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# Investor Presentation

TOKYO MILAN NEW DELHI LOS ANGELES  
FUELING ADVERTISING INNOVATION

November 2023

# SAFE HARBOR

This presentation contains forward-looking statements. These statements may relate to, but are not limited to, expectations of Q4 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, new products, 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-in, 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 conflicts in Ukraine and Israel; 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](http://www.sec.gov). All information in this presentation is as of November 8, 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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# MISSION

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



# PUBMATIC IS BUILDING THE DIGITAL ADVERTISING SUPPLY CHAIN OF THE FUTURE FOR THE OPEN INTERNET

## OUR CORE BELIEFS

- 1 All advertising will become digital, and all digital advertising will become programmatic
- 2 The ad-supported Open Internet will thrive
- 3 Omnichannel platforms will win vs. point solutions
- 4 Long term success requires differentiated infrastructure

## Supply Chain of the Future

**TRANSPARENT**

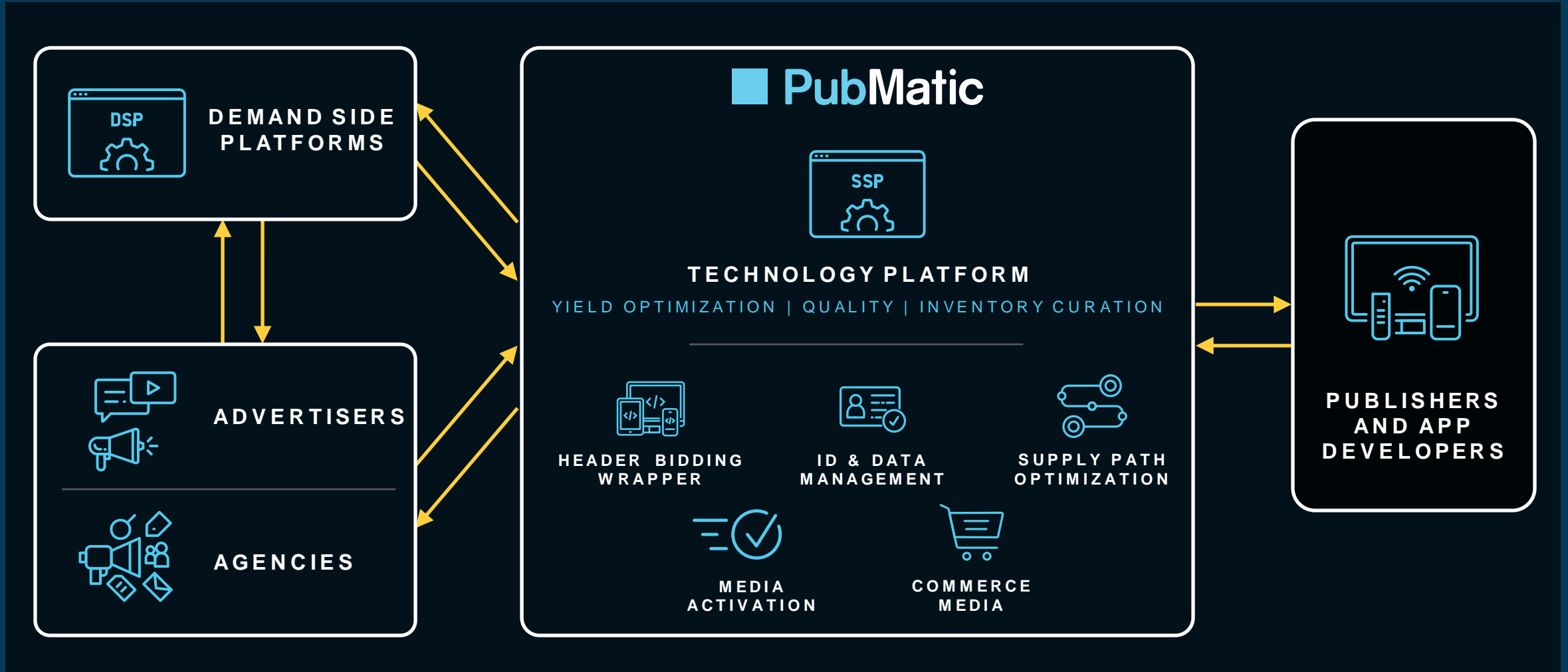
**EFFICIENT**

**EFFECTIVE**

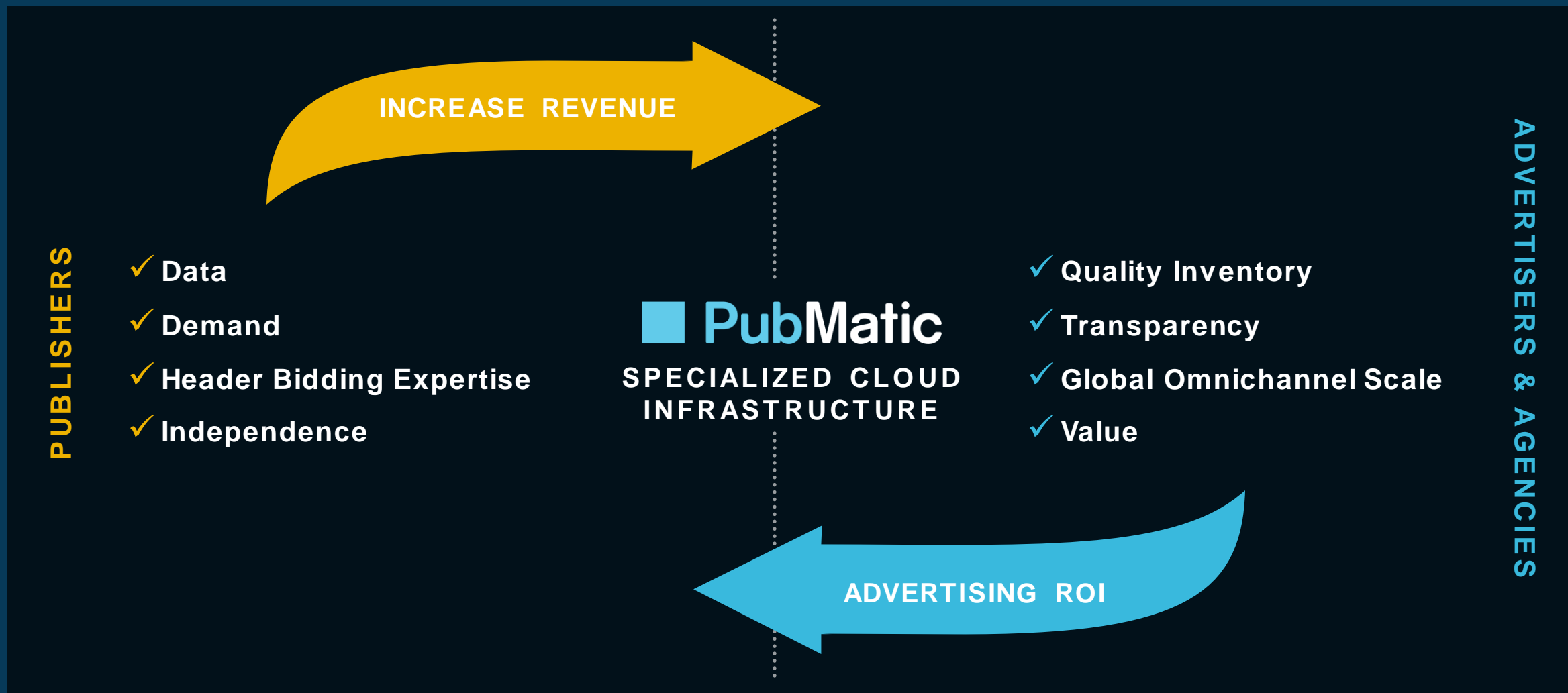
**PRIVACY-COMPLIANT**

**ENVIRONMENTALLY  
SUSTAINABLE**

# OUR ROLE IN THE DIGITAL ADVERTISING ECOSYSTEM



# KEY BENEFITS FOR PUBLISHERS AND BUYERS



# INVESTMENT HIGHLIGHTS

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**Scaled Business  
With Expanding  
Market  
Opportunity**



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**Strong & Growing  
Customer  
Relationships**



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**Investments Fuel  
Revenue Growth  
And Market  
Leadership**

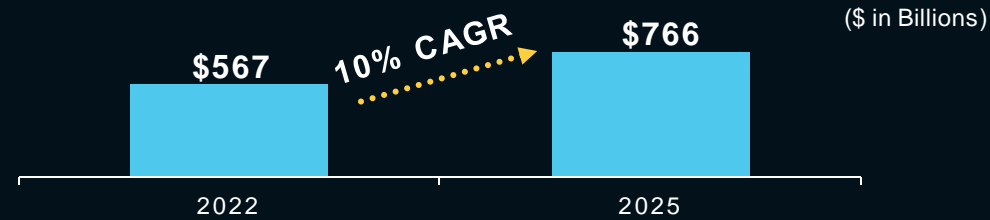


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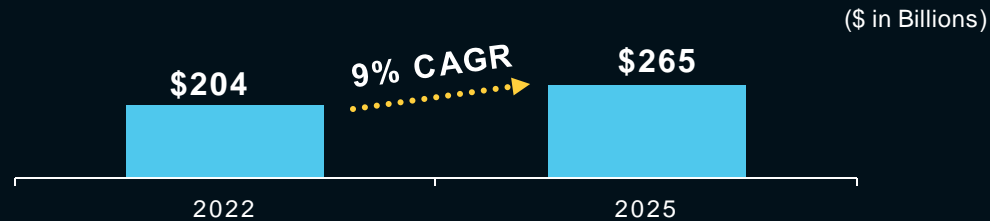
**Durable Business  
Model Drives  
Margin Expansion &  
Healthy Cash Flow**

# OMNICHANNEL FOCUS POSITIONS PUBMATIC WELL ACROSS KEY GROWTH AREAS

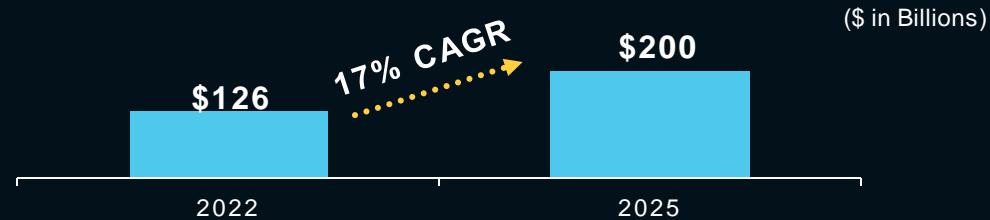
## GLOBAL DIGITAL AD SPEND<sup>1</sup>



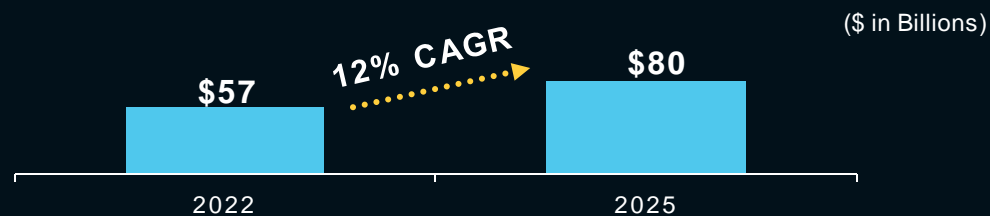
## MOBILE AD SPEND<sup>2</sup>



## DIGITAL VIDEO AD SPEND<sup>2</sup> (EX. OTT / CTV)



## CTV/OTT AD SPEND<sup>2</sup>



## SIGNIFICANTLY EXPANDING TAM:

- Direct insertion order buys shift to programmatic, growing TAM by \$65 billion<sup>2</sup>
- Commerce media and sponsored product listing opportunity, growing TAM by \$10 billion<sup>2</sup>

<sup>1</sup> eMarketer, October 2022    <sup>2</sup> Magna, December 2022

Note: Figures exclude search, email, and online classifieds except for global digital ad spend estimates.



# OMNICHANNEL + OPEN INTERNET OPPORTUNITY DRIVING MARKET SHARE GAINS

ESTIMATED PUBMATIC  
MARKET SHARE<sup>1</sup>

4-4.5%

LONG-TERM MARKET SHARE  
OBJECTIVE

20%+

## VALUE OF INDEPENDENT TECHNOLOGY



Efficiency



Transparency



Control

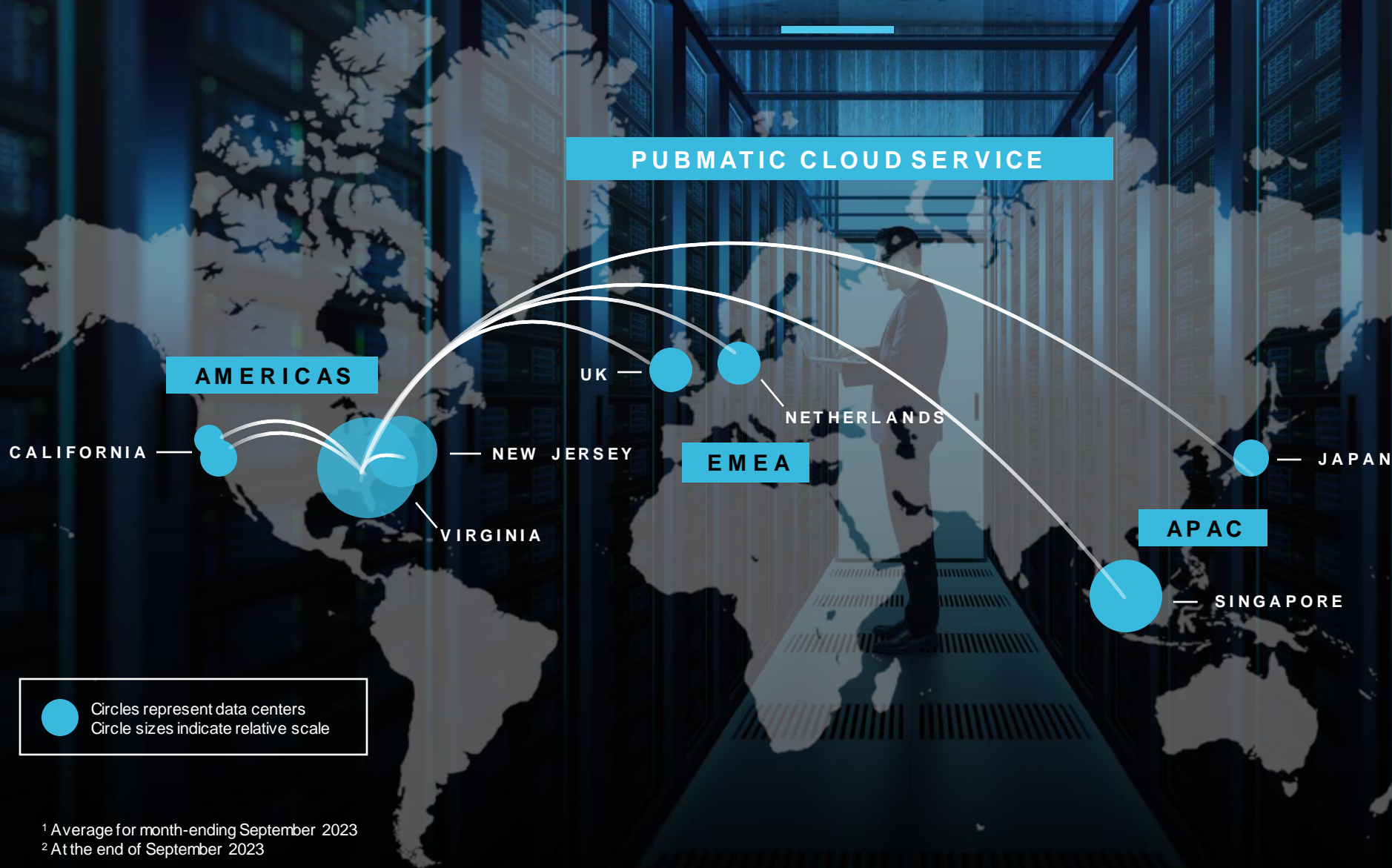


Quality

<sup>1</sup> In 2022. Excludes China.

# SPECIALIZED INFRASTRUCTURE DRIVES BETTER CUSTOMER OUTCOMES AND PROFITABLE BUSINESS MODEL

## PUBMATIC CLOUD SERVICE



**627**  
**BILLION**  
AD IMPRESSIONS  
PER DAY<sup>1</sup>

**~1.4**  
**TRILLION**  
ADVERTISER  
BIDS PER DAY<sup>2</sup>

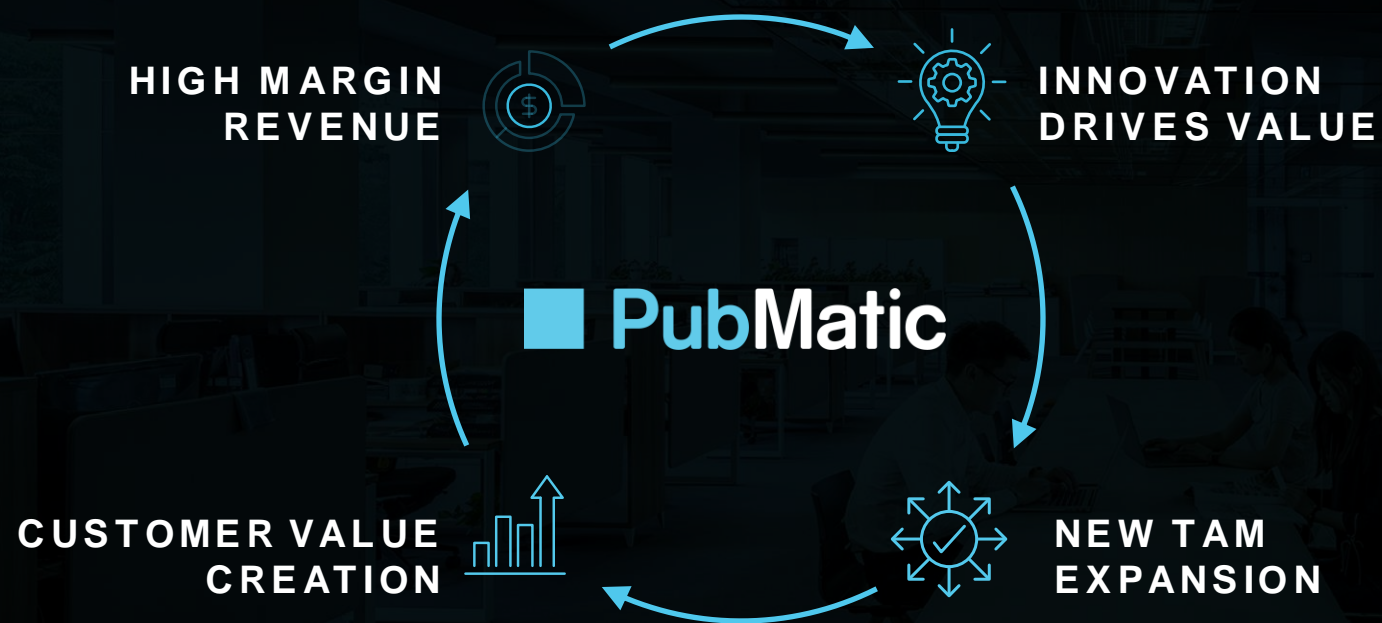
**12.2**  
**PETABYTES**  
OF DATA  
PROCESSED PER DAY<sup>2</sup>

**100%**  
RENEWABLE ENERGY  
POWERING GLOBAL  
DATA CENTERS<sup>2</sup>

<sup>1</sup> Average for month-ending September 2023

<sup>2</sup> At the end of September 2023

# PUBMATIC FLYWHEEL DRIVES DURABLE MODEL



## PUBLISHERS

**MONETIZE MORE  
HIGH-VALUE  
INVENTORY**

## BUYERS

**CONCENTRATE  
HIGHER SHARE OF  
BUDGETS ON OUR  
PLATFORM**



# LEADING PUBLISHERS CHOOSE PUBMATIC TO POWER AD TECH STACK



**CUSTOMER  
ALIGNMENT**



**SUPERIOR  
MONETIZATION**



**OMNICHANNEL  
PLATFORM**



**RAPID  
INNOVATION**



Note: The logos on this page represent both revenue generating customers and recently signed (not yet revenue generating) customers.

# EXPANDING USAGE WITH PUBLISHERS VIA LAND & EXPAND STRATEGY

## SUPERIOR PERFORMANCE



DESKTOP  
DISPLAY



MOBILE  
WEB



MOBILE  
APP



ONLINE  
VIDEO



CTV



NATIVE

## INVENTORY EXPANSION



OPENWRAP



IDENTITY  
HUB



CONNECT



ACTIVATE



CONVERT

## PRODUCT EXPANSION

## INCREASED CPMs



# MEDIA BUYERS ARE SEEKING TO OPTIMIZE THEIR SUPPLY PATHS TO DRIVE GREATER EFFICIENCY

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**Economic  
Control &  
Buying Leverage**



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**Quality Control  
& Supply  
Curation**



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**Concentrated  
Innovation &  
Bespoke Tech**

# EXPANDING USAGE WITH BUYERS VIA SUPPLY PATH OPTIMIZATION (SPO)



**WORKFLOW  
AUTOMATION**



**DATA & AUDIENCE  
SOLUTIONS**



**INVENTORY  
QUALITY**



**TRANSPARENT  
INFRASTRUCTURE**

**SUPPLY PATH  
OPTIMIZATION  
DEALS ARE  
DRIVING MORE  
SPEND THROUGH  
PUBMATIC**

## ADVERTISERS



## AGENCIES



## DSPs



# DIVERSIFIED GROWTH DRIVERS DELIVERED REVENUE AHEAD OF GUIDANCE

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**OMNICHANNEL  
VIDEO REVENUE  
EXCEEDED  
EXPECTATIONS**



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**DISPLAY REVENUE  
EXCEEDED  
EXPECTATIONS  
DESPITE YAHOO  
IMPACT**



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**MAINTAINED STRONG  
REVENUE GROWTH  
AMONG TOP 10 AD  
VERTICALS**

# BRANDS & AGENCIES ARE SEEING SUCCESS WITH ACTIVATE, DRIVING EXPANDED USAGE OF THE PLATFORM



is an end-to-end SPO solution that allows buyers to execute non-bidded deals on the PubMatic platform.

ESTIMATED TAM EXPANSION

**\$65 BILLION**

## EXPECTED PUBMATIC BENEFITS OF ACTIVATE



Increased Programmatic TAM



Accelerated Shift to CTV and Online Video Formats



Greater Stickiness With Buyers



Increased Revenue For Publishers

# TRACK RECORD OF BUILDING TECH FOR PUBLISHERS SERVES AS LAUNCHPAD FOR COMMERCE MEDIA OFFERING



is a unified technology platform for commerce media, combining onsite and offsite capabilities

ESTIMATED TAM EXPANSION<sup>1</sup>

**\$10 BILLION**

## CORE PUBLISHER STRENGTHS FUELING COMMERCE MEDIA GROWTH



Omnichannel Monetization



Unified Auctions & Header Bidding



Audience Extension



Data Monetization



# 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 Overview

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# FINANCIAL GROWTH DRIVERS

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**1** | Scaled Global Business

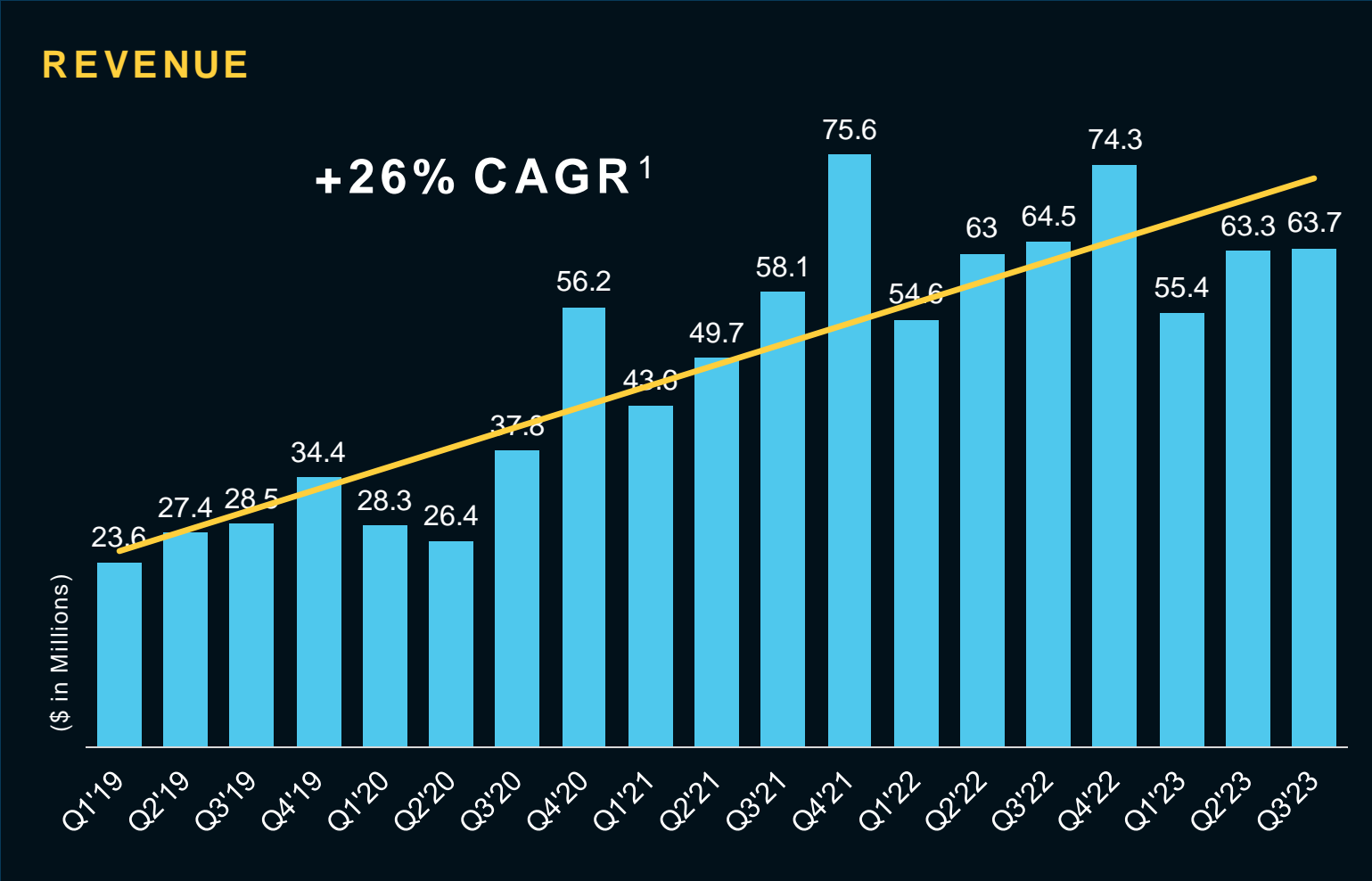
**2** | Usage-Based Business Model

**3** | High Gross Margins

**4** | Highly Efficient Business Model

**5** | Strong Free Cash Flow

# PROFITABLE GROWTH DRIVES CONTINUED MARKET SHARE GAINS



**30<sup>th</sup>**

**CONSECUTIVE QUARTER  
OF POSITIVE ADJ. EBITDA<sup>2</sup>**

**9<sup>th</sup>**

**CONSECUTIVE YEAR  
GENERATING CASH  
FROM OPERATIONS**

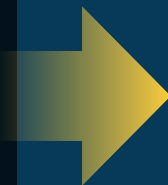
<sup>1</sup> Compound Annual Growth Rate calculated based on TTM Q2 2023 vs TTM Q 2020

<sup>2</sup> Adjusted EBITDA and Adjusted EBITDA Margin are non-GAAP financial measures. See reconciliation in Appendix.

# MULTIPLE BUSINESS MODEL LEVERS DRIVE MARGIN EXPANSION



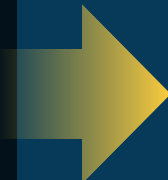
**Owned & Operated  
Infrastructure**



**Expect ~70% reduction in 2023 capex investment while driving continued growth in ad impressions**



**Efficient  
Development Org**



**\$30M+ in annual savings by leveraging off-shore development resources**



**Operational  
Excellence**

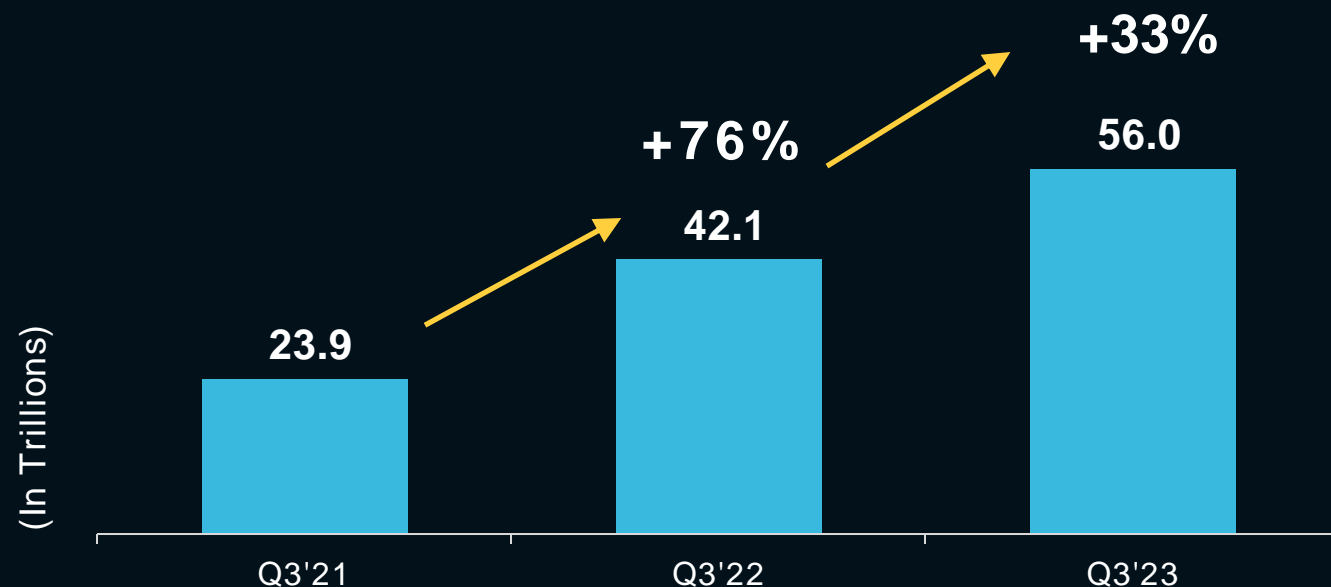


**Greater software optimization drove 15% YOY increase in the number of high-value omnichannel video impressions monetized in 1H 2023**



# OWNED & OPERATED INFRASTRUCTURE DRIVING DOWN UNIT COSTS WHILE IMPROVING CUSTOMER OUTCOMES

## AD IMPRESSIONS PROCESSED



**20%+**

YOY INCREASE IN AD  
IMPRESSION CAPACITY IN  
Q3 2023

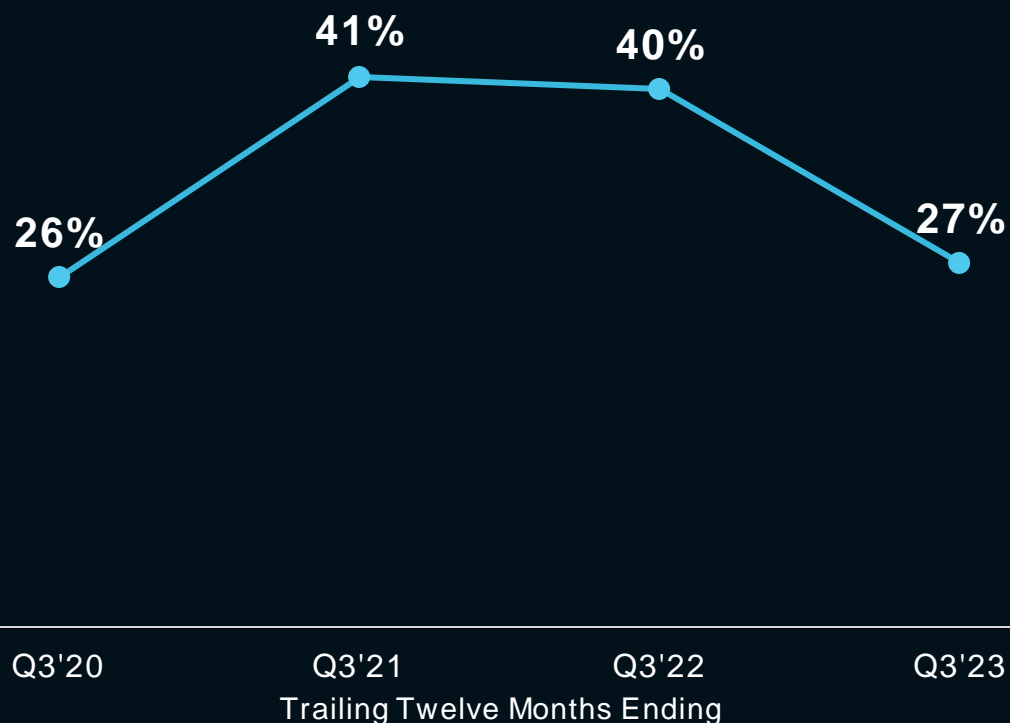
**9%**

YOY REDUCTION IN COST  
OF REVENUE PER MILLION  
IMPRESSIONS PROCESSED  
IN TTM-Q3 2023

# ROBUST MARGINS WHILE INVESTING FOR GROWTH

## ADJUSTED EBITDA<sup>1</sup>

Average Adj. EBITDA Margin = 34%<sup>2</sup>



## INVESTMENTS DRIVE CUSTOMER EXPANSION

45%

SPO ACTIVITY

1,700

PUBLISHER AND APP DEVELOPER CUSTOMERS GLOBALLY

## NEW PRODUCTS TO MARKET

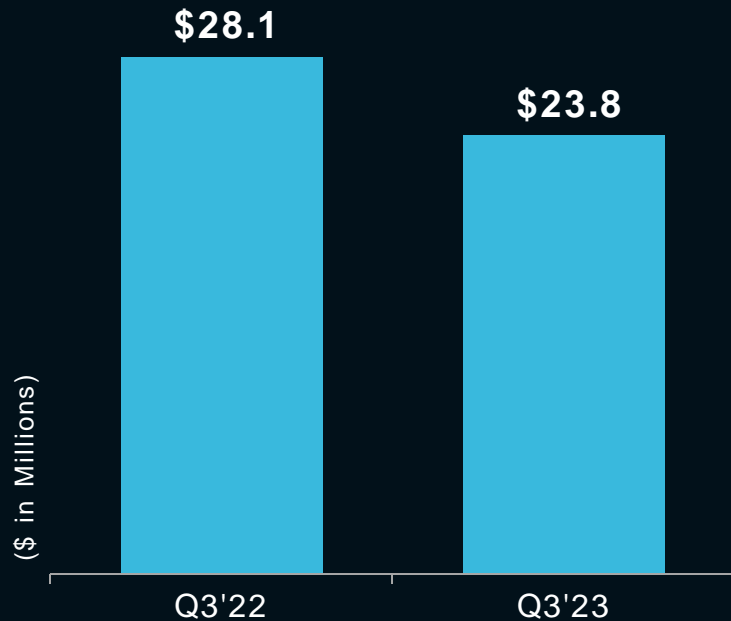
- CTV
- Connect
- Activate
- Convert

<sup>1</sup> Adjusted EBITDA is a non-GAAP measure. A reconciliation of Adjusted EBITDA to net income is provided in the Appendix. On June 30, 2023, a Demand Side Platform buyer filed for Chapter 11 bankruptcy. As a result of this bankruptcy, we recorded incremental bad debt expense of \$5.7M which is reflected in our GAAP net income and adjusted EBITDA results for the TTM Q3'23 period.

<sup>2</sup> Average Adj. EBITDA margin for the trailing twelve month periods ended Q3 2020, Q3 2021, Q3 2022, and Q3 2023.

# DELIVERING CASH FLOW

## NET CASH PROVIDED BY OPERATING ACTIVITIES



## FREE CASH FLOW<sup>1</sup>



## STOCK REPURCHASE PROGRAM (AS OF 10/31/23)

**\$47M**

**CASH USED TO  
REPURCHASE  
3.3M SHARES  
(~6% FDSO<sup>2</sup>)**

<sup>1</sup> 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.

<sup>2</sup> FDSO = fully diluted shares outstanding.

Note: Numbers rounded for presentation purposes

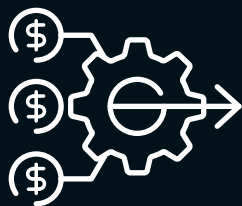
# LONG TERM DRIVERS OF SHAREHOLDER VALUE

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**Durable  
Business Model  
With Strong  
Cash Flows**



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**Efficient Cost  
Structure  
Driving Margin  
Expansion**



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**Sticky and  
Growing  
Customer  
Relationships**



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**Investing In  
High-Growth  
Revenue  
Opportunities**

# Appendix

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# FOUNDER-LED MANAGEMENT TEAM WITH PROVEN TRACK RECORD

## EXECUTIVE TEAM WITH 100+ YEARS OF INDUSTRY EXPERIENCE



**Rajeev Goel**  
*Co-Founder & CEO  
Director*



**Steve Pantelick**  
*Chief Financial Officer*



**Amar Goel**  
*Founder, Chief Innovation  
Officer & Chairman*



**Mukul Kumar**  
*Co-Founder & President,  
Engineering*



**Paulina Klimenko**  
*Chief Growth Officer*



**Johanna Bauman**  
*Chief Marketing Officer*



**Nishant Khatri**  
*SVP, Product Management*



**Kyle Dozeman**  
*Chief Revenue Officer,  
Americas*



**Andrew Woods**  
*General Counsel*




**Lorrie Dougherty**  
*SVP, Human Resources*

## SUPPORTED BY EXPERIENCED BOARD MEMBERS



**Susan Daimler**  
  





**Shelagh Glaser**  




**Anton Hanebrink**  




**Nick Mehta**  


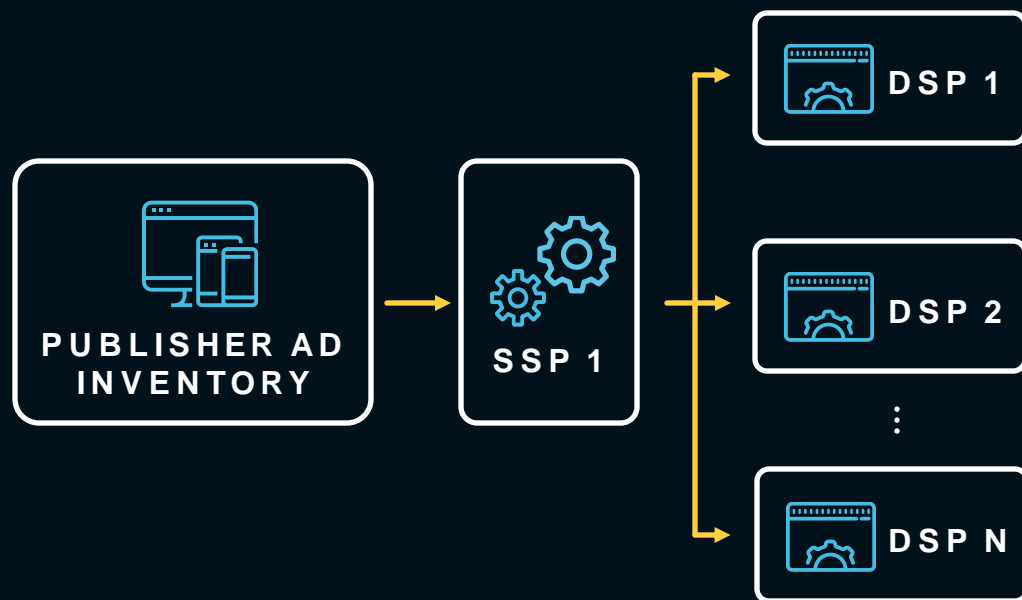


**Jacob Shulman**  

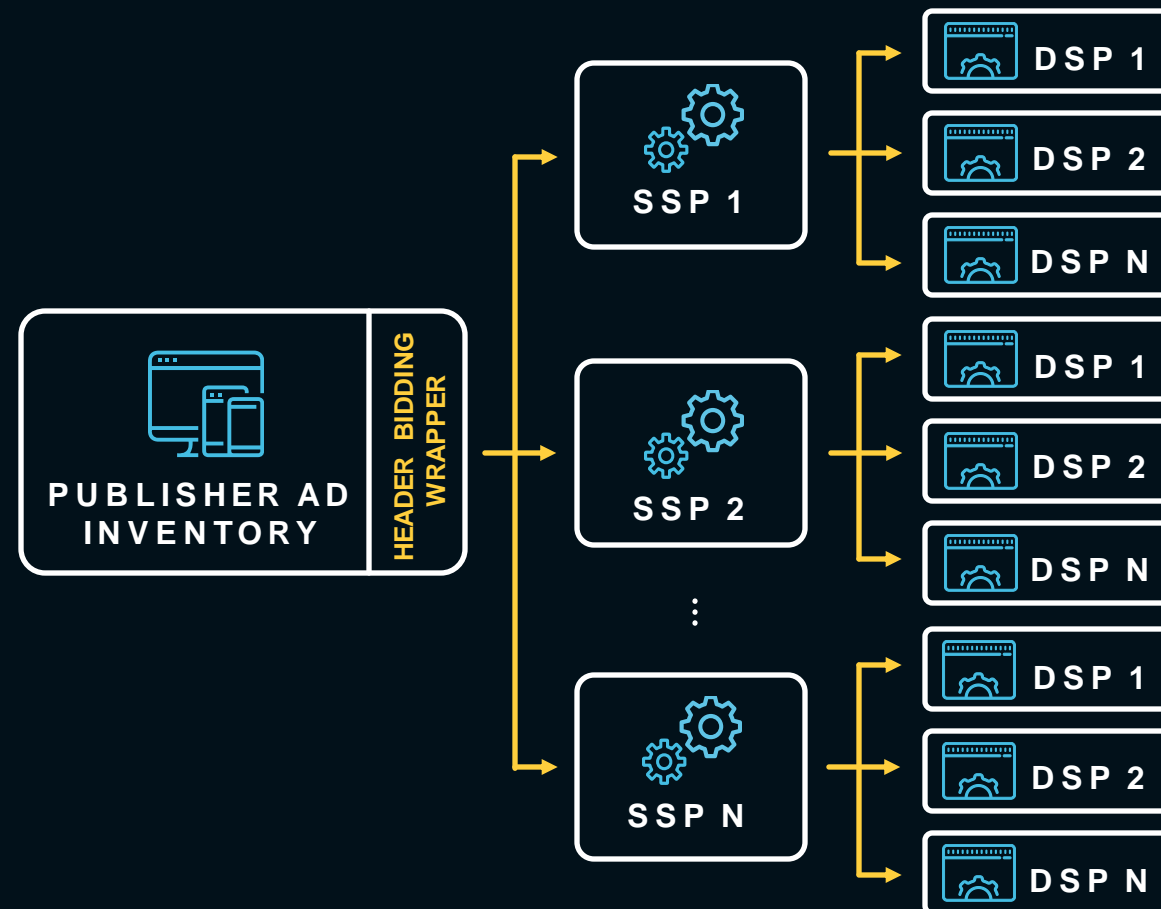



# HEADER BIDDING INCREASES IMPRESSION VOLUMES AND COSTS

## PRIOR TO HEADER BIDDING



## AFTER HEADER BIDDING



# NON-GAAP FINANCIAL MEASURES (QUARTERLY)

(\$ in Thousands)	Q3 '23	Q2 '23	Q1 '23	Q4 '22	Q3 '22	Q2 '22	Q1 '22	Q4 '21	Q3 '21
<b>Net income (loss)</b>	\$1,773	(\$5,724)	(\$5,871)	\$12,781	\$3,326	\$7,819	\$4,779	\$28,239	\$13,526
Add back (deduct):									
Stock-based compensation	7,199	7,266	7,059	5,464	4,655	5,391	5,136	3,599	3,714
Depreciation and amortization	11,401	10,898	11,432	10,662	9,082	7,321	7,183	7,081	6,304
Unrealized (gain) loss on equity investments	-	-	-	-	6,405	915	(1,373)	(5,433)	-
Interest income	(2,245)	(2,176)	(1,891)	(1,170)	(596)	(325)	(122)	(92)	(79)
Acquisition-related and other expenses <sup>1</sup>	-	-	-	51	867	-	-	-	-
Provision for income taxes	111	545	(3,375)	4,034	1,398	1,927	1,403	5,504	799
<b>Adjusted EBITDA</b>	<b>\$18,239</b>	<b>\$10,809</b>	<b>\$7,354</b>	<b>\$31,822</b>	<b>\$25,137</b>	<b>\$23,048</b>	<b>\$17,006</b>	<b>\$38,898</b>	<b>\$24,264</b>
Revenue	\$63,677	\$63,330	\$55,407	\$74,296	\$64,501	\$63,032	\$54,552	\$75,556	\$58,086
<b>Adjusted EBITDA Margin</b>	<b>29%</b>	<b>17%</b>	<b>13%</b>	<b>43%</b>	<b>39%</b>	<b>37%</b>	<b>31%</b>	<b>51%</b>	<b>42%</b>

<sup>1</sup> 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 nine months ended September 30, 2022 is a decrease to Adjusted EBITDA income of \$0.2 million.

Note: Numbers rounded for presentation purposes

# NON-GAAP FINANCIAL MEASURES (QUARTERLY)

(\$ in Thousands)	Q3 '23	Q2 '23	Q1 '23	Q4 '22	Q3 '22	Q2 '22	Q1 '22	Q4 '21	Q3 '21
<b>Net income (loss)</b>	\$1,773	(\$5,724)	(\$5,871)	\$12,781	\$3,326	\$7,819	\$4,779	\$28,239	\$13,526
Unrealized (gain) loss on equity investments	-	-	-	-	6,405	915	(1,373)	(5,433)	
Stock based compensation	7,199	7,266	7,059	5,464	4,655	5,391	5,136	3,599	3,714
Acquisition-related and other expenses <sup>1</sup>	-	-	-	51	867	-	-	-	-
Adjustment for income taxes	(1,397)	(1,390)	(1,318)	(352)	(3,032)	(1,093)	(491)	669	(521)
<b>Non-GAAP net income</b>	<b>\$7,575</b>	<b>\$152</b>	<b>(\$130)</b>	<b>\$17,944</b>	<b>\$12,221</b>	<b>\$13,032</b>	<b>\$8,051</b>	<b>\$27,074</b>	<b>\$16,719</b>
Revenue	\$63,677	\$63,330	\$55,407	\$74,296	\$64,501	\$63,032	\$54,552	\$75,556	\$58,086
<b>Non-GAAP net income margin</b>	<b>12%</b>	<b>0%</b>	<b>0%</b>	<b>24%</b>	<b>19%</b>	<b>21%</b>	<b>15%</b>	<b>36%</b>	<b>29%</b>

<sup>1</sup> 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 nine months ended September 30, 2022 is a decrease to Adjusted EBITDA income of \$0.2 million.

Note: Numbers rounded for presentation purposes

# FREE CASH FLOW RECONCILIATION

(\$ in Millions)	Three Months Ended September 30,		
	2021	2022	2023
Net Cash provided by (used in) Operating Activities	\$26.4	\$28.1	\$23.8
Deduct:			
Purchases of Property and Equipment	(11.0)	(14.6)	(2.9)
Capitalized Software Development Costs	(1.9)	(2.8)	(3.8)
<b>Free Cash Flow</b>	<b>\$13.5</b>	<b>\$10.7</b>	<b>\$17.2</b>
Revenue	\$58.1	\$64.5	\$63.7
<b>Free Cash Flow Margin</b>	<b>23%</b>	<b>17%</b>	<b>27%</b>

Note: Numbers rounded for presentation purposes