Q4 and FY 2022 Earnings Presentation

February 28, 2023
This presentation contains forward-looking statements. These statements may relate to, but are not limited to, expectations of Q1 2023 and full-year 2023 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 dependency on the overall demand for advertising and the channels we rely on; our existing customers not expanding their usage of our platform, or our failure to attract new publishers and buyers; the rejection of the use of digital advertising by consumers through opt-out, opt-out or ad-blocking technologies or other means; our failure to innovate and develop new solutions that are adopted by publishers; limitations imposed on our collection, use or disclosure of data about advertisements; any failure to scale our platform infrastructure to support anticipated growth and transaction volume; macroeconomic conditions, including any instability resulting from inflation, interest rates, foreign currency exchange rates or the conflict in Ukraine; any failure to comply with laws and regulations related to data privacy, data protection, information security, and consumer protection; and our ability to manage our growth. 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 February 28, 2023. 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, adjusted EBITDA margin, Free Cash Flow, non-GAAP net income, non-GAAP net income margin and non-GAAP diluted EPS. 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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FY 2022 FINANCIAL HIGHLIGHTS

REVENUE
$256.4M
+13% YOY

GAAP NET INCOME MARGIN
11%
$28.7 MILLION

ADJ. EBITDA MARGIN
38%
$98.0 MILLION

NET CASH FROM OPERATIONS
$87M

FREE CASH FLOW
$38M

1 FY 2022 GAAP Net Income includes $5.9 million unrealized loss on equity investments.
2 Adjusted EBITDA and Adjusted EBITDA Margin are non-GAAP measures. A reconciliation of Adjusted EBITDA to net income is provided on a separate slide in this presentation.
3 Free cash flow is calculated by taking cash provided from operating activities less capital expenditures (i.e. purchases of property and equipment and capitalized software development costs).
Q4 2022 FINANCIAL HIGHLIGHTS

**Revenue**
$74.3M
-1.7% YOY

**GAAP Net Income Margin**
17%
$12.8 MILLION

**Adjusted EBITDA Margin**
44%
$32.6 MILLION

**Omnichannel Video Revenue YOY**
25%

**CTV Revenue YOY**
OVER 2X

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2 Adjusted EBITDA and Adjusted EBITDA Margin are non-GAAP measures. A reconciliation of Adjusted EBITDA to net income is provided on a separate slide in this presentation.
TRANSLATING ECONOMIC CHALLENGES INTO A COMPETITIVE ADVANTAGE FOR GROWTH

PubMatic Competitive Advantage

- STRONG FINANCIAL PROFILE
- OWNED & OPERATED INFRASTRUCTURE
- ROBUST GO TO MARKET TEAM
- HIGHLY FOCUSED INNOVATION

HIGH-MARGIN REVENUE

INNOVATION DRIVES VALUE

EXPANDED CUSTOMER USAGE
OPEN INTERNET OPPORTUNITY DRIVING MARKET SHARE GAINS

VALUE OF INDEPENDENT TECHNOLOGY

ESTIMATED PUBMATIC MARKET SHARE¹

4-4.5%

LONG-TERM MARKET SHARE OBJECTIVE

20%+

¹ In 2022. Excludes China.
OUR TOTAL ADDRESSABLE MARKET IS EXPANDING

HIGH GROWTH FORMATS
- CTV / OTT
- Online Video
- Mobile App

GEOGRAPHIC EXPANSION
- France
- Spain
- S. Korea
- China

TOTAL PUBLISHERS CUSTOMERS IN Q4 2022
1,600+
GO TO MARKET FOCUS ON EXPANDING PREMIUM PUBLISHER RELATIONSHIPS

PORTFOLIO OF STICKY PRODUCTS & SOLUTIONS

Wrapper

Mobile App SDK

Identity Solutions

Data Solutions

2022 PUBLISHER INITIATED LOGO RETENTION\(^1\)

97%

2022 NET DOLLAR-BASED REVENUE RETENTION\(^2\)

108%

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1 Represents how many customers that generated revenue in 2021, also generated revenue in 2022.

2 We calculate our net dollar-based retention rate by starting with the revenue from publishers in the last prior year (“Prior Period Revenue”). We then calculate the revenue from these same publishers in the current year (“Current Period Revenue”). Current Period Revenue includes any upsells and is net of contraction or attrition but excludes revenue from new publishers. Our net dollar-based retention rate equals the Current Period Revenue divided by Prior Period Revenue.
BUYERS ARE CONSOLIDATING THEIR MEDIA SPEND ON PUBMATIC

CONTINUE TO EXPAND RELATIONSHIPS WITH AGENCIES

SPO SHARE OF TOTAL ACTIVITY

- Q4’20: 21%
- Q4’21: 25%
- Q4’22: 30%+

Q4’20 Q4’21 Q4’22
ACCELERATING CADENCE OF PRODUCT INNOVATION TO FUEL FUTURE GROWTH

2022 YOY INCREASE IN PRODUCT & FEATURE RELEASES

30%
Economic environment favors scaled companies that are efficient, innovative, nimble and profitable.

Aligned investment strategy and optimize for maximum productivity.

Long Track Record of Financial Strength

- CONSISTENT PROFITABILITY
- STRONG BALANCE SHEET
- HEALTHY FREE CASH FLOW
- ZERO DEBT
Financial Results
FY REVENUE GROWTH OUTPACED MARKET GROWTH

<table>
<thead>
<tr>
<th>Year</th>
<th>Omnichannel Video Revenue ($ in Millions)</th>
<th>Other Revenue ($ in Millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY'20</td>
<td>$149</td>
<td></td>
</tr>
<tr>
<td>FY'21</td>
<td>$227</td>
<td></td>
</tr>
<tr>
<td>FY'22</td>
<td>$256</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Quarter</th>
<th>FY REVENUE ($ in Millions)</th>
<th>FY OMNICHANNEL VIDEO (%) YOY</th>
<th>2022 REVENUE 2X 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q4'20</td>
<td>$56</td>
<td>42%</td>
<td></td>
</tr>
<tr>
<td>Q4'21</td>
<td>$76</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q4'22</td>
<td>$74</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1 Adjusted EBITDA is a non-GAAP measure. A reconciliation of Adjusted EBITDA to net income is provided in the Appendix.
2 Cash flow from operations is net cash provided by operating activities.
**CONSISTENT AND DIFFERENTIATED FINANCIAL RESULTS**

<table>
<thead>
<tr>
<th></th>
<th>FY’21</th>
<th>FY’22</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adjusted EBITDA</td>
<td>$96</td>
<td>$98</td>
</tr>
<tr>
<td>Net Cash From Ops</td>
<td>$89</td>
<td>$87</td>
</tr>
<tr>
<td>Free Cash Flow</td>
<td>$49</td>
<td>$38</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Q4’21</th>
<th>Q4’22</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adjusted EBITDA</td>
<td>$39</td>
<td>$33</td>
</tr>
<tr>
<td>Net Cash From Ops</td>
<td>$28</td>
<td>$19</td>
</tr>
<tr>
<td>Free Cash Flow</td>
<td>$11</td>
<td>$7</td>
</tr>
</tbody>
</table>

1. Adjusted EBITDA is a non-GAAP measure. A reconciliation of Adjusted EBITDA to net income is provided in the Appendix.
2. Cash flow from operations is net cash provided by operating activities.
3. Free cash flow is calculated by taking cash provided from operating activities less capital expenditures (i.e. purchases of property and equipment and capitalized software development costs).
We calculate our net dollar-based retention rate by starting with the revenue from publishers in the last prior year (“Prior Period Revenue”). We then calculate the revenue from these same publishers in the current year (“Current Period Revenue”). Current Period Revenue includes any upsells and is net of contraction or attrition but excludes revenue from new publishers. Our net dollar-based retention rate equals the Current Period Revenue divided by Prior Period Revenue.

We calculate our Supply Path Optimization (“SPO”) net spend retention rate by starting with the spend from SPO buyers that have been buyers on our platform for at least three years, in the last prior year (“Prior Period SPO Buyer Spend”). We then calculate the spend from these same buyers in the current year (“Current Period Spend”). Current Period SPO Buyer Spend includes any upsells and is net of contraction or attrition but excludes spend from new SPO buyers. Our net SPO retention rate equals the Current Period SPO Buyer Spend divided by Prior Period SPO Buyer Spend.
PLATFOM DIVERSITY FUELS GROWTH AND RESILIENCY

DIMENSIONS OF PLATFORM DIVERSITY

OMNICHANNEL REVENUES
AD VERTICAL SPENDING
GEOGRAPHIES

Q4 2022 OMNICHANNEL VIDEO¹ SHARE OF REVENUE
34%

Q4 2022 MOBILE ADVERTISING SHARE OF REVENUE
57%

¹ Omnichannel video is the sum of online digital video plus CTV/OTT
MULTIPLE BUSINESS MODEL LEVERS

- Owned & Operated Infrastructure
  - Expect 50%+ reduction in 2023 capex investment

- Efficient Development Org
  - $30M+ in annual savings by leveraging off-shore development resources

- Operational Excellence
  - $10M contributed to 2H’22 bottom line by adjusting expenses and investments
Increased headcount by 23% with majority hired for India technical team

Opex includes incremental costs for Martin acquisition of $3.3M and $2.0M in FY’22 and Q4’22, respectively; stock-based compensation of $22.1M and $5.9M in FY’22, and Q4’22, respectively.

NET INCOME

- FY'20: $26.6
- FY'21: $29.7
- FY'22: $56.6
- Q4'20: $18.8
- Q4'21: $19.7
- Q4'22: $28.2

Non-GAAP Net Income:

- FY'20: $5.4M
- FY'21: $5.9 million unrealized loss on equity investments.

DILUTED EARNINGS PER SHARE

- FY'20: $0.46
- FY'21: $0.50
- FY'22: $0.92
- Q4'20: $0.34
- Q4'21: $0.50
- Q4'22: $0.22

Non-GAAP Diluted EPS:

- FY'20: $1.00
- FY'21: $1.14
- FY'22: $0.92
- Q4'20: $0.36
- Q4'21: $0.48
- Q4'22: $0.33

Notes:

1. Q4 2021 and FY 2021 GAAP Net Income include an unrealized gain on equity investments before tax of $5.4M. FY 2022 GAAP Net Income includes $5.9 million unrealized loss on equity investments.
2. Q4 2022 GAAP Net Income includes $5.9 million unrealized loss on equity investments.
3. Non-GAAP net income and Non-GAAP diluted EPS are non-GAAP measures. A reconciliation of Non-GAAP net income to net income is provided in the Appendix of this presentation.
4. EPS = Earnings per share
**NET CASH PROVIDED BY OPERATING ACTIVITIES**

<table>
<thead>
<tr>
<th></th>
<th>FY 2021</th>
<th>FY 2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>$ in Millions</td>
<td>$88.7</td>
<td>$87.2</td>
</tr>
</tbody>
</table>

**FREE CASH FLOW**

<table>
<thead>
<tr>
<th></th>
<th>FY 2021</th>
<th>FY 2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>$ in Millions</td>
<td>$49.3</td>
<td>$38.3</td>
</tr>
</tbody>
</table>

**ANNOUNCING STOCK REPURCHASE PROGRAM**

$75M CLASS A COMMON SHARES THROUGH 2024

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1 Free Cash Flow is a non-GAAP measure. A reconciliation of free cash flow to net cash flow provided by (used in) operating activities is provided in the Appendix. Note: Numbers rounded for presentation purposes.
2023 OPERATING PRIORITIES

- Generate similar free cash flows as 2022
- Targeted investments to accelerate revenues when ad spend stabilizes
- Drive cost structure efficiencies that lead to margin expansion
**2023 GUIDANCE**

**Q1 2023**

<table>
<thead>
<tr>
<th></th>
<th>Low</th>
<th>High</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td>$50</td>
<td>$52</td>
</tr>
<tr>
<td><strong>Adjusted EBITDA</strong></td>
<td>$4</td>
<td>$6</td>
</tr>
<tr>
<td><strong>Adjusted EBITDA Margin</strong></td>
<td>8%</td>
<td>12%</td>
</tr>
</tbody>
</table>

Note: Numbers rounded for presentation purposes

FY 2023 we expect:

- Adjusted EBITDA margin to be 30%+
- Free cash flow similar to 2022
- CapEx to be in the range of $13M – $16M (>50% YoY reduction)

Although we provide guidance for Adjusted EBITDA, a non-GAAP metric, 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.
**LONG TERM COMPETITIVE ADVANTAGES**

1. Revenue Growth Ahead of Market Growth
2. Differentiated Adjusted EBITDA and Free Cash Flow Generation
3. Strong Publisher and Buyer Relationships
4. Diversified Omnichannel Platform
5. Durable Business Model
## NON-GAAP RECONCILIATION – ADJUSTED EBITDA

<table>
<thead>
<tr>
<th>($ in Millions)</th>
<th>Three Months Ended December 31,</th>
<th>Twelve Months Ended December 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2020</td>
<td>2021</td>
</tr>
<tr>
<td>Net Income</td>
<td>$18.8</td>
<td>$28.2</td>
</tr>
<tr>
<td><strong>Add back (deduct):</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stock-Based Compensation</td>
<td>1.1</td>
<td>3.6</td>
</tr>
<tr>
<td>Unrealized gain/(loss) on equity investments</td>
<td>-</td>
<td>(5.4)</td>
</tr>
<tr>
<td>Depreciation and Amortization</td>
<td>4.2</td>
<td>7.1</td>
</tr>
<tr>
<td>Interest Income</td>
<td>(0.1)</td>
<td>(0.1)</td>
</tr>
<tr>
<td>Acquisition-related and other expenses</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Provision for Income Taxes</td>
<td>2.9</td>
<td>5.5</td>
</tr>
<tr>
<td><strong>Adjusted EBITDA</strong></td>
<td><strong>$26.9</strong></td>
<td><strong>$38.9</strong></td>
</tr>
<tr>
<td>Revenue</td>
<td>$56.2</td>
<td>$75.6</td>
</tr>
<tr>
<td>Adjusted EBITDA Margin</td>
<td>48%</td>
<td>51%</td>
</tr>
</tbody>
</table>

Note: Numbers rounded for presentation purposes
## NON-GAAP NET INCOME RECONCILIATION

($ in Millions, except for Non-GAAP Diluted EPS\(^1\))

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</tr>
<tr>
<td>Stock-Based Compensation</td>
<td>1.1</td>
<td>3.6</td>
</tr>
<tr>
<td>Unrealized (gain)loss on equity investments</td>
<td>-</td>
<td>(5.4)</td>
</tr>
<tr>
<td>Acquisition-related and other expenses</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Adjustment for income tax benefit on stock-based compensation</td>
<td>(0.2)</td>
<td>0.7</td>
</tr>
<tr>
<td><strong>Non-GAAP Net Income</strong></td>
<td>$19.7</td>
<td>$27.1</td>
</tr>
<tr>
<td><strong>Non-GAAP Diluted EPS(^1)</strong></td>
<td>$0.36</td>
<td>$0.48</td>
</tr>
<tr>
<td><strong>Revenue</strong></td>
<td>$56.2</td>
<td>$75.6</td>
</tr>
<tr>
<td><strong>Non-GAAP Net Income Margin</strong></td>
<td>35%</td>
<td>36%</td>
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</table>

Note: Numbers rounded for presentation purposes
## FREE CASH FLOW RECONCILIATION

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</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2020</td>
<td>2021</td>
</tr>
<tr>
<td>Net Cash provided by (used in) Operating Activities</td>
<td>$8.6</td>
<td>$28.5</td>
</tr>
<tr>
<td>Deduct:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchases of Property and Equipment</td>
<td>(11.3)</td>
<td>(7.6)</td>
</tr>
<tr>
<td>Capitalized Software Development Costs</td>
<td>(1.6)</td>
<td>(2.2)</td>
</tr>
<tr>
<td>Free Cash Flow</td>
<td>($4.3)</td>
<td>$18.7</td>
</tr>
<tr>
<td>Revenue</td>
<td>$56.2</td>
<td>$75.6</td>
</tr>
<tr>
<td>Free Cash Flow Margin</td>
<td>(8%)</td>
<td>25%</td>
</tr>
</tbody>
</table>

Note: Numbers rounded for presentation purposes