

■ PubMatic

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NEW YORK MUNICH AMSTERDAM SYDNEY
LONDON SINGAPORE HAMBURG

■ Q1 2024 Earnings Presentation

TOKYO MILAN NEW DELHI LOS ANGELES
FUELING ADVERTISING INNOVATION

May 7, 2024

SAFE HARBOR

This presentation contains forward-looking statements regarding our future business expectations, including but not limited to our guidance relating to our revenue and adjusted EBITDA for the second quarter of 2024 and revenue, adjusted EBITDA margin, free cash flow and capex for the full year 2024, our expectations regarding our free cash flow, capital expenditures, future hiring, future market growth, our long-term revenue growth and our ability to gain market share. These forward-looking statements are based on our current expectations and assumptions regarding our business, the economy and other future conditions and may differ materially from actual results due to a variety of factors including: 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; our ability to maintain and expand access to spend from buyers and valuable ad impressions from publishers; the rejection of the use of digital advertising by consumers through opt-in, opt-out or ad-blocking technologies or other means; our failure to innovate and develop new solutions that are adopted by publishers; the war between Ukraine and Russia and the ongoing conflict between Israel and Palestine, and the related measures taken in response by the global community; the impacts of inflation as well as fiscal tightening and rising interest rates; public health crises, including the resulting global economic uncertainty; limitations imposed on our collection, use or disclosure of data about advertisements; the lack of similar or better alternatives to the use of third-party cookies, mobile device IDs or other tracking technologies if such uses are restricted; any failure to scale our platform infrastructure to support anticipated growth and transaction volume; liabilities or fines due to publishers, buyers, and data providers not obtaining consents from consumers for us to process their personal data; 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. 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.

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 May 7, 2024. 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, Free Cash Flow, 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.

The trademarks included herein are the property of the owners thereof and are used for reference purposes only.

WHAT WE DO

PubMatic is building a better supply chain for the future of advertising on the open internet

Q1 2024 FINANCIAL HIGHLIGHTS

REVENUE

\$66.7M

20% YOY

GAAP NET LOSS

\$(2.5M)

-4% MARGIN

ADJUSTED EBITDA¹

\$15.1M

23% MARGIN

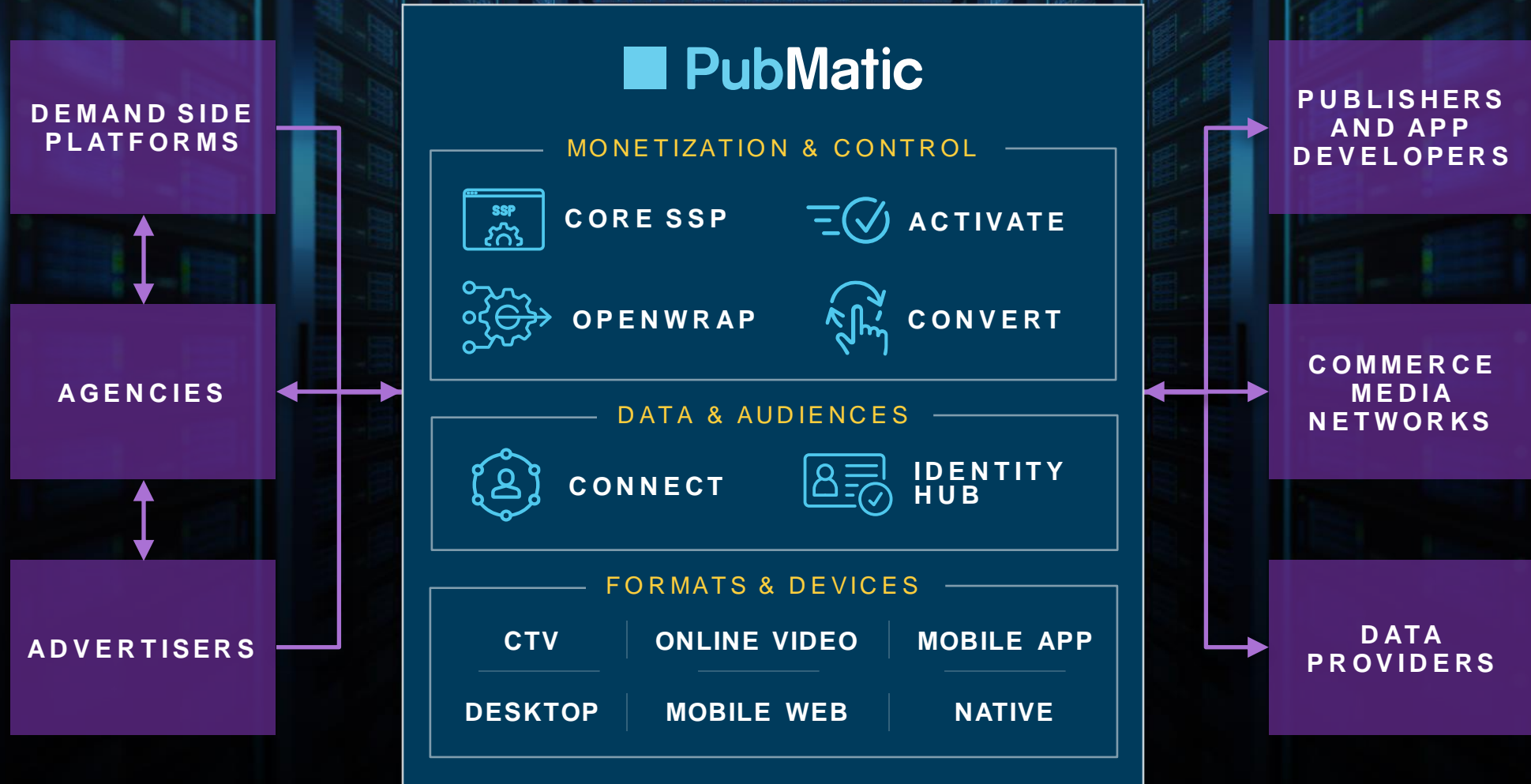
CASH FLOW FROM OPERATIONS²

\$24.3M

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.

WE ARE BUILDING THE SUPPLY CHAIN OF THE FUTURE



SELL-SIDE TECHNOLOGY PROVIDES A FOUNDATION FOR EFFICIENCY & INNOVATION IN DIGITAL ADVERTISING

**ATTRACTING NEW
ENTRANTS TO DIGITAL
ADVERTISING**

ROBLOX

**ADDRESSABILITY
CHANGES FUEL SELL-
SIDE OPPORTUNITY**

instacart

**PUBMATIC IS BUILDING
AHEAD OF MAJOR
INDUSTRY TRENDS**

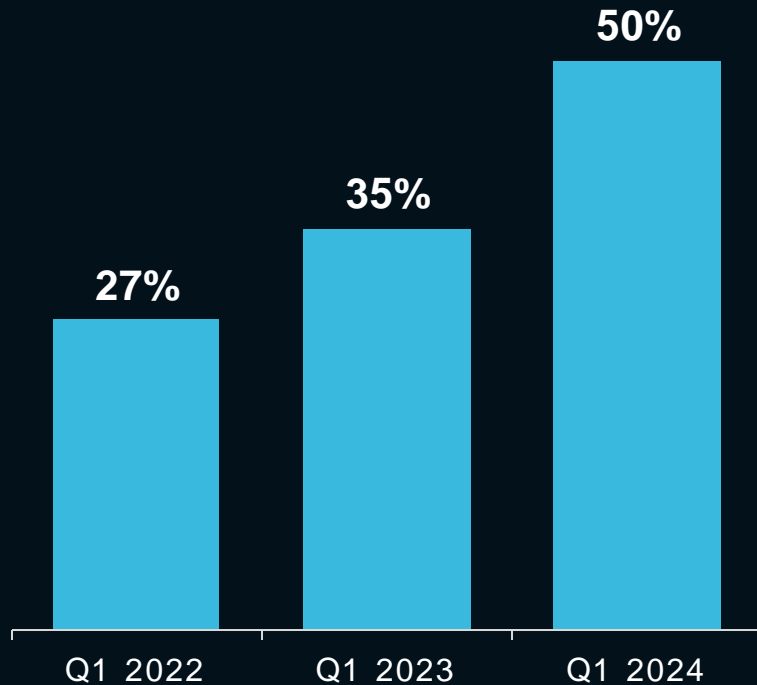
**SPO & INDUSTRY
CONSOLIDATION**

**GROWTH OF
CONNECTED TV**

**RISE OF COMMERCE
MEDIA**

SUPPLY PATH OPTIMIZATION ACCELERATION WIDENS COMPETITIVE MOAT

SPO SHARE OF TOTAL ACTIVITY ON THE PUBMATIC PLATFORM



MULTIPLE FACTORS DRIVING LONG-TERM GROWTH POTENTIAL OF SPO



125% net spend retention rate¹ from ad buyers with at least three years of spending



Adding 50% more buyer-focused salespeople to accelerate relationships



Continued consolidation as scale requirements of digital advertising mount

¹ We calculate our Supply Path Optimization (“SPO”) net spend retention rate by starting with the spend from SPO buyers that have been buyers on our platform for at least three years, in the last prior year (“Prior Period SPO Buyer Spend”). We then calculate the spend from these same buyers in the current year (“Current Period Spend”). Current Period SPO Buyer Spend includes any upsells and is net of contraction or attrition but excludes spend from new SPO buyers. Our net SPO retention rate equals the Current Period SPO Buyer Spend divided by Prior Period SPO Buyer Spend.

CONNECTED TV AND ONLINE VIDEO FUEL REVENUE GROWTH

YOY INCREASE IN OMNICHANNEL
VIDEO MONETIZED IMPRESSIONS
IN Q1 2024

>50%

YOY INCREASE IN
OMNICHANNEL VIDEO REVENUE
IN Q1 2024

33%

GROWING
RELATIONSHIPS
WITH KEY CTV
PROVIDERS

dish media

vevo



COMMERCE MEDIA COMPANIES EMBRACE PUBMATIC'S SELL-SIDE TECHNOLOGY



ESTIMATED TAM EXPANSION FROM
RETAIL MEDIA GLOBALLY¹

\$10 BILLION

ONSITE ADS &
SPONSORED
LISTINGS

OFFSITE
AUDIENCE
EXTENSION

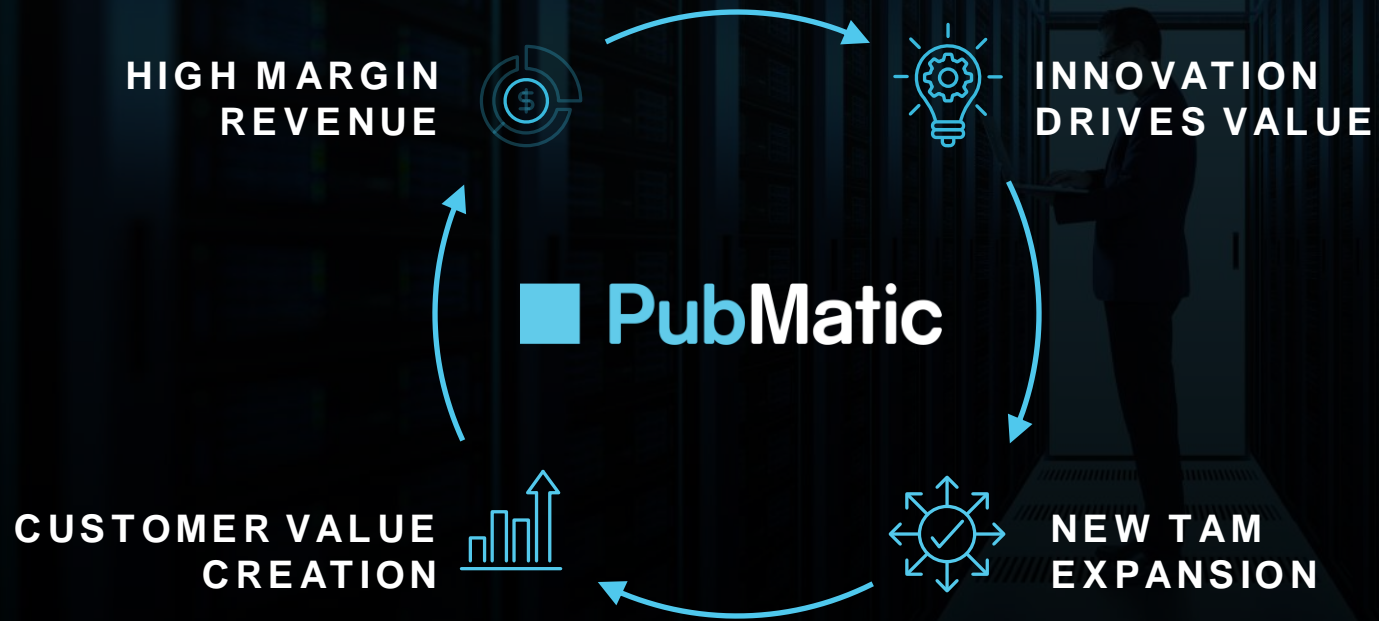
WE ARE SEEING
STRONG INTEREST
IN CONVERT FROM
LEADING COMMERCE
MEDIA COMPANIES

¹ PubMatic's estimate based on industry analyst data

SUPPLY CHAIN EVOLUTION USHERS IN A NEW ERA OF PERFORMANCE ACROSS THE OPEN INTERNET



STRONG PERFORMANCE SETS FOUNDATION FOR ACCELERATED REVENUE GROWTH AND MARKET SHARE GAINS



Core Differentiators Driving Continued Success

INTEGRATED PLATFORM

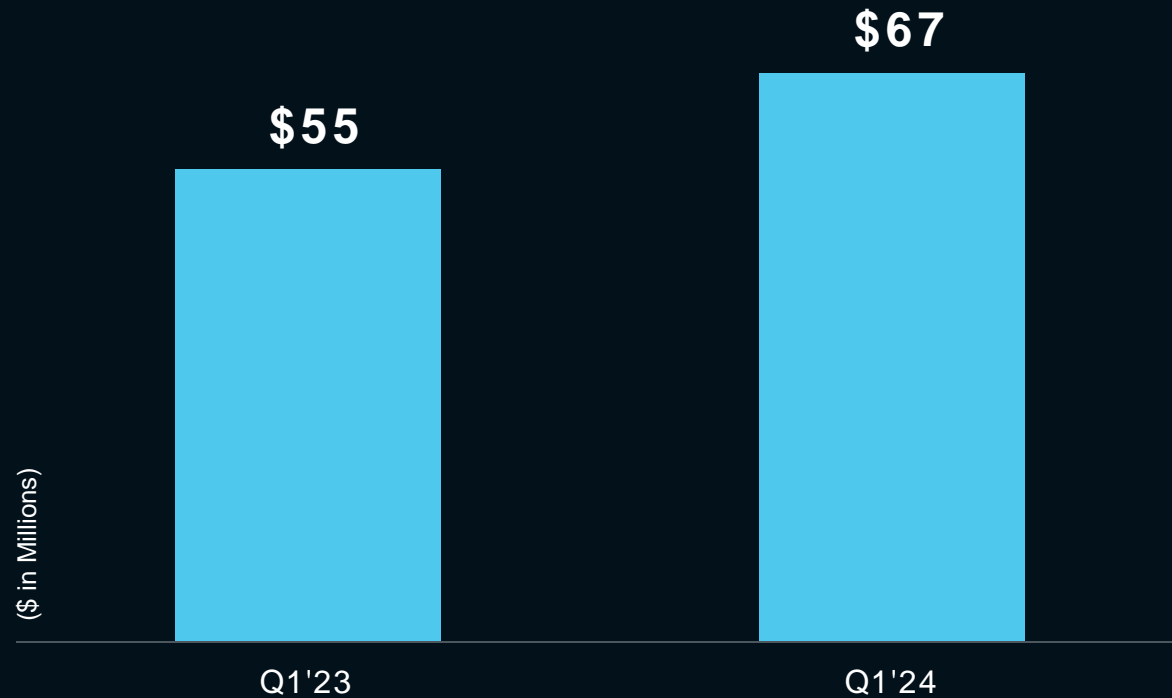
CUSTOMER CONTROL & PARTNERSHIP

SUSTAINED INNOVATION

Financial Results

Q1 2024 FINANCIAL HIGHLIGHTS

REVENUE



Q1 REVENUE

20% YOY

Q1 GAAP NET LOSS

\$(2.5M)

-4% MARGIN

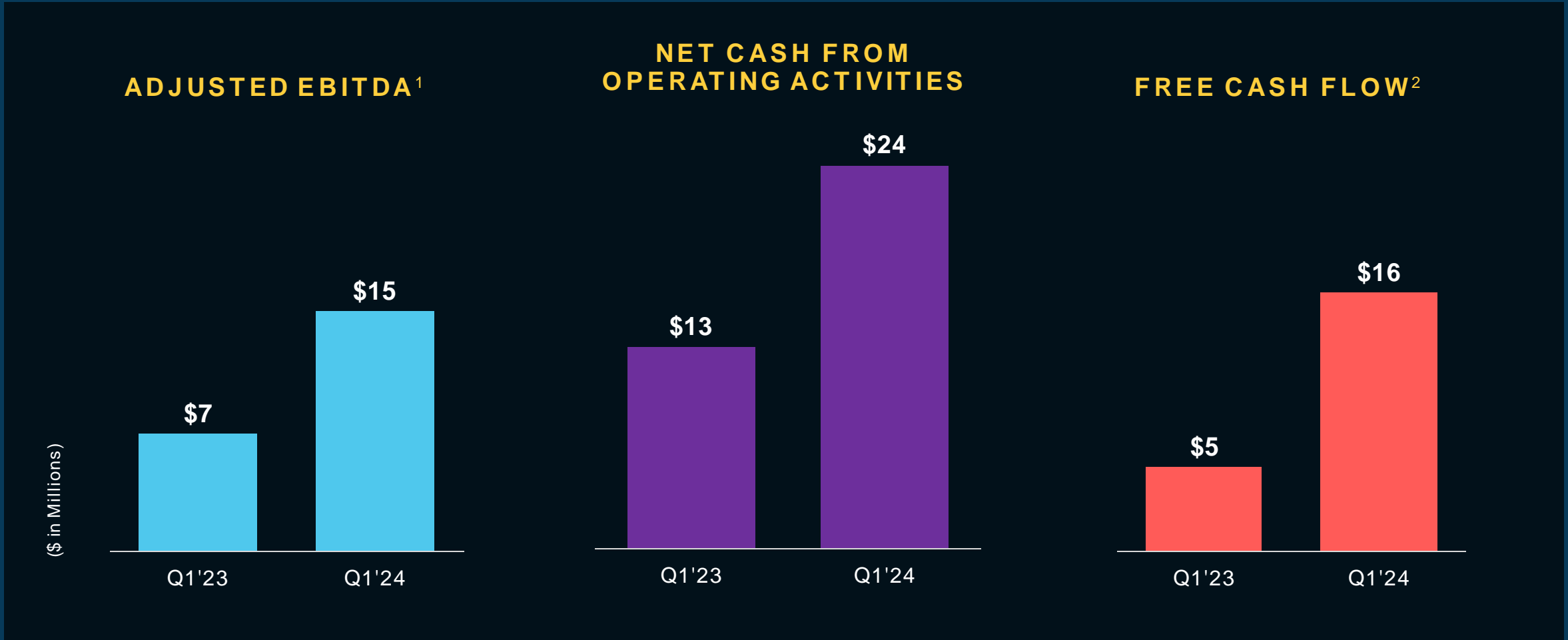
Q1 ADJUSTED EBITDA¹

\$15.1M

23% ADJ. EBITDA MARGIN

¹ Adjusted EBITDA and Adjusted EBITDA Margin are non-GAAP financial measures. See reconciliation in Appendix.

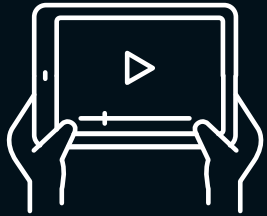
CONSISTENT AND DIFFERENTIATED FINANCIAL RESULTS



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

² Free cash flow is calculated by taking cash provided from operating activities less capital expenditures (i.e. purchases of property and equipment and capitalized software development costs). Free cash flow is a non-GAAP financial measure. See reconciliation in Appendix.

PLATFORM DIVERSITY FUELS STRONG FINANCIAL PERFORMANCE



OMNICHANNEL
VIDEO¹ REVENUE
GROWTH YOY IN
Q1 2024

33%



DISPLAY REVENUE
GROWTH YOY IN
Q1 2024

10%

TOTAL DISPLAY

17%

EXCLUDING YAHOO OWNED
& OPERATED DISPLAY

DIMENSIONS OF PLATFORM DIVERSITY

OMNICHANNEL
REVENUES

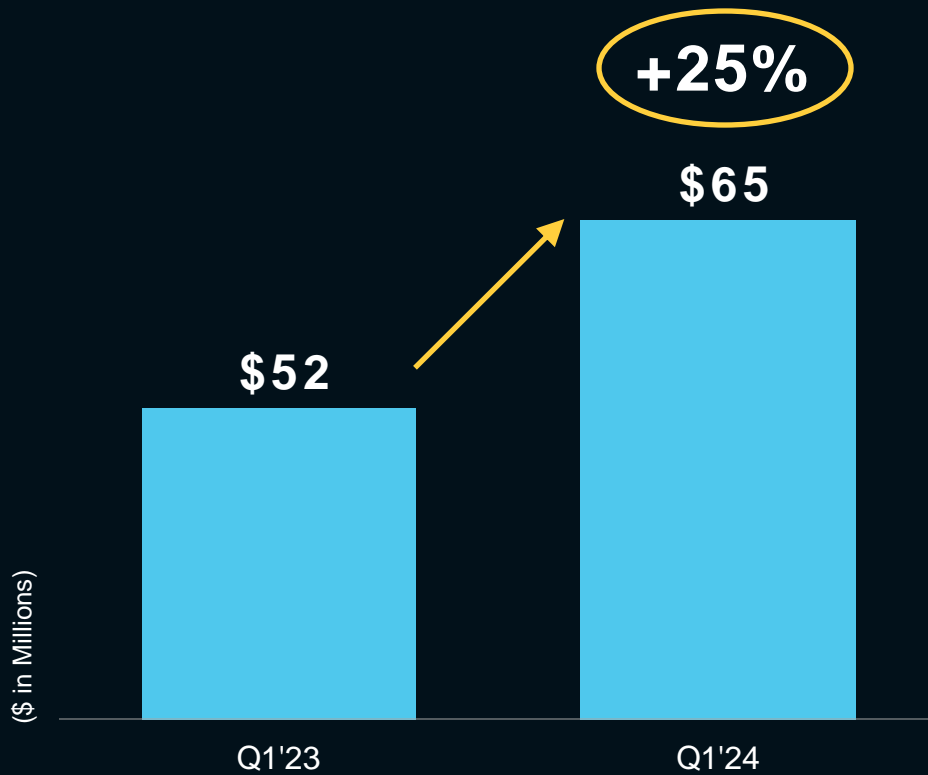
GEOGRAPHIES

20+ AD VERTICALS

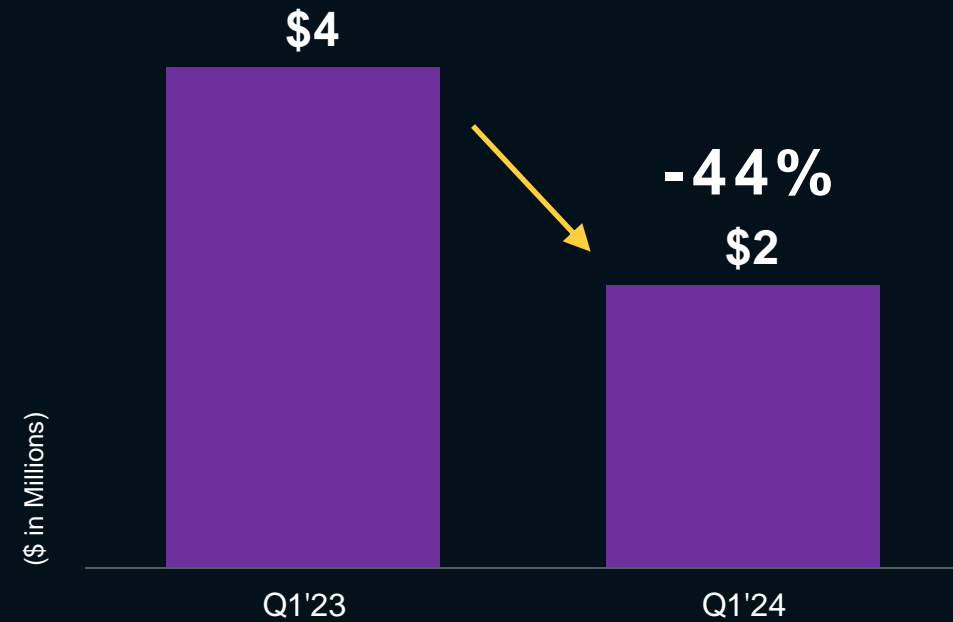
¹ Omnichannel video is the sum of online digital video plus CTV/OTT

PUBMATIC REVENUE GROWTH EXCLUDING YAHOO REVENUE

PUBMATIC REVENUE EXCLUDING YAHOO OWNED & OPERATED INVENTORY



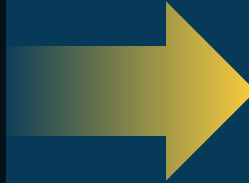
REVENUE FROM YAHOO OWNED & OPERATED INVENTORY



ADDITIONAL LEVERS DRIVING Q1 REVENUE GROWTH



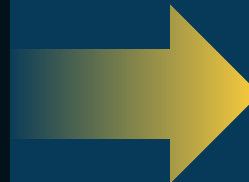
**Added New
Publisher Logos**



Added 99 publishers on a YOY basis, including CTV and transactional commerce brands



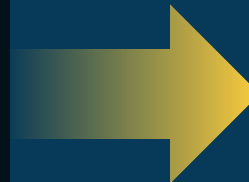
**Revenue Growth
From Existing
Publishers**



Excluding Yahoo, net dollar-based retention on a TTM basis was 114%¹



**Spend Growth From
Existing Buyers**



Net spend retention rate from SPO partners with at least three years of spending was 125%²

¹ 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.

² We calculate our Supply Path Optimization ("SPO") net spend retention rate by starting with the spend from SPO buyers that have been buyers on our platform for at least three years, in the last prior year ("Prior Period SPO Buyer Spend"). We then calculate the spend from these same buyers in the current year ("Current Period Spend"). Current Period SPO Buyer Spend includes any upsells and is net of contraction or attrition but excludes spend from new SPO buyers. Our net SPO retention rate equals the Current Period SPO Buyer Spend divided by Prior Period SPO Buyer Spend.

EXECUTING ON 2024 OPERATING PRIORITIES



ACCELERATE REVENUE WITH INCREMENTAL INVESTMENT

Activate, Connect, Convert, OpenWrap

Buyer-Focused Sellers

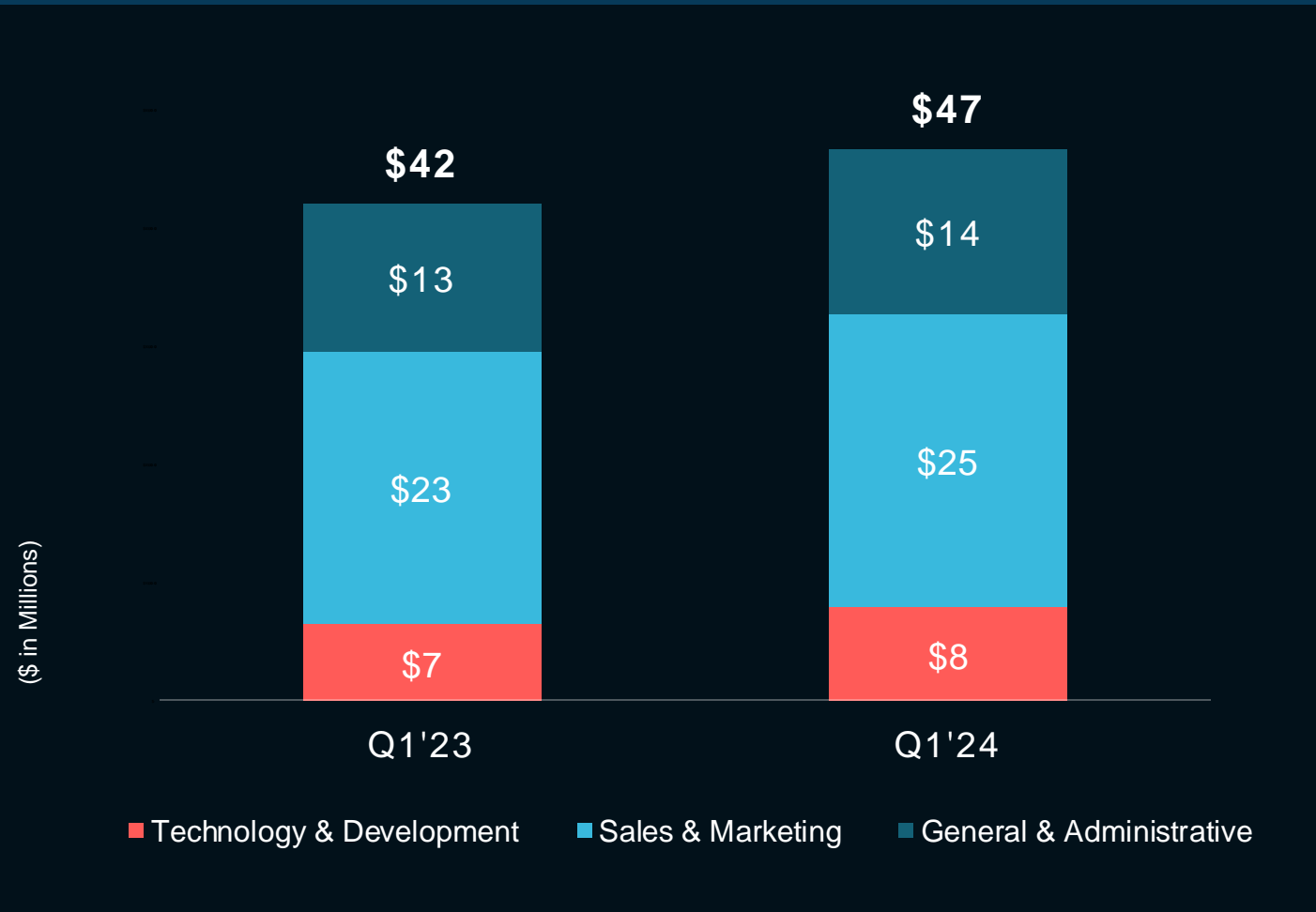


DRIVE CONTINUED COST-EFFICIENCIES

Efficiently Increasing Capacity

AI-Based Optimization

GAAP OPERATING EXPENSES: INVESTING FOR GROWTH



Subtotals for each bar may not add up to total due to rounding.

DRIVERS

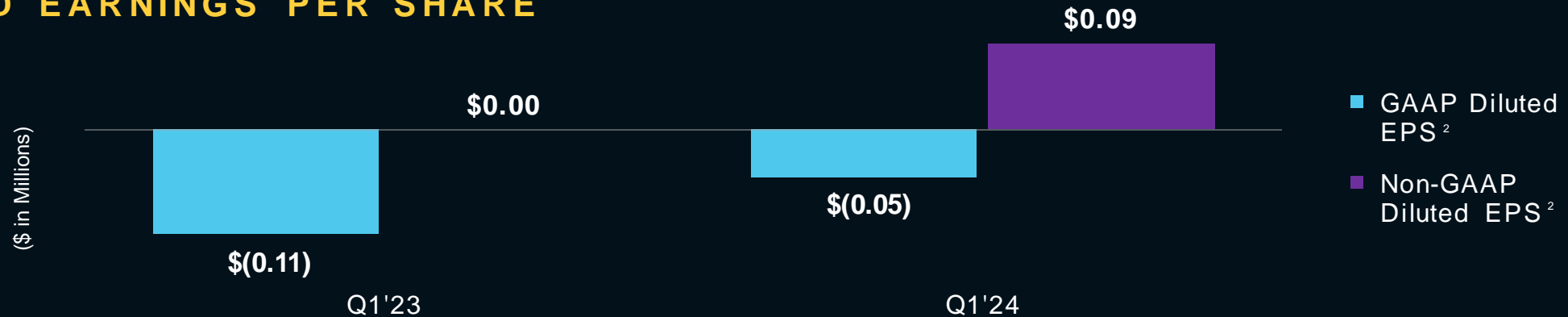
- Increased headcount by 11% YoY in Q1 2024 with majority hired in engineering and sales & marketing teams
- Plan to add 150 net new team members in 2024

NET INCOME AND DILUTED EARNINGS PER SHARE

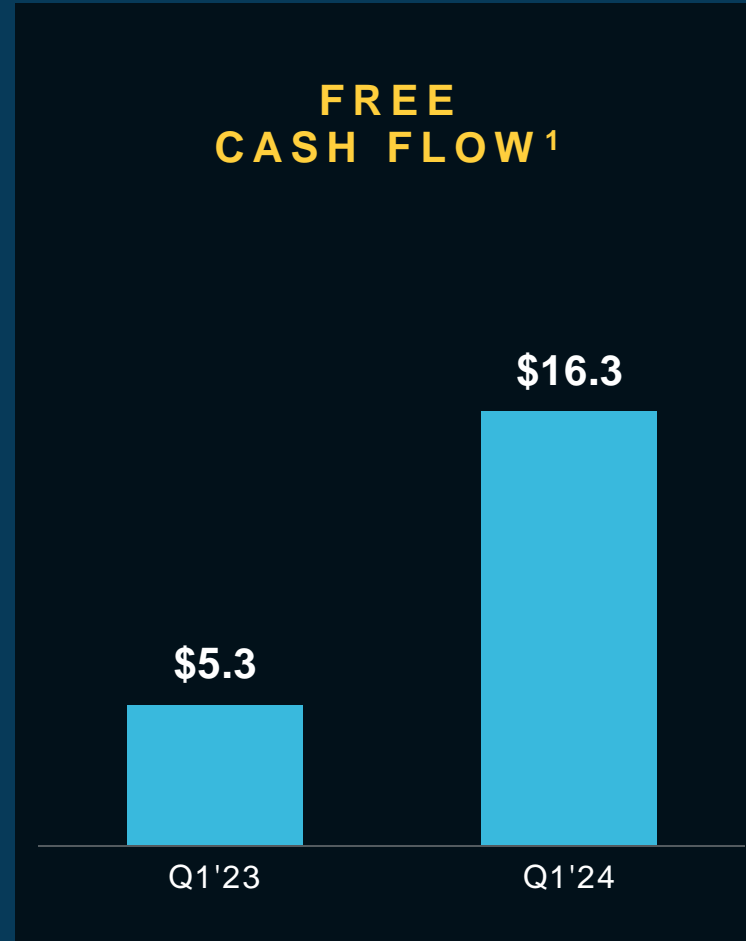
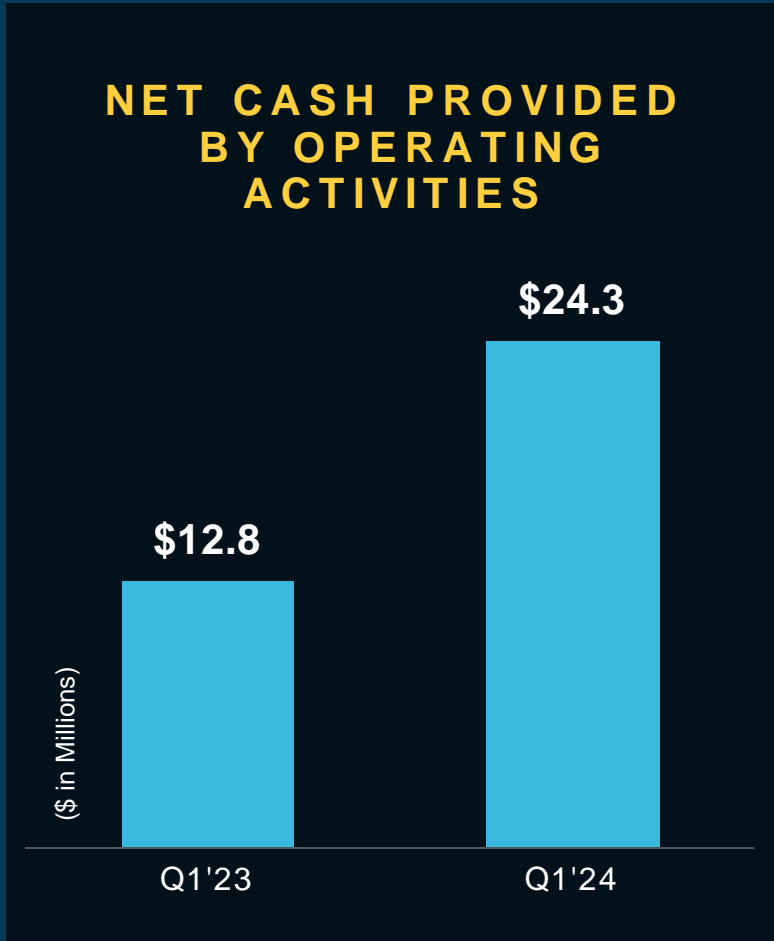
NET INCOME



DILUTED EARNINGS PER SHARE



FOCUS ON CASH FLOW



\$174M
Q1'24 END CASH AND MARKETABLE SECURITIES

\$79.4M
CASH USED TO REPURCHASE 5.1 MILLION CLASS A COMMON SHARES
(Feb. 1, 2023 to Apr. 30, 2024)

¹ Free Cash Flow is a non-GAAP measure. A reconciliation of free cash flow to net cash flow provided by (used in) operating activities is provided in the Appendix.
Note: Numbers rounded for presentation purposes

2024 Q2 AND FY GUIDANCE

(\$ in Millions)	Q2 2024		Full Year 2024	
	Low	High	Low	High
Revenue	\$69	\$71	\$296	\$304
Year over Year Growth %	9%	12%	11%	14%
Excluding Yahoo!	11%	14%	11%	14%
Adjusted EBITDA	\$17	\$19	\$90	\$94
Adjusted EBITDA Margin	25%	27%	30%	31%

Note: Numbers rounded for presentation purposes

FY 2024 we expect:

- Free cash flow similar to 2023
- CapEx to be in the range of \$16M – \$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. Free cash flow and Adjusted EBITDA margin are non-GAAP financial measures. See reconciliation in Appendix.

LONG TERM COMPETITIVE ADVANTAGES

- 1 | Revenue Growth Ahead of Market Growth**
- 2 | Differentiated Adjusted EBITDA and Free Cash Flow Generation**
- 3 | Strong Publisher and Buyer Relationships**
- 4 | Diversified Omnichannel Platform**
- 5 | Durable Business Model**

Appendix

NON-GAAP RECONCILIATION – ADJUSTED EBITDA & NON-GAAP NET INCOME (LOSS)

(\$ in Thousands)	Q1'24	Q4'23	Q3'23	Q2'23	Q1'23	Q4'22	Q3'22	Q2'22	Q1'22
Net income (loss)	(\$2,454)	\$18,702	\$1,774	(\$5,724)	(\$5,871)	\$12,781	\$3,326	\$7,819	\$4,779
Add back (deduct):									
Stock-based compensation	9,111	7,337	7,200	7,266	7,059	5,464	4,655	5,391	5,136
Depreciation and amortization	11,212	11,039	11,401	10,898	11,432	10,662	9,082	7,321	7,183
Unrealized (gain) loss on equity investments	-	-	-	-	-	-	6,405	915	(1,373)
Interest income	(2,564)	(2,515)	(2,246)	(2,176)	(1,891)	(1,170)	(596)	(325)	(122)
Acquisition-related and other expenses ¹	-	-	-	-	-	51	867	-	-
Provision for income taxes	(249)	4,343	111	545	(3,375)	4,034	1,398	1,927	1,403
Adjusted EBITDA	\$15,056	\$38,906	\$18,240	\$10,809	\$7,354	\$31,822	\$25,137	\$23,048	\$17,006
Revenue	\$66,701	\$84,600	\$63,677	\$63,330	\$55,407	\$74,296	\$64,500	\$63,032	\$54,552
Adjusted EBITDA Margin	23%	46%	29%	17%	13%	43%	39%	37%	31%

¹ Beginning in the third quarter of 2023, we no longer exclude the impact of post-acquisition cash compensation agreements for certain key acquired employees from the Martin acquisition from Adjusted EBITDA.
Note: Numbers rounded for presentation purposes

NON-GAAP RECONCILIATION – ADJUSTED EBITDA & NON-GAAP NET INCOME (LOSS)

(in thousands except per share data)	Q1'24	Q4'23	Q3'23	Q2'23	Q1'23	Q4'22	Q3'22	Q2'22	Q1'22
Net income (loss)	(\$2,454)	\$18,702	\$1,774	(\$5,724)	(\$5,871)	\$12,781	\$3,326	\$7,819	\$4,779
Unrealized (gain) loss on equity investments	-	-	-	-	-	-	6,405	915	(1,373)
Stock based compensation	9,111	7,337	7,200	7,266	7,059	5,464	4,655	5,391	5,136
Acquisition-related and other expenses ¹	-	-	-	-	-	51	867	-	-
Adjustment for income taxes	(1,886)	(1,590)	(1,397)	(1,390)	(1,318)	(352)	(3,032)	(1,093)	(491)
Non-GAAP net income (loss)	\$4,771	\$24,449	\$7,577	\$152	(\$130)	\$17,944	\$12,221	\$13,032	\$8,051
Revenue	\$66,701	\$84,600	\$63,677	\$63,330	\$55,407	\$74,296	\$64,500	\$63,032	\$54,552
Non-GAAP net income margin	7%	29%	12%	0%	0%	24%	19%	21%	15%
Non-GAAP weighted average shares outstanding – diluted	55,006	54,940	55,979	56,259	52,740	56,944	56,944	56,847	56,888
Non-GAAP diluted EPS	\$0.09	\$0.45	\$0.14	\$0.00	(\$0.00)	\$0.32	\$0.21	\$0.23	\$0.14

¹ We no longer excluding the impact of post-acquisition cash compensation agreements for certain key acquired employees from the Martin acquisition from Adjusted EBITDA.
Note: Numbers rounded for presentation purposes

FREE CASH FLOW RECONCILIATION

(\$ in Millions)	Three Months Ended March 31,		
	2024	2023	2022
Net Cash provided by Operating Activities	\$24.3	\$12.8	\$19.3
Deduct:			
Purchases of Property and Equipment	(0.8)	(1.4)	(0.1)
Capitalized Software Development Costs	(7.2)	(6.0)	(4.2)
Free Cash Flow	\$16.3	\$5.3	\$14.9
Revenue	\$66.7	\$55.4	\$54.6
Free Cash Flow Margin	24%	10%	27%

Note: Numbers rounded for presentation purposes