

PUBMATIC Q3 2023 AT A GLANCE

DIVERSIFIED GROWTH DRIVERS PROVIDE FOUNDATION FOR LONG-TERM SUCCESS

Delivered Revenue and Adjusted EBITDA Ahead of Guidance

REVENUE

- Q3 2023 revenue of \$63.7 million, down 1.0% year-over-year.

GAAP & NON-GAAP NET INCOME ¹

- GAAP net income in Q3 2023 was \$1.8 million, or \$0.03 per diluted share.
- Non-GAAP net income in Q3 2023 was \$7.6 million, or \$0.14 per diluted share.

NET DOLLAR BASED RETENTION ²

- Net dollar-based retention for TTM Q3 2023 was 97%, partially impacted by Yahoo's technology transition related to its owned and operated inventory.

ADJUSTED EBITDA ¹

- Adjusted EBITDA in Q3 2023 was \$18.2 million, or 29% of revenue.

NET CASH PROVIDED BY OPERATING ACTIVITIES

- Cash flow from operations was \$23.8 million for Q3 2023.

IMPRESSIONS PROCESSED

- In Q3 2023, we processed nearly 56 trillion impressions, an increase of 33% over Q3 2022.
- Reduced the unit cost of impressions by 9% year-over-year for TTM Q3 2023.

BUYER CONSOLIDATION

- Supply Path Optimization (SPO) represented 45% of total activity in Q3 2023.

OMNICHANNEL VIDEO REVENUE

- Revenue from omnichannel video, which includes desktop, mobile and Connected TV (CTV) devices represented approximately 33% of total revenue in the third quarter.
- 252 publishers programmatically monetized CTV inventory with PubMatic in Q3 2023.

ADDRESSABILITY

- Nearly three quarters of impressions on our platform have alternative targeting signals attached other than the cookie as of September 30, 2023.

INVESTMENTS FOR GROWTH

- Launched Activate, our end-to-end SPO solution, in the Asia-Pacific region with partners Dentsu APAC, iQIYI, Kinesso India, Madison Digital and Wishmedia.
- Activate has a pipeline of more than 50 advertisers, agencies, and campaigns.
- In July, we launched Convert, an integrated platform that addresses core commerce media use cases from sponsored listings to audience extension to deal ID generation, and pipeline of Convert opportunities has increased 40% in three months.

BOARD OF DIRECTORS

- Appointed two new independent directors, Anton Hanebrink, Executive Vice President, Chief Corporate Strategy & Development Officer of Intuit, Inc, and Nick Mehta, Chief Executive Officer of Gainsight, Inc.

¹ This non-GAAP measure is presented for supplemental informational purposes only and should not be considered a substitute for financial information presented in accordance with GAAP. Please see provided table for a reconciliation between GAAP net income and Adjusted EBITDA and between GAAP net Income and non-GAAP net income.

² Calculated by starting with the revenue from publishers in the trailing twelve months ended September 30, 2022 ("Prior Period Revenue"). We then calculate the revenue from these same publishers in the trailing twelve months ended September 30, 2023 ("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 Current Period Revenue divided by Prior Period Revenue.

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Q3 2023 Case Studies & Customer Proof Points

BUYER VALUE CREATION

- Publicis Group India Saw Improved Win Rates and More Efficient CPMs →

PUBLISHER MONETIZATION GROWTH

- PubMatic Delivers an Increase in CPMs and RPMs for ABS-CBN →
- PubMatic Delivers 9X the Bid Requests and 6X the Revenue for iQIYI →
- Newsbreak Sees 107% Increase in Revenue Across PubMatic-Monetized Inventory →

RECONCILIATION OF GAAP NET INCOME TO ADJUSTED EBITDA

(In thousands) (unaudited)

	Three Months Ended September 30,	
	2023	2022
Net income (loss)	\$1,774	\$3,326
Add back (deduct):		
Stock-based compensation	7,200	4,655
Depreciation and amortization	11,401	9,082
Unrealized (gain) loss on equity investment	—	6,405
Interest income	(2,246)	(596)
Acquisition-related and other expenses ³	—	867
Provision (benefit) for income taxes	111	1,398
Adjusted EBITDA	\$18,240	\$25,137
Revenue	\$63.7	\$64.5
Adjusted EBITDA Margin	29%	39%

RECONCILIATION OF NON-GAAP NET INCOME

(In thousands, except per share amounts) (unaudited)

	Three Months Ended June 30,	
	2023	2022
Net income (loss)	\$1,774	\$3,326
Add back (deduct):		
Stock-based compensation	7,200	4,655
Unrealized (gain) loss on equity investment	—	6,405
Acquisition-related and other expenses ³	—	867
Adjustment for income tax benefit on stock-based compensation	(1,397)	(3,032)
Non-GAAP Net Income	\$7,577	\$12,221
Non-GAAP Diluted Earnings per Share	\$0.14	\$0.21
Revenue	\$63.7	\$64.5
Non-GAAP Net Income Margin	12%	19%

³ We are no longer excluding the impact of post-acquisition cash compensation agreements for certain key acquired employees from the Martin acquisition from Adjusted EBITDA. The impact of this change to our adjusted EBITDA for the three months ended September 30, 2022 is a decrease to Adjusted EBITDA income of \$0.2 million.