

■ PubMatic

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■ Q4 and FY 2023 Earnings Presentation

TOKYO MILAN NEW DELHI LOS ANGELES
FUELING ADVERTISING INNOVATION

February 26, 2024

SAFE HARBOR

This presentation contains forward-looking statements regarding our future business expectations, including but not limited to our guidance relating to our revenue and adjusted EBITDA for the first quarter of 2024 and revenue, adjusted EBITDA margin, free cash flow and capex for the full year 2024, our expectations regarding our free cash flow, capital expenditures, future hiring, future market growth, our long-term revenue growth and our ability to gain market share. These forward-looking statements are based on our current expectations and assumptions regarding our business, the economy and other future conditions and may differ materially from actual results due to a variety of factors including: 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; our ability to maintain and expand access to spend from buyers and valuable ad impressions from publishers; the rejection of the use of digital advertising by consumers through opt-in, opt-out or ad-blocking technologies or other means; our failure to innovate and develop new solutions that are adopted by publishers; the war between Ukraine and Russia and the ongoing conflict between Israel and Palestine, and the related measures taken in response by the global community; the impacts of inflation as well as fiscal tightening and rising interest rates; public health crises, including the resulting global economic uncertainty; limitations imposed on our collection, use or disclosure of data about advertisements; the lack of similar or better alternatives to the use of third-party cookies, mobile device IDs or other tracking technologies if such uses are restricted; any failure to scale our platform infrastructure to support anticipated growth and transaction volume; liabilities or fines due to publishers, buyers, and data providers not obtaining consents from consumers for us to process their personal data; 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. 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.

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 26, 2024. 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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MISSION

PubMatic Fuels the Endless Potential of Internet Content Creators

Q4 2023 FINANCIAL HIGHLIGHTS

REVENUE

\$84.6M

14% YOY

GAAP NET INCOME

\$18.7M

22% MARGIN

ADJUSTED EBITDA¹

\$38.9M

46% MARGIN

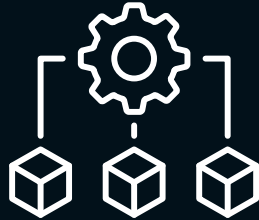
CASH FLOW FROM OPERATIONS²

\$28.7M

¹ Adjusted EBITDA and Adjusted EBITDA Margin are non-GAAP financial measures. See reconciliation in Appendix.

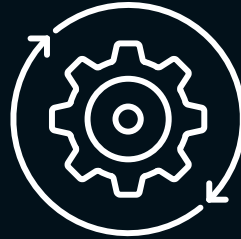
² Cash flow from operations is net cash provided by operating activities.

MULTIPLE FACTORS DRIVE SIGNIFICANT GROWTH OPPORTUNITIES IN 2024



INTEGRATED PLATFORM

Investments in innovation and go-to-market teams gaining momentum



ENGINEERING EFFICIENCY

Generative AI driving anticipated increase in engineering productivity in 2024

MAJOR TAILWINDS

SHIFT TO CTV & COMMERCE MEDIA

CONTINUED INDUSTRY CONSOLIDATION

STABLE & CONSTRUCTIVE AD SPEND ENVIRONMENT

IN THE WAKE OF THIRD-PARTY COOKIE DEPRECATION, SELL-SIDE TECHNOLOGY IS MORE VALUABLE THAN EVER

SHARE OF PUBMATIC IMPRESSIONS
WITH ALTERNATIVE TARGETING
SIGNALS AVAILABLE¹

80%+

PUBLISHER REVENUE LIFT WHEN
ALTERNATIVE IDs ARE PRESENT IN
THE BID STREAM²

16%

SCALED SUITE OF ADDRESSABILITY SOLUTIONS



Connect



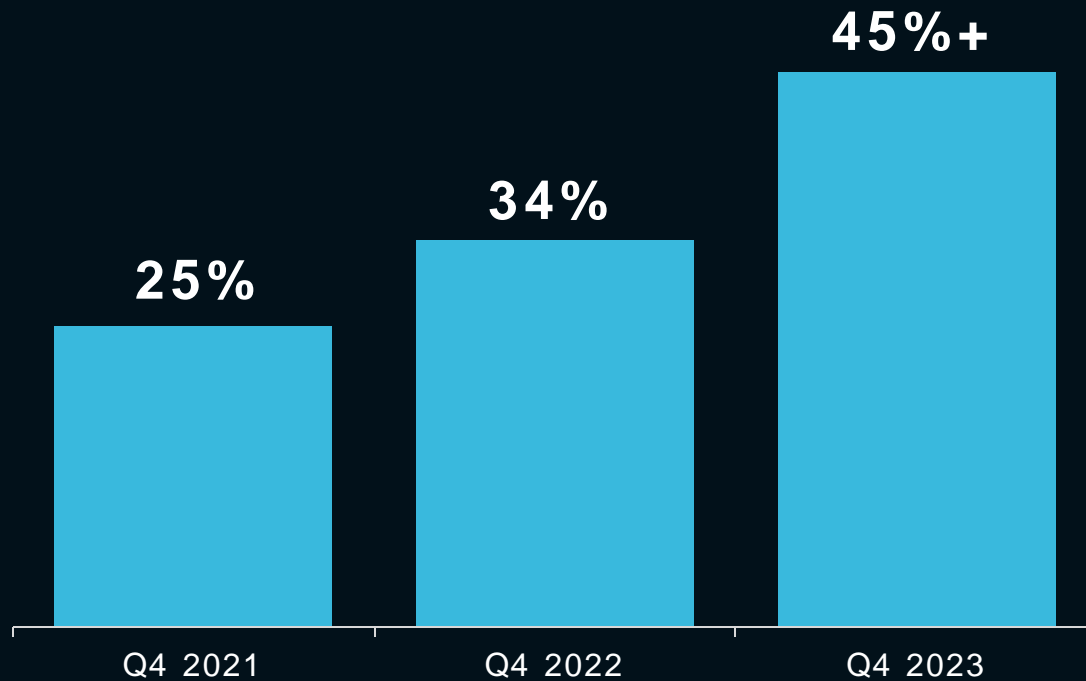
Identity Hub



Privacy
Sandbox

SUPPLY PATH OPTIMIZATION AND ACTIVATE GROWTH DRIVE CONTINUED INVESTMENT

SPO SHARE OF TOTAL ACTIVITY ON THE PUBMATIC PLATFORM



 **Activate**

SEQUENTIAL INCREASE IN PIPELINE OPPORTUNITIES¹

25%

PLANNED EXPANSION OF BUYER-FOCUSED COMMERCIAL TEAMS IN 2024

50%

CONNECTED TV AND ONLINE VIDEO FUEL REVENUE GROWTH

CTV PUBLISHER
CUSTOMER GROWTH
YOY IN 2023

27%

YOY INCREASE IN
MONETIZED CTV
IMPRESSIONS IN 2023

39%

YOY GROWTH OF 1:1
PRIVATE MARKETPLACE
REVENUE IN 2023

50%+

GROWING
RELATIONSHIPS
WITH KEY CTV
PROVIDERS

dish media

vevo

INNOVATION UNLOCKS EMERGING REVENUE STREAMS



2023 YOY INCREASE IN
SOFTWARE RELEASES

60%

PRODUCT DEVELOPMENT EXTENDS VALUE BEYOND AD MONETIZATION



OpenWrap

Wrapper Software



Activate

Buyer SPO Solution



Connect

Post-Cookie Targeting



Convert

Commerce Media

SUPPLY CHAIN EVOLUTION USHERS IN A NEW ERA OF PERFORMANCE ACROSS THE OPEN INTERNET



 **Convert**

CLOSED-LOOP REPORTING
& COMMERCE MEDIA DATA

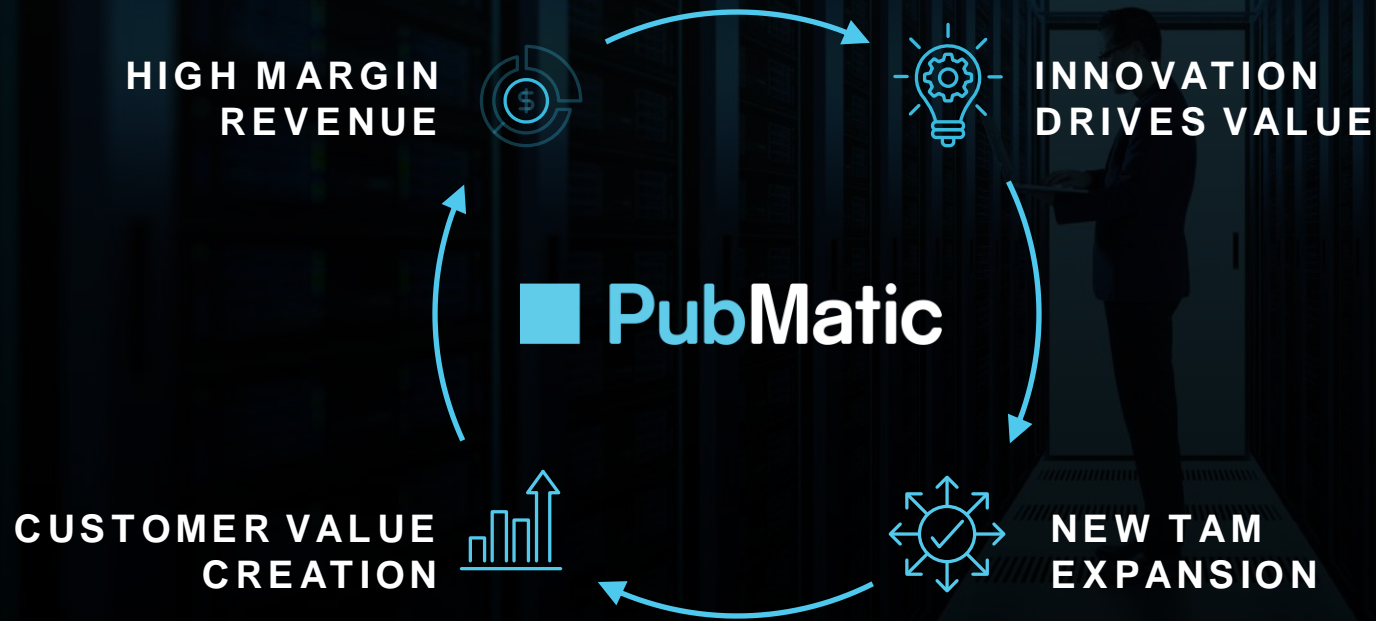
 **Activate**

EFFICIENCY & END-TO-END
CONTROL

 **Connect**

ENHANCED SELL-SIDE DATA
CAPABILITIES

STRONG PERFORMANCE SETS FOUNDATION FOR ACCELERATED REVENUE GROWTH AND MARKET SHARE GAINS



Core Differentiators Driving Continued Success

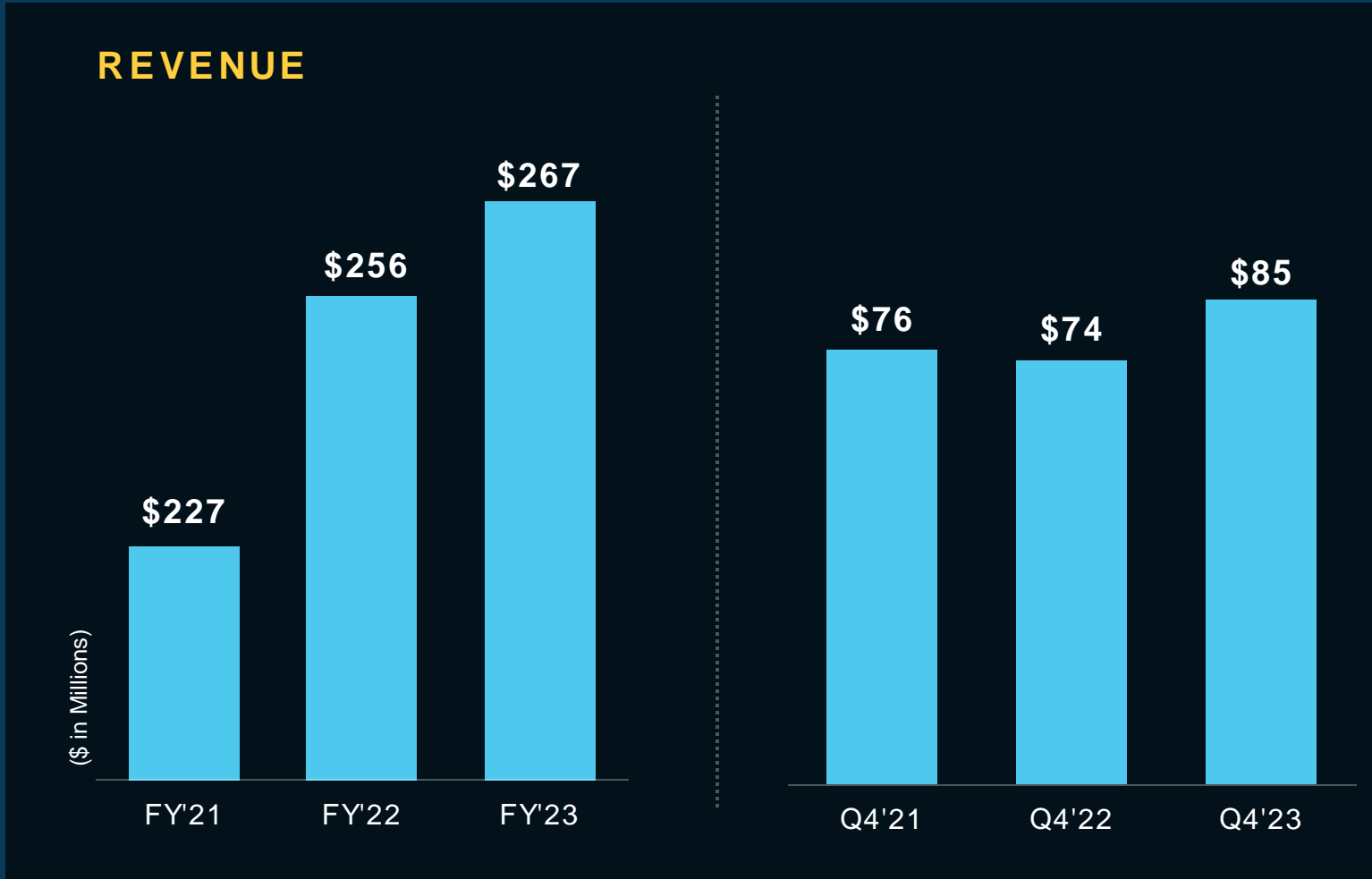
INTEGRATED PLATFORM

CUSTOMER CONTROL & PARTNERSHIP

SUSTAINED INNOVATION

Financial Results

FY AND Q4 FINANCIAL HIGHLIGHTS



Q4 REVENUE
14% YOY

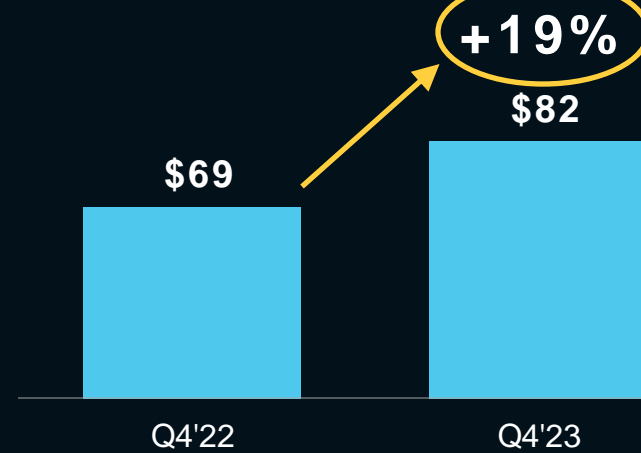
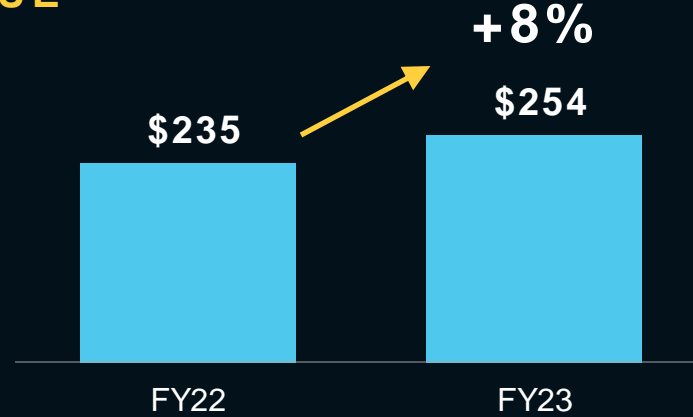
Q4 GAAP NET INCOME
\$18.7M
22% NET INCOME MARGIN

Q4 ADJUSTED EBITDA¹
\$38.9M
46% ADJ. EBITDA MARGIN

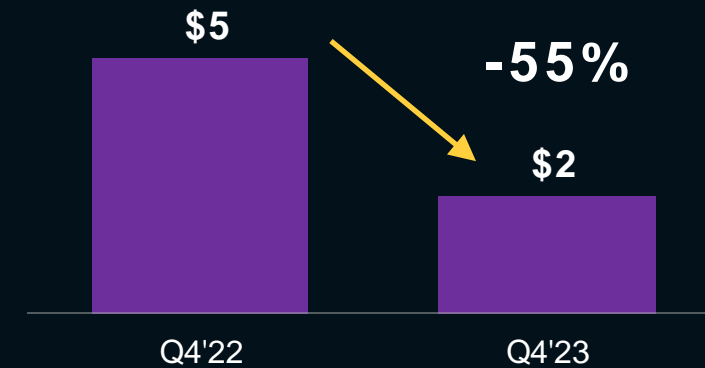
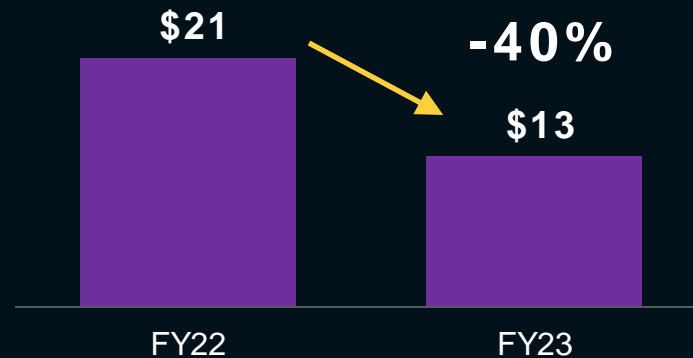
¹ Adjusted EBITDA and Adjusted EBITDA Margin are non-GAAP financial measures. See reconciliation in Appendix.

PUBMATIC REVENUE GROWTH EXCLUDING YAHOO REVENUE

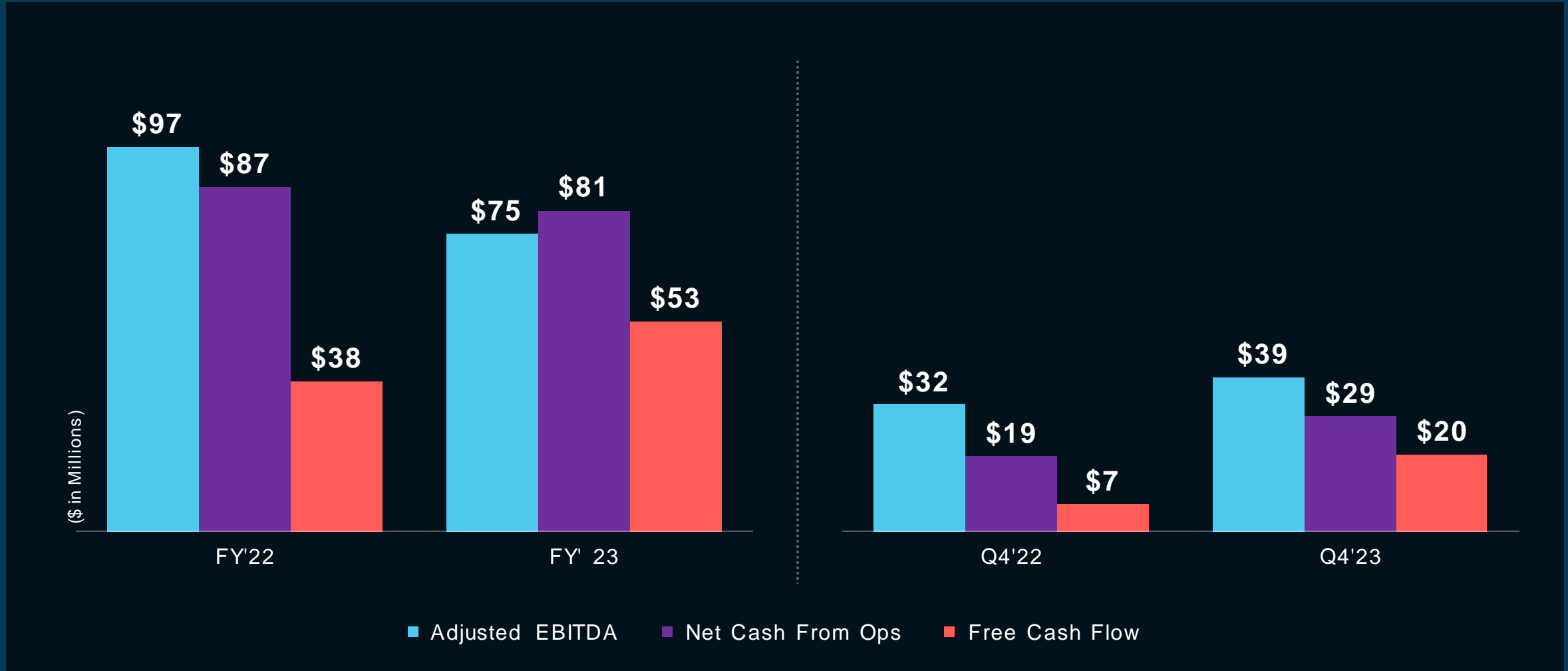
PUBMATIC REVENUE EXCLUDING YAHOO OWNED & OPERATED INVENTORY



REVENUE FROM YAHOO OWNED & OPERATED INVENTORY



CONSISTENT AND DIFFERENTIATED FINANCIAL RESULTS

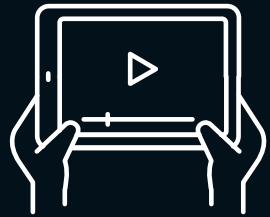


1 Adjusted EBITDA is a non-GAAP measure. A reconciliation of Adjusted EBITDA to net income is provided in the Appendix.

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). Free cash flow is a non-GAAP financial measure. See reconciliation in Appendix.

PLATFORM DIVERSITY FUELS STRONG FINANCIAL PERFORMANCE



OMNICHANNEL
VIDEO¹ REVENUE
GROWTH YOY IN
Q4 2023

7%



DISPLAY REVENUE
GROWTH YOY IN
Q4 2023

9%

TOTAL DISPLAY

27%

EXCLUDING YAHOO OWNED
& OPERATED DISPLAY

DIMENSIONS OF PLATFORM DIVERSITY

OMNICHANNEL
REVENUES

GEOGRAPHIES

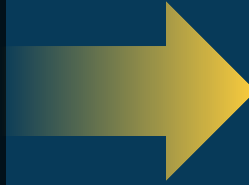
AD VERTICALS

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

EXECUTED ON 2023 OPERATING PRIORITIES



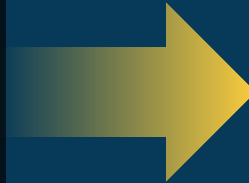
**Position for
Ad Spend
Reacceleration**



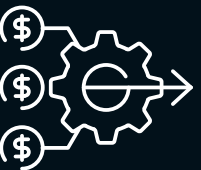
**Grew publisher footprint while
growing net spend retention
from SPO buyers**



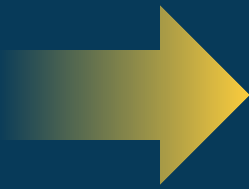
**Drive Free Cash
Flow Generation**



**2023 free cash flow up 38%
over 2022, allowing us to
reinvest to accelerate growth**



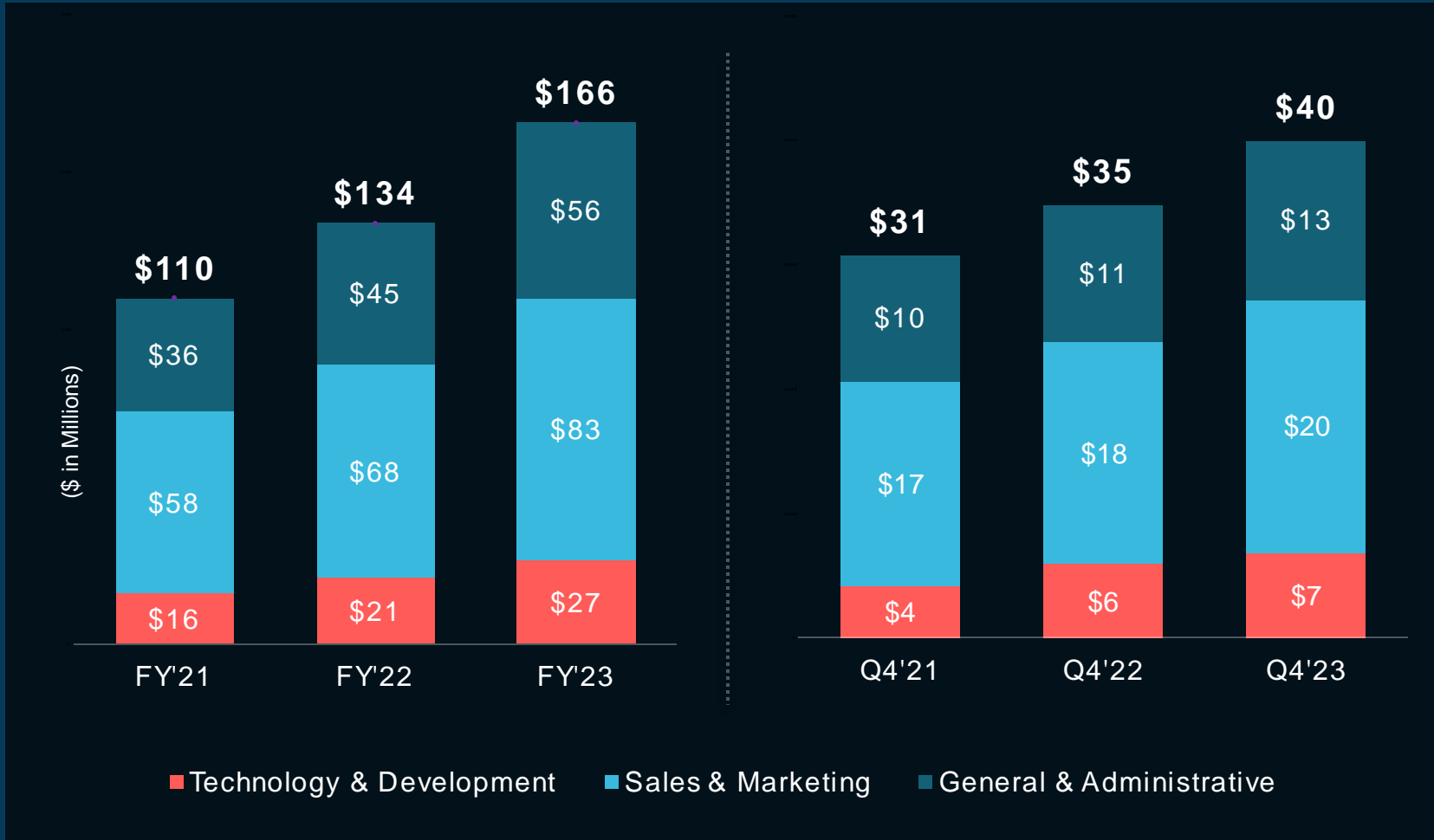
**Drive Cost
Structure
Efficiencies**



**Improved our cost base by over
\$20 million through productivity
and cost efficiency efforts**

¹ Free cash flow is a non-GAAP measure. See reconciliation in appendix.

GAAP OPERATING EXPENSES: INVESTING FOR GROWTH



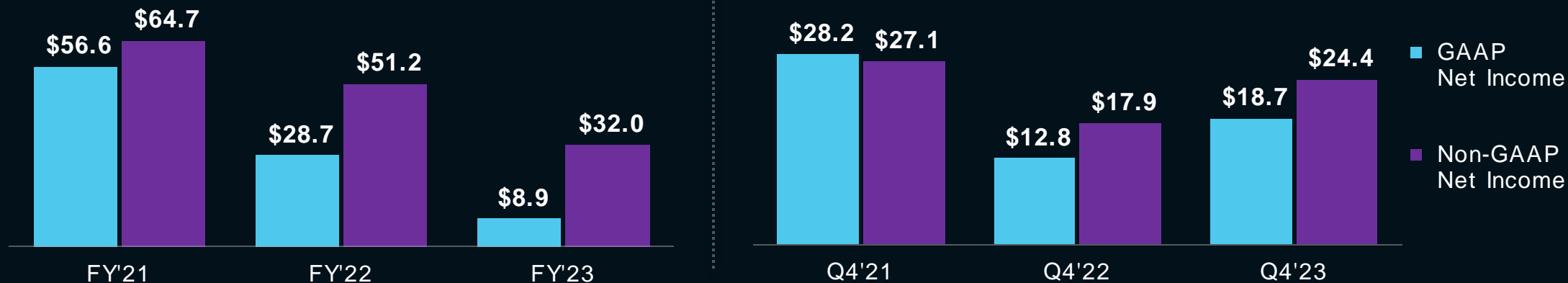
DRIVERS

- Increased headcount by 8% YoY in 2023 with majority hired for India engineering team
- 2023 Opex includes \$5.7M bad debt expense for bankruptcy of Demand Side Platform buyer, and \$27.4M of stock-based compensation expense

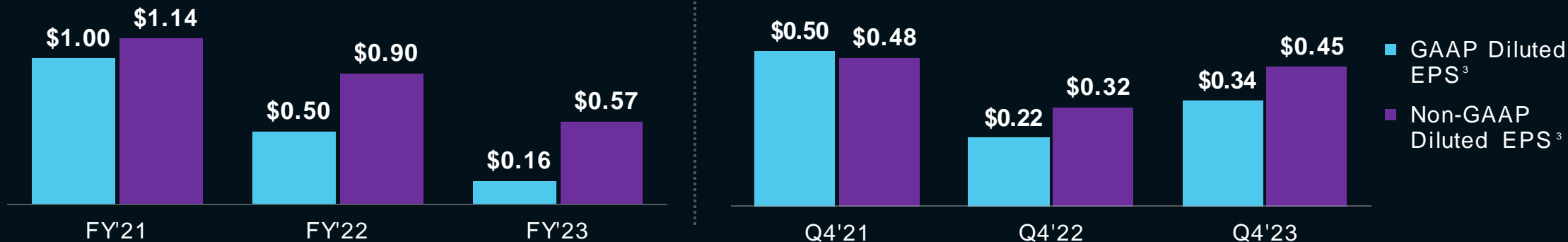
Subtotals for each bar may not add up to total due to rounding.

NET INCOME AND DILUTED EARNINGS PER SHARE

NET INCOME



DILUTED EARNINGS PER SHARE

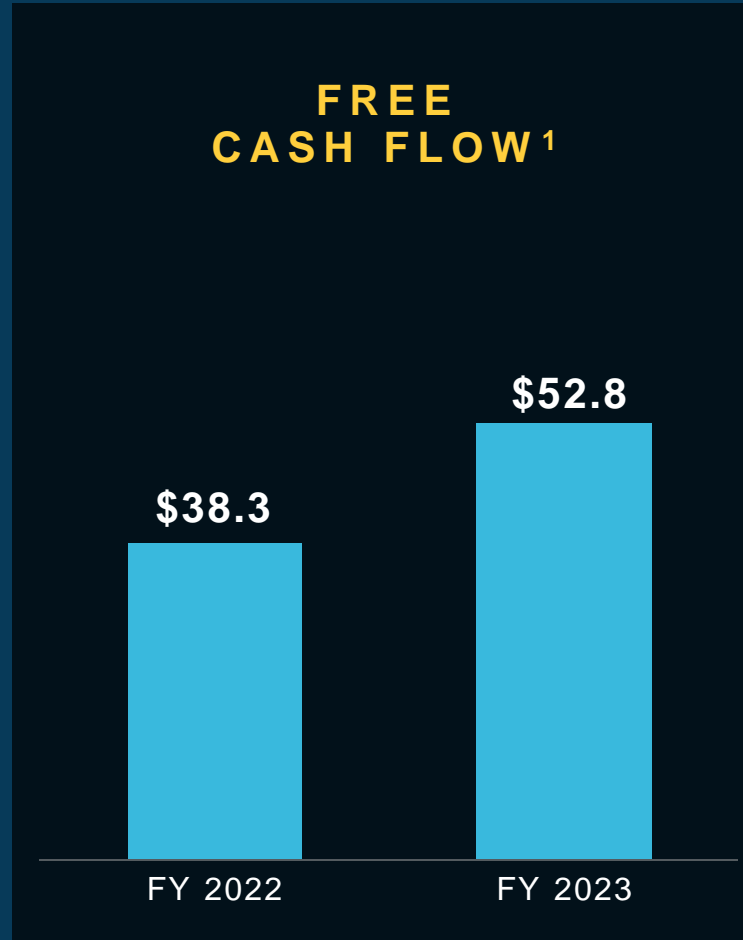
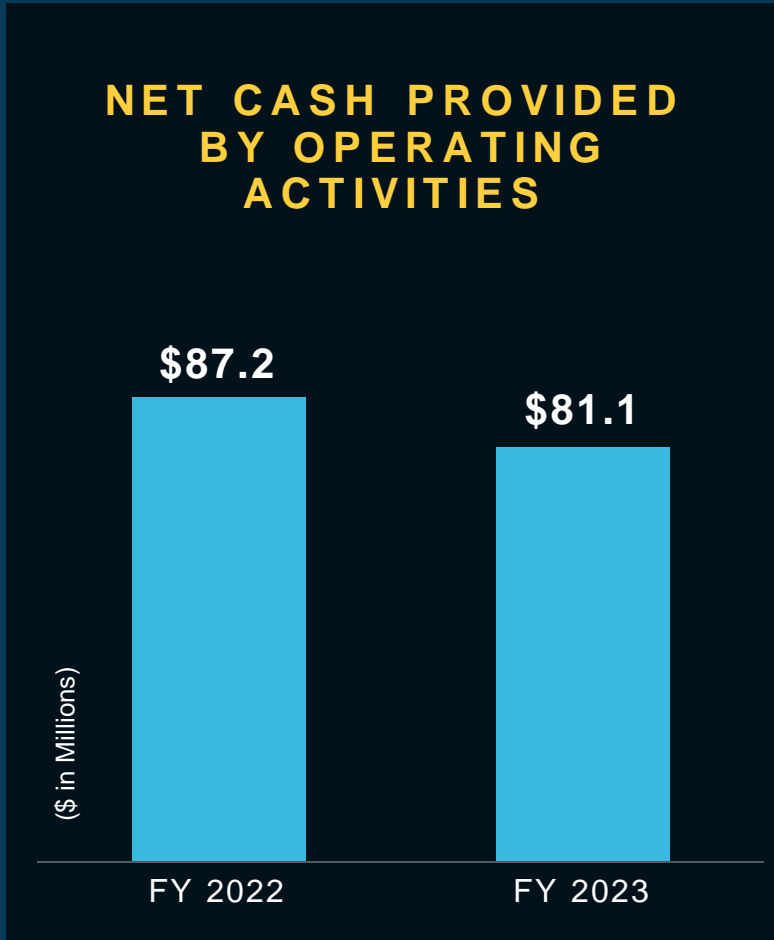


¹Q4 2021 and FY 2021 GAAP Net Income include an unrealized gain on equity investments before tax of \$5.4M. FY 2022 GAAP Net Income includes \$5.9 million unrealized loss on equity investments.

²Non-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.

³EPS = Earnings per share

FOCUS ON CASH FLOW



\$175M
2023 YEAR END CASH AND MARKETABLE SECURITIES

\$59M
CASH USED TO REPURCHASE 4 MILLION CLASS A COMMON SHARES
(AS OF 12/31/2023)

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

2024 OPERATING PRIORITIES & GROWTH LEVERS

OPERATING PRIORITY

INCREMENTAL INVESTMENT AREA



Accelerate Revenue Growth With Increased Investment



Increase sales and customer success team to grow SPO and emerging revenue streams



Drive Cost Efficiencies Through AI & Optimization



Increase capex several million dollars above 2023's level to support new product areas



Return Shareholder Value With Strong Free Cash Flow Generation



Expand stock repurchase program by \$100 million through the end of 2025

2024 Q1 GUIDANCE

(\$ in Millions)	Q1 2024	
	Low	High
Revenue	\$61	\$63
Year over Year Growth %	10%	14%
Excluding Yahoo!	15%	19%
Adjusted EBITDA	\$10	\$12
Adjusted EBITDA Margin	17%	19%

Note: Numbers rounded for presentation purposes

FY 2024 we expect:

- Revenue growth 10%+ vs. 2023 / 12%+ excluding Yahoo! vs. 2023
- Adjusted EBITDA margin to be ~30%
- Free cash flow similar to 2023
- CapEx to be in the range of \$16M – \$18M

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. Free cash flow and Adjusted EBITDA margin are non-GAAP financial measures. See reconciliation in Appendix.

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**

Appendix

NON-GAAP RECONCILIATION – ADJUSTED EBITDA & NON-GAAP NET INCOME

(\$ in Thousands)	Q4'23	Q3'23	Q2'23	Q1'23	Q4'22	Q3'22	Q2'22	Q1'22	Q4'21
Net income (loss)	\$18,702	\$1,773	(\$5,724)	(\$5,871)	\$12,781	\$3,326	\$7,819	\$4,779	\$28,239
Add back (deduct):									
Stock-based compensation	7,337	7,199	7,266	7,059	5,464	4,655	5,391	5,136	3,599
Depreciation and amortization	11,039	11,401	10,898	11,432	10,662	9,082	7,321	7,183	7,081
Unrealized (gain) loss on equity investments	-	-	-	-	-	6,405	915	(1,373)	(5,433)
Interest income	(2,515)	(2,245)	(2,176)	(1,891)	(1,170)	(596)	(325)	(122)	(92)
Acquisition-related and other expenses ¹	-	-	-	-	51	867	-	-	-
Provision for income taxes	4,343	111	545	(3,375)	4,034	1,398	1,927	1,403	5,504
Adjusted EBITDA	\$38,906	\$18,239	\$10,809	\$7,354	\$31,822	\$25,137	\$23,048	\$17,006	\$38,898
Revenue	\$84,600	\$63,677	\$63,330	\$55,407	\$74,296	\$64,501	\$63,032	\$54,552	\$75,556
Adjusted EBITDA Margin	46%	29%	17%	13%	43%	39%	37%	31%	51%

¹ We are no longer excluding the impact of post-acquisition cash compensation agreements for certain key acquired employees from the Martin acquisition from Adjusted EBITDA. The impact of this change to our adjusted EBITDA for the three and twelve months ended December 31, 2022 is a decrease to Adjusted EBITDA income of \$0.8 million and \$1.0 million, respectively.

Note: Numbers rounded for presentation purposes

NON-GAAP RECONCILIATION – ADJUSTED EBITDA & NON-GAAP NET INCOME

(in thousands except per share data)	Q4'23	Q3'23	Q2'23	Q1'23	Q4'22	Q3'22	Q2'22	Q1'22	Q4'21
Net income (loss)	\$18,702	\$1,773	(\$5,724)	(\$5,871)	\$12,781	\$3,326	\$7,819	\$4,779	\$28,239
Unrealized (gain) loss on equity investments	-	-	-	-	-	6,405	915	(1,373)	(5,433)
Stock based compensation	7,337	7,199	7,266	7,059	5,464	4,655	5,391	5,136	3,599
Acquisition-related and other expenses ¹	-	-	-	-	51	867	-	-	-
Adjustment for income taxes	(1,590)	(1,397)	(1,390)	(1,318)	(352)	(3,032)	(1,093)	(491)	669
Non-GAAP net income (loss)	\$24,449	\$7,575	\$152	(\$130)	\$17,944	\$12,221	\$13,032	\$8,051	\$27,074
Revenue	\$84,600	\$63,677	\$63,330	\$55,407	\$74,296	\$64,501	\$63,032	\$54,552	\$75,556
Non-GAAP net income margin	29%	12%	0%	0%	24%	19%	21%	15%	36%
Non-GAAP weighted average shares outstanding – diluted	54,940	55,979	56,259	56,955	56,027	56,944	56,847	56,888	56,773
Non-GAAP diluted EPS	\$0.45	\$0.14	\$0.00	(\$0.00)	\$0.32	\$0.21	\$0.23	\$0.14	\$0.48

¹ We are no longer excluding the impact of post-acquisition cash compensation agreements for certain key acquired employees from the Martin acquisition from Adjusted EBITDA. The impact of this change to our Non-GAAP net income for the three months ended September 30, 2022, December 31, 2022, March 31, 2023, and June 30, 2023 is a decrease to Non-GAAP net income of \$0.2 million, \$0.8 million, \$1.0 million, and \$1.2 million, respectively.

Note: Numbers rounded for presentation purposes

FREE CASH FLOW RECONCILIATION

(\$ in Millions)	Three Months Ended December 31,			Twelve Months Ended December 31,		
	2021	2022	2023	2021	2022	2023
Net Cash provided by (used in) Operating Activities	\$28.5	\$19.4	\$28.7	\$88.7	\$87.2	\$81.1
Deduct:						
Purchases of Property and Equipment	(7.6)	(9.0)	(5.2)	(30.5)	(35.9)	(10.6)
Capitalized Software Development Costs	(2.2)	(3.4)	(4.0)	(8.9)	(13.0)	(17.7)
Free Cash Flow	\$18.7	\$7.0	\$19.5	\$49.3	\$38.3	\$52.8
Revenue	\$75.6	\$74.3	\$84.6	\$226.9	\$256.4	\$267.0
Free Cash Flow Margin	25%	9%	23%	22%	15%	20%

Note: Numbers rounded for presentation purposes