

Q2 2024 Earnings Presentation

August 8, 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 third quarter of 2024 and revenue, adjusted EBITDA margin 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 changes in the interest rate environment; 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 August 8, 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.

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WHAT WE DO

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

Q2 2024 FINANCIAL HIGHLIGHTS

REVENUE

\$67.3M

6% YOY

GAAP NET INCOME

\$2.0M

3% MARGIN

ADJUSTED EBITDA¹

\$21.1M

31% MARGIN

CASH FLOW FROM OPERATIONS²

\$11.9M

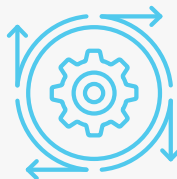
¹ Adjusted EBITDA and Adjusted EBITDA Margin are non-GAAP financial measures. See reconciliation in Appendix.

² Cash flow from operations is net cash provided by operating activities.

Fundamental market shifts usher in a new era for programmatic advertising on the open internet

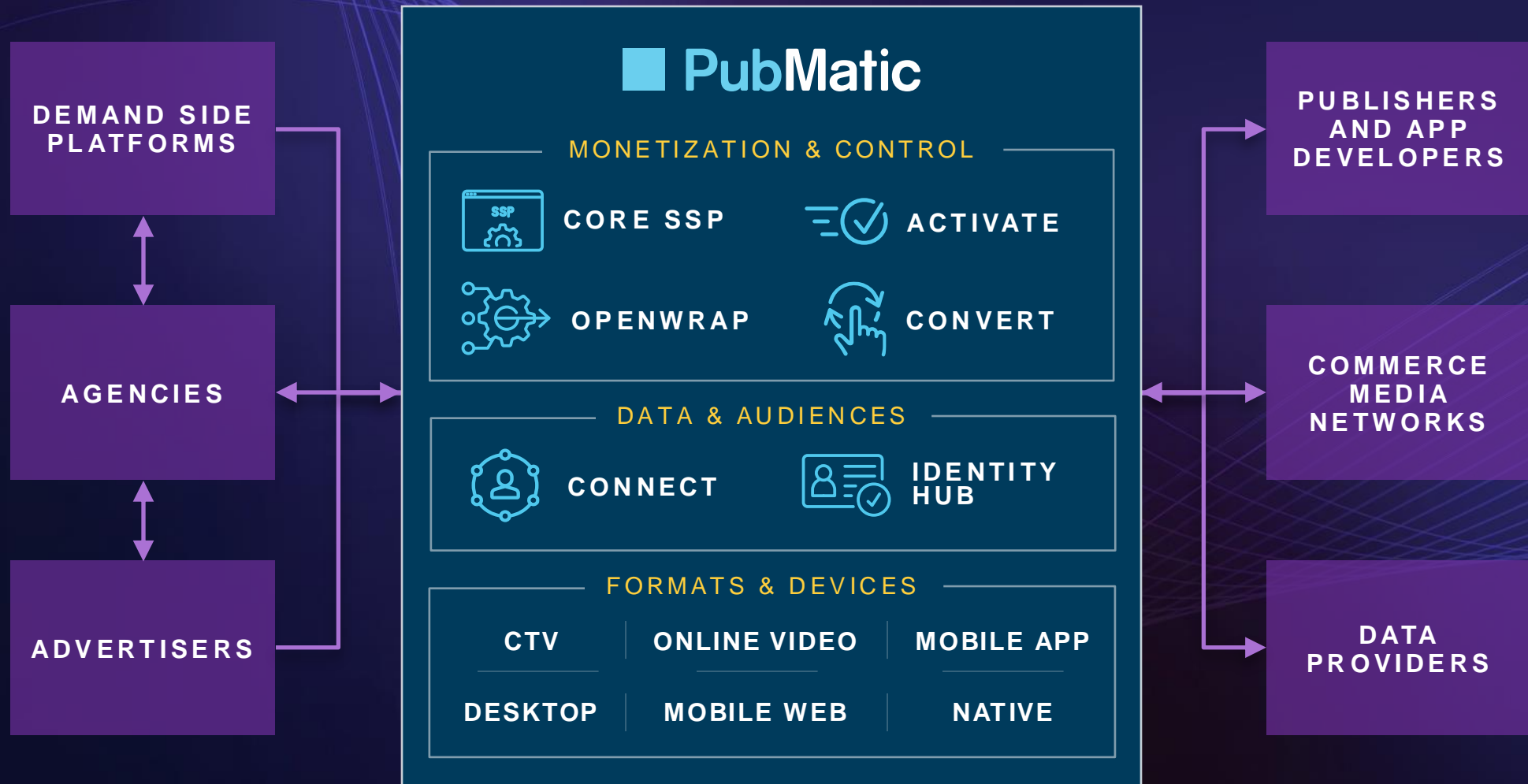


As more premium streaming inventory becomes available, publishers and media buyers are seeking efficient scale



Ad buyers continue to shift budgets away from walled gardens, driving some to open up their walls

PUBMATIC'S ROLE IN BUILDING THE SUPPLY CHAIN OF THE FUTURE



SUPPLY PATH OPTIMIZATION ACCELERATION WIDENS COMPETITIVE MOAT

HALEON

Consumer health company signed global SPO deal to optimize media spend and reduce carbon footprint

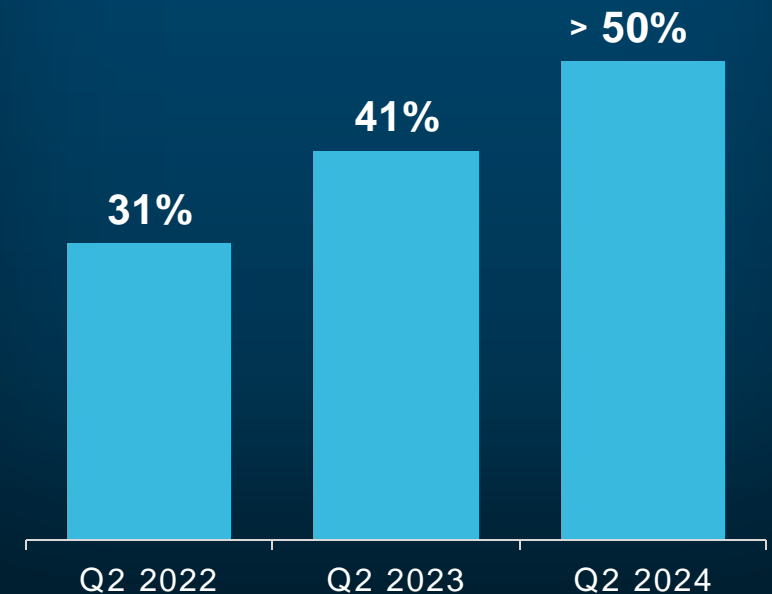
OMG

OMG Netherlands expanded SPO relationship with the adoption of Activate

MARS

Greenies pet treat brand exceeded sales lift goal by 20% and incremental sales goals by 126% with Activate

SPO SHARE OF TOTAL ACTIVITY ON OUR PLATFORM



STREAMING MEDIA AND CONNECTED TV FUEL REVENUE GROWTH



Premium Indian streaming platform selected PubMatic as a preferred SSP



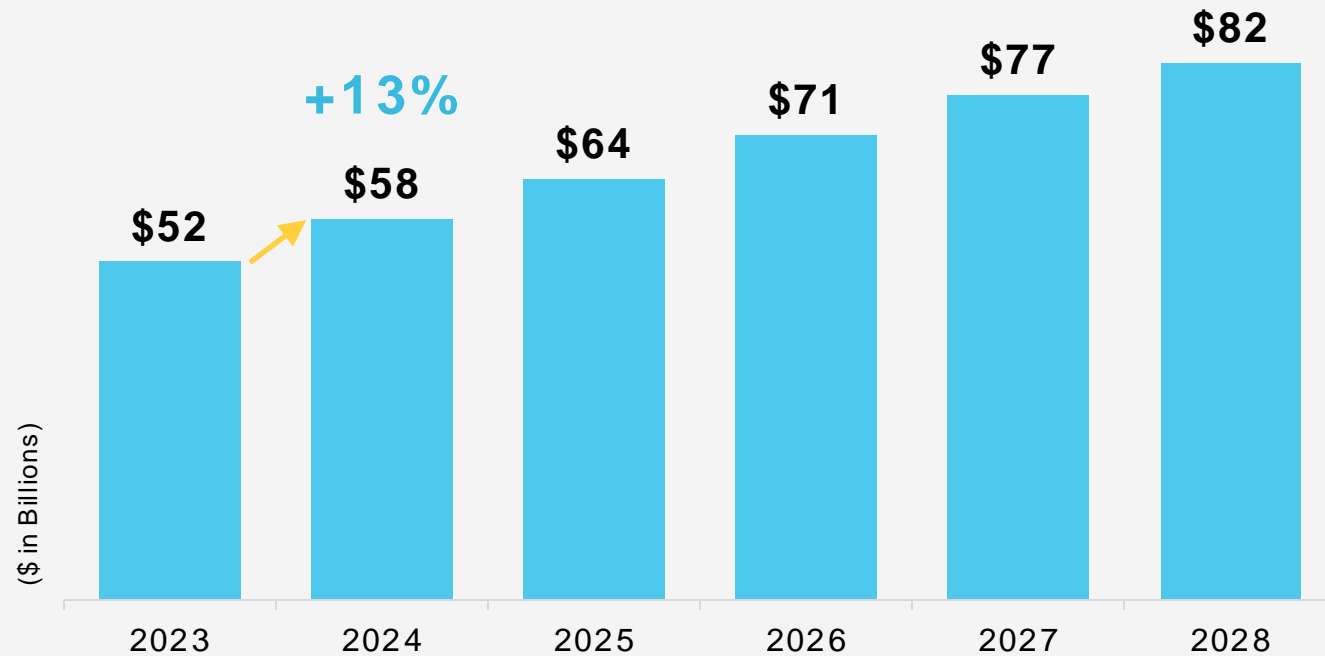
Integrated into the newly announced Roku Exchange, maximizing demand for Roku's streaming inventory via SPO relationships and Activate spend

YOY INCREASE IN CTV
MONETIZED IMPRESSIONS
IN Q2 2024

NEARLY 2X

MOBILE APP CONTINUES TO DRIVE REVENUE GROWTH AND DIFFERENTIATION

Mobile App Ad Spending, Worldwide¹



¹ MAGNA Global, 2024, excludes search and social advertising

YOY INCREASE
IN MOBILE APP
REVENUE IN
Q2 2024

20%+

YOY INCREASE IN
OPENWRAP SDK
REVENUE IN
Q2 2024

2X

COMMERCE MEDIA COMPANIES CONTINUE TO EMBRACE PUBMATIC'S SELL-SIDE TECHNOLOGY



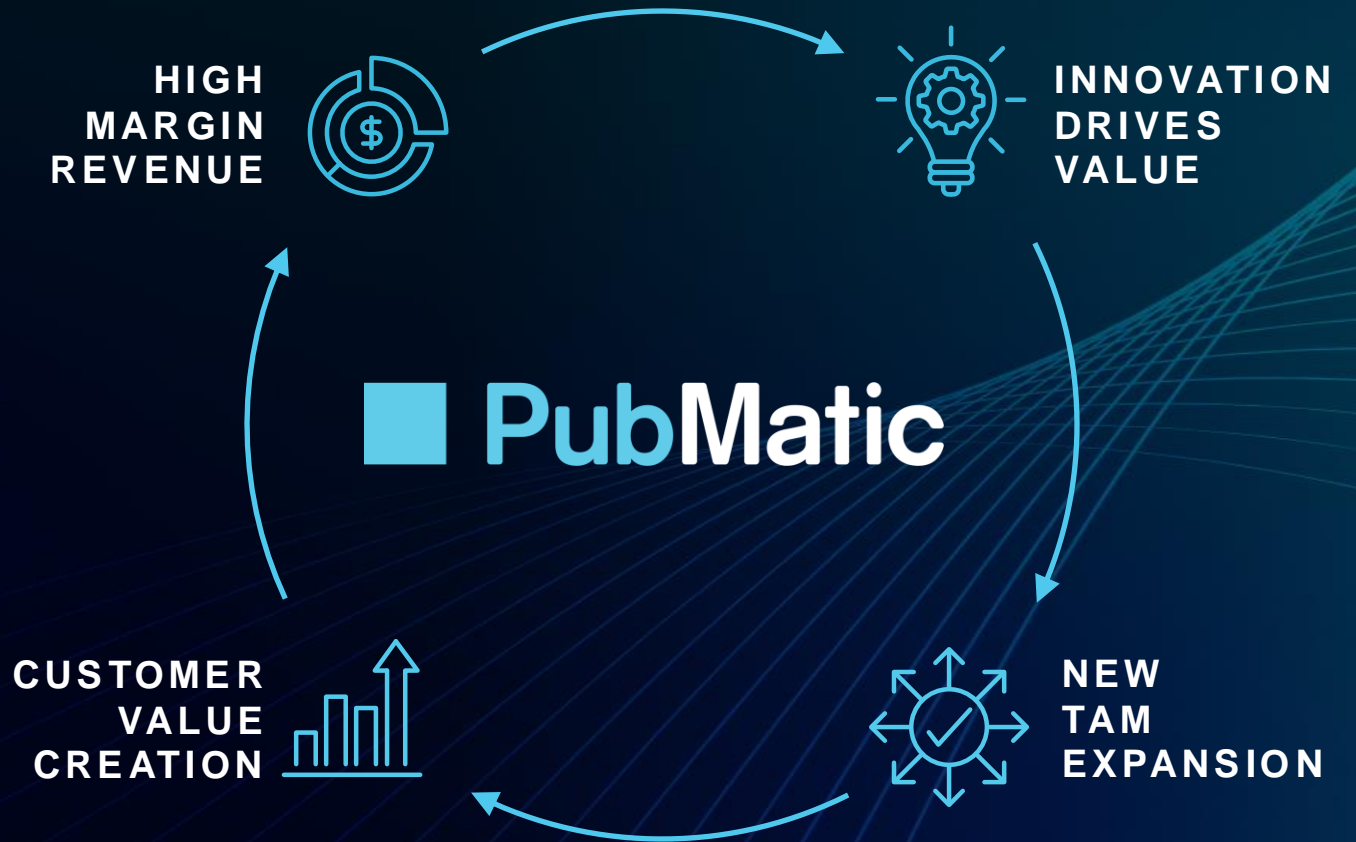
Indian ride-hailing service monetizes onsite inventory and leverages OpenWrap for unified auctions across their app

ACTIVE COMMERCE MEDIA
PIPELINE OF

100+

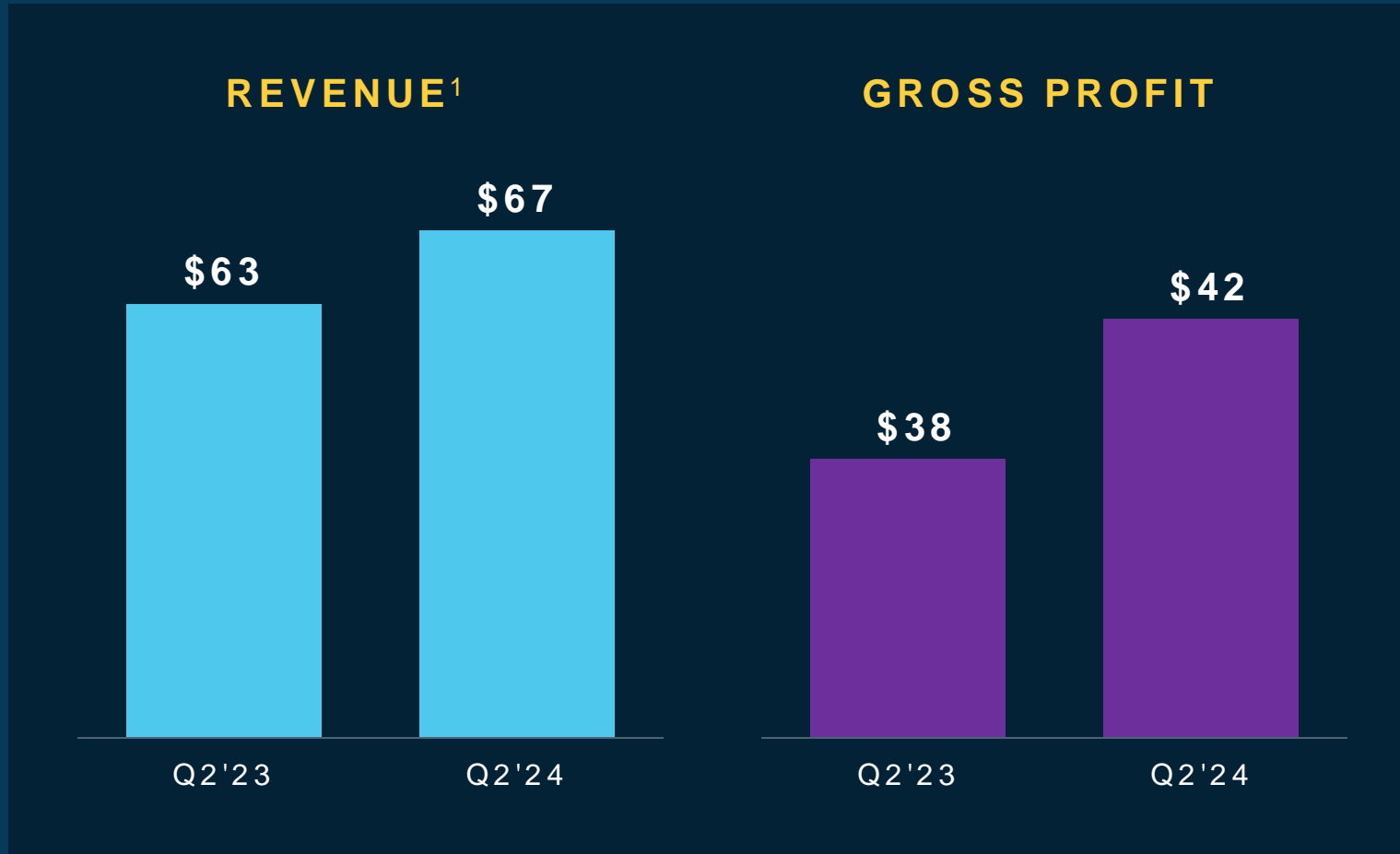
MacBook Pro

We continue to invest and innovate, unlocking new avenues for growth



Financial Highlights

Q2 FINANCIAL HIGHLIGHTS



REVENUE GROWTH YOY¹

6%

GROSS PROFIT GROWTH YOY

10%

GAAP NET INCOME

\$2.0M

3% MARGIN

ADJUSTED EBITDA²

\$21.1M

31% MARGIN

¹ Q2 2024 revenue includes a several million-dollar impact from one DSP buyer on our platform that changed their bidding methodology.

² Adjusted EBITDA and Adjusted EBITDA Margin are non-GAAP financial measures. See reconciliation in Appendix.

Q2 QUARTERLY HIGHLIGHTS



Q2 2024 Revenue Excluding One DSP Buyer¹

~10% YOY



SPO Share of Activity on our Platform in Q2 2024

50%+



Growth in Monetized Impressions YOY

12%



Revenue from Emerging Revenue Streams

~2X YOY



Incremental impression capacity

25% YOY

¹ Excludes a several million-dollar impact from one DSP buyer on our platform that changed their bidding methodology.

OMNICHANNEL PLATFORM FUELS STRONG SECULAR GROWTH



OMNICHANNEL
VIDEO¹ REVENUE
GROWTH YOY IN
Q2 2024

19%



MOBILE REVENUE
GROWTH YOY IN
Q2 2024

12%

TOTAL MOBILE²

20%+

MOBILE APP ONLY

DIMENSIONS OF PLATFORM DIVERSITY

Omnichannel
Revenues

Geographies

20+ Ad Verticals

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

² Total mobile revenue spans across web, app, video and display

EXECUTING ON 2024 OPERATING PRIORITIES



ACCELERATE REVENUE WITH INCREMENTAL INVESTMENT

Buyer-Focused Sellers

Activate, Connect, Convert, OpenWrap

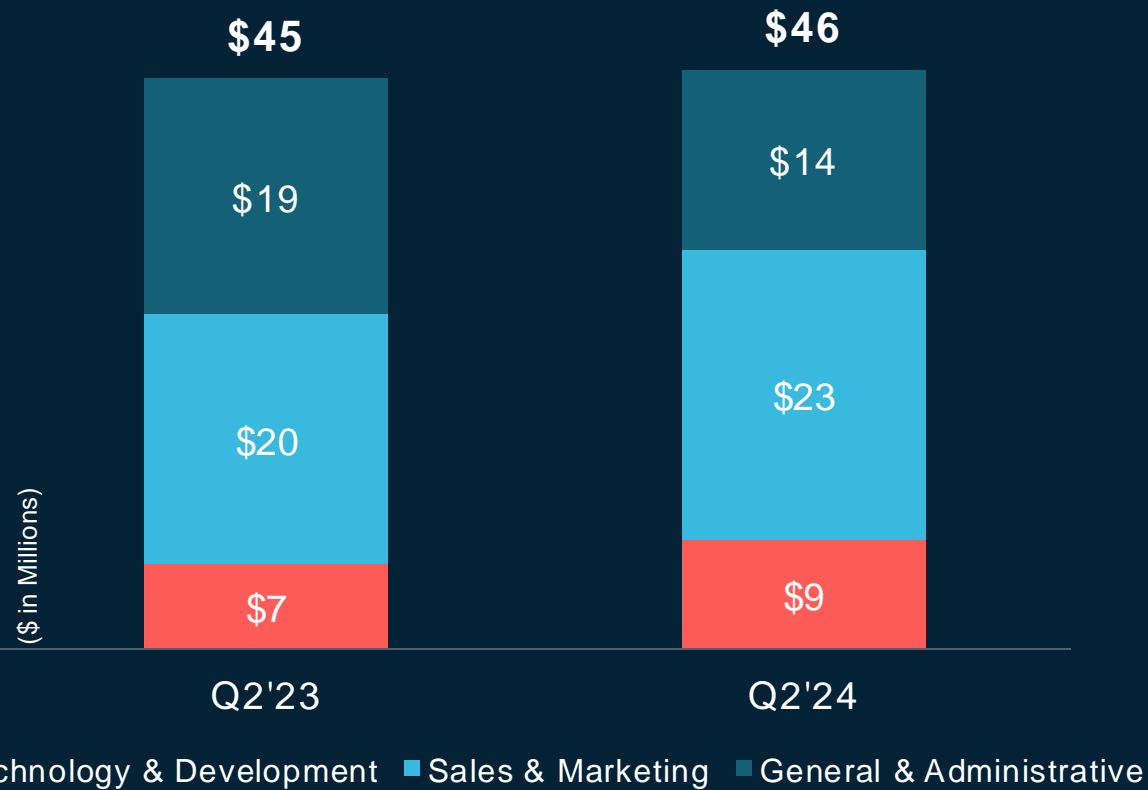


DRIVE CONTINUED COST-EFFICIENCIES

Efficiently Increasing Capacity

AI-Based Optimization

GAAP OPERATING EXPENSES: INVESTING FOR GROWTH



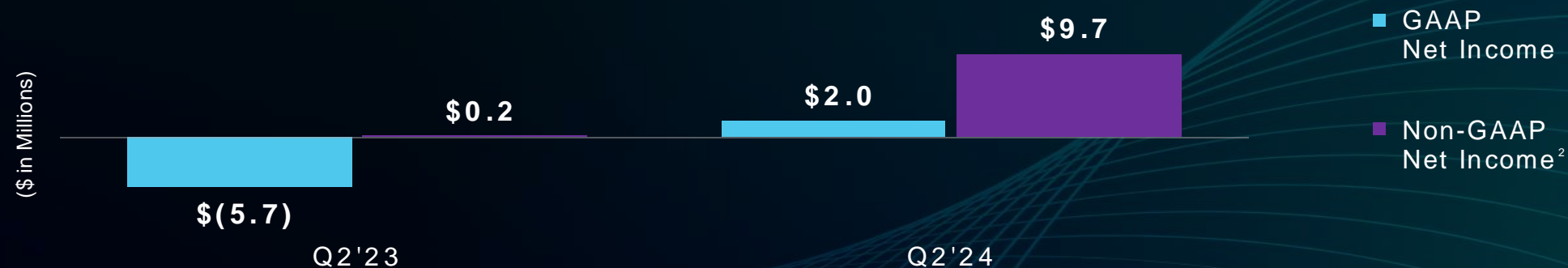
Subtotals for each bar may not add up to total due to rounding.

DRIVERS

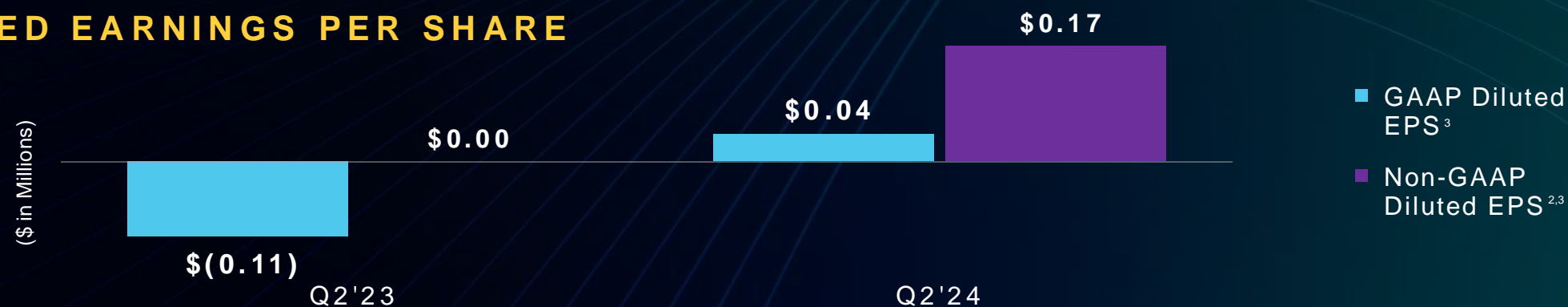
- Q2 2024 includes targeted investments and increased headcount in T&D and S&M
- Q2 2023 includes a \$5.7M expense in G&A related to the bankruptcy of a DSP partner

NET INCOME AND DILUTED EARNINGS PER SHARE

NET INCOME¹



DILUTED EARNINGS PER SHARE



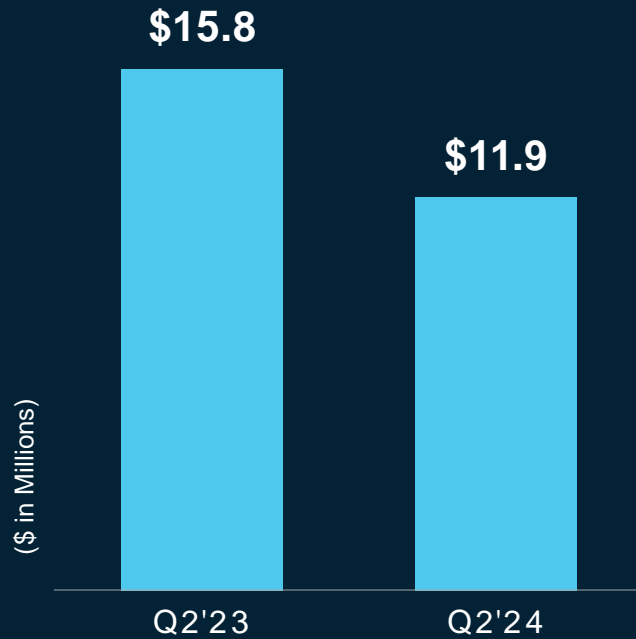
¹ Included in GAAP and Non-GAAP Net Income is other income related to our work to build and test integrations with the Google Privacy Sandbox

² Non-GAAP net income and Non-GAAP diluted EPS are non-GAAP measures. A reconciliation of Non-GAAP net income to net income is provided in the Appendix of this presentation.

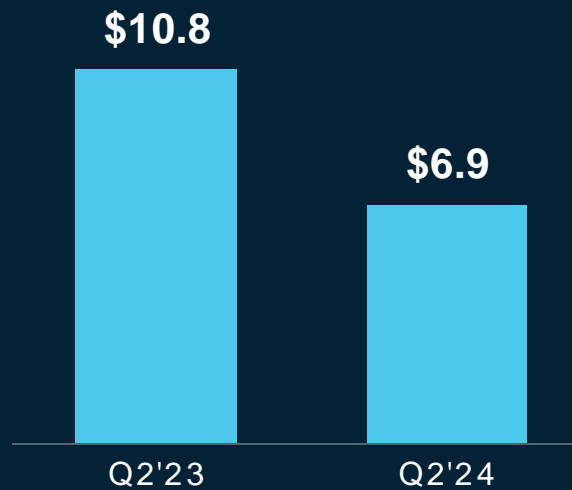
³ EPS = Earnings per share

FOCUS ON CASH FLOW

NET CASH PROVIDED BY OPERATING ACTIVITIES



FREE CASH FLOW¹



\$166M

Q2'24 END CASH AND MARKETABLE SECURITIES

\$100.0M

CASH USED TO REPURCHASE 6.1 MILLION CLASS A COMMON SHARES (Feb. 1, 2023 - July 31, 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 Q3 AND FY GUIDANCE

(\$ in Millions)	Q3 2024		Full Year 2024	
	Low	High	Low	High
Revenue	\$65	\$67	\$288	\$292
Year over Year Growth %	3%	5%	8%	10%
Adjusted EBITDA	\$15	\$17	\$87	\$91
Adjusted EBITDA Margin	23%	25%	30%	31%

Note: Numbers rounded for presentation purposes

FY 2024 we expect:

- 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. Adjusted EBITDA margin is a 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)	Q2'24	Q1'24	Q4'23	Q3'23	Q2'23	Q1'23	Q4'22	Q3'22	Q2'22
Net income (loss)	\$1,971	(\$2,454)	\$18,702	\$1,774	(\$5,724)	(\$5,871)	\$12,781	\$3,326	\$7,819
Add back (deduct):									
Stock-based compensation	9,699	9,111	7,337	7,200	7,266	7,059	5,464	4,655	5,391
Depreciation and amortization	11,336	11,212	11,039	11,401	10,898	11,432	10,662	9,082	7,321
Unrealized (gain) loss on equity investments	-	-	-	-	-	-	-	6,405	915
Interest income	(2,340)	(2,564)	(2,515)	(2,246)	(2,176)	(1,891)	(1,170)	(596)	(325)
Acquisition-related and other expenses ¹	-	-	-	-	-	-	51	867	-
Provision for income taxes	412	(249)	4,343	111	545	(3,375)	4,034	1,398	1,927
Adjusted EBITDA	\$21,078	\$15,056	\$38,906	\$18,240	\$10,809	\$7,354	\$31,822	\$25,137	\$23,048
Revenue	\$67,267	\$66,701	\$84,600	\$63,677	\$63,330	\$55,407	\$74,296	\$64,500	\$63,032
Adjusted EBITDA Margin	31%	23%	46%	29%	17%	13%	43%	39%	37%

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)	Q2'24	Q1'24	Q4'23	Q3'23	Q2'23	Q1'23	Q4'22	Q3'22	Q2'22
Net income (loss)	\$1,971	(\$2,454)	\$18,702	\$1,774	(\$5,724)	(\$5,871)	\$12,781	\$3,326	\$7,819
Unrealized (gain) loss on equity investments	-	-	-	-	-	-	-	6,405	915
Stock based compensation	9,699	9,111	7,337	7,200	7,266	7,059	5,464	4,655	5,391
Acquisition-related and other expenses ¹	-	-	-	-	-	-	51	867	-
Adjustment for income taxes	(1,999)	(1,886)	(1,590)	(1,397)	(1,390)	(1,318)	(352)	(3,032)	(1,093)
Non-GAAP net income (loss)	\$9,671	\$4,771	\$24,449	\$7,577	\$152	(\$130)	\$17,944	\$12,221	\$13,032
Revenue	\$67,267	\$66,701	\$84,600	\$63,677	\$63,330	\$55,407	\$74,296	\$64,500	\$63,032
Non-GAAP net income margin	14%	7%	29%	12%	0%	0%	24%	19%	21%
Non-GAAP weighted average shares outstanding – diluted	55,577	55,006	54,940	55,979	56,259	52,740	56,944	56,944	56,847
Non-GAAP diluted EPS	\$0.17	\$0.09	\$0.45	\$0.14	\$0.00	(\$0.00)	\$0.32	\$0.21	\$0.23

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.

FREE CASH FLOW RECONCILIATION

(\$ in Millions)

Three Months Ended June 30,

	2024	2023	2022
Net Cash provided by Operating Activities	\$11.9	\$15.8	\$20.5
Deduct:			
Purchases of Property and Equipment	(0.7)	(1.1)	(12.2)
Capitalized Software Development Costs	(4.3)	(3.9)	(2.5)
Free Cash Flow	\$6.9	\$10.8	\$5.7
Revenue	\$67.3	\$63.3	\$63.0
Free Cash Flow Margin	10%	17%	9%

Note: Numbers rounded for presentation purposes