

■ PubMatic

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■ Q1 2022 Earnings Presentation

TOKYO MILAN NEW DELHI LOS ANGELES
FUELING ADVERTISING INNOVATION

May 9, 2022

SAFE HARBOR

This presentation contains forward-looking statements. These statements may relate to, but are not limited to, expectations of Q2 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-in, opt-out or 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, 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 May 9, 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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MISSION

PubMatic Fuels the Endless Potential of Internet Content Creators

Q1 2022 FINANCIAL HIGHLIGHTS

REVENUE

\$54.6M

+25% YOY

GAAP NET
INCOME

\$4.8M

9% MARGIN

ADJUSTED
EBITDA¹

\$17.0M

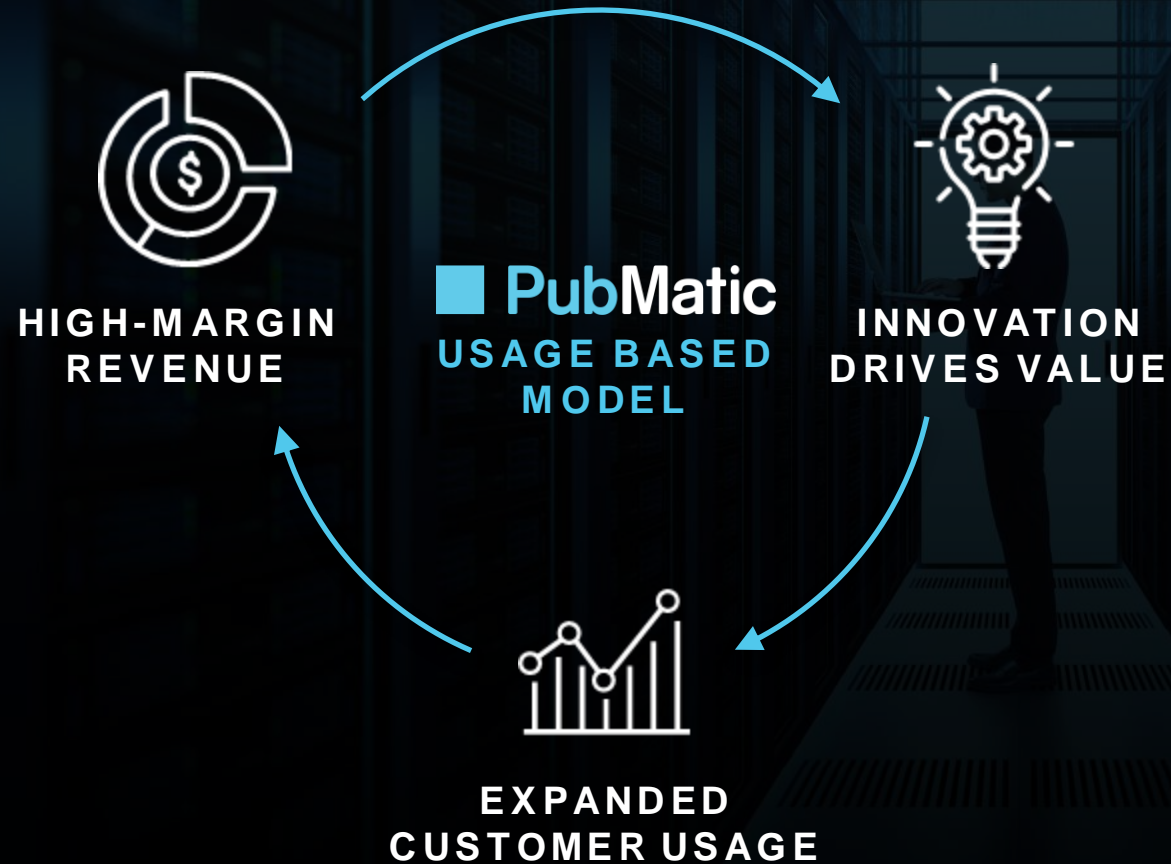
31% MARGIN

CASH FLOW FROM
OPERATIONS

\$19.3M

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

PUBMATIC FLYWHEEL DRIVES CONSISTENT PERFORMANCE



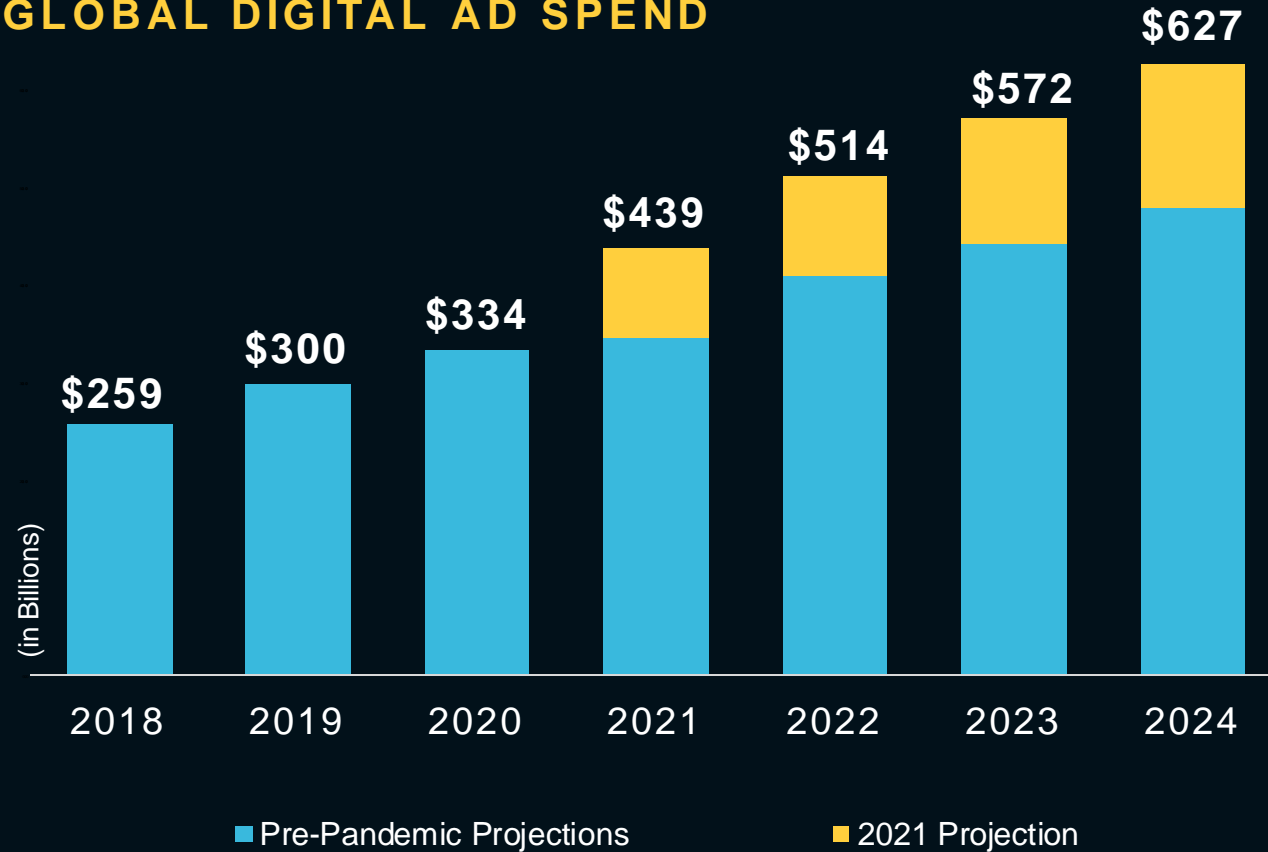
Benefits of Owned Infrastructure

**CONTROL & OPTIMIZE
ENTIRE TECHNOLOGY
STACK**

**GAIN LEVERAGE FROM
INCREASED
PLATFORM USAGE**

LONG RUNWAY OF GROWTH ANTICIPATED AS ADDRESSABLE MARKET EXPANDS

GLOBAL DIGITAL AD SPEND



Source: MAGNA Global, 2019 vs 2021

THE SUPPLY CHAIN OF THE FUTURE MAXIMIZES VALUE ACROSS THE ECOSYSTEM



Buy-Side Spend Consolidation



Omnichannel Technology



Audience Addressability

EXPANDING USAGE VIA SUPPLY PATH OPTIMIZATION UNDERSCORES INCREASED VALUE FOR BUYERS



**Robust Audience
Targeting**



**Direct Technology
Integrations & Workflows**



**Premium Omnichannel
Ad Inventory**

**PARTNERING WITH BUYERS TO BUILD
MORE TRANSPARENT & EFFICIENT
BUYING ACROSS OPEN INTERNET**

**Q1 2022 SPO SHARE OF
TOTAL AD SPEND**

OVER 27%

group^m

Premium Marketplace

DRIVING OMNICHANNEL EXPANSION FROM FASTEST GROWING FORMATS



CTV / OTT



Online Video



Mobile App & Web

SCALING A TRANSPARENT,
PROGRAMMATIC
MARKETPLACE FOR CTV/OTT

CTV YOY REVENUE GROWTH
IN Q1 2022

OVER 5X

AUDIENCE ADDRESSABILITY INNOVATION DRIVES EXPANSION OF PLATFORM USAGE



1st Party Data



Known Identity



Contextual Targeting

INVESTMENTS IN ADDRESSABILITY UNLOCKING RETAIL MEDIA OPPORTUNITY

ESTIMATED GLOBAL RETAIL MEDIA AD SPEND IN 2024

\$140 BILLION +



Source Zenith, 2021

REINVESTING PROFIT TO FUEL LONG-TERM INNOVATION AND MARKET SHARE GAINS



**Specialized cloud
infrastructure for
digital advertising**

Investing for the Future

SUPPLY PATH OPTIMIZATION

AUDIENCE ADDRESSABILITY

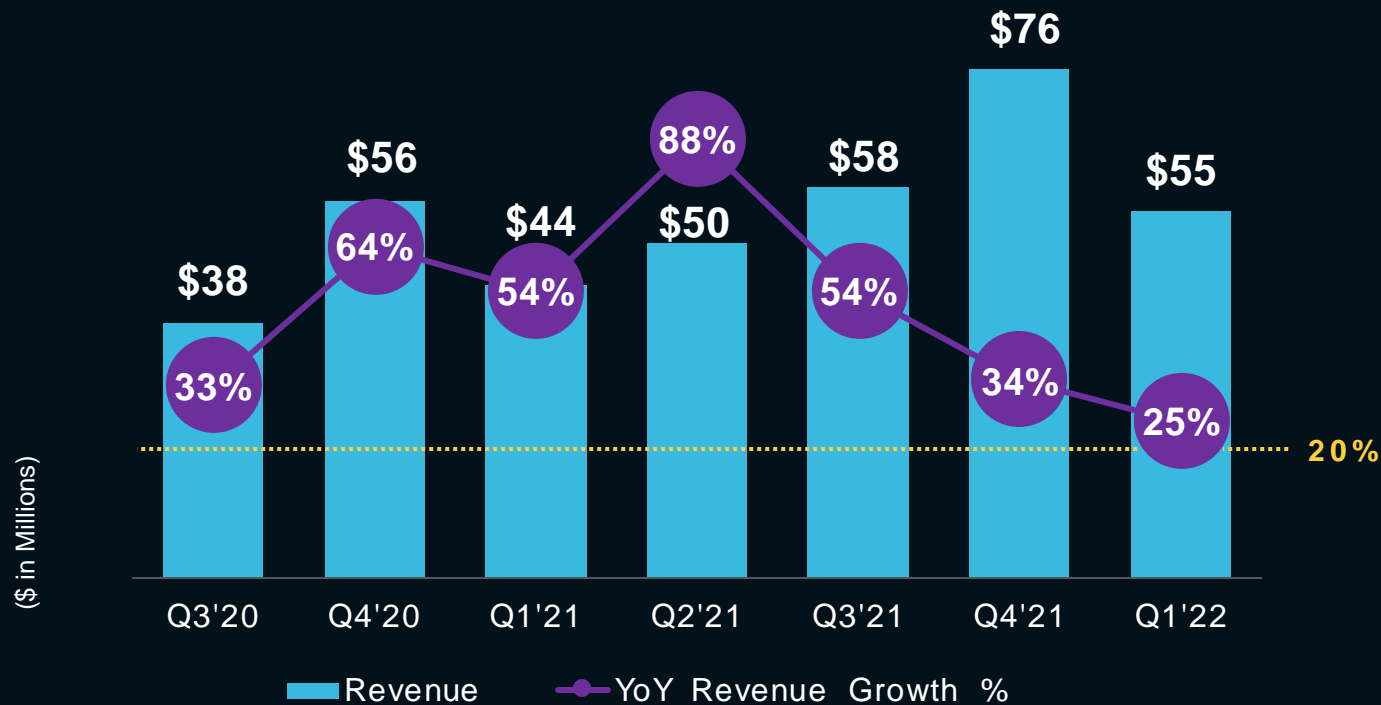
**HIGH-GROWTH FORMATS
(CTV, ONLINE VIDEO, MOBILE)**

OWNED & OPERATED INFRASTRUCTURE

Financial Results

STRONG TRACK RECORD OF DURABLE GROWTH AND PROFITS

REVENUE



7th

CONSECUTIVE QUARTER OF
20%+ REVENUE GROWTH

12th

CONSECUTIVE QUARTER OF
POSITIVE GAAP NET INCOME

24th

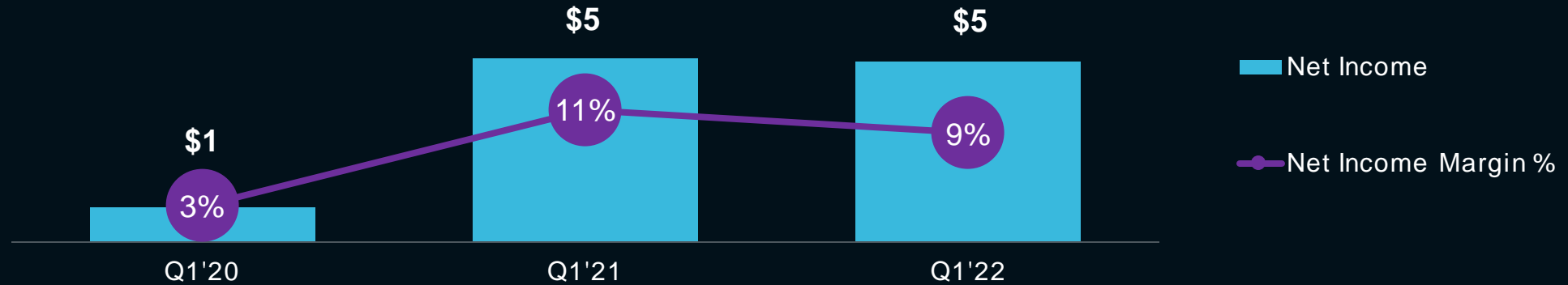
CONSECUTIVE QUARTER OF
POSITIVE ADJ. EBITDA¹

¹ Adjusted EBITDA is a non-GAAP financial measure. See reconciliation in Appendix.

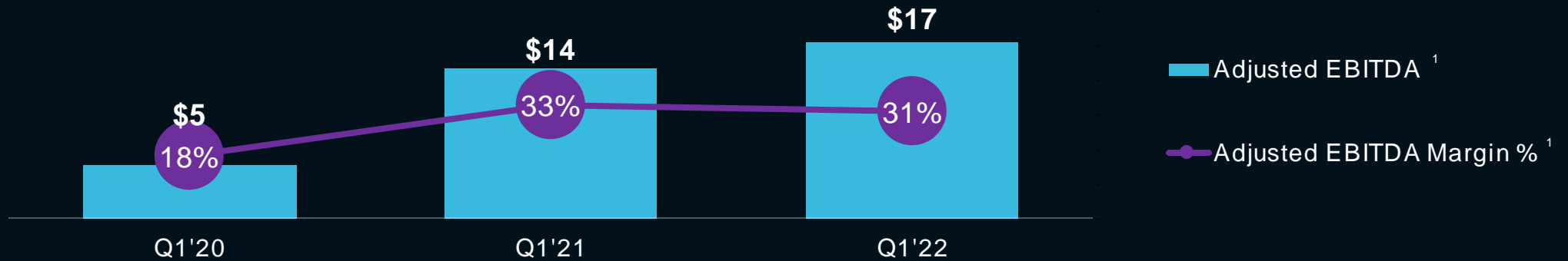
Note: Numbers rounded for presentation purposes

PROFITABILITY FUELS INVESTMENT FOR LONG TERM GROWTH

GAAP NET INCOME



Adj. EBITDA¹



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

Note: Numbers rounded for presentation purposes.

FINANCIAL GROWTH DRIVERS

1 | Scaled Global Business

2 | Usage-Based Business Model

3 | Structural Advantages

4 | Highly Efficient, Proven Business Model

5 | Consistently Generated Cash Flow

STRONG, DIVERSIFIED ADVERTISER SPEND GROWTH IN Q1 2022



ADVERTISERS PLACING
ADS ON OUR PLATFORM

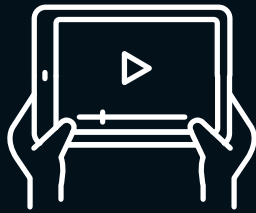
60,000+



YOY AD SPEND GROWTH
OF TOP 10 AD VERTICALS

40%+

STRONG REVENUE GROWTH ACROSS CHANNELS IN Q1 2022



YOY MOBILE &
OMNICHANNEL VIDEO¹
REVENUE GROWTH

41%



YOY CTV REVENUE
GROWTH

5X +

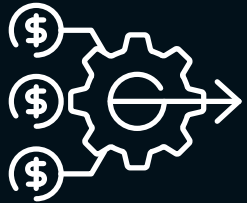


YOY DESKTOP
REVENUE GROWTH

15%

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

GROWING REVENUE VISIBILITY AND PREDICTABILITY

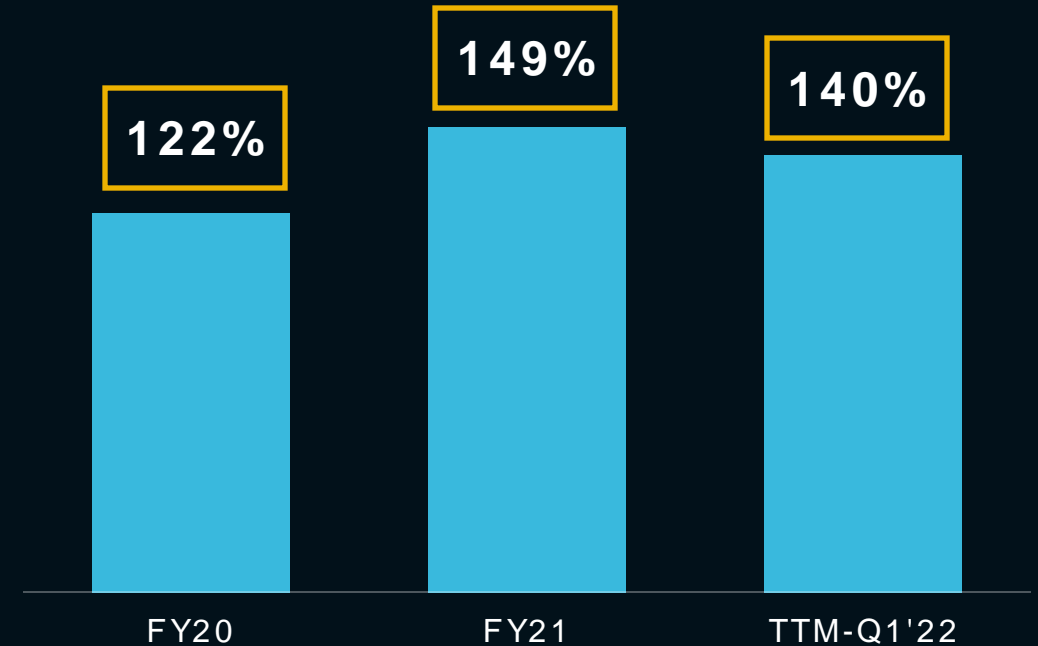


**Expanded Usage
from Buyers Via
Supply Path
Optimization**



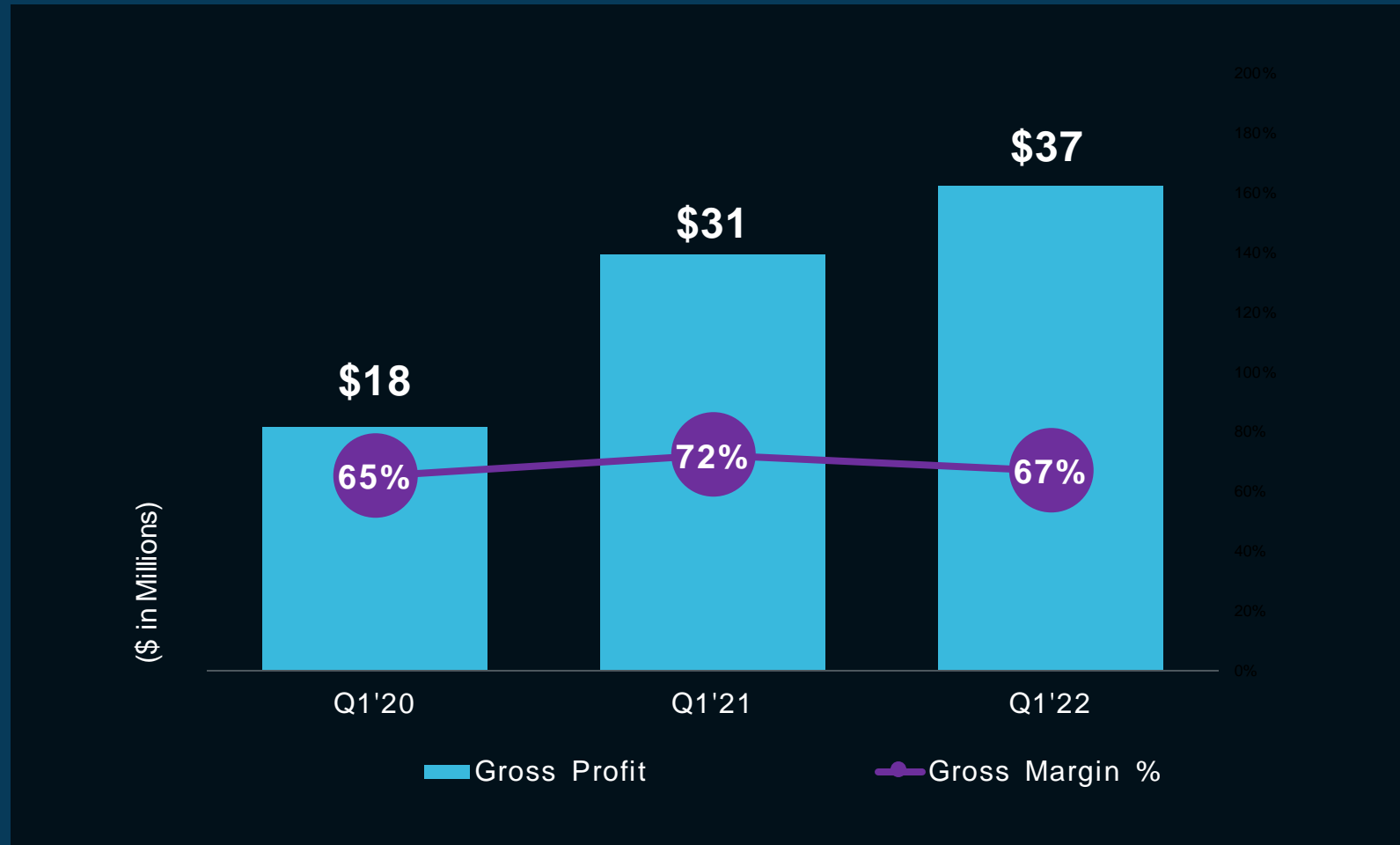
**Expanded Usage
from Publishers
Via Land & Expand
Strategy**

NET DOLLAR-BASED RETENTION¹



¹ Net dollar-based retention is calculated by starting with the revenue from publishers in the trailing twelve months ended December 31, 2020 ("Prior Period Revenue"). We then calculate the revenue from these same publishers in the trailing twelve months ended December 31, 2021 ("Current Period Revenue") (including any upsells and net of contraction or attrition, but excluding revenue from new publishers). Our net dollar-based retention rate equals the Current Period Revenue divided by Prior Period Revenue.

ROBUST GROSS MARGINS



Note: Numbers rounded for presentation purposes

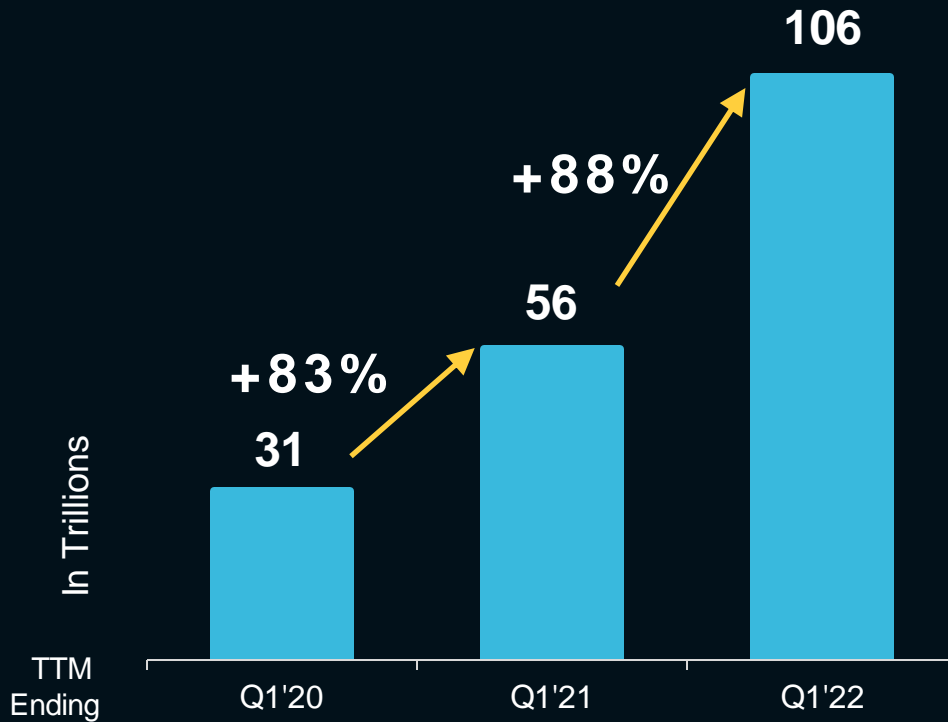
DRIVERS

High marginal profitability from structural leverage:

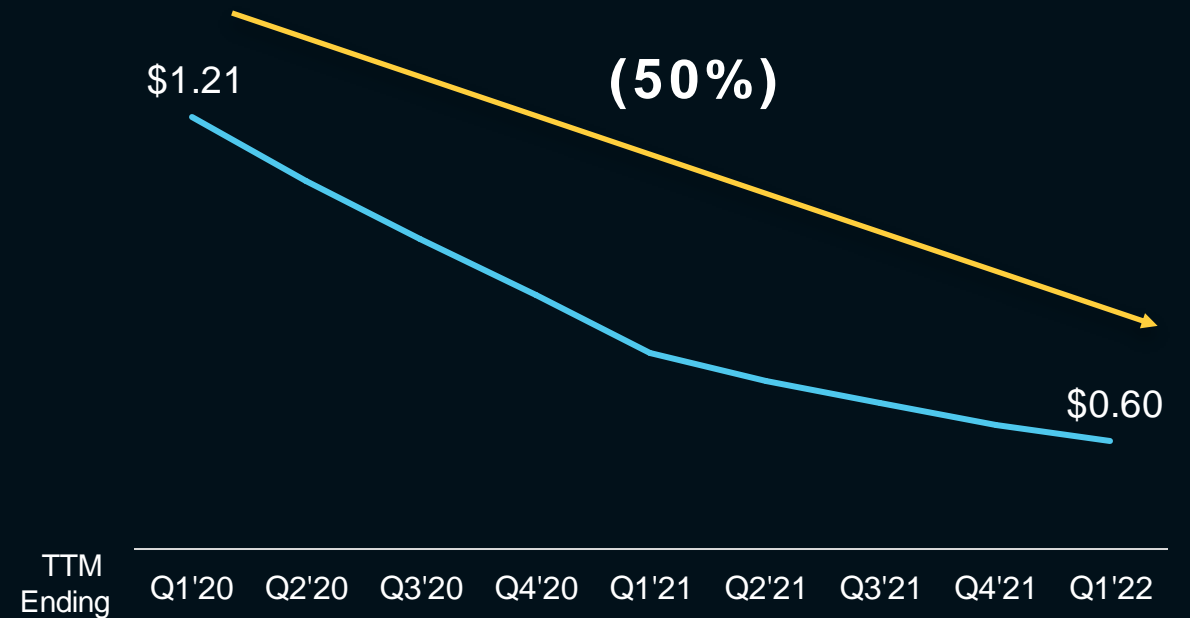
- Increased investments in capacity for future growth
- Scale efficiencies from continued reduction in cost of revenue per million impressions processed
- High infrastructure utilization

OWNED & OPTIMIZED INFRASTRUCTURE DRIVING DOWN UNIT COSTS WHILE IMPROVING CUSTOMER OUTCOMES

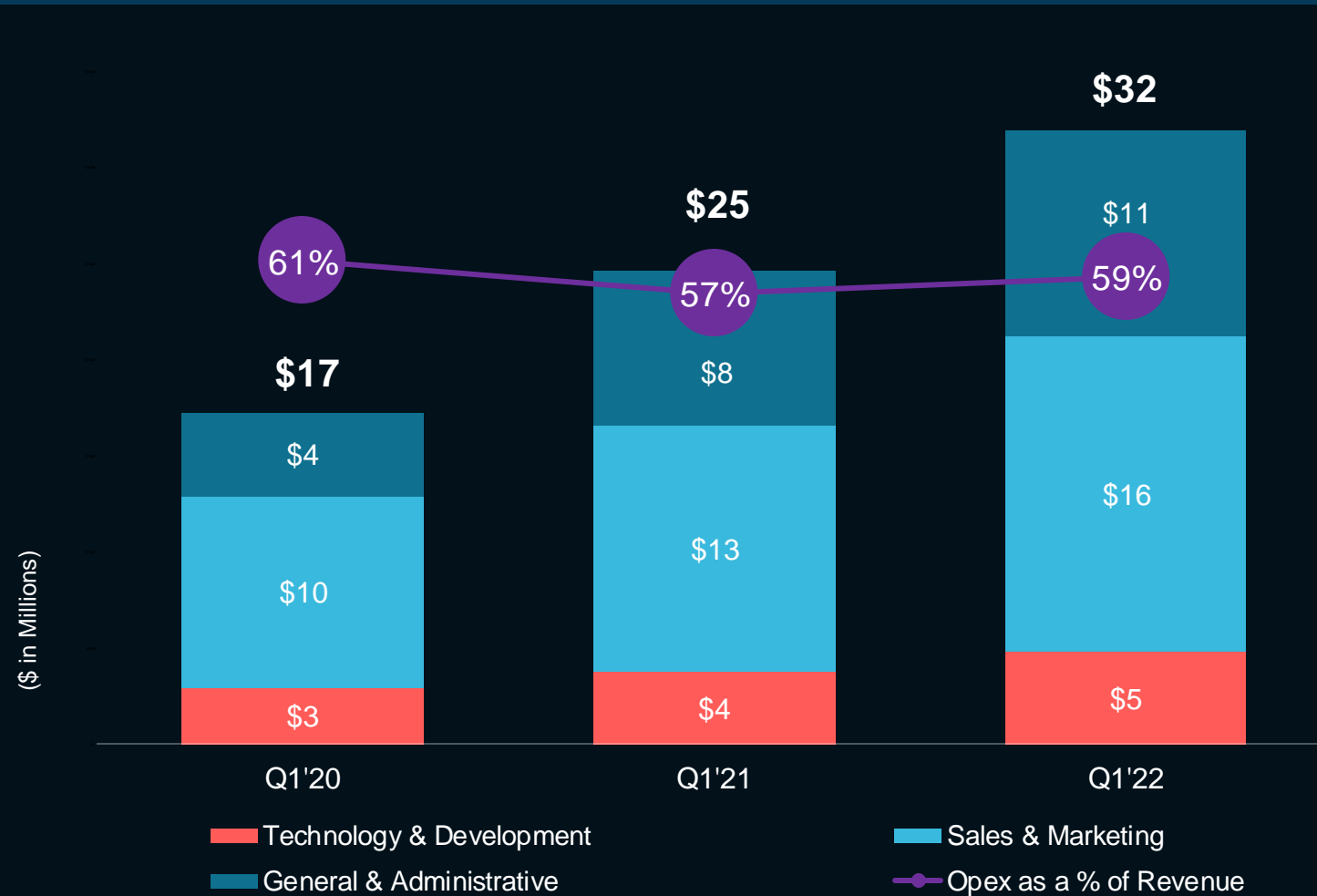
AD IMPRESSIONS (TRAILING TWELVE MONTHS)



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



OPERATING EXPENSES: INVESTING FOR GROWTH



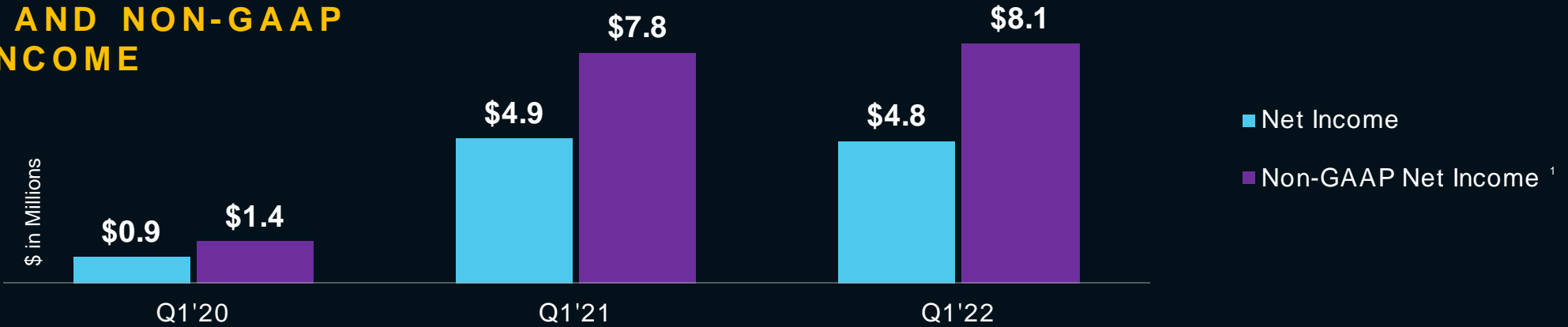
DRIVERS

- Increased headcount by 25% with focus on technical and go-to-market teams
- Q1'22 includes incremental stock-based compensation and return to office
- Scale efficiencies

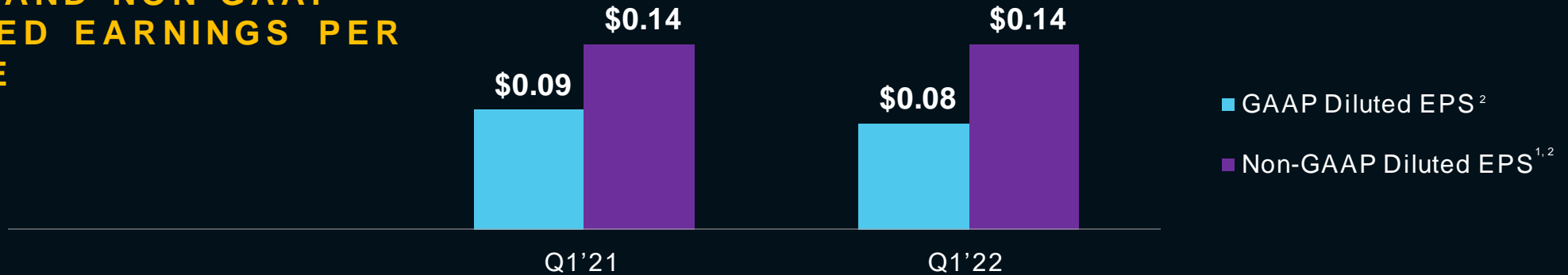
Subtotals for each bar may not add up to total due to rounding.

GAAP AND NON-GAAP DILUTED EARNINGS PER SHARE

GAAP AND NON-GAAP NET INCOME



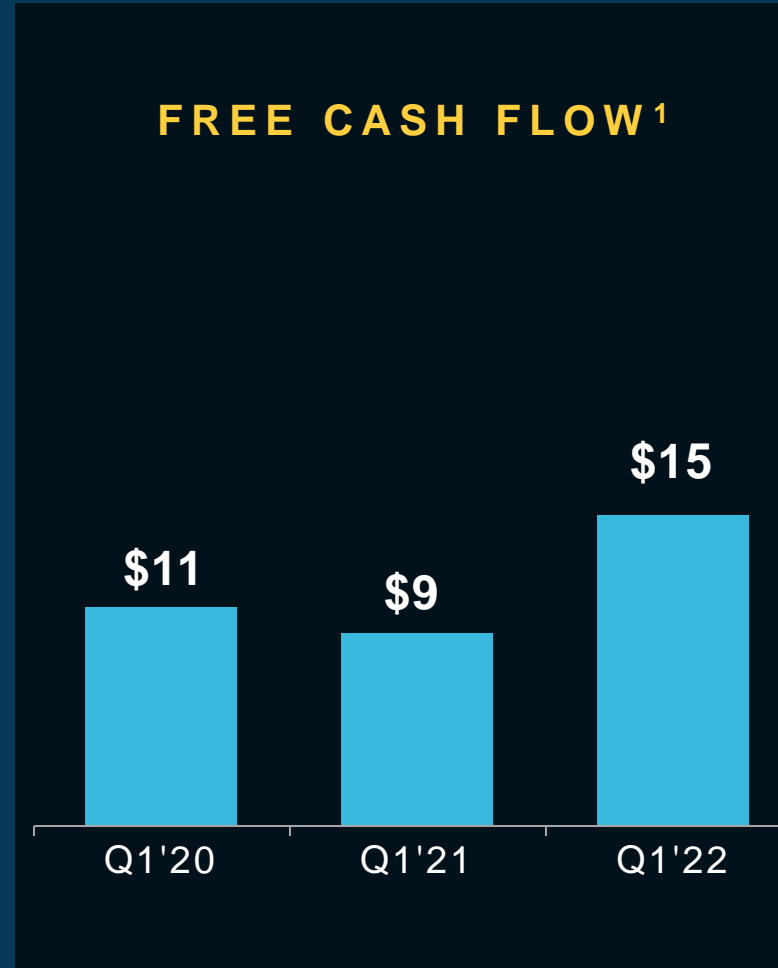
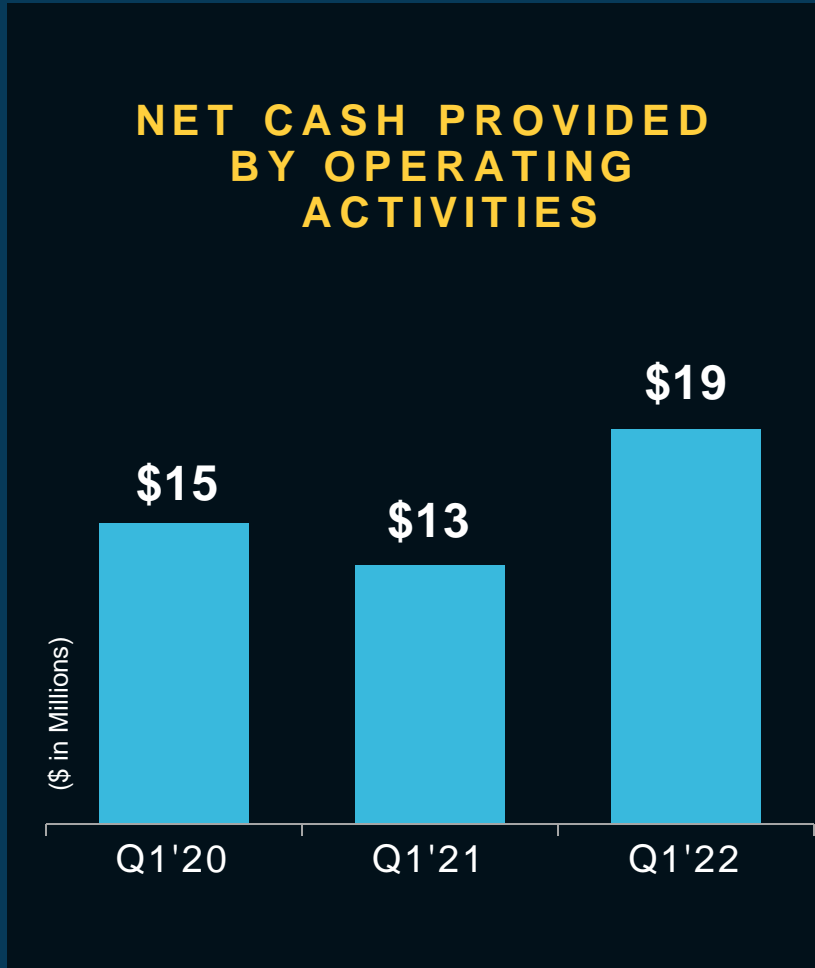
GAAP AND NON-GAAP DILUTED EARNINGS PER SHARE



¹Non-GAAP net income and Non-GAAP diluted EPS are non-GAAP measures. A reconciliation of Non-GAAP net income to net income is provided on slide 24.

²EPS = Earnings per share

DELIVERING CASH FLOW



- ### 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

¹ See calculation in Appendix.

Note: Numbers rounded for presentation purposes

2022 GUIDANCE

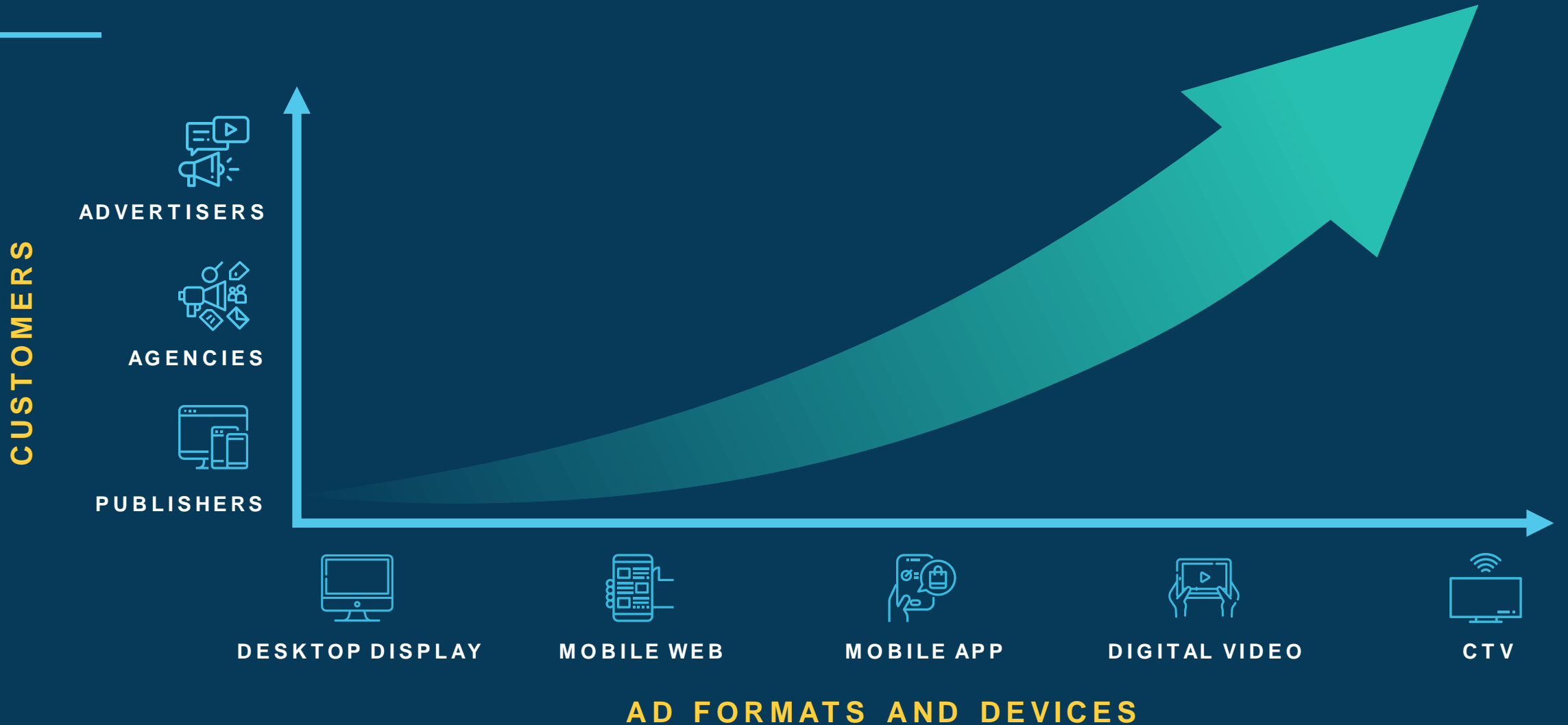
(\$ in Millions)	Q2 2022		FY 2022	
	Low	High	Low	High
Revenue	\$60	\$62	\$282	\$286
Y/Y%	20%	25%	24%	26%
Adjusted EBITDA	\$18	\$20	\$101	\$106
Adjusted EBITDA Margin	30%	32%	36%	37%

Note: Numbers rounded for presentation purposes

We expect FY 2022 CapEx to be in the range of \$33M – \$36M.

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.

PUBMATIC'S FOCUS ON CUSTOMER VALUE & USAGE-BASED MODEL SET FOUNDATION FOR FUTURE GROWTH



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.

Appendix

NON-GAAP RECONCILIATION – ADJUSTED EBITDA

(\$ in Millions)	Three Months Ended March 31,		
	2020	2021	2022
Net Income	\$0.9	\$4.9	\$4.8
Add back (deduct):			
Stock-Based Compensation	\$0.5	\$3.2	\$5.1
Impairment of Internal Use Software	-	-	-
Unrealized gain(loss) on equity investments	-	-	(\$1.4)
Depreciation and Amortization	\$3.6	\$4.6	\$7.2
Interest Income	(\$0.3)	(\$0.1)	(\$0.1)
Provision for Income Taxes	\$0.4	\$1.9	\$1.4
Adjusted EBITDA	\$5.1	\$14.5	\$17.0
Revenue	\$28.3	\$43.6	\$54.6
Adjusted EBITDA Margin	18%	33%	31%

NON-GAAP NET INCOME RECONCILIATION

(\$ in Millions, except for Non-GAAP Diluted EPS ¹)	Three Months Ended March 31,		
	2020	2021	2022
Net Income	\$0.9	\$4.9	\$4.8
Add back (deduct):			
Stock-Based Compensation	\$0.5	\$3.2	\$5.1
Unrealized gain(loss) on equity investments	-	-	(\$1.4)
Adjustment for income tax benefit on stock-based compensation	-	(\$0.3)	(\$0.5)
Non-GAAP Net Income	\$1.4	\$7.8	\$8.1
Non-GAAP Diluted EPS ¹	\$0.00	\$0.14	\$0.14
Revenue	\$28.3	\$43.6	\$54.6
Non-GAAP Net Income Margin	5%	18%	15%

FREE CASH FLOW RECONCILIATION

(\$ in Millions)	Three Months Ended March 31,		
	2020	2021	2022
Net Cash provided by (used in) Operating Activities	\$14.7	\$12.7	\$19.3
Deduct:			
Purchases of Property and Equipment	(\$1.3)	(\$0.3)	(\$0.1)
Capitalized Software Development Costs	(\$2.7)	(\$3.0)	(\$4.2)
Free Cash Flow	\$10.7	\$9.4	\$14.9
Revenue	\$28.3	\$43.6	\$54.6
Free Cash Flow Margin	38%	22%	27%