PUBMATIC Q3 2025 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, the economy 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, uncertainties and other factors in our reports filed from time to time with the Securities and Exchange Commission and are 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 November 10th, 2025 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, Non-GAAP Net Income, Cash Flow from Operations and Free Cash Flow. 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 welcome everyone.

We delivered a stronger than expected quarter, with revenue and adjusted EBITDA ahead of guidance, as well as strong cash flow, demonstrating the power of our platform, the continued diversification of our business and our accelerated pace of innovation.

CTV significantly outpaced the market rate of growth and grew over 50% year-over-year excluding political, driven by increased premium supply, continued scaling of agency marketplaces, traction in our live sports marketplace, and growth of small and mid-market advertisers. Emerging revenues grew over 80% year-over-year as sell side targeting and newly launched AI-solutions quickly ramp. We also strengthened our end-to-end platform with cutting-edge AI innovations that are deepening our competitive moat and unlocking measurable, incremental revenue opportunities.

The industry is rapidly redefining itself – and we are actively shaping its future. The impending Google ad tech remedies verdict will very likely shift market share. The prioritization of data targeting and performance is shifting value creation in the ecosystem to the sell-side. And over the past few months, we've seen a groundswell of AI-driven innovation reshaping the entire ecosystem.

AI is now at the center of every strategic conversation – whether the objective is advertising performance, transparency, or automation. As an early adopter of AI, our leadership is a defining advantage for us which will grow over time. We continue to innovate, with an AI strategy centered around three distinct layers of programmatic advertising: the infrastructure layer, the application layer, and the transaction layer.

For the infrastructure layer, we own and operate our full technology stack, giving us the efficiencies, control and independence that many of our peers don't have, evidenced by multiple recent public cloud outages.

Through our technical collaboration with NVIDIA, we are deploying next-generation AI models on the world's most advanced GPU architecture. Five years in the making, this collaboration required three ingredients: physical infrastructure capable of deploying GPUs at scale; massive transaction volume to test and optimize across the full open internet; and technical sophistication to be an early adopter. Today, our infrastructure is a clear differentiator, and we believe, years ahead of peers.

The business impacts are tangible: 5x faster bid responses and 85% fewer auction timeouts, all recovering millions in ad spend. These results close the infrastructure advantage of walled gardens and directly translate into advertiser performance with higher publisher yield.

Looking ahead, as autonomous AI agents begin planning and negotiating ad campaigns, industry compute requirements are expected to grow dramatically. These early investments only widen our infrastructure advantage as legacy platforms are constrained by cloud and computing limits.

This is the monumental shift for open internet digital advertising that PubMatic has been building for.

Next, at the application layer, we're deploying some of the most exciting and innovative capabilities we've ever launched, embedding AI directly into our products to power intelligent workflows and decision automation. We launched AI-powered buyer and publisher platforms that now handle more complexity with significantly less manual effort. Our solutions cut campaign setup time by 87% and speed up issue resolution by 70%, translating directly into faster activations, higher productivity and better outcomes for our customers.

Independent agency Butler/Till has been using our AI-powered PubMatic for Buyers platform. Scott Ensign, their Chief Strategy Officer, said, and I quote, "Historically, systems don't talk to each other—data sets are disparate, walled-garden data is hard to connect. AI allows us to scale human reasoning and run campaigns that truly look across all channels and optimize across them. Working with PubMatic for Buyers helps make that possible."

This same enthusiasm is building on the publisher side. Our newly launched publisher suite already includes 17 operational AI agents guiding yield, diagnostics and creative setup. Customer feedback has been exceptional. One of our largest omnichannel partners, Overwolf, told us that the PubMatic Assistant AI chatbot is unique with respect to the accuracy and speed of execution.

And finally, at the transaction layer, we're preparing for the next major step, agentic AI, where advertisers' and publishers' AI agents will be able to transact directly through our infrastructure. We are a co-founder of the newly established Ad

Context Protocol (or AdCP) alongside partners like Yahoo, LG Ad Solutions and Raptive, and the first to publish a Model Context Protocol specification for agent-to-agent communication in the programmatic industry. We're establishing the protocols, safety mechanisms, and the interoperability standards that will enable AI agents across the entire ecosystem to transact efficiently and securely.

With this three-layer strategy – Infrastructure, Application, and Transaction – we are building the complete system for Agentic AI: the high-performance car, the roads to drive on, and the traffic laws to govern it all.

While still in early days, we are already seeing material benefits.

1. First, AI is driving increased platform usage. As we roll out new generative AI and agentic AI features across our platform, our customers are able to launch campaigns and resolve issues faster and improve performance. Validating our leadership in AI, customers have repeatedly said that they are not seeing this level of innovation from other companies in the industry.

2. Second, AI solutions are generating new revenue streams. One example is our new AI based yield optimization solution for publishers, which uses adaptive learning models to automate pricing and improve auction efficiency. This AI solution is driving growth for our publishers - increasing their revenue on average by 10%. Launched just a few months ago, it has already unlocked tens of millions of dollars in incremental revenue for our publishers and in turn is generating new PubMatic revenue as part of our emerging revenue category.

3. And third, AI is improving our operational efficiency and profitability. In the last two months we deployed a dozen AI agents internally to automate operational workflows, accelerate development, and reduce overhead. Our goal is to deploy substantially more agents in the coming quarters to give us measurable margin leverage while we continue to invest and strengthen our long-term moat.

Looking ahead, despite the significant progress we have made, we believe we're just scratching the surface. AI will continue to drive higher usage across our platform, generate incremental revenue streams, and improve operational leverage. And because we're investing across all three layers, PubMatic is poised to lead the next era of agentic AI advertising.

EXECUTING AGAINST OUR BROADER STRATEGIC GOALS

While AI is a powerful driver of our long-term growth strategy, it's equally important that we execute across the four other strategic priorities I outlined last quarter. I'm pleased to report that we're making significant progress in each of those areas.

EXPANDING DSP MIX

First, we're broadening our demand-side ecosystem and accelerating our pipeline.

We expanded a top three DSP partnership, introducing Programmatic Guaranteed deals that streamline execution for advertisers across premium streaming content. This integration reduces friction in deal setup, accelerates time-to-market for campaigns, and unlocks incremental budgets. It's a great example of how our relationships with global DSP partners are becoming more strategic as we diversify beyond the legacy DSPs.

We also launched a new partnership with Blis, an omnichannel DSP that brings high-value demand from leading global brands across automotive, retail, and financial services. Blis combines T-Mobile's app engagement data with real-world movement patterns and transaction signals to drive performance-focused campaigns with measurable outcomes—from brand awareness to store visits and sales. This partnership expands our reach into premium brand advertisers who prioritize full-funnel measurement and offline attribution.

These mid-market focused DSPs, like Blis, represent one of the fastest-growing advertising segments. In Q3, ad spend from this segment grew 25%+ year-over-year, reflecting meaningful progress in our diversification strategy.

ACCELERATING INVESTMENT ON THE BUY-SIDE

Second, we're accelerating our investment on the buy side. We're extending our reach with independent agencies and direct advertisers, expanding our focus from the top 20 agencies to the top 150, and from the top 500 advertisers to approximately 1,500. Supply path optimization remains a key growth driver with the majority of this addressable market as greenfield opportunity. SPO represented over 55% of activity on our platform in Q3. As a pioneer in SPO, we are the leading incumbent, offering scale and a rich history of performance and efficiency gains.

Building on this momentum, we are onboarding more buyers onto Activate, our direct-to-supply buying platform. Over the first nine months of the year, the number of active campaigns grew more than 4x over last year, with a 35% increase in customers. Activate is a key solution that enables the ecosystem-wide push for increased performance, transparency, and efficiency of programmatic advertising.

And this is only the beginning. We've begun integrating AI-powered agent-to-agent workflows into Activate to boost performance and reduce friction, making advertiser adoption even easier. We believe that this new technology could have a massive impact on Activate adoption over the medium-term as we accelerate investment in mid-tail buyers.

Finally, we continue to deepen our integrations with DSPs to create value beyond real time bidding transactions. We are the first SSP to integrate The Trade Desk's Price Discovery and Provisioning API, which allows publishers and advertisers to share deal metadata between our platforms to better identify and resolve issues with underperforming deals in real-time. Today, over 50% of programmatic deals sit dormant because this information was previously only available offline. We anticipate this innovation will accelerate our share of PMP and PG deals as we drive adoption together with The Trade Desk.

ADVANCING OUR LEADERSHIP IN CTV

Third, our momentum in Activate is also fueling our growth in CTV. Excluding political advertising, CTV revenue grew more than 50% year-over-year, and the format remains a primary growth engine for our business.

Live sports is an especially exciting category; buying activity rose more than 150% sequentially from Q2 to Q3 as we scaled our AI-powered Live Sports Marketplace and launched new programmatic guaranteed deals around tentpole events like the U.S. Open for tennis and Monday Night Football.

We also continued to expand our CTV publisher footprint. New deals and expanded partnerships with a number of free ad-supported streaming services, including Tubi, Future Today, and LocalNow added to a strong roster with over 90% of the top 30 global streamers now on PubMatic.

We offer these premium content streamers incremental ad demand that other platforms can't offer because of the scale of our SPO, Activate, curation, and commerce businesses. For example, Fremantle, one of the world's largest entertainment content creators behind franchises like American Idol, America's Got Talent, and The X Factor generated a 78% increase in incremental programmatic demand across their expanding FAST channel portfolio by partnering with PubMatic. This is a remarkable outcome and highlights significant incremental ad revenue our platform generates for our partners.

Additionally, we're expanding ad formats on our platform. In collaboration with dentsu, we recently launched Pause Ads for CTV through Activate. Advertisers can now serve dynamic, contextually relevant ads when viewers pause content, representing a premium, brand-safe moment that boosts engagement and yields incremental revenue for publishers.

What's more, with $155B of ad dollars still in linear television, we believe our CTV business has a long runway for growth given the scale, performance and ad formats now available for buyers on PubMatic.

SCALING EMERGING REVENUE STREAMS

And, fourth, we're making significant progress in scaling our emerging revenue streams which grew over 80% year-over-year in the third quarter.

Commerce media continues to gain momentum. We continue onboarding and scaling with some of the world's leading retailers and transaction-based enterprises as they seek to activate and monetize their first-party audience intelligence. These partnerships are expanding our reach beyond the traditional impression model while generating platform fees and data-based monetization that accelerate revenue growth.

Sell-side curation is another fast-growing emerging revenue stream. We expanded partnerships with leading data providers around the world. Nielsen, for example, tapped PubMatic as their exclusive sell-side partner to bring their more than 10,000 audience segments to Australian advertisers and agencies.

Together with the previously mentioned AI yield solution for publishers, these initiatives drive incremental, high margin-revenue that is scaling quickly.

IN CLOSING

In closing, our results demonstrate the power of our differentiated business model. We continue to innovate, diversify our business, and operate with discipline.

We are leading from a position of strength. We're confident that the investments we're making today, particularly across the three layers of our AI strategy, are expanding our competitive advantage while creating sustainable, profitable growth over the mid to long-term.

All of this is happening alongside a once-in-a-generation shift in digital advertising that will likely result in the competitive landscape being reshaped, where even a modest share shift could unlock substantial, incremental, high margin revenue for us, given our owned and operated infrastructure.

PubMatic is not only positioned to adapt—we're helping define what comes next. We have the technology, the talent, and the financial foundation to build a more intelligent, efficient, and enduring business; one that creates lasting value for our customers, partners, and shareholders.

Let me now turn the call over to Steve.

CFO REMARKS

Thank you Rajeev, and welcome everyone.

We exceeded expectations on both revenue and adjusted EBITDA. This outperformance was driven by CTV combined with stronger than expected year-over-year growth for online video and mobile app. We managed expenses, leveraged AI and delivered improved margins and strong free cash flow.

Stepping back, it is important to call out that our efforts to transform our business started several years ago as we anticipated the value of the ecosystem shifting to the sell-side. We've built an end-to-end solution that prioritizes control, performance, and transparency while recognizing the need to diversify our business and unlock new paths to monetization.

Today, over 40% of our revenue is derived from CTV, mobile app and emerging revenue streams, which represent long-term value for our business, up from less than 30% two years ago.

Further, these efforts directly benefit our profitability and enable continued innovation and investment in the business.

REVENUE

Turning to the quarterly results, starting with the revenue breakdown:

To provide apples-for-apples comparability, year-over-year growth rates for video are adjusted to exclude political ad spend. On that basis, total omnichannel video revenues grew 21%, underscoring the strength of our premium video portfolio and growing adoption of AI-powered optimization across formats. Within this category, CTV once again grew over 50% year-over-year driven by the success of our Live Sports Marketplace and growth in programmatic guaranteed deals across expanding buyer relationships. We monetized CTV inventory from over 90% of the top 30 global streamers. Omnichannel video contributed approximately 38% of total revenue in Q3 2025.

Emerging revenue streams continued their high-growth trajectory, growing over 80% year-over-year while scaling to 10% of total revenue in the third quarter. This growth represents incremental, durable revenue streams beyond our core sell side platform capabilities. Most notably, year-over-year revenue from Activate grew over 100%, and our curation and data business, Connect, grew over 40%. Based on the results we are seeing, we will continue to invest for incremental growth opportunities that diversify our revenue, like the new AI-driven product capabilities for publishers that are already showing meaningful traction.

The growth across these key secular areas helped offset the impact from lower spend by the large legacy DSP we identified last quarter. Following our optimizations and integration adjustments by SPO partners, spend stabilized from this DSP in August and September, resulting in a lower, but steady run rate.

As anticipated, display revenue was down (5)% yearover-year, and was the format most affected by the DSP impact. Excluding this DSP, display grew in the low single digit percentages.

With respect to Q3 ad spend across the top ten verticals, in aggregate, they grew in the single digit percentages year-over-year. Health & Fitness, Personal Finance and Technology each increased by over 15%. We saw softer trends in Business and Automotive, which declined by single digit percentages in the quarter.

Ad spend from our mid-tier focused DSP partners grew over 25% year-over-year in Q3. Importantly, our AI-driven buyer platform is resonating well with performance-focused buyers across CTV, mobile app, and e-commerce verticals, and we believe lays the foundation for sustainable growth in the quarters ahead. We anticipate that new buyer relationships, like Blis and MNTN, will bring incremental ad demand across our wide portfolio of verticals.

Regionally, APAC and EMEA revenues grew +12% and +7% respectively, offsetting a -14% decline in the Americas, which was primarily due to spend declines from the large DSP buyer.

OPERATING PRIORITIES

Moving onto our operating priorities.

We continue to invest and reallocate resources to the highest-return areas of the business. As Rajeev noted, we're seeing strong growth across our DSP mix and within Activate - as customers increase usage and new products drive incremental revenue. Our focus on generative AI is also improving operational agility, streamlining internal workflows and allowing us to redirect resources toward growth initiatives without adding structural cost.

This efficiency has allowed us to expand our sales team focused on buyers and grow spend from existing partners, and onboard new partners. We are making great progress integrating with the fast-growing mid- to long-tail segment and so far in 2025 we've added over 25 new DSP partners. All of these efforts help us counter the near-term headwinds from legacy DSPs and further diversify beyond the top five as I described last quarter.

MANAGING EXPENSES AND DELIVERING PROFITABILITY

Core to our long-term strategy is being nimble in identifying opportunities and then executing rapidly to capitalize on them. We have achieved this while managing our costs and to consistently delivering profits in many different environments.

The foundation of this approach is expanding our capacity while driving down our unit costs. We processed approximately 87 trillion gross impressions in Q3, a 24% increase over last year and a 12% sequential gain vs. Q2. Nearly 60% of total impressions were from CTV and mobile app inventory, highlighting our increasing focus on high-engagement channels. Further, the increase in impressions is highly leveraged over a fixed cost basis. Over a trailing twelve-month basis, unit cost in the third quarter declined 19% over the comparable prior year period.

In terms of operating expenses, our early investments in AI to drive operational efficiency are yielding measurable results. Year to date, every quarter we have successfully kept our total operating expenses roughly flat at $51 million, while realigning investments to the areas that deliver the strongest ROI. This allows us to scale profitability even as we invest ahead of growth. For example, we increased our buyer focused sales team by 19% in Q3 as compared to the prior year while the overall total headcount was flat.

This disciplined approach enabled us to deliver our 38th straight quarter of adjusted EBITDA profitability. This is a track record few companies in our sector can match.

Q3 adjusted EBITDA was $11.2 million, or 16% margin which included a foreign exchange cost of approximately $1 million, due to the weakening U.S. dollar over the quarter.

Q3 GAAP net loss was $(6.5) million or minus $(0.14) cents per diluted share.

CASH & CAPITAL ALLOCATION

Moving to cash and our capital allocation.

Our balance sheet remains a core strategic advantage. In the third quarter we generated $32.4 million in net operating cash flows and free cash flow of $22.8 million.

In addition to efficient working capital management, there were two other factors that improved our cash flow this period. The DSP that had made changes in mid 2024 returned to growth in Q3 which favorably improved our DSO's. There was also a reduction in cash taxes paid because of the new federal tax bill that went into effect earlier this year.

To underscore our long-term ability to generate cash, since the beginning of 2021 through Q3, we have generated over $390 million in net cash from operations and more than $215 million in free cash flow.

We ended the quarter with $136.5 million in cash and zero debt.

Given this strength, we continue to deploy our capital to maximize shareholder value. Since the inception of our repurchase program in February 2023 through the end of Q3, we have bought back 12.4 million Class A common shares for $180.6 million. We have $94.4 million remaining in our repurchase program authorized through the end of 2026. This program, combined with our ongoing investments in AI innovation, reflects a balanced approach to capital allocation and a commitment to long-term shareholder value.

OUTLOOK

Turning to our Q4 outlook, we anticipate strong growth in secular areas of the business including double digit growth for CTV when excluding political advertising and 30%+ growth for emerging revenues. As a reminder, Q4 2024 political advertising represented about 12% of revenue, nearly 80% of which was via CTV.

In terms of the latest trends, in October, the typical holiday seasonal uptick thus far has been relatively muted for some consumer discretionary ad verticals such as Food & Drink and Arts & Entertainment. Accordingly, we are taking a prudent approach to guidance based on the latest trends.

We expect Q4 revenue to be in the range of $73 to $77 million. As it relates to the large DSP that declined in July, we are assuming its associated revenue to be flat in Q4 relative to Q3.

We anticipate Q4 operating expenses to be to Q3's level as AI-driven efficiencies continue to offset selective investments in our sales team.

Q4 adjusted EBITDA is projected to be in the range of $19 to $21 million, which also factors in continued weakness of the US dollar.

For the full year, we expect revenue to be in the range of $276 to $280 million and adjusted EBITDA to be in the range of $53 to $55 million, inclusive of more than $5M of estimated negative FX impact.

We are maintaining our full year capex projection at $15 million, which is a year-over-year reduction, made possible by AI driven optimization.

IN CLOSING

In closing, our Q3 results highlighted the durability of our financial model and validated the progress we are making behind our business transformation.

Looking ahead, we're confident in our robust, multifaceted strategy. Our AI-first end-to-end platform is driving measurable results. We're adding new revenue streams, expanding our SPO relationships, and rapidly diversifying our DSPs in line with future growth opportunities in commerce, performance CTV and mobile app.

With respect to potential remedies in the Google AdTech antitrust trial, we continue to believe that any remedies that level the competitive playing field, whether structural, behavioral, or both, will benefit the open internet and PubMatic.

In 2026 and beyond, as revenue growth re-accelerates, we anticipate margin expansion at both the gross and adjusted EBITDA levels because of our efficient and leveraged business.

Our decade plus experience owning and operating our global private cloud infrastructure has given us several advantages. First, it has enabled us to expand capacity, while at the same time, progressively reduce our rate of capex, and drive down unit costs through optimization initiatives. Second, it's allowed us to invest early on, in next-generation technology with NVIDIA. Today, our infrastructure is a clear differentiator, with investments well ahead of peers that will continue to drive efficiencies and business impact.

We will also continue leveraging AI to drive efficiency and increase our team's productivity. We anticipate total headcount will remain relatively flat in 2026 while investments supporting our fastest growing areas of our business will increase through internal reallocations.

And finally, we are also laser-focused on free cash flow generation and aim to increase cash flow next year supported by further working capital improvements and incremental AI-driven efficiencies.

Collectively, we believe our efforts will drive a return to double-digit revenue growth in the future.

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