Q3 2021 Earnings Presentation

November 9, 2021
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.

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 dependence on the overall demand for advertising and the channels we rely on; our existing customers expanding their use of our platform; our ability to maintain and expand access to valuable ad impressions; our ability to maintain and expand access to spend from buyers, including a limited number of DSPs, agencies, and advertisers; any rejection of digital advertising by consumers, through opt-in, opt-out or ad-blocking technologies or other means; and any failure to make the right investment decisions in our platform, or if we fail to innovate and develop new solutions that are adopted by publishers and buyers. 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 November 9, 2021. 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 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

Q3 2021 FINANCIAL HIGHLIGHTS

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>$58.1M</td>
<td>+54% YOY</td>
</tr>
<tr>
<td>GAAP Net Income</td>
<td>$13.5M</td>
<td>+117% YOY</td>
</tr>
<tr>
<td>Adjusted EBITDA¹</td>
<td>$24.3M</td>
<td>+81% YOY</td>
</tr>
</tbody>
</table>

¹ Adjusted EBITDA is a non-GAAP measure. A reconciliation of Adjusted EBITDA to net income is provided on slide 24.
KEY DYNAMICS OF OUR MARKET OPPORTUNITY

Sell-Side Consolidation

Elevated Digital Ad Spend

Four Consecutive Quarters Of Exceptional Results

50%+
ORGANIC REVENUE GROWTH YOY

30%+
ADJUSTED EBITDA\(^1\) MARGIN

\(^1\) Adjusted EBITDA Margin is a non-GAAP measure. A reconciliation of Adjusted EBITDA to net income is provided on slide 24.
DIFFERENTIATED APPROACH LEADS TO RAISED GUIDANCE FOR FY 2021

- Diversified omnichannel scale across desktop, mobile web, mobile app, and CTV
- Over two-thirds of our revenue has alternative identifiers to third-party cookies and Apple’s IDFA
- Primarily brand advertising platform with diverse advertiser verticals
- Usage-based model drives customer expansion and growth
GROWING MARKET SHARE VIA THE PUBMATIC FLYWHEEL

- **BUYERS**
  - Concentrate higher share of budgets on our platform

- **PUBLISHERS**
  - Monetize more inventory at higher CPMs

**HIGH-MARGIN REVENUE**

**INNOVATION DRIVES VALUE**

**USAGE BASED MODEL**

**EXPANDED CUSTOMER USAGE**
EXPANDING USAGE WITH BUYERS VIA SUPPLY PATH OPTIMIZATION

- WORKFLOW AUTOMATION
- DATA & AUDIENCE SOLUTIONS
- INVENTORY QUALITY
- TRANSPARENT INFRASTRUCTURE
IDENTITY & ADDRESSABILITY DRIVE FURTHER SUPPLY PATH OPTIMIZATION

Known Identity

1st Party Data

Contextual Signals

SELL-SIDE DATA ACTIVATION DRIVES INCREASED VALUE FOR ADVERTISERS
EXPANDING USAGE WITH PUBLISHERS VIA LAND & EXPAND STRATEGY

SUPERIOR PERFORMANCE

INVENTORY EXPANSION
- Desktop Display
- Mobile Web
- Mobile App
- Digital Video
- CTV

PRODUCT EXPANSION
- OpenWrap
- Identity Hub
- Audience Encore
- PMPs

INCREASED CPMs
CTV FUELING SIGNIFICANT GROWTH

EXPANDED FROM DESKTOP/MOBILE TO CTV

CTV REVENUE GROWTH YOY
OVER 7X

EXPANDED FROM CTV TO OTHER FORMATS

GLOBAL CTV PUBLISHERS
154

1 In Q3 2021
Investing for the Future

**Drivers of Our Future Growth and Market Share Expansion**

- **Supply Path Optimization**
- **Audience Addressability**
- **High-Growth Formats** (CTV, Mobile App, Online Video)
- **Owned & Operated Infrastructure**

Specialized cloud infrastructure for digital advertising
Financial Results
Q3 2021 FINANCIAL HIGHLIGHTS

**REVENUE**

<table>
<thead>
<tr>
<th>Quarter</th>
<th>($ in Millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q3'19</td>
<td>$28.5</td>
</tr>
<tr>
<td>Q3'20</td>
<td>$37.8</td>
</tr>
<tr>
<td>Q3'21</td>
<td>$58.1</td>
</tr>
</tbody>
</table>

**YOY REVENUE GROWTH**

54%

**YOY NET INCOME GROWTH**

117%

**YOY ADJUSTED EBITDA GROWTH**

81%

1 Adjusted EBITDA is a non-GAAP measure. A reconciliation of Adjusted EBITDA to net income is provided on slide 24.
STRONG ADVERTISER SPEND GROWTH IN Q3 2021

ADVERTISERS PLACING ADS ON OUR PLATFORM

60,000+

YOY GROWTH OF # OF ADVERTISERS SPENDING MORE THAN $1,000

40%+

YOY AD SPEND GROWTH OF TOP 10 AD VERTICALS

70%+
STRONG REVENUE GROWTH ACROSS CHANNELS IN Q3 2021

YOY MOBILE & OMNICHANNEL VIDEO REVENUE GROWTH
64%

YOY CTV REVENUE GROWTH
7X+

YOY DESKTOP REVENUE GROWTH
49%

1 Omnichannel video is the sum of online digital video plus CTV/OTT
Net dollar-based retention is calculated by starting with the revenue from publishers in the trailing twelve months ended September 30, 2020 ("Prior Period Revenue"). We then calculate the revenue from these same publishers in the trailing twelve months ended September 30, 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.

**NET DOLLAR-BASED RETENTION**

<table>
<thead>
<tr>
<th>TTM-Q3'20</th>
<th>110%</th>
</tr>
</thead>
<tbody>
<tr>
<td>TTM-Q3'21</td>
<td>157%</td>
</tr>
</tbody>
</table>

**DRIVERS**

- New Supply Path Optimization deals and agreement renewals
- Land and expand approach with usage-based business model
- Increased products implemented with or publishers
- Increased impression processing capacity, more than doubling year over year
ROBUST GROSS PROFITS

High marginal profitability from structural leverage:

- 25% reduction in cost of revenue per million impressions processed
- Increased infrastructure utilization

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Gross Profit ($ in Millions)</th>
<th>Gross Margin %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q3'19</td>
<td>$18.9</td>
<td>66%</td>
</tr>
<tr>
<td>Q3'20</td>
<td>$27.3</td>
<td>72%</td>
</tr>
<tr>
<td>Q3'21</td>
<td>$42.1</td>
<td>72%</td>
</tr>
</tbody>
</table>
OPERATING EXPENSES: INVESTING FOR GROWTH

**DRIVERS**

- Increased headcount growth, particularly in Sales, Customer Success and Engineering
- Incremental public company expenses and stock-based compensation in Q3’21
- Achieving scale efficiencies
INCREASING PROFITABILITY

**NET INCOME**

- **Q3'19**: $2.9 million (10% margin)
- **Q3'20**: $6.2 million (16% margin)
- **Q3'21**: $13.5 million (23% margin)

**Adj. EBITDA**

- **Q3'19**: $8.0 million
- **Q3'20**: $13.4 million (35% margin)
- **Q3'21**: $24.3 million (42% margin)

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1 Adjusted EBITDA and Adjusted EBITDA Margin are non-GAAP measures. A reconciliation of Adjusted EBITDA to net income is provided on slide 24.
DEPLOYING CASH FLOW

Net Cash Provided by Operating Activities

<table>
<thead>
<tr>
<th>(in Millions)</th>
<th>Q3’19</th>
<th>Q3’20</th>
<th>Q3’21</th>
</tr>
</thead>
<tbody>
<tr>
<td>$8.8</td>
<td>$3.7</td>
<td>$26.4</td>
<td></td>
</tr>
</tbody>
</table>

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
We expect FY 2021 CapEx to be in the range of $27M – $30M.

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.

<table>
<thead>
<tr>
<th>($ in Millions)</th>
<th>Q4 2021</th>
<th>FY 2021</th>
<th>PRIOR FY 2021 GUIDANCE</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Low</td>
<td>High</td>
<td>Low</td>
</tr>
<tr>
<td><strong>Revenue</strong></td>
<td>$74</td>
<td>$76</td>
<td>$225</td>
</tr>
<tr>
<td><strong>Y/Y%</strong></td>
<td>32%</td>
<td>35%</td>
<td>51%</td>
</tr>
<tr>
<td><strong>Adjusted EBITDA</strong></td>
<td>$28</td>
<td>$30</td>
<td>$86</td>
</tr>
<tr>
<td><strong>Adjusted EBITDA Margin</strong></td>
<td>38%</td>
<td>40%</td>
<td>38%</td>
</tr>
</tbody>
</table>

Note: Numbers rounded for presentation purposes
MARKET CONSOLIDATION + PUBMATIC’S 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
<table>
<thead>
<tr>
<th>($ in Millions)</th>
<th>Three Months Ended September 30,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2019</td>
</tr>
<tr>
<td>Net Income</td>
<td>$2.9</td>
</tr>
<tr>
<td>Add back (deduct):</td>
<td></td>
</tr>
<tr>
<td>Stock-Based Compensation</td>
<td>$0.5</td>
</tr>
<tr>
<td>Depreciation and Amortization</td>
<td>$3.2</td>
</tr>
<tr>
<td>Impairment of Internal Use Software</td>
<td>$0.7</td>
</tr>
<tr>
<td>Interest Income</td>
<td>($0.3)</td>
</tr>
<tr>
<td>Provision for Income Taxes</td>
<td>$1.0</td>
</tr>
<tr>
<td>Adjusted EBITDA</td>
<td>$8.0</td>
</tr>
<tr>
<td>Revenue</td>
<td>$28.5</td>
</tr>
<tr>
<td>Adjusted EBITDA Margin</td>
<td>28%</td>
</tr>
</tbody>
</table>