Q3 2022 Earnings Presentation

November 8, 2022
This presentation contains forward-looking statements. These statements may relate to, but are not limited to, expectations of Q4 2022 and full-year 2022 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 dependency on the overall demand for advertising and the channels we rely on; our existing customers not expanding their usage of our platform, or our failure to attract new publishers and buyers; the rejection of the use of digital advertising by consumers through opt-out, ad-blocking technologies or other means; our failure to innovate and develop new solutions that are adopted by publishers; limitations imposed on our collection, use or disclosure of data about advertisements; any failure to scale our platform infrastructure to support anticipated growth and transaction volume; macroeconomic conditions, including any instability resulting from inflation, interest rates, foreign currency exchange rates or the conflict in Ukraine; any failure to comply with laws and regulations related to data privacy, data protection, information security, and consumer protection; and our ability to manage our growth. 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 November 8, 2022. 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, adjusted EBITDA margin, non-GAAP net income, non-GAAP net income margin and non-GAAP diluted EPS. 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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PubMatic Fuels the Endless Potential of Internet Content Creators

Q3 2022 FINANCIAL HIGHLIGHTS

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>REVENUE</strong></td>
<td>$64.5M</td>
</tr>
<tr>
<td>+11% YOY</td>
<td></td>
</tr>
<tr>
<td><strong>GAAP NET INCOME</strong></td>
<td>$3.3M</td>
</tr>
<tr>
<td>5% MARGIN</td>
<td></td>
</tr>
<tr>
<td><strong>ADJUSTED EBITDA</strong>¹</td>
<td>$25.3M</td>
</tr>
<tr>
<td>39% MARGIN</td>
<td></td>
</tr>
<tr>
<td><strong>CASH FLOW FROM OPERATIONS</strong>²</td>
<td>$28.1M</td>
</tr>
</tbody>
</table>

¹ Adjusted EBITDA and Adjusted EBITDA Margin are non-GAAP financial measures. See reconciliation in Appendix.
² Cash flow from operations is net cash provided by operating activities.
SELL-SIDE TECHNOLOGY IS INCREASINGLY RELEVANT TO THE DIGITAL ADVERTISING ECOSYSTEM
THE OPEN INTERNET IS GAINING SHARE

OPEN INTERNET vs. SOCIAL
YOY AD SPEND GROWTH

1.5X+

VALUE OF INDEPENDENT TECHNOLOGY

Transparency
Control
Quality

Source: MAGNA
AUDIENCE TARGETING MOVES TO THE SELL-SIDE, UNLOCKING OPPORTUNITY FOR PUBMATIC

- **Known Identity**
- **1st & 2nd Party Data**
- **Contextual Signals**
- **Seller-Defined Audiences**
- **Modeled Audiences**

ACTIVATING DATA ON THE SELL-SIDE DELIVERS SCALE & ROI FOR BUYERS

STRENGTH IN DATA ACTIVATION OPENS RETAIL MEDIA OPPORTUNITY
EXPANDING USAGE VIA SUPPLY PATH OPTIMIZATION UNDERSCORES INCREASED VALUE FOR BUYERS

BUYERS ARE CONSOLIDATING SPEND ON PUBMATIC

Q3 2022 SPO SHARE OF TOTAL ACTIVITY

OVER 30%

ENHANCED MEASUREMENT & REPORTING CAPABILITIES
THE RISE OF AUTOMATED CONNECTED TV GROWS THE PROGRAMMATIC OPPORTUNITY

- Efficiency
- Measurability
- Scale
- Transparency

UNIFIED BIDDING OPENS MORE BUYING POTENTIAL IN CTV

OPENWRAP OTT ENHANCEMENTS DRIVE VALUE FOR PUBLISHERS
USAGE-BASED MODEL FUELS RESILIENCE AND MARKET SHARE GAINS

HIGH-MARGIN REVENUE

INNOVATION DRIVES VALUE

EXPANDED CUSTOMER USAGE

USAGE BASED MODEL
DUAL FOCUS ON REVENUE GROWTH & PROFITABILITY PROVIDES FOUNDATION FOR LONG-TERM SUCCESS

**Innovation unlocks revenue today and should result in outsized gains in the future**

**Focus on maximizing efficiency of capex and opex investments in the near-term**

**Long Track Record of Success**

- **PROFITABLE GROWTH**
- **SIGNIFICANT FREE CASH FLOW**
- **STRONG BALANCE SHEET**
- **ZERO DEBT**
Q3 2022 FINANCIAL HIGHLIGHTS

Adjusted EBITDA is a non-GAAP measure. A reconciliation of Adjusted EBITDA to net income is provided in the Appendix.

Cash flow from operations is net cash provided by operating activities.

**Revenue**

- Q3'20: $38M
- Q3'21: $58M (+54%)
- Q3'22: $65M (+11%)

**GAAP Net Income**

- $3.3M
- 5% Net Income Margin

**Adjusted EBITDA**

- $25.3M
- 39% Adj. EBITDA Margin

**Cash Flow from Operations**

- $28.1M

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1 Adjusted EBITDA is a non-GAAP measure. A reconciliation of Adjusted EBITDA to net income is provided in the Appendix.

2 Cash flow from operations is net cash provided by operating activities.
BUSINESS MODEL REDUCES IMPACT OF MACRO-ECONOMIC HEADWINDS

Economic Pressures Impact Display Advertising Growth

Favorable Revenue / Margin Mix Towards Omnichannel Video

Softness in Ad Spend Across Select Verticals

Diversification and Breadth of Advertisers Limits Impact
DIVERSIFIED BUSINESS DRIVES GROWTH

YOY OMNICHANNEL VIDEO\(^1\) REVENUE GROWTH

45%

YOY CTV REVENUE GROWTH

150%+

YOY AD SPEND GROWTH FROM TOP 10 VERTICALS

19%

\(^1\) Omnichannel video is the sum of online digital video plus CTV/OTT.
OWNED & OPTIMIZED INFRASTRUCTURE DRIVING DOWN UNIT COSTS WHILE IMPROVING CUSTOMER OUTCOMES

AD IMPRESSIONS
(TRAILING TWELVE MONTHS)

COST OF REVENUE PER ONE MILLION AD IMPRESSIONS
(TRAILING TWELVE MONTHS)

<table>
<thead>
<tr>
<th>TTM Ending</th>
<th>Q3'20</th>
<th>Q3'21</th>
<th>Q3'22</th>
</tr>
</thead>
<tbody>
<tr>
<td>In Trillions</td>
<td>39.6</td>
<td>78.3</td>
<td>140.4</td>
</tr>
<tr>
<td>% Change</td>
<td>+58%</td>
<td>+97%</td>
<td>+79%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>TTM Ending</th>
<th>Q3'20</th>
<th>Q4'20</th>
<th>Q1'21</th>
<th>Q2'21</th>
<th>Q3'21</th>
<th>Q4'21</th>
<th>Q1'22</th>
<th>Q2'22</th>
<th>Q3'22</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ending</td>
<td>$0.99</td>
<td>$0.87</td>
<td>$0.72</td>
<td>$0.64</td>
<td>$0.59</td>
<td>$0.54</td>
<td>$0.50</td>
<td>$0.47</td>
<td>$0.44</td>
</tr>
<tr>
<td>% Change</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(45%)</td>
</tr>
</tbody>
</table>

In Trillions: Q3'20 = 39.6, Q3'21 = 78.3, Q3'22 = 140.4

$0.99 to $0.54, which is a 45% decrease.

Q3'20 to Q3'22:
- AD Impressions: +58%
- AD Impressions (TTM): +79%
- Cost of Revenue per One Million AD Impressions (TTM): (45% decrease)
STRONG TRACK RECORD OF DURABLE GROWTH AND PROFITS

Adjusted EBITDA is a non-GAAP financial measure. See reconciliation in Appendix.

Note: Numbers rounded for presentation purposes.
DEVELOPING CASH FLOW

**NET CASH PROVIDED BY OPERATING ACTIVITIES**
- **TTM Q3’21:** $68.8
- **TTM Q3’22:** $96.5
- Increase: +40%

**FREE CASH FLOW**
- **TTM Q3’21:** $26.3
- **TTM Q3’22:** $50.2
- Increase: +91%

**DRIVERS**
- Workflow automation
- Continuous optimization of infrastructure (software and hardware)
- Offshore R&D leverage
- Focus on profitable publishers and ad impressions
- Efficient capacity expansion to capture growth / market share
- Working capital efficiency

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1See calculation in Appendix.
Note: Numbers rounded for presentation purposes
INVESTMENTS IN INNOVATION FUEL OPERATIONAL SUCCESS

YOY INCREASE IN INDIA-BASED TECHNOLOGY TEAM HEADCOUNT IN Q3 2022

46%

INNOVATION DRIVES GROWTH POTENTIAL

- Supply Path Optimization
- Acquisition of Martin
- Foundation for Future Innovation
OPERATING EXPENSES: INVESTING FOR GROWTH

▪ Increased headcount by 29% with focus on technical and go-to-market teams
▪ Q3’22 includes incremental stock-based compensation and return to office costs
▪ Scale efficiencies

<table>
<thead>
<tr>
<th></th>
<th>Q3’20</th>
<th>Q3’21</th>
<th>Q3’22</th>
</tr>
</thead>
<tbody>
<tr>
<td>General &amp; Administrative</td>
<td>$5</td>
<td>$9</td>
<td>$12</td>
</tr>
<tr>
<td>Technology &amp; Development</td>
<td>$3</td>
<td>$15</td>
<td>$16</td>
</tr>
<tr>
<td>Sales &amp; Marketing</td>
<td>$11</td>
<td>$4</td>
<td>$5</td>
</tr>
</tbody>
</table>

DRIVERS

Subtotals for each bar may not add up to total due to rounding.
GAAP AND NON-GAAP DILUTED EARNINGS PER SHARE

### GAAP AND NON-GAAP NET INCOME

<table>
<thead>
<tr>
<th></th>
<th>Q3'20</th>
<th>Q3'21</th>
<th>Q3'22</th>
</tr>
</thead>
<tbody>
<tr>
<td>$ in Millions</td>
<td>$6.2</td>
<td>$13.5</td>
<td>$12.4</td>
</tr>
</tbody>
</table>

- Net Income
- Non-GAAP Net Income

Includes:
(a) $6.4M loss on an equity investment (non-cash)
(b) $1.1M for acquisition-related and other expenses

### GAAP AND NON-GAAP DILUTED EARNINGS PER SHARE

<table>
<thead>
<tr>
<th></th>
<th>Q3'21</th>
<th>Q3'22</th>
</tr>
</thead>
<tbody>
<tr>
<td>EPS</td>
<td>$0.24</td>
<td>$0.22</td>
</tr>
</tbody>
</table>

- GAAP Diluted EPS
- Non-GAAP Diluted EPS

Note: Numbers rounded for presentation purposes.
We expect FY 2022 CapEx to be in the range of $34M – $36M.

2023 CapEx projected to be less than $18M

Although we provide guidance for Adjusted EBITDA, a non-GAAP metric, 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.
LONG TERM COMPETITIVE ADVANTAGES

1. Scaled, Global Omnichannel Platform
2. Owned & Operated Infrastructure
3. Innovation Engine and Resources to Invest
4. Consistently Profitable with Strong Cash Flow
Appendix
Three Months Ended September 30,

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Income</td>
<td>$6.2</td>
<td>$13.5</td>
<td>$3.3</td>
</tr>
<tr>
<td>Add back (deduct):</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stock-Based Compensation</td>
<td>1.4</td>
<td>3.7</td>
<td>4.7</td>
</tr>
<tr>
<td>Unrealized gain(loss) on equity investments</td>
<td>-</td>
<td>-</td>
<td>6.4</td>
</tr>
<tr>
<td>Depreciation and Amortization</td>
<td>4.2</td>
<td>6.3</td>
<td>9.1</td>
</tr>
<tr>
<td>Interest Income</td>
<td>(0.1)</td>
<td>(0.1)</td>
<td>(0.6)</td>
</tr>
<tr>
<td>Acquisition-related and other expenses</td>
<td>-</td>
<td>-</td>
<td>1.1</td>
</tr>
<tr>
<td>Provision for Income Taxes</td>
<td>1.6</td>
<td>0.8</td>
<td>1.3</td>
</tr>
<tr>
<td>Adjusted EBITDA</td>
<td>$13.4</td>
<td>$24.3</td>
<td>$25.3</td>
</tr>
<tr>
<td>Revenue</td>
<td>$37.8</td>
<td>$58.1</td>
<td>$64.5</td>
</tr>
<tr>
<td>Adjusted EBITDA Margin</td>
<td>35%</td>
<td>42%</td>
<td>39%</td>
</tr>
</tbody>
</table>

Note: Numbers rounded for presentation purposes
**NON-GAAP NET INCOME RECONCILIATION**

($ in Millions, except for Non-GAAP Diluted EPS\(^1\))

<table>
<thead>
<tr>
<th></th>
<th>Three Months Ended September 30,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2020</td>
</tr>
<tr>
<td>Net Income</td>
<td>$6.2</td>
</tr>
<tr>
<td>Add back (deduct):</td>
<td></td>
</tr>
<tr>
<td>Stock-Based Compensation</td>
<td>1.4</td>
</tr>
<tr>
<td>Unrealized (gain)loss on</td>
<td>-</td>
</tr>
<tr>
<td>equity investments</td>
<td></td>
</tr>
<tr>
<td>Acquisition-related and</td>
<td>-</td>
</tr>
<tr>
<td>other expenses</td>
<td></td>
</tr>
<tr>
<td>Adjustment for income tax</td>
<td>(0.2)</td>
</tr>
<tr>
<td>benefit on stock-based</td>
<td></td>
</tr>
<tr>
<td>compensation</td>
<td></td>
</tr>
<tr>
<td>Non-GAAP Net Income</td>
<td>$7.5</td>
</tr>
<tr>
<td>Non-GAAP Diluted EPS(^1)</td>
<td>$0.00</td>
</tr>
<tr>
<td>Revenue</td>
<td>$37.8</td>
</tr>
<tr>
<td>Non-GAAP Net Income Margin</td>
<td>20%</td>
</tr>
</tbody>
</table>

Note: Numbers rounded for presentation purposes

\(^1\) EPS = Earnings per share.
## Free Cash Flow Reconciliation

 ($) in Millions

<table>
<thead>
<tr>
<th></th>
<th>Three Months Ended September 30,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2020</td>
</tr>
<tr>
<td>Net Cash provided by (used in) Operating Activities</td>
<td>$3.7</td>
</tr>
<tr>
<td>Deduct:</td>
<td></td>
</tr>
<tr>
<td>Purchases of Property and Equipment</td>
<td>(5.5)</td>
</tr>
<tr>
<td>Capitalized Software Development Costs</td>
<td>(1.4)</td>
</tr>
<tr>
<td>Free Cash Flow</td>
<td>($3.3)</td>
</tr>
<tr>
<td>Revenue</td>
<td>$37.8</td>
</tr>
<tr>
<td>Free Cash Flow Margin</td>
<td>(9%)</td>
</tr>
</tbody>
</table>

Note: Numbers rounded for presentation purposes