' ability to influence corporate matters, including the election of directors and the approval of any change of control transaction.

Our Class B common stock has ten votes per share, and our Class A common stock has one vote per share. Transfers of stock by holders of Class B common stock will generally result in those shares converting to Class A common stock, subject to limited exceptions. As of January 31, 2026, our directors and officers, and their respective affiliates, beneficially owned in the aggregate approximately 67.5% of the voting power of our capital stock. Because of the ten-to-one voting ratio between our Class B and Class A common stock, the holders of our Class B common stock collectively will continue to control a majority of the combined voting power of our common stock and therefore be able to control all matters submitted to our stockholders for approval. This concentrated control will limit or preclude investors' ability to influence corporate matters for the foreseeable future, including the election of directors, amendments of our organizational documents, and any merger, consolidation, sale of all or substantially all of our assets, or other major corporate transaction requiring stockholder approval. The interests of this group of stockholders may not coincide with our interests or the interests of other stockholders. This concentration of ownership may also have the effect of deterring, delaying or preventing a change of control of our company, could deprive our stockholders of an opportunity to receive a premium for their common stock as part of a sale of our company and might ultimately affect the market price of our common stock. Having a dual-class common stock structure may make our Class A common stock less attractive to some investors, such as funds and investment companies that attempt to track the performance of any indexes that prohibit or limit the inclusion of companies with such structures.

Sales of substantial amounts of our Class A common stock in the public markets, or the perception that they might occur, could cause the market price of our Class A common stock to decline.

Sales of a substantial number of shares of our Class A common stock into the public market, particularly sales by our directors and executive officers, or the perception that these sales might occur, could cause the market price of our Class A common stock to decline and may make it more difficult for shareholders to sell shares of our Class A common stock at a time and price they deem appropriate. Our directors, executive officers and employees hold options and restricted stock units under our equity incentive plans, and the common stock issuable upon the exercise of such options or vesting of such restricted stock units has been registered for public resale under the Securities Act. Accordingly, these shares of common stock will be able to be freely sold in the public market upon issuance subject to certain legal and contractual requirements.

Our charter documents and Delaware law could discourage takeover attempts and other corporate governance changes.

Our restated certificate of incorporation, as amended (the "restated certificate of incorporation") and restated bylaws contain provisions that could delay or prevent a change in control of our company. These provisions could also make it difficult for stockholders to elect directors who are not nominated by the current members of our board of directors or take other corporate actions, including effecting changes in our management. These provisions include:

- a provision that our board of directors will be classified into three classes of directors with staggered three-year terms at such time as the outstanding shares of our Class B common stock represent less than a majority of the combined voting power of our common stock, which could delay the ability of stockholders to change the membership of our board;
- the ability of our board to issue shares of preferred stock without stockholder approval, which could be used to significantly dilute the ownership of a hostile acquirer;
- a prohibition on stockholder action by written consent effective upon such time as the outstanding shares of our Class B common stock represent less than a majority of the combined voting power of our common stock;
- the requirement that a special meeting of stockholders may be called only by the chairman of the board, our chief executive officer, our lead director, or a majority of our board;
- the requirement for the affirmative vote of holders of at least 66-2/3% of the voting power of all of the then outstanding shares of the voting stock, voting together as a single class, to amend provisions of our restated certificate of incorporation or our restated bylaws;
- the ability of our board to amend the bylaws, which may allow it to take additional actions to prevent an unsolicited takeover and inhibit the ability of an acquirer;
- the requirement that stockholders submitting notice of a nomination or proposal to be considered at an annual meeting of our stockholders must have continuously beneficially owned at least 1% of our outstanding common stock for a period of one year before giving such notice;

- advance notice procedures with which stockholders must comply to nominate candidates to our board or to propose matters to be acted upon at a stockholders' meeting; and
- the dual class common stock structure in which holders of our Class B common stock have the ability to control the outcome of matters requiring stockholder approval, even if they own significantly less than a majority of the outstanding shares of our common stock, including the election of directors and significant corporate transactions, such as a merger or other sale of our company or its assets.

In addition, our restated certificate of incorporation provides that the Court of Chancery of the State of Delaware will be the exclusive forum for derivative actions, actions asserting a breach of fiduciary duty, actions asserting a claim against us arising pursuant to the Delaware General Corporation Law, our restated certificate of incorporation or restated bylaws, or any action asserting a claim against us that is governed by the internal affairs doctrine. This choice of forum provision may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with us or any of our directors, officers, or other employees, which may discourage lawsuits with respect to such claims. Alternatively, if a court were to find the choice of forum provision contained in our restated certificate of incorporation to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving such action in other jurisdictions, which could adversely affect our business, results of operations, and financial condition.

In addition, because we are incorporated in Delaware, we are governed by the provisions of the anti-takeover provisions of the Delaware General Corporation Law, which may discourage, delay or prevent a change in control by prohibiting us from engaging in a business combination with an interested stockholder for a period of three years after the person becomes an interested stockholder, even if a change of control would be beneficial to our existing stockholders. Although we believe these provisions collectively provide for an opportunity to obtain greater value for stockholders by requiring potential acquirers to negotiate with our board, they would apply even if an offer rejected by our board was considered beneficial by some stockholders. In addition, these provisions may frustrate or prevent any attempts by our stockholders to replace or remove our current management by making it more difficult for stockholders to replace members of our board, which is responsible for appointing the members of our management.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 1C. CYBERSECURITY

We recognize the importance of maintaining the trust and confidence of our publishers, buyers, partners, customers, and employees. The Audit Committee of our Board ("Audit Committee") is responsible for oversight of the Company's cybersecurity function and efforts, and receives quarterly updates from management regarding the Company's cybersecurity policies, standards, processes, and practices. We address cybersecurity risks, including internal and external cybersecurity risks as a result of the use of AI, through a comprehensive, cross-functional approach that is focused on preserving the confidentiality, integrity, and availability of the information that we collect and store by identifying, preventing and mitigating cybersecurity threats and effectively responding to cybersecurity incidents when they occur. Our cybersecurity risk management program is overseen by our Senior Vice President, Infrastructure and Security ("SVP Security"), who also serves as our Information Security Officer, our executive management team, and our Board through the Audit Committee.

Risk Management and Strategy

We maintain a cross-functional cybersecurity program to identify, prevent, and mitigate cybersecurity threats and incidents. The program also includes implementing controls and procedures that provide for the prompt escalation of certain cybersecurity incidents so that decisions regarding the public disclosure and reporting of such incidents can be made by management in a timely manner.

Policies and Framework

Our cybersecurity efforts are governed by a set of policies to address data protection and security incident management, and overseen by our Security Incident Management Team ("SIMT"). Our policies are closely based on recognized frameworks established by the National Institute of Standards and Technology ("NIST"), the International Organization for Standardization ("ISO") and other applicable industry standards, and we expect to review them at least annually. Our information technology standards and infrastructure safeguards include information security standards prescribed for use by NIST, security measures aligned with the ISO/IEC 27000 series of standards, the Sarbanes-Oxley Act and SSAE 18/ISAE 3402, privacy regulations compliance, and other generally recognized industry standards, in each case, designed to safeguard the confidentiality, integrity and availability of our infrastructure and data and the resiliency of our operations.

In connection with these policies, we deploy technical safeguards that are designed to protect our information systems from cybersecurity threats, including firewalls, endpoint detection and response, endpoint security, email security, identity and access controls, which are evaluated and improved through vulnerability assessments and cybersecurity threat intelligence.

We also maintain a risk-based approach to identify and oversee cybersecurity risks presented by third parties, including vendors, service providers and other external users of our systems, as well as the systems of third parties that could adversely impact our business in the event of a cybersecurity incident affecting those third-party systems.

Incident Response and Recovery Planning

We have established and maintain incident response and recovery plans and procedures that address our response to a known or potential cybersecurity incident, including in our systems and those that occur on third-party systems that we use. These plans and procedures include the notification and escalation processes, the investigation and containment process, the evaluation, review, and remediation process for a known or potential cybersecurity incident, and a process to assess the materiality of an incident.

Our incident response and recovery planning are overseen by the SIMT and Company personnel who become aware of an incident or potential incident are required to notify the SIMT. The SIMT is comprised of senior members of management and subject matter experts and is responsible for overseeing our cybersecurity program and our response to any cybersecurity incidents.

Periodic Review, Testing and Training

In accordance with our policies, we perform periodic assessments and tests of the application of our policies, standards, processes, and practices that are designed to address cybersecurity threats and incidents. These efforts include a range of activities, including internal audits, assessments, threat modeling, vulnerability and penetration testing, and other exercises focused on evaluating the effectiveness of our cybersecurity measures and planning. We engage third parties to perform assessments on our cybersecurity measures as a component of our SOX compliance program.

We also provide regular, mandatory training for employees and contractors regarding cybersecurity threats as a means to equip our personnel with effective knowledge and tools to address cybersecurity threats, including the detection and prevention of “phishing” and other attacks using social engineering, and to communicate our evolving information security policies, standards, processes, and practices.

Governance

The Board, in coordination with the Audit Committee, oversees our overall enterprise risk management (“ERM”) program, including the management of risks arising from cybersecurity threats and information security. The Audit Committee receives regular presentations and reports on cybersecurity risks, which address a wide range of topics including recent developments, evolving standards, vulnerability assessments, the threat environment, technological trends, and information security considerations arising with respect to our peers and third parties. Since 2024, the Audit Committee has been provided with updates on our process, procedures, policies and any cybersecurity incidents at least quarterly. In the event of a material incident, or incident that may be determined to be material, the Audit Committee is informed as soon as reasonably practical and provided regular updates by the SIMT. The Board and the Audit Committee also receive prompt and timely information regarding any cybersecurity incident that meets established reporting thresholds, as well as ongoing updates regarding any such incident until it has been addressed. On an annual basis, the Board and the Audit Committee have the opportunity to discuss our approach to cybersecurity risk management with the SIMT. In 2025, we additionally retained a third-party to conduct a cybersecurity tabletop exercise where members of the SIMT and other senior leadership were presented with a cybersecurity breach scenario, and had to respond in real time. As part of our ERM program, we intend to hold annual tabletop exercises across a range of scenarios.

Our SIMT is responsible for preventing, detecting and responding to cybersecurity threats and incidents to the Company, and includes our Chief Executive Officer (“CEO”), SVP Security, Chief Financial Officer (“CFO”), Chief Marketing Officer, Chief Technology Officer (“CTO”), General Counsel, and other subject matter experts. The SIMT works collaboratively across the Company to implement a program designed to protect our information systems and offerings from cybersecurity threats and to promptly identify and respond to any cybersecurity incidents in accordance with our incident response and recovery plans. To facilitate the success of our cybersecurity risk management program, multidisciplinary teams are deployed to address cybersecurity threats and to respond to cybersecurity incidents. Through ongoing communications with these teams, the SVP, Security and the SIMT monitor the prevention, detection, mitigation, and remediation of cybersecurity threats and incidents, and report such threats and incidents to our Board and Audit Committee when appropriate.

The SIMT, together with other internal and external advisors, has developed a Security Incident Management Policy (“Security Policy”) and Cybersecurity Incident Management Process (“CIM Process”) to help guide our response to any potential cybersecurity incidents or threats. These documents are reviewed on a periodic basis by the SIMT, and the Audit Committee is apprised of the SIMT’s actions and potential improvements to the Security Policy and CIM process.

Our SVP Security has a strong background in engineering with over 30 years’ of industry experience in technology and security, and previously operated one of the world’s largest retail websites instituting and undergoing PCI and HIPAA certifications.

Cybersecurity threats, including as a result of any previous cybersecurity incidents, have not materially affected us, including our business strategy, results of operations or financial condition. Cybersecurity threats, and their evolving nature, may pose a risk to us and our strategy, results of operations, and financial condition in the future.

ITEM 2. PROPERTIES

We lease office and data center space in various cities across North America, Europe and Asia Pacific. We believe that our facilities are adequate to meet our needs for the immediate future and that, should it be needed, we will be able to secure additional space to accommodate expansion of our operations.

ITEM 3. LEGAL PROCEEDINGS

On September 8, 2025, we filed a civil action against Google LLC (“Google”) in the U.S. District Court for the Eastern District of Virginia seeking injunctive relief and damages for monopolistic and anticompetitive behavior in the publisher ad server and ad exchange markets for open-web display advertising. Given the nature of the case, including that the proceedings are in their early stages, we are unable to predict the ultimate outcome of the case.

From time to time, we may become involved in legal or regulatory proceedings, lawsuits and other claims arising in the ordinary course of our business. In view of the inherent difficulty of predicting the outcome of such matters, we cannot state what the eventual outcome of such matters will be. However, based on our knowledge, we are not presently a party to any legal proceedings that, in the opinion of our management, would individually or taken together have a material adverse effect on our business, operating results, financial condition, or cash flows. Regardless of outcome, litigation can have an adverse impact on us due to defense and settlement costs, diversion of management resources, negative publicity and reputational harm, and other factors. For additional information, see Note 9 to our consolidated financial statements included elsewhere in this Annual Report on Form 10-K.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II**ITEM 5. MARKET FOR REGISTRANT’S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES****Market Information**

Our Class A common stock began trading on the Nasdaq Global Market on December 9, 2020 under the symbol “PUBM.” Prior to that date, there was no public trading market for our Class A common stock. There is no public trading market for our Class B common stock.

Holders of Record

As of January 31, 2026, there were 62 holders of record of our Class A common stock and 71 holders of record of our Class B common stock. Because many of our shares of Class A common stock are held in street name by brokers and other nominees on behalf of stockholders, we are unable to estimate the total number of beneficial owners of our Class A common stock represented by these holders of record.

Dividend Policy

We have never declared or paid cash dividends on our common stock. We currently intend to retain all available funds and any future earnings for use in the operation of our business and do not anticipate paying any dividends on our common stock in the foreseeable future. Any future determination to declare dividends will be made at the discretion of our board of directors and will depend on our financial condition, operating results, capital requirements, general business conditions, and other factors that our board may deem relevant.

Issuer Purchases of Equity Securities

The following table provides information about our repurchases of our Class A common stock during the three months ended December 31, 2025:

Period	Total Number of Shares Purchased	Average Price Paid Per Share ⁽²⁾	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs ⁽¹⁾	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs ⁽¹⁾
October 1, 2025 - October 31, 2025	—	\$ —	—	\$ 94,394,302
November 1, 2025 - November 30, 2025	51,391	\$ 9.55	51,391	\$ 93,903,451
December 1, 2025 - December 31, 2025	—	\$ —	—	\$ 93,903,451
Total	51,391		51,391	

The amounts above do not include the 1% excise tax on stock repurchases enacted by the Inflation Reduction Act of 2022.

- (1) On February 28, 2023, we announced the authorization of a share repurchase program for the repurchase of shares of our Class A common stock in an aggregate amount of up to \$75 million through December 31, 2024. On February 26, 2024, we announced the authorization of an additional \$100 million under our share repurchase program for the repurchase of shares of our Class A common stock through December 31, 2025. On May 30, 2025, we announced the authorization of an additional \$100 million under our 2023 Repurchase Program for the repurchase of shares of our Class A common stock through December 31, 2026. As of December 31, 2025, we had purchased approximately \$181.1 million of our Class A common stock.

- (2) Average price paid per share includes costs associated with the repurchases.

Securities Authorized for Issuance Under Equity Compensation Plans

The information required by this item will be included in our proxy statement relating to our 2025 annual meeting of stockholders to be filed by us with the SEC no later than 120 days after the close of our fiscal year ended December 31, 2025 (the “Proxy Statement”) and is incorporated herein by reference.

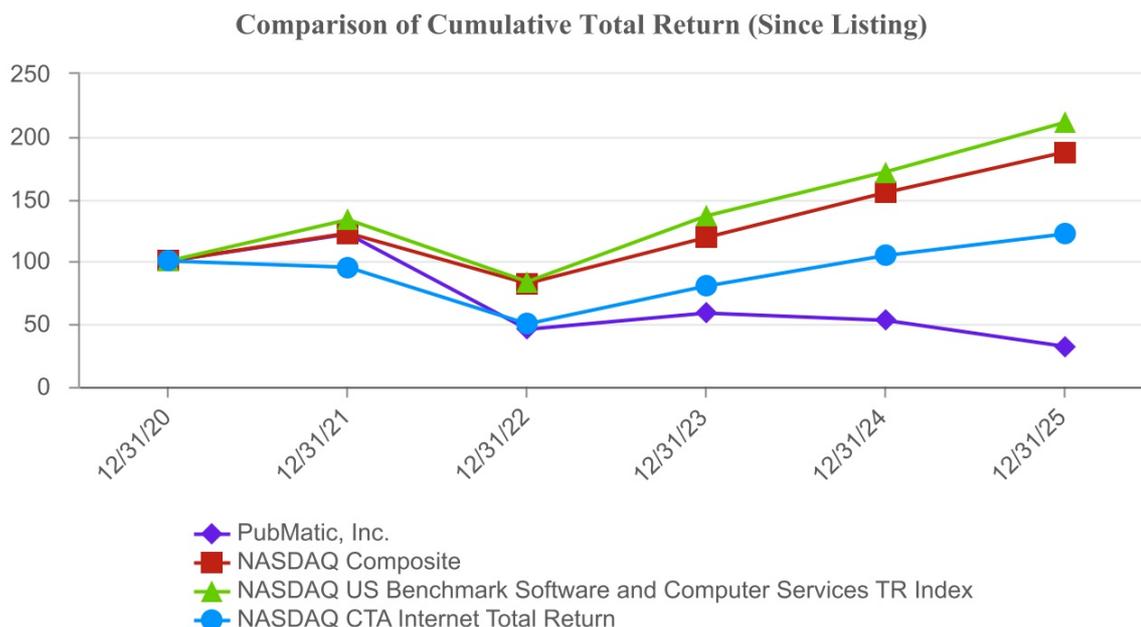
Unregistered Sales of Equity Securities

None.

Stock Performance Graph

This performance graph shall not be deemed “soliciting material” or to be “filed” with the SEC for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities under that Section, and shall not be deemed to be incorporated by reference into any filing of ours under the Securities Act of 1933, as amended, except as shall be expressly set forth by specific reference in such filing.

The following graph compares the cumulative total stockholder return on an initial investment of \$100 in our Class A common stock between December 31, 2020 through December 31, 2025, with the comparative cumulative total returns of the Nasdaq Composite Index, the Nasdaq US Benchmark Software and Computer Services TR Index and the Nasdaq CTA Internet Total Return Index over the same period. We have not paid any cash dividends; therefore, the cumulative total return calculation for us is based solely upon stock price appreciation and not the reinvestment of cash dividends, whereas the data for the comparative indexes assumes reinvestments of dividends. The returns shown are based on historical results and are not indicative of, nor intended to forecast, future stock price performance.



ITEM 6. [RESERVED]

Not applicable.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with the consolidated financial statements and related notes included elsewhere in this Annual Report on Form 10-K. This discussion contains forward-looking statements based upon current expectations that involve risks and uncertainties. Our actual results may differ materially from those discussed below. Factors that could cause or contribute to such differences include, but are not limited to, those identified below and those discussed in the section titled "Risk Factors" included elsewhere in this Annual Report on Form 10-K.

Overview

We are an independent, artificial intelligence-powered advertising technology company that delivers digital advertising performance. Our mission is to fuel the endless potential of Internet content creators and to enable a thriving, advertisement-funded digital ecosystem where global audiences can gain free or affordable access to information and entertainment.

Our integrated technology platform connects buyers, publishers, data providers, and commerce media networks on a single, unified platform, to deliver advertising performance, control, transparency and efficiency. Our platform empowers the world's leading digital content creators (which we collectively refer to as "publishers") to maximize monetization of their advertising inventory and audiences and provides control and transparency to buyers, which includes advertisers, agencies, agency trading desks, and demand side platforms ("DSPs"), which we collectively refer to as "buyers".

We continue to focus on the strengths that we believe provide us with long-term competitive advantages. These strengths include our global, omnichannel reach which targets a diverse set of publishers touching many ad formats and digital device types, including mobile app, mobile web, desktop, display, video, over-the-top video/connected TV ("OTT/CTV"), and rich media. Additionally, as an independent infrastructure provider prioritizing transparency, we can be more closely aligned with both publishers and buyers which has enabled us to create bespoke products that meet our customers' needs. We have also maintained a demonstrated track record of stability and agility to address changes in market conditions and provide superior outcomes for both publishers and buyers. Finally, we have designed our technology to efficiently process real-time advertising transactions while leveraging data to optimize outcomes for publishers and buyers. We own and operate our software and hardware infrastructure globally, which saves significant infrastructure expenditures as compared to public cloud alternatives.

Industry Trends and Macroeconomic Factors

The digital advertising ecosystem continues to evolve and adapt at a rapid pace. Some noted trends include the continued growth of digital media across multiple platforms, an increased focus on performance driven media, and a desire for transparency and control throughout the supply chain from both the buyers and publishers. In addition, rapidly evolving data and privacy regulations and industry standards continue to impact our business.

Additionally, recent macroeconomic uncertainty, including adopted or proposed changes in the trade policies and tariff rates of the United States and international trade partners, slowing domestic growth, economic recession concerns, interest rate fluctuations, volatility in domestic and international equity and debt markets, foreign currency fluctuation and weakening of the U.S. Dollar, and persistent inflation in the U.S. and other markets globally, continue to create economic volatility and dislocation in the capital and credit markets in the U.S. and globally. To date, we have not observed material impacts in our business or outlook, but we intend to continue to monitor macroeconomic conditions closely and may determine to take certain financial or operational actions in response to such conditions to the extent our business begins to be adversely impacted.

See "Risk Factors" for further discussion of the risks related to inflation, volatile interest rates, foreign currency fluctuations and public health crises on our business.

Financial Results Overview

The table below summarizes the financial highlights of our business:

	Year Ended December 31,		
	2025	2024	2023
	(in thousands)		
Revenue	\$ 282,926	\$ 291,256	\$ 267,014
Operating income (loss)	\$ (17,259)	\$ 3,927	\$ 2,036
Net income (loss)	\$ (14,462)	\$ 12,504	\$ 8,881
Adjusted EBITDA ⁽¹⁾	\$ 61,640	\$ 92,325	\$ 75,309
Net cash provided by operating activities	\$ 81,059	\$ 73,425	\$ 81,121

(1) For a definition of Adjusted EBITDA, an explanation of our management’s use of this measure, and a reconciliation of Adjusted EBITDA to net income (loss), see “Non-GAAP Financial Measures” below.

Our Strategy and Performance

We believe our growth and financial performance are dependent on many factors, including those described below.

Attract New Customers and Expand our Relationship with Existing Customers Globally

We leverage our extensive platform capabilities and the subject matter expertise of our team members to grow revenue from our publishers and increase advertising spending from our buyers. Our sales and marketing team includes customer success pods to enhance customer knowledge and implementation of best practices. Once we onboard a new customer, we seek to expand our relationship with existing publishers by establishing multiple header bidding integrations by leveraging our omnichannel capabilities to maximize our access to publishers’ ad formats and devices, and expanding into the various properties that a publisher may own around the world. We may also sell additional products to publisher customers including our header bidding management, identity, and audience solutions. We automate workflow processes whenever feasible to drive predictable and value-added outcomes for our customers and increase productivity of our organization.

Net dollar-based retention rate is an important indicator of publisher satisfaction and usage of our platform, as well as potential revenue for future periods. We calculate our net dollar-based retention rate at the end of each year. 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. Our net dollar-based retention rate was 96% for the year ended December 31, 2025, and 107% for the year ended December 31, 2024.

Expansion of SPO Agreements and Activate

We work with DSPs to help them reduce their costs and improve advertiser ROI, which in turn makes us the specialized cloud infrastructure platform of choice for many of our buying partners. We depend upon a limited number of large DSPs for a large percentage of impressions purchased and our business results, including revenues, may be impacted by changes in their pricing strategies, bidding algorithms or go-to market efforts. As buyers increasingly consolidate their spending with fewer larger technology platforms, we seek to bring an increased proportion of their digital ad spending to our platform through direct deals. Supply Path Optimization (“SPO”) continues to be a major growth driver for us as we add new SPO relationships and expand existing ones. We have been investing in SPO technology and partnerships for six years and SPO represented approximately 55% of total activity for the year ended December 31, 2025.

Monetization Excellence

We focus on monetizing digital impressions by coordinating over a hundred billion real-time auctions and nearly a trillion bids globally on a daily basis, using our specialized cloud software, machine learning algorithms, and scaled transaction infrastructure. Valuable ad impressions are transparent and data rich, viewable by humans, and verifiable. Each ad impression we auction consists of 722 independent data parameters, which can yield valuable insights if recorded and analyzed properly. This processing of voluminous data for each ad impression must occur in less than half a second as consumers expect a seamless digital ad experience. We continually assess impressions from new and existing publishers through a rigorous validation process. We add or remove impressions from our platform based on an assessment of the projected value of the impressions, which is influenced by the type of publisher and its related consumers, as well as the potential volume of monetizable impressions and ad format types, such as digital video. We continuously create and iterate algorithms that leverage vast datasets flowing through our infrastructure to improve the liquidity in our marketplace. Our ability to drive successful outcomes in the real-time auction process on behalf of our publishers and buyers will affect our operating results.

Infrastructure Platform Efficiency

We have a track record of expanding the capacity of our infrastructure platform, while maintaining or reducing the corresponding costs related to processing impressions transacted on our platform on a per impression basis. We expect to continue to invest in both software and hardware infrastructure to continue growing the number of valuable ad impressions we process on our platform.

Our recent growth has been driven by a variety of factors including increased access to mobile web (display and video) and mobile app (display and video) impressions and desktop video impressions. Our performance is affected by our ability to maintain and grow our access to valuable ad impressions from current publishers as well as through new relationships with publishers. The number of ad impressions processed on our platform was approximately 74.7 trillion, 77.7 trillion, 86.8 trillion, and 97.6 trillion for each of the three months ended March 31, 2025, June 30, 2025, September 30, 2025, and December 31, 2025, respectively, as compared to 57.9 trillion, 60.7 trillion, 69.8 trillion, and 74.7 trillion for each of the three months ended March 31, 2024, June 30, 2024, September 30, 2024, and December 31, 2024, respectively.

Key Components of Our Results of Operations

Revenue

Our platform and suite of solutions serve four primary customer types: publishers, buyers, data partners and curators, and retail and commerce media participants. Through these customers, we generate revenue primarily through fees charged to our publishers, which are generally a percentage of the value of the advertising impressions that publishers monetize on the platform. We also generate revenues from our other products such as OpenWrap, our header bidding solution, and Connect, our solution that provides additional data and insights to buyers, which are sold separate from or in conjunction with use of our platform. In 2023, we launched Activate, which allows buyers to execute direct deals on our platform with publisher inventory, and Convert, our commerce media solution.

We report revenue on a net basis. This represents gross billings to buyers, net of amounts we pay publishers and rebates associated with SPO agreements with buyers. We record our accounts receivable at the amount of gross billings to buyers, net of allowances, for the amounts we are responsible to collect, and we record our accounts payable at the net amount payable to publishers. Accordingly, both accounts receivable and accounts payable appear large in relation to revenue, which is reported on a net basis.

Our revenue recognition policies are discussed in more detail under “Critical Accounting Policies and Estimates.”

Cost of Revenue

Cost of revenue consists of data center co-location costs, depreciation expense related to hardware supporting our platform, amortization expense related to capitalized internal-use software development costs, personnel costs, and allocated facilities costs. Personnel costs include salaries, bonuses, stock-based compensation, and employee benefit costs, and are primarily attributable to our cloud operations group, which maintains our servers, and our client operations group, which is responsible for the integration of new publishers and buyers and providing customer support for existing customers.

Operating Expenses

Technology and Development. Technology and development expenses consist of personnel costs, including salaries, bonuses, stock-based compensation, and employee benefits costs, allocated facilities costs, and professional services. These expenses include costs incurred in the development, implementation and maintenance of internal-use software, including platform and related infrastructure. We expend technology and development costs as incurred, except to the extent that such costs are associated with internal-use software development that qualifies for capitalization. We expect technology and development expenses to generally increase in absolute dollars in future periods.

Sales and Marketing. Sales and marketing expenses consist of personnel costs, including salaries, bonuses, stock-based compensation, and employee benefits costs, for our employees engaged in sales, sales support, marketing, business development, and customer relationship functions. Sales and marketing expenses also include expenses related to promotional, advertising and marketing activities, allocated facilities costs, travel, and entertainment primarily related to sales activity and professional services. We expect sales and marketing expenses to increase in absolute dollars in future periods.

General and Administrative. General and administrative expenses consist of personnel costs, including salaries, bonuses, stock-based compensation, and employee benefits costs for our executive, finance, legal, human resources, information technology, and other administrative employees. General and administrative expenses also include outside consulting, legal and accounting services, allocated facilities costs, and travel and entertainment primarily related to inter-office travel and conferences.

Total Other Income (expense), Net

Total other income (expense), net consists of interest income and other income (expense), net. Interest income is generated by investing excess cash into money market accounts and marketable securities. Other income (expense), net consists primarily of gains and losses from foreign currency exchange transactions.

Provision for Income Taxes

The provision for income taxes consists primarily of federal, state, and foreign income taxes. Our income tax may be significantly affected by changes to our estimates for tax in jurisdictions in which we operate and other estimates utilized in determining the global effective tax rate. Actual results may also differ from our estimates based on changes in economic conditions. Such changes could have a substantial impact on the income tax provision. We reevaluate the judgments surrounding our estimates and make adjustments, as appropriate, each reporting period.

Our effective tax rate differs from the U.S. federal statutory income tax rate due to state taxes, foreign tax rate differences, technology and development tax credits, Section 162(m) limitation, and stock-based compensation.

Realization of our deferred tax assets is dependent primarily on the generation of future taxable income. In considering the need for a valuation allowance, we consider our historical, as well as future projected, taxable income along with other objectively verifiable evidence. Objectively verifiable evidence includes our realization of tax attributes, assessment of tax credits, and utilization of net operating loss carryforwards during the year.

Results of Operations

The following tables set forth our consolidated results of operations data (in thousands) and such data as a percentage of revenue for the periods presented. The period-to-period comparison of results is not necessarily indicative of results for future periods.

	Year Ended December 31,		
	2025	2024	2023
Consolidated Statements of Operations:			
Revenue	\$ 282,926	\$ 291,256	\$ 267,014
Cost of revenue ⁽¹⁾	103,085	101,027	99,229
Gross profit	179,841	190,229	167,785
Operating expenses ⁽¹⁾ :			
Technology and development	33,820	33,263	26,727
Sales and marketing	102,940	95,369	82,803
General and administrative	60,340	57,670	56,219
Total operating expenses	197,100	186,302	165,749
Operating income (loss)	(17,259)	3,927	2,036
Total other income, net	1,305	13,847	8,469
Income (loss) before income taxes	(15,954)	17,774	10,505
Provision for (benefit from) income taxes	(1,492)	5,270	1,624
Net income (loss)	\$ (14,462)	\$ 12,504	\$ 8,881

(1) Amounts include stock-based compensation expense before tax benefit as follows:

	Year Ended December 31,		
	2025	2024	2023
(in thousands)			
Cost of revenue	\$ 1,854	\$ 1,855	\$ 1,472
Technology and development	6,088	6,313	4,346
Sales and marketing	13,703	13,407	10,462
General and administrative	16,733	16,101	12,582
Total stock-based compensation expense	\$ 38,378	\$ 37,676	\$ 28,862

	Year Ended December 31,		
	2025	2024	2023
(as percentage of revenue)			
Revenue	100 %	100 %	100 %
Cost of revenue	36	35	37
Gross profit	64	65	63
Operating expenses:			
Technology and development	12	11	10
Sales and marketing	36	33	31
General and administrative	21	20	21
Total operating expenses	69	64	62
Operating income (loss)	(5)	1	1
Total other income (expense), net	—	5	3
Income (loss) before income taxes	(5)	6	4
Provision for (benefit from) income taxes	—	2	1
Net income (loss)	(5)%	4 %	3 %

Comparison of the Years Ended December 31, 2025 and 2024

Revenue, Cost of Revenue and Gross Profit

	Year Ended December 31,		\$ Change	% Change
	2025	2024		
	(dollars in thousands)			
Revenue	\$ 282,926	\$ 291,256	\$ (8,330)	(3)%
Cost of revenue	103,085	101,027	2,058	2 %
Gross profit	\$ 179,841	\$ 190,229	\$ (10,388)	(5)%
Gross profit margin	64 %	65 %		

Revenue decreased \$8.3 million, or (3)%, in 2025 as compared to 2024. Our revenues in 2025 were primarily driven by impressions processed on our platform, new revenue streams, and growth in customer relationships. The revenue decline in 2025 as compared to 2024 was primarily due to approximately \$14.2 million from incremental political spend in the United States in 2024 due to the United States presidential election. Revenues for the year ended 2025 were also negatively impacted by platform changes implemented by one of our large DSP buyers in the second half of 2024 and subsequently platform changes implemented by another DSP buyer in the second half of 2025. These decreases were offset by an increase in growth of CTV (excluding the impact from political spend), mobile, and new revenue streams.

For the year ended 2025, we served approximately 1,980 publishers worldwide on our platform, compared to approximately 1,900 publishers worldwide for the year ended 2024. We ended fiscal 2025 with approximately 50 net new publishers, which represented over 64,000 domains and 44,000 apps in total, compared to approximately 100 new publishers in 2024, which represented approximately 60,000 domains and 27,000 apps in total. For purposes of our publisher count, we aggregate multiple business accounts from separate divisions, segments or subsidiaries into a single “master” publisher based on our assessment of the related nature of the group.

We expect revenue to increase in 2026, primarily driven by growth in mobile and connected video (OTT/CTV), and new revenue streams including AI products. Additionally, we expect our revenues to be affected by macroeconomic conditions, and will continue to be impacted by the bidding methodology changes implemented by one of our buyers in the near term. The magnitude of these impacts on our future revenues is difficult to predict.

Cost of revenue increased \$2.1 million, primarily due to a \$4.2 million increase in amortization of internal use software and a \$3.5 million increase in data center costs, offset by a \$5.5 million decrease in depreciation of data center equipment. Overall, our cost of revenue per impression processed in 2025 decreased by 20% compared to 2024.

Our gross margin of 64% in 2025 decreased compared to 2024 of 65% due to a higher decline in revenue as opposed to the increase in cost of revenue.

We expect the cost of revenue to be higher in 2026 compared to 2025 in absolute dollars primarily due to increases in our data center costs as well as increases in software, hardware, and equipment maintenance to support the data centers.

Technology and Development

	Year Ended December 31,		\$ Change	% Change
	2025	2024		
	(dollars in thousands)			
Technology and development	\$ 33,820	\$ 33,263	\$ 557	2 %
Percent of revenue	12 %	11 %		

The increase in technology and development costs was primarily due to an increase of \$1.2 million in personnel costs, offset by a \$0.6 million increase in the capitalization of internal use software.

We expect technology and development expenses in 2026 to be flat compared to 2025 in absolute dollars.

Sales and Marketing

	Year Ended December 31,		\$ Change	% Change
	2025	2024		
	(dollars in thousands)			
Sales and marketing	\$ 102,940	\$ 95,369	\$ 7,571	8 %
Percent of revenue	36 %	33 %		

Sales and marketing costs increased primarily due to a \$6.0 million increase in personnel costs associated with a headcount increase by 9%, a \$1.1 million increase in facilities costs, and an increase in travel and entertainment expenses of \$0.9 million, offset by a decrease in marketing expenses of \$0.5 million.

We expect sales and marketing expenses to increase in 2026 compared to 2025 in absolute dollars primarily due to additional headcount investment and marketing programs.

General and Administrative

	Year Ended December 31,		\$ Change	% Change
	2025	2024		
	(dollars in thousands)			
General and administrative	\$ 60,340	\$ 57,670	\$ 2,670	5 %
Percent of revenue	21 %	20 %		

General and administrative expense increased primarily due to a \$1.0 million increase in facilities costs, a \$0.9 million increase in personnel costs, and a \$0.6 million increase in property taxes.

We expect general and administrative expenses to increase in 2026 compared to 2025 in absolute dollars primarily due to increases in litigation related expenses.

Total Other Income (Expense), net

	Year Ended December 31,		\$ Change	% Change
	2025	2024		
	(dollars in thousands)			
Interest income	\$ 5,455	\$ 8,477		
Other income (expense), net	(4,150)	5,370		
Total other income (expense), net	\$ 1,305	\$ 13,847	\$ (12,542)	(91)%

Total other income (expense), net decreased for the year ended December 31, 2025, compared to the prior year period. Interest income decreased due to the decrease in interest rates and a decrease in holdings in marketable securities. Other income (expense), net for the year ended December 31, 2024 included approximately \$4.0 million recognized as other income from the Google Privacy Sandbox initiative, in connection with their previous initiative to phase out the use of third-party cookies. Other income (expense), net, also decreased due to foreign currency fluctuations for the year ended December 31, 2025 compared to the prior year period.

Provision For (Benefit From) Income Taxes

	Year Ended December 31,		\$ Change	% Change
	2025	2024		
	(dollars in thousands)			
Provision for (benefit from) income taxes	\$ (1,492)	\$ 5,270	\$ (6,762)	(128)%

The difference between the effective tax rate in 2025 of 9% and the federal statutory income tax rate of 21% was primarily due to foreign derived intangible income (FDII) deduction and federal research and development credit, partially offset by stock-based compensation, Section 162(m) limitation, and acquisition-related costs.

The difference between the effective tax rate in 2024 of 30% and the federal statutory income tax rate of 21% was primarily due to state taxes, Section 162(m) limitation, and acquisition-related costs partially offset by foreign derived intangible income (FDII) deduction and federal research and development credit.

For discussion on comparison of the fiscal years ended December 31, 2024 and December 31, 2023, please refer to Part II, Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in our Annual Report on Form 10-K for the fiscal year ended December 31, 2024.

Non-GAAP Financial Measures

In addition to our results determined in accordance with U.S. generally accepted accounting principles (“GAAP”), including, in particular, operating income (loss), net cash provided by operating activities, and net income (loss), we believe that Adjusted EBITDA, a non-GAAP measure, is useful in evaluating our operating performance. We define Adjusted EBITDA as net income (loss) adjusted for stock-based compensation expense, depreciation and amortization, litigation related expenses, interest income, and provision for (benefit from) income taxes.

The following table presents a reconciliation of Adjusted EBITDA to net income (loss) for each of the periods indicated:

	Year Ended December 31,		
	2025	2024	2023
	(in thousands)		
Net income (loss)	\$ (14,462)	\$ 12,504	\$ 8,881
Add back (deduct):			
Stock-based compensation	38,378	37,676	28,862
Depreciation and amortization	43,769	45,352	44,770
Litigation related expenses ⁽¹⁾	902	—	—
Interest income	(5,455)	(8,477)	(8,828)
Provision for (benefit from) income taxes	(1,492)	5,270	1,624
Adjusted EBITDA	<u>\$ 61,640</u>	<u>\$ 92,325</u>	<u>\$ 75,309</u>

(1) Litigation related expenses represents external legal fees and other expenses, net of insurance recoveries, associated with pending litigation that arose outside of the ordinary course of business. These costs related to a discrete matter, and are not representative of our underlying operating performance. We do not adjust for legal expenses incurred in our ordinary course of business.

In addition to operating income (loss) and net income (loss), we use Adjusted EBITDA as a measure of operational efficiency. We believe that this non-GAAP financial measure is useful to investors for period to period comparisons of our business and in understanding and evaluating our operating results for the following reasons:

- Adjusted EBITDA is widely used by investors and securities analysts to measure a company’s operating performance without regard to items such as stock-based compensation expense, depreciation and amortization, interest expense, provision for income taxes, and certain one-time items such as impairments of long-lived assets, that can vary substantially from company to company depending upon their financing, capital structures and the method by which assets were acquired;
- Our management uses Adjusted EBITDA in conjunction with GAAP financial measures for planning purposes, including the preparation of our annual operating budget, as a measure of operating performance and the effectiveness of our business strategies and in communications with our board of directors concerning our financial performance; and
- Adjusted EBITDA provides consistency and comparability with our past financial performance, facilitates period-to-period comparisons of operations, and also facilitates comparisons with other peer companies, many of which use similar non-GAAP financial measures to supplement their GAAP results.

Our use of this non-GAAP financial measure has limitations as an analytical tool, and you should not consider it in isolation or as a substitute for analysis of our financial results as reported under GAAP. Some of these limitations are as follows:

- Adjusted EBITDA does not reflect: (a) changes in, or cash requirements for, our working capital needs; (b) the potentially dilutive impact of stock-based compensation; or (c) tax payments that may represent a reduction in cash available to us;

- Although depreciation and amortization expense are non-cash charges, the assets being depreciated and amortized may have to be replaced in the future, and Adjusted EBITDA does not reflect cash capital expenditure requirements for such replacements or for new capital expenditure requirements; and
- Other companies in our industry may calculate Adjusted EBITDA differently than we do, limiting its usefulness as a comparative measure.

Because of these and other limitations, you should consider Adjusted EBITDA along with other GAAP-based financial performance measures, including net income and our GAAP financial results.

Liquidity and Capital Resources

We have financed our operations and capital expenditures primarily through utilization of cash generated from operations. As of December 31, 2025, we had cash and cash equivalents of \$145.5 million and net working capital, consisting of current assets less current liabilities, of \$146.8 million.

We believe our existing cash, cash equivalents, and anticipated net cash provided by operating activities, together with available borrowings under our credit facility, will be sufficient to meet our working capital requirements for at least the next 12 months. However, if our operating performance during the next 12 months is below our expectations, our liquidity and ability to operate our business could be adversely affected. Our future capital requirements and the adequacy of available funds will depend on many factors, including those set forth under “Risk Factors.”

Cash Flows

The following table summarizes our cash flows for the periods presented:

	Year Ended December 31,		
	2025	2024	2023
	(in thousands)		
Net cash provided by operating activities	\$ 81,059	\$ 73,425	\$ 81,121
Net cash provided by (used in) investing activities	6,072	22,314	(39,018)
Net cash used in financing activities	(42,731)	(73,478)	(55,976)
Effect of foreign currency on cash	666	(318)	—
Net increase (decrease) in cash and cash equivalents	<u>\$ 45,066</u>	<u>\$ 21,943</u>	<u>\$ (13,873)</u>

Operating Activities

Our cash flows from operating activities are primarily influenced by growth in our operations, increases or decreases in collections from our buyers and related payments to our publishers, as well as our investment in personnel to support the anticipated growth of our business. Cash flows from operating activities have been affected by changes in our working capital, particularly changes in accounts receivable and accounts payable. The timing of cash receipts from buyers and payments to publishers can significantly impact our cash flows from operating activities. In addition, we expect seasonality to impact quarterly cash flows from operating activities.

For the year ended December 31, 2025, net cash provided by operating activities of \$81.1 million resulted primarily from adjustments for non-cash expenses of \$73.1 million, including \$43.8 million for depreciation and amortization, \$38.4 million for stock-based compensation, and \$14.5 million for deferred income taxes, and a decrease in accounts receivable of \$66.6 million, partially offset by a decrease in accounts payable of \$42.4 million.

For the year ended December 31, 2024, net cash provided by operating activities of \$73.4 million resulted primarily from net income of \$12.5 million, adjustments for non-cash expenses of \$74.7 million, including \$45.4 million for depreciation and amortization, \$37.7 million for stock-based compensation, and \$11.0 million for deferred income taxes, and an increase in accounts receivable of \$49.3 million, partially offset by an increase in accounts payable of \$38.1 million.

Investing Activities

Our investing activities primarily included investments in marketable securities, purchases of equipment as we expanded the infrastructure in our third-party data centers, and capitalized internal-use software costs in support of enhancing our platform. Purchases of property and equipment may vary from period-to-period due to the timing of the expansion of our data centers, the addition of headcount, and the development cycles of our software development. As our business grows, we expect our capital expenditures and our investment activity to continue to increase.

For the year ended December 31, 2025, net cash provided by investing activities was \$6.1 million of cash, consisting of a net inflows from investments of marketable securities of \$13.8 million, sales of marketable securities prior to maturity of \$27.1 million, offset by \$14.3 million in purchases of property and equipment (primarily data center infrastructure), and \$20.5 million of investments in capitalized internal use software.

For the year ended December 31, 2024, net cash provided by investing activities was \$22.3 million, consisting of a net inflows from investments of marketable securities of \$60.8 million, offset by \$17.6 million in purchases of property and equipment (primarily data center infrastructure), and \$20.9 million of investments in capitalized internal use software.

Financing Activities

For the year ended December 31, 2025, net cash used in financing activities of \$42.7 million was primarily due to \$46.5 million in stock repurchases, offset by \$1.8 million proceeds from stock option exercises and \$2.1 million proceeds from the employee stock purchase plan.

For the year ended December 31, 2024, net cash used in financing activities of \$73.5 million was primarily due to \$75.3 million in stock repurchases and \$2.1 million in payment of a business combination indemnification holdback, offset by \$1.8 million in proceeds from stock option exercises and \$2.4 million in proceeds from the employee stock purchase plan.

For discussion on operating, investing, and financing activities of the fiscal year ended December 31, 2023, see the Liquidity and Capital Resources section disclosed in “Management’s Discussion and Analysis of Financial Condition and Results of Operations” of our Annual Report on Form 10-K, which was filed with the SEC on February 28, 2024 and hereby incorporated by reference herein and considered part of this Annual Report on Form 10-K only to the extent referenced.

Contractual Obligations and Future Cash Requirements

Our principal contractual obligations consist of non-cancelable leases for our various facilities. In certain cases, the terms of the lease agreements provide for rental payments that increase over time.

The following table summarizes our contractual obligations, at December 31, 2025 (in thousands):

	Payments due by period				
	Total	Less than 1 year	1 - 3 years	3 - 5 years	More than 5 years
Other contractual obligations ⁽¹⁾	\$ 75,520	\$ 40,241	\$ 35,154	\$ 125	\$ —
Operating lease liabilities	54,883	9,019	16,466	8,990	20,408
Finance lease liabilities	352	153	199	—	—
Total	\$ 130,755	\$ 49,413	\$ 51,819	\$ 9,115	\$ 20,408

(1) Other contractual obligations consist primarily of contractual obligations to third-party data center providers.

As of December 31, 2025, we had \$6.2 million of long-term income tax liabilities, including interest, related to uncertain tax positions. Because of the high degree of uncertainty regarding the settlement of these liabilities, we are unable to estimate the years in which future cash outflows may occur. As a result, this amount is not included in the contractual obligations table above.

Credit Facilities

On October 17, 2022, we entered into a Senior Secured Credit Facilities Credit Agreement (the “Credit Agreement”) with the several lenders parties thereto, and Silicon Valley Bank, as administrative agent, lead arranger, issuing lender, and swingline lender. The Credit Agreement provides a revolving credit facility in an aggregate principal amount of \$110.0 million (“the Revolving Credit Facility”), including a \$25.0 million letter of credit sub-facility and a \$25.0 million swingline sub-facility. We may, subject to certain customary conditions, on one or more occasions increase commitments under the Revolving Credit Facility in an amount not to exceed \$90.0 million in the aggregate (the “Incremental Facility”). Each Lender will have discretion to determine whether it will participate in any Incremental Facility. The obligations under the Credit Agreement are secured by substantially all of our assets. The Credit Agreement matures on October 17, 2027.

Borrowings under the Revolving Credit Facility accrue interest at rates equal, at our election, to (i) the adjusted term secured overnight financing rate (“SOFR”), which is defined as (a) the applicable term SOFR plus (b) a term SOFR adjustment equal to 0.20% per annum, plus the applicable margin for such loans, or (ii) the alternate base rate (“ABR”), which is defined as the highest of (a) the prime rate in effect from time to time, (b) the federal funds effective rate in effect from time to time plus 0.50%, and (c) the adjusted term SOFR for a one (1) month tenor in effect from time to time plus 1.0%, plus the applicable margin for such loans. The applicable margin for borrowings bearing interest on the SOFR ranges from 2.00% to 2.75%, and the applicable margin for borrowings bearing interest based on the ABR ranges from 1.00% to 1.75%. We will pay a quarterly commitment fee during the term of the Credit Agreement for the non-use of available funds ranging from 0.25% to 0.35%. As of December 31, 2025, the applicable interest rate under the Revolving Credit Facility was 7.75%. We had no amounts outstanding under the Revolving Credit Facility as of December 31, 2025.

The Credit Agreement contains customary representations and warranties as well as customary affirmative and negative covenants. Negative covenants include, among others, limitations on incurrence of indebtedness, liens, disposition of property and investments by us and our subsidiaries. In addition, the Credit Agreement requires us to maintain certain interest coverage, leverage and senior leverage ratios.

Critical Accounting Policies and Estimates

We prepare our consolidated financial statements in accordance with GAAP. The preparation of the consolidated financial statements requires us to make estimates and assumptions that affect the amounts of assets and liabilities reported, disclosures about contingent assets and liabilities, and reported amounts of revenue and expenses. We evaluate our estimates and assumptions on an ongoing basis using historical experience and other factors, and adjust those estimates and assumptions when facts and circumstances dictate. Actual results could materially differ from these estimates and assumptions.

We believe estimates and assumptions associated with the evaluation of revenue recognition criteria, including the determination of revenue reporting as net versus gross in our revenue arrangements, as well as internal use software development costs, fair values of stock-based awards, and income taxes have the greatest potential impact on our consolidated financial statements. Therefore, we consider these to be our critical accounting policies and estimates.

Revenue Recognition

We generate revenue through the monetization of publisher ad impressions processed on our platform. Our platform allows publishers to sell, in real time, ad impressions to buyers and provides automated inventory management and monetization tools to publishers across various device types and digital ad formats. We charge publishers a fee, which is typically a percentage of the value of the impressions monetized through our platform.

We maintain agreements with each publisher and buyer in the form of written service agreements, which set out the terms of the relationship, including payment terms (typically ninety days or less) and access to our platform.

We invoice buyers for publisher digital advertising inventory purchased through its platform. We recognize revenue when a bid is won and a buyer purchases inventory on our platform. We estimate and record reductions to revenue for volume discounts based on expected volumes during the incentive term.

The determination as to whether revenue should be reported gross of amounts billed to buyers (gross basis) or net of payments to publishers (net basis) requires significant judgment, and is based on our assessment of whether we are acting as the principal or an agent in the transaction. We have determined that we do not act as the principal in the purchase and sale of digital advertising inventory because we do not control the advertising inventory and do not set the price which is the result of an auction within the marketplace. Based on these and other factors, we report revenue on a net basis. See “Part II - Item 8. Financial Statements and Supplementary Data - Note 2” for more information on revenue recognition.

We generally invoice buyers at the end of each month for the full purchase price of ad impressions monetized in that month. Accounts receivable are recorded at the amount of gross billings for the amounts we are responsible to collect, and accounts payable are recorded at the net amount payable to publishers. Accordingly, both accounts receivable and accounts payable appear large in relation to revenue reported on a net basis.

Internal Use Software Development Costs

We capitalize certain internal use software development costs associated with creating and enhancing internal use software related to our platform and technology infrastructure. These costs include personnel and related employee benefits expenses for employees who are directly associated with and who devote time to software projects, and external direct costs of materials and services consumed in developing or obtaining the software. We expense software development costs that do not meet the criteria for capitalization as incurred and record them in technology and development expenses in the consolidated statements of operations.

Software development activities generally consist of three stages: (i) the planning stage; (ii) the application and infrastructure development stage; and (iii) the post implementation stage. Costs incurred in the planning and post implementation stages of software development, including costs associated with the post configuration training and repairs and maintenance of the developed technologies, are expensed as incurred. We capitalize costs associated with software developed for internal use when both the preliminary project stage is completed and management has authorized further funding for the completion of the project. We capitalize costs incurred in the application and infrastructure development stages, including significant enhancements and upgrades. Capitalization ends once a project is substantially complete and the software and technologies are ready for their intended purpose. We amortize internal use software development costs using a straight-line method over the estimated useful life of two to five years, commencing when the software is ready for its intended use.

On an ongoing basis, we assess if the estimated remaining useful lives of capitalized projects continue to be reasonable based on the remaining expected benefit and usage. If the remaining useful life of a capitalized project is revised, it is accounted for as a change in estimate and the remaining unamortized cost of the underlying asset is amortized prospectively over the updated remaining useful life.

Income Taxes

Our income tax provision may be significantly affected by changes to our estimates for tax in jurisdictions in which we operate and other estimates utilized in determining the global effective tax rate. Actual results may also differ from our estimate based on changes in economic conditions. Such changes could have a substantial impact on the income tax provision. We evaluate the judgments surrounding our estimates and make adjustments, as appropriate, each reporting period.

Deferred income tax assets and liabilities are determined based upon the net effects of the differences between the consolidated financial statements carrying amounts and the tax basis of assets and liabilities and are measured using the enacted tax rate expected to apply to taxable income in the years in which the differences are expected to be reversed. A valuation allowance is used to reduce some or all of the deferred tax assets if, based upon the weight of available evidence, it is more likely than not that those deferred tax assets will not be realized.

We recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the consolidated financial statements from such positions are then measured based on the largest benefit that has a greater than 50% likelihood of being realized. We recognize interest and penalties accrued related to our uncertain tax positions in our income tax provision in the accompanying consolidated statement of operations.

Recent Accounting Pronouncements

See Note 2 to our consolidated financial statements included in Part II, Item 8 of this Form 10-K, for recently issued accounting pronouncements not yet adopted.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to certain market risks in the ordinary course of our business. These risks primarily include:

Interest Rate Risk

We had cash and cash equivalents of \$145.5 million as of December 31, 2025, which consisted of bank deposits, money market accounts and commercial paper. The primary objective of our investment activities is to preserve principal while maximizing income without significantly increasing risk. Because our cash and cash equivalents have a relatively short maturity, our portfolio's fair value is relatively insensitive to interest rate changes. Our line of credit is at variable interest rates. We had no amounts outstanding under our credit facility as of December 31, 2025. We do not believe that an increase or decrease in interest rates of 100 basis points would have a material effect on our operating results or financial condition. In future periods, we will continue to evaluate our investment policy relative to our overall objectives.

Currency Exchange Risk

Our consolidated results of operations and cash flows are subject to fluctuations due to changes in foreign currency exchange rates. Historically, the majority of our buyer contracts have been denominated in U.S. Dollars while our publisher contracts have been primarily denominated in U.S. Dollars as well as the Euro, British Pound, and Australian Dollar. Additionally, our expenses are generally denominated in the currencies in which our operations are located, primarily the U.S. Dollar, Indian Rupee, British Pound, and Euro. In the event our foreign sales and expenses increase, our operating results may be more greatly affected by foreign currency exchange rate fluctuations, which can affect our operating income (loss). A hypothetical 10% change in the U.S. Dollar to India Rupee exchange rate could result in a change of \$2.2 million in our operating income (loss) for each of the years ended December 31, 2025 and December 31, 2024, respectively. A hypothetical 10% change in the U.S. Dollar to British Pound exchange rate could result in a change of \$2.3 million and \$2.1 million in our operating income (loss) for the year ended December 31, 2025 and December 31, 2024, respectively.

Inflation Risk

We do not believe that inflation has had a material effect on our business, results of operations, or financial condition. If our costs were to become subject to significant inflationary pressures, for example in India or increases in data center base costs, we might not be able to fully offset such higher costs through price increases. Our inability or failure to do so could adversely affect our business, results of operations, and financial condition.

ITEM 8. CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

PUBMATIC, INC.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the stockholders and the Board of Directors of PubMatic, Inc.

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of PubMatic, Inc. and subsidiaries (the "Company") as of December 31, 2025 and 2024, the related consolidated statements of operations, comprehensive income (loss), stockholders' equity, and cash flows, for each of the three years in the period ended December 31, 2025, and the related notes (collectively referred to as the "financial statements"). We have also audited the Company's internal control over financial reporting as of December 31, 2025, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2025 and 2024, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2025, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2025, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by COSO.

Basis for Opinions

The Company's management is responsible for these financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on these financial statements and an opinion on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the financial statements included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures to respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current-period audit of the financial statements that was communicated or required to be communicated to the audit committee and that (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Revenue Recognition — Refer to Note 2 to the financial statements

Critical Audit Matter Description

The Company generates revenue through the monetization of publisher ad impressions on its platform. The Company charges publishers a fee, which is typically a percentage of the value of the ad impressions monetized through the platform. The Company recognizes revenue when a bid is won and a buyer purchases digital advertising inventory on its platform. The Company reports revenue net of payments to publishers. For the year ended December 31, 2025, the Company's revenue was \$282.9 million.

We identified revenue as a critical audit matter because there is a significant audit effort required in performing our audit procedures, which include evaluating and testing the Company's process, systems, and controls related to the revenue cycle.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to the Company's revenue included the following, among others:

- We tested the effectiveness of controls related to the revenue cycle, including (i) general information technology (IT) controls over relevant systems used to process and record advertising transactions, including testing of user access controls, change management controls, and IT operations controls and (ii) controls in place to reconcile the various systems to the Company's general ledger and to address the accuracy and completeness of data used to recognize revenue.
- We generated synthetic transactions and traced the recording of these transactions into the Company's systems to understand how revenue transactions are captured, processed, and aggregated.
- We used data analytics to inspect journal entries and identify relationships in the revenue population to (i) identify significant relationships in the revenue population and (ii) understand significant relationships and related accounts affecting revenue.
- We performed audit procedures on those related accounts determined to have a significant relationship with revenue, including sending confirmations to customers for a selection of accounts which included the receivable balances and related impression count for each selection, and selecting a sample of publisher payables and performing subsequent disbursements testing.
- We performed a proof of cash reconciliation that reconciled cash to revenue and related revenue accounts.

/s/ DELOITTE & TOUCHE LLP

San Jose, California

February 26, 2026

We have served as the Company's auditor since 2012.

PUBMATIC, INC.
CONSOLIDATED BALANCE SHEETS
(In thousands, except par values)

	December 31, 2025	December 31, 2024
ASSETS		
Current assets		
Cash and cash equivalents	\$ 145,518	\$ 100,452
Marketable securities	—	40,135
Accounts receivable, net	358,240	424,814
Prepaid expenses and other current assets	18,889	10,145
Total current assets	522,647	575,546
Property, equipment and software - net	52,657	58,522
Operating lease right-of-use assets	38,149	44,402
Acquisition-related intangible assets, net	2,704	4,284
Goodwill	29,577	29,577
Deferred income tax asset	30,986	24,864
Other assets, non-current	3,475	2,324
TOTAL ASSETS	\$ 680,195	\$ 739,519
LIABILITIES AND STOCKHOLDERS' EQUITY		
Accounts payable	\$ 343,619	\$ 386,602
Accrued liabilities	25,278	26,365
Operating lease liabilities, current	6,953	5,843
Total current liabilities	375,850	418,810
Operating lease liabilities, non-current	36,910	39,538
Other liabilities, non-current	4,846	3,908
TOTAL LIABILITIES	417,606	462,256
Commitments and contingencies (Note 8)		
Stockholders' Equity		
Preferred stock, \$0.0001 par value per share, 10,000 shares authorized as of December 31, 2025 and 2024; No shares issued and outstanding as of December 31, 2025 and 2024	—	—
Common stock, par value \$0.0001 per share; 1,000,000 Class A shares authorized as of December 31, 2025 and 2024; 51,029 shares issued and 38,624 shares outstanding as of December 31, 2025; 48,177 shares issued and 39,860 shares outstanding as of December 31, 2024; 1,000,000 Class B shares authorized as of December 31, 2025 and 2024; 11,404 shares issued and 8,263 shares outstanding as of December 31, 2025; 11,382 shares issued and 8,241 outstanding as of December 31, 2024	7	6
Treasury stock, at cost; 15,546 and 11,458 shares as of December 31, 2025 and 2024, respectively	(193,471)	(146,796)
Additional paid-in capital	321,062	275,304
Accumulated other comprehensive income (loss)	68	(636)
Retained earnings	134,923	149,385
TOTAL STOCKHOLDERS' EQUITY	262,589	277,263
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 680,195	\$ 739,519

The accompanying notes are an integral part of these consolidated financial statements

PUBMATIC, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share data)

	Year Ended December 31,		
	2025	2024	2023
Revenue	\$ 282,926	\$ 291,256	\$ 267,014
Cost of revenue	103,085	101,027	99,229
Gross profit	179,841	190,229	167,785
Operating expenses:			
Technology and development	33,820	33,263	26,727
Sales and marketing	102,940	95,369	82,803
General and administrative	60,340	57,670	56,219
Total operating expenses	197,100	186,302	165,749
Operating income (loss)	(17,259)	3,927	2,036
Interest income	5,455	8,477	8,828
Other income (expense), net	(4,150)	5,370	(359)
Total other income, net	1,305	13,847	8,469
Income (loss) before income taxes	(15,954)	17,774	10,505
Provision for (benefit from) income taxes	(1,492)	5,270	1,624
Net income (loss)	\$ (14,462)	\$ 12,504	\$ 8,881
Net income (loss) per share attributable to common stockholders:			
Basic	\$ (0.31)	\$ 0.25	\$ 0.17
Diluted	\$ (0.31)	\$ 0.23	\$ 0.16
Weighted-average shares used to compute net income (loss) per share attributable to common stockholders:			
Basic	47,008	49,213	51,760
Diluted	47,008	54,294	56,027

The accompanying notes are an integral part of these consolidated financial statements.

PUBMATIC, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(In thousands)

	Year Ended December 31,		
	2025	2024	2023
Net income (loss)	\$ (14,462)	\$ 12,504	\$ 8,881
Other comprehensive income (loss):			
Unrealized gain on marketable securities, net of tax	23	25	5
Net change in foreign currency translation adjustment	681	(657)	—
Comprehensive income (loss)	<u>\$ (13,758)</u>	<u>\$ 11,872</u>	<u>\$ 8,886</u>

The accompanying notes are an integral part of these consolidated financial statements.

PUBMATIC, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(In thousands)

	Common Stock		Treasury Stock	Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Total Stockholders' Equity
	Shares	Amount					
Balance — December 31, 2022	52,705	\$ 6	\$ (11,486)	\$ 195,677	\$ (9)	\$ 128,000	\$ 312,188
Stock-based compensation	—	—	—	31,324	—	—	31,324
Exercise of stock options	575	—	—	1,549	—	—	1,549
Repurchase of treasury stock, at cost	(4,040)	—	(59,617)	—	—	—	(59,617)
Issuance of common stock related to employee stock purchase plan	128	—	—	1,869	—	—	1,869
Issuance of common stock related to RSU vesting	878	—	—	—	—	—	—
Other comprehensive income	—	—	—	—	5	—	5
Net income	—	—	—	—	—	8,881	8,881
Balance — December 31, 2023	50,246	6	(71,103)	230,419	(4)	136,881	296,199
Stock-based compensation	—	—	—	40,752	—	—	40,752
Exercise of stock options	616	—	—	1,765	—	—	1,765
Repurchase of treasury stock, at cost	(4,278)	—	(75,693)	—	—	—	(75,693)
Issuance of common stock related to employee stock purchase plan	170	—	—	2,368	—	—	2,368
Issuance of common stock related to RSU vesting	1,347	—	—	—	—	—	—
Other comprehensive loss	—	—	—	—	(632)	—	(632)
Net income	—	—	—	—	—	12,504	12,504
Balance — December 31, 2024	48,101	6	(146,796)	275,304	(636)	149,385	277,263
Stock-based compensation	—	—	—	41,851	—	—	41,851
Exercise of stock options	953	1	—	1,759	—	—	1,760
Repurchase of treasury stock, at cost	(4,088)	—	(46,675)	—	—	—	(46,675)
Issuance of common stock related to employee stock purchase plan	240	—	—	2,148	—	—	2,148
Issuance of common stock related to RSU vesting	1,681	—	—	—	—	—	—
Other comprehensive income	—	—	—	—	704	—	704
Net loss	—	—	—	—	—	(14,462)	(14,462)
Balance — December 31, 2025	46,887	\$ 7	\$ (193,471)	\$ 321,062	\$ 68	\$ 134,923	\$ 262,589

The accompanying notes are an integral part of these consolidated financial statements.

PUBMATIC, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	Year Ended December 31,		
	2025	2024	2023
CASH FLOW FROM OPERATING ACTIVITIES:			
Net income (loss)	\$ (14,462)	\$ 12,504	\$ 8,881
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	43,769	45,352	44,770
Stock-based compensation	38,378	37,676	28,862
Provision for doubtful accounts	—	—	5,675
Deferred income taxes	(14,489)	(10,984)	(13,406)
Accretion of discount on marketable securities	(822)	(4,117)	(4,093)
Non-cash lease expense	7,351	6,801	6,145
Other	(1,047)	(25)	45
Changes in operating assets and liabilities:			
Accounts receivable	66,574	(49,345)	(75,716)
Prepaid expenses and other current assets	(16,220)	(5,826)	3,918
Accounts payable	(42,397)	38,096	79,687
Accrued liabilities	16,179	9,627	3,035
Operating lease liabilities	(2,616)	(6,531)	(5,789)
Other liabilities, non-current	861	197	(893)
Net cash provided by operating activities	81,059	73,425	81,121
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchases of and deposits on property and equipment	(14,345)	(17,592)	(10,601)
Capitalized software development costs	(20,511)	(20,936)	(17,687)
Purchases of marketable securities	(26,026)	(142,016)	(140,603)
Proceeds from sales of marketable securities	27,095	—	18,873
Proceeds from maturities of marketable securities	39,859	202,858	111,000
Net cash provided by (used in) investing activities	6,072	22,314	(39,018)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Payment of business combination indemnification claims holdback	—	(2,148)	—
Proceeds from issuance of common stock for employee stock purchase plan	2,148	2,368	1,869
Proceeds from exercise of stock options	1,759	1,765	1,549
Principal payments on finance lease obligations	(140)	(131)	(126)
Payments to acquire treasury stock	(46,498)	(75,332)	(59,268)
Net cash used in financing activities	(42,731)	(73,478)	(55,976)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	44,400	22,261	(13,873)
Effect of foreign currency on cash	666	(318)	—
CASH AND CASH EQUIVALENTS - Beginning of Year	100,452	78,509	92,382
CASH AND CASH EQUIVALENTS - End of Year	<u>\$ 145,518</u>	<u>\$ 100,452</u>	<u>\$ 78,509</u>
SUPPLEMENTAL DISCLOSURES OF NON-CASH INVESTING AND FINANCING INFORMATION:			
Stock-based compensation capitalized as internal use software costs	\$ 3,474	\$ 3,076	\$ 2,462
Property and equipment included in accounts payable and accrued expenses	\$ 1	\$ 618	\$ 203
Capitalized software costs included in accounts payable and accrued expenses	\$ 2,422	\$ 2,365	\$ 2,966
Business combination purchase consideration - indemnification claims holdback	\$ —	\$ —	\$ 2,148

The accompanying notes are an integral part of these consolidated financial statements.

PUBMATIC, INC.
Notes to Consolidated Financial Statements

Note 1 – Organization and Description of Business

PubMatic, Inc. (together with its subsidiaries, the “Company” or “PubMatic”) was founded in 2006. The Company has offices in California, New York, Europe, Asia, and Australia. The Company provides a specialized cloud infrastructure platform that enables real-time programmatic advertising transactions. The purpose-built technology and infrastructure provides superior outcomes for both publishers and advertisers leveraging an efficient design, machine learning, and data processing capabilities, with customer alignment and global omnichannel reach.

Note 2 – Basis of Presentation and Summary of Significant Accounting Policies

Fiscal Year

The Company’s fiscal year ends on December 31. References to fiscal year 2025, for example, refer to the fiscal year ended December 31, 2025.

Basis of Presentation

The accompanying consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America (“GAAP”). The accompanying consolidated financial statements include the accounts of PubMatic, Inc. and its wholly-owned subsidiaries. All intercompany accounts and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of the consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts of assets and liabilities reported, disclosures about contingent assets and liabilities, and reported amounts of revenue and expenses.

Significant items subject to such estimates include: revenue recognition criteria, including the determination of revenue reporting as net versus gross in the Company’s revenue arrangements, internal use software development costs, and income taxes, including the valuation reserve on deferred tax assets. The Company evaluates its estimates and assumptions on an ongoing basis using historical experience and other factors and adjusts those estimates and assumptions when facts and circumstances dictate. Actual results could materially differ from those estimates and assumptions.

Due to the inherent uncertainty involved in making assumptions and estimates, events and changes in circumstances arising after December 31, 2025, including macroeconomic factors, may result in actual outcomes that differ from those contemplated by the Company’s assumptions and estimates.

Concentration of Credit Risk

Financial instruments that potentially subject the Company to concentration of credit risk consist principally of cash and cash equivalents, marketable securities, and accounts receivable. The Company maintains its cash and cash equivalents with financial institutions in amounts which exceed Federal Deposit Insurance Corporation limits.

The Company’s investment policy limits investments to certain types of securities issued by the U.S. government and its agencies and institutions with investment-grade credit ratings and places restrictions on maturities and concentration by type and issuer. The primary objective of its investment activities is to preserve principal while maximizing income without significantly increasing risk.

The Company defines its revenue concentration based on revenue recognized from individual publishers. For the years ended December 31, 2025, 2024, and 2023, no publisher represented more than 10% of the Company’s revenue. As of December 31, 2025, three buyers accounted for 24%, 16%, and 14% respectively, of accounts receivable. As of December 31, 2024, two buyers accounted for 44% and 11%, respectively, of accounts receivable.

Cash and Cash Equivalents

The Company considers all highly liquid investments with an original maturity at the date of purchase of three months or less to be cash equivalents.

Marketable Securities

The Company classifies marketable securities as available-for-sale at the time of purchase and reevaluates such classification at each balance sheet date. The Company may sell these securities at any time for use in current operations even if they have not yet reached maturity. As a result, the Company classifies its marketable securities, including those with maturities beyond twelve months, as current assets in the consolidated balance sheets. These marketable securities are carried at fair value and unrealized gains and losses are recorded in other comprehensive income, which is reflected as a component of stockholders' equity. These marketable securities are assessed as to whether those with unrealized loss positions are other than temporarily impaired. The Company considers impairments to be other than temporary if they are related to deterioration in credit risk or if it is likely the securities will be sold before the recovery of their cost basis. As of December 31, 2025, the Company does not have marketable securities. Realized gains and losses from the sale of marketable securities and declines in value deemed to be other than temporary are determined based on the specific identification method. Realized gains and losses, and any expected credit losses, are reported in other income (expense), net in the consolidated statements of operations and comprehensive income.

Fair Value of Financial Instruments

Financial instruments consist of cash equivalents, marketable securities, accounts receivable, accounts payable, and accrued liabilities. Cash equivalents and marketable securities are remeasured at fair value at the end of every period. Accounts receivable, accounts payable and accrued liabilities are stated at their carrying value, which approximates fair value due to the short time to the expected receipt or payment.

Derivative Financial Instruments

The Company enters into foreign currency derivative contracts to reduce foreign exchange risk associated with monetary assets or liabilities denominated in currencies other than the functional currency. The Company uses forward currency derivative contracts, which are not designated as hedging instruments, to minimize the Company's exposure to balances primarily denominated in the Euro and British Pound Sterling. Currently, the Company settles its forward contracts with the full value of the contract. The Company's derivative financial instruments program is not designated for trading or speculative purposes. While the contract or notional amount is often used to express the volume of foreign currency derivative contracts, the amounts potentially subject to credit risk are generally limited to the amounts, if any, by which the counterparties' obligations under the agreements exceed the obligations of the Company to the counterparties.

Outstanding foreign currency derivative contracts are recorded at fair value on the consolidated balance sheets. Unrealized gains or losses due to changes in the fair value of these derivative contracts, as well as realized gains or losses from their net settlement, are recognized as other income (expense) in the consolidated statements of operations consistent with the offsetting gains or losses resulting from the remeasurement or settlement of the underlying foreign currency denominated receivables and payables.

Accounts Receivable and Allowance for Credit Losses

Accounts receivable are recorded at the invoiced amount, are unsecured, and do not bear interest. The allowance for credit losses is based on the best estimate of the amount of probable credit losses in existing accounts receivable. The allowance for credit losses is determined based on historical collection experience and the review in each period of the status of the then outstanding accounts receivable, while taking into consideration current customer information, collection history, and other relevant data. Account balances are written off against the allowance when the Company believes it is probable the receivable will not be recovered.

The following table presents the changes in the allowance for credit losses (in thousands):

	December 31,		
	2025	2024	2023
Allowance for credit losses, beginning balance	\$ 1,018	\$ 770	\$ 1,765
Provision	—	248	14,547
Write-offs	—	—	(15,542)
Allowance for credit losses, ending balance	<u>\$ 1,018</u>	<u>\$ 1,018</u>	<u>\$ 770</u>

During the year ended December 31, 2023, the provision for expected credit losses associated with accounts receivable increased by \$14.5 million relating to uncollectible receivables for a DSP buyer of the Company's platform that filed for Chapter 11 bankruptcy on June 30, 2023. Of the total uncollectible receivables from the DSP buyer of \$14.5 million, \$8.8 million was subject to chargeback to publishers of the Company and recorded as contra payable to publishers related to expected recoveries. The result was \$5.7 million of bad debt expense for the year ended December 31, 2023.

Property and Equipment

Property and equipment, including leasehold improvements, are stated at cost, less accumulated depreciation and amortization. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets, generally three years. Leasehold improvements are amortized on a straight-line basis over the shorter of the estimated useful lives of the assets or the remaining lease term.

Internal Use Software Development Costs

The Company capitalizes certain internal use software development costs associated with creating and enhancing internal use software related to its platform and technology infrastructure. These costs include personnel and related employee benefits expenses for employees who are directly associated with and who devote time to software projects, and external direct costs of materials and services consumed in developing or obtaining the software. Software development costs that do not meet the criteria for capitalization are expensed as incurred and recorded in technology and development expenses in the consolidated statements of operations and comprehensive income.

Software development activities generally consist of three stages, (i) the planning stage, (ii) the application and infrastructure development stage, and (iii) the post implementation stage. Costs incurred in the planning and post implementation stages of software development, including costs associated with the post configuration training and repairs and maintenance of the developed technologies, are expensed as incurred.

The Company capitalizes costs associated with software developed for internal use when both the preliminary project stage is completed and management has authorized further funding for the completion of the project. Costs incurred in the application and infrastructure development stages, including significant enhancements and upgrades, are capitalized. Capitalization ends once a project is substantially complete and the software and technologies are ready for their intended purpose. Internal use software development costs are amortized using a straight-line method over the estimated useful life of two to five years, commencing when the software is ready for its intended use.

Leases

The Company determines if an arrangement is or contains a lease at inception, which is the date on which the terms of the contract are agreed to, and the agreement creates enforceable rights and obligations. Under Topic 842, a contract is or contains a lease when (i) explicitly or implicitly identified assets have been deployed in the contract and (ii) the customer obtains substantially all of the economic benefits from the use of that underlying asset and directs how and for what purpose the asset is used during the term of the contract. The Company also considers whether its service arrangements include the right to control the use of an asset.

The Company's leases may include a non-lease component representing additional services transferred to the Company, such as common area maintenance for real estate. The Company accounts for each separate lease component and the non-lease components associated with that lease component as a single lease component. As such, minimum lease payments include fixed payments for non-lease components within a lease agreement but exclude variable lease payments not dependent on an index or rate, such as common area maintenance, operating expenses, utilities, or other costs that are subject to fluctuation from period to period. Non-lease components that are variable in nature are recorded as variable lease expense in the period incurred.

The allocation of lease payments is determined based on the relative standalone price of the separate office and furniture components. Some leases include an option to renew, generally at the Company's sole discretion, with renewal terms that can extend the lease term up to five additional years. In addition, certain leases contain termination options, where the rights to terminate are held by either the Company, the lessor, or both parties. These options to extend or terminate a lease are not included in the lease terms as the Company is not reasonably certain that they will exercise that option. The Company's leases generally do not contain any material restrictive covenants.

The Company recognizes its lease right of use assets ("ROU assets") and lease liabilities based on the present value of lease payments over the lease term at the commencement date of the lease. The ROU assets also include any initial direct costs incurred and lease payments made at or before the commencement date and are reduced by any lease incentives.

The Company uses its incremental borrowing rate to determine the present value of lease payments, as the Company's leases do not have a readily determinable implicit discount rate. The incremental borrowing rate is the rate of interest the Company would have to pay to borrow on a collateralized basis over a similar term and amount in a similar economic environment. Judgment is applied in assessing factors such as Company-specific credit risk, lease term, nature and quality of the underlying collateral, currency, and economic environment in determining the incremental borrowing rate to apply to each lease.

Operating ROU assets and liabilities are included on the Company's consolidated balance sheets. Finance lease assets are included in property, equipment and software, net. Finance lease liabilities are included in accrued liabilities and other liabilities, non-current. The Company does not recognize ROU assets or lease liabilities for leases with a term of 12 months or less for any asset classes.

Operating lease cost is recognized on a straight-line basis over the lease term. Finance lease cost is recognized as a combination of the amortization expense for the right-of-use assets and interest expense for the outstanding lease liabilities, and results in a front-loaded expense pattern over the lease term. Short-term and variable lease costs are not material to the Company's consolidated financial statements.

Impairment of Long-Lived Assets

The Company continually monitors events and changes in circumstances that could indicate that carrying amounts of its long-lived assets, including property and equipment and intangible assets may not be recoverable. When such events or changes in circumstances occur, the Company assesses the recoverability of long-lived assets by determining whether the carrying value of such assets will be recovered through their undiscounted expected future cash flows. If the future undiscounted cash flows are less than the carrying value of these assets, the Company recognizes an impairment loss based on the excess of the carrying value over the fair value of the assets.

Business Combinations

The Company allocates the purchase consideration for acquired companies to tangible and intangible assets acquired and liabilities assumed based on their estimated fair values as of the acquisition date, with the excess recorded to goodwill. These estimates are inherently uncertain and subject to refinement. During the measurement period, which may be up to one year from the acquisition date, the Company may record adjustments to the fair value of these tangible and intangible assets acquired and liabilities assumed with the corresponding offset to goodwill. Upon the conclusion of the measurement period or final determination of the fair value of assets acquired or liabilities assumed, whichever comes first, any subsequent adjustments are recorded to the consolidated statements of operations.

Acquisition-related Intangible Assets and Goodwill

Acquisition-related intangible assets with finite lives are amortized over their estimated useful lives on a straight-line basis. Goodwill amounts are not amortized. Acquisition-related intangible assets and goodwill are tested for impairment at least annually or more frequently if events or changes in circumstances indicate that the acquisition-related intangible assets or goodwill may be impaired.

Events or changes in circumstances which could trigger an impairment review include a significant adverse change in legal factors or in the business climate, an adverse action or assessment by a regulator, unanticipated competition, a loss of key personnel, significant changes in the manner of the Company's use of the acquired assets, or the strategy for the Company's overall business, significant negative industry or economic trends, or significant underperformance relative to expected historical or projected future results of operations. The Company has not recorded any acquisition-related intangible assets or goodwill impairment to date.

Revenue Recognition

The Company recognizes revenue through the following steps:

- Identification of a contract with a customer;
- Identification of the performance obligations in the contract;
- Determination of the transaction price;
- Allocation of the transaction price to the performance obligations in the contract; and
- Recognition of revenue when or as the performance obligations are satisfied.

The Company refers to its publishers, app developers, and channel partners collectively as its publishers. The Company generates revenue through the monetization of publisher ad impressions on its platform. The Company's platform allows publishers to sell, in real time, ad impressions to buyers and provides automated inventory management and monetization tools to publishers across various device types and digital ad formats. The Company charges publishers a fee, which is typically a percentage of the value of the ad impressions monetized through the Company's platform.

The Company maintains agreements with each publisher and buyer in the form of written service agreements, which set out the terms of the relationship, including payment terms (typically ninety days or less) and access to its platform.

The Company invoices buyers for publisher digital advertising inventory purchased through its platform. The Company recognizes revenue when a bid is won and a buyer purchases inventory on its platform. The Company records revenue reductions for rebates associated with SPO agreements with buyers. These rebates may be fixed or tiered based on the volume of spend over the incentive period. For volume-based rebate rates, the Company estimates and records revenue reductions based on the expected volumes during the incentive term.

The determination as to whether revenue should be reported gross of amounts billed to buyers (gross basis) or net of payments to publishers (net basis) requires significant judgment, and is based on the Company's assessment of whether it is acting as the principal or an agent in the transaction. The Company has determined that it does not act as the principal in the purchase and sale of digital advertising inventory because it does not control the advertising inventory and it does not set the price which is the result of an auction within the marketplace. Based on these and other factors, the Company reports revenue on a net basis.

The Company invoices buyers at the end of each month for the full purchase price of ad impressions monetized in that month. Accounts receivable are recorded at the amount of gross billings for the amounts the Company is responsible to collect, and accounts payable are recorded at the net amount payable to publishers. Accordingly, both accounts receivable and accounts payable appear large in relation to revenue reported on a net basis.

Cost of Revenue

Cost of revenue consists primarily of data center co-location costs, depreciation expense related to hardware supporting the Company's platform, amortization expense related to capitalized internal use software development costs and acquired developed technology, personnel costs, and allocated facilities costs. Personnel costs include salaries, bonuses, stock-based compensation, and employee benefit costs, and are primarily attributable to the Company's network operations group which maintains the Company's servers and the Company's client operations group, which is responsible for integration of new publishers and buyers and providing customer support for existing customers.

Technology and Development Costs

Technology and development expenses consist primarily of personnel costs, including salaries, bonuses, stock-based compensation, and employee benefits costs, allocated facilities costs, and professional services. These expenses include costs incurred in the development, implementation and maintenance of internal use software, including platform and related infrastructure. Technology and development costs are expensed as incurred, except to the extent that such costs are associated with internal use software development that meets the criteria for capitalization. The Company amortizes internal use software development costs that relate to its revenue producing activities on its platform to cost of revenue.

Advertising Costs

Advertising costs are expensed as incurred and are included in sales and marketing expenses. The Company's advertising costs recorded during the years ended December 31, 2025, 2024 and 2023 were not material.

Stock-Based Compensation

Stock-based compensation expense related to stock awards, including stock options and restricted stock units ("RSUs"), is measured based on the fair value of the awards granted and recognized as an expense on a straight-line basis over the requisite service period of the awards, which is generally the vesting term of four years.

The fair value of each option award is estimated on the grant date using the Black-Scholes option pricing model.

The fair value of each RSU award is based on the fair value of the underlying common stock as of the grant date.

Stock-based compensation expense related to the Company's Employee Stock Purchase Plan ("ESPP") is measured at fair value on the grant date using the Black-Scholes option pricing model. The Company recognizes stock-based compensation expense related to shares issued pursuant to the ESPP on a straight-line basis over the offering period, which is 12 months. The ESPP allows employees to purchase shares of the Company's common stock at a 15% percent discount from the lower of the Company's stock price on (i) the first day of the offering period or on (ii) the last day of each of the two six-month purchase periods. The ESPP also allows employees to reduce their percentage election but not to increase that election until the next one-year offering period. The ESPP includes a reset provision for the purchase price if the stock price on the purchase date is less than the stock price on the offering date.

The assumptions used to determine the fair value of the stock awards represent management's best estimates. These estimates involve inherent uncertainties and the application of management's judgment. The Company accounts for forfeitures as they occur. For additional information regarding stock-based compensation and the assumptions used for determining the fair value of stock options and ESPP awards, refer to Note 9—Stockholders' Equity and Equity Incentive Plans.

Foreign Currency Translation

Transactions in foreign currencies are translated into the functional currency of the applicable entity at the rates of exchange in effect at the date of the transaction. Accordingly, all monetary assets and liabilities of these subsidiaries are remeasured at the current exchange rate at each balance sheet date, nonmonetary assets and liabilities are measured at historical rates, and revenue and expenses are remeasured at average exchange rates during the period. Transaction gains and losses are included in other income (expense), net in the accompanying consolidated statements of operations. The Company's net foreign currency gain (losses) recorded during the years ended December 31, 2025, 2024 and 2023 were \$(4.6) million, \$1.1 million, and \$(1.5) million respectively.

Income Taxes

The Company utilizes the asset and liability method under which deferred tax assets and liabilities arise from the temporary differences between the tax basis of an asset or liability and its reported amount in the consolidated financial statements, as well as from net operating loss and tax credit carryforwards. Deferred tax amounts are determined by using the tax rates expected to be in effect when the taxes will actually be paid or refunds received, as provided for under currently enacted tax law. A valuation allowance is established when necessary to reduce deferred tax assets to the amount expected to be realized.

The Company recognizes the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the consolidated financial statements from such positions are then measured based on the largest benefit that has a greater than 50% likelihood of being realized. The Company recognizes interest and penalties related to income tax matters as income tax expense.

Net Income (Loss) Per Share Attributable to Common Stockholders

Basic and diluted net income (loss) per share attributable to Class A and Class B common stock is computed in conformity with the two-class method required for participating securities. The Company applies the two-class method to allocate earnings between common and other participating securities based on their participation rights.

Distributed and undistributed earnings allocated to participating securities are subtracted from net income (loss) in determining net income (loss) attributable to common stockholders. Basic net income (loss) per share is computed by dividing net income (loss) attributable to common stockholders by the weighted-average number of shares of the Company's Class A and Class B common stock outstanding.

The diluted net income per share attributable to common stockholders is computed by giving effect to all dilutive securities. Diluted net income per share attributable to common stockholders is computed by dividing the resulting net income attributable to common stockholders by the weighted-average number of fully diluted common shares outstanding. During the periods when there is a net loss attributable to common stockholders, potentially dilutive common stock equivalents have been excluded from the calculation of diluted net loss per share attributable to common stockholders as their effect is anti-dilutive.

Recently Adopted Accounting Pronouncements

In December 2023, the FASB issued ASU 2023-09 "Income Taxes (Topics 740): Improvements to Income Tax Disclosures" to expand the disclosure requirements for income taxes, specifically related to the rate reconciliation and income taxes paid. ASU 2023-09 is effective for annual periods beginning January 1, 2025, with early adoption permitted. The Company adopted ASU 2023-09 for the year ended December 31, 2025, and applied the new disclosure requirements prospectively to the current annual period. Prior period disclosures have not been adjusted to reflect the new disclosure requirements. See Note 11—Income Taxes in the accompanying notes to the consolidated financial statements for further detail.

Recent Accounting Pronouncements Not Yet Adopted

In November 2024, the FASB issued ASU 2024-03 "Income Statement-Reporting Comprehensive Income-Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses", requiring public entities to disclose additional information about specific expense categories in the notes to the financial statements on an interim and annual basis. ASU 2024-03 is effective for fiscal years beginning after December 15, 2026, and for interim periods beginning after December 15, 2027, with early adoption permitted. The Company is currently evaluating the impact adopting ASU 2024-03 will have on its financial statement disclosures.

In July 2025, the FASB issued ASU 2025-05 "Financial Instruments - Credit Losses (Topic 326) - Measurement of Credit Losses for Accounts Receivable and Contract Assets" ("ASU 2025-05"), which provides a practical expedient to measure credit losses on current accounts receivable. The practical expedient allows companies to assume that current conditions as of the balance sheet date do not change for the remaining life of the asset when measuring credit losses. ASU 2025-05 is effective for annual periods beginning after December 15, 2025 and for interim periods within those annual reporting periods on a prospective basis. Early adoption is permitted. The Company is currently evaluating the impact of adopting ASU 2025-05 on its consolidated financial statements and disclosures.

In September 2025, the FASB issued ASU 2025-06, "Intangibles-Goodwill and Other-Internal-Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software" (the "ASU 2025-06"), simplifies the capitalization guidance by removing all references to prescriptive and sequential software development project stages so that the guidance is neutral to different software development methods. ASU 2025-06 will be effective for annual periods beginning after December 15, 2027. The Company is currently evaluating the impact of this accounting standard on its consolidated financial statements and disclosures.

In December 2025, the FASB issued ASU No. 2025-11, "Interim Reporting (Topic 270): Narrow-Scope Improvements" (the "ASU 2025-11"), which clarifies interim disclosure requirements and the applicability of Topic 270. The guidance will be effective for interim periods beginning January 1, 2028. Early adoption is permitted. Upon adoption, the guidance can be applied prospectively or retrospectively. The Company does not expect the adoption of this guidance to have a material impact on its consolidated financial statements and disclosures.

Note 3 – Fair Value Measurements

Assets and liabilities recorded at fair value on a recurring basis in the consolidated balance sheets are categorized based upon the level of judgment associated with the inputs used to measure their fair values. Fair value represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs. The authoritative guidance on fair value measurements establishes a three-tier fair value hierarchy for disclosure of fair value measurements as follows:

- Level 1 – Inputs are unadjusted, quoted prices in active markets for identical assets or liabilities at the measurement date;
- Level 2 – Inputs are observable, unadjusted quoted prices in active markets for similar assets or liabilities, unadjusted quoted prices for identical or similar assets or liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the related assets or liabilities; and
- Level 3 – Unobservable inputs that are significant to the measurement of the fair value of the assets or liabilities that are supported by little or no market data.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The Company's assessment of the significance of a particular input to the fair value measurement in its entirety requires management to make judgments and consider factors specific to the asset or liability.

The Company's financial assets consist of Level 1 and 2 assets. The Company had no Level 3 assets or liabilities for the periods presented. The Company classifies its cash equivalents and marketable securities within Level 1 or Level 2 because they are valued using either quoted market prices or inputs other than quoted prices which are directly or indirectly observable in the market, including readily-available pricing sources for the identical underlying security which may not be actively traded. The Company's fixed income available-for-sale securities consist of high quality, investment grade securities from diverse issuers. The valuation techniques used to measure the fair value of the Company's marketable securities were derived from non-binding market consensus prices that are corroborated by observable market data and quoted market prices for similar instruments.

The following tables set forth the fair value of the Company's financial assets and liabilities measured on a recurring basis by level within the fair value hierarchy (in thousands):

	December 31, 2025			
	Level 1	Level 2	Level 3	Total
Financial Assets				
Money market funds	\$ 104,294	\$ —	\$ —	\$ 104,294
Certificates of deposit	—	16,865	—	16,865
Cash equivalents	104,294	16,865	—	121,159
Total financial assets	\$ 104,294	\$ 16,865	\$ —	\$ 121,159

	December 31, 2024			
	Level 1	Level 2	Level 3	Total
Financial Assets				
Money market funds	\$ 57,998	\$ —	\$ —	\$ 57,998
Commercial paper	—	2,296	—	2,296
Certificates of deposit	—	14,821	—	14,821
Cash equivalents	57,998	17,117	—	75,115
Commercial paper	—	27,837	—	27,837
U.S. Treasury and government debt securities	—	12,298	—	12,298
Marketable securities	—	40,135	—	40,135
Total financial assets	\$ 57,998	\$ 57,252	\$ —	\$ 115,250

There were no transfers between Level 1 and Level 2 fair value measurement categories during the years ended December 31, 2025 and 2024.

Note 4 – Balance Sheet Components

Marketable Securities

The following tables summarize the Company's marketable securities by significant investment categories (in thousands):

	December 31, 2024			
	Amortized Cost	Unrealized Gains	Unrealized Loss	Fair Value
Commercial paper	\$ 27,823	\$ 17	\$ (3)	\$ 27,837
U.S. Treasury and government debt securities	12,289	9	—	12,298
Total	\$ 40,112	\$ 26	\$ (3)	\$ 40,135

The Company had no marketable securities as of December 31, 2025. The remaining contractual maturity of all marketable securities was within one year as of December 31, 2024. Realized gains and losses were not material for the years ended December 31, 2025, 2024 and 2023. As of December 31, 2024 there were no securities that were in an unrealized loss position for more than twelve months.

Property, Equipment and Software, Net

Property, equipment and software, net consisted of the following (in thousands):

	December 31,	
	2025	2024
Internal-use software	\$ 89,161	\$ 72,372
Network hardware, computer equipment and software	151,276	153,838
Leasehold improvements	7,553	5,526
Furniture and fixtures	2,534	2,329
Property, equipment and software, gross	250,524	234,065
Less: accumulated depreciation and amortization	(197,867)	(175,543)
Total property, equipment and software, net	\$ 52,657	\$ 58,522

Depreciation and amortization expense related to property, equipment, and software (excluding amortization of internal use software) was \$19.0 million, \$24.8 million, and \$28.5 million for the years ended December 31, 2025, 2024 and 2023, respectively.

The Company capitalized \$24.0 million, \$23.4 million, and \$21.3 million in software development costs during the years ended December 31, 2025, 2024 and 2023, respectively. Fully-amortized software development costs of \$7.3 million have been removed from internal-use software and accumulated depreciation and amortization for each of the years ended December 31, 2025 and 2024. Amortization expense of internal use software was \$23.2 million, \$18.9 million, and \$13.9 million for the years ended December 31, 2025, 2024 and 2023, respectively. These costs are included within cost of revenue in the consolidated statements of operations.

The Company did not recognize any impairment charges on its long-lived assets during the years ended December 31, 2025, 2024 and 2023.

Accounts Payable

Accounts payable consisted of the following (in thousands):

	December 31,	
	2025	2024
Payable to publishers	\$ 319,482	\$ 366,009
Trade and other payables	24,137	20,593
Total accounts payable	\$ 343,619	\$ 386,602

Accrued Liabilities

Accrued liabilities consisted of the following (in thousands):

	December 31,	
	2025	2024
Accrued compensation	\$ 19,583	\$ 19,977
Accrued and other current liabilities	5,695	6,388
Total accrued liabilities	\$ 25,278	\$ 26,365

Note 5 – Senior Secured Credit Facilities Agreement**Senior Secured Credit Facilities Agreement**

On October 17, 2022, the Company entered into a Senior Secured Credit Facilities Credit Agreement (the “Credit Agreement”) with the several lenders parties thereto (the “Lenders”), and Silicon Valley Bank (“SVB”), as administrative agent, lead arranger, issuing lender, and swingline lender. The Credit Agreement matures on October 17, 2027.

The Credit Agreement provides a revolving credit facility in an aggregate principal amount of \$110.0 million (“the Revolving Credit Facility”), including a \$25.0 million letter of credit sub-facility and a \$25.0 million swingline sub-facility. The Company’s obligations under the Revolving Credit Facility and the letter of credit sub-facility (described in Note 8) with SVB are secured by substantially all of its assets excluding its intellectual property. The Company may, subject to certain customary conditions, on one or more occasions increase commitments under the Revolving Credit Facility in an amount not to exceed \$90.0 million in the aggregate (the “Incremental Facility”). Each Lender will have discretion to determine whether it will participate in any Incremental Facility.

Borrowings under the Revolving Credit Facility will accrue interest at rates equal, at the Company’s election, to (i) the applicable secured overnight financing rate (“SOFR”), plus the applicable margin for such loans, or (ii) the alternate base rate (“ABR”), which is defined as the highest of (a) the prime rate in effect from time to time, (b) the federal funds effective rate in effect from time to time plus 0.50%, and (c) the adjusted term SOFR for a one (1) month tenor in effect from time to time plus 1.0%, plus the applicable margin for such loans. The applicable margin for borrowings bearing interest on the SOFR ranges from 2.00% to 2.75%, and the applicable margin for borrowings bearing interest based on the ABR ranges from 1.00% to 1.75%. As of December 31, 2025, the applicable interest rate under the revolving credit facility was 7.75%. The Company will pay a quarterly commitment fee during the term of the Credit Agreement for the non-use of available funds ranging from 0.25% to 0.35%. In addition, the Credit Agreement provides a mechanism to determine a successor reference rate to the applicable reference rate if, among other things, the applicable reference rate becomes unavailable or is generally replaced as a benchmark interest rate.

The Credit Agreement contains customary representations and warranties as well as customary affirmative and negative covenants. Negative covenants include, among others, limitations on incurrence of indebtedness, liens, disposition of property and investments by the Company and its subsidiaries. In addition, the Credit Agreement requires the Company to maintain certain interest coverage, leverage and senior leverage ratios. The Company was in compliance with these covenants as of December 31, 2025.

The Credit Agreement contains customary events of default. Upon the occurrence and during the continuance of an event of default, the Lenders may declare the outstanding advances and all other obligations under the Credit Agreement immediately due and payable.

The Company may use amounts borrowed under the Credit Agreement to refinance the Existing Credit Agreement, for general corporate purposes or working capital financing. The Company may borrow additional amounts under the Credit Agreement from time to time as opportunities and needs arise.

Note 6 – Leases

The Company leases office facilities from unrelated parties under operating lease agreements that have initial terms ranging from two to seven years. Included in an office lease the Company also leases furniture and fixtures under a finance lease with a seven year term with a purchase option at the end of the term.

The components of operating and finance lease costs were as follows (in thousands):

	Year Ended December 31,	
	2025	2024
Operating lease cost	\$ 10,027	\$ 8,536
Finance lease cost	183	186
Total lease cost	\$ 10,210	\$ 8,722

Supplemental cash flow information related to leases was as follows (in thousands):

	Year Ended December 31,	
	2025	2024
Cash paid for amounts included in measurement of lease liabilities:		
Operating cash outflows - payments on operating leases	\$ 2,616	\$ 6,531
Right-of-use assets obtained in exchange for new lease obligations:		
Operating leases	\$ 2,922	\$ 29,909

In July 2024, the Company entered into an agreement to continue to lease approximately 30,000 square feet of office space located in New York City, New York ("July 2024 Lease"), which was previously subleased. The original sublease agreement for the space was set to expire in January 2025. The July 2024 Lease extends the lease term through January 2036 and grants the Company the right to use an additional floor in the building, also comprised of approximately 30,000 square feet, which has yet to commence. The Company will use the aggregate space to support its general and administrative functions, sales and marketing, technology and development, engineering and customer support. The Company has the option to exercise an early termination at either of two different points during the lease term, neither of which has been reflected in the lease term. The Company has provided an irrevocable letter of credit in the amount of approximately \$1.5 million, pursuant to the terms of the July 2024 Lease.

Supplemental balance sheet information related to leases was as follows (in thousands):

	December 31,	
	2025	2024
Operating leases		
Operating lease right-of-use assets	\$ 38,149	\$ 44,402
Operating lease liabilities, current	\$ 6,953	\$ 5,843
Operating lease liabilities, non-current	36,910	39,538
Total operating lease liabilities	\$ 43,863	\$ 45,381
Finance leases		
Furniture and fixtures	\$ 869	\$ 869
Accumulated depreciation	(710)	(536)
Furniture and fixtures, net	\$ 159	\$ 333
Accrued liabilities	\$ 148	\$ 139
Other liabilities, non-current	196	344
Total finance lease liabilities	\$ 344	\$ 483

Other information related to leases was as follows:

	December 31,	
	2025	2024
Weighted-average remaining lease term:		
Operating leases	7.4 years	7.8 years
Finance leases	2.3 years	3.3 years
Weighted-average discount rate:		
Operating leases	5.30 %	4.90 %
Finance leases	2.24 %	2.24 %

As of December 31, 2025, the maturities of lease liabilities under operating and finance leases were as follows (in thousands):

	Operating Leases	Finance Leases	Total
Year ending December 31,			
2026	\$ 9,019	\$ 153	\$ 9,172
2027	9,949	158	10,107
2028	6,517	41	6,558
2029	4,907	—	4,907
2030	4,083	—	4,083
Thereafter	20,408	—	20,408
Total minimum lease payments	54,883	352	55,235
Less: imputed interest	(11,020)	(8)	(11,028)
Total present value of lease liabilities	<u>\$ 43,863</u>	<u>\$ 344</u>	<u>\$ 44,207</u>

Note 7 – Goodwill and Acquisition-related Intangible Assets, Net

Goodwill

Goodwill as of December 31, 2025 and 2024 was \$29.6 million. There were no accumulated impairment losses as of December 31, 2025.

Acquisition-related Intangible Assets, Net

Acquisition-related intangible assets, net consisted of the following (in thousands):

	December 31, 2025			
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Weighted Average Remaining Useful Life (in years)
Developed technology	\$ 7,900	\$ 5,196	\$ 2,704	1.75
Customer relationships	1,000	1,000	—	—
Total acquisition-related intangible assets	<u>\$ 8,900</u>	<u>\$ 6,196</u>	<u>\$ 2,704</u>	1.75
	December 31, 2024			
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Weighted Average Remaining Useful Life (in years)
Developed technology	\$ 7,900	\$ 3,616	\$ 4,284	2.75
Customer relationships	1,000	1,000	—	—
Total acquisition-related intangible assets	<u>\$ 8,900</u>	<u>\$ 4,616</u>	<u>\$ 4,284</u>	2.75

Amortization expense related to acquisition-related intangibles was \$1.6 million for each of the years ended December 31, 2025 and 2024.

As of December 31, 2025, estimated future amortization expense for acquisition-related intangible assets was as follows (in thousands):

2026	\$ 1,580
2027	1,124
Total estimated future amortization expense for acquisition-related intangible assets	<u>\$ 2,704</u>

Note 8 – Commitments and Contingencies***Purchase Obligations***

The Company's purchase obligations primarily relate to minimum contractual payments due to data center providers.

As of December 31, 2025, future minimum commitments for purchase obligations with a remaining term in excess of one year were as follows (in thousands):

Years ending December 31,

2026	\$	40,241
2027		34,927
2028		227
2029		125
Total future minimum commitments, net	\$	<u>75,520</u>

Letters of Credit

As of December 31, 2025, the Company had three irrevocable letters of credit outstanding related to non-cancelable facilities leases in the amounts of \$3.5 million, \$1.5 million, and \$0.2 million, with annual automatic renewal and final expiration dates in July 2028, April 2036, and September 2031, respectively. As of December 31, 2024 the Company had two irrevocable letters of credit outstanding related to noncancelable facilities leases in the amounts of \$3.5 million and \$1.5 million, with annual automatic renewal and final expiration dates in July 2028 and April 2036, respectively.

Legal Matters

From time to time, the Company is or may be involved in various claims and other legal matters arising in the normal course of business. The Company records an accrual for a liability relating to claims and other legal matters when it is both probable that a liability has been incurred and the amount of the loss can be reasonably estimated. Any such accruals are reviewed at least quarterly and adjusted for the impacts of negotiations, rulings, settlements, and other information or events pertaining to a particular matter, or on the advice of legal counsel. To date, the Company has not incurred a material loss, or a material loss in excess of a recorded accrual, with respect to any claims and other legal matters arising in the normal course of business. However, the outcomes of claims and other legal matters are inherently unpredictable and subject to significant uncertainties. If the Company subsequently concludes that there is a reasonable possibility that a loss exceeding amounts already recognized may be incurred, and the amount of such additional loss would be material, the Company will either disclose the estimated additional loss or state that such an estimate cannot be made.

Indemnification

In the normal course of business, the Company enters into contracts and agreements that contain a variety of representations and warranties and provide for general indemnification. The Company's exposure under these agreements is unknown because it involves future claims that may be made against the Company, but have not yet been made. To date, the Company has not paid any material claims or been required to defend any actions related to its indemnification obligations. However, the Company may record charges in the future as a result of these indemnification obligations. In addition, the Company has indemnification agreements with certain of its directors and executive officers that require it, among other things, to indemnify them against certain liabilities that may arise due to their status or service as directors or officers of the Company. The terms of such obligations may vary.

Note 9 – Stockholders’ Equity and Equity Incentive Plans

Common Stock

The Company’s board of directors has authorized 1,000,000,000 shares of Class A common stock, \$0.0001 par value per share, and 1,000,000,000 shares of Class B common stock, \$0.0001 par value per share. The rights of the holders of Class A common stock and Class B common stock are identical, except with respect to voting and conversion rights. Holders of Class A common stock are entitled to one vote and holders of Class B common stock are entitled to ten votes and is convertible into one share of Class A common stock. Each share of Class B is convertible anytime at the option of the holder into one share of Class A common stock. Once converted or transferred and converted into Class A common stock, the Class B common stock will not be reissued.

Share Repurchases

In February 2023, the Company’s board of directors authorized the Company to repurchase up to \$75 million of its Class A common stock (as amended, the “2023 Repurchase Program”). In February 2024, the Company’s board of directors authorized the Company to repurchase up to an additional \$100 million of its Class A common stock under the 2023 Repurchase Program (the “2024 Repurchase Program Extension”) in addition to the \$75 million previously authorized under the 2023 Repurchase Program, and extended the expiration of the 2023 Repurchase Program to December 31, 2025. In May 2025, the Company’s board of directors authorized the Company to repurchase up to an additional \$100 million of its Class A common stock under the 2023 Repurchase Program (the “2025 Repurchase Program Extension”) in addition to the aggregate \$175 million previously authorized under the 2023 Repurchase Program, and extended the expiration of the 2023 Repurchase Program to December 31, 2026.

Shares are repurchased in a manner deemed in the best interest of the Company and its stockholders, dependent upon business, economic and market conditions, corporate and regulatory requirements, prevailing stock prices and other considerations. Repurchases are executed from time to time, subject to general business and market conditions and other investment opportunities, through open market purchases or privately negotiated transactions, in accordance with Rule 10b-18 and/or Rule 10b5-1 of the Exchange Act. The 2023 Repurchase Program is scheduled to terminate on December 31, 2026.

During the year ended December 31, 2025, the Company repurchased 4,087,633 aggregate shares of Class A common stock for \$46.5 million. The Company recorded an additional \$0.2 million related to the 1% excise tax on net share repurchases as a result of the Inflation Reduction Act of 2022 (“IRA”). As of December 31, 2025, \$93.9 million remains available for repurchases.

Equity Incentive Plans

The Company maintains the 2020 Equity Incentive Plan (“2020 Plan”), pursuant to which the Company may grant stock options, restricted stock awards, stock appreciation rights, restricted stock units (“RSUs”), deferred stock units (“DSUs”) performance awards, and stock bonus awards. As of December 31, 2025, the Company has reserved 5,377,044 shares of Class A common stock for the issuance of awards under the 2020 Plan. These available shares will increase automatically on January 1 for each of the first ten calendar years during the term of the 2020 Plan by the number of shares equal to the lesser of five percent (5%) of the aggregate number of outstanding shares of all classes of the Company’s common stock outstanding as of the immediately preceding December 31, or a number as may be determined by the Company’s board of directors or compensation committee. No new awards were issued under the Company’s prior 2006 Plan or 2017 Plan (“Prior Plans”) after the effective date of the 2020 Plan. To the extent outstanding awards under the 2006 Plan and the 2017 Plan are forfeited, expire unexercised, or would otherwise have been returned to the share reserve under the Prior Plans, the shares of Class B common stock subject to such awards instead will be available for future issuance as Class A common stock under the 2020 Plan.

Stock Options

Stock options granted under the Company's stock incentive plans generally vest over four years, subject to the holder's continued service through the vesting date and expire no later than ten years from the date of grant.

The following table summarizes stock option activity and related information under the Company's equity incentive plans (shares and aggregate intrinsic value in thousands):

	Options Outstanding			
	Number of Shares Underlying Outstanding Options	Weighted-Average Exercise Price	Weighted Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value
Outstanding — December 31, 2024	7,893	\$ 10.68	5.71	\$ 50,372
Options granted	986	15.65		
Options exercised	(953)	1.84		
Options canceled	(97)	16.39		
Options expired	(41)	21.79		
Outstanding — December 31, 2025	7,788	\$ 12.26	5.67	\$ 19,475
Vested and exercisable — December 31, 2025	5,949	\$ 11.25	4.86	\$ 19,475

The aggregate intrinsic value represents the difference between the exercise price of the options and the fair market value of the Company's common stock on the date of exercise. The intrinsic value of options exercised was \$8.2 million, \$9.9 million and \$7.5 million for the years ended December 31, 2025, 2024 and 2023, respectively.

As of December 31, 2025, unrecognized stock-based compensation of \$15.6 million related to unvested stock options will be recognized on a straight-line basis over a weighted average period of 2.18 years.

The fair value of stock options granted under the Company's equity incentive plans was estimated using the following assumptions:

	Year Ended December 31,		
	2025	2024	2023
Fair market value of common stock	\$15.65-\$15.65	\$15.38-\$16.34	\$12.56-\$16.94
Expected term (in years)	5.0-7.0	5.0-7.0	5.0-7.0
Risk-free interest rate	4.4%-4.4%	4.0%-4.2%	3.5%-4.0%
Expected volatility	54%-57%	55%-58%	55%-59%
Dividend rate	—%	—%	—%
Weighted-average grant date fair value of options granted	\$8.83	\$8.78	\$8.58

These assumptions and estimates were determined as follows:

Fair Value of Common Stock - The fair value of each share of underlying common stock was based on the closing price of the Company's Class A common stock as reported on the date of the grant.

Expected Term - The expected term represents the period that the Company's stock-based awards are expected to be outstanding. For option grants that are considered to be "plain vanilla," the Company determines the expected term using the simplified method. The simplified method deems the term to be the average of the time-to-vesting and the contractual life of the options. For other option grants, the Company estimates expected term using historical data on employee exercises and post-vesting employment termination behavior taking into account the contractual life of the award.

Risk-Free Interest Rate - The risk-free interest rate is based on the U.S. Treasury yield curve in effect at the time of grant for zero-coupon U.S. Treasury notes with maturities approximately equal to the option's expected term.

Expected Volatility - Since the Company has a short trading history of its common stock, the expected volatility is derived from the average historical stock volatilities of several unrelated public companies within the Company's industry that the Company considers to be comparable to its business over a period equivalent to the expected term of the stock option grants.

Dividend Rate - The expected dividend is assumed to be zero as the Company has never paid dividends and has no current plans to do so.

Restricted Stock Units

RSU awards generally vest over four years, subject to the holder's continued service through the vesting date.

The following table summarizes RSU activity and related information under the Company's 2020 Plan:

	RSUs		
	Number of Shares (in thousands)	Weighted-Average Grant Date Fair Value per Share	Aggregate Intrinsic Value (in thousands)
Unvested — December 31, 2024	3,687	\$ 17.68	\$ 54,167
Granted	2,047	14.39	
Vested	(1,681)	17.96	
Canceled/Forfeited	(376)	16.49	
Unvested — December 31, 2025	3,677	\$ 15.85	\$ 32,618

As of December 31, 2025, unrecognized stock-based compensation of \$48.8 million related to unvested RSUs will be recognized on a straight-line basis over a weighted average period of 2.37 years.

2020 Employee Stock Purchase Plan

In November 2020, the Company's board of directors adopted, and its stockholders approved, the 2020 Employee Stock Purchase Plan ("ESPP"), which became effective in connection with the Company's IPO. A total of 500,000 shares of the Company's Class A common stock were initially reserved for issuance under the ESPP. The aggregate number of shares reserved for issuance under the ESPP will increase automatically on January 1st of each of the first ten calendar years during the term of the ESPP by the number of shares equal to the lesser of (a) 1% of the total outstanding shares of all classes of the Company's common stock as of the immediately preceding December 31 and (b) such number of shares of common stock as determined by the Company's board of directors. The aggregate number of shares issued over the term of the ESPP may not exceed 7,500,000 shares of Class A common stock. As of December 31, 2025, the Company has reserved 2,020,964 shares of its common stock for issuance under the ESPP.

As of December 31, 2025, \$0.2 million has been withheld on behalf of employees for a future purchase under the ESPP due to the timing of payroll deductions and is included in accrued liabilities. For the twelve months ended December 31, 2025, 239,791 shares of Class A common stock have been purchased under the ESPP.

As of December 31, 2025, unrecognized stock-based compensation expense related to the ESPP was \$0.6 million, which is expected to be recognized over a weighted-average period of 0.57 years.

The fair value of purchase right granted the under the Company's 2020 Employee Stock Purchase Plan was estimated using the following assumptions:

	Year Ended December 31,		
	2025	2024	2023
Expected term (in years)	0.5-1.0	0.5-1.0	0.5-1.0
Risk-free interest rate	3.6%-3.7%	4.3%-5.4%	5.4%-5.1%
Expected volatility	74%-81%	53%-65%	48%-59%
Dividend rate	—%	—%	—%

Expected Term - The expected term of the ESPP represents the period of time that purchase rights are expected to be outstanding.

Risk-Free Interest Rate - The risk-free interest rate for the expected term of the awards was based on the U.S. Treasury yield curve in effect at the time of the grant.

Expected Volatility - The expected volatility is based on the historical volatility of the Company's Class A common stock over a period equivalent to the expected term of the ESPP purchase rights.

Dividend rate - The expected dividend is assumed to be zero as the Company has never paid dividends and has no current plans to do so.

Stock-Based Compensation

Total stock-based compensation expense recognized in the consolidated statements of operations was as follows (in thousands):

	Year Ended December 31,		
	2025	2024	2023
Cost of revenue	\$ 1,854	\$ 1,855	\$ 1,472
Technology and development	6,088	6,313	4,346
Sales and marketing	13,703	13,407	10,462
General and administrative	16,733	16,101	12,582
Total stock-based compensation expense	38,378	37,676	28,862
Tax benefit from stock-based compensation	(8,117)	(7,728)	(5,695)
Total stock-based compensation expense, net of tax effect	\$ 30,261	\$ 29,948	\$ 23,167

Note 10 – Net Income (Loss) Per Share Attributable to Common Stockholders

The Company has two classes of common stock, Class A and Class B. Basic and diluted earnings per share (“EPS”) attributable to common stockholders for Class A and Class B common stock were the same because they were entitled to the same liquidation and dividend rights.

The following table sets forth the computation of the Company’s basic and diluted net income (loss) per share (in thousands, except share and per share data):

	Year Ended December 31,		
	2025	2024	2023
	(in thousands, except per share data)		
Numerator:			
Net income (loss) attributable to common stockholders – basic	\$ (14,462)	\$ 12,504	\$ 8,881
Denominator:			
Weighted average shares outstanding – basic	47,008	49,213	51,760
Options to purchase common stock	—	3,722	4,037
Restricted stock	—	1,272	178
Employee stock purchase plan shares	—	87	52
Weighted average shares outstanding – diluted	47,008	54,294	56,027
Net income (loss) per share attributable to common stockholders – diluted	\$ (0.31)	\$ 0.23	\$ 0.16

The following weighted-average outstanding shares of common stock equivalents were excluded from the computation of diluted net income per share attributable to common stockholders for the periods presented because including them would have been anti-dilutive (in thousands):

	Year Ended December 31,		
	2025	2024	2023
Options to purchase common stock	4,488	3,354	2,167
Unvested restricted stock units	1,979	100	1,106
ESPP	—	—	37
Total common stock equivalents excluded from net income (loss) per share attributable to common stockholders – diluted	6,467	3,454	3,310

Note 11 – Income Taxes

The domestic and foreign components of income before provision for (benefit from) income taxes were as follows (in thousands):

	December 31,		
	2025	2024	2023
Domestic	\$ (21,895)	\$ 9,737	\$ 5,371
Foreign	5,941	8,037	5,134
Income before provision for (benefit from) income taxes	<u>\$ (15,954)</u>	<u>\$ 17,774</u>	<u>\$ 10,505</u>

The provision for (benefit from) income taxes consisted of the following (in thousands):

	December 31,		
	2025	2024	2023
Current provisions for income taxes:			
Federal	\$ 730	\$ 10,561	\$ 11,059
State	1,292	3,199	2,026
Foreign	2,608	2,494	1,947
Total current tax expense	<u>4,630</u>	<u>16,254</u>	<u>15,032</u>
Deferred tax expense (benefit):			
Federal	(4,693)	(8,731)	(11,825)
State	(1,300)	(1,960)	(1,391)
Foreign	(129)	(293)	(192)
Total deferred tax benefit	<u>(6,122)</u>	<u>(10,984)</u>	<u>(13,408)</u>
Total provision for (benefit from) income taxes	<u>\$ (1,492)</u>	<u>\$ 5,270</u>	<u>\$ 1,624</u>

Beginning in 2025 annual reporting, we adopted ASU 2023-09 prospectively. See Note 1 — Summary of Significant Accounting Policies – Recently Adopted Accounting Pronouncements for additional details on the adoption of ASU 2023-09. The following table presents a reconciliation of the U.S. federal statutory income tax rate to the Company’s effective tax rate pursuant to the disclosure requirements of ASU 2023-09 for the year ended December 31, 2025 (in thousands, except percentages):

	Year Ended December 31, 2025	
	Amount	Percentage
U.S. federal statutory rate	\$ (3,340)	21.0 %
State and local income taxes, net of federal effect ¹	(279)	1.8
Foreign tax effects		
India	562	(3.5)
Singapore	445	(2.8)
Other foreign jurisdictions	115	(0.7)
Changes in tax laws or rates in the current period	—	—
Cross border tax laws		
Foreign derived intangible income	(404)	2.5
Tax credits		
Research and development credits	(2,993)	18.8
Changes in valuation allowance	—	—
Nontaxable or nondeductible Items		
Tax effects of share-based compensation ²	1,896	(11.9)
Non-deductible officer compensation	705	(4.4)
Acquisition related cost	826	(5.2)
Other	282	(1.8)
Changes in unrecognized tax benefits	693	(4.4)
Effective Tax Rate	\$ (1,492)	9.4 %

- (1) During the year ended December 31, 2025, New York state and city made up the majority (greater than 50 percent) of the tax effect in this category.
- (2) Includes amounts related to non-taxable and non-deductible share-based compensation, in addition to excess tax benefits or shortfalls from share-based compensation. Our income tax benefit includes \$0.7 million of tax shortfalls from share-based compensation for 2025.

The following table presents a reconciliation of the provision for income taxes to the amount computed by applying the 21% U.S. federal statutory income tax rate to the income before taxes prior to the adoption of ASU 2023-09 for the periods presented (in percentages):

	December 31,	
	2024	2023
Federal statutory income tax rate	21.00 %	21.00 %
State after-tax rate	3.60	2.82
Stock options	1.23	19.25
Research credit	(6.33)	(10.20)
Transfer pricing reserve	(0.77)	1.54
Foreign rate differential	1.32	4.64
GILTI	—	(11.62)
Foreign derived intangible income	(11.52)	(22.57)
Section 162(m) limitation	14.15	7.18
Acquisition-related costs	5.56	1.22
Change in valuation allowance	0.61	—
Other	0.79	2.18
Effective tax rate	<u>29.64 %</u>	<u>15.44 %</u>

Deferred income taxes reflect the net tax effects of temporary differences between carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes.

Significant components of the Company's deferred tax assets and liabilities were as follows (in thousands):

	December 31,	
	2025	2024
Deferred tax assets:		
Accruals and allowances	6,740	3,244
Tax credits	2,664	1,987
Stock-based compensation	11,441	9,155
Intangibles assets	451	583
Lease obligation	9,039	9,658
R&D capitalization	22,502	21,950
Other	1,203	1,283
Total deferred tax assets	<u>54,040</u>	<u>47,860</u>
Valuation allowance	(2,675)	(2,118)
Total deferred tax assets, net of valuation allowance	<u>51,365</u>	<u>45,742</u>
Deferred tax liabilities:		
Property, equipment, and software	(8,988)	(8,569)
Goodwill	(1,037)	(945)
Prepaid expense	(1,508)	(832)
Right-of-use asset	(8,160)	(9,445)
Acquired intangibles	(686)	(1,087)
Total deferred tax liabilities	<u>(20,379)</u>	<u>(20,878)</u>
Net deferred income tax asset (liabilities)	<u>\$ 30,986</u>	<u>\$ 24,864</u>

As of December 31, 2025, the Company had federal and state research and development credit carryforwards of \$0.2 million and \$5.7 million, respectively. If not utilized, the federal credits will begin to expire in 2045. The state credits can be carried forward indefinitely.

Pursuant to Section 382 of the Internal Revenue Code of 1986, as amended (“Code”), the Company’s ability to utilize net operating loss carryforwards or other tax attributes, such as research tax credits, in any taxable year may be limited if the Company experiences an “ownership change.” A Section 382 “ownership change” generally occurs if one or more stockholders or groups of stockholders who own at least 5% of the Company’s stock increase their ownership by more than 50 percentage points over their lowest ownership percentage within a rolling three year period. Similar rules may apply under state tax laws. Net operating loss carryforwards and other tax attributes generated are currently not subject to limitation by Section 382, but subsequent changes in the Company’s stock ownership as well as other changes that may be outside of the Company’s control, could result in additional ownership changes under Section 382 of the Code.

On July 4, 2025, the U.S. enacted a budget reconciliation package commonly referred to as the One Big Beautiful Bill Act of 2025 (“OBBBA”), which contains a broad range of tax reform provisions affecting businesses from 2025 through 2027, including the permanent reinstatement of bonus depreciation on qualified property and full expensing of domestic research and experimental expenditures. The Company has recognized the effects of the OBBBA provisions in its consolidated financial statements to the extent they are applicable for the year ended December 31, 2025. The Company will continue to evaluate the impact of these legislative changes on its future consolidated financial statements as additional guidance becomes available.

Deferred Tax Valuation Allowance

A valuation allowance is provided for deferred tax assets where the recoverability of the assets is uncertain. The determination to provide a valuation allowance is dependent upon the assessment of whether it is more likely than not that sufficient future taxable income will be generated to utilize the deferred tax assets. Management has determined that there is sufficient positive evidence that a valuation allowance against deferred tax assets is not required as of December 31, 2025 and 2024, except for unrealized losses on equity investment and state research credit carryforwards, starting in 2021, for which realization is not deemed more likely than not given insufficient future capital gains to offset the investment’s worth and the Company expects to generate more credits in future than can be utilized against projected taxable income.

The Company has not provided for U.S. deferred taxes on the cumulative earnings of non-U.S. affiliates that have been reinvested indefinitely. The Company will continue to maintain its policy of indefinite reinvestment to the extent that the repatriation of foreign earnings is restricted by local laws, accounting rules, substantial incremental costs associated with repatriating the foreign earnings, or other business requirements.

Uncertain Tax Positions

The activity related to the unrecognized income tax benefits is as follows (in thousands):

	Year Ended December 31,		
	2025	2024	2023
Gross unrecognized income tax benefits — beginning balance	\$ 4,695	\$ 4,381	\$ 4,303
Increases related to tax positions taken during the current year	1,475	1,091	1,104
Increases related to tax positions taken during the prior years	324	10	—
Decreases related to tax positions taken during the prior years	(783)	(787)	(1,026)
Gross unrecognized income tax benefits — ending balance	<u>\$ 5,711</u>	<u>\$ 4,695</u>	<u>\$ 4,381</u>

The Company recognizes interest and penalties, if any, related to uncertain tax positions in its income tax provision. As of December 31, 2025 and 2024, the Company had approximately \$0.5 million and \$0.3 million, respectively, of accrued interest related to uncertain tax positions.

As of December 31, 2025, the Company had gross unrecognized tax benefits of approximately \$5.7 million, of which \$3.2 million would impact the effective tax rate, if recognized.

The Company files U.S., state and foreign income tax returns with varying statutes of limitations. The federal, state, and foreign returns statute of limitations remains open for tax years from 2015 and thereafter. There are currently no income tax audits involving the IRS, any U.S. states or foreign tax jurisdictions.

Income Taxes Paid

Income taxes paid (net of refunds) are as follows (in thousands):

	Year Ended December 31,		
	2025	2024	2023
Federal	\$ 4,554		
State and Local			
New York state	710		
New York City	905		
Other	417		
Foreign			
India	1,391		
Other	633		
Total income taxes paid (net of refunds)	\$ 8,610		
Total cash paid for income taxes (prior to ASU 2023-09 adoption)		\$ 14,176	\$ 15,631

Note 12 – Segment and Geographical Information

Segment Information

Operating segments are components of an enterprise for which separate financial information is available and is evaluated regularly by the Company’s chief operating decision maker in deciding how to allocate resources and assessing performance. The Company’s chief operating decision maker (“CODM”) is its Chief Executive Officer.

The primary measure of segment profit or loss is consolidated net income (loss) as presented below and is used by the CODM for purposes of allocating resources and evaluating financial performance. The Company has one business activity and there are no segment managers accountable for operations, operating results beyond revenue or gross profit, or plans for levels or components below the consolidated unit level. Accordingly, the Company has one single reporting segment.

The following table presents selected financial information with respect to the Company’s single operating segment for the years ended December 31, 2025, 2024, and 2023 (in thousands):

	Year Ended December 31,		
	2025	2024	2023
Revenues	\$ 282,926	\$ 291,256	\$ 267,014
Less:			
Employee compensation ¹	190,613	183,022	156,052
Depreciation and amortization expense	43,769	45,352	44,770
Other segment items ²	65,803	58,955	64,156
Operating income (loss)	(17,259)	3,927	2,036
Other income (expense)			
Interest income	5,455	8,477	8,828
Other income (expense), net	(4,150)	5,370	(359)
Income before income taxes	(15,954)	17,774	10,505
Provision for (benefit from) income taxes	(1,492)	5,270	1,624
Segment income (loss)	\$ (14,462)	\$ 12,504	\$ 8,881

(1) Employee compensation includes employee payroll, share-based compensation, bonus, and employee benefits for medical care, retirement, insurances, and other related expenses.

(2) Other segment items includes costs and expenses from operation of the Company’s data centers, professional services, facilities, marketing, and other related expenses.

Geographical Information

The following table presents total revenue by geographic area based on the publisher’s billing address (in thousands):

	Year Ended December 31,		
	2025	2024	2023
United States	\$ 158,074	\$ 176,208	\$ 158,110
EMEA	90,549	83,385	84,919
APAC	28,436	25,002	19,287
Rest of the world	5,867	6,661	4,698
Total	\$ 282,926	\$ 291,256	\$ 267,014

No other country besides the United States represented more than ten percent of total revenue during the years ended December 31, 2025, 2024, and 2023.

The following table presents long-lived assets by geographic area, which includes property and equipment, net, and operating lease right-of-use assets (in thousands):

	December 31,	
	2025	2024
United States	\$ 78,203	\$ 88,998
Rest of the world	12,603	13,926
Total	\$ 90,806	\$ 102,924

Note 13 – 401(k) Plan

The Company has a 401(k) Savings Plan (the “401(k) Plan”) that qualifies as a deferred salary arrangement under Section 401(k) of the Internal Revenue Code. Under the 401(k) Plan, participating employees may elect to contribute up to 100% of their eligible compensation, subject to certain limitations. The 401(k) Plan provides for a discretionary employer matching contribution. The Company made \$1.8 million and \$1.7 million matching contribution to the 401(k) Plan for the year ended December 31, 2025 and 2024, respectively.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our principal executive officer and principal financial officer, has evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act), as of the end of the period covered by this Annual Report on Form 10-K. Based on such evaluation, our principal executive officer and principal financial officer have concluded that, as of such date, our disclosure controls and procedures were effective at a reasonable assurance level.

Management's Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act). Our management conducted an assessment of the effectiveness our internal control over financial reporting based on criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Our management has concluded that our internal control over financial reporting was effective as of December 31, 2025 to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with U.S. GAAP.

The effectiveness of our internal control over financial reporting as of December 31, 2025 has been audited by Deloitte and Touche, LLP, an independent registered public accounting firm, as stated in their report, which is included in Item 8 of this Annual Report on Form 10-K.

Changes in Internal Control over Financial Reporting

There was no change in our internal control over financial reporting (as defined in Rules 13a-15(d) and 15d-15(d) under the Exchange Act) that occurred during the quarter ended December 31, 2025 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Inherent Limitations on Effectiveness of Controls and Procedures

Our management, including our principal executive officer and principal financial officer, do not expect that our disclosure controls or our internal control over financial reporting will prevent all errors and all fraud. A control system, no matter how well designated and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of a simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people or by management override of the controls. The design of any system of controls is also based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions; over time, controls may become inadequate because of changes in conditions, or the degree of compliance with policies or procedures may deteriorate. Because of its inherent limitations, internal control over financial reporting is not intended to provide absolute assurance that a misstatement of our consolidated financial statements would be prevented or detected.

ITEM 9B. OTHER INFORMATION

(c) Trading Plans

In the quarter ended December 31, 2025, no Section 16 director or officer adopted, modified, or terminated a “Rule 10b5-1 trading arrangement” (as defined in Item 408 of Regulation S-K of the Exchange Act).

There were no “non-Rule 10b5-1 trading arrangements” (as defined in Item 408 of Regulation S-K of the Exchange Act) adopted, modified, or terminated during the fourth quarter of 2025 by our directors and Section 16 officers.

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

We have adopted a code of business conduct and ethics that applies to all of our employees, including our principal executive officer, principal financial officer and principal accounting officer, and our board of directors. A copy of this code, "Code of Business Conduct and Ethics," is available on our website at <https://investors.pubmatic.com> under the section titled "Governance." Any amendments or waivers of our Code of Business Conduct and Ethics pertaining to one of our executive officers or a member of our board of directors will be disclosed on the website address and location specified above.

We have adopted an insider trading policy governing the purchase, sale and other dispositions of our securities that applies to all Company personnel, including directors, officers, employees, and other covered persons. The Company also follows procedures for the repurchase of its securities. The Company believes that its insider trading policy and repurchase procedures are reasonably designed to promote compliance with insider trading laws, rules and regulations, and listing standards applicable to the Company. A copy of the Company's insider trading policy is filed as Exhibit 19.1 to this Form 10-K.

The other information required by this item will be included in the Proxy Statement and is incorporated herein by reference.

ITEM 11. EXECUTIVE COMPENSATION

The information required by this item will be included in the Proxy Statement and is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information required by this item will be included in the Proxy Statement and is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required by this item will be included in the Proxy Statement and is incorporated herein by reference.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information required by this item will be included in the Proxy Statement and is incorporated herein by reference.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES.

(a) The following documents are filed as a part of this Annual Report on Form 10-K:

(1) Financial Statements

The information concerning our financial statements, and Report of Independent Registered Public Accounting Firm required by this Item is incorporated by reference herein to the section of this Annual Report on Form 10-K in Item 8, entitled “Consolidated Financial Statements and Supplementary Data.”

(2) Financial Statement Schedules

All schedules have been omitted because the required information is not present or not present in amounts sufficient to require submission of the schedules, or because the information required is included in Item 8, entitled “Consolidated Financial Statements and Supplementary Data.”

(3) Exhibits

The exhibits required to be filed as part of this report are:

Exhibit Number	Description of Document	Incorporated by Reference				Filed Herewith
		Form	File No.	Exhibit	Filing Date	
2.1	Agreement and Plan of Merger, dated as of September 14, 2022, by and among the Registrant, Marlin Acquisition Sub, Inc., and ConsultMates, Inc.	8-K	001-39748	2.1	September 14, 2022	
3.1	Restated Certificate of Incorporation.	10-K	001-39748	19.1	February 27, 2025	
3.2	Amended and Restated Bylaws.	10-K	001-39748	3.2	February 28, 2023	
4.1	Form of Class A Common Stock Certificate.	S-1/A	333-250077	4.1	November 30, 2020	
4.2	Sixth Amended and Restated Investors’ Rights Agreement, dated October 1, 2020, by and among the Registrant and certain of its stockholders.	S-1	333-250077	4.2	November 13, 2020	
4.3	Description of the Registrant’s Securities.	10-K	001-39748	4.3	March 26, 2021	
10.1*	Form of Indemnification Agreement.	S-1	333-250077	10.1	November 13, 2020	
10.2*	2006 Stock Option Plan, as amended.	S-1	333-250077	10.2	November 13, 2020	
10.3*	2017 Equity Incentive Plan, as amended.	S-1	333-250077	10.4	November 13, 2020	
10.4*	2020 Equity Incentive Plan.	S-1/A	333-250077	10.5	November 30, 2020	
10.5*	2019 Executive Bonus Plan.	S-1	333-250077	10.3	November 13, 2020	
10.6*	2020 Executive Bonus Plan.	10-K	001-39748	10.4	March 26, 2021	
10.7*†	2021 Executive Bonus Plan.	8-K	001-39748	10.6	March 25, 2020	
10.8*	2022 Executive Bonus Plan.	10-K	001-39748	10.8	March 1, 2022	
10.9*	2023 Executive Bonus Plan.	10-K	001-39748	10.9	February 28, 2023	
10.10*	2024 Executive Bonus Plan.	10-K	001-39748	10.10	February 28, 2024	
10.11*	2025 Executive Bonus Plan.	10-K	001-39748	10.10	February 27, 2025	
10.12*	2026 Executive Bonus Plan.					X
10.13*	2020 Employee Stock Purchase Plan, and form of subscription agreement.	S-1/A	333-250077	10.6	November 30, 2020	
10.14*	Executive Deferred Compensation Plan.	8-K	001-39748	10.7	March 25, 2021	

Exhibit Number	Description of Document	Incorporated by Reference				Filed Herewith
		Form	File No.	Exhibit	Filing Date	
10.15*	Amended and Restated Employment Agreement, effective as of December 18, 2017, by and between the Registrant and Rajeev K. Goel.	S-1/A	333-250077	10.7	November 30, 2020	
10.16*	Offer Letter, effective as of October 1, 2016, by and between the Registrant and Amar K. Goel, as amended.	S-1/A	333-250077	10.8	November 30, 2020	
10.17*	Employment Agreement, effective as of November 7, 2011, by and between the Registrant and Steven Pantelick, as amended.	S-1/A	333-250077	10.9	November 30, 2020	
10.18*	Retention Agreement, dated as of January 29, 2021, by and between the Registrant and Rajeev K. Goel.	8-K	001-39748	10.2	March 25, 2021	
10.19*	Retention Agreement, dated as of January 29, 2021, by and between the Registrant and Amar K. Goel.	8-K	001-39748	10.3	March 25, 2021	
10.20*	Retention Agreement, dated as of January 29, 2021, by and between the Registrant and Steven Pantelick.	8-K	001-39748	10.4	March 25, 2021	
10.21*	Retention Agreement, dated as of January 29, 2021, by and between the Registrant and Jeffrey Hirsch.	8-K	001-39748	10.5	March 25, 2021	
10.22*	Retention Agreement, dated as of January 29, 2021, by and between the Registrant and Mukul Kumar.	10-K	001-39748	10.18	March 1, 2022	
10.23	Third Amended and Restated Loan and Security Agreement, dated November 7, 2017, by and between the Registrant and Silicon Valley Bank, as amended.	S-1	333-250077	10.13	November 13, 2020	
10.24	Second Amendment to Third Amended and Restated Loan and Security Agreement, dated March 4, 2021, by and between the Registrant and Silicon Valley Bank.	8-K	001-39748	10.1	March 25, 2021	
10.25	Third Amendment to Third Amended and Restated Loan and Security Agreement, dated April 6, 2021, by and between the Company and Silicon Valley Bank.	8-K	001-39748	10.1	April 9, 2021	
10.26	Fourth Amendment to Third Amended and Restated Loan and Security Agreement, dated June 4, 2021, by and between the Registrant and Silicon Valley Bank.	8-K	001-39748	10.1	June 8, 2021	
10.27†	Google Exchange Integration Agreement, dated May 14, 2018, by and between the Registrant and Google Inc. as amended.	S-1	333-250077	10.14	November 13, 2020	
10.28†	PubMatic Demand Partner Agreement, dated November 5, 2011, by and between the Registrant and The Trade Desk, Inc., as amended.	S-1	333-250077	10.15	November 13, 2020	
10.29†	Yahoo Ad Exchange Agreement - Media Buyer, effective as of December 16, 2015, by and between the Registrant and Yahoo! Inc.	S-1	333-250077	10.16	November 13, 2020	
10.30†	Sublease Agreement, dated as of October 20, 2021, by and between PubMatic, Inc. and Chan Zuckerberg Initiative, LLC.	10-Q	001-39748	10.1	November 10, 2021	
10.31	First Amendment to Sublease Agreement, dated as of November 8, 2021, by and between PubMatic, Inc. and Chan Zuckerberg Initiative, LLC.	10-Q	001-39748	10.2	November 10, 2021	
10.32*	Form of Tier 1 Retention Agreement.	S-1/A	333-250077	10.20	November 30, 2020	
10.33*	Form of Tier 2 Retention Agreement.	S-1/A	333-250077	10.21	November 30, 2020	

Exhibit Number	Description of Document	Incorporated by Reference				Filed Herewith
		Form	File No.	Exhibit	Filing Date	
10.34	Credit Agreement, dated as of October 17, 2022, by and among the Registrant, the lenders party thereto, and Silicon Valley Bank	8-K	001-39748	10.1	October 17, 2022	
19.1	Insider Trading Policy.	10-K	001-39748	19.1	February 27, 2025	
21.1	Subsidiaries of the Registrant.					X
23.1	Consent of Deloitte & Touche LLP, independent registered public accounting firm.					X
24.1	Power of Attorney (included in the signature page hereto).					X
31.1	Certification of Chief Executive Officer pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.					X
31.2	Certification of Chief Financial Officer pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.					X
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.					X
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.					X
97.1	Clawback Policy.	10-K	001-39748	97.1	February 28, 2024	
101.INS	Inline XBRL Instance Document — the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document					X
101.SCH	Inline XBRL Taxonomy Extension Schema Document					X
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document					X
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document					X
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document					X
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document					X
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)					X

* Indicates a management contract, compensatory plan or arrangement.

† Registrant has omitted portions of the exhibit as permitted under Item 601(b)(10) of Regulation S-K.

** The information in this exhibit is furnished and deemed not filed with the Securities and Exchange Commission for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and is not to be incorporated by reference into any filing of PubMatic, Inc. under the Securities Act of 1933, as amended, or the Exchange Act, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

ITEM 16. FORM 10-K SUMMARY

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Dated: February 26, 2026

PUBMATIC, INC.

By: /s/ Rajeev K. Goel

Rajeev K. Goel

Chief Executive Officer

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below hereby constitutes and appoints Rajeev K. Goel and Steven Pantelick, and each of them, as his or her true and lawful attorneys-in-fact and agents, each with full power of substitution, for him or her and in his or her name, in any and all capacities, to sign any and all amendments to this report, and to file the same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith, as fully for all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or their or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed by the following persons in the capacities and on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ Rajeev K. Goel</u> Rajeev K. Goel	Chief Executive Officer and Director <i>(Principal Executive Officer)</i>	February 26, 2026
<u>/s/ Steven Pantelick</u> Steven Pantelick	Chief Financial Officer <i>(Principal Financial Officer)</i>	February 26, 2026
<u>/s/ Lisa Gimbel</u> Lisa Gimbel	Chief Accounting Officer <i>(Principal Accounting Officer)</i>	February 26, 2026
<u>/s/ Susan Daimler</u> Susan Daimler	Director	February 26, 2026
<u>/s/ Shelagh Glaser</u> Shelagh Glaser	Director	February 26, 2026
<u>/s/ Amar K. Goel</u> Amar K. Goel	Director	February 26, 2026
<u>/s/ Anton Hanebrink</u> Anton Hanebrink	Director	February 26, 2026
<u>/s/ Ramon Jones</u> Ramon Jones	Director	February 26, 2026
<u>/s/ Nick Mehta</u> Nick Mehta	Director	February 26, 2026
<u>/s/ Jacob Shulman</u> Jacob Shulman	Director	February 26, 2026

PubMatic

2026 Executive Bonus Plan

Overview

This 2026 Executive Bonus Plan (“Plan”) specifies the terms and conditions under which eligible executive employees of PubMatic, Inc. and/or its subsidiaries (“Company” or “PubMatic”) may receive bonuses from the Company and how the Plan will be administered. This Plan states how bonuses are calculated, but it does not change your target bonus. Please read this entire document carefully, as important aspects of the Plan and your potential bonus are detailed in this document.

This Plan is for the plan year January 1, 2026 through December 31, 2026 (the “Plan Period”). The Company reserves the right to modify, extend, withdraw or terminate this Plan, prospectively, at any time.

Purpose of Plan

The purpose of the Plan is to reward executive employees for achieving defined objectives and financial targets, to help the Company achieve its overall goals, and to retain high-performing employees.

Plan Objectives

The primary objective of the Plan is to promote business success by:

- Creating a uniform plan for executives that is consistent with the market.
- Incenting executives to focus on Company targets and Individual Action Plans.
- Providing an opportunity to receive a bonus beyond current bonus targets, should the Company exceed performance targets.

Participants and Eligibility

An executive employee of the Company is eligible to participate in the Plan if the following eligibility criteria are met:

- You are one of the following executives of the Company: Chief Executive Officer; Chief Innovation Officer; Chief Financial Officer; President, Engineering; Chief Technology Officer; Chief Marketing Officer; General Counsel; SVP, Product Management; SVP, Human Resources; CRO, Americas; or any other position as determined by the Board of Directors of the Company or a designated committee thereto (the “Board”).
- The executive employee is not an eligible participant under any other bonus plan generally available to employees of PubMatic for the Plan Period; and
- The employee is employed in Good Standing by PubMatic in a regular, full-time position through the Bonus Payment Date, subject to applicable law.

Executive employees who are eligible to participate in the Plan are referred to herein as “Participants.” Each Participant must sign, date, and return a copy of this Plan to the Company

before the Participant is eligible to receive any payments or benefits under the Plan, subject to applicable law.

Definitions

1H: The first half of a calendar year, meaning January 1 through June 30.

2H: The second half of a calendar year, meaning July 1 through December 31.

Adjusted Pre-Tax Net Income: Company's earnings before income taxes, excluding stock-based compensation expense, unrealized gains/losses on equity investments and expenses relating to unplanned merger and acquisition activity.

Bonus Payment Date: The date occurring after the close of the annual review process as approved by the Board, which date shall be the next scheduled payroll on or after March 15, 2027, or as otherwise may be determined by the Board.

Bonus Pool: The total aggregate target bonus amount of all eligible Participants under this Plan as of the end of each half year. For an eligible Participant who works for less than entire half year, such Participant's target bonus amount will be prorated based on the number of days worked during the Plan Period divided by the number of days in the half year.

Good Standing: This means that you have neither received any written warnings for misconduct, nor been placed on a performance improvement plan during the Plan Period.

Revenue (GAAP): The actual revenue recognized by the Company, as defined by generally accepted accounting principles (GAAP).

Bonus Target Amount

Please refer to your offer letter, promotion letter, employment contract, or similar documentation ("Employment Agreement") for your bonus target, or contact Human Resources.

Criteria

A bonus may be paid to a Participant based on factors such as Company performance and continued employment with the Company in Good Standing through the Bonus Payment Date.

Plan Components and Weightings

The Plan consists of:

Financial Metric Component. The financial metric component of a Participant's bonus will be weighted in the aggregate at 100%, and annual attainment will be measured based on the half-year Company performance targets and weightings specified in Exhibit A.

Performance Based Adjustments to the Bonus Pool. The Adjusted Pre-Tax Net Income metric will be used to determine the half year adjustment to the Bonus Pool based on the targets specified in Exhibit B. Any adjustments to the Bonus Pool amount will be distributed on a prorated basis to all eligible Participants based on their respective bonus target amounts. This adjustment will occur after the calculation of the preliminary bonus amount detailed in the “Bonus Calculation” section below.

For example, if the Bonus Pool is \$600k for 1H and a Participant has a \$60,000 target bonus, the Participant’s preliminary bonus amount will be subject to 10.0% of any adjustment, positive or negative, to the Bonus Pool.

For each component of the Plan, a 50% weighting will apply to 1H and a 50% weighting will apply to 2H.

Minimum Achievement

In order for any bonus payout to be earned for the year, the Financial Metric Component in the aggregate for the year must equal or exceed 80% of the target specified in Exhibit A hereto, prior to applying any multipliers.

Multipliers

Multipliers will be applied to achievement on financial metrics based on Company performance for each half-year.

The resulting percentage achievement, as applicable, will factor into the Participant’s bonus payout for the year per the table below.

Multipliers are calculated using the square method: multiplying the achievement against itself to come up with the final achievement. For example, an achievement of 110% would yield an achievement used for end of year calculation of 121% (110% x 110%= 121%).

Multiplier Table Example

Achievement in Aggregate	Multiplier	Final Achievement Result
80%	80%	64.0%
94%	94%	88.4%
95%	95%	90.3%

100%	100%	100.0%
110%	110%	121.0%
134%	134%	179.6%
185%	185%	342.3%

Bonus Calculation

The bonus calculation for each year is a two-step process. Bonus calculations are prorated for days worked in the Plan Period, subject to applicable law.

Steps

1. The financial metrics are calculated. If the weighted average is over the minimum achievement of 80% specified above, multipliers will be applied to the financial metric, which will be used to calculate the preliminary bonus amount.
2. For every \$1 above the Adjusted Pre-Tax Net Income target specified in Exhibit B hereto, 2 cents will be added to the Bonus Pool for 1H. For every \$1 below the Adjusted Pre-Tax Net Income Target, 2 cents will be removed from the Bonus Pool for 1H (this amount will be revised as part of the 2H planning process). Any adjustments to the Bonus Pool will be applied on a prorated basis to the preliminary bonus amount and a final bonus amount will be calculated.

Bonus calculation for each Participant, including any Bonus Pool adjustment, for each half is capped at 250% of the Participant's target bonus. Bonus payouts are then prorated based on the number of days worked during the Plan Period divided by the number of days in Plan Period.

Bonus Calculation Example

Total Bonus Pool	\$600,000
Participant's Pro Rata Share of Bonus Pool	10.00%
Participant's Target Bonus for Plan Period	\$60,000
Participant's Target Bonus for 1H (1/2 of annual)	\$30,000
Participant's Target Bonus for 2H (2/2 of annual)	\$30,000

	Weight	Achievement	Notes
1H Revenue (GAAP)		110.0%	
1H Revenue (GAAP) w/ multiplier	100%	121.0%	(110% x 110%)
1H Preliminary Bonus Payment Amount \$	36,300		\$30,000 x 121%

1H Bonus Pool

1H Adjusted Pre-Tax Net Income Target	\$	20,000,000
1H Adjusted Pre-Tax Net Income Actual	\$	25,000,000
Amount Above or Below Target (delta)	\$	+5,000,000
1H Bonus Pool Adjustment (\$0.02 per \$)	\$	+100,000
Participant's Share (10% of Bonus Pool)	\$	+10,000

1H Total Payout **\$46,300** 1H Preliminary Bonus Payment Amount + 1H Participant's Share of Pool

2H Metrics

	Weight	Achievement	Notes
2H Revenue (GAAP)		90.0%	
2H Revenue (GAAP) w/ multiplier	100%	81.0%	90% x 90%
2H Preliminary Bonus Payment Amount \$	24,300		\$30,000 x 81%

2H Bonus Pool

2H Adjusted Pre-Tax Net Income Target	\$	20,000,000
2H Adjusted Pre-Tax Net Income Actual	\$	17,000,000
Amount Above or Below Target (delta)		-\$3,000,000
2H Bonus Pool Adjustment (\$0.05 per \$)		-\$150,000
Participant's Share (10% of Bonus Pool)		-\$15,000

\$0.05 used for illustration

2H Total Payout **\$9,300** 2H Preliminary Bonus Payment Amount + 2H Participant's Share of Pool

Annual Total Payout (1H + 2H) **\$55,600**

Reductions During Company-Approved Leaves of Absence

If a Participant goes on a Company-approved leave of absence, the Company may reduce the Participant's bonus target on a pro-rated basis, to the extent permitted by law. This pro-rata reduction will *not* apply during the first four weeks of any Company-approved and *paid* leave of absence, or during the first 12 weeks of any maternity leave. This pause in the reduction of a bonus target is referred to as a "Paid Leave Bonus Credit".

A Participant is entitled to only one Paid Leave Bonus Credit per Plan Year. Where a single leave of absence extends from one Plan Year to the next, the Participant may not apply a new Paid Leave Bonus Credit to the **same leave of absence as it passes into the subsequent Plan Year**. However, the Participant will not be precluded from Paid Leave Bonus Credit in the subsequent Plan Year should the Participant need to take a second, unrelated leave of absence. Any Paid Leave Bonus Credit during such second leave of absence shall be reduced by the amount of credit previously taken in that same year.

In the case of intermittent leave, any pro-rata reduction or Paid Leave Bonus Credit will be based on the amount of leave actually taken, not on the span of time during which intermittent leave occurred.

Standards of Conduct

Any violation of the Company's policies, including PubMatic's Code of Business Conduct and Ethics and/or Anti-Bribery Policy, may result in a negative penalty on eligibility to accrue and/or receive bonuses under this Plan, and may subject the Participant to disciplinary action, up to and including termination of employment.

By signing below, Participant agrees to abide by any and all Company policies in effect during the Plan Year.

Participants Who Become Ineligible or Who Are Terminated

If a Participant becomes ineligible to participate in the Plan because the Participant is transferred into a Company position that is not eligible to participate in this Plan, the Participant's targets under this Plan will be pro-rated according to the last day of work under this Plan immediately prior to the transfer.

If a Participant becomes ineligible to participate in the Plan because the Participant's employment with the Company terminates for any reason or the Participant is under notice of employment termination (whether given or received) prior to the applicable Bonus Payment Date (i.e., by voluntary resignation, involuntary termination, or death or otherwise), the Participant's eligibility to earn any future bonus under this Plan shall cease on the Participant's final day of employment, except to the extent prohibited by applicable law. To be clear, for a Participant to earn any bonus under this Plan, the Participant must be employed on the Bonus Payment Date, except as prohibited by law.

Overpayment of Bonuses

By signing the Plan, the Participant agrees to promptly repay the Company for any bonus overpayment made to the Participant (e.g., due to miscalculation, payroll errors), and agrees to authorize the Company to make deductions from the Participant's earned wages and/or future bonus payments under the Plan, to recover any overpayments. In the event the Participant and the Company cannot agree on repayment terms, the Company reserves all its legal rights, including its right to initiate legal action to recover the overpayment and/or to deduct the overpayment from the Participant's earned wages (including the Participant's final paycheck) in accordance with applicable laws.

Company's Rights

The Company reserves the right to accept and reject customers and proposed agreements with customers, to set and modify prices and discounts, and to otherwise make all decisions with respect to the Company's business. No bonuses will be earned for any contracts not approved by, or otherwise rejected by, the Company for any reason.

Plan Administration

This Plan is authorized and administered by the Board, who has sole authority to interpret the Plan and to make or nullify any provision or procedure, as deemed necessary, for proper administration of the Plan, or a designated committee of the Board. Unless otherwise prohibited by law, any determination by the Board or its designated committee regarding the Plan or any of its provisions or procedures shall be final and binding as to all affected Participants.

Plan Changes or Discontinuance

Except as limited by applicable law, the Company reserves the right to modify, discontinue, or otherwise change the Plan or any of its provisions at any time for any reason, including, without limitation, the right to modify or change a Participant's weightings, targets/metrics, achievement criteria (including thresholds or caps for specific target achievement) or bonus payments to account, among other things, for Company financial performance, change in market conditions, Company performance as compared to the broader market or industry in which the Company operates, client circumstances that are outside of Participant control, non-recurring charges, makegoods or other financial factors, as well as a Participant's performance or failure to comply with the Company's policies or procedures.

At-Will Employment

If Participant is an at-will employee, nothing in this Plan alters or modifies the at-will nature of a Participant's employment with the Company, and the Participant and the Company have the right to terminate the at-will employment relationship at any time, with or without notice or cause, except as limited by applicable laws or the Participant's Employment Agreement.

Governing Law

This Plan and all agreements hereunder, including any attachments, schedules, exhibits, and subsequent modifications to the Plan, shall be governed by and construed in accordance with the laws of the State of California, USA without giving effect to that body of laws pertaining to conflict of laws.

Signature

By signing below, you acknowledge that you have carefully read this document and understand its terms. Additionally, you agree that this document contains the entire agreement between you and the Company regarding your participation in a Company bonus plan for the Plan Period, and supersedes any and all other bonus plans or agreements or arrangements you have or may have had with the Company, including any such Company bonus plan covering the Company's immediately prior fiscal year. To be clear, if you do not sign and return this Plan to the Company, you shall not be eligible to continue to receive bonus payments with regard to the Plan Period under the terms of any such prior bonus plans to which you have been subject.

If you are signing this document by electronic signature such as Adobe Sign: (i) you agree, and it is your intent, to sign this document and affirmation by electronic signature such as Adobe Sign and by electronically submitting this document to the Company; (ii) you understand that your signing and submitting this record/document in this fashion is the legal equivalent of having placed your handwritten signature on the submitted record/document and this affirmation; and (iii) you understand and agree that by electronically signing and submitting this record/document in this fashion, you are affirming to the truth of the information contained therein.

Participant:

By: _____

Name: _____

Date: _____

PubMatic:

/s/ _____
Rajeev Goel, Co-Founder & CEO

Exhibit A-- 2026 Company Performance Metric Targets

(***Portions of this exhibit have been redacted in compliance with Regulation S-K Item 601(b)(10). The omitted information is not material and is the type of information that the Company customarily and actually treats as private and confidential.)

Metric	Weight	1H 2026 Target	2H 2026 Target
Revenue (GAAP)	100%	***	TBD

Exhibit B – FY 2026 Adjusted Pre-Tax Net Income Achievement

Metric	1H 2026 Target	2H 2026 Target
Adjusted Pre-Tax Net Income	***	TBD

SUBSIDIARIES OF PUBMATIC, INC.

Name:

PubMatic India Private Limited
PubMatic GmbH
PubMatic Limited
PubMatic Software (Shanghai) Limited
PubMatic KK
PubMatic Pte Ltd
PubMatic US, Inc.
PubMatic Ireland Limited

Jurisdiction:

India
Germany
United Kingdom
China
Japan
Singapore
Delaware
Ireland

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement Nos. 333-285337, 333-277458, 333-270102, 333-263129, 333-251237 and 333-254752 on Form S-8 of our report dated February 26, 2026, relating to the financial statements of PubMatic, Inc. and the effectiveness of PubMatic Inc.'s internal control over financial reporting, appearing in this Annual Report on Form 10-K for the year ended December 31, 2025.

/s/ Deloitte & Touche LLP

San Jose, California
February 26, 2026

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO EXCHANGE ACT RULES 13a-14(a) AND 15d-14(a)
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Rajeev K. Goel, certify that:

1. I have reviewed this Annual Report on Form 10-K of PubMatic, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: February 26, 2026

By: /s/ Rajeev K. Goel
Rajeev K. Goel
Chief Executive Officer
(Principal Executive Officer)

CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO EXCHANGE ACT RULES 13a-14(a) AND 15d-14(a)
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Steven Pantelick, certify that:

1. I have reviewed this Annual Report on Form 10-K of PubMatic, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: February 26, 2026

By: /s/ Steven Pantelick
Steven Pantelick
Chief Financial Officer
(Principal Financial Officer)

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Rajeev K. Goel, Chief Executive Officer of PubMatic, Inc. (the “Company”), do hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

- (1) the Annual Report on Form 10-K of the Company for the fiscal year ended December 31, 2025 (the “Report”) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: February 26, 2026

By: /s/ Rajeev K. Goel
Rajeev K. Goel
Chief Executive Officer
(Principal Executive Officer)

The foregoing certification is not deemed filed with the Securities and Exchange Commission for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and is not to be incorporated by reference into any filing of PubMatic, Inc. under the Securities Act of 1933, as amended, or the Exchange Act, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Steven Pantelick, Chief Financial Officer of PubMatic, Inc. (the “Company”), do hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

- (1) the Annual Report on Form 10-K of the Company for the fiscal year ended December 31, 2025 (the “Report”) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: February 26, 2026

By: /s/ Steven Pantelick
Steven Pantelick
Chief Financial Officer
(Principal Financial Officer)

The foregoing certification is not deemed filed with the Securities and Exchange Commission for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and is not to be incorporated by reference into any filing of PubMatic, Inc. under the Securities Act of 1933, as amended, or the Exchange Act, whether made before or after the date hereof, regardless of any general incorporation language in such filing.