

PubMatic

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Q3 2021 Earnings Presentation

TOKYO MILAN NEW DELHI LOS ANGELES
FUELING ADVERTISING INNOVATION

November 9, 2021

SAFE HARBOR

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

REVENUE

\$58.1M

+54% YOY

GAAP NET INCOME

\$13.5M

+117% YOY

ADJUSTED EBITDA¹

\$24.3M

+81% YOY

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 EBITDA¹ 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

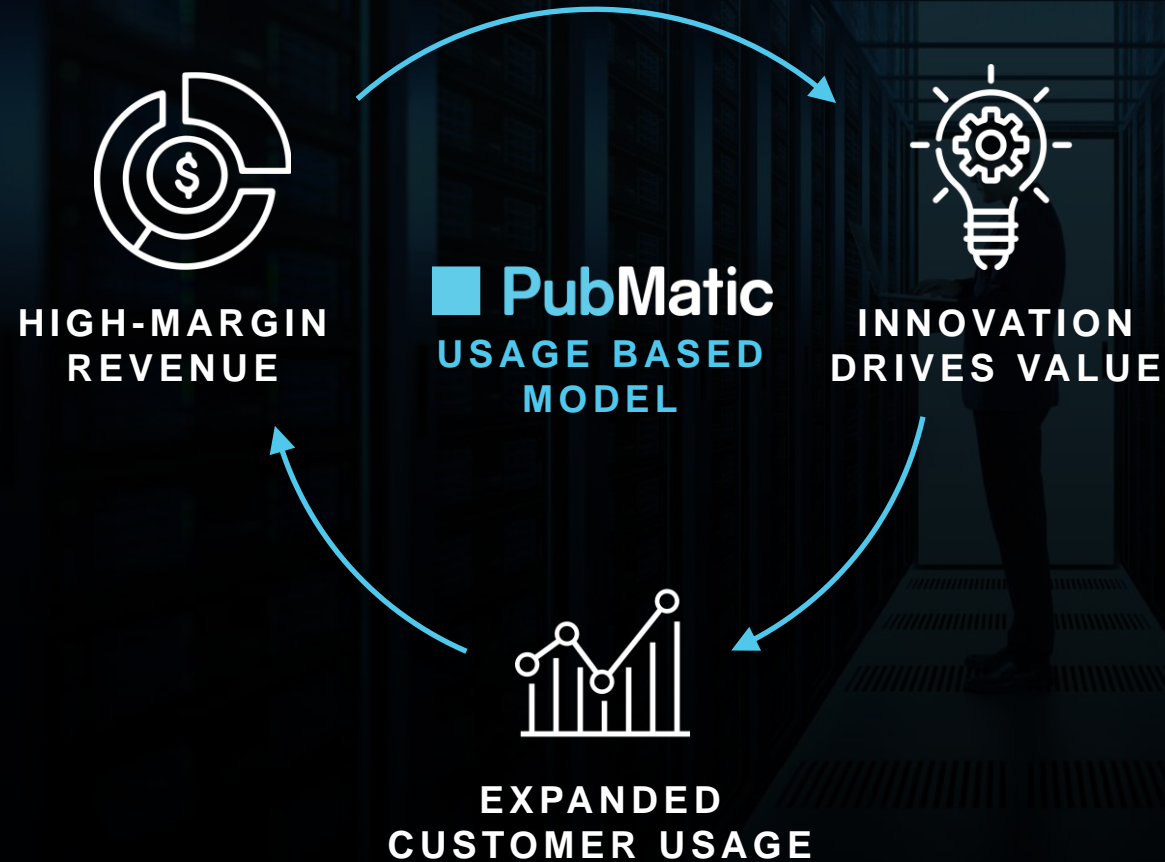


Primarily brand advertising platform with diverse advertiser verticals



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

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



DESKTOP
DISPLAY



MOBILE
WEB



MOBILE
APP

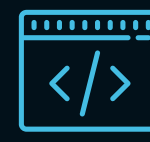


DIGITAL
VIDEO



CTV

INVENTORY EXPANSION



OPENWRAP



IDENTITY
HUB



AUDIENCE
ENCORE



PMPs

PRODUCT EXPANSION

INCREASED CPMs

CTV FUELING SIGNIFICANT GROWTH

EXPANDED FROM
DESKTOP/MOBILE
TO CTV



CTV REVENUE
GROWTH YOY

OVER 7X

EXPANDED FROM
CTV TO OTHER
FORMATS

CRACKLE PLUS



GLOBAL CTV
PUBLISHERS¹

154

¹In Q3 2021

DRIVERS OF OUR FUTURE GROWTH AND MARKET SHARE EXPANSION



Specialized cloud infrastructure for digital advertising

Investing for the Future

SUPPLY PATH OPTIMIZATION

AUDIENCE ADDRESSABILITY

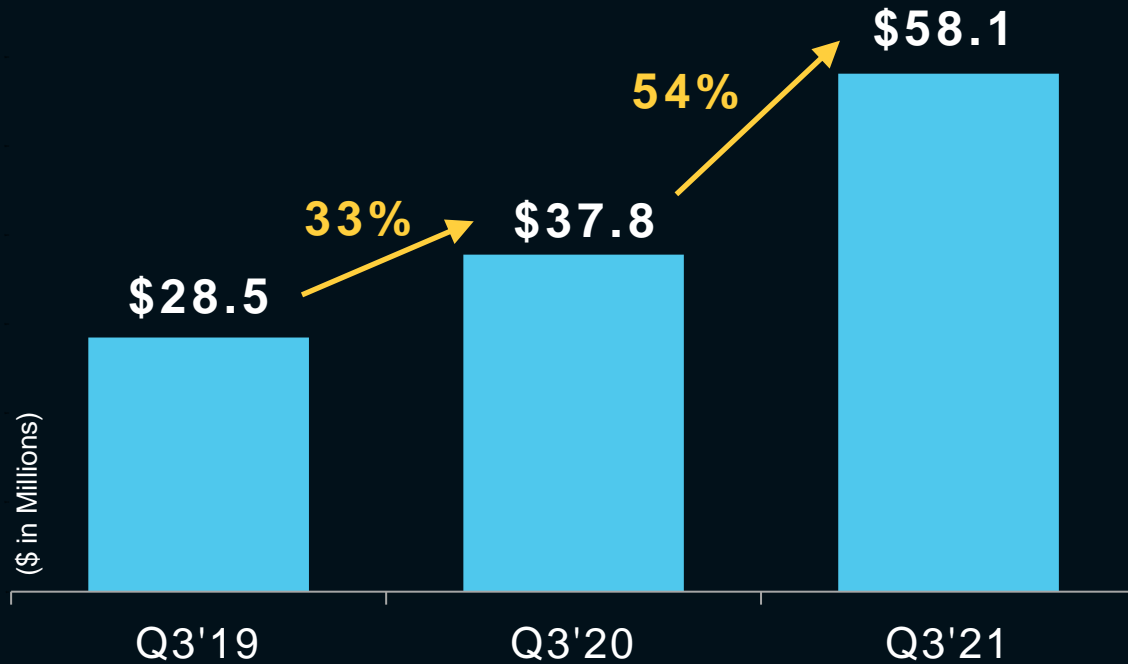
**HIGH-GROWTH FORMATS
(CTV, MOBILE APP, ONLINE VIDEO)**

OWNED & OPERATED INFRASTRUCTURE

Financial Results

Q3 2021 FINANCIAL HIGHLIGHTS

REVENUE



YOY REVENUE GROWTH

54%

YOY NET INCOME GROWTH

117%

YOY ADJUSTED EBITDA GROWTH¹

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+



Click to add text

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 VIDEO¹
REVENUE GROWTH

64%



YOY CTV REVENUE
GROWTH

7X+



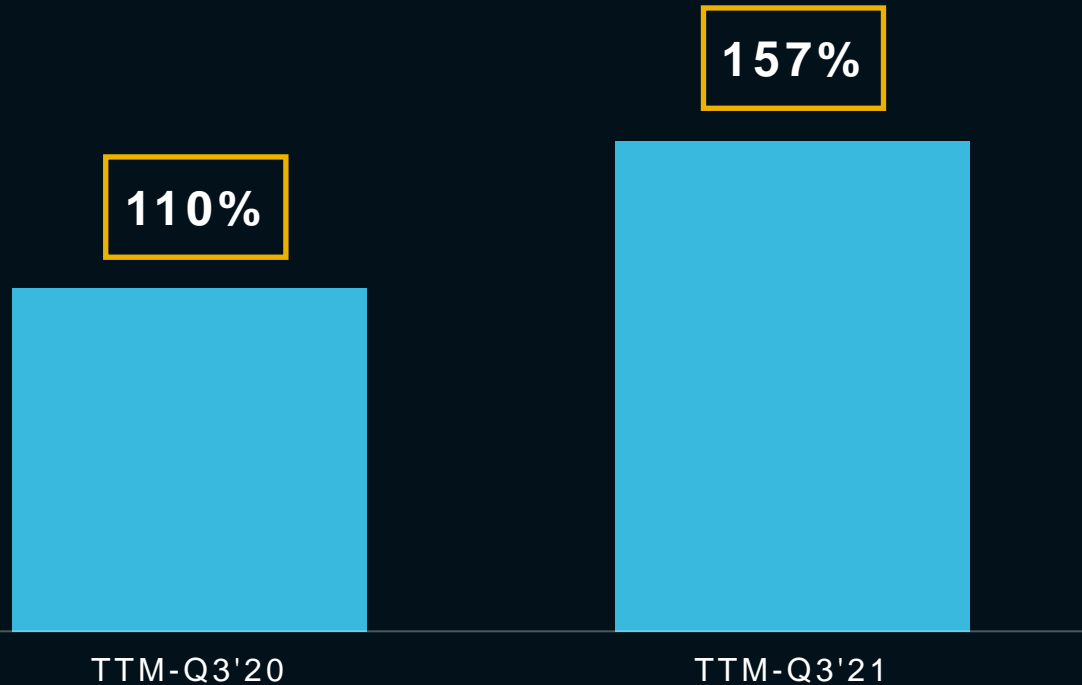
YOY DESKTOP
REVENUE GROWTH

49%

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

GROWING REVENUE VISIBILITY AND PREDICTABILITY

NET DOLLAR-BASED RETENTION¹

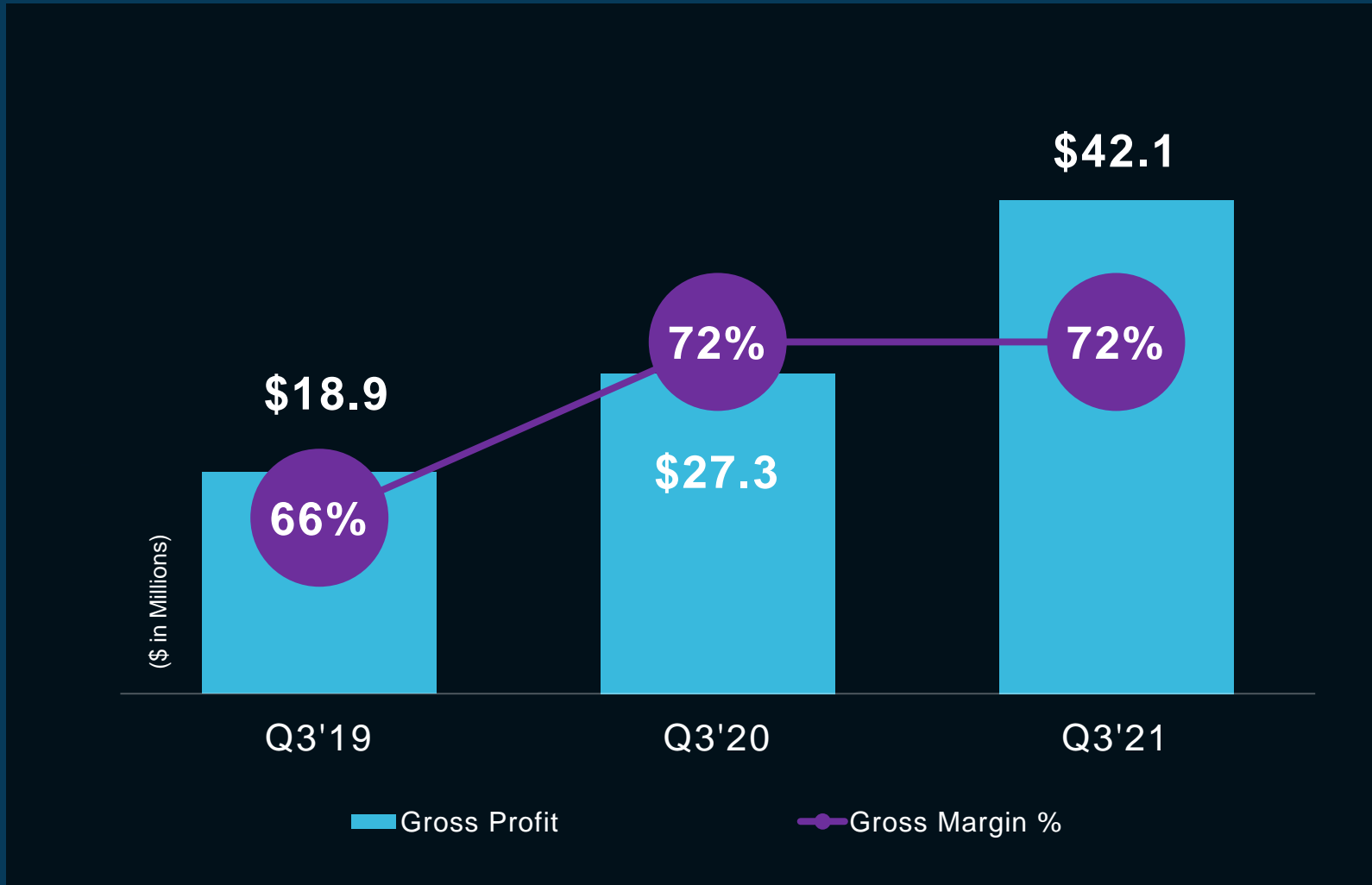


DRIVERS

- 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

¹ 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.

ROBUST GROSS PROFITS

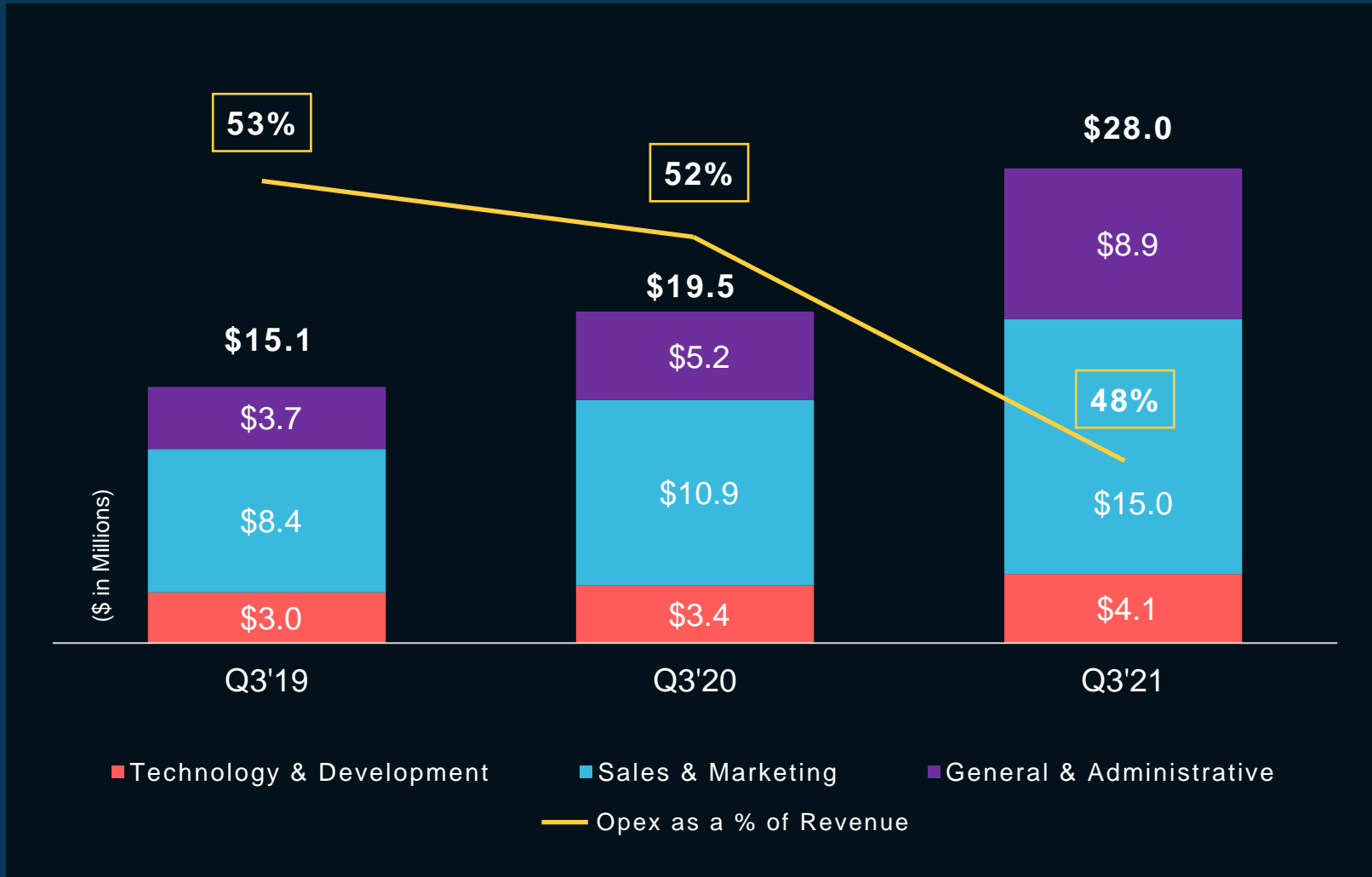


DRIVERS

High marginal profitability from structural leverage:

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

OPERATING EXPENSES: INVESTING FOR GROWTH

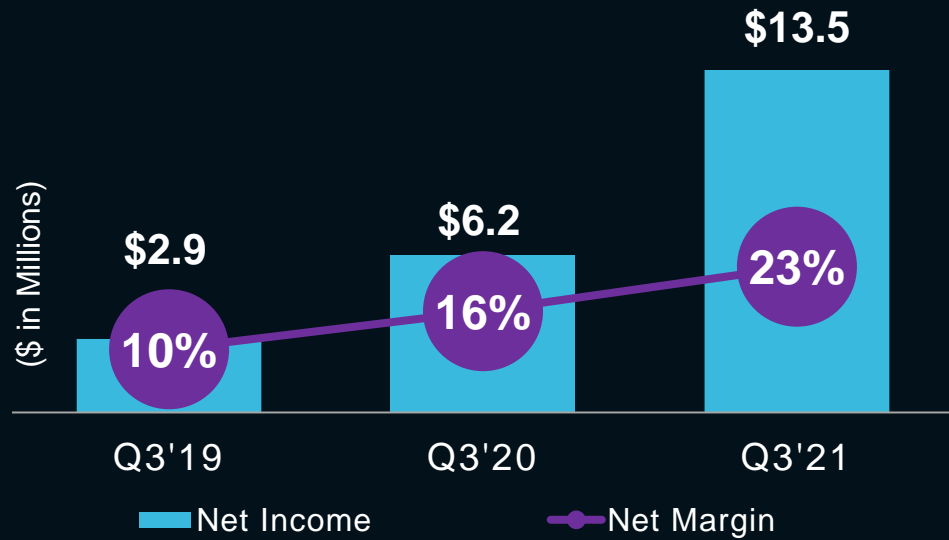


DRIVERS

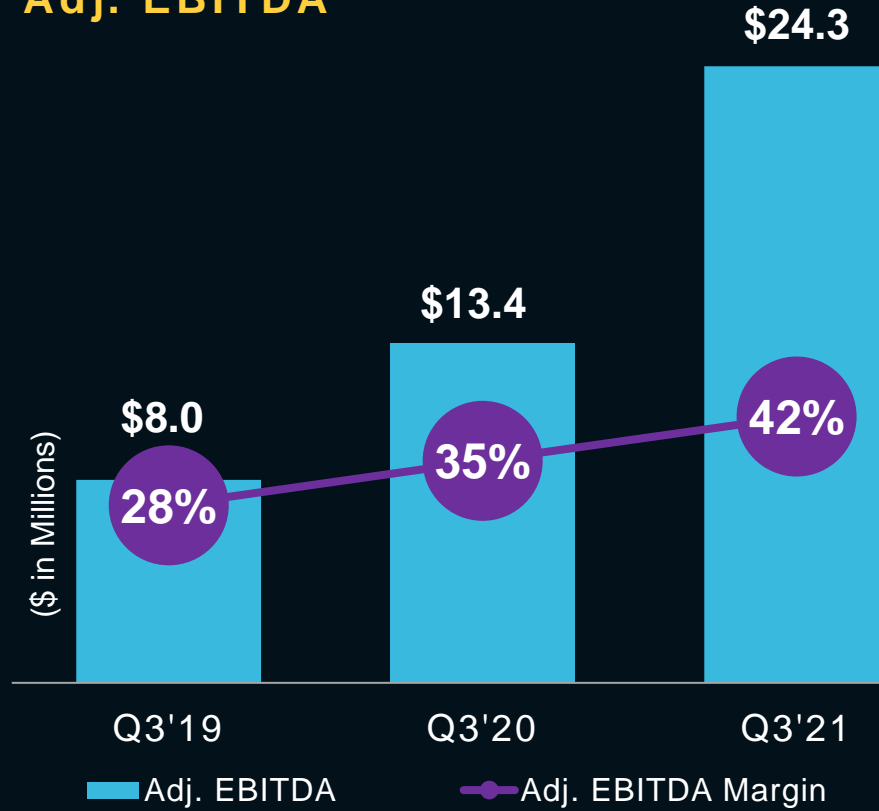
- Increased headcount growth, particularly in Sales, Customer Success and Engineering
- Incremental public company expenses and stock-based compensation in Q3'21
- Achieving scale efficiencies

INCREASING PROFITABILITY

NET INCOME



Adj. EBITDA¹



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

DELIVERING CASH FLOW

NET CASH PROVIDED BY OPERATING ACTIVITIES



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

2021 GUIDANCE

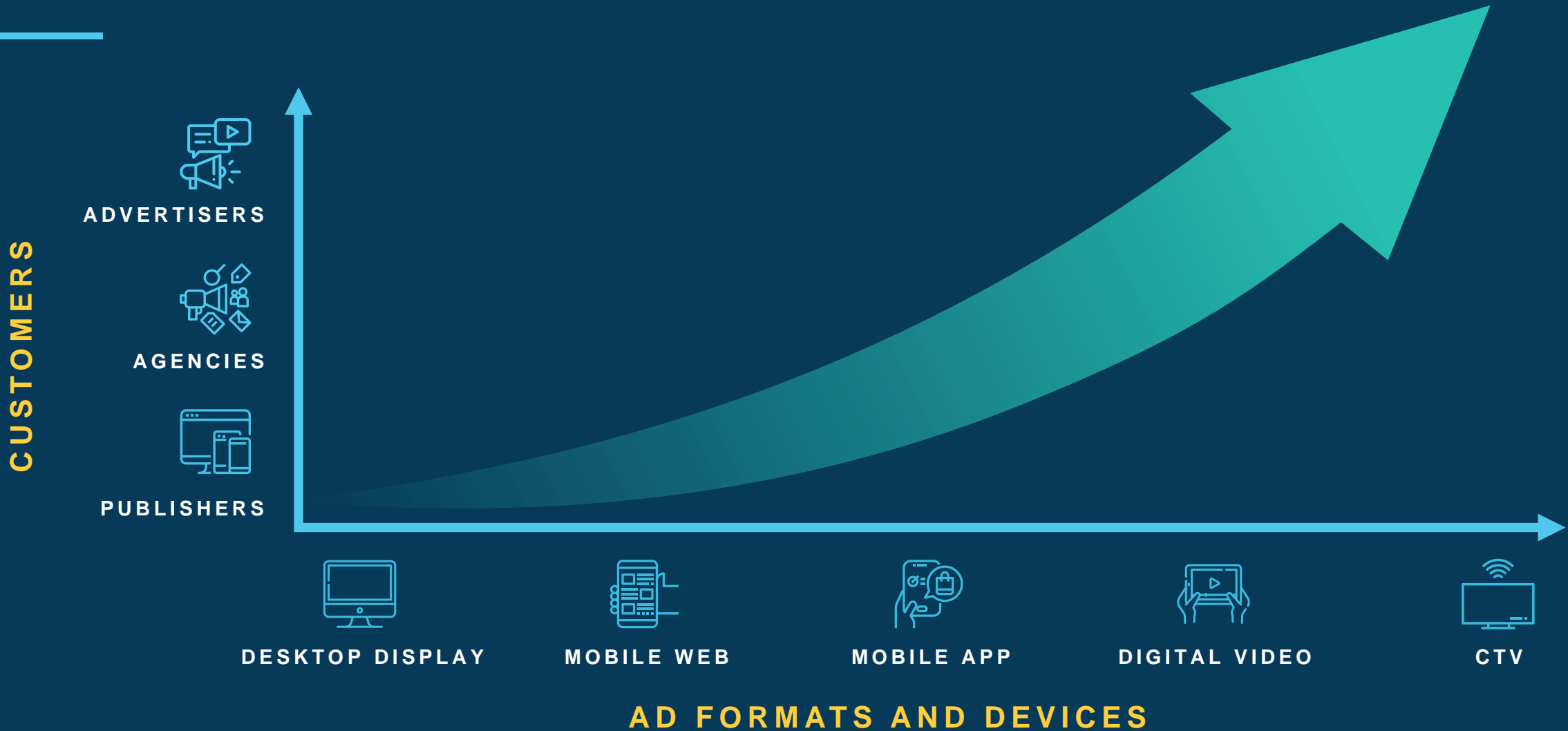
(\$ in Millions)	Q4 2021		FY 2021		PRIOR FY 2021 GUIDANCE	
	Low	High	Low	High	Low	High
Revenue	\$74	\$76	\$225	\$227	\$205	\$209
Y/Y%	32%	35%	51%	53%	38%	40%
Adjusted EBITDA	\$28	\$30	\$86	\$88	\$65	\$68
Adjusted EBITDA Margin	38%	40%	38%	39%	30%	32%

Note: Numbers rounded for presentation purposes

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.

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

NON-GAAP RECONCILIATION – ADJUSTED EBITDA

(\$ in Millions)

Three Months Ended September 30,

	2019	2020	2021
Net Income	\$2.9	\$6.2	\$13.5
Add back (deduct):			
Stock-Based Compensation	\$0.5	\$1.4	\$3.7
Depreciation and Amortization	\$3.2	\$4.2	\$6.3
Impairment of Internal Use Software	\$0.7	–	–
Interest Income	(\$0.3)	(\$0.1)	(\$0.1)
Provision for Income Taxes	\$1.0	\$1.6	\$0.8
Adjusted EBITDA	\$8.0	\$13.4	\$24.3
Revenue	\$28.5	\$37.8	\$58.1
Adjusted EBITDA Margin	28%	35%	42%