PubMatic

PUBMATIC Q3 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 fourth quarter and full year 2026 guidance for revenue, revenue growth with and without political advertising, adjusted EBITDA and margin, and full year capital expenditures, as well as our future performance, free cash flow, the shift to sell-side decisioning and agentic buying, and the potential effect of remedies in litigation involving Google.

These statements are based on our current expectations and assumptions and are subject to risks and uncertainties that are difficult to predict. Our actual results may differ materially. You can find more information about these risks in the safe harbor slide of our earnings presentation and in our SEC filings, including our most recent Form 10-K and any subsequent Forms 10-Q or 8-K, available at investors.pubmatic.com. Unless otherwise indicated, all information discussed today is as of November 9th, 2026, and we undertake no obligation to update any forward-looking statement, except as may be required by law.

Today's discussion also includes non-GAAP financial measures, including adjusted EBITDA and margin, non-GAAP net income and diluted EPS, free cash flow and margin, and revenue growth excluding political advertising. These measures are supplemental and not a substitute for GAAP. Reconciliations of historical measures to the most directly comparable GAAP measures are in our press release and in the appendix to our presentation. We do not provide GAAP net income guidance and cannot reconcile our adjusted EBITDA guidance to net income without unreasonable efforts, because certain elements, such as stock-based compensation, are not predictable.

CEO REMARKS

We delivered another strong quarter, with year-over-year revenue growth accelerating for the third consecutive quarter. Revenue grew 17% year-over-year, and adjusted EBITDA more than doubled with a margin of 33%, both well ahead of expectations.

The disciplined investments we've made over the past several years to drive advertiser performance are translating into faster growth and a more diversified business. CTV, mobile app and emerging revenues including Activate, AI and commerce related solutions represented nearly two-thirds of our revenue, up from approximately 60% just a quarter ago. At the same time, our advertiser demand continues to expand, with activity from mid-market DSPs up over 40% from a year ago.

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Activate, which directly connects ad buyers to our data-rich inventory, hit an exciting inflection point driven by advertiser performance and efficiency. Buying activity on Activate grew more than 8x over last year and marked a sharp acceleration from Q2.

Equally exciting, AgenticOS continues to scale rapidly. Since launching in January, buyers have run more than 120 fully agentic campaigns on PubMatic, up from over 80 just a quarter ago. Adoption is broad and global. All five agency holding companies have run agentic campaigns and independent agencies are bringing incremental demand as AgenticOS supports the AI-transformation that brands are focused on.

Importantly, the engine behind this momentum is our unique platform intelligence. We've built one of the richest sources of intelligence in open internet advertising. It combines publishers' first-party data, contextual and intent signals, proprietary bidstream and auction data that exists only on PubMatic, along with direct relationships with thousands of publishers. Every impression makes that intelligence smarter, driving better performance for advertisers.

What's more, advertisers are increasingly building their buying around this intelligence. Nearly half of the activity on our platform now uses it for sell-side targeting through curated deals, publisher auction packages and data partnerships.

And we continue to expand our intelligence in new authenticated, high-intent environments, where audiences are deeply engaged and signals are strongest.

Excitingly, we recently partnered with OpenAI, expanding into a new growth category. ChatGPT Ads reach consumers with strong signals and clear intent, and we expect it to become a regular part of advertisers' media plans. It builds on our leadership in agentic advertising, and as the category grows, there's meaningful opportunity for us to grow with it.

Last quarter, we launched our preferred partnership with Sony Pictures Entertainment for their Live TV on PS5, delivering premium video to logged-in viewers inside the console experience.

We also continue to grow our live sports streaming business, one of the industry's fastest growth opportunities. Over the past year, we've built new features and added new premium inventory and data partners specific to the unique requirements of live sports. As a result, audiences are far more addressable and our growth continues to scale. Buyers can target audiences by sport, league, team, game window and geography, down to the ZIP code where inventory permits. That precision led to Strategus choosing PubMatic as its preferred live sports partner. During the FIFA World Cup, Strategus, MayoSeitz Media and PubMatic targeted Citadel Credit Union's priority markets — bringing a global event to a local Pennsylvania audience.

LEADING THE SHIFT TO SELL-SIDE DECISIONING

Across all of these environments, our intelligence turns data into a performance advantage for buyers. And agentic workflows let them act on it instantly. Together, they're turning sell-side targeting into sell-side decisioning. Buyers are coming into our SSP and bidding where the inventory and audience signals have the highest fidelity and scale, which delivers better advertiser performance.

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Three converging forces are accelerating the shift to sell side decisioning. First, the scale of audience and inventory is significantly higher in the SSP due to traffic shaping – the process by which DSPs limit the impression volume passed to them by SSPs. This inhibits advertiser reach and performance.

Second, the signals that matter most increasingly live on the sell side. As cross-site identity diminishes and privacy regulations increase, first-party publisher data, contextual signals and direct publisher relationships are becoming far more valuable to advertisers.

And finally, AI is making it far easier to act on those signals. Over the past two decades, buying media on the open internet has grown increasingly fragmented and complex, with layers of technology between advertisers and publishers. AI agents are cutting through that complexity, allowing buyers and publishers to transact directly.

INVESTING TO LEAD

PubMatic is at the center of this shift. We are the agentic leader, we own the intelligence, and we've built a unified platform where buyers can put that intelligence to work in every decision. This happens in two ways – containerized bidding using third party DSP models and direct buying in our SSP using PubMatic models in Activate.

In both scenarios, advertisers get access to all of our inventory and intelligence - before traffic shaping limits what buyers can see. And in both scenarios, the decision happens on PubMatic, powered by our sell side intelligence.

For example, a leading agency holding company launched a campaign for a major online retailer that wanted to build awareness and consideration for its online shopping events. Through Activate, PubMatic unlocked new audiences and inventory that the retailer's existing buying platform couldn't access. As a result, the campaign delivered 10 million additional impressions to ideal audiences at a 32% more efficient CPM – and the client's brand awareness and brand favorability increased by nearly 7%.

We've also extended the same performance benefits to advertisers, agencies, DSPs and technology partners, where they can deploy their own decisioning models directly within PubMatic's infrastructure. Running within the flow of our inventory and intelligence, partners can also see supply before traffic shaping, gain more time within each auction to run sophisticated performance models and eliminate their own infrastructure costs. Whether decisioning is made with a partner's model or via our own, our models learn in real time, making our proprietary intelligence smarter with every transaction.

Early results have been strong. A national quick-service restaurant brand wanted to reach more of its target audience. Working through its DSP of choice, the brand used our proprietary model on the sell side to select the impressions most relevant to its performance goals. The campaign increased average daily reach of its target audience by 50% while staying within its daily frequency caps.

This is what makes sell-side decisioning so compelling. Buyers can reach a bigger pool of inventory and audiences and drive better performance. Its why adoption is scaling quickly, and as it does, how we deliver it is a structural advantage.

AgenticOS takes direct access even further. It lets agents do the work that traditionally required people to coordinate across teams, systems and markets. Now, agents plan media campaigns based on advertiser objectives, negotiate

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terms, set up campaigns, and report on and optimize performance. For advertisers, that means campaigns launch faster, run more efficiently, and perform better.

For example, Goodway Group, an independent connected commerce partner for retail, multi-location franchises and CPG brands, used AgenticOS to launch a campaign for a regional grocery client. When compared to its existing media buying workflow, AgenticOS demonstrated significant improvement across efficiency, cost-effectiveness and performance. The campaign reached more than 1 million unique users, verified against the retailer's own first-party data. It delivered 2 million impressions above plan, and put 20% more of the budget into working media. Goodway Group utilized their audience agent to curate the audience targeting and then the campaign was built from a single prompt within PubMatic Assistant and the deal was created 75 seconds later.

For publishers, AgenticOS delivers more working media for their inventory and access to new buyers. To date, publishers have created 14,000 AI-powered deals on our platform which automates the manual work of packaging and selling each audience they want to monetize.

THE MARKET WE SERVE CONTINUES TO EXPAND

The value we're delivering to both buyers and publishers is driving stronger customer performance and accelerated growth across our growing base of business in CTV, mobile app, commerce, Activate, AgenticOS and our AI solutions.

Ad buying across the open internet is quickly being reshaped and the market we serve continues to expand. The manual, fragmented workflows of the traditional ecosystem are giving way to a simpler model where buying decisions are made closer to the inventory and its first-party insights, and where agentic buying creates efficiencies that accelerate adoption. We built PubMatic for this moment, and the industry forces that are driving this shift are only gaining strength.

One of our biggest opportunities is to invest in our buyer-focused sales team to bring more buyers onto our platform. Importantly, we're funding that investment through productivity gains and efficiencies across our business primarily driven by AI adoption. In August, Megan Ramm joined PubMatic as Global Chief Revenue Officer, bringing deep experience scaling revenue organizations at Uber, Snap and Google. She also understands exactly what buyers want: better performance, greater efficiency and more control over how they buy. She has already spent significant time with our customers, and she's the right leader to help us capture this opportunity.

I'm extremely proud of what the team has delivered. The investments we've made across our business are delivering profitable growth and placing us at the center of a significant shift in the industry, and I've never been more confident in PubMatic's future.

I'll now turn the call over to Steve.

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CFO REMARKS

Thank you Rajeev and welcome everyone.

We exceeded our expectations on both the top and bottom line and delivered the highest third-quarter revenues and adjusted EBITDA in the company's history. Revenues grew 17% year-over-year and adjusted EBITDA more than doubled, a clear demonstration of the operating leverage in our model. Cash from operations in the third quarter was also strong at $30.8 million and free cash flow was $17.6 million.

Our outperformance in the quarter was driven by strong, durable growth from mobile app, emerging revenue streams and CTV. Together these high-value channels and formats grew more than 50% year-over-year and represented nearly two-thirds of revenue. Importantly, much of this revenue is generated in logged-in mobile app and CTV environments, where audience signals are strongest.

Political revenue was $5.6 million in line with our expectations, up from $1.1 million in Q3 last year.

Our Q3 results benefitted from our expanding AI capabilities. For buyers that means better advertising performance and for publishers more working dollars.

For PubMatic, it translates into faster revenue growth, and productivity gains we're reinvesting in future growth.

HIGH VALUE CHANNELS AND FORMATS DRIVE GROWTH

Breaking the quarter down further.

On a global basis, CTV growth accelerated to over 30% year-over-year and represented 21% of total revenue. In the Americas, CTV growth was particularly strong at over 40%.

Mobile app grew nearly 40% year-over-year and was approximately 27% of total revenue. The biggest drivers were our relationships with the top mediation platforms and continued expansion of our global app publisher base, supported by ongoing product innovation and double-digit growth in mobile app display.

Emerging revenue streams more than doubled year-over-year and reached an all-time high of approximately 18% of total revenue, driven by increased adoption of our new AI products, including AgenticOS.

Direct buying in Activate accelerated sharply in the quarter, growing more than 8 times over Q3 last year. In addition to political advertising, we're seeing significant growth on Activate from commerce buyers, independent agencies and holding companies.

Total display revenues also grew strongly at 10% year-over-year, primarily driven by mobile app display growth.

Our DSP partner mix continued to broaden. Spend through our mid-market DSP partners grew more than 40% year-over-year, as more buyers turn to our data intelligence and innovative capabilities to drive performance.

Across our diversified set of top 10 ad verticals, spending increased 17% year-over-year.

Growth was led by Shopping, Health & Fitness, Hobbies & Interests which in aggregate increased over 30% in the quarter. This helped offset softness in Business, and Food & Drink.

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All in, this was a terrific quarter with broad based growth, reflecting the impact of investments we've made to transform our business and growing position as an innovation leader. As the industry continues to evolve, these investments lay the foundation for sustained double-digit growth.

AI DRIVEN EFFICIENCIES

Last quarter, I discussed reallocating compute toward the products and impressions that create the most value for our customers and for PubMatic. In Q3 we delivered on that: monetized impressions grew 15% while we reduced gross impressions processed by 8%. Because we own and operate our infrastructure, we have control to make these shifts quickly, unlocking incremental revenue while also generating cost savings.

Our revenue growth and productivity improvements drove gross margin up by 5 percentage points year-over- year. We also benefited from an additional 2 percentage points from a change in useful life of our server infrastructure. As a result, we delivered gross margin of nearly 70% in the third quarter, a strong improvement over 63% gross margin a year ago.

MANAGING EXPENSES AND DELIVERING PROFITABILITY

Turning to expenses.

This was our 42nd consecutive quarter of positive adjusted EBITDA.

In Q3, operating expenses were 8% lower year-over-year, primarily from productivity gains, with some hiring and go-to-market spend shifting into the fourth quarter.

In Q4 we're ramping up hiring, primarily in our buyer-focused sales team, to expand across high-value channels and formats and go deeper with existing advertisers and publishers. We expect these investments to drive growth in 2027 and beyond.

The combination of rapid revenue growth and lower expenses resulted in Q3 adjusted EBITDA of $26 million, or 33% margin, compared to $11.2 million and 16% margin a year ago.

Q3 GAAP net income was $5.5 million or $0.11 per diluted share.

CASH & CAPITAL ALLOCATION

Moving to cash and our capital allocation. Our balance sheet remains a core strategic advantage. We ended the quarter with $144 million in cash and marketable securities, and zero debt.

Since the beginning of 2021 through Q3 2026, we have generated nearly $480 million in net cash from operations and more than $264 million in free cash flow.

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 investment opportunities.

During the quarter, we used $15.2 million in cash to repurchase 1 million class A common shares. Since the program began in February 2023, we've bought back 16.5 million Class A shares for $226.6 million.

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Our Board recently approved a $150 million expansion of the repurchase program and extended it through the end of 2028, reinforcing our commitment to returning capital to shareholders.

Combined with the amount remaining under our prior authorization, we have approximately $198 million allocated to the program.

OUTLOOK

Moving onto our outlook.

The strong momentum we built throughout the third quarter continued into October as revenue grew double digits year-over-year led by monetized impression growth.

We expect revenue in Q4 to be in the range of $91 to $93 million, or 15% growth at the midpoint, with high-value channels and formats continuing to lead our growth.

For the full year, we expect revenue of $312 to $314 million, or 11% growth at the midpoint. Our full year outlook reflects two very different halves: 5% growth in the first half, which absorbed the legacy DSP change, and a rapid acceleration to approximately 16% in the second half, implied by our Q4 outlook. We expect to exit the year with strong momentum going into 2027.

Our Adjusted EBITDA in the fourth quarter is expected to be in the range of $31 to $33 million.

For the year, we expect adjusted EBITDA to be $79 to $81 million, an increase of 30% year-over-year at the midpoint.

Last quarter, we described the next step in our ongoing shift toward GPU-centric infrastructure to further strengthen our proprietary data intelligence and processing, an advantage that compounds as the business grows.

That infrastructure underpins Activate, AgenticOS, sell-side intelligence and containerization, and given the exciting growth opportunities we see across all four, we're raising our full year capex outlook to $24 to $28 million, up several million dollars from our prior range.

IN CLOSING

In closing, this quarter is clear evidence that the platform and financial model we've been building are working. Revenue growth accelerated for the third consecutive quarter, to 17%. Nearly two-thirds of our revenue now comes from high-value channels and formats, which grew more than 50%. Adjusted EBITDA margin doubled to 33%. And we converted that into strong free cash flow, extending a track record of more than $264 million since 2021.

None of this is a one-quarter event. We have built an omnichannel platform where advertisers can move spend to the channel and format that best drives their performance, powered by our platform-wide data intelligence spanning curated audiences, containerization and decisioning. Because we own our infrastructure, we can direct it toward the impressions that create the most value.

Looking ahead, we're also preparing for the potential benefits of the remedies in the Google ad tech case as they emerge. With a debt-free balance sheet, $144 million in cash and an expanded repurchase authorization, we have both the momentum and the capacity to compound value for shareholders into 2027 and beyond.

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

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