PUBMATIC Q2 2026 EARNINGS CALL: PREPARED REMARKS

SAFE HARBOR

A copy of our press release can be found on our website at investors.pubmatic.com.

I would like to remind participants that during this call, management will make forward-looking statements, including without limitation, statements regarding our future performance, market opportunity, growth strategy, and financial outlook.

Forward-looking statements are based on our current expectations and assumptions regarding our business, macroeconomic environment, and future conditions. These forward-looking statements are subject to inherent risks, uncertainties, and changes in circumstances that are difficult to predict. You can find more information about these risks and uncertainties in our reports filed with the Securities and Exchange Commission and available at investors.pubmatic.com, including our most recent Form 10-K and any subsequent filings on Forms 10-Q or 8-K.

Our actual results may differ materially from those contemplated by the forward-looking statements. We caution you therefore against relying on any of these forward-looking statements. All information discussed today is as of August 6th, 2026 and we do not intend, and undertake no obligation, to 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, today's discussion will include references to certain non-GAAP financial measures, including Adjusted EBITDA, Adjusted EBITDA Margin, Non-GAAP Net Income, Cash Flow from Operations, Free Cash Flow, and Free Cash Flow Margin. 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. A reconciliation of these measures to the most directly comparable GAAP measures is available in our press release.

And now, I will turn the call over to Rajeev.

CEO REMARKS

Thank you, Stacie, and good afternoon everyone.

We delivered an outstanding second quarter. More importantly, we returned to double-digit year-over-year revenue growth well ahead of schedule, and we expect that growth will accelerate through the second half of the year.

I'm extremely proud of what the team has accomplished, in particular our innovation and leadership in agentic advertising. Over the past several years, we've made disciplined investments to diversify the business and strengthen our competitive position to deliver both faster growth and strong operating leverage. Today, approximately 60% of our business comes from CTV, mobile app, and emerging revenues, all of which fuel profitable double-digit growth.

This represents a remarkable transformation of our business and fundamentally strengthens our long-term growth profile.

With this strong foundation in place, Steve has announced his plans to retire. He will remain as CFO into the first quarter of 2027, and then in an advisory role through July 1st, ensuring a smooth transition as we conduct a search for his successor. Steve and I have worked together for fifteen years, and it's difficult to overstate the impact he's had on PubMatic. Under his leadership, we've built a global company with the financial discipline to invest for the future while consistently generating cash, maintaining a debt-free balance sheet and returning capital to shareholders. I'm deeply grateful for his partnership, his friendship and his many, many contributions to PubMatic.

He's built an exceptional finance organization that positions PubMatic to create long-term value for years to come.

Helping us build that future is our new Global Chief Revenue Officer, Megan Ramm, who joins us on Monday, August 10th. Megan brings deep direct-to-brand and performance advertising expertise with established relationships across marquee brands. Her rigor around sales process and execution will enhance our sales effectiveness and is a natural fit with our culture. Together, these strengths will help accelerate adoption of our AI-powered platform while strengthening our commercial capabilities.

These leadership milestones reflect the evolution of both our company and our industry. It is clear digital advertising is entering its next major technology transition as AI reshapes how media is bought and sold across the open internet - and PubMatic is at the epicenter of this change with market-leading scale.

LEADING THE SHIFT TO AI-NATIVE PERFORMANCE-DRIVEN ADVERTISING

Since launching AgenticOS in January, we've delivered over 80 agentic campaigns, including with all five global agency holding companies. This is up from 30 campaigns just a quarter ago.

For years, the walled gardens have delivered superior advertising performance because they operate a single, integrated technology platform that optimizes media and audiences for advertisers. With Activate and AgenticOS, we're bringing those same performance and technical advantages to the open internet. As a result, we're monetizing far more of the value chain between advertisers and publishers than at any point in our history, and attracting entirely new customer types to our platform.

And because our business is built on outcomes and usage, we generate revenue when we deliver the best outcomes for our customers. This creates powerful alignment as advertisers increasingly prioritize measurable performance and efficiency. Further, as advertising shifts to agentic execution, competitive advantage will be determined not by traditional software user interfaces but rather by AI-native infrastructure, proprietary intelligence, and the ability to consistently deliver superior outcomes.

We've spent two decades building these capabilities. Today, they're redefining how value is created across the open internet by delivering compelling, measurable outcomes.

Level Agency is a great example of this. In a controlled comparison against their incumbent DSP, AgenticOS delivered in excess of two times more reach per dollar on qualified audiences, while significantly accelerating campaign set up and activation time. Additionally, AgenticOS delivered retargeting at scale within days, compared to the 1-2 months ramp typically required by DSP-led campaigns. As a result, Level increased ad spend with PubMatic to expand its buying across the open internet.

Patrick Van Gorder, Chief Partnership Officer at Level Agency said it best, “What AgenticOS delivered changed how we're thinking about where the open internet can compete for client budgets, and that's exactly the kind of adaptive advantage and innovation we're always looking for."

Level is one of many examples. Across Havas and Telefónica, Amnet and InterBev, Abovomaxlead, Butler/Till and many others, we're consistently delivering better performance, faster execution and greater efficiency, and it’s changing how buyers are thinking about the value chain.

Those results are driven by our unified platform, where multiple competitive advantages compound – and are increasingly difficult to replicate. They're built on years of investment across our infrastructure, intelligence, solutions and customer relationships.

COMPOUNDING ADVANTAGES FUEL ADVERTISING PERFORMANCE

First, is AgenticOS. We have deployed over 20 agents to automate and optimize core buying and selling workflows. As agentic advertising compresses the traditional workflow, more of the transaction runs through PubMatic’s infrastructure. This allows us to create more value for our customers and drive incremental revenue back to PubMatic.

This week we announced an exciting new agent for enterprise buyers. It provides configurable controls, approved workflows and full audit trails for autonomous campaigns. As customers move more budget into agentic buying, trusted governance becomes essential and we believe this capability will help accelerate enterprise adoption of AgenticOS.

Second, is Activate. Activate enables advertisers to buy directly in our SSP. This significantly increases working media and operational efficiency, while also targeting audiences at the point of auction. The result is better advertiser performance and improved publisher yield.

Third is our proprietary data intelligence and AI-native infrastructure. We combine signals from more than 300 data partners - including Comscore, Nielsen, Experian, Transunion, PayPal, Intuit, Klarna, Walmart, and more – with our own proprietary bidstream data, which exists only on PubMatic. As our business continues to grow, particularly in logged-in environments like CTV and mobile app, the quality and depth of those signals continues to improve, making our platform smarter with every campaign and every transaction.

This intelligence runs on our AI-native infrastructure. Through our partnership with NVIDIA, we're able to process massive amounts of data and execute increasingly sophisticated AI-driven decisioning in real time.

And fourth, is our premium SSP inventory which includes nearly the entire open internet - over 2,000 publishers representing 100,000+ streamers, mobile apps, and web sites. Most recently we added marquee broadcaster Channel

4 in the UK and announced a strategic partnership with Sony Pictures Entertainment as their preferred sell side platform delivering access to hundreds of millions of monthly users across PlayStation and Sony Bravia TVs.

Importantly, these advantages reinforce one another. Premium supply generates unique signals. Those signals strengthen our proprietary intelligence. That intelligence improves advertising outcomes. Better outcomes attract more advertisers, more campaigns and more data, creating a compounding advantage with every transaction.

LAUNCHED DECISION FABRIC: INTELLIGENCE AT THE POINT OF AUCTION

Building on this advantage, in Q2 we introduced Decision Fabric, the next evolution of our platform. Introduced in June, Decision Fabric enables advertisers, DSPs and technology partners to securely deploy their proprietary models directly within PubMatic's infrastructure. This is commonly referred to as containerization. By running their models closer to our inventory, data and the point of auction, customers remove the traffic shaping and latency constraints that have historically limited performance across the open internet – allowing them to unlock better advertising outcomes.

We're seeing encouraging traction with launch partners including MiQ, Chalice AI, SWYM.ai, InPowered and a growing number of DSPs.

This is an exciting opportunity that we believe will transform the way advertising is transacted on the open internet. More importantly, our unified platform and compounding intelligence are unlocking performance advertising budgets on PubMatic. It's expanding our market, adding entirely new categories of advertisers and ad budgets to our platform.

SUPERIOR AD PERFORMANCE EXPANDS OUR ADDRESSABLE MARKET

For example, programmatic trading desk Klever, on behalf of Rouge Care Therapy, a direct-to-consumer wellness brand, expanded into premium CTV without sacrificing the performance measurement and optimization it relies on in social media. Using AgenticOS, the campaign delivered a 5x return on ad spend - double the client's original objective - while significantly accelerating optimization and campaign execution.

We're seeing this same trend scale across our DSP partnerships. Smadex, a leading performance CTV advertising platform for apps and games and a business unit of Entravision, partnered with PubMatic to leverage our premium CTV inventory, using our first-party audience targeting and cross-device measurement capabilities. As performance improved, Smadex increased spend on PubMatic over 10X year-over-year - with 75% of that incremental spend flowing into CTV. This kind of measurable performance is unlocking entirely new advertiser budgets for PubMatic and it's reshaping the inventory advertisers want to buy.

Creator-led video is another incremental opportunity, which now accounts for 26% of all TV and video viewing. Yet, much of that market has remained within walled gardens, even as TV platforms have brought creator content to the living room. As brands look to stand out, they're increasingly seeking creators whose audiences, values and content naturally align with their brand.

With the launch of our Creator Marketplace, we're bringing our infrastructure and AgenticOS to the creator economy, enabling advertisers to connect to premium inventory and reach highly engaged audiences while giving creators new ways to monetize across the open internet. For PubMatic, this positions us well as the creator economy – which is approximately $250 billion dollars globally - moves into the open internet advertising market, representing an entirely new category of publishers to our platform.

Performance is also driving growth across our Live Sports Marketplace, where activity more than doubled year-over-year, highlighting the scale of our premium inventory and the strength of our offering.

We were recently recognized with several industry awards, including The Drum's Technology Innovation Award for helping advertisers buy live sports inventory with precision. As more premium events enter the programmatic market like US Open for Tennis, NFL, NBA, MLB and NCAA there is significant opportunity to scale growth from this vertical.

Accelerating the value of our live sports offering, we recently partnered with Gracenote to bring real-time content intelligence, including contextual signals and live sports schedules, directly into our platform.

By bringing this intelligence directly to the point of auction, our AI-native infrastructure can make decisions within the milliseconds available before every impression is served. That's particularly valuable in live sports, where context changes continuously, and buyers need to optimize campaigns in real time. Whether it's contextual signals from live sports or commerce signals tied to purchasing behavior, our strategy is the same: bring differentiated data closer to every advertising decision. As more buyers, publishers and transactions run across our platform, that intelligence compounds, and improves advertiser performance, increases publisher yield and makes our platform more valuable with every interaction.

CLOSING

That's the power of the platform we've built. The investments we've made over the last several years are translating into accelerated, profitable growth. By investing early in AI, we've established a leadership position that continues to widen as more customers adopt our platform. We've built a platform that is attracting more buyers, more publishers, more data and more advertising spend.

Just as importantly, we're expanding the market we can serve - bringing new forms of advertising, new sources of demand and new intelligence onto our platform. That not only increases the value we create for customers, it also expands the long-term growth opportunity for PubMatic - which we believe is significantly larger than the business we operate today.

I'll now turn the call over to Steve for the financials.

CFO REMARKS

Thank you Rajeev and welcome everyone.

We delivered an outstanding second quarter, significantly exceeding our expectations on both the top and bottom line. Our revenues grew 11% year over year, adjusted EBITDA increased 38% and free cash flow increased 47%. We saw strength across channels and formats, underscoring the breadth and depth of our platform. Our high-value formats and channels gained momentum and scale, and we continued diversifying the business. AI adoption across our company is accelerating our innovation, driving revenue growth, improving customer outcomes, and unlocking incremental cost efficiencies.

Importantly, we returned to double-digit revenue growth ahead of schedule.

KEY SECULAR AREAS DELIVER REVENUE GROWTH

Today, our revenue mix is fundamentally different than it was three years ago. The majority of our business now comes from high-value formats and channels which are the fastest-growing segments of digital advertising. In Q2, approximately 60% of our revenue came from CTV, mobile app, and emerging revenue streams, double that from three years ago. Together, these categories grew nearly 40% year over year.

Breaking this down further.

CTV growth was led by the Americas, which grew 25% year-over-year driven by new CTV advertisers and expansion of premium inventory including live sports. Globally, total CTV revenue grew 13% year-over-year and accounted for approximately 20% of total revenue.

Mobile app grew more than 40% year over year and represented approximately 25% of total revenue in Q2. Growth was driven by the mediation platform integrations we highlighted last quarter, ongoing product innovation, and continued expansion of our global app publisher base.

Emerging revenue streams continued their strong momentum and nearly doubled year-over-year, reaching an all-time high of approximately 15% of total revenue. Growth was driven by increased adoption of our new AI products, including AgenticOS. On a global basis, direct buying on Activate more than doubled year-over-year.

Total display revenues grew strongly at 12% year over year, primarily driven by mobile app growth.

In Q2, we saw the benefit of our broad, diversified omnichannel platform. Across our channels and formats, we generated several million dollars of incremental revenues from the World Cup, Amazon Prime Day and political advertising.

We continue to enhance our platform with capabilities that make it easier for advertisers of all sizes to achieve strong AD performance. This is contributing to a broader and more diversified DSP mix. Activity from our mid-market DSP partners accelerated compared to the first quarter, growing over 25% year-over-year in Q2.

Looking ahead, we expect activity from mid-market DSP partners to further increase, driven by new inventory categories like content creators, growing demand from direct-to-consumer brands, and continued investment in our go-to-market teams.

Turning to our diversified ad verticals, in aggregate, our top 10 ad verticals increased 15% year-over-year.

We saw double-digit percentage growth in five of the top ten verticals, led by Shopping, Health & Fitness, and Personal Finance. This helped offset some softness in Food & Drink, Arts & Entertainment, and Travel.

AI DRIVEN EFFICIENCIES

Our owned and operated infrastructure continues to be a significant competitive and financial advantage. The investments we've made over the last five years are enabling us to introduce higher-value capabilities while improving the efficiency of our platform. That was evident in the second quarter, where revenue grew 11% and gross profit increased 19%.

With our increasing focus on AI native capabilities, we are realigning our platform's compute and processing resources towards products that create the greatest economic value for our customers and our business. We intend to reduce the number of gross impressions processed to unlock cost savings and repurpose compute capabilities while increasing the number of monetized impressions.

We saw the first results of these efforts in the second quarter as we reduced gross impressions sequentially by 2% while increasing monetized impressions by 4%. This is an intentional outcome of how we are evolving the platform and should result in an even more efficient business over time. As we prioritize the impressions that create the most value, we expect our monetization rate to continue rising in future quarters.

MANAGING EXPENSES AND DELIVERING PROFITABILITY

AI is also improving productivity across the organization. In the second quarter, total headcount declined year over year as AI and automation increased efficiency across engineering, marketing, customer success and finance. These productivity gains allow us to continue investing in our highest-growth sales opportunities while maintaining a disciplined approach to operating expenses.

As a result, we funded incremental investments in our buyer-focused sales team and broader go-to-market organization while holding total OPEX growth to 4%, well below our revenue growth.

Q2 adjusted EBITDA was $19.6 million, or 25% margin, compared to 20% margin a year ago, our 41st consecutive quarter of positive adjusted EBITDA. Q2 GAAP net loss was $1.2 million or minus 3 cents per diluted share.

CASH & CAPITAL ALLOCATION

Moving to cash and our capital allocation. Our balance sheet remains a core strategic advantage.

We generated $20.2 million in net operating cash flows in the second quarter, up 36% over Q2 last year and delivered free cash flow of $13.7 million, a 47% increase over last year. To underscore our long-term ability to generate cash, since the beginning of 2021 through Q2 2026, we have generated nearly $450 million in net cash from operations and more than $246 million in free cash flow.

During the quarter, we used $21.5 million in cash to repurchase 2.1 million class A common shares. We ended the quarter with $137.5 million in cash and marketable securities, and zero debt. Our capital allocation strategy remains disciplined and balanced, focused on long-term shareholder value creation.

We continue to invest in innovation and infrastructure to drive incremental organic growth while maintaining the flexibility to pursue strategic M&A opportunities. We have also made a long-term commitment to return capital to shareholders via our share repurchase program.

Since the inception of our repurchase program in February 2023 through the end of Q2, we have bought back 15.5 million Class A common shares for $211.4 million. We have $63.6 million remaining in this program authorized through the end of 2026.

OUTLOOK

Moving onto our outlook.

The strong momentum we built throughout the second quarter continued into July. In Q3, we anticipate continued double-digit year-over-year revenue growth, with revenue of $75 to $77 million, or 12% growth at the midpoint. Q3 adjusted EBITDA is expected to be in the range of $17 to $19 million.

We expect cost of revenue and OPEX to increase by A low-single-digit percentage sequentially in Q3, with continued go-to-market investment through the balance of the year. As revenues expand with our leveraged cost model, we expect Q4 adjusted EBITDA margin similar to last year's fourth quarter, leading to meaningful full-year margin expansion.

Last quarter, we described our plans to further shift our platform investments to targeted GPU centric infrastructure that will strengthen our proprietary data intelligence, creating a compounding advantage as the business continues to grow.

We believe this approach will be a durable accelerant to growth over the long term while also supporting the broader industry shift to performance-based advertising. Our results in the second quarter, and our momentum in AI powered products, reinforce this strategy.

Accordingly, we are increasing our full year capex outlook to a range of $20 to $25 million. These additional investments support increased AI workloads and our strategic innovation with NVIDIA, and we expect them to generate incremental revenues with a payback of approximately 12 months or less.

IN CLOSING

In closing, the results this quarter reinforce what we've been building over the past several years. We returned to double-digit revenue growth ahead of schedule, continued to shift our revenue mix toward high-value formats and channels, and demonstrated the strength of our financial model through expanding profitability and higher free cash flow.

PubMatic is reshaping digital advertising by leveraging our AI-native infrastructure, compounding intelligence and automation to deliver better outcomes for customers. These are durable, competitive advantages that we believe will continue to strengthen our financial model and drive long-term profitable growth.

Let me close with a personal note. As Rajeev mentioned, I plan to retire early next year. It wasn't an easy decision. Rajeev recruited me in 2011, when PubMatic was a small private company, and together with an exceptional team we've built something I'm very proud of: a global public company with revenue that's nearly doubled since our IPO, zero debt, and forty-one consecutive quarters of positive adjusted EBITDA. I'm grateful to Rajeev for his partnership every step of the way.

On the transition, my successor will inherit a finance organization we've spent fifteen years building and a leadership team as strong as any I've worked with. One of the greatest privileges of my career has been working alongside such talented team members and building trusted relationships with our customers, investors and analysts. I believe PubMatic is in the strongest position I've seen in my time here. My priority is continuing the momentum in our business.

With that, I'll turn the call over to Stacie for questions.