FY 2020 Earnings Presentation

February 23, 2021
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.

Risk factors that could cause our actual results to differ materially from those expressed in or implied by the forward-looking statements include, but are not limited to:

1. Competition: We face intense competition from companies offering similar services. Competitors may introduce new technologies or services that could affect our market share.
2. Economic Conditions: Changes in economic conditions can affect our revenue and profitability. Advertisers may reduce their spending if the overall economy slows down.
3. Technology: The effectiveness of our platform depends on the development and availability of new technologies. If we are unable to keep up with technological advancements, our business could be negatively impacted.
4. Legal and Regulatory: Changes in laws or regulations could impact our business operations, profits, or growth potential.
5. Acquisitions: Acquisitions can be expensive and may not result in the expected benefits.
6. Violations of our Privacy Policies: Potential violations of our privacy policies could lead to fines or other serious consequences.
7. Intellectual Property: Our success depends on the protection of our intellectual property rights. Any failure to protect our intellectual property could result in financial harm.
8. Employee Wellness: Employee satisfaction and engagement are crucial to our success. If we fail to maintain a motivated and satisfied workforce, our business may suffer.
9. Data Privacy Concerns: Our business model relies on the collection and analysis of user data. If we fail to address user concerns regarding data privacy, our reputation and business could be negatively impacted.
10. Cybersecurity Threats: Cybersecurity threats are a growing concern, and if we experience a breach, it could severely impact our business operations.

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 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 2020 HIGHLIGHTS

YOY REVENUE GROWTH
64%

ADJUSTED EBITDA MARGIN\(^1\)
48%

GAAP NET INCOME
$18.8M

NET CASH PROVIDED BY OPERATING ACTIVITIES
$8.6M

IMPRESSIONS PROCESSED
15.8 TRILLION

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\(^1\)Adjusted EBITDA is a non-GAAP metric; see reconciliation on slide 22 for historical periods.
**FY 2020 HIGHLIGHTS**

<table>
<thead>
<tr>
<th>Metric</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>YOY Revenue Growth</strong></td>
<td>31%</td>
</tr>
<tr>
<td><strong>Adjusted EBITDA Margin</strong></td>
<td>34%</td>
</tr>
<tr>
<td><strong>GAAP Net Income</strong></td>
<td>$26.6M</td>
</tr>
<tr>
<td><strong>Net Cash Provided by Operating Activities</strong></td>
<td>$24.3M</td>
</tr>
<tr>
<td><strong>Impressions Processed</strong></td>
<td>46.9 Trillion</td>
</tr>
<tr>
<td><strong>Net Dollar-Based Retention</strong></td>
<td>122%</td>
</tr>
</tbody>
</table>

1. Adjusted 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

PubMatic

Specialized Cloud Infrastructure

SELL SIDE PLATFORM

PUBLISHERS AND APP DEVELOPERS

DEMAND SIDE PLATFORMS

ADVERTISERS

AGENCIES
KEY BENEFITS OF OUR CLOUD INFRASTRUCTURE FOR DIGITAL ADVERTISING

PUBLISHERS
✓ Data
✓ Demand
✓ Header Bidding Expertise
✓ Independence

ADVERTISERS & AGENCIES
✓ Quality Inventory
✓ Transparency
✓ Global Omnichannel Scale
✓ Value

INCREASE REVENUE

ADVERTISING ROI
SIGNIFICANT TAILWINDS DRIVE MASSIVE INDUSTRY GROWTH IN DIGITAL AD SPEND

GLOBAL DIGITAL AD SPEND

<table>
<thead>
<tr>
<th>Year</th>
<th>2019</th>
<th>2024</th>
</tr>
</thead>
<tbody>
<tr>
<td>($) in Billions</td>
<td>$325</td>
<td>$526</td>
</tr>
</tbody>
</table>

$526 = $325 * (1 + 10% CAGR)^5

MOBILE PROGRAMMATIC AD SPEND

<table>
<thead>
<tr>
<th>Year</th>
<th>2020</th>
<th>2025</th>
</tr>
</thead>
<tbody>
<tr>
<td>($) in Billions</td>
<td>$102</td>
<td>$175</td>
</tr>
</tbody>
</table>

$175 = $102 * (1 + 11% CAGR)^5

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

<table>
<thead>
<tr>
<th>Year</th>
<th>2020</th>
<th>2025</th>
</tr>
</thead>
<tbody>
<tr>
<td>($) in Billions</td>
<td>$53</td>
<td>$115</td>
</tr>
</tbody>
</table>

$115 = $53 * (1 + 17% CAGR)^5

OTT/CTV PROGRAMMATIC AD SPEND

<table>
<thead>
<tr>
<th>Year</th>
<th>2020</th>
<th>2025</th>
</tr>
</thead>
<tbody>
<tr>
<td>($) in Billions</td>
<td>$20</td>
<td>$35</td>
</tr>
</tbody>
</table>

$35 = $20 * (1 + 11% CAGR)^5

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

<table>
<thead>
<tr>
<th>Trend</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Explosion of Programmatic Header Bidding</td>
<td></td>
</tr>
<tr>
<td>Buyer Ad Spend Consolidating onto Fewer Sell Side Platforms</td>
<td></td>
</tr>
<tr>
<td>Rise of OTT/CTV</td>
<td></td>
</tr>
<tr>
<td>Protecting Consumer Privacy and Shift Away from Cookies</td>
<td></td>
</tr>
</tbody>
</table>
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
<table>
<thead>
<tr>
<th></th>
<th><strong>HIGHLIGHTS</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Significant Growth in Digital Ad Spend &amp; Opportunity for Market Share Gains</td>
</tr>
<tr>
<td>2</td>
<td>Differentiated Cloud Infrastructure Platform Drives Superior Outcomes</td>
</tr>
<tr>
<td>3</td>
<td>Accelerating Revenue Growth Driven By Customer Retention, Innovation, and Buyer Spend Consolidation</td>
</tr>
<tr>
<td>4</td>
<td>Consistently Profitable with Strong Cash Flow</td>
</tr>
</tbody>
</table>
REVENUE GROWTH ACCELERATED

Note: COVID-19 affected quarter shown in 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.

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 retention\(^1\) 122% vs. 109% in 2019
- Supply Path Optimization (SPO) deal ramp up
DRIVING DOWN UNIT COSTS

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

GROSS PROFIT

+38% $78

$108

FY’19 FY’20

$25 $18 $17 $27 $45

73% 65% 65% 72% 80%

Q4’19 Q1’20 Q2’20 Q3’20 Q4’20

Gross Profit Gross Margin %

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

<table>
<thead>
<tr>
<th>Period</th>
<th>Technology &amp; Development</th>
<th>Sales &amp; Marketing</th>
<th>General &amp; Administrative</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY'19</td>
<td>$36.5</td>
<td>$12.5</td>
<td>$12.3</td>
</tr>
<tr>
<td>FY'20</td>
<td>$43.3</td>
<td>$10.2</td>
<td>$12.3</td>
</tr>
<tr>
<td>Q4'19</td>
<td>$19.2</td>
<td>$5.8</td>
<td>$3.1</td>
</tr>
<tr>
<td>Q1'20</td>
<td>$17.3</td>
<td>$4.3</td>
<td>$2.9</td>
</tr>
<tr>
<td>Q2'20</td>
<td>$16.4</td>
<td>$4.2</td>
<td>$3.0</td>
</tr>
<tr>
<td>Q3'20</td>
<td>$19.5</td>
<td>$5.2</td>
<td>$3.4</td>
</tr>
<tr>
<td>Q4'20</td>
<td>$22.6</td>
<td>$6.5</td>
<td>$3.0</td>
</tr>
</tbody>
</table>

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. EBITDA\(^1\)**

- FY'19: $23
- FY'20: $50

\(+116\%\)

**NET INCOME**

- FY'19: $7
- FY'20: $27

\(+301\%\)

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\(^1\)Adjusted EBITDA is a non-GAAP metric; see reconciliation on slide 22.
DELIVERING CASH FLOW

NET CASH PROVIDED BY OPERATING ACTIVITIES

<table>
<thead>
<tr>
<th>Year</th>
<th>$ in Millions</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY'18</td>
<td>$16</td>
</tr>
<tr>
<td>FY'19</td>
<td>$35</td>
</tr>
<tr>
<td>FY'20</td>
<td>$24</td>
</tr>
</tbody>
</table>

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

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