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Q1 2021 Earnings Presentation

TOKYO MILAN NEW DELHI LOS ANGELES
FUELING ADVERTISING INNOVATION

May 13, 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.

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In addition to financial information presented in accordance with 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

Q1 2021 FINANCIAL HIGHLIGHTS

REVENUE

\$43.6M

+54% YOY

NET INCOME

\$4.9M

+444% YOY

ADJUSTED EBITDA¹

\$14.5M

+183% YOY

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

COMPETITIVE ADVANTAGE FROM OUR CLOUD INFRASTRUCTURE FOR DIGITAL ADVERTISING



**Drive superior
outcomes for
customers**



**Speed of
Innovation**



**Leading
marketplace
efficiency**

PUBMATIC'S GROWTH DRIVERS



Economic Re-Opening Driving Omnichannel Digital Ad Spend Growth



Programmatic Evolution of CTV / OTT

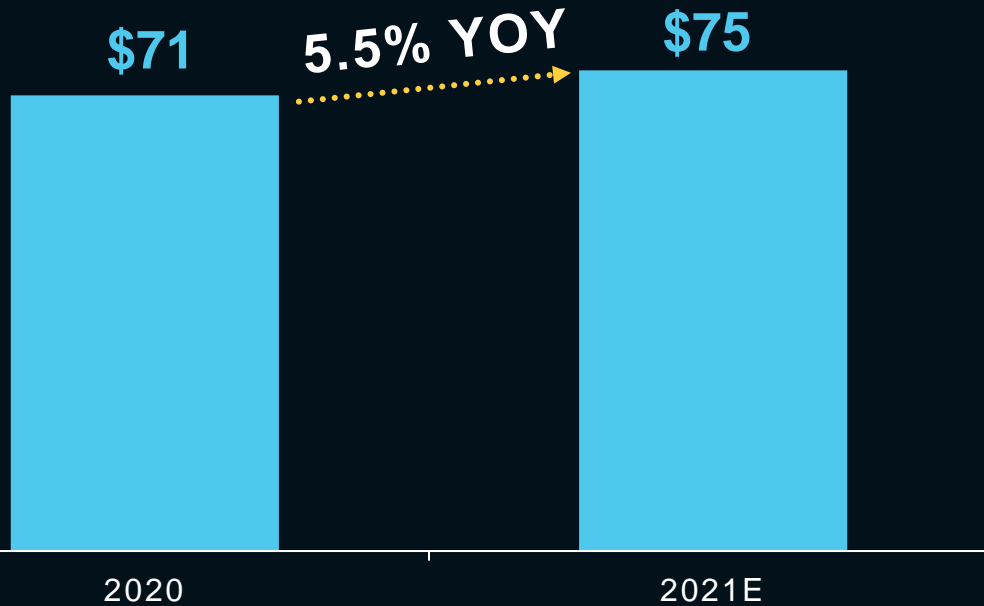


Continued Buy-Side Spend Consolidation

GLOBAL RE-OPENING CREATES SIGNIFICANT TAILWINDS FOR DIGITAL AD SPEND

GLOBAL GDP,
EXCLUDING CHINA¹

(\$ in Trillions)



EXPECTED YOY GLOBAL DIGITAL
ADVERTISING SPEND GROWTH²

20%

EXPECTED YOY GLOBAL MOBILE
ADVERTISING SPEND GROWTH²

23%

MOBILE SHARE OF
PUBMATIC'S BUSINESS³

50%+

¹ Source: Oppenheimer

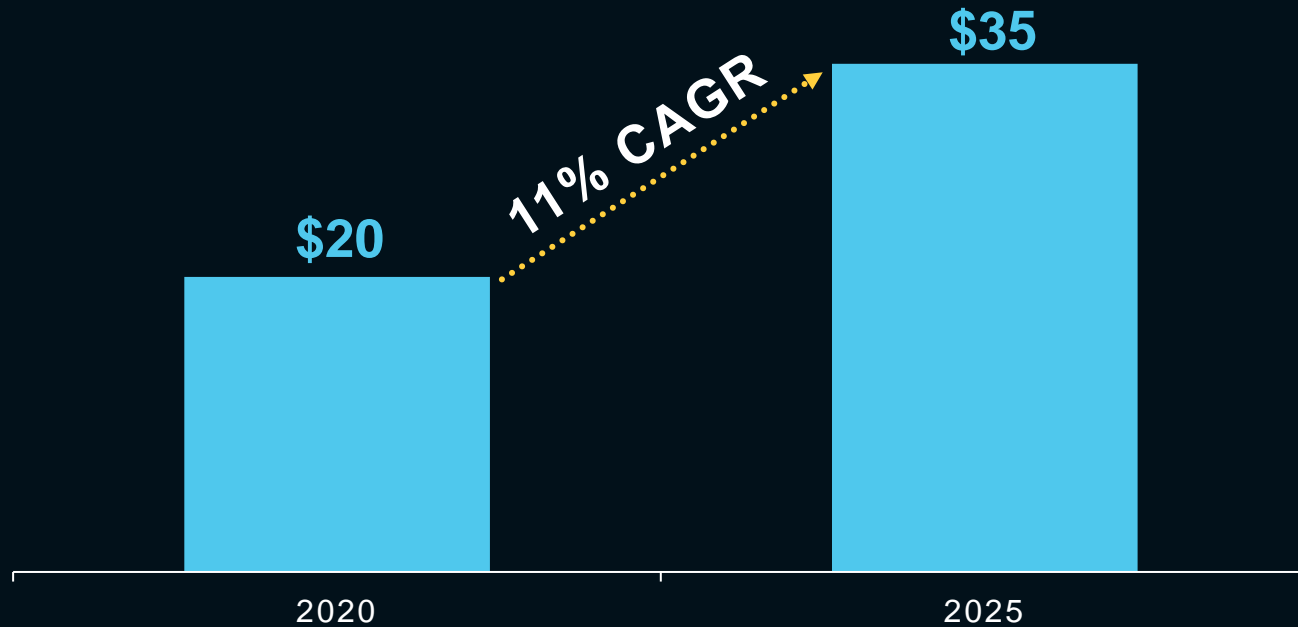
² Source: eMarketer

³ As of March 31, 2021

SIGNIFICANT OPPORTUNITY TO DELIVER PREMIUM CTV / OTT INVENTORY AT SCALE

ESTIMATED GLOBAL CTV/OTT PROGRAMMATIC AD SPEND FORECAST¹

(\$ in Billions)



SEQUENTIAL CTV/OTT REVENUE GROWTH IN Q1'21 VS Q4'20

55%

GLOBAL CTV/OTT PUBLISHERS²

80+

¹ Source: Magna Global report commissioned by PubMatic. Note: All figures are excluding search, email, and online classifieds.

² As of March 31, 2021.

BUYERS CONTINUE TO CONSOLIDATE SPEND ON PUBMATIC



**TRANSPARENT
BUSINESS MODEL**



**OMNICHANNEL
REAL TIME BIDDING**



**INVENTORY
QUALITY**



EFFICIENCY

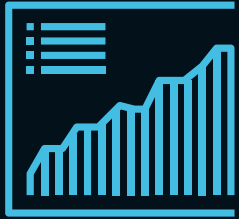
RECENT SUPPLY PATH OPTIMIZATION DEALS

group*m*

 **havas
media**


**PUBLICIS
GROUPE**

DRIVING CHANGE IN AUDIENCE ADDRESSABILITY



**1st Party
Data**



**Known
Identity**

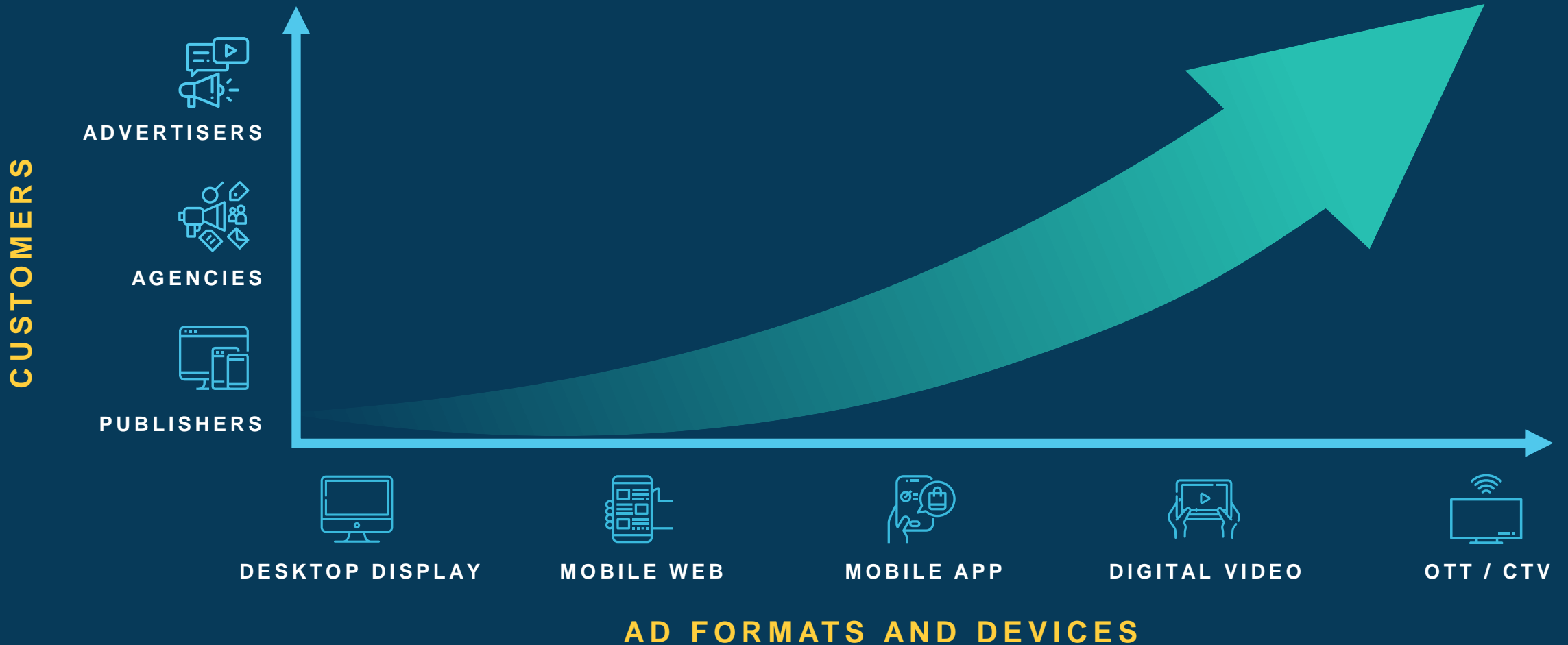


**Contextual
Targeting**



**FLoC &
Sandbox
Solutions**

MULTIPLE GROWTH DRIVERS INCREASE UTILIZATION OF OUR CLOUD INFRASTRUCTURE

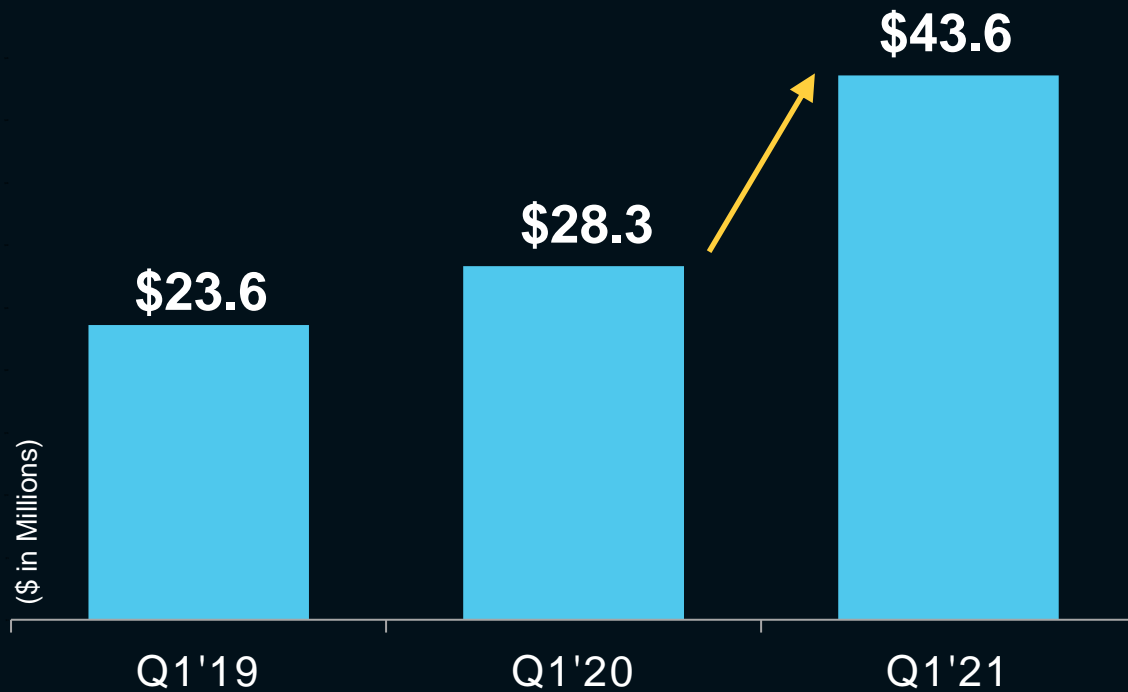


Note: Chart does not depict underlying data, but is intended to illustrate the Company's beliefs regarding the extension of its infrastructure to additional ad formats and customer types as a driver of its addressable market and growth.

Financial Results

Q1 2021 FINANCIAL HIGHLIGHTS

REVENUE



YOY REVENUE GROWTH

54%

YOY NET INCOME GROWTH

444%

YOY ADJUSTED EBITDA GROWTH¹

183%

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 Q1 2021



YOY MOBILE &
OMNICHANNEL VIDEO
REVENUE GROWTH

83%



SEQUENTIAL CTV
REVENUE GROWTH¹

55%

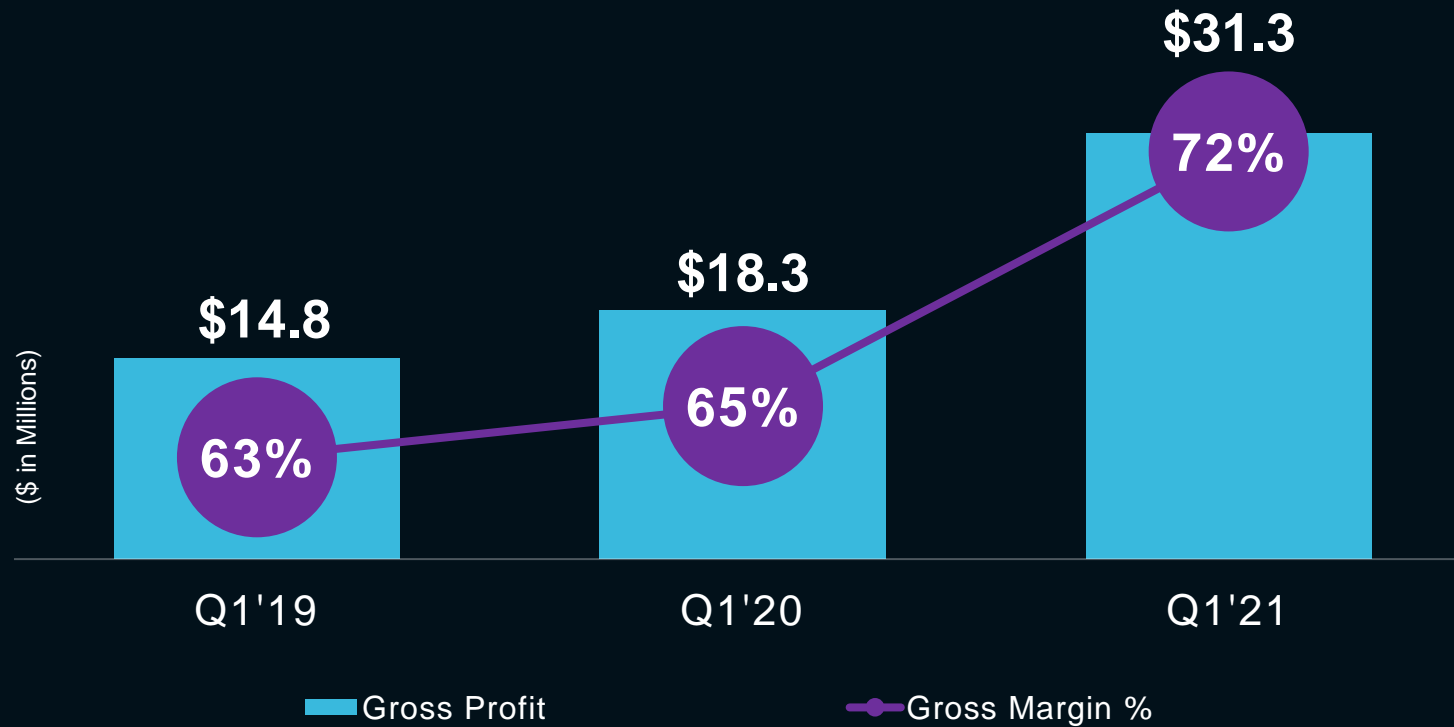


YOY DESKTOP
REVENUE GROWTH

26%

¹ Q1 2021 vs. Q4 2020

ROBUST GROSS PROFITS

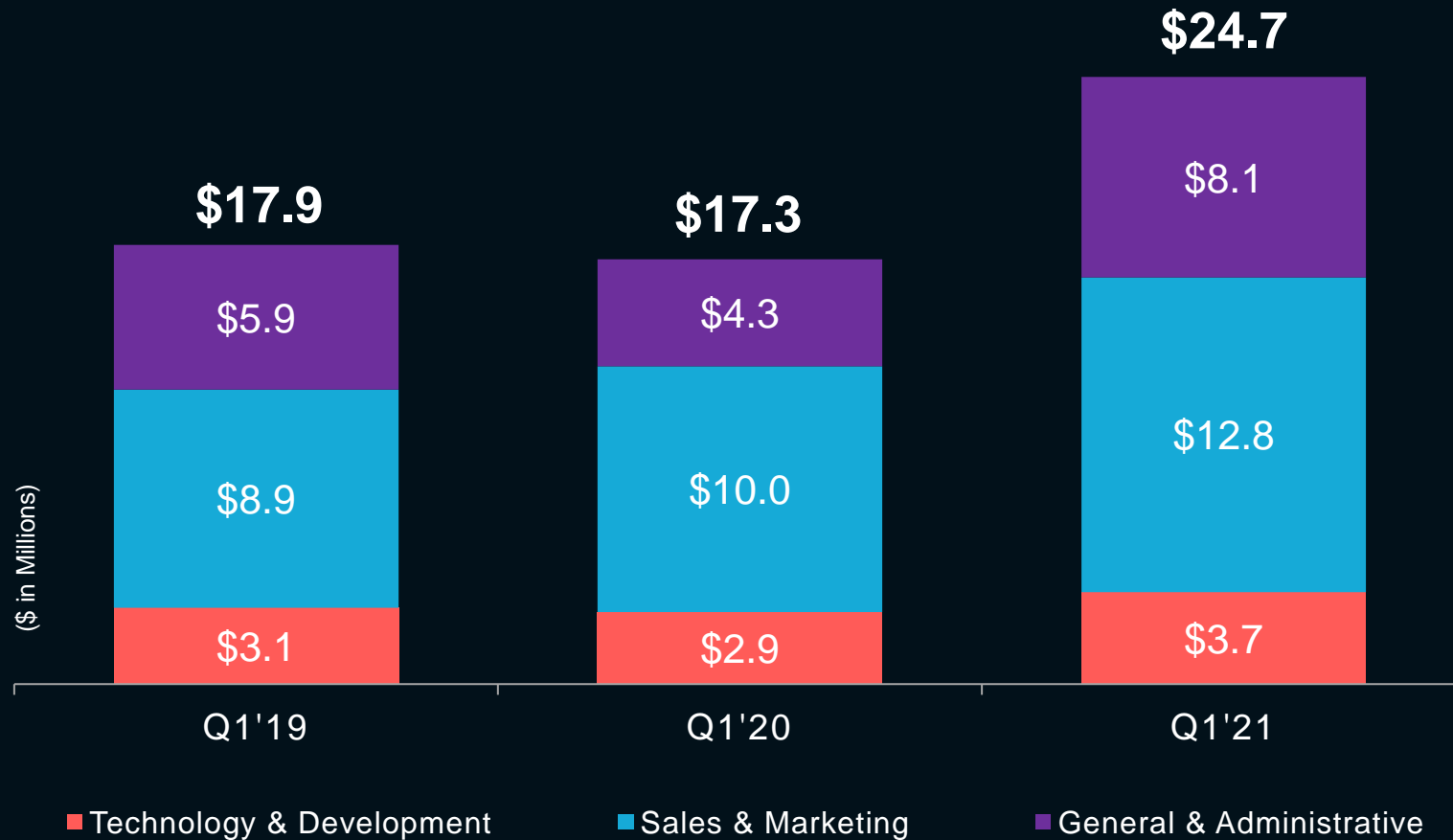


DRIVERS

High marginal profitability from structural leverage:

- Reduced cost of processing impressions
- Increased infrastructure utilization

OPERATING EXPENSES: INVESTING FOR GROWTH

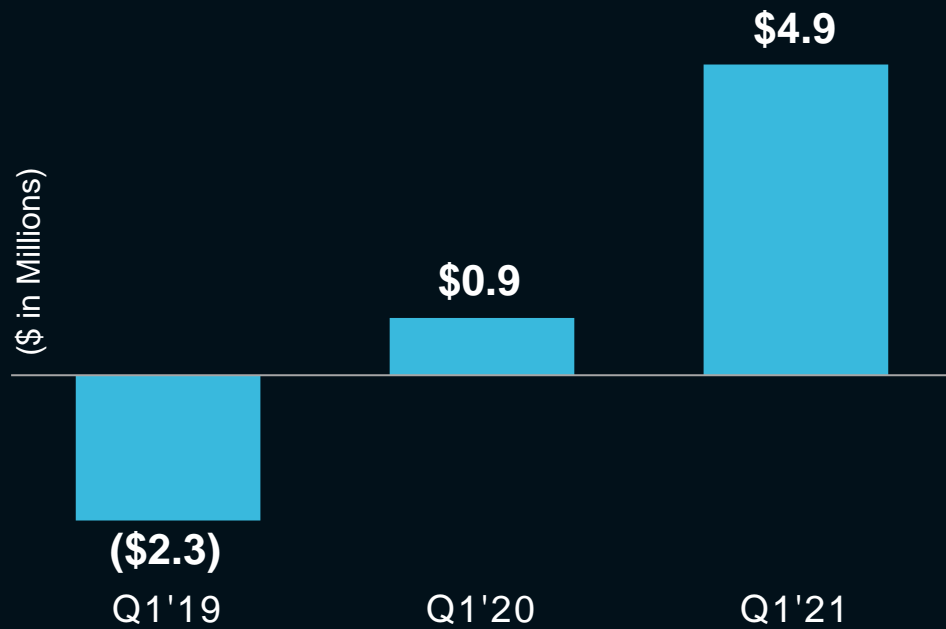


DRIVERS

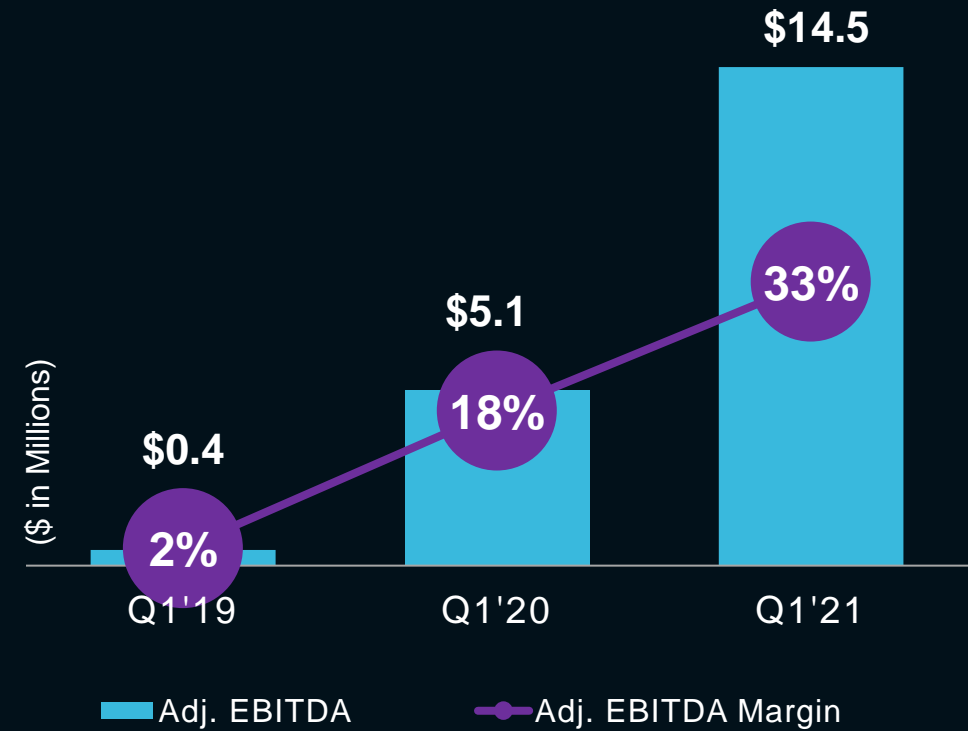
- Increased headcount for growth
- Incremental public company expenses and stock-based compensation in Q1'21

INCREASING PROFITABILITY

NET INCOME



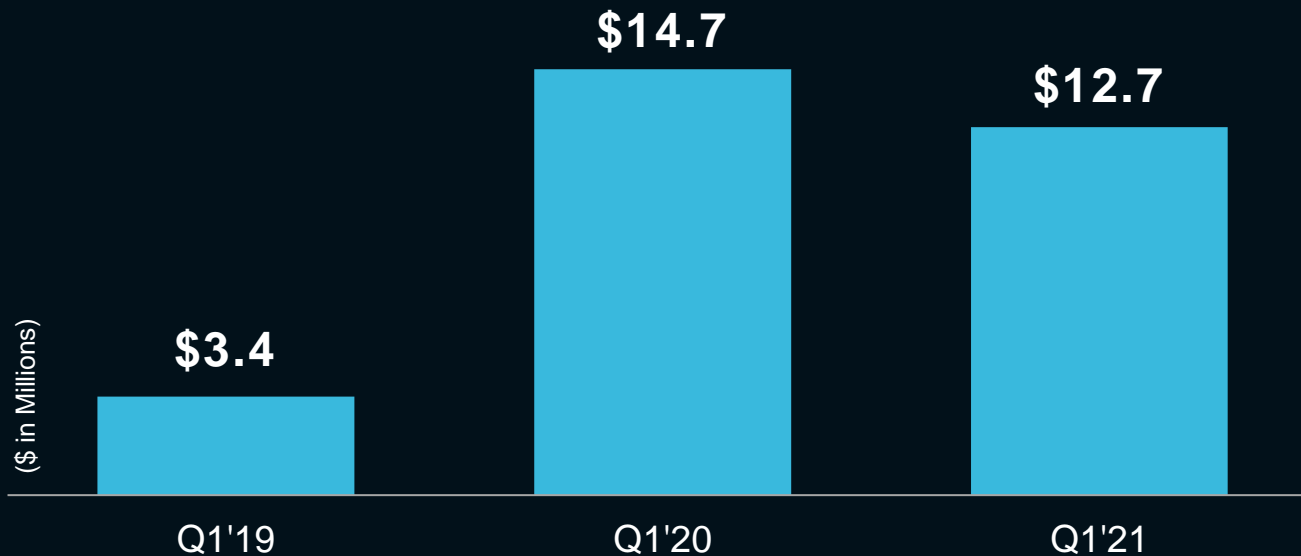
Adj. EBITDA¹



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

Appendix

NON-GAAP RECONCILIATION – ADJUSTED EBITDA

(\$ in Millions)	Three Months Ended March 31,	
	2020	2021
Net Income	\$0.9	\$4.9
Add back (deduct):		
Stock-Based Compensation	\$0.5	\$3.2
Depreciation and Amortization	\$3.6	\$4.6
Interest Income	(\$0.3)	(\$0.1)
Provision for Income Taxes	\$0.4	\$1.9
Adjusted EBITDA	\$5.1	\$14.5
Revenue	\$28.3	\$43.6
Adjusted EBITDA Margin	18%	33%