

■ PubMatic

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■ FY 2020 Earnings Presentation

TOKYO MILAN NEW DELHI LOS ANGELES
FUELING ADVERTISING INNOVATION

February 23, 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; and 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 regarding these and other risks and uncertainties that could cause actual results to differ materially from our expectations is included under the caption “Risk Factors” in our Final Prospectus filed with the Securities and Exchange Commission (the “SEC”) on December 9, 2020 and our other SEC filings. 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 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.

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MISSION

**PubMatic Fuels the Endless Potential
of Internet Content Creators**

Q4 2020 HIGHLIGHTS

YOY REVENUE
GROWTH

64%

ADJUSTED
EBITDA MARGIN¹

48%

GAAP
NET INCOME

\$18.8M

NET CASH PROVIDED
BY OPERATING ACTIVITIES

\$8.6M

IMPRESSIONS
PROCESSED

15.8
TRILLION

¹Adjusted EBITDA is a non-GAAP metric; see reconciliation on slide 22 for historical periods.

FY 2020 HIGHLIGHTS

YOY REVENUE
GROWTH

31%

ADJUSTED
EBITDA MARGIN¹

34%

GAAP
NET INCOME

\$26.6M

NET CASH PROVIDED
BY OPERATING ACTIVITIES

\$24.3M

IMPRESSIONS
PROCESSED

46.9
TRILLION

NET DOLLAR-BASED
RETENTION²

122%

¹Adjusted EBITDA is a non-GAAP metric; see reconciliation on slide 22 for historical periods.

² Calculated by starting with the revenue from publishers in the last prior year then calculating the revenue from these same publishers in the current year.

Company Overview

OUR CORE BELIEFS

1

All advertising will become digital, and all digital advertising will become programmatic

2

Ad-supported Open Internet will thrive

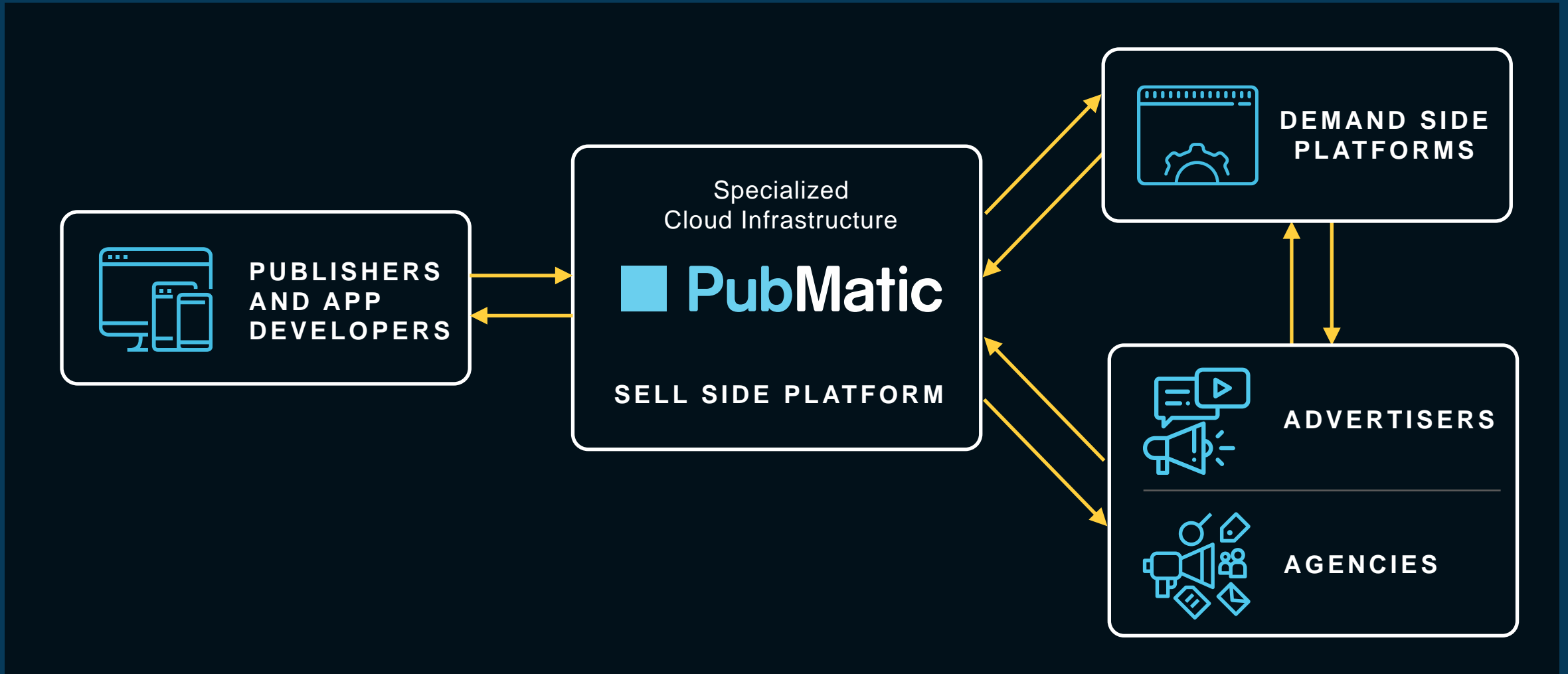
3

Omnichannel platforms will win vs. point solutions

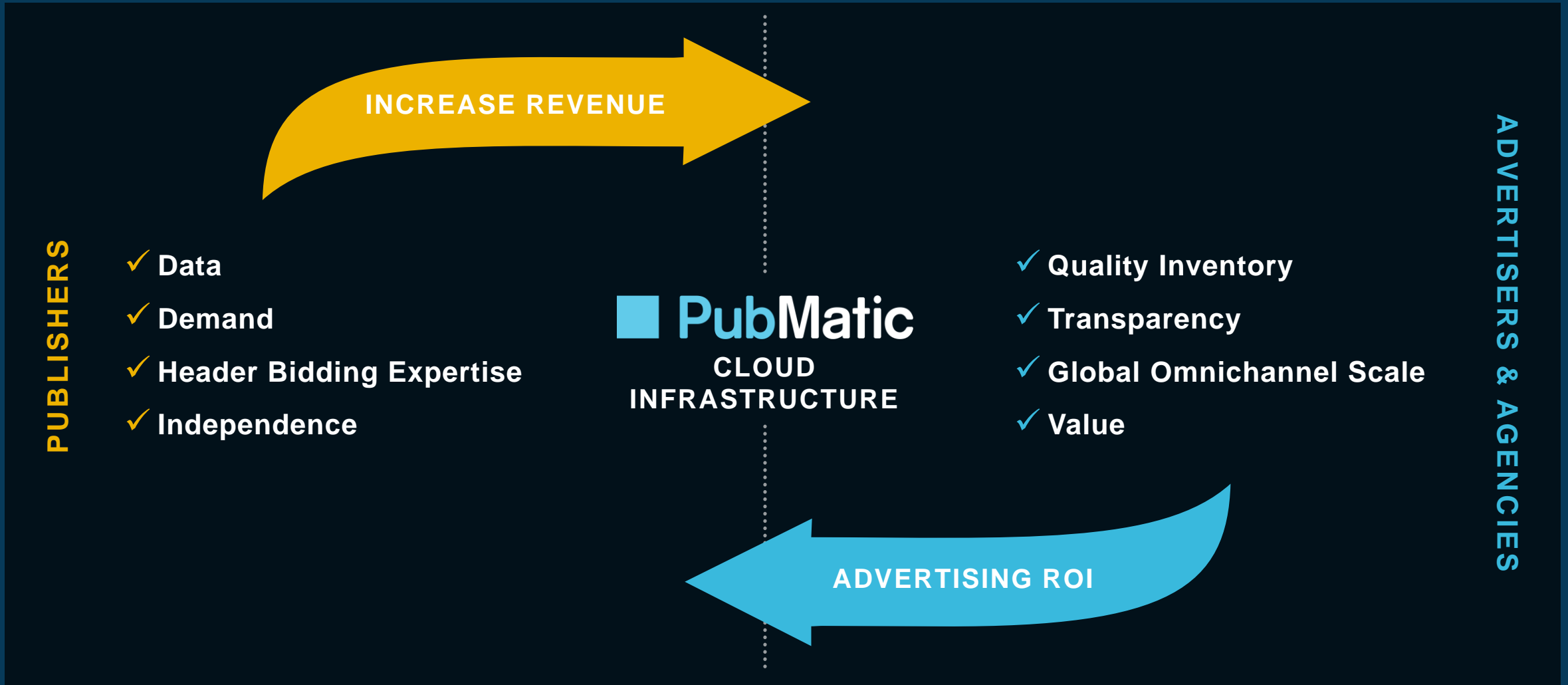
4

Long term success requires differentiated infrastructure

OUR ROLE IN THE DIGITAL ADVERTISING ECOSYSTEM

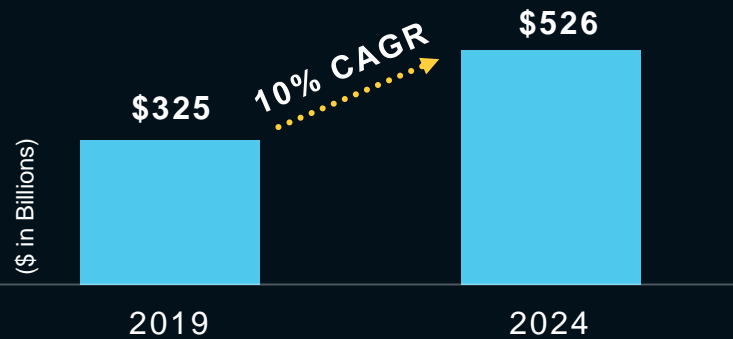


KEY BENEFITS OF OUR CLOUD INFRASTRUCTURE FOR DIGITAL ADVERTISING

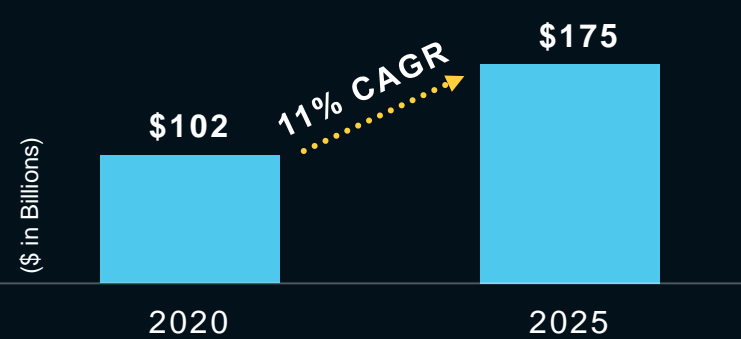


SIGNIFICANT TAILWINDS DRIVE MASSIVE INDUSTRY GROWTH IN DIGITAL AD SPEND

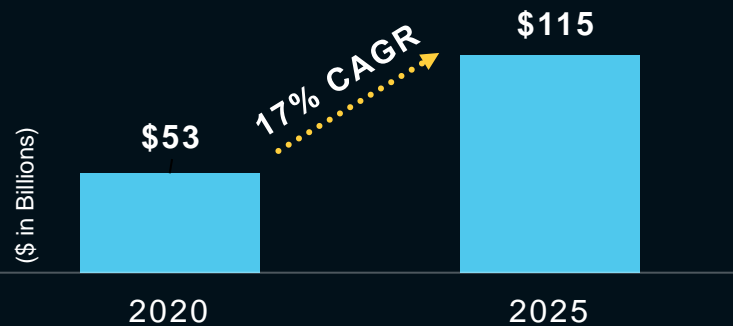
GLOBAL DIGITAL AD SPEND



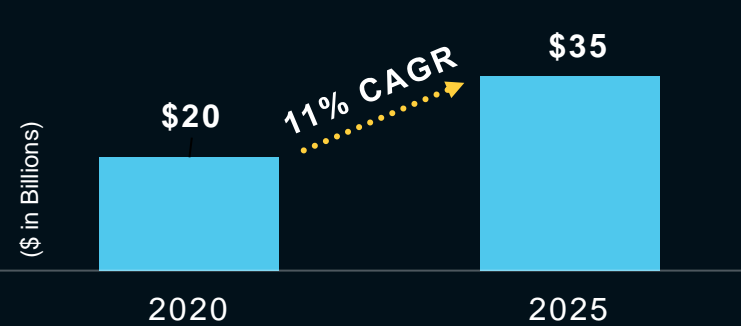
MOBILE PROGRAMMATIC AD SPEND



DIGITAL VIDEO PROGRAMMATIC AD SPEND (EX. OTT / CTV)



OTT/CTV PROGRAMMATIC AD SPEND



ACCELERATED DIGITAL TRANSFORMATION

- Offline to online conversion
- Increased consumer time online

Source: eMarketer, Magna Global report commissioned by PubMatic. Note: All figures are excluding search, email, and online classifieds.

KEY ECOSYSTEM TRENDS DRIVING OUR GROWTH



Explosion of Programmatic Header Bidding



Buyer Ad Spend Consolidating onto Fewer Sell Side Platforms



Rise of OTT/CTV



Protecting Consumer Privacy and Shift Away from Cookies

OUR COMPETITIVE DIFFERENTIATORS



**Specialized cloud
infrastructure for
digital advertising**

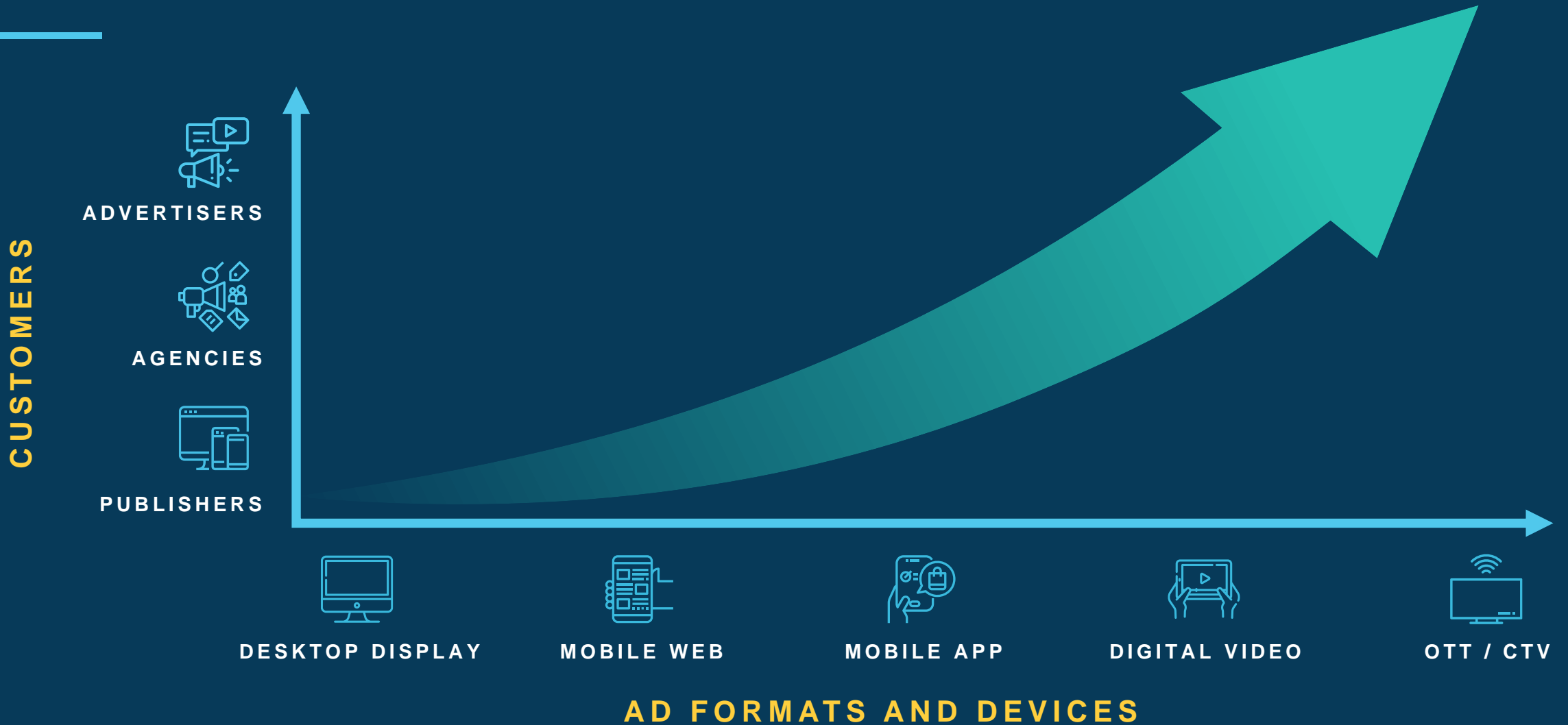


**Transparent
business model
based on usage**



**Leader in buyer
ad spend
consolidation**

MULTIPLE GROWTH DRIVERS INCREASE UTILIZATION OF OUR CLOUD INFRASTRUCTURE



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.

Financial Results

HIGHLIGHTS

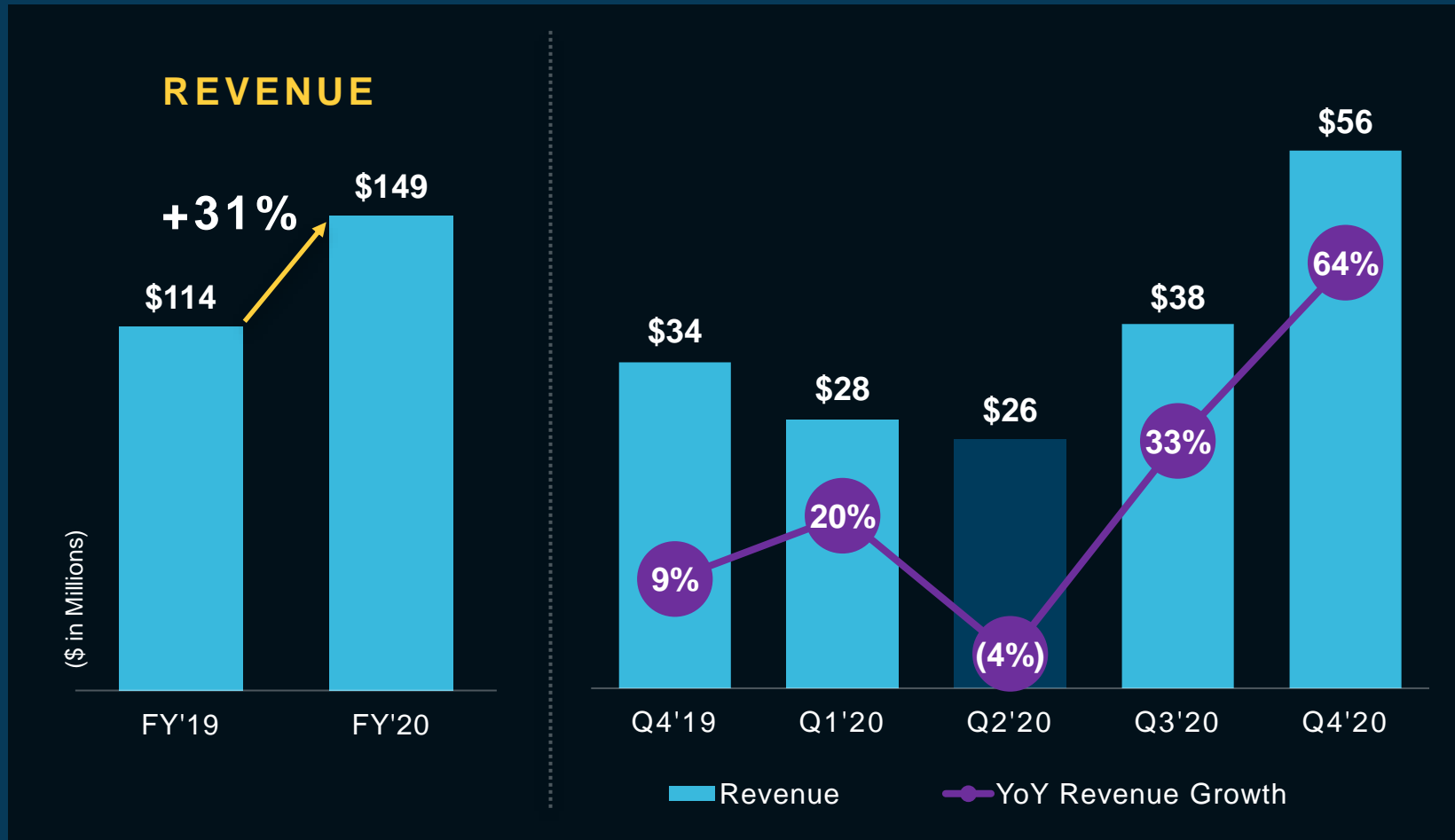
1 | Significant Growth in Digital Ad Spend & Opportunity for Market Share Gains

2 | Differentiated Cloud Infrastructure Platform Drives Superior Outcomes

3 | Accelerating Revenue Growth Driven By Customer Retention, Innovation, and Buyer Spend Consolidation

4 | Consistently Profitable with Strong Cash Flow

REVENUE GROWTH ACCELERATED



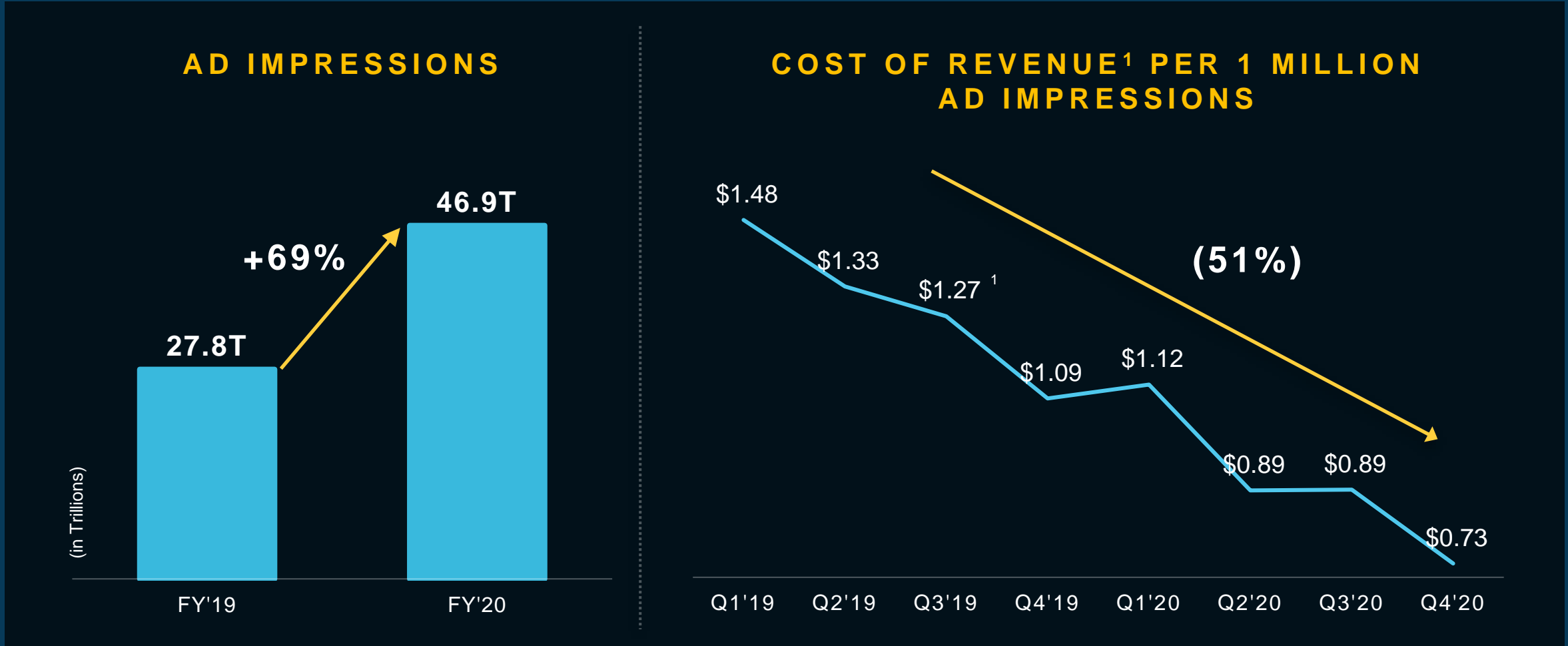
GROWTH DRIVERS

- 2H 2020 growth reflects acceleration in ecommerce, technology, personal finance ad verticals and increase from election year ad spending
- Mobile, video, and OTT/CTV formats
- Net dollar-based retention¹ 122% vs. 109% in 2019
- Supply Path Optimization (SPO) deal ramp up

Note: COVID-19 affected quarter shown in dark blue.

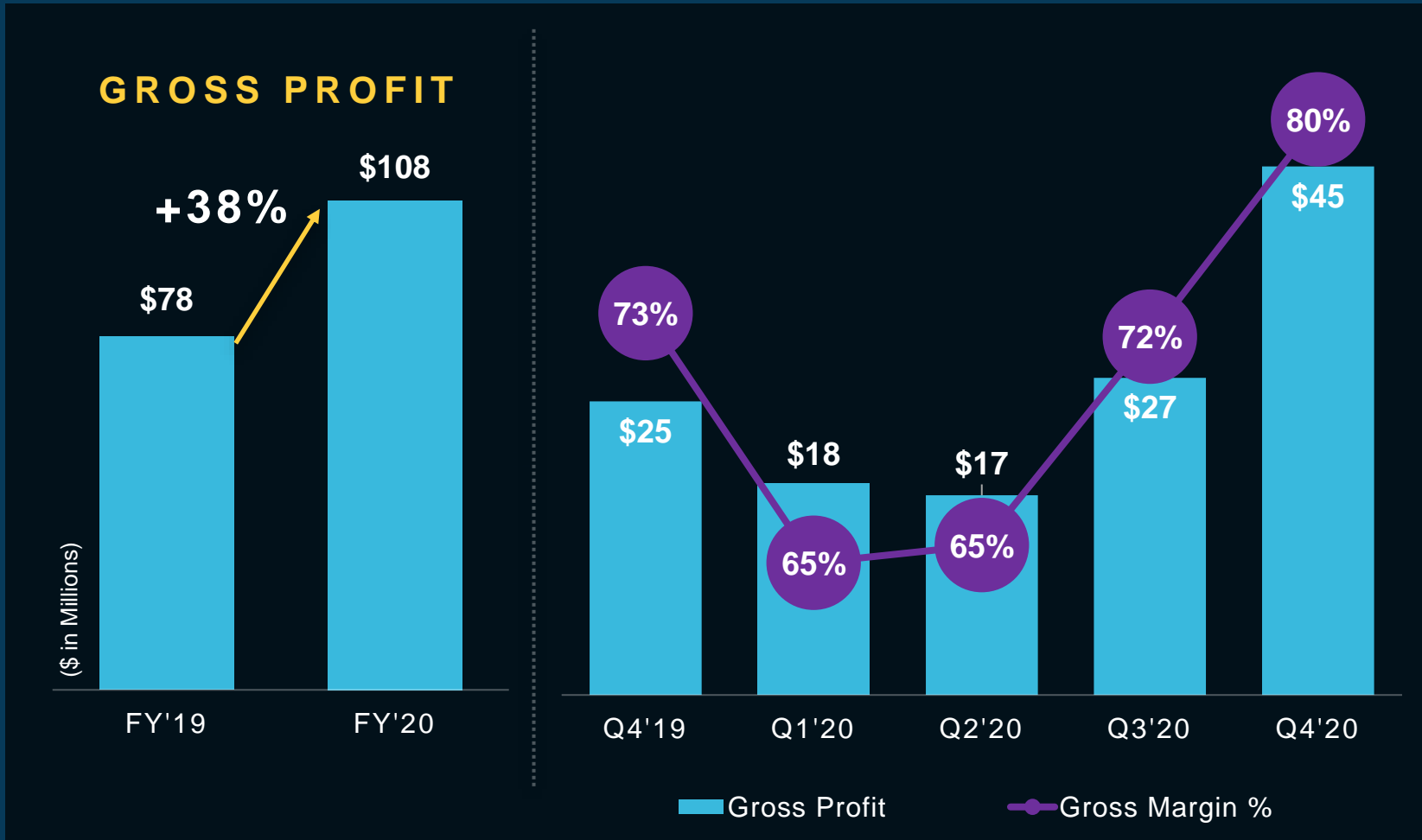
¹ Calculated by starting with the revenue from publishers in the last prior year then calculating the revenue from these same publishers in the current year.

DRIVING DOWN UNIT COSTS



¹Cost of revenue excludes a non-cash write off of an internally developed software asset in Q3 2019.

ROBUST GROSS PROFITS

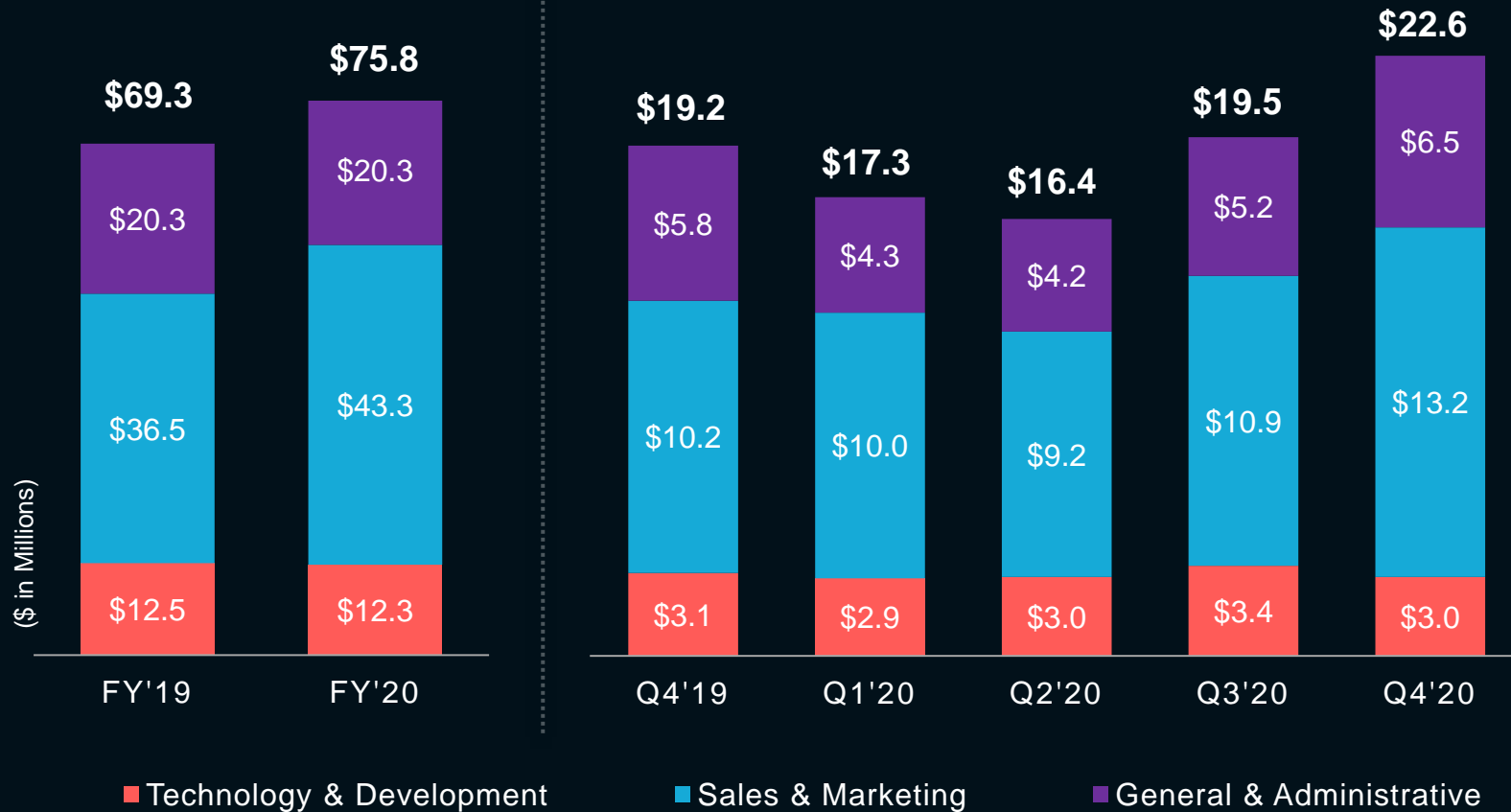


DRIVERS

High marginal profitability from structural leverage:

- Reduced cost of processing impressions
- Increased infrastructure utilization
- Shift towards higher CPM ad formats (video/CTV)

OPERATING EXPENSES: INVESTING FOR GROWTH

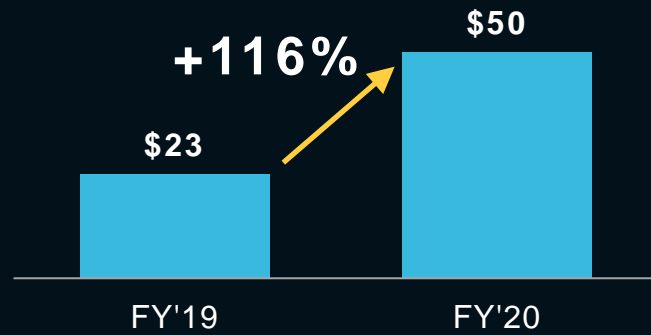


DRIVERS

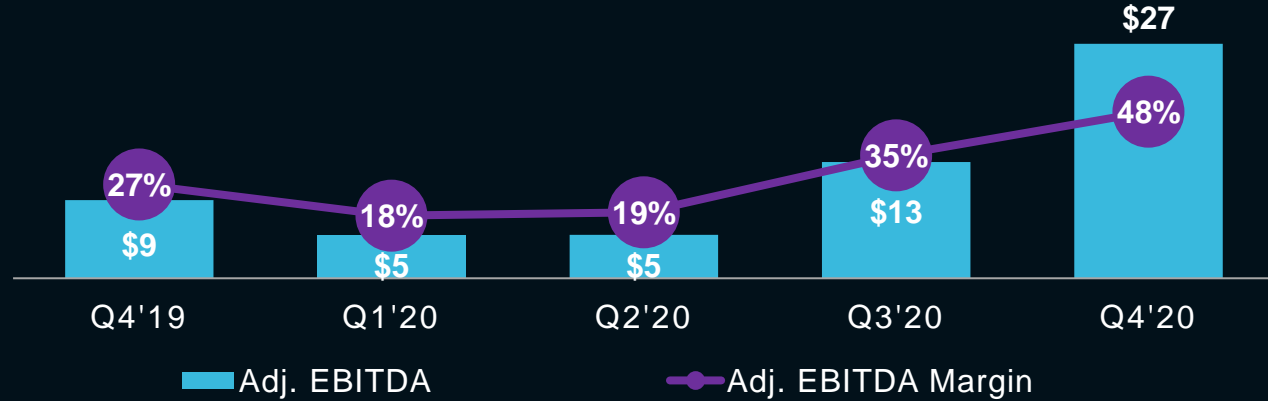
- Increased investment in headcount to capture market opportunities: 15% growth in engineering and 21% growth in sales & marketing in 2020
- Leveraging offshore development in India
- Impact from increased stock-based compensation in Q4

INCREASING PROFITABILITY

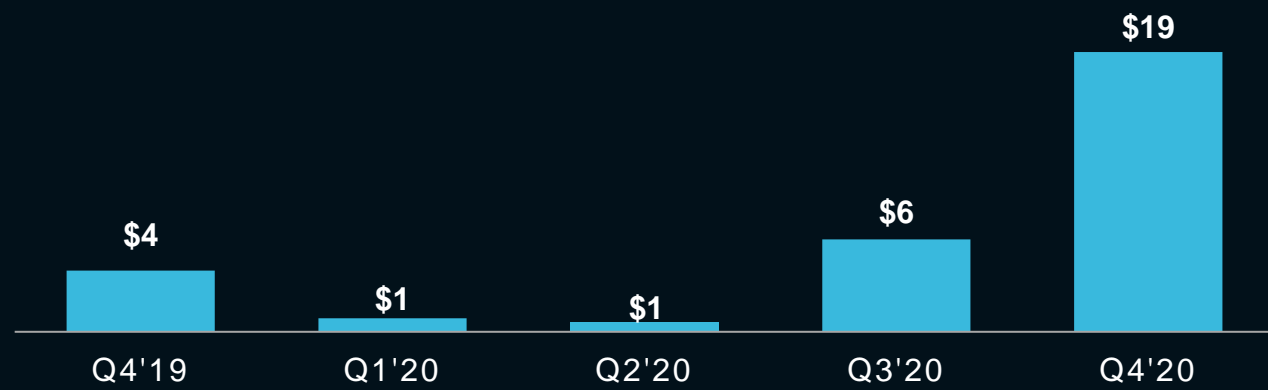
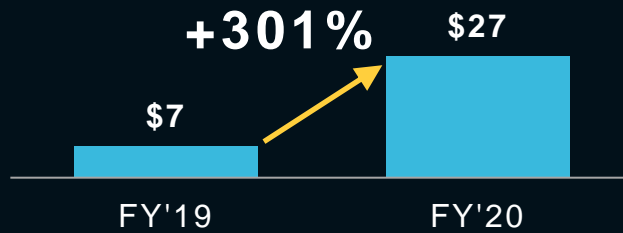
Adj. EBITDA¹



(\$ in Millions)



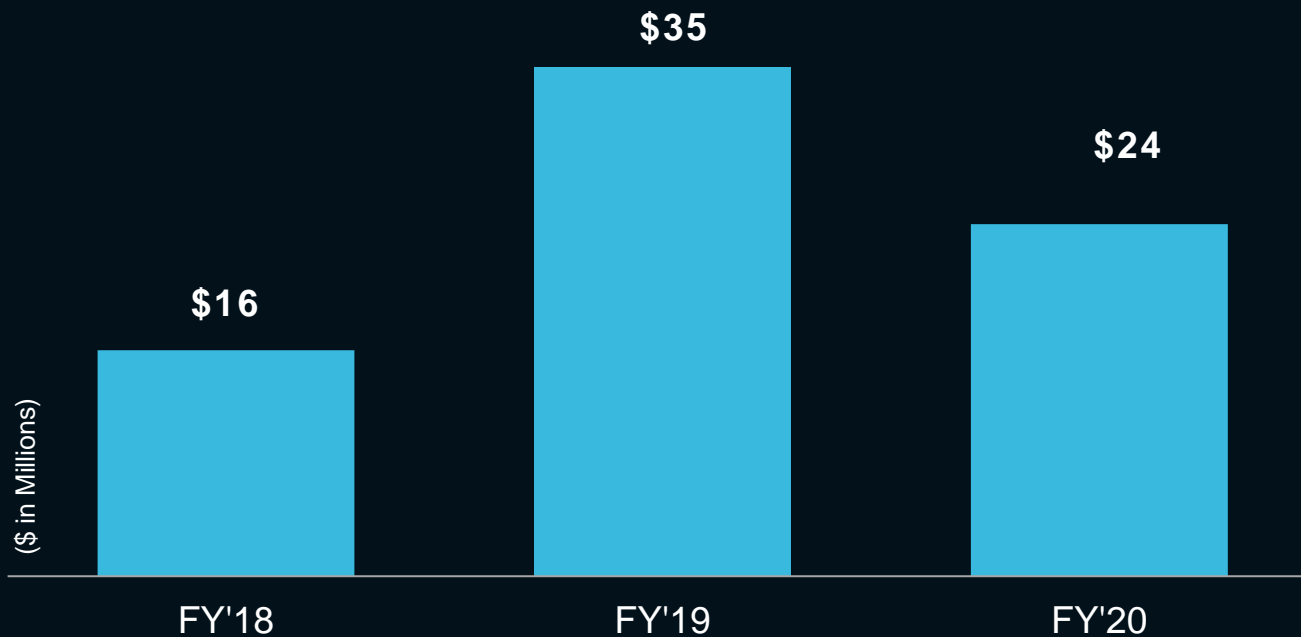
NET INCOME



¹Adjusted EBITDA is a non-GAAP metric; see reconciliation on slide 22.

DELIVERING CASH FLOW

NET CASH PROVIDED BY OPERATING ACTIVITIES



STEPS TAKEN TO DELIVER CASH FLOW

- Investment in automation
- Continuous optimization of infrastructure (software and hardware)
- Offshore R&D leverage
- Focus on profitable publishers and ad impressions
- Efficiently investing in capacity to capture growth / market share

NON-GAAP RECONCILIATION – ADJUSTED EBITDA

(\$ in Millions)

	Q1'19	Q2'19	Q3'19	Q4'19	Q1'20	Q2'20	Q3'20	Q4'20	2019	2020
Net Income (Loss)	(\$2.3)	\$1.9	\$2.9	\$4.1	\$0.9	\$0.7	\$6.2	\$18.8	\$6.6	\$26.6
Stock-Based Compensation	\$0.5	\$0.6	\$0.5	\$0.5	\$0.5	\$0.5	\$1.4	\$1.1	\$2.0	\$3.6
IDS Write-Off	-	-	\$0.7	-	-	-	-	-	\$0.7	-
Interest Income	(\$0.3)	(\$0.3)	(\$0.3)	(\$0.3)	(\$0.3)	(\$0.1)	(\$0.1)	(\$0.1)	(\$1.3)	(\$0.5)
Depreciation and Amortization	\$3.1	\$3.1	\$3.2	\$3.3	\$3.6	\$3.8	\$4.2	\$4.2	\$12.7	\$15.7
Income Taxes	(\$0.5)	\$0.3	\$1.0	\$1.7	\$0.4	\$0.1	\$1.6	\$2.9	\$2.6	\$5.0
Adj. EBITDA	\$0.4	\$5.5	\$8.0	\$9.3	\$5.1	\$4.9	\$13.4	\$26.9	\$23.3	\$50.3