

PubMatic

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Q2 2021 Earnings Presentation

TOKYO MILAN NEW DELHI LOS ANGELES
FUELING ADVERTISING INNOVATION

August 10, 2021

SAFE HARBOR

This presentation contains forward-looking statements. These statements may relate to, but are not limited to, expectations of future operating results or financial performance, market size and growth opportunities, the calculation of certain of our key financial and operating metrics, capital expenditures, plans for future operations, competitive position, technological capabilities, and strategic relationships, as well as assumptions relating to the foregoing. Forward-looking statements are inherently subject to risks and uncertainties, some of which cannot be predicted or quantified. In some cases, you can identify forward-looking statements by terminology such as “may,” “will,” “should,” “could,” “expect,” “plan,” “anticipate,” “believe,” “estimate,” “predict,” “intend,” “potential,” “would,” “continue,” “ongoing” or the negative of these terms or other comparable terminology. You should not put undue reliance on any forward-looking statements. Forward-looking statements should not be read as a guarantee of future performance or results and will not necessarily be accurate indications of the times at, or by, which such performance or results will be achieved, if at all.

Forward-looking statements are based on information available at the time those statements are made and/or management’s good faith beliefs and assumptions as of that time with respect to future events and are subject to risks and uncertainties that could cause actual performance or results to differ materially from those expressed in or suggested by the forward-looking statements. In light of these risks and uncertainties, the forward-looking events and circumstances discussed in this presentation may not occur and actual results could differ materially from those anticipated or implied in the forward-looking statements. These risks and uncertainties include, but are not limited to, our dependence on the overall demand for advertising and the channels we rely on; our existing customers expanding their use of our platform; our ability to maintain and expand access to valuable ad impressions; our ability to maintain and expand access to spend from buyers, including a limited number of DSPs, agencies, and advertisers; any rejection of digital advertising by consumers, through opt-in, opt-out or ad-blocking technologies or other means; and any failure to make the right investment decisions in our platform, or if we fail to innovate and develop new solutions that are adopted by publishers and buyers. Moreover, we operate in a competitive and rapidly changing market, and new risks may emerge from time to time. Additional information about risks and uncertainties associated with our business are disclosed in our reports filed from time to time with the Securities and Exchange Commission, including our most recent Form 10-K and any subsequent filings on Forms 10-Q or 8-K, available on our investor relations website at <https://investors.pubmatic.com> and on the Securities and Exchange Commission website at www.sec.gov. All information in this presentation is as of August 10, 2021. We undertake no obligation to publicly update any forward-looking statement, whether as a result of new information, future developments or otherwise, except as may be required by law.

In addition to financial information presented in accordance with U.S. generally accepted accounting principles (“GAAP”), this presentation includes certain non-GAAP financial measures, including adjusted EBITDA and adjusted EBITDA margin. We believe that this information can assist investors in evaluating our operational trends, financial performance, and cash generating capacity. These non-GAAP measures are presented for supplemental informational purposes only and should not be considered a substitute for financial information presented in accordance with GAAP. These non-GAAP measures have limitations as analytical tools. For example, other companies may calculate non-GAAP metrics differently or may use other metrics to evaluate their performance, all of which could reduce the usefulness of our non-GAAP financial metrics as tools for comparison. They should not be considered in isolation or as a substitute for analysis of other GAAP financial measures. A reconciliation of these measures to the most directly comparable GAAP measures is included at the end of this presentation.

This presentation contains statistical data, estimates and forecasts that are based on independent industry publications or other publicly available information, as well as other information based on our internal sources. This information involves many assumptions and limitations, and you are cautioned not to give undue weight to these estimates. We have not independently verified the accuracy or completeness of the data contained in these industry publications and other publicly available information. Accordingly, we make no representations as to the accuracy or completeness of that data nor do we undertake to update such data after the date of this presentation.

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MISSION

PubMatic Fuels the Endless Potential of Internet Content Creators

Q2 2021 FINANCIAL HIGHLIGHTS

REVENUE

\$49.7M

+88% YOY

NET INCOME

\$9.9M

+1,419% YOY

ADJUSTED EBITDA¹

\$18.6M

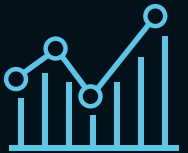
+278% YOY

¹ Adjusted EBITDA is a non-GAAP measure. A reconciliation of Adjusted EBITDA to net income is provided on slide 20.

DYNAMICS OF OUR MARKET OPPORTUNITY



Continued Buy-Side Spend Consolidation

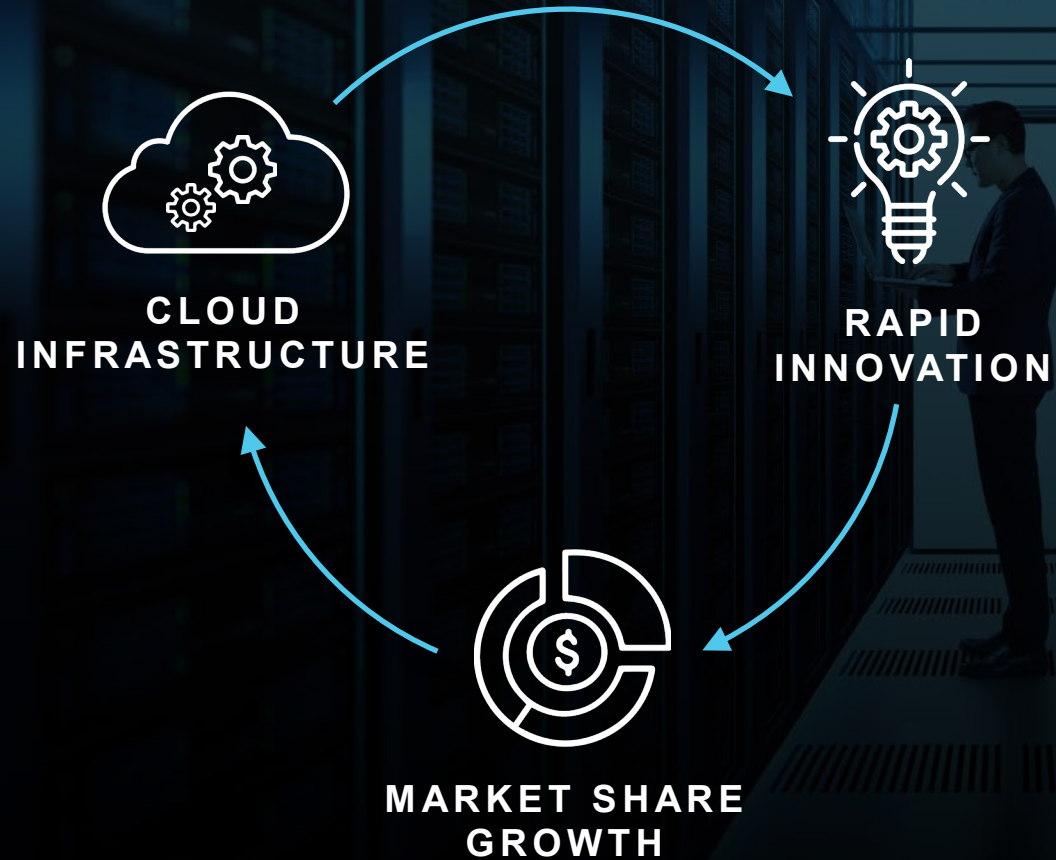


Accelerated Digital Media Consumption Growth



Diversified Ad Spend Growth As Global Economies Re-Open

OUR INFRASTRUCTURE ADVANTAGE DRIVES MARKET SHARE GAINS



**SUPPLY PATH
OPTIMIZATION
GROWTH**

**RAPID OMNICHANNEL
EXPANSION,
INCLUDING OTT/CTV**

**AUDIENCE
ADDRESSABILITY
TRACTION**

INCREASED REVENUE VISIBILITY FROM SUPPLY PATH OPTIMIZATION



EFFICIENCY



INNOVATION



**INVENTORY
QUALITY**



**TRANSPARENT
BUSINESS MODEL**

RECENT SUPPLY PATH OPTIMIZATION DEALS

dentsu

IPG

OMG Omnicom
MediaGroup

ACCELERATING GROWTH IN OTT/CTV

RECENT
CTV / OTT
SUPPLY
PARTNERS



SEQUENTIAL
CTV/OTT REVENUE
GROWTH IN Q2'21 VS Q1'21

100%+

EXPANDED
ACTIVITY
FROM
LEADING CTV
AD BUYERS



GLOBAL CTV/OTT
PUBLISHERS¹

114

¹In Q2 2021

GROWING TRACTION OF AUDIENCE ADDRESSABILITY PORTFOLIO



**KNOWN
IDENTITY**

■ PubMatic
IDENTITY HUB



**1ST PARTY
DATA**

■ PubMatic
AUDIENCE
ENCORE



**CONTEXTUAL
SIGNALS**

■ PubMatic
CONTEXTUAL
TARGETING



**SANDBOX
SOLUTIONS**

W3C[®]
≡ Prebid
PARTNERSHIPS

FOCUS ON CULTURE & CUSTOMERS FUELS PROFITABLE GROWTH



Great
Place
To
Work®

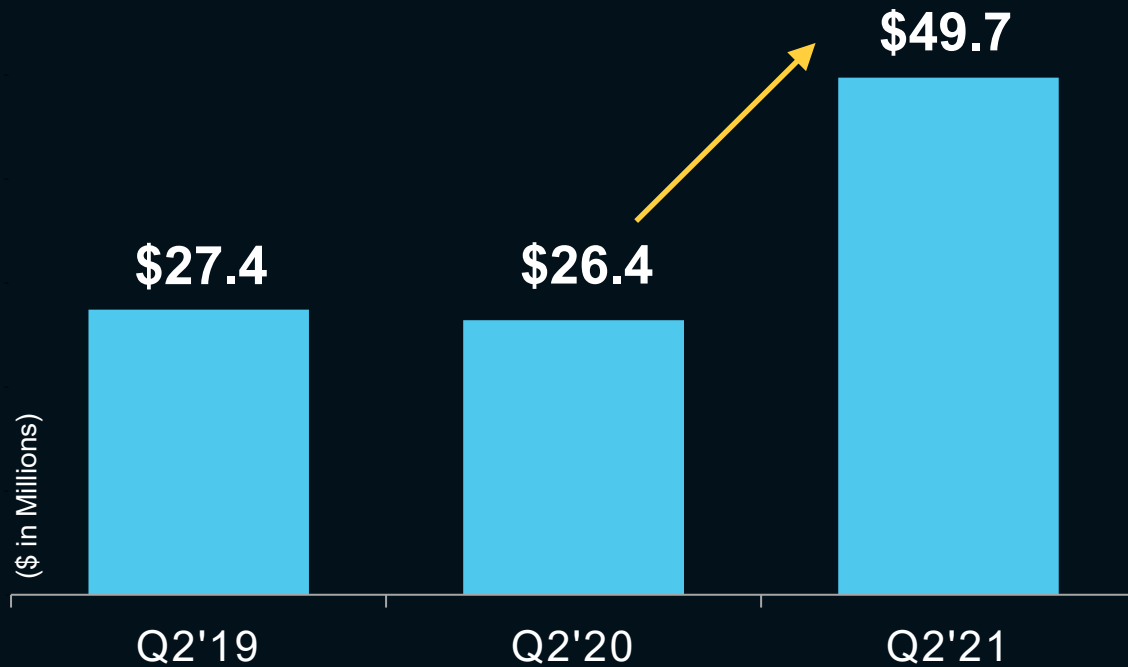


sustainability
marketplace
havas media group

Financial Results

Q2 2021 FINANCIAL HIGHLIGHTS

REVENUE



YOY REVENUE GROWTH

88%

YOY NET INCOME GROWTH

>10X

YOY ADJUSTED EBITDA GROWTH¹

~3X

¹ Adjusted EBITDA is a non-GAAP measure. A reconciliation of Adjusted EBITDA to net income is provided on slide 20.

FINANCIAL GROWTH DRIVERS

- 1** | Scaled Global Business
- 2** | Usage-Based Business Model
- 3** | High Gross Margins
- 4** | Highly Efficient Business Model
- 5** | Consistently Generate Cash Flow

STRONG REVENUE GROWTH ACROSS CHANNELS IN Q2 2021



YOY MOBILE &
OMNICHANNEL VIDEO
REVENUE GROWTH

108%



SEQUENTIAL CTV/OTT
REVENUE GROWTH¹

100%+

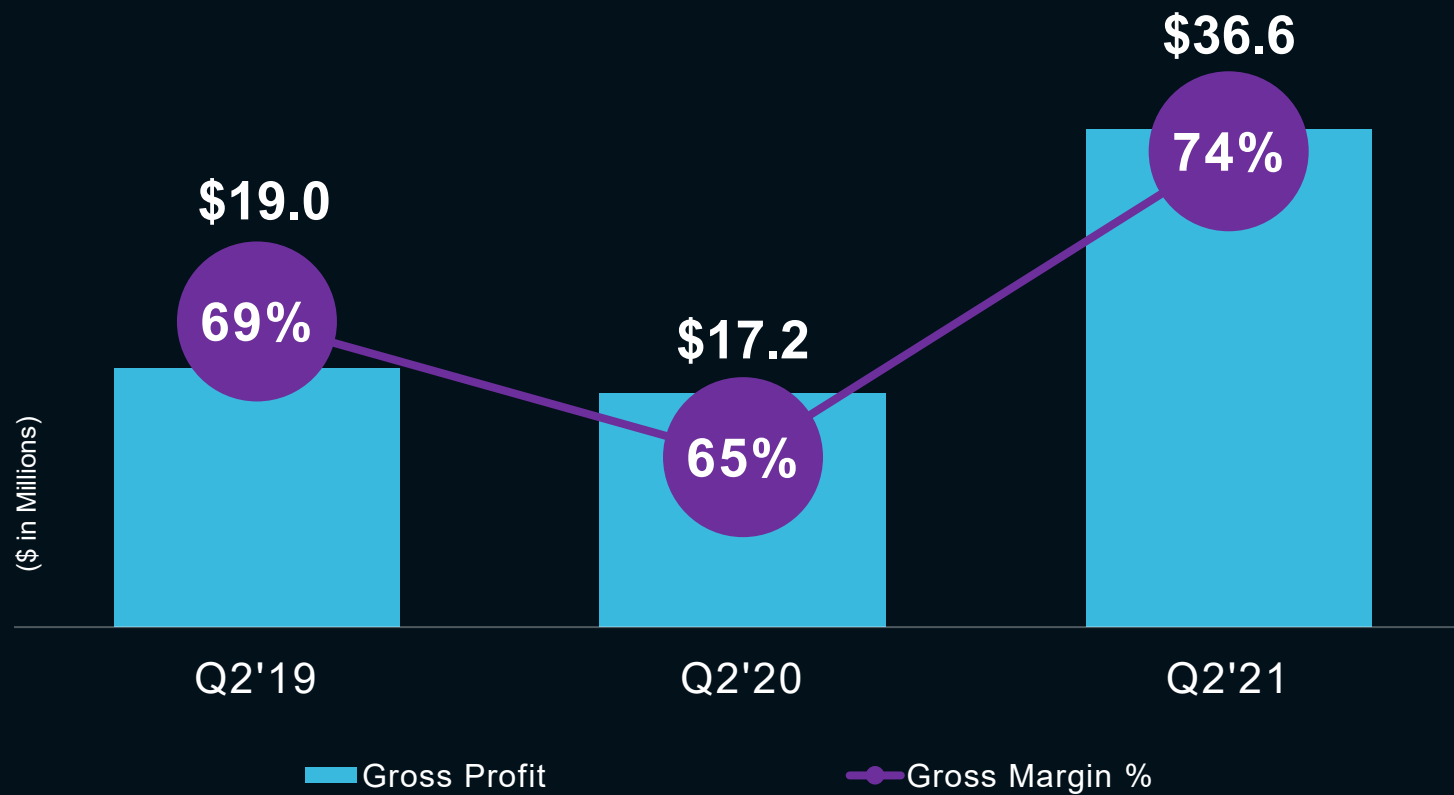


YOY DESKTOP
REVENUE GROWTH

72%

¹ Q1 2021 vs. Q4 2020

ROBUST GROSS PROFITS

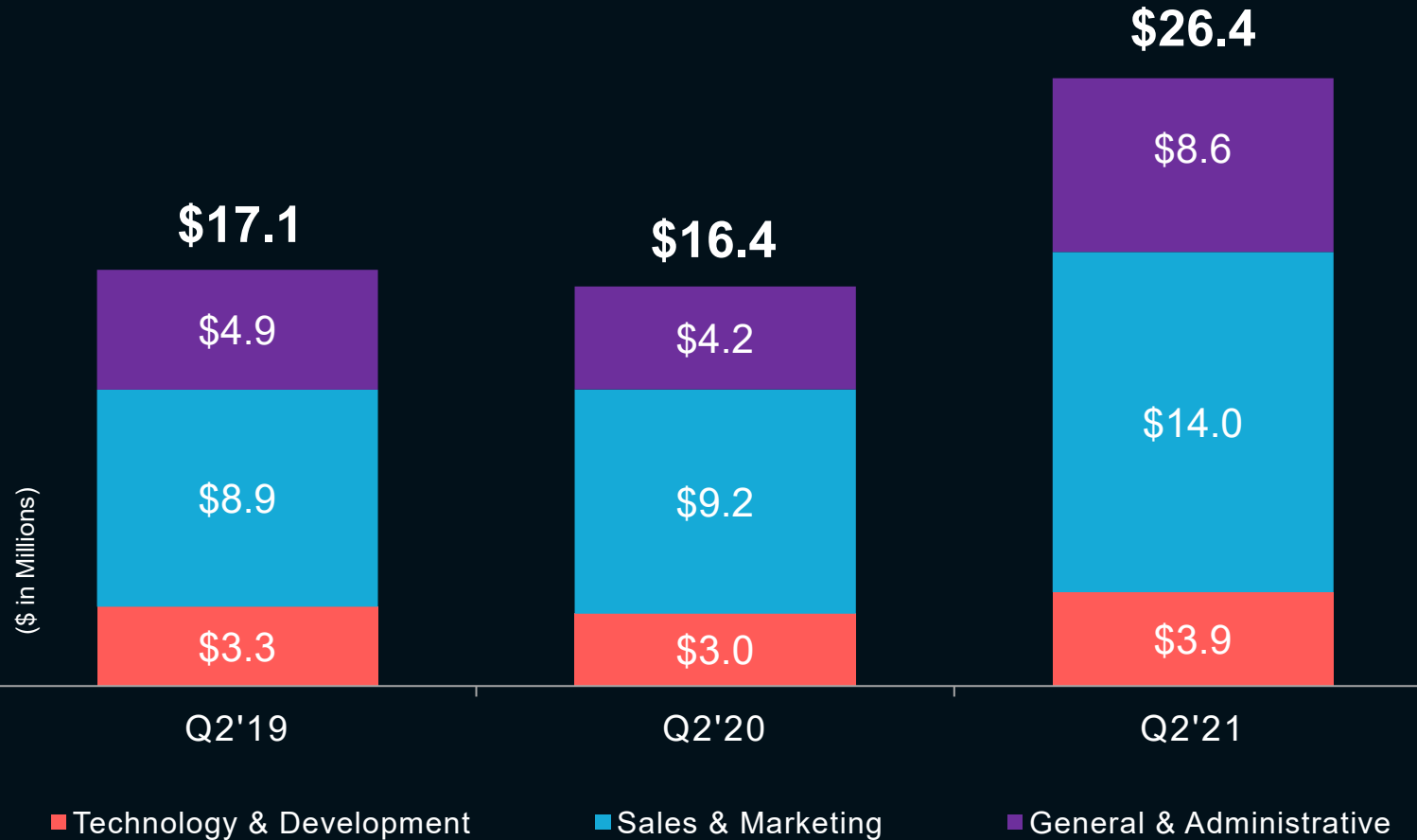


DRIVERS

High marginal profitability from structural leverage:

- Reduced cost of processing impressions
- Increased infrastructure utilization

OPERATING EXPENSES: INVESTING FOR GROWTH

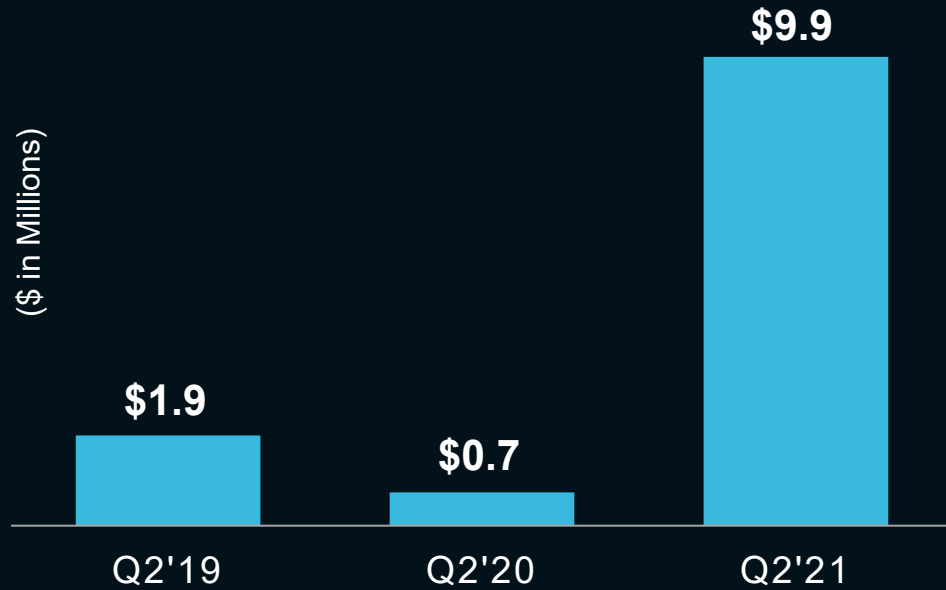


DRIVERS

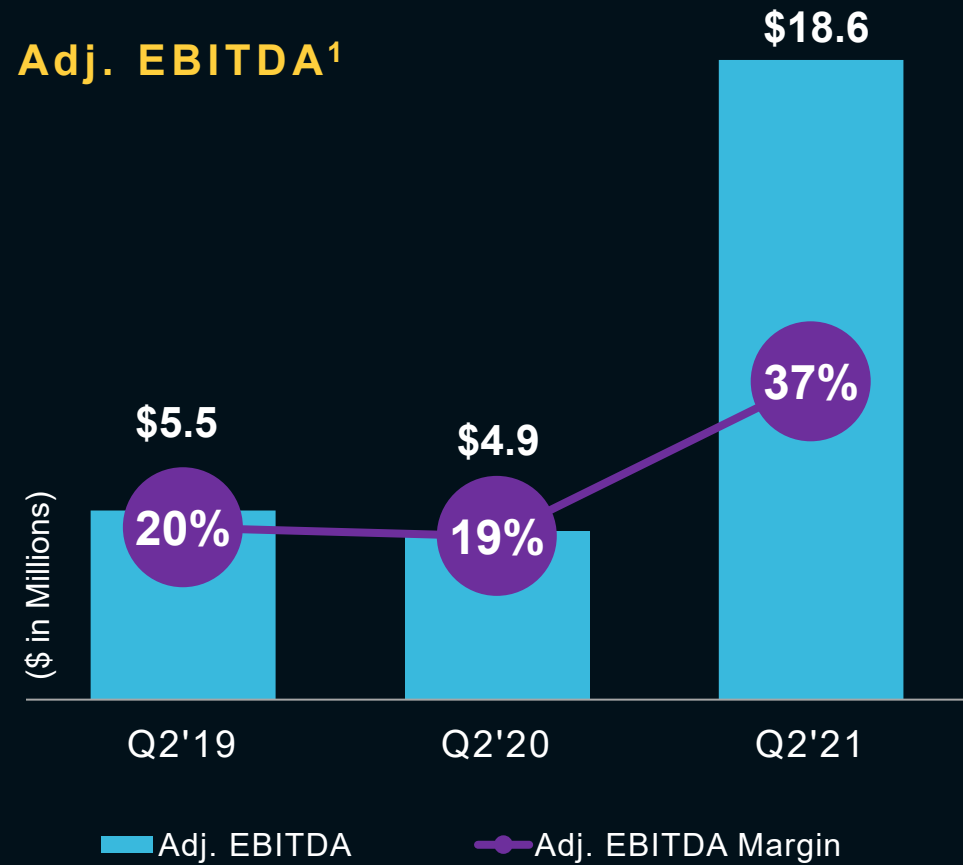
- Increased headcount growth, particularly in Sales, Customer Success and Engineering
- Incremental public company expenses and stock-based compensation in Q2'21

INCREASING PROFITABILITY

NET INCOME



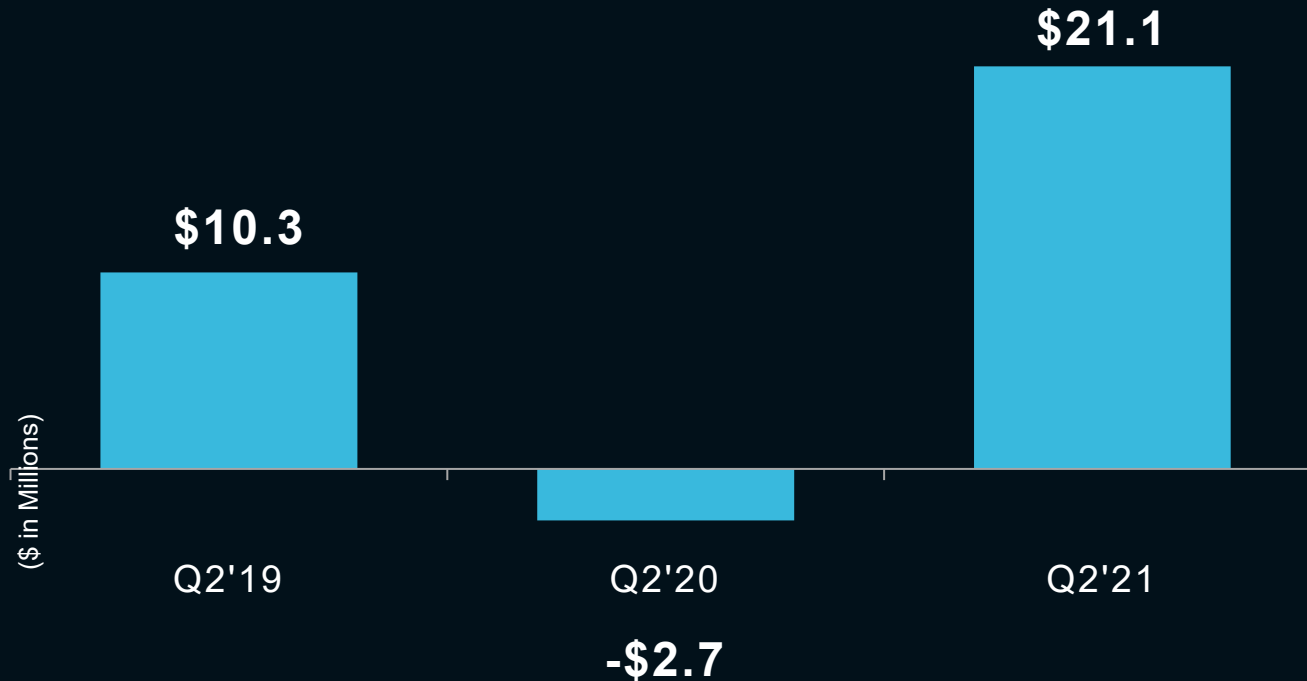
Adj. EBITDA¹



¹ Adjusted EBITDA and Adjusted EBITDA Margin are non-GAAP measures. A reconciliation of Adjusted EBITDA to net income is provided on slide 20.

DELIVERING CASH FLOW

NET CASH PROVIDED BY OPERATING ACTIVITIES



STEPS TAKEN TO DELIVER CASH FLOW

- Investment in automation
- Continuous optimization of infrastructure (software and hardware)
- Offshore R&D leverage
- Focus on profitable publishers and ad impressions
- Efficiently investing in capacity to capture growth / market share

2021 GUIDANCE

(\$ in Millions)	Q3 2021		FY 2021	
	Low	High	Low	High
Revenue	\$51	\$53	\$205	\$209
Y/Y%	35%	39%	38%	40%
Adjusted EBITDA	\$15	\$16	\$65	\$68
Adjusted EBITDA Margin	29%	30%	30%	32%

Note: Numbers rounded for presentation purposes

We expect FY 2021 CapEx to be in the range of \$26M – \$29M.

Although we provide guidance for Adjusted EBITDA, we are not able to provide guidance for net income, the most directly comparable GAAP measure. Certain elements of the composition of GAAP net income, including stock-based compensation expenses, are not predictable, making it impractical for us to provide guidance on net income or to reconcile our Adjusted EBITDA guidance to net income without unreasonable efforts. For the same reason, we are unable to address the probable significance of the unavailable information.

Appendix

NON-GAAP RECONCILIATION – ADJUSTED EBITDA

(\$ in Millions)	Three Months Ended June 30,	
	2020	2021
Net Income	\$0.7	\$9.9
Add back (deduct):		
Stock-Based Compensation	\$0.5	\$3.6
Depreciation and Amortization	\$3.8	\$5.1
Interest Income	(\$0.1)	(\$0.1)
Provision for Income Taxes	\$0.1	\$0.0
Adjusted EBITDA	\$4.9	\$18.6
Revenue	\$26.4	\$49.7
Adjusted EBITDA Margin	19%	37%