

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 10-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2024

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number: 001-36384

MAGNITE, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

20-8881738

(I.R.S. Employer Identification No.)

1250 Broadway, 15th Floor

New York, New York 10001

(Address of principal executive offices, including zip code)

Registrant's telephone number, including area code:

212 243-2769

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Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock, par value \$0.00001 per share	MGNI	Nasdaq Global Select Market

Securities registered pursuant to Section 12(g) of the Act:

None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input checked="" type="checkbox"/> Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/> Smaller reporting company	<input type="checkbox"/>
	<input type="checkbox"/> Emerging growth company	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b).

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No

As of June 30, 2024, the aggregate market value of shares held by non-affiliates of the registrant (based on the closing sales price of such shares on the Nasdaq Global Select Market on June 30, 2024) was approximately \$1,332,741,135.

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date.

Class	Outstanding as of February 19, 2025
Common Stock, \$0.00001 par value	142,951,374

DOCUMENTS INCORPORATED BY REFERENCE: To the extent herein specifically referenced in Part III, portions of the Registrant's definitive Proxy Statement for the 2025 Annual General Meeting of Shareholders to be filed with the Securities and Exchange Commission pursuant to Regulation 14A. See Part III.

MAGNITE, INC.
FORM 10-K
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2024
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SPECIAL NOTE ABOUT FORWARD-LOOKING STATEMENTS; SUMMARY OF RISK FACTORS

This Annual Report on Form 10-K and related statements by the Company contain forward-looking statements, including statements based upon or relating to our expectations, assumptions, estimates, and projections. In some cases, you can identify forward-looking statements by terms such as "may," "might," "will," "objective," "intend," "should," "could," "can," "would," "expect," "believe," "design," "anticipate," "estimate," "predict," "potential," "plan" or the negative of these terms, and similar expressions. Forward-looking statements may include, but are not limited to, statements concerning the Company's guidance or expectations with respect to future financial performance; acquisitions by the Company, or the anticipated benefits thereof; macroeconomic conditions or concerns related thereto; the growth of ad-supported programmatic connected television ("CTV"); our ability to use and collect data to provide our offerings; the scope and duration of client relationships; the fees we may charge in the future; key strategic objectives; anticipated benefits of new offerings; business mix; sales growth; benefits from supply path optimization; our ability to adapt to advancements in artificial intelligence; the development of identity solutions; client utilization of our offerings; the impact of requests for discounts, rebates or other fee concessions; our competitive differentiation; our market share and leadership position in the industry; market conditions, trends, and opportunities; certain statements regarding future operational performance measures; and other statements that are not historical facts. These statements are not guarantees of future performance; they reflect our current views with respect to future events and are based on assumptions and estimates and subject to known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from expectations or results projected or implied by forward-looking statements.

Risks that our business faces include, but are not limited to, the following:

- the impact of macroeconomic challenges on the overall demand for advertising and the advertising marketplace;
- we operate in an intensely competitive market that includes companies that have greater financial, technical and marketing resources than we do;
- spend on our platform may grow more slowly than we expect, growth may occur disproportionately through platforms or applications that we cannot access, or we may not be able to maintain or increase access to advertising inventory;
- the freedom of buyers and sellers to direct their spending and inventory to competing sources of inventory and demand, and to establish direct relationships and integrations without the use of our platform;
- we may be unsuccessful in our supply path optimization efforts with buyers;
- our ability to introduce new offerings and bring them to market in a timely manner, and potential responses or reactions of clients, vendors, and competitors to the announcement of new products and offerings;
- uncertainty of our estimates and expectations associated with new offerings;
- we must increase the scale and efficiency of our technology infrastructure to support our growth and recent developments in artificial intelligence and machine-learning may accelerate or exacerbate potential risks related to technological developments;
- the emergence of header bidding has increased competition and may cause infrastructure strain and added costs;
- our access to mobile inventory may be limited by third-party technology or lack of direct relationships with mobile sellers;
- we may experience lower take rates, which may not be offset by increases in ad spend;
- the impact of requests for discounts, fee concessions, rebates, refunds or favorable payment terms;
- CTV sellers may not adopt or may be slow to adopt programmatic solutions that transact in biddable auction environments;
- a decline in CPMs for publisher inventory on our platform could lead to a decrease in ad spend;
- our business may be subject to sales and use tax, advertising and other taxes;
- our ability to realize the anticipated benefits of any acquisitions;
- our reliance on large aggregators of advertising inventory, and the concentration of CTV among a small number of large sellers that enjoy significant negotiating leverage with respect to take rates and other terms;
- our ability to provide value to both buyers and sellers of advertising without being perceived as favoring one over the other or being perceived as competing with them through our service offerings;
- our reliance on large sources of advertising demand, including demand side platforms ("DSPs") that may have or develop high-risk credit profiles or fail to pay invoices when due;
- our ability to adapt to advancements in artificial intelligence within the context of the open internet and display advertising;
- failure by us or our clients to meet advertising and inventory content standards;
- our sales efforts may require significant time and expense and may not yield the results we seek;
- we may be exposed to claims from clients for breach of contract;
- the effects of seasonal trends on our results of operations;

- *the effects of consolidation in the ad tech industry or among our publisher clients;*
- *our ability to differentiate our offerings and compete effectively to combat commodification and disintermediation;*
- *potential limitations on our ability to collect or use data as a result of consumer tools, regulatory restrictions and technological limitations;*
- *the deprecation of third-party cookies and other identifiers, and the development of new targeting and identity solutions, may disrupt the programmatic ecosystem, cause reduced CPMs and fill rates, result in a shift of ad spend towards "walled gardens," require additional investment and resources, and cause the overall performance of our platform to decline;*
- *the industry may not adopt or may be slow to adopt the use of first-party publisher segments as an alternative to third-party cookies;*
- *the impact of antitrust regulations or enforcement actions targeting the digital advertising ecosystem;*
- *our ability to comply with, and the effect on our business of, evolving legal standards and regulations, particularly concerning data protection and privacy;*
- *evolving corporate governance and public disclosure regulations and expectations, including with respect to cyber security, environmental, social and governance matters;*
- *errors or failures in the operation of our solution, interruptions in our access to network infrastructure or data, and breaches of our computer systems including as a result of cyber security incidents;*
- *our ability to ensure a high level of brand safety for our clients and to detect "bot" traffic and other fraudulent or malicious activity;*
- *our ability to attract and retain qualified employees and key personnel;*
- *costs associated with enforcing our intellectual property rights or defending intellectual property infringement;*
- *our ability to comply with the terms of our financing arrangements;*
- *restrictions in our Credit Agreement may limit our ability to make strategic investments, respond to changing market conditions, or otherwise operate our business;*
- *increases in our debt leverage may put us at greater risk of defaulting on our debt obligations, subject us to additional operating restrictions and make it more difficult to obtain future financing on favorable terms;*
- *conversion of our Convertible Senior Notes would dilute the ownership interest of existing stockholders;*
- *the Capped Call Transactions subject us to counterparty risk and may affect the value of the Convertible Senior Notes and our common stock;*
- *the conditional conversion feature of the Convertible Senior Notes, if triggered, may adversely affect our financial condition and operating result;*
- *failure to successfully execute our international growth plans;*
- *failure to maintain an effective system of internal control over financial reporting, which could adversely affect investor confidence;*
- *the use of our net operating losses and tax credit carryforwards may be subject to certain limitations;*
- *our ability to raise additional capital if needed;*
- *volatility in the price of our common stock;*
- *the impact of our repurchase program on our stock price and cash reserves;*
- *competition for investors and the impact of negative analyst or investor research reports; and*
- *provisions of our charter documents and Delaware law may inhibit a potential acquisition of the company and limit the ability of stockholders to cause changes in company management.*

We discuss many of these risks and additional factors that could cause actual results to differ materially from those anticipated by our forward-looking statements under the headings "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations," and elsewhere in this report and in other filings we have made and will make from time to time with the Securities and Exchange Commission, or SEC. These forward-looking statements represent our estimates and assumptions only as of the date of the report in which they are included. Unless required by federal securities laws, we assume no obligation to update any of these forward-looking statements, or to update the reasons actual results could differ materially from those anticipated, to reflect circumstances or events that occur after the statements are made. Without limiting the foregoing, any guidance we may provide will generally be given only in connection with quarterly and annual earnings announcements, without interim updates, and we may appear at industry conferences or make other public statements without disclosing material nonpublic information in our possession. Given these uncertainties, investors should not place undue reliance on these forward-looking statements.

Investors should read this Annual Report on Form 10-K and the documents that we reference in this report and have filed or will file with the SEC completely and with the understanding that our actual future results may be materially different from what we expect. We qualify all of our forward-looking statements by these cautionary statements.

NOTE REGARDING THIRD-PARTY INFORMATION

This Annual Report on Form 10-K includes data that we obtained from industry publications and third-party research, surveys and studies. While we believe the industry publications and third-party research, surveys and studies are reliable, we have not independently verified such data. Such third-party data and our internal estimates and research are necessarily subject to a high degree of uncertainty and risk due to a variety of factors, including those described in "Item 1A. Risk Factors" in this Annual Report on Form 10-K. These and other factors could cause results to differ materially from those included in this report.

PART I

Item 1. Business

Overview

Magnite, Inc., ("we," or "us"), provides technology solutions to automate the purchase and sale of digital advertising inventory.

We believe that we are the world's largest independent omni-channel sell-side advertising platform ("SSP"), offering a single partner for transacting globally across all channels, formats and auction types, and the largest independent programmatic CTV marketplace, making it easier for buyers to reach CTV audiences at scale from industry-leading streaming content providers, broadcasters, platforms and device manufacturers.

Our platform features applications and services for sellers of digital advertising inventory, or publishers, that own and operate CTV channels, applications, websites and other digital media properties, to manage and monetize their inventory; applications and services for buyers, including advertisers, agencies, agency trading desks, and demand side platforms ("DSPs"), to buy digital advertising inventory; and a transparent, independent marketplace that brings buyers and sellers together and facilitates intelligent decision making and automated transaction execution at scale. Our clients include many of the world's leading buyers and sellers of digital advertising inventory. Our platform processes trillions of ad requests per month, allowing buyers access to a global, scaled, independent alternative to "walled gardens," who both own and sell inventory and maintain control on the demand side.

Our streaming SSP and ad server offers CTV sellers a holistic solution for workflow, yield management and monetization, across both programmatic and direct-sold video inventory. We provide sellers with a full suite of tools to protect the consumer viewing experience and brand safety expectations, while increasing revenue opportunities, including forecasting tools, customized ad experiences and ad formats, and advanced podding logic. These tools are particularly important to CTV sellers who need to provide a TV-like viewing and advertising experience for consumers. For instance, our ad-pod feature provides publishers with a tool analogous to commercial breaks in traditional linear television so that they can request and manage several ads at once from different demand sources. Other tools we offer include audio normalization tools to control for the volume of an ad relative to content, frequency capping to avoid exposing viewers to repetitive ad placements, and creative review so that a publisher can review and approve the ad units being served to its properties.

Buyers leverage our platform to manage their advertising spend and reach their target audiences on brand-safe premium inventory, simplify order management and campaign tracking, obtain actionable insights into audiences for their advertising, and access impression-level purchasing from thousands of sellers. We believe that our scale, platform features, and omni-channel offering makes us an essential partner for buyers.

We operate our business on a worldwide basis, with an established operating presence in North America, Australia and Europe, and a developing presence in Asia and South America. Our non-U.S. subsidiaries and operations perform primarily sales, marketing, and service functions.

Industry Trends

Continued Shift Toward Digital Advertising

Consumers are rapidly shifting their viewing habits towards digital mediums and expect to be able to consume content seamlessly across multiple devices, including computers, tablets, smartphones, and CTVs whenever and wherever they want. As digital content consumption continues to proliferate, we believe the percentage of advertising dollars spent through digital channels will continue to grow.

Automation of Buying and Selling

Due to the size and complexity of the digital advertising ecosystem and purchasing process, manual processes cannot effectively manage digital advertising inventory at scale. In addition, both buyers and sellers are demanding more transparency, better controls and more relevant insights from their advertising inventory purchases and sales. This has created a need for software solutions, known as programmatic advertising, that automate the process for planning, buying, selling and measuring digital advertising across screens. Programmatic advertising allows buyers and sellers to transact on an impression-by-impression basis through the use of real-time bidding technology, and allows for the use of advanced data and identity solutions to better target ad campaigns. Programmatic transactions include biddable auctions, where multiple buyers bid against each other in a real-time auction for the right to purchase a publisher's inventory, as well as reserve auctions, where publishers

establish direct deals or private marketplaces with select buyers. These reserve auctions may be “guaranteed,” where a buyer has negotiated a pre-established price and volume with a seller, otherwise referred to as “programmatic guaranteed.”

Convergence of TV and Digital

CTV viewership is growing rapidly and the pace of adoption is accelerating the transition of linear television to CTV programming. Initially, many streaming services were subscription based, but as the market has matured, the largest streaming publishers have adopted ad-supported models or hybrid models that rely on a combination of subscription fees and advertising. With the proliferation of CTV advertising inventory, we believe that brand advertisers looking to engage with streaming viewers will continue to shift their budgets from linear to CTV. Moreover, we believe that as the amount of CTV inventory continues to scale, CTV sellers will make a greater percentage of inventory available through biddable auction environments with multiple buyers rather than programmatic guaranteed, in order to attract a broader set of advertisers that have not historically advertised on linear TV.

We have made and plan to continue to make significant investments in technology, sales and support related to our CTV growth initiatives, and believe CTV will be a significant driver of our revenue growth for the foreseeable future.

Identity Solutions

One of the advantages of programmatic advertising is that it enables more precise audience targeting, which is generally more effective and valuable for buyers than other types of advertising, resulting in better performance for buyers and more revenue for sellers. Historically, in desktop and mobile, one of the primary methods for delivering targeted advertisements was through the use of third-party cookies. However, in recent years the use of third-party cookies and other tracking technologies that collect user information have come under greater scrutiny due to privacy concerns, and a number of participants in the advertising technology ecosystem, in particular web browsers and device manufacturers, have taken steps to eliminate or restrict the use of these technologies.

For instance, Google had previously announced plans to fully deprecate third-party cookies by the end of 2024. However, recently Google announced that they will no longer be deprecating third-party cookies and instead will be introducing features that allow consumers to opt out of third-party cookies, while further investing in their own proprietary solution, Privacy Sandbox, which remains in development. We would expect these new features to result in an increase in the number of users opting out of third-party cookies on Chrome browsers, which could lead to some short-term uncertainty as well as a decrease in CPMs.

In the long term, we believe that a decreased reliance on third-party cookies and other non-transparent tracking methods are a positive for the industry, and offer the potential to shift the programmatic ecosystem from an identity model powered by buyers that are able to aggregate and target audiences through cookies to one enabled by sellers that have direct relationships with consumers and are therefore better positioned to obtain user data and consent for implementing first party identifiers. In CTV, where third-party cookies do not exist, this identity model already largely exists with publishers more tightly controlling access to identifiers and user data, while offering proprietary first party data segments for reaching desired audiences. We believe that our scale and expertise in CTV position us well to take a leadership position in advancing this shift to a first-party identity model and creating additional value opportunities for our clients. Accordingly, we have invested and intend to further invest in the development and enhancement of industry leading identity and audience solutions.

Supply Path Optimization

Supply Path Optimization (“SPO”) refers to efforts by buyers to consolidate the number of vendors with which they work to find the most effective and cost-efficient paths to procure media. SPO is important to buyers because it can increase the proportion of their advertising ultimately spent on working media, with the goal of increasing return on their advertising spend, and can help them gain efficiencies by reducing the number of vendors with which they work in a complex ecosystem. We believe we are well positioned to benefit from SPO in the long run as a result of our transparency, broad and unique inventory supply across all channels and formats, buyer tools, such as our ClearLine product offering, traffic filtering technology that reduces the cost of working with us, and brand safety measures.

Header Bidding and Data Processing

Header bidding is a programmatic technique by which sellers offer inventory to multiple ad exchanges and supply side platforms, such as our platform, simultaneously. Header bidding has been rapidly adopted in recent years in the desktop and mobile channels and has experienced modest adoption in CTV. The adoption of header bidding has created a number of challenges and technical complexities for both sellers and buyers, which require sophisticated tools to manage.

In addition, header bidding has led to a significant increase in the number of ad impressions to be processed and analyzed through our platform as well as by DSPs, which can lead to increased costs if not properly addressed. We

continuously work to increase the operational efficiency of our platform, so as to enable buyers and sellers to achieve their campaign and monetization objectives in a cost-effective manner.

While header-bidding technologies have not been largely adopted by CTV sellers, such solutions or similar solutions geared towards increasing demand competition have become more prevalent. We have addressed this, in part, through our ad server, which offers sellers a unified programmatic demand solution for CTV that leverages our existing programmatic SSP capabilities as well as connects with third party programmatic demand sources.

Magnite: Competitive Strengths of Our Platform. Key competitive strengths of our platform include:

Leadership in CTV

Our Magnite Streaming platform has been strategically built to meet the unique requirements of CTV sellers and we have invested significant time and resources in cultivating relationships with these sellers through our specialized team of CTV experts.

Many CTV sellers have their roots in linear television and it is important that established business practices in television advertising can be translated to programmatic advertising. The tools we provide include ad podding for commercial breaks, dynamic ad insertion to serve live streaming events, audio normalization tools to control the volume of an ad relative to content, frequency capping to avoid exposing viewers to repetitive ad placements, and creative review so that a publisher can review and approve the ad units being served to its properties. In addition, our SpringServe Tiles product is an innovative new feature that allows publishers to showcase custom creative and highlight content recommendations within streaming programming guides in any size and a wide variety of formats.

We believe the combination of our Magnite Streaming platform with our ad server is highly strategic as it allows us to offer publishers an independent full-stack solution to the walled gardens, which can be leveraged for yield-management across their entire video advertising business.

Scaled Omni-Channel Platform

We offer a scaled omni-channel platform that brings value to both buyers and sellers of ad inventory. For buyers, we offer a single omni-channel partner to reach target audiences globally across all channels, including CTV, mobile, and desktop, and formats, including video, display, and audio. For sellers, we partner as a one stop shop where they can sell digital advertising across all of their properties, regardless of device or format, and gain instant access to the world's largest automated digital advertising buyers with the flexibility to sell their advertising inventory in an automated fashion on an impression-by-impression basis. We believe large numbers of diverse sellers on our platform attract more buyers and vice versa, resulting in a self-reinforcing network effect that adds value for all our clients and creates a stickier platform solution.

Reserve Auctions and Deal Management

A significant portion of premium inventory, in particular with respect to CTV, is purchased and sold through reserve auctions where the seller establishes a direct deal with a buyer or group of buyers. These transaction types allow the seller to maintain tighter control over their advertising allocation and are often used by sellers that maintain a direct sales force but still want to experience the benefits of automation to improve pricing, matching, and dynamic ad placement and to automate manual operations such as ad trafficking, quality assurance, and billing and collections. Our deal management and curation tools support sales functions rather than replacing them, which eliminates friction in the sales process.

Big Data Analytics and Machine-Learning Algorithms; Bid Filtering

A core aspect of our value proposition is our big data and machine-learning platform, a subcategory of artificial intelligence, which is able to discover unique insights from our massive data repositories. Our systems collect and analyze a myriad of information such as historical clearing prices, bid responses, buyer preferences, ad formats, user location, buyer audience preferences, how many ads the user has seen, browser or device information, and sellers' first party data about users. Our access to data puts us in a unique position to develop differentiated insights to help both buyers and sellers. Our solution utilizes artificial intelligence in order to constantly self-improve as we process more volume and accumulate more data, which in turn helps make our machine-learning algorithms more intelligent and contributes to higher-quality matching between buyers and sellers. This data also fuels our bid filtering technology, allowing us to more aggressively block traffic that is not likely to monetize. We believe that our traffic optimization coupled with bid filtering improves return on investment for buyers and increases revenue for sellers, which in turn attracts more buyers and sellers to our platform creating a dual network effect that makes our platform stickier. These capabilities also help us manage the costs associated with the high volumes of ad requests we receive.

Identity Solutions

We offer identity solutions that help buyers and sellers create better matches and increase advertising return on investment ("ROI") and the value of the underlying impression. Our tools enable sellers to create audience segments based on

first-party data, which makes their advertising inventory more valuable to buyers looking to achieve specific campaign goals. In addition, our technology is integrated with a number of third-party data, attribution and identity vendors, allowing buyers and sellers to leverage these solutions directly through our platform without the need for multiple vendor contracts. We recently launched Magnite Curator Marketplace, a self-service platform that allows buyers to create custom marketplaces that include curated pools of inventory that are enriched with the buyer's first-party or third-party data.

Header Bidding and Demand Manager Solutions

We are integrated with all of the major header-bidding standards, including Prebid.org, which we co-founded, as well as the solutions offered by Google and Amazon. We believe the various header bidding alternatives we offer, our buyer reach and scale, our buying efficiency, and our machine-learning capabilities put us in a strong position to compete for seller impressions monetized through header-bidding solutions, and we expect these header bidding solutions to deliver a meaningful volume of impressions. We also provide a software solution called Demand Manager that helps desktop and mobile sellers manage all of their header-bidding advertising inventory. We believe that adoption and proliferation of these tools will further strengthen our relationship with sellers and contribute to our future revenue growth.

Transparency and Controls

We generate revenue each time an impression is monetized on our platform based on a simple and transparent fee structure established with our publisher partners. Our clients direct the sale and management of ad inventory through our platform, including the ability to define supply hierarchies and demand tiers, set minimum price floors, and establish advertiser and category level blocked and allowed lists. We provide sellers with detailed analytics, which allows them to effectively monitor buying patterns and make real-time changes to take advantage of market dynamics and maximize their yield.

Self-Service Model

We offer a self-service model that lets sellers access our platform without extensive involvement by our personnel. This model allows us to scale efficiently and grow our business at a faster pace than the growth of our sales and support organization. As a result, we are able to achieve a high degree of operating leverage, which positions our business for growing profitability.

Buyer Tools

We provide a suite of buyer tools designed to help buyers discover and curate inventory, append data and improve ROI in order to meet their campaign strategies. For instance, our agency marketplace tools enable agency holding companies and major brands to create their own private label marketplaces and establish direct connections with sellers. Custom auction packages and audience tools give buyers a versatile and cost-effective way to curate and target inventory, using categories such as audience, context, and viewability, while our deal discovery platform allows buyers to connect directly with sellers to arrange direct reserve auctions. Finally, our ClearLine product is a self-service solution that provides buyers with direct access to premium CTV and video inventory. This solution helps agencies maximize the spend going towards working media, makes it easier for sellers and agencies to securely share data, improves workflow for campaigns traditionally transacted manually, and helps publishers generate more revenue and develop new sources of unique demand.

SPO and Demand Generation

We expend a significant amount of resources cultivating relationships directly with brands and advertising agencies in order to increase revenue opportunities for sellers on our platform. One of the ways we attract demand to our platform is through entering into SPO agreements directly with major agency holding companies, which provide for custom integrations, data flows or volume-based discounts. Under these SPO agreements, we may be designated as a preferred partner or otherwise enter into terms intended to increase the overall spend on our platform. In addition, we also offer brands and agencies the ability to access our platform directly, including on a managed service basis through the use of insertion orders and programmatically through our ClearLine product offering. As such, we believe our SPO and other buyer-facing initiatives allow us to provide sellers with access to a pool of differentiated demand.

Independence

We are fully aligned with the interests of our publisher clients. Unlike some large industry participants, we do not have our own media properties that compete for advertising spending with our sellers. Therefore, we are agnostic and have no

preference towards delivering demand to any specific publisher. In addition, because we do not offer a dedicated demand side platform, we are able to avoid inherent conflicts of interest that exist when serving both the buy- and sell-side.

Magnite: Growth Strategies. The key elements to our long-term growth strategy include:

Focus on CTV

As streaming video continues to become mainstream and ad-supported models become more prevalent, we believe advertisers will continue to shift budgets to CTV. We expect CTV to be the biggest driver of our growth and plan to invest significant resources in technology, sales and support related to our CTV growth initiatives. In particular, we intend to invest in additional features to support publishers with the monetization of live events such as sports. Live events are particularly challenging for publishers due to constant shifts in audience sizes that can be difficult to plan for and often result in monetized ad opportunities. As live events continue to become more prevalent among streaming services, we believe there is an opportunity for innovative technology to address these problems. For instance, our Live Stream Acceleration product helps publishers deal with traffic spikes by managing the pacing of ad requests and queuing pre-approved ad pods in advance of an anticipated ad break.

Supply Path Optimization

As described above, SPO refers to efforts by buyers to consolidate the number of vendors with which they work to find the most effective and cost-efficient paths to procure media. We believe we are well positioned to benefit from SPO due to the factors described above and that it presents an opportunity for us to capture market share and increase the volume of advertising spend on our platform.

Identity Solutions

As the largest independent supply side platform, we believe we are well positioned to take a leadership role in advancing the shift away from third-party cookies and other identifiers to a model that is powered by sellers that have access to valuable first-party data, creating additional opportunities for our clients. Accordingly, we have invested and intend to further invest in the development and enhancement of industry leading identity and audience solutions.

Increase Efficiencies on our Exchange

We aim to increase the operational efficiency of our platform, so as to enable buyers and sellers to achieve their campaign and monetization objectives in a cost-effective manner. Our solution is constantly self-improving as we process more volume and accumulate more data and we are continuing to invest in traffic optimization and bid filtering technology to allow us to monetize a higher proportion of the ad requests on our platform, which reduces costs for us as well as the process costs for buyers. We believe these cost savings make our platform more attractive to buyers, which in turn improves revenue opportunities for sellers.

Increasing Seller Inventory

In order to increase transaction volume we are continuously looking to add new high quality sellers to our platform and to expand our existing relationships with sellers to increase our share of their inventory, in particular in CTV where inventory is controlled by fewer sellers. Our plan for increasing our inventory volumes includes establishing and deepening our direct relationships with sellers, including through adoption of our SpringServe ad server, custom integrations, expanding our seller tools, capitalizing on our omni-channel capabilities, and leveraging our header bidding integrations, including through Demand Manager.

Expand our International Footprint

With established operating presence in North America, Australia and Europe, and a developing presence in Asia and South America, we serve buyers and sellers on a global basis. We plan to continue to expand our international presence and make additional investments in sales, marketing and infrastructure to support our long-term growth and to position ourselves for expected increases in programmatic advertising globally. We expect programmatic advertising to grow at different rates in different geographic markets, and are constantly evaluating new markets with a strategy to use our existing infrastructure and adjacent sales offices or by expanding our infrastructure footprint and placing personnel directly in those markets.

Continue to Innovate and Enhance our Platform

We are working on a number of platform innovations and enhancements designed to improve the value of our services to our clients, including new features and ad formats on our streaming ad server, tools that facilitate the creation of audience

segments, such as our recently launched Magnite Curator Marketplace, as well as developing a product suite specifically to address the challenges of live streaming.

How We Generate Revenue

Digital advertising inventory is created when consumers access sellers' content. Sellers provide digital advertising inventory to our platform in the form of advertising requests, or ad requests. When we receive ad requests from sellers, we send bid requests to buyers, which enable buyers to bid on sellers' digital advertising inventory. Winning bids can create advertising, or paid impressions, for the seller to present to the consumer. The price that buyers pay for each thousand paid impressions purchased is measured in units referred to as CPM, or cost per thousand, and the total volume of spending between buyers and sellers on our platform is referred to as advertising spend.

We generate revenue from the use of our platform for the purchase and sale of digital advertising inventory. Generally, our revenue is based on a percentage of the ad spend that runs through our platform, although for certain clients, services, or transaction types, we may receive a fixed CPM for each impression sold, and for advertising campaigns that are transacted through insertion orders, we earn revenue based on the full amount of ad spend that runs through our platform. In addition, we may receive certain fixed monthly fees for the use of our platform or products.

Channels

Sellers use our technology to monetize their content across all digital channels, including CTV, mobile, and desktop. We refer to our mobile and desktop channels as DV+. Consistent with the IAB's definition of CTV, CTV represents advertising transactions on our platform that are delivered to the end consumer via a television set that is connected to the Internet. Our CTV transactions do not include advertisements viewed on a mobile or desktop device. Mobile and desktop represent advertising transactions on our platform that are delivered to the end consumer via their respective devices' operating system, that is, a mobile operating system or a traditional desktop operating system, respectively. Mobile devices generally refer to a handset, tablet, or other communication device that runs on a mobile operating system used to access the Internet wirelessly, usually through a mobile carrier or Wi-Fi network. Desktop transactions are those transactions delivered to the end user whose device runs on a traditional PC, laptops, as well as those delivered on mobile devices or tablets that are not running on mobile based operating systems.

Our Technology

To support a majority of our non-CTV transactions, we have developed a globally distributed infrastructure hosted at on-prem data centers in the U.S., Europe, and Asia that run our proprietary software. Currently, our CTV transactions run primarily on the cloud. We believe these two approaches optimize the type of traffic we handle - hosted data centers for high-frequency, low-latency transactions and cloud-supported for lower frequency transactions subject to more volatile viewing patterns, for example CTV prime-time viewing spikes. In order to realize additional cost savings and operational efficiencies, we are investing in additional on-prem data centers to support a higher percentage of our CTV transactions.

We believe our approach supports the volume, diversity, and complexity of buyers' bidding patterns, which increases market liquidity. Our algorithms improve infrastructure load and execute transactions efficiently by only sending bid requests to those buyers of advertising inventory who can handle the volume and are likely to respond.

This infrastructure is supported by real-time data pipelines, a system that quickly moves volumes of data generated by our business into reporting and machine-learning systems for both internal and client use cases. It also is supported by a 24-hour Network Operations Center, which provides failure protection by monitoring and rerouting traffic in the event of equipment failure or network performance issues between buyers and our marketplace, and our core technology and

development team, which is responsible for the design, development, operation, and maintenance of our platform, and employs an agile development process that emphasizes frequent, iterative, and incremental development cycles.

We believe that continued investment in technology and development is critical to our success and long-term growth.

Sales and Marketing

We market our solution to buyers and sellers through global sales teams that operate from various locations around the world. These teams leverage market knowledge and expertise to demonstrate the benefits of our solution to buyers and sellers. We deploy a professional services team with each seller integration to assist sellers in getting the most value from our platform. Our buyer team, which is separately managed, focuses on collaborating with and increasing spend from DSPs, agencies, and brands, and our client services teams work closely with clients to support and execute campaigns. Our marketing initiatives are focused on managing our brand, increasing market awareness, and driving advertising spend to our platform. We often present at industry conferences, create custom events, and invest in public relations. In addition, our marketing team advertises online, in print, and in other forms of media, creates case studies, sponsors research, writes whitepapers, publishes marketing collateral, generates blog posts, and undertakes client research studies.

Competition

Our industry is highly competitive. Overall digital advertising spending is highly concentrated in a small number of very large companies that have their own inventory, including Google, Facebook, Microsoft, Comcast, and Amazon, with which we compete for digital advertising inventory and demand. These companies are formidable competitors due to their large resources and direct user relationships, and could become even more dominant as third-party cookie use decreases. Despite the dominance of large companies, there is still a large addressable market that is highly fragmented and includes many providers of transaction services with which we compete, including supply side platforms, video ad servers, and advertising exchanges. As we introduce new offerings, as our existing offerings evolve, or as other companies introduce new products and services, we may be subject to additional competition. There has been rapid evolution and consolidation in the advertising technology industry, and we expect these trends to continue, thereby increasing the capabilities and competitive posture of larger companies, particularly those that are already dominant in various ways, and enabling new or stronger competitors to emerge. There are many ways for buyers and sellers of digital advertising inventory to connect and transact, including directly and through many other exchanges, and buyers, including DSPs that transact on our platform, are increasingly establishing relationships directly with sellers of advertising inventory, which puts significant pressure on us. Our offering must remain competitive in scope, ease of use, scalability, speed, data access, price, inventory quality, brand security, customer service, identity protection and other technological features that help sellers monetize their inventory and buyers increase the return on their advertising investment. While our industry is evolving rapidly and becoming increasingly competitive, we believe that our solution enables us to compete favorably on these factors. In addition, we believe we enjoy a number of competitive strengths, as further detailed above.

Human Capital: Our Team and Culture

Our team draws from a broad spectrum of experience, including data science, infrastructure, software development, and from experienced leadership on the seller and buyer sides, including streaming, mobile and video. In addition to the United States, we have personnel and operations in Australia, Brazil, Canada, France, Germany, India, Italy, Japan, New Zealand, Singapore, Sweden, and the United Kingdom, in order to service buyers and sellers on a global scale.

Culture

We strive to build a culture that is high-performing and results-oriented while emphasizing growth, collaboration, diversity, and innovation. Our recruitment team seeks qualified individuals that are committed to seeing the big picture and being catalysts of change. We aim to recruit and develop talent from diverse backgrounds, to provide equal employment opportunity, and to champion a wide array of voices throughout the Company. We ask our employees to empower others and commit to making our company a great place to work, not just a "job," and are constantly striving to cultivate a culture of excellence in which employees feel safe as their authentic selves.

Talent Retention

We believe empowerment starts with investing in our employees, both inside and outside the office. We reward team and individual excellence and are committed to creating an exceptional workplace environment in which we seek feedback from our employees in regular engagement surveys. We believe in continual feedback on performance. Our employees set goals at a regular cadence throughout the year and managers provide achievement ratings at year-end. We continually invest in

learning and leadership development programs and routinely analyze voluntary employee turnover to understand and address trends. We give equity to our employees to promote alignment and ownership.

Conduct

We are committed to promoting high standards of honest and ethical business conduct and compliance in alignment with our cultural values. We do not tolerate harassment or discrimination. Our employees are required to take annual harassment and discrimination training as well as acknowledge our Code of Business and Ethics Policy.

As of December 31, 2024, we had 905 full-time employees.

Our Intellectual Property

Our proprietary technologies are important and we rely upon trade secret, trademark, copyright, and patent laws in the United States and abroad to establish and protect our intellectual property and protect our proprietary technologies.

We have several issued patents and pending patent applications, some of which may ultimately be abandoned if we determine that the cost of prosecution or maintenance does not justify the utility of receiving the patent. None of these patents has been litigated and we do not believe that any individual patent or patent application is material to our business. Their importance to our business is uncertain and there are no guarantees that any of the patents will serve as protection for our technology or market in the United States or any other country in which an application has been filed.

We register certain domain names, trademarks and service marks in the United States and in certain locations outside the United States. We also rely upon common law protection for certain trademarks. We generally enter into confidentiality and invention assignment agreements with our employees and contractors, and confidentiality agreements with parties with whom we conduct business, in order to limit access to, and disclosure and use of, our proprietary information. We also use measures designed to control access to our technology and proprietary information. We view our trade secrets and know-how as a significant component of our intellectual property assets, which we believe differentiate us from our competitors.

Any impairment of our intellectual property rights, or any unauthorized disclosure or use of our intellectual property or technology, could harm our business, our ability to compete and our operating results.

Client Dynamics

Sellers

Sellers own or operate media properties, websites and applications through which advertisements can be delivered to consumers as they navigate across screens. Sellers use our platform to monetize and manage their advertising inventory.

While we work with many clients, a relatively small number of them provide a large share of the unique user audiences accessible by buyers. This is particularly true in CTV, where sellers tend to be larger compared to other online sellers. Given the limited number of CTV sellers, we are focused on building deeper, long-term strategic partnerships with these clients through a full-service business development strategy. We have invested significant resources in identifying and cultivating these relationships and our sales executives and account managers often serve a consultative role within a client's sales organization to help establish best practices. This team is further supported by our product and engineering team with deep technical expertise, and for larger clients, we may build out custom features or functionality to help drive deeper adoption of our platform.

In the mobile channel, many of the application providers that make inventory available through our platform utilize system development kits ("SDKs") and other proprietary technology of third parties, such as aggregators, and it is those third parties, not the application providers themselves, that contract with us to help monetize the inventory. Termination or diminution of our relationships with these third parties could result in a material reduction of the amount of mobile inventory available through our platform. We encourage application developers to use our own SDK when appropriate, but it is difficult to displace existing SDKs.

Buyers

On the buy-side of our business, we maintain close relationships with brand advertisers and agencies, as well as the technological intermediaries through which they transact on our platform, principally DSPs.

DSPs are directly connected to our technology through server-to-server integrations and are responsible for bidding on and purchasing advertising inventory on our platform pursuant to master service agreements. We have relationships with all of

the major DSPs, and because ad spend is highly concentrated among relatively few DSPs, each of our relationships with these DSPs is important to us and represents a source of demand that could be difficult for us to replace.

While the DSP is generally responsible for the direct purchasing of advertising inventory through our platform, the overall direction of an advertising campaign is typically determined by the advertiser or advertising agency that has engaged the DSP. As such, in order to increase the amount of spend transacted on our platform, and in furtherance of our SPO efforts, we expend significant resources establishing and expanding relationships directly with brand advertisers and agencies.

In addition to transacting through DSPs, we also offer brands and agencies the ability to access our platform directly, including on a managed service basis through the use of insertion orders and programmatically through our ClearLine product offering. For managed service campaigns, our team of specialists manages the delivery and execution of the campaign according to an agreed set of objectives with the advertiser or agency, at a negotiated fixed price. For ClearLine, advertisers and agencies use a self-service programmatic solution to directly access premium inventory on our platform.

Geographic Scope of Our Operations

The growth of programmatic advertising has expanded into geographic markets outside of the United States, and in some markets, the adoption rate of programmatic digital advertising is greater than in the United States. We face staffing challenges, including difficulty in recruiting, retaining, and managing a diverse and distributed workforce across time zones, cultures, and languages. We must also adapt our practices to satisfy local requirements and standards (including differing privacy requirements that are sometimes more stringent than in the U.S.), and manage the effects of global and regional pandemics, recessions and economic and political instability. Transactions denominated in various non-U.S. currencies expose us to potentially unfavorable changes in exchange rates and added transaction costs. Foreign operations expose us to potentially adverse tax consequences in the United States and abroad and costs and restrictions affecting the repatriation of funds to the United States. For detailed information regarding our revenue, property and equipment, net, and right-of-use assets by geographical region, see Note 4, Note 6, and Note 15 of the "Notes to Consolidated Financial Statements."

Regulation

Our business is highly susceptible to existing and emerging privacy regulations and oversight concerning the collection, use and sharing of data. Data protection authorities in the United States and around the world continue to focus on the advertising technology ecosystem. Because we, and our clients, rely upon large volumes of such data, it is essential that we monitor developments in this area domestically and globally, and engage in responsible privacy practices.

We do not collect information that can be used to directly identify a real person, such as name, address, or phone number, and we take steps to avoid collecting and storing such information. Instead, we rely on pseudonymous forms of data, such as IP addresses, general geo-location information, and persistent identifiers about Internet users, and do not attempt to associate this data with other data that can be used to identify real people. However, this type of information is considered "personal" across various jurisdictions and is governed by an increasing number of consumer privacy laws and regulations.

Data collection, use, and disclosure by companies that do not have direct relationships with the consumers whose personal data they process are now subject to state data broker laws, including in California, Oregon, and Texas. Notably, California's Delete Act, dramatically increases obligations and potential penalties relative to the state's preexisting data broker statute.

There are also a number of specific laws and regulations governing the collection and use of certain types of consumer data relevant to our business. For example, the Children's Online Privacy Protection Act ("COPPA"), imposes restrictions on the collection and use of data about users of child-directed websites. Other regulators and lawmakers continue to focus on activities involving data perceived as particularly sensitive such as data based on race, ethnicity or health information.

In the European Economic Area ("EEA") member states and the United Kingdom ("UK"), the use and transfer of personal data is governed by the General Data Protection Regulation and the UK General Data Protection Regulation (the "GDPR" and "UK GDPR"). The GDPR and UK GDPR set out significant potential liabilities for certain data protection violations and establish significant regulatory requirements resulting in a greater compliance burden for us in the course of delivering our solution in the EEA and UK.

In addition to the GDPR and UK GDPR, other regions have begun to promulgate data protection laws and reforms, including India and Australia, and state lawmakers in the United States continue to actively focus on consumer privacy regulations, with a total of 16 comprehensive state privacy laws slated to be effect by the end of 2025. These laws have caused, and will likely continue to cause, us to incur additional compliance costs and impose additional restrictions on us and on our industry partners. Additionally, our compliance with our privacy policies and our general consumer privacy practices are also subject to review by the Federal Trade Commission and certain State Attorneys General. Outside of the United States, our

privacy and data practices are subject to regulation by data protection authorities and other regulators in the countries in which we do business.

Beyond laws and regulations, we are members of self-regulatory bodies that set out best practices, principles and codes of conduct related to the collection, use, and disclosure of consumer data, including the Internet Advertising Bureau ("IAB"), the Digital Advertising Alliance, the Network Advertising Initiative, and the Europe Interactive Digital Advertising Alliance. We provide consumers with notice via our privacy policy about our use of cookies and other technologies to collect consumer data, and of our collection and use of consumer data to deliver personalized advertisements. We allow consumers to opt-out or withdraw consent from the use of data we collect for purposes of behavioral advertising through a mechanism on our website, linked through our privacy policy as well as through portals maintained by some of these self-regulatory bodies.

We support privacy initiatives and believe they will be beneficial to consumers' confidence in advertising technology, which will ultimately be positive for the advertising ecosystem in the long term. However, until prevailing compliance practices standardize, the impact of worldwide privacy regulations on our business and, consequently, our revenue could be negatively impacted.

For additional information regarding regulatory risks to our business, see "Item 1A. Risk Factors."

Seasonality

Our revenue, Contribution ex-TAC, cash flow from operations, Adjusted EBITDA, operating results, and other key operating and financial measures may vary from quarter to quarter due to the seasonal nature of buyer spending. For example, many buyers devote a disproportionate amount of their advertising budgets to the fourth quarter of the calendar year to coincide with increased holiday purchasing. We expect our revenue, cash flow, operating results and other key operating and financial measures to fluctuate based on seasonal factors from period to period and expect these measures to be higher in the fourth quarter than in other quarters. Refer to "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" for additional information related to key operating and financial performance Metrics.

Available Information

The Company is subject to the reporting requirements of the Securities Exchange Act of 1934, as amended, or the Exchange Act, and accordingly files Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, proxy statements, and related amendments and other information with the U.S. Securities and Exchange Commission, or the SEC, pursuant to Sections 13(a) and 15(d) of the Exchange Act. Information filed by the Company with the SEC is available free of charge on the Company's website at investor.magnite.com as soon as reasonably practicable after such materials are filed with or furnished to the SEC.

Item 1A. Risk Factors

Investing in our common stock involves a high degree of risk, including the risks described below, each of which may be relevant to decisions regarding an investment in or ownership of our stock. The occurrence of any of these risks could have a significant adverse effect on our reputation, business, financial condition, revenue, results of operations, growth, or ability to accomplish our strategic objectives, and could cause the trading price of our common stock to decline. You should carefully consider the risks set forth below and the other information contained in this report, including our consolidated financial statements and related notes and Management's Discussion and Analysis of Financial Condition and Results of Operations, before making investment decisions related to our common stock. However, this report cannot anticipate and fully address all possible risks of investing in our common stock, the risks of investing in our common stock may change over time, and additional risks and uncertainties that we are not aware of, or that we do not consider to be material, may emerge. Moreover, some of the factors, events, and contingencies discussed below may have occurred in the past, but the disclosures below are not representations as to whether or not the factors, events or contingencies have occurred in the past, and instead reflect our beliefs and opinions as to the factors, events, or contingencies that could materially and adversely affect us in the future. Accordingly, you are advised to consider additional sources of information and exercise your own judgment in addition to the information we provide.

Risks Related to Our Business, Growth Prospects and Operating Results

Our revenue and operating results are highly dependent on the overall demand for advertising and any macroeconomic challenges may adversely affect our business, financial position, results of operations and/or cash flows.

Our business depends on the overall demand for advertising and on the economic health of our current and prospective sellers and buyers. If advertisers reduce their overall advertising spending, our revenue and results of operations are directly

affected. Accordingly, our business and operations have been, and could in the future be, adversely affected by events beyond our control, such as health epidemics or pandemics, geopolitical events, and economic and macroeconomic factors like labor strikes, labor shortages, supply chain disruptions, capital market disruptions and instability of financial institutions, inflation and recessionary concerns impacting the markets and communities in which our clients operate.

Any worsening of macroeconomic conditions in future periods would likely have a negative effect on our financial results, the magnitude of which is difficult to predict.

We operate in an intensely competitive market that includes companies that have greater financial, technical and marketing resources than we do.

We face intense competition in the marketplace. We compete for advertising spending against competitors that, in some cases, are also buyers and/or sellers on our platform. We also compete for supply of advertising inventory against a variety of competitors. Some of our existing and potential competitors are better established, benefit from greater name recognition, may have offerings and technology that we do not have or have significantly more financial, technical, sales, and marketing resources than we do. In addition, some competitors, particularly those with greater scale or a more diversified revenue base and a broader offering, have greater flexibility than we do to compete aggressively on the basis of price and other contract terms, or to compete with us by including in their product offerings services that we may not provide. Some existing and potential buyers have their own direct relationships with sellers or are seeking to establish such relationships, and many sellers are investing in capabilities that enable them to connect more effectively directly with buyers without the use of intermediaries such as us. Our business suffers to the extent that buyers and sellers purchase and sell advertising inventory directly from one another or through intermediaries other than us, reducing the amount of advertising spend on our platform. New or stronger competitors may emerge through acquisitions and industry consolidation or through development of disruptive technologies. If our offerings are not perceived as competitively differentiated, we could lose clients, market share or be compelled to reduce our prices, making it more difficult to grow our business profitably.

There has been rapid evolution and consolidation in the advertising technology industry, and we expect these trends to continue, thereby increasing the capabilities and competitive posture of larger companies, particularly those that are already dominant in various ways, and enabling new or stronger competitors to emerge. There is a finite number of large buyers and sellers in our target markets, and any consolidation of buyers or sellers may give the resulting enterprises greater bargaining power or result in the loss of buyers and sellers that use our platform, and thus reduce our potential base of buyers and sellers, each of which would lead to erosion of our revenue.

As technology continues to improve and market factors continue to attract investment, competition and pricing pressure may increase and market saturation may change the competitive landscape in favor of larger competitors with greater scale and broader offerings, including those that can afford to spend more than we can to grow more quickly and strengthen their competitive position. Competition may be further impacted by advancements in artificial intelligence, and our ability to compete in the future may be dependent, in part, on our ability to further develop artificial intelligence into our solutions. In addition, our competitors or potential competitors may adopt certain aspects of our business model, which could reduce our ability to differentiate our solutions.

For all of these reasons, we may not be able to compete successfully against our current and future competitors.

If CTV advertising spend grows more slowly than we expect, or growth occurs disproportionately through platforms that we cannot access, our operating results and growth prospects could be harmed.

The growth of our business is dependent, in part, on the continued growth in CTV advertising spend. Growth in the CTV advertising market is dependent on a number of factors, including the pace of user adoption, the continued proliferation of digital content and CTV providers, the adoption of ad-supported models by CTV sellers in lieu of, or in addition to, subscription models, and an acceleration in the shift of ad dollars from traditional linear TV to CTV to keep pace with changing viewership habits.

In addition, it is possible that CTV advertising spend growth may be disproportionately focused on CTV sellers that do not utilize our solution, which could impact our ability to grow our business in line with industry growth rates.

If the market for ad-supported CTV develops more slowly than we expect or fails to develop our operating results and growth prospects could be harmed. In addition, to the extent that CTV advertising spend growth is concentrated among inventory that is not available to us or not available on favorable terms it could hurt our overall growth prospects.

Our contracts with buyers and sellers are generally not exclusive, may be terminated upon relatively short notice, and generally do not require minimum volumes or long-term commitments. If buyers or sellers representing a significant portion of the demand or inventory in our marketplace decide to materially reduce the use of our solution, we could experience an immediate and significant decline in our revenue and profitability and harm to our business.

Generally, our buyers and sellers are not obligated to provide us with any minimum volumes of business, may do business with our competitors as well as with us, may reduce or cancel their business with us or terminate our contracts without

penalty, and may bypass us and transact directly with each other or through other intermediaries that compete with us. Accordingly, our business is highly vulnerable to changes in the macro environment, price competition, and development of new or more compelling offerings by our competitors, which could reduce business generally or motivate buyers or sellers to migrate to competitors' offerings.

Sellers and buyers may seek to change the terms on which they do business with us, or allocate their advertising inventory or demand to our competitors who provide advertising demand and supply to them on more favorable terms or whose offerings are considered more beneficial. Supply of advertising inventory is also limited for some sellers, such as special sites or new technologies, and sellers may request higher prices, fixed price arrangements or guarantees that we cannot provide as effectively as our competitors, or that would reduce the profitability of that business. In addition, sellers sometimes place significant restrictions on the sale of their advertising inventory, such as strict security requirements, limitations on data sharing, prohibitions on advertisements from specific advertisers or specific industries, and restrictions on the use of specified creative content or format. Finally, with the proliferation of header bidding in desktop and mobile, sellers' inventory is available for purchase through multiple exchanges simultaneously. Buyers, in turn, are free to direct their spend to us or one or more of our competitors, and increasingly are seeking price concessions, rebates, or other consideration to direct more spend towards us.

We serve many buyers and sellers, but certain large buyers and sellers have accounted for and will continue to account for a disproportionate share of business transacted through our solution. In 2024, there were two buyers of advertising inventory that indirectly contributed to approximately 39% of revenue through their buying activity from sellers on our platform. If a buyer or group of buyers representing a significant portion of the demand in our marketplace, or a seller or group of sellers representing a significant portion of the inventory in our marketplace decides to materially reduce use of our solutions, it could cause an immediate and significant decline in our revenue and profitability and harm to our business. In addition, loss of substantial inventory or demand could degrade our marketplace. Loss of major DSP sources of demand could adversely affect bid density or pricing in our auctions, and reduction in fees if we are not able to redirect inventory to other demand sources. Loss of important unique inventory could reduce fees from demand that cannot be shifted to other sellers and make it harder to differentiate ourselves from our competitors. The number of large media buyers and sellers in the market is finite, and it could be difficult for us to replace the losses from any buyers or sellers whose relationships with us diminish or terminate.

Programmatic advertising presents unique challenges for CTV sellers, and CTV sellers may not adopt or may be slow to adopt programmatic solutions that transact in biddable auction environments.

As digital advertising has continued to scale and evolve, the amount of advertising being bought and sold programmatically has increased dramatically. Although programmatic represents a substantial majority of CTV advertising, CTV sellers have generally been more cautious to adopt programmatic solutions compared to desktop and mobile video sellers, and in particular, with respect to biddable auctions.

Many CTV sellers have backgrounds in cable or broadcast television and have limited experience with digital advertising, and in particular programmatic advertising. For these sellers, it is extremely important to protect the quality of the viewer experience to maintain brand goodwill and ensure that online advertising efforts do not create sales channel conflicts or otherwise detract from their direct sales force. In this regard, programmatic advertising presents a number of potential challenges, including the ability to ensure that ads are brand safe, comply with business rules around competitive separation, are not overly repetitive, are played at the appropriate volume and do not cause delays in load-time of content.

In light of these challenges, programmatic CTV has largely been transacted through reserve auctions. Reserve auctions allow publishers to establish direct deals with a buyer, and may be "guaranteed," where a buyer has negotiated a pre-established price and volume with a seller. These transaction types allow the seller to maintain tighter control over their advertising allocation and are often used by sellers that maintain a direct sales force but still want to experience the benefits of automation. In general, advertising impressions monetized through reserve auctions carry a lower fee than impressions monetized through auctions with multiple bidders. Accordingly, an increase in the percentage of CTV inventory monetized through reserve auctions, at the expense of biddable auctions, could drive a decrease in our overall take rate which may negatively impact our growth.

While we believe that CTV sellers will begin to expand their use of biddable inventory to attract a more diverse array of advertisers, there can be no assurance that CTV sellers will adopt such solutions or guarantees regarding the speed at which they may adopt such solutions. Any such failure or delay in adoption could negatively impact our finance results and growth prospects.

We may not be able to maintain or increase access to the CTV advertising inventory monetized through our platform on terms acceptable to us, and our efforts to maintain such access may subject us to an increased risk of losses.

Our success requires us to maintain and expand our access to premium and unique advertising inventory. We do not own or control the ad inventory upon which our business depends and do not own or create content. Sellers are generally not required to offer a specified level of inventory on our platform, and we cannot be assured that any publisher will continue to

make their ad inventory available on our platform. Sellers may seek to change the terms on which they offer inventory on our platform, including with respect to pricing, may elect to make advertising inventory available to our competitors who offer more favorable economic terms, may create their own ad-tech solutions, or may connect with buyers directly. Sellers may also require us to take increased risks in some of our commercial agreements in the form of offering revenue guarantees or minimum spend commitments, and we may be subject to losses if we cannot meet these guarantees or commitments. Furthermore, sellers may enter into exclusive relationships with our competitors or with DSPs directly, which may preclude us from offering their inventory.

These risks are particularly pronounced with CTV sellers. CTV inventory is highly sought after, and unlike desktop or mobile advertising, which may come from disparate sources, CTV inventory tends to be concentrated on a smaller number of larger sellers that enjoy significant negotiating leverage. In addition, CTV sellers may be more likely to rely on proprietary technology to power their ad business given their additional resources. This dynamic has been exacerbated by consolidation in the industry, as a number of digital-first CTV sellers have been acquired by larger established television and media brands. We expect consolidation to continue among CTV sellers, and in some instances this consolidation may result in the loss of business with an existing client (for example, if an acquirer has a preferred relationship with one of our competitors or has a proprietary solution). Because of the concentration among CTV sellers, the loss of a CTV client may result in a significant decrease in the amount of CTV inventory available through our platform. Any decrease in our ability to access CTV inventory could negatively impact our results, as we view CTV revenue as a key differentiator and driver for our growth.

We may be unsuccessful in our Supply Path Optimization efforts.

Supply path optimization refers to efforts by buyers to consolidate the number of vendors with which they work to find the most effective and cost-efficient paths to procure media. There are a number of criteria that buyers use to evaluate supply partners. While we believe we are well positioned to benefit from supply path optimization in the long run as a result of our transparency, our pricing tools, which reduce the overall cost of working with us, our broad and unique inventory supply across all channels and formats, buyer tools such as traffic shaping that reduce the cost of working with us, and our brand safety measures, we compete for demand with a number of well-established companies, and we must continue to adapt and improve our offerings to win buyers' business.

In addition, in order to achieve increased advertising spend or prevent loss of business to a competitor, we may negotiate discounts, rebates, or similar incentives with advertisers or agencies. We believe that because our business has many fixed costs, increases in advertising spend volume generally create opportunities to disproportionately improve our bottom line results, even with increased discounts, rebates or other buyer incentives. However, our results could be negatively impacted by discounts, rebates and other buyer incentives, notwithstanding an increase in ad spend.

Our technology development efforts may be inefficient or ineffective, which may impair our ability to attract buyers and sellers.

We face intense competition in the marketplace and are confronted by rapidly changing technology (including advancements in artificial intelligence), evolving industry standards and consumer needs, regulatory changes, and the frequent introduction of new solutions by our competitors to which we must adapt and respond. Our future success will depend in part upon our ability to enhance our existing solution and to develop and introduce competing new solutions in a timely manner with features and pricing that meet changing client and market requirements. Our solutions are complex and require a significant investment of time and resources to develop, test, introduce, and enhance. We schedule and prioritize our development efforts according to a variety of factors, including our perceptions of market trends, client requirements, and resource availability; however, we may encounter unanticipated difficulties that require us to re-direct, scale back, or modify our efforts. If development of our solution becomes significantly more expensive due to changes in regulatory requirements or industry practices, or other factors, we may find ourselves at a disadvantage to larger competitors with more resources to devote to development. These factors place significant demands upon our engineering organization, require complex planning, and can result in acceleration of some initiatives and delay of others. We use outsourced software development for certain development efforts, which may put the company at greater risk with respect to our technology development because we may have less control over the performance of outside programmers and we may be at greater risk of losing their services. To the extent we do not manage our development efforts efficiently and effectively, we may fail to produce solutions that respond appropriately to the needs of buyers and sellers, and competitors may more successfully develop responsive offerings. If our solution is not competitive, buyers and sellers can be expected to shift their business to competing solutions. Buyers and sellers may also resist adopting our new solutions for various reasons, including reluctance to disrupt existing relationships and business practices or to invest in necessary technological integration. Clients, vendors, and competitors may also react negatively to the announcement of new products and offerings, which may have a harmful effect on our relationships and our business.

The emergence of header bidding has increased competition from other demand sources and may cause infrastructure strain and added cost.

In the mobile and desktop channels, the vast majority of sellers have embraced header bidding technology, a solution by which impressions that would have previously been exposed to different potential sources of demand in a sequence dictated

by ad server priorities are instead available for concurrent competitive bidding by demand sources. This can help sellers increase revenue by exposing their inventory to more bidders, thereby allocating more inventory to demand sources that value it most highly. While header bidding has increased our access to certain pools of inventory that otherwise would have been allocated first to other exchanges, thus increasing our revenue opportunity, it has also resulted in a number of challenges for our business. For instance, some sellers may choose not to integrate with us as a header-bidding demand source, or may prioritize other sources of demand, including owners of the header bidding solutions, leaving us at a competitive disadvantage in the auction. In addition, header-bidding has vastly increased the volume of ad requests that need to be processed and analyzed through our system, resulting in increased infrastructure costs.

If we are unable to improve the efficiency and effectiveness of our header bidding solutions and installations, we may not fully offset these increased infrastructure costs, and we will not be able to take full advantage of the opportunities made available through current header bidding technology to access a larger addressable market and increase our revenue by capturing a greater share of inventory. In addition, our success in monetizing impressions through header-bidding solutions is dependent on the interoperability of our platform with proprietary header-bidding solutions, some of which are owned by our competitors, including Google. As a result, we may be susceptible to evolution in technology and changes in business practices by the owners of such header-bidding solutions that we cannot predict.

While header-bidding technologies have not been largely adopted by CTV sellers, such solutions or similar solutions geared towards increasing demand competition may become more prevalent in the future. If we are not able to effectively offer or adapt our technology to such solutions, it may lead to increased competition for CTV inventory, resulting in reduced opportunities or higher costs to monetize such inventory. We have addressed the market need for such requirements in part, through our ad server, SpringServe, which offers a unified programmatic demand solution for CTV, which leverages our existing programmatic SSP capabilities and connects with third party programmatic demand sources. However, this offering may not be adopted by clients, or such clients may adopt competing solutions. While still relatively nascent, as the programmatic market for CTV advertising continues to mature, other ad serving or similar technology platforms are likely to enter the market and/or gain market share, creating additional competitive pressure and attendant risks.

We must increase the scale and efficiency of our technology infrastructure to support our growth and transaction volumes.

Our technology must scale to process the increased ad requests on our platform. Additionally, for each individual advertising impression created when a user visits a website or uses an application where our auctions technology is integrated, our technology must send bid requests to appropriate buyers, receive and process their responses, select a winner, and, increasingly, integrate with downstream decisioning systems. It must perform these transactions end-to-end within milliseconds.

We must continue to increase the capacity of our platform to support our high-volume strategy, to cope with increased data volumes and parties resulting from header bidding and an increasing variety of advertising formats and platforms. Additionally, we must maintain a stable service infrastructure and reliable service delivery. To the extent we are unable, for cost or other reasons, to effectively increase the capacity of our platform, continue to process transactions at fast enough speeds, and support emerging advertising formats or services preferred by buyers, our revenue will suffer. Furthermore, failure to optimize and manage infrastructure costs efficiently could result in margin compression and increased financial strain.

We expect to continue to invest in our platform to meet increasing demand, which may require significant expenditures on data processing capabilities, infrastructure, security enhancements, and compliance measures. Such investment may negatively affect our profitability and results of operations. Additionally, any unexpected surges in traffic, inefficiencies in scaling, or disruptions to our infrastructure could degrade platform performance, harm our reputation, and cause us to lose business to competitors with more resilient or cost-effective solutions.

To the extent our access to mobile inventory is limited by third-party technology or lack of direct relationships with mobile sellers, our ability to grow our business will be impaired.

Our success in the mobile channel depends upon the ability of our technology solution to provide advertising for most mobile-connected devices, as well as the major operating systems or Internet browsers that run on them and the thousands of applications that are downloaded onto them. The design of mobile devices and operating systems, applications, or Internet browsers is controlled by third parties. These parties frequently introduce new devices and applications, and from time to time they may introduce new operating systems or Internet browsers or modify existing ones in ways that may significantly affect our business, such as by providing ad-blocking capabilities or by limiting access to Internet user data. Network carriers may also affect the ability to access specified content on mobile devices. To the extent our solution is unable to work on these devices, operating systems, applications, or Internet browsers for any reason, our ability to generate revenue through mobile advertising is significantly impaired, and that impairment may be material.

We expect mobile applications to be the largest driver of our mobile business. Many mobile apps utilize software development kits, or SDKs, and other proprietary technology of third parties, such as aggregators, and it is those third parties, not the application providers themselves, that contract with us to provide exchange services to help monetize the inventory. Due

to this consolidation, if our relationships with these third parties decline or are terminated, it may result in a larger than usual loss of access to mobile inventory. Any rapid and/or significant decline in the availability of mobile inventory can adversely affect our mobile advertising spend and growth prospects.

Fee issues have in the past and could in the future have a material adverse effect on our business.

A majority of our revenue comes from buyers purchasing advertising inventory made available by sellers on our platform. We experience requests from buyers for discounts, fee concessions or revisions, rebates or other forms of consideration, refunds, and greater levels of pricing transparency and specificity, in some cases as a condition to maintain the relationship or to increase the amount of advertising spend that the buyer sends to our platform. In addition, we charge fees to sellers for use of our technology, typically as a percentage of the cost of media, and we may decide to offer discounts or other pricing concessions in order to attract more inventory or demand, or to compete effectively with other providers that have different or lower pricing structures and may be able to undercut our pricing due to greater scale or other factors.

These fee concessions may be more prevalent among CTV publishers where inventory is scarce and concentrated among large sellers with significant negotiating leverage. Moreover, the majority of CTV transactions are currently executed through reserve auctions and we expect reserve auctions to grow as a percentage of revenue in mobile and desktop as well. Reserve auctions generally involve lower fees than we can charge for auction transactions and we may experience additional fee pressure as more competitors, including new entrants as well as sellers themselves, build their own technology and infrastructure to enable reserve auctions.

Our revenue, take rate (our fee as a percentage of advertising spend), the value of our business, and the price of our stock could be adversely affected if we cannot maintain and grow our revenue and profitability through volume increases that compensate for price reductions, or if we are forced to make significant fee concessions, rebates, or refunds, or if buyers reduce spending with us or sellers reduce inventory available through our exchange due to fee disputes or pricing issues.

Our take rates may be difficult to forecast and may decrease in future periods; any decrease in our take rates may result in a decrease in our revenue notwithstanding an increase in the amount of spend transacted through our platform.

We generate revenue through our platform on a transactional basis where we are paid by a publisher each time an impression is monetized on our platform. Typically, this fee is structured as a percentage of advertising spend that the publisher receives for its inventory. Our take rate varies by publisher and transaction type. For instance, our take rate tends to be lower for reserve auctions compared to auctions with multiple bidders, and tends to be lower on CTV transactions compared to other channels. Additionally, take rates tend to be higher for our managed service business where we are responsible for delivering a campaign at a fixed price. Our managed service business has been declining as a percentage of our revenue on a year-over-year basis, and we expect this trend to continue. Should our managed service business continue to decline, we may experience a shift in revenue composition, and our overall financial performance could be affected, particularly if we are unable to offset any potential revenue loss with increased adoption of our programmatic solutions. We may also negotiate lower take rates with large sellers to win additional business or share of inventory, and these sellers may account for a disproportionately higher percentage of advertising spend on our platform.

As a result of these factors, even if we are able to accurately forecast the anticipated total advertising spend transacted by buyers across our platform, we may have limited visibility regarding the revenue or Contribution ex-TAC (as defined in section "Key Operating and Financial Performance Metrics") we will generate. Any decrease in our take rate could cause our revenue and Contribution ex-TAC to decrease notwithstanding an increase in the total spend transacted through our seller platform.

We have a history of losses and we face many risks that may prevent us from achieving or sustaining profitability in the future.

We reported net income of \$22.8 million during the year ended December 31, 2024 and net loss of \$159.2 million and \$130.3 million during the years ended December 31, 2023, and 2022, respectively. As of December 31, 2024, we had an accumulated deficit of \$661.2 million. We have implemented strategic plans designed to improve our financial performance and continue to increase revenue, and have taken steps to reduce unnecessary expenses and redirect spending to areas we expect to produce higher growth; however, these plans and steps may ultimately prove to be unsuccessful.

Notwithstanding these measures, revenue could decrease due to competitive pressures, maturation of our business, macroeconomic or other factors, and additional cost-reduction measures may be required even as we must continue to increase investment in technology in response to industry developments and to retain competitiveness. We may not be able to sustain growth or to achieve or sustain profitability in the future.

Our business and the businesses of our advertiser clients may be subject to sales and use tax, advertising and other taxes.

The application of sales and use tax, goods and services tax, business tax and gross receipt tax on our digital services is complex and evolving. In general, sales of tangible personal property are subject to sales and use tax unless a specific exemption applies, while services generally are not subject to sales tax unless specifically enumerated. Advertising services are

considered a service and are generally not subject to sales and use tax, except in certain states. Additionally, Maryland adopted a tax on gross revenues from digital advertising. While the law is being challenged in the courts, the law took effect and we are technically subject to the tax, which increases our cost of doing business. Other states are looking to follow suit and tax either digital advertising or other goods or services. In addition, the continual evolution of our services and the expansion of our business offerings may further complicate the determination of the sales taxability of our services in certain jurisdictions.

As a result of various factors, our operating results have in the past and may in the future fluctuate significantly, be difficult to predict, and fall below analysts' and investors' expectations.

Our operating results are difficult to predict, particularly because we generally do not have long-term contracts with buyers or sellers. We have experienced significant variations in revenue and operating results from period to period, and operating results may continue to fluctuate and be difficult to predict due to a number of factors, including:

- seasonality in demand for digital advertising, as many advertisers devote a disproportionate amount of their advertising budgets to the fourth quarter of the calendar year;
- changes in pricing of advertising inventory or pricing for our solution and our competitors' offerings, including potential further reductions in our pricing and overall take rate as a result of competitive pressure, changes in supply, improvements in technology and extension of automation to higher-value inventory, uncertainty regarding rate of adoption, changes in the allocation of demand spend by buyers, changes in revenue mix, auction dynamics, pricing discussions or negotiations with clients and potential clients, header bidding and other factors;
- the variability and unpredictability of our managed service business, which depends on seasonal advertising trends and discretionary advertising budgets, and are typically tied to one-off or seasonal campaigns rather than recurring revenue models;
- diversification of our revenue mix to include new services, some of which may have lower pricing or may cannibalize existing business;
- the effect of political advertising, which has an intermittent impact on our business depending on election cycles, and may be highly unpredictable and variable based on circumstances outside of our control;
- the addition or loss of buyers or sellers;
- general economic conditions and the economic health of our current and prospective sellers and buyers;
- changes in the advertising strategies or budgets or financial condition of advertisers;
- the performance of our technology and the cost, timeliness, and results of our technology innovation efforts;
- advertising technology and digital media industry conditions and the overall demand for advertising, or changes and uncertainty in the regulatory environment for us or buyers or sellers, including with respect to privacy regulation;
- the introduction of new technologies or service offerings by our competitors and market acceptance of such technologies or services;
- the phasing out of third-party cookies throughout the industry;
- our level of expenses, including investment required to support our technology development, scale our technology infrastructure and business expansion efforts, including acquisitions, hiring and capital expenditures, or expenses related to litigation;
- the impact of changes in our stock price on valuation of stock-based compensation or other instruments that are marked to market;
- the effectiveness of our financial and information technology infrastructure and controls;
- geopolitical and social factors, such as concerns regarding negative, unstable or changing economic conditions in the countries and regions where we operate, global and regional recessions, political instability, and trade disputes;
- foreign exchange rate fluctuations; and
- changes in accounting policies and principles and the significant judgments and estimates made by management in the application of these policies and principles.

Because significant portions of our expenses are relatively fixed, variation in our quarterly revenue can cause significant variations in operating results and resulting stock price volatility from period to period. Period-to-period comparisons of our historical results of operations are not necessarily meaningful, and historical operating results may not be indicative of future performance. If our revenue or operating results fall below the expectations of investors or securities analysts, or below any guidance we may provide to the market, the price of our common stock could decline substantially.

Any acquisitions we undertake in the future may disrupt our business, adversely affect operations, dilute stockholders, and expose us to costs and liabilities, and we may not achieve the anticipated benefits or synergies of such transactions.

Acquisitions have been an important element of our business strategy. Moreover, we may pursue future acquisitions in an effort to increase revenue, expand our market position, add to our service offering and technological capabilities, respond to dynamic market conditions, or for other strategic or financial purposes. However, there is no assurance that we will identify

suitable acquisition candidates or complete any acquisitions on favorable terms, or at all. Further, any acquisitions we do complete would involve a number of risks, which may include the following:

- the identification, acquisition, and integration of acquired businesses require substantial attention from management. The diversion of management's attention and any difficulties encountered in the integration process could hurt our business;
- the identification, acquisition, and integration of acquired businesses requires significant investment, including to determine which new service offerings we might wish to acquire, harmonize service offerings, expand management capabilities and market presence, and improve or increase development efforts and technology features and functions;
- the anticipated benefits from the acquisition may not be achieved, including as a result of loss of clients or personnel of the target, other difficulties in supporting and transitioning the target's clients, the inability to realize expected synergies from an acquisition, or negative organizational cultural effects arising from the integration of new personnel;
- we may face difficulties in integrating the personnel, technologies, solutions, operations, and existing contracts of the acquired business;
- we may fail to identify all of the problems, liabilities or other shortcomings or challenges of an acquired company, technology, or solution, including issues related to intellectual property, solution quality or architecture, income or other taxes and other regulatory compliance practices, revenue recognition or other accounting practices, or employee or client issues;
- to pay for future acquisitions, we could issue additional shares of our common stock or pay cash. Issuance of shares would dilute stockholders. Use of cash reserves could diminish our ability to respond to other opportunities or challenges. Borrowing to fund any cash purchase price would result in increased fixed obligations and could also include covenants or other restrictions that would impair our ability to manage our operations;
- acquisitions expose us to the risk of assumed known and unknown liabilities including contract, tax, regulatory or other legal, and other obligations incurred by the acquired business or fines or penalties, for which indemnity obligations, escrow arrangements or insurance may not be available or may not be sufficient to provide coverage;
- new business acquisitions can generate significant intangible assets that result in substantial related amortization charges and possible impairments;
- the operations of acquired businesses, or our adaptation of those operations, may require that we apply revenue recognition or other accounting methodologies, assumptions, and estimates that are different from those we use in our current business, which could complicate our financial statements, expose us to additional accounting and audit costs, and increase the risk of accounting errors;
- acquired businesses may have insufficient internal controls that we must remediate, and the integration of acquired businesses may require us to modify or enhance our own internal controls, in each case resulting in increased administrative expense and risk that we fail to comply with the requirements of Section 404 of the Sarbanes-Oxley Act of 2002 (the "Sarbanes-Oxley Act");
- acquisition of businesses based outside the United States would require us to operate in foreign languages and manage non-U.S. currency, billing, and contracting needs, comply with laws and regulations, including labor laws and privacy laws that in some cases may be more restrictive on our operations than laws applicable to our business in the United States; and
- acquisitions can sometimes lead to disputes with the former owners of the acquired company, which can result in increased legal expenses, management distraction and the risk that we may suffer an adverse judgment if we are not the prevailing party in the dispute.

We must provide value to both buyers and sellers of advertising without being perceived as favoring one over the other or being perceived as competing with them through our service offerings.

We are interposed between buyers and sellers, and to be successful, we must continue to find ways of providing value to both without being perceived as favoring one at the expense of the other. For example, our proprietary auction algorithms, which are designed to improve auction outcomes, influence the allocation and pricing of impressions and must do so in ways that add value to both buyers and sellers. Continued technological evolution in the availability and use of more data to inform buying and selling decisions necessitates that we, as an intermediary, use data in a manner that complies with the expectations of both our seller and buyer clients. Furthermore, because new business models continue to emerge, we must constantly adapt our relationship with buyers and sellers and how we market ourselves to each. Consistent with our goal of connecting buyers and sellers, we seek to grow our connections to each, and we must take care that our deeper connections with buyers, on the one hand, or sellers, on the other hand, do not come at the expense of the other's interests. In addition, as our own capabilities evolve, we may be perceived by clients, particularly buyers, as competing with them, which could result in a loss of their business or otherwise negatively impact our relationships. For instance, ClearLine, a self-service buying tool that provides agencies direct access to premium advertising on our platform helps agencies maximize the spend going towards working media, makes it easier for sellers and agencies to securely share data, improves workflow for campaigns traditionally transacted

manually, and helps publishers generate more revenue and develop new sources of unique demand. If we fail to balance our clients' interests appropriately, our ability to provide a full suite of services and our growth prospects may be compromised.

We rely on buyers to purchase advertising on behalf of advertisers. Such buyers may have or develop high-risk credit profiles or pay slowly, which may result in credit risk to us or require additional working capital to fund our accounts payable. In addition, direct billing arrangements between buyers and sellers may result in unfavorable fee dynamics and increased working capital demands.

Generally, we invoice and collect from buyers the full purchase price for impressions they have purchased, retain our fees, and remit the balance to sellers. However, in some cases, we may be required or choose to pay sellers for impressions delivered before we have collected, or even if we are unable to collect, from the buyer of those impressions. There can be no assurances that we will not experience bad debt in the future, and write-offs for bad debt could have a materially negative effect on our results of operations for the periods in which the write-offs occur. This is particularly true in the case of buyers that act as technological intermediaries, such as DSPs, since those DSPs control large amounts of spend across various advertisers and agencies. In addition to posing their own credit risk, such DSPs may not be required to pay us for specific inventory in the event the DSP is not able to collect payment from the underlying advertiser directing the campaign.

In addition, we attempt to coordinate collections from our buyers so as to fund our payment obligations to our sellers. However, some buyers and sellers may require direct billing and collection arrangements between themselves, and some providers of header bidding wrappers or other downstream decisioning mechanisms in which we participate (such as Google OB) may control billing and collection for transactions we win through their platforms.

In the past, some buyers have experienced financial pressures that have motivated them to slow the timing of their payments to us. If buyers slow their payments to us or our cash collections are significantly diminished as a result of these dynamics, our revenue and/or cash flow could be adversely affected and we may need to use working capital to fund our accounts payable pending collection from the buyers. This may result in additional costs and cause us to forgo or defer other more productive uses of that working capital.

The digital advertising market may develop more slowly or differently than we expect, including as a response to advancements in AI, and if so, our business, growth prospects and financial condition would be adversely affected.

Advancements in artificial intelligence ("AI") present both opportunities and risks to our business, particularly within the context of the open internet and display advertising. AI-driven platforms, especially those integrated with walled gardens or closed ecosystems, have the potential to alter the competitive dynamics of digital advertising by changing the way in which users access information and content on the open internet. This shift could reduce advertiser reliance on the open internet and create challenges for independent publishers, which in turn may negatively impact our business model. Furthermore, the rapid evolution of AI technologies could lead to diminishing demand for display advertising or reallocating budgets to new formats and approaches. If we are unable to address these disruptions, adapt to evolving market expectations, or compete effectively with AI-driven ecosystems, our growth and market position could be adversely impacted.

We rely on buyers and sellers to abide by contractual requirements and relevant laws, rules, and regulations when using our solution. The acts or omissions of buyers or sellers, or our own failure to meet advertising and inventory content standards and provide services that our buyers and sellers trust, could harm our brand and reputation and those of our partners, and negatively impact our business, financial condition and results of operations.

Though we contractually require buyers and sellers to abide by relevant laws, rules and regulations, as well as restrictions by their counterparties, when transacting on our platform, we do not control the content of the advertisements that we serve or the content of the websites providing the inventory, and there are many circumstances in which it is difficult or impossible for us to monitor or evaluate the compliance of our buyers and sellers. If buyers or sellers fail to abide by relevant laws, rules and regulations, or contract requirements, we could potentially face liability for such misuse.

In addition, both advertisers and inventory suppliers are concerned about being associated with content they consider inappropriate, competitive or inconsistent with their brands, or illegal, and they are hesitant to spend money or make inventory available, respectively, without some guarantee of brand security. Consequently, our reputation depends in part on providing services that our buyers and sellers trust, and we have contractual obligations to meet content and inventory standards. We contractually prohibit the misuse of our platform by our buyers and sellers and actively monitor inventory against our quality guidelines. Despite such efforts, we may provide access to inventory that is objectionable to our buyers or serve advertising that contains objectionable content, which could harm our or our clients' brand and reputation, decrease their trust in our platform, and negatively impact our business, financial condition and results of operations. Furthermore, we may receive public pressure to discontinue working with certain sellers or buyers on our platform and our determination whether to continue or cease working with a given client may subject us to reputational risk.

Our sales efforts with buyers and sellers may require significant time and expense and may not yield the results we seek.

Attracting new buyers and sellers and increasing our business with existing buyers and sellers involves substantial time, expense, and personnel investments, and we may not be successful in our efforts. This is particularly true with respect to

our managed service business, which relies on direct relationships with advertisers, and is therefore more resource intensive. Our managed service business also tends to be more susceptible to quarterly variability, as it is typically more sensitive to seasonality and advertising budget volatility. Certain of our product offerings require a significant amount of time and costs in the initial client setup and implementation, and we generally do not recognize revenue from such clients until we commence services. This process can be costly and time-consuming, and is complicated by us having to spend time integrating our solution with software of buyers and sellers. If we are not successful in targeting, supporting and streamlining our sales processes, our ability to grow our business may be adversely affected. In addition, because of competitive market conditions and negotiating leverage enjoyed by large buyers and sellers, we are sometimes forced to choose between loss of business or contracting on terms that allocate more risk to us than we would prefer to accept.

Our business relationships expose us to risk of substantial liability for contract breach, violation of laws and regulations, intellectual property infringement and other losses, and our contractual indemnities and limitations of liability may not protect us adequately.

Our agreements with sellers, buyers and other third parties typically obligate us to provide indemnity and defense for losses resulting from claims of intellectual property infringement, damages to property or persons, business losses or other liabilities. Generally, these indemnity and defense obligations relate to our own business operations, obligations and acts or omissions. However, under some circumstances, we agree to indemnify and defend contract counterparties against losses resulting from their own business operations, obligations and acts or omissions, or the business operations, obligations and acts or omissions of third parties. For example, because our business interposes us between buyers and sellers in various ways, buyers often require us to indemnify them against acts and omissions of sellers, and sellers often require us to indemnify them against acts and omissions of buyers. Large indemnity obligations, or obligations to third parties not adequately covered by the indemnity obligations of our contract counterparties, could expose us to significant costs.

Our solution relies on third-party open source software components. Failure to comply with the terms of the underlying open source software licenses could expose us to liabilities, and the combination of certain open source software with code that we develop could compromise the proprietary nature of our solution.

Our solution utilizes software licensed to us by third-party authors under "open source" licenses. The use of open source software may entail greater risks than the use of third-party commercial software, as open source licensors generally do not provide warranties or other contractual protections regarding infringement claims or the quality of the code. If we combine our proprietary software with open source software in a certain manner, we could, under certain open source licenses, be required to release the source code of our proprietary software to the public. This would allow our competitors to create similar solutions with lower development effort and time and ultimately put us at a competitive disadvantage.

The terms of many open source licenses have not been interpreted by U.S. courts, and there is a risk that these licenses could be construed in a way that could impose unanticipated conditions or restrictions on us. Moreover, we cannot guarantee that our processes for controlling our use of open source software will be effective. If we are held to have breached the terms of an open source software license, we could be required to seek licenses from third parties to continue operating using our solution on terms that are not economically feasible, to re-engineer our solution or the supporting computational infrastructure to discontinue use of certain code, or to make generally available, in source code form, portions of our proprietary code.

Risks Related to Our Collection, Use and Disclosure of Data

Our business depends on our ability to collect, use, and disclose data to deliver advertisements. Any limitation imposed on our collection, use or disclosure of this data could significantly diminish the value of our solution and cause us to lose sellers, buyers, and revenue. Proliferation of consumer tools, regulatory restrictions and technological limitations all threaten our ability to use and disclose data.

The more informed advertising is about its audience, the more valuable it is. Programmatic advertising enables more precise audience targeting based on the interests and actions of the user. Targeted advertising is generally more effective and valuable for buyers than other types of advertising, resulting in more revenue for sellers. In order to target advertising, we and our clients must collect and use data in a variety of ways. Our ability to collect, use, and disclose data about advertising purchase and sale transactions and user behavior and interaction with content is critical to the value of our services, and any limitation on our data practices could impair our ability to deliver effective solutions to our clients. Any restriction on the types of data we collect could make placement of advertising through our solution less valuable, with commensurate reductions in revenue.

Consumers can, with increasing ease, implement practices or technologies that limit our ability, or that of our sellers, buyers and business partners, to collect data. For example, users may delete or block the use of the cookies and similar technologies used to collect data, including through their browser or connected device settings. Consumers may also download "ad blocking" software that prevents certain cookies and other tracking technologies from being stored on a user's computer or mobile device or from making calls to advertising partners, which may prevent the delivery of targeted or other advertisements.

In addition, device manufacturers, browsers and other tools are increasingly promoting features that allow users to disable the collection of data. For example, Apple requires user opt-in before permitting access to Apple’s unique identifier, or IDFA. Further, it is likely that Google will eventually deprecate the mobile advertising identifier used on Android devices. These shifts have had, and will likely continue to have, a substantial impact on the mobile advertising ecosystem and could harm growth in this channel.

Laws governing the processing of personal data also continue to impact our ability to collect data. For example, Directive 2002/58/EC (as amended by Directive 2009/136/EC), commonly referred to as the ePrivacy Directive, directs EU member states to ensure that accessing personal data on an Internet user’s computer, such as through cookies and similar technologies, generally requires opt in consent and is allowed only if the user has been informed about such access and given his or her opt-in consent. Further, numerous comprehensive state privacy laws across the U.S. require businesses that engage in certain advertising uses of personal data to offer and honor an opt-out of such activities, including, in some states, through browser or device-based opt-out signals, such as the Global Privacy Control (“GPC”). Use of GPC and similar user privacy features provided on other channels of programmatic advertising, such as CTV, are growing. Technical or policy changes, including regulation or industry self-regulation, could also harm our growth in those channels. As further described in the risk factors below, current and potential future privacy laws and regulations in the U.S. and abroad already restrict, and could further restrict, the ability to collect and process certain types of user data.

In addition, much of the data we collect and process belongs to our buyers or sellers, and we receive their permission to use it. Although our sellers and buyers generally permit us to aggregate and use data from advertising placements, subject to certain restrictions, sellers or buyers might decide to restrict our collection or use of their data. There could be various reasons for this, including perceptions by buyers that their data can be used by sellers to extract higher prices for impressions, or perceptions by sellers that their data can be used by buyers to bid tactically to reduce pricing for impressions. As consumers continue to increase their use of digital technology and to incorporate multiple devices into their lives, linking and using data across such devices is increasingly important. Various challenges affect our ability to link data relating to discrete devices or browsers, including different technologies, increased user awareness and sensitivity regarding use of data about their device usage, and evolving regulatory and self-regulatory standards. These challenges may slow growth, and if we are not able to cope with these challenges as effectively as other companies, we will be competitively disadvantaged. Any limitation on our ability to collect data about user behavior and interaction with content could make it more difficult for us to deliver effective solutions that meet the needs of sellers and buyers.

If third-party cookies are replaced by alternative tracking mechanisms, our performance may decline and we may lose buyers and revenue.

Industry participants in the advertising technology ecosystem have long anticipated the deprecation of third-party cookies and other identifiers, making it more difficult to rely on such technologies to identify users’ devices. For several years, Google had announced plans to fully eliminate support for third-party cookies in the Chrome browser. However, as of the end of 2024, Google has decided to continue supporting third-party cookies for the foreseeable future, citing the need for additional time to refine alternative solutions. While this decision provides temporary continuity in the digital advertising ecosystem, it also perpetuates ongoing uncertainty for the long-term evolution of audience targeting and measurement practices.

Despite the continuation of cookies, advertisers, publishers, and technology platforms are increasingly prioritizing privacy-focused solutions, and a number of industry participants have suggested alternative identity solutions. Efforts like Google’s Privacy Sandbox, which aims to provide alternative tools for audience targeting without relying on third-party cookies, continue to be developed and tested. These tools, while intended to balance privacy and utility, may not fully replicate the capabilities of cookies and could disrupt established advertising workflows. Moreover, alternative identification solutions may require substantial development and commercial changes for us to support. There is also a risk that such tools will favor proprietary ad tech ecosystems, including Google’s, potentially disadvantaging independent platforms like Magnite.

Furthermore, market dynamics may still shift as buyers explore first-party data strategies, proprietary identifiers, and other solutions that reduce reliance on cookies. This trend could favor walled gardens and platforms with extensive access to first-party data, presenting competitive challenges for companies operating within the open internet. The growing adoption of these approaches may diminish the effectiveness of our platform in attracting buyers and advertisers, potentially leading to reduced revenue and market share.

Even in the absence of third-party cookie deprecation, evolving regulatory and consumer expectations around privacy may require significant investment in re-engineering our platform and adapting to new data usage paradigms. If alternative solutions fail to deliver comparable performance or interoperability, or if they fundamentally shift the economics of digital advertising, our ability to compete effectively could be adversely impacted.

Our belief that the elimination of third-party cookies will lead to an increased use of first-party publisher data may be incorrect.

Even though third-party cookies remain supported, the programmatic ecosystem is increasingly shifting toward privacy-centric approaches that prioritize first-party data. We believe that this trend has the potential to shift the programmatic ecosystem from an identity model powered by buyers that are able to aggregate and target audiences through cookies and other tracking technologies to one enabled by sellers that have direct relationships with consumers and are therefore better positioned to obtain user data and consent for implementing first party identifiers. Google's shift away from eliminating third party cookies today may simply slow down this shift. While we believe that our platform and scale position us well to provide the infrastructure and tools needed for a publisher-centric identity model to succeed, there is no guarantee that our efforts will lead to an increase of the use of first-party publisher segments in the ecosystem. It is also possible that the increased use of first-party publisher segments will disproportionately benefit sellers or the large walled gardens that have access to large amounts of first party data. Additionally, these changes could create some variability in our revenue across certain buyers or sellers, depending on the timing of changes and developed solutions, and even if there is an increase in the proliferation of first-party publisher segments, we may still incur substantial re-engineering costs to optimize our solution for use with such segments.

Risks Related to Regulation

More legislation and regulation of digital businesses, including privacy and data protection regimes, could create unexpected additional costs, subject us to enforcement actions for compliance failures, or cause us to change our technology solution or business model, which may have an adverse effect on the demand for our solution.

Many local, state, federal, and international laws and regulations apply to the collection, use, retention, protection, disclosure, transfer, and other processing of data collected from and about consumers and devices, and the regulatory framework for privacy issues is evolving worldwide. Various U.S. and foreign governments, consumer agencies, self-regulatory bodies, and public advocacy groups have called for or implemented new regulation directly impacting the digital advertising industry.

A number of states, including California, have enacted comprehensive consumer privacy laws regulating the collection and use of data to target advertisements, and we expect to see more state laws and potentially federal regulation in the future. Such legislation or regulation could affect the costs of doing business online and may adversely affect the demand for or the effectiveness and value of our solution.

These state laws require all businesses that engage in certain advertising uses of consumer personal data to offer and honor an opt-out of such activities, including, in some states, through universal browser or device-based preference signals such as GPC. The implementation of these state laws and any corresponding regulations will cause us to incur additional compliance costs and may impose additional restrictions on us and on our industry partners.

Separate from these comprehensive state consumer privacy laws, lawmakers continue to focus their efforts on data collection, processing, and disclosures by companies that do not have direct relationships with the consumers whose personal data they process. Several states, including California, Oregon, and Texas, have recently enacted or updated laws restricting the activities of "data brokers." Notably, California's Delete Act, dramatically increases obligations and potential penalties relative to the state's preexisting data broker statute. Beyond additional transparency requirements, beginning in August 2026, companies registered as data brokers in California (including Magnite), must honor universal deletion requests consumers make of all data brokers via a deletion mechanism the state will create. These obligations may reduce the data available to Magnite, require us to develop complex and expensive compliance tools and procedures, and may result in reductions in revenue.

In the European Economic Area ("EEA") and the United Kingdom ("UK"), the General Data Protection Regulation, Regulation (EU) 2016/679 ("GDPR") and UK General Data Protection Regulation ("UK GDPR") respectively treat much of the end-user information that is critical to programmatic digital advertising as "personal data", subject to significant conditions and restrictions on its collection, use, transfer and disclosure. The GDPR and UK GDPR also set out substantial potential liabilities for certain data protection violations and create a compliance burden for us in the course of delivering our solution in Europe.

Further, many governments are restricting the transmission or storage of information about individuals beyond their national borders. Such restrictions could, depending upon their scope, limit our ability to utilize technology infrastructure consolidation, redundancy, and load-balancing techniques, resulting in increased infrastructure costs, decreased operational efficiencies and performance, and increased risk of system failure.

These laws and regulations are continually evolving, not always clear, and not always consistent across the jurisdictions in which we do business. Any failure to protect, and comply with applicable laws and regulations or industry standards applicable to, personal data or other data relating to consumers could result in enforcement action against us, including fines, imprisonment of our officers, and public censure, claims for damages by consumers and other affected individuals, damage to our reputation, and loss of goodwill.

The GDPR and UK GDPR impose strict requirements for transferring personal data from the European Economic Area and United Kingdom to the United States and other countries, and regulatory guidance and case law on international transfers is continually evolving; this increases uncertainty and may require us to change our EEA and UK data practices and/or change our technology solution or business model, which may in turn adversely affect demand for our solution.

The GDPR and UK GDPR generally prohibit the transfer of personal data of EEA and UK subjects outside of the European Economic Area and the UK to countries whose laws do not ensure an adequate level of protection, unless a lawful data transfer solution has been implemented. On July 16, 2020, in a case known as "Schrems II," the Court of Justice of the European Union ("CJEU") ruled on the validity of two of the primary data transfer solutions. The first method, EU-U.S. Privacy Shield operated by the U.S. Department of Commerce, was declared invalid as a legal mechanism to transfer data from the EEA and UK to the U.S. A successor agreement, the Data Privacy Framework ("DPF"), is now in place, but numerous lawsuits against the DPF have already been filed, and it is uncertain whether DPF will stand up to judicial scrutiny by the CJEU or, like its predecessor agreement, be declared invalid.

The GDPR imposes requirements for end user consent or opt-out that may cause us to incur additional or unexpected costs, subject us to enforcement actions for compliance failures, or cause us to change our service or business model, which may have a material adverse effect on our business.

The European Union Privacy and Electronic Communications Directive (Directive 2002/58/EC), commonly referred to as the "ePrivacy Directive," and the GDPR require consent or another legal basis in order to process personal data for purposes of behavioral advertising, and there is currently significant risk and uncertainty regarding the standard for obtaining valid consent. Current regulatory developments indicate stricter interpretation of the ePrivacy Directive, meaning that data processing without consent will continue to decrease.

End-user consent is difficult for ad tech intermediaries like us to obtain because we do not have direct relationships with such end users, so we have historically relied upon sellers to obtain consent for use of our technology. To the extent any seller does not adequately satisfy its consent obligations for our technology, we may face regulatory risk. Further, emerging regulatory guidance in the EU has challenged this method of obtaining consent.

In 2018, IAB Europe released a tool, the Transparency and Consent Framework (the "TCF"), in order to assist sellers, advertisers and advertising technology providers, with passing signals related to the legal basis obtained for processing personal data. For example, the TCF is used to indicate in the bidstream when there is consent from end users in accordance with the ePrivacy Directive and GDPR. Following a decision by the Belgian Data Protection Authority ("ADP"), the TCF was revised in 2023. While the TCF is actively in use, its viability as a compliance mechanism remains under review by European authorities and we cannot predict its effectiveness over the long term.

Legal standards and regulatory guidance will continue to evolve. National regulators in the UK and EU are evolving their guidance on the use of advertising technologies and compliance with the GDPR and ePrivacy Directive. This guidance may be burdensome or inconsistent across countries, and present challenges to the way we operate.

As a result of all of the factors set forth above, our or our clients' ability to serve target advertisements may become significantly impaired or complicated in certain jurisdictions.

We are subject to regulation with respect to political advertising, which lacks clarity and uniformity.

We are subject to regulation with respect to political advertising activities, which are governed by various federal and state laws in the U.S., and national and provincial laws worldwide. Online political advertising laws are rapidly evolving and in certain jurisdictions we have compliance requirements with respect to political ads delivered on our platform. In some jurisdictions we may determine not to serve political advertisements due to uncertainty around these requirements and potential burdens of compliance. In addition, our sellers may impose restrictions on receiving political advertising. The lack of uniformity and increasing compliance requirements around political advertising may adversely impact the amount of political advertising spent through our platform, increase our operating and compliance costs, and subject us to potential liability from regulatory agencies.

Issues related to industry self-regulation could harm our brand, reputation, and our business.

In addition to compliance with government regulations, we voluntarily participate in trade associations and industry self-regulatory groups that promulgate best practices or codes of conduct addressing privacy and the provision of digital advertising. If we encounter difficulties abiding by these principles, we may be subject to negative publicity, as well as investigation and litigation by governmental authorities, self-regulatory bodies or other accountability groups, buyers, sellers, or other private parties. Any such action against us could be costly and time consuming, require us to change our business practices, divert management's attention and our resources, and be damaging to our reputation and our business.

Our business is subject to evolving corporate governance and public disclosure regulations and expectations, including with respect to environmental, social and governance matters that could expose us to numerous risks.

Regulators, customers, investors, employees and other stakeholders are increasingly focusing on environmental, social and governance ("ESG") matters and related disclosures. These changing rules, regulations and stakeholder expectations have resulted in, and are likely to continue to result in, increased general and administrative expenses and increased management time and attention spent complying with or meeting such regulations and expectations. Emerging regulations in various jurisdictions, including mandatory disclosure requirements and carbon reporting obligations, as well as related uncertainty from modifications to or reversals of such regulations or inconsistency between regulatory requirements in different jurisdictions, may further increase the complexity and cost of compliance.

We may also communicate certain initiatives and goals regarding environmental matters, diversity, responsible advertising, social investments and other ESG matters in our SEC filings or in other public disclosures. While we aim to achieve these goals, we could face scrutiny from certain stakeholders for the scope, ambition, or execution of such initiatives, and stakeholders and regulators have increasingly expressed or pursued opposing views, legislation, and investment expectations with respect to ESG initiatives, including the enactment or proposal of "anti-ESG" legislation or policies. Revisions to our goals, delays in achieving progress, or perceived shortcomings in our commitments could harm our reputation, erode stakeholder trust, and adversely impact our relationships with customers, investors, or employees.

Furthermore, if our sustainability-related data, processes, and reporting are incomplete, inaccurate, or fail to meet regulatory standards, we could be subject to penalties, regulatory scrutiny, or legal actions. Misalignment between our ESG practices and stakeholder expectations could also impact our ability to attract and retain investors, secure partnerships, or compete effectively in the marketplace. Additionally, failure to address emerging ESG issues, such as supply chain sustainability or climate-related risks, could expose us to operational disruptions, increased costs, and reputational damage, adversely affecting our business, financial performance, and growth prospects.

Risks Related to Our Operations

Real or perceived errors or failures in the operation of our solution could damage our reputation and impair our sales.

We must operate our technology infrastructure without interruption to support the needs of sellers and buyers. Because our software is complex, undetected errors and failures may occur, especially when new versions or updates are made to our software or network infrastructure, changes are made to sellers' or buyers' software interfacing with our solution, or as we further integrate acquired technologies. Any unknown errors or bugs in our software, faulty algorithms, technical or infrastructure problems, or updates to our systems could lead to an inability to effect transactions or process data to place advertisements or price inventory effectively, cause the inadvertent disclosure of proprietary data, or cause advertisements to display improperly or be placed in proximity to inappropriate content. Such errors or failures could also result in negative publicity, disclosure of confidential information, damage to our reputation, loss of or delay in market acceptance of our solution, increased costs or loss of revenue, loss of competitive position, or claims by advertisers for losses sustained by them. We may make errors in the measurement of transactions conducted through our solution, causing discrepancies with the measurements of buyers and sellers, which can lead to a lack of confidence in us and require us to reduce our fees or provide refunds to buyers and sellers. Alleviating problems resulting from errors in our software could require significant expenditures of capital and other resources and could cause interruptions, delays, or the cessation of our business.

Various risks could interrupt access to our network infrastructure or data, exposing us to significant costs and other liabilities.

Our revenue depends on the technological ability of our solution to deliver and measure advertising impressions, and the operation of our exchange and our ability to place impressions depend on the continuing and uninterrupted performance of our IT systems. Our platform operates on our data processing equipment that is housed in third-party commercial data centers that we do not control or on servers owned and operated by cloud-based service providers. We rely on multiple bandwidth providers, multiple internet service providers, as well as content delivery network, or CDN providers, and domain name systems, or DNS providers, and mobile networks to deliver video ads. In addition, our systems interact with systems of buyers and sellers and their contractors. Any damage to, or failure of, these systems could result in interruptions to the availability or functionality of our service. Moreover, the failure of our data center hosting facilities or any other third-party providers to meet our capacity requirements, or dramatically increased costs of such resources, could result in interruptions in the availability or functionality of our solutions or impede our ability to scale our operations. All of these facilities and systems are vulnerable to interruption and/or damage from a number of sources, many of which are beyond our control, including, without limitation: (i) loss of adequate power or cooling and telecommunications failures; (ii) fire, flood, earthquake, hurricane, and other natural disasters or severe weather events; (iii) software and hardware errors, failures, or crashes; (iv) financial insolvency; and (v) computer viruses, malware, hacking, terrorism, and similar disruptive problems. In particular, intentional cyber-attacks present a serious issue because they are difficult to prevent and remediate and can be used to defraud our buyers and sellers and their clients and to steal confidential or proprietary data from us, our clients, or their users. The use of artificial intelligence has the potential to further exacerbate these cyber security threats. Further, because our Los Angeles office and San Francisco offices

and our California data center sites are in seismically active areas, earthquakes present a particularly serious risk of business disruption. These vulnerabilities may increase with the complexity and scope of our systems and their interactions with buyer and seller systems. Malfunction or failure of our systems, or other systems that interact with our systems, or inaccessibility or corruption of data, could disrupt our operations and negatively affect our business and results of operations to a level in excess of any applicable business interruption insurance, result in potential liability to buyers and sellers, and negatively affect our reputation and ability to sell our solution.

Any breach of our computer systems or confidential data in our possession could expose us to significant expense and liabilities and harm our reputation.

We maintain our own confidential and proprietary information in our IT systems, and we control or have access to confidential, proprietary, and personal data belonging or related to buyers, sellers, and their clients and users, as well as vendors and business partners. Our clients and various third parties have access to our confidential and proprietary information. There is no guarantee that inadvertent or unauthorized use or disclosure will not occur or that third parties will not gain unauthorized access to this data despite our efforts to protect this data. Though we undertake robust security measures, any security incident could disrupt computer systems or networks, interfere with services to our sellers, buyers, or their clients, and result in unauthorized access to personally identifiable information, intellectual property, and other confidential business information owned by us or our buyers, sellers, or vendors. As a result, we could be exposed to legal claims and litigation, indemnity obligations, regulatory fines and penalties, contractual obligations, other liabilities, significant costs for remediation and re-engineering to prevent future occurrences, significant distraction to our business, and damage to our reputation, our relationships with buyers and sellers, and our ability to retain and attract new buyers and sellers. Particularly, if information subject to breach notice statuses is compromised, we may be required to undertake notification and remediation procedures, provide indemnity, and undergo regulatory investigations and penalties, all of which can be extremely costly and result in adverse publicity. If the breach is material, we will be subject to additional SEC disclosure requirements, which may harm our brand, reputation, or overall business.

Failure to detect or prevent fraud, intrusion of malware through our platform into the systems or devices of our clients and their customers, or other actions that impact the integrity of our solution or advertisement performance, could cause sellers and buyers to lose confidence in our solution and expose us to legal claims, which would cause our business to suffer. If we terminate relationships with sellers as a result of our screening efforts, our volume of paid impressions may decline.

We have in the past, and may in the future, be subject to fraudulent and malicious activities undertaken by persons seeking to use our platform for improper purposes, including to divert or artificially inflate purchases by buyers through our platform, or to disrupt or divert the operation of the systems and devices of our clients and their customers to misappropriate information, generate fraudulent billings, stage hostile attacks, or for other illicit purposes. Examples of such activities include the use of bots or other automated or manual mechanisms to generate fraudulent impressions that are delivered through our platform, which could overstate the performance of advertising impressions. Such activities could also include the introduction of malware through our platform by persons seeking to commandeer, or gain access to information on, consumers' devices. We use proprietary and third party technology to identify non-human inventory and traffic, as well as malware, and we generally terminate relationships with parties that appear to be engaging in such activities, which may result in fewer paid impressions in the year the relationships are terminated than would have otherwise occurred. Despite our efforts, it can be difficult to detect fraudulent or malicious activity for various reasons and advancements in artificial intelligence are likely to exacerbate these challenges. If we fail to detect or prevent fraudulent or other malicious activity, we could face legal claims from clients and/or consumers and the affected advertisers may experience or perceive a reduced return on their investment or heightened risk associated with use of our solution, resulting in dissatisfaction with our solution, refusals to pay, refund demands, loss of confidence of buyers or sellers, or withdrawal of future business. We also face claims from sellers that we terminate because of known or perceived fraudulent activity, and any such claim could be material.

Failure to maintain the brand security features of our solution or handle viewability issues well could harm our reputation and expose us to liabilities.

It is important to sellers that the advertising placed on their media not conflict with existing seller arrangements and be of high quality, consistent with applicable seller standards and compliant with applicable legal and regulatory requirements. It is important to buyers that their advertisements are placed on appropriate media, in proximity with appropriate content, that the impressions for which they are charged are legitimate, and that their advertising campaigns yield their desired results. We use various measures, including proprietary technology, in an effort to store, manage and process rules set by buyers and sellers and to ensure the quality and integrity of the results delivered to sellers and buyers through our solution. If we fail to properly implement or honor rules established by buyers and sellers, or if our measures are not adequate, advertisements may be improperly placed through our platform, which can result in harm to our reputation as well as the need to pay refunds and other potential legal liabilities.

Moreover, viewability of digital advertising (i.e. whether an advertisement that can be seen is actually seen, in whole or part, or for how long) represents a way of assessing the value of particular inventory as a means to reach a target audience. If

we do not handle viewability well, or if we are not positioned to transact the higher viewability inventory competitively, our revenue and profitability could be adversely affected and we could be competitively disadvantaged.

If we fail to attract, motivate, train, and retain highly qualified engineering, marketing, sales and management personnel, our ability to execute our business strategy could be impaired.

We are a technology-driven company and it is imperative that we have highly skilled computer scientists, data scientists, engineers and engineering management to innovate and deliver our complex solutions. Increasing our base of buyers and sellers depends to a significant extent on our ability to expand our sales and marketing operations and activities, and our solution requires a sophisticated sales force with specific sales skills and specialized technical knowledge that takes time to develop. In particular, it may be difficult to find qualified sales personnel in international markets, or sales personnel with experience in emerging segments of the market. Skilled and experienced management is critical to our ability to achieve revenue growth, execute against our strategic vision and maintain our performance through the growth and change we anticipate.

Our success depends significantly upon our ability to recruit, train, motivate, and retain key technology, engineering, sales, and management personnel, and competition for employees with experience in our industry can be intense, particularly in New York, California, Denver, London and Sydney, where our operations and the operations of other digital media companies are concentrated and where other technology companies compete for management and engineering talent. Other employers may be able to provide better compensation, more diverse opportunities and better chances for career advancement. None of our officers or other key employees have an employment agreement for a specific term, and any of such individuals may terminate his or her employment with us at any time.

It can be difficult, time-consuming, and expensive to recruit personnel with the combination of skills and attributes required to execute our business strategy, and we may be unable to hire or retain sufficient numbers of qualified individuals in the markets where we do business or plan to do business. New hires require significant training and it may take significant time (often six months or more) before they achieve full productivity. As a result, we may incur significant costs to attract and retain employees, including significant expenditures related to salaries and benefits and compensation expenses related to equity awards before new hires contribute to sales or productivity, and we may lose new employees to our competitors or other companies before we realize the benefit of our investment in recruiting and training. Moreover, new employees may not be or become as productive as we expect, and we may face challenges in adequately or appropriately integrating them into our workforce and culture. At times we have experienced elevated levels of unwanted attrition, and as our organization grows and changes and competition for talent increases, this type of attrition may increase.

Our proprietary rights may be difficult to enforce, which could enable others to copy or use aspects of our solution without compensating us, thereby eroding our competitive advantages and harming our business.

Our success depends, in part, on our ability to protect proprietary methods and technologies that we develop or otherwise acquire, so that we can prevent others from using our inventions and proprietary information. Establishing trade secret, copyright, trademark, domain name, and patent protection is difficult and expensive. We rely on trademark, copyright, trade secret laws, confidentiality procedures and contractual provisions to protect our proprietary methods and technologies. It may be possible for unauthorized third parties to copy or reverse engineer aspects of our technology or otherwise obtain and use information that we regard as proprietary, or to develop technologies similar or superior to our technology or design around our proprietary rights, despite the steps we have taken to protect our proprietary rights. From time to time, we may take legal action to enforce our intellectual property rights, protect our trade secrets, determine the validity and scope of the proprietary rights of others, or defend against claims of infringement. Such litigation could result in substantial costs and the diversion of limited resources, and might not be successful. If we are unable to protect our proprietary rights (including aspects of our technology solution) we may find ourselves at a competitive disadvantage.

We may be subject to intellectual property rights claims by third parties, which are costly to defend, could require us to pay significant damages and could limit our ability to use certain technologies and intellectual property.

Third parties may assert claims of infringement or misappropriation of intellectual property rights against us or buyers, sellers, or third parties with which we work; we cannot be certain that we are not infringing any third-party intellectual property rights, and we may have liability or indemnification obligations as a result of such claims. Regardless of whether claims that we are infringing patents or infringing or misappropriating other intellectual property rights have any merit, these claims are time-consuming and costly to evaluate and defend, and can impose a significant burden on management and employees. The outcome of any claim is inherently uncertain, and we may receive unfavorable interim or preliminary rulings in the course of litigation, or we may decide to settle lawsuits and disputes on terms that are unfavorable to us. We may also have no way of remediating intellectual property violations, and failure to do so could cause our business, results of operations or financial condition to be materially and adversely affected.

Risks Related to Financing Arrangements

Our financing of the SpotX, Inc. ("SpotX") acquisition and subsequent refinancing significantly increased our leverage, which may put us at greater risk of defaulting on our debt obligations and limit our ability to conduct necessary operating activities, make strategic investments, respond to changing market conditions, or obtain future financing on favorable terms.

We financed the cash portion of the SpotX acquisition consideration in part through borrowings under a credit agreement (the "Credit Agreement") with Goldman Sachs Bank USA as administrative and collateral agent, and other lending parties thereto for a \$360.0 million seven-year senior secured term loan facility ("Term Loan B Facility"), a \$65.0 million senior secured revolving credit facility ("Revolving Credit Facility"), and the sale of \$400.0 million of convertible senior notes ("Convertible Senior Notes"). As part of Term Loan B Facility, the Company received \$325 million in proceeds, net of discounts and fees, which were used to finance the SpotX acquisition and related transactions, and for general corporate purposes. The majority of the net proceeds from the offering of Convertible Senior Notes was also used to finance the SpotX acquisition.

On February 6, 2024, we refinanced and terminated our existing Credit Agreement and entered into a new credit agreement with Morgan Stanley Senior Funding, Inc., as term facility administrative agent, Citibank, N.A., as revolving facility administrative agent and collateral agent, and other lending parties (the "New Credit Agreement") for a \$365.0 million term loan that matures in February 2031 and a \$175.0 million revolving facility that matures February 2029. On September 18, 2024, we amended our New Credit Agreement to reduce the interest rate margin applicable to our term loan by 0.75%.

Our debt leverage could adversely affect our business and operating results by:

- making it more difficult for us to make payments on our indebtedness and comply with applicable financial metrics and covenants;
- requiring us to use a substantial portion of our cash flow to pay interest and principal, which reduces the amount available for operations, distributions, acquisitions and capital expenditures;
- making us more vulnerable to economic and industry downturns and reducing our flexibility to respond to changing business and economic conditions;
- requiring us to agree to less favorable terms, including higher interest rates, in order to incur additional debt, and otherwise limiting our ability to borrow for operations, working capital or to finance acquisitions in the future; or
- limiting our flexibility in conducting our business, which may place us at a disadvantage compared to competitors with less debt or debt with less restrictive terms.

Our New Credit Agreement subjects us to operating restrictions and financial covenants that impose risk of default and may restrict our business and financing activities.

The obligations under our New Credit Agreement are secured by substantially all of the assets of the Company and those of its subsidiaries that are guarantors. The covenants of the New Credit Agreement include customary negative covenants that, among other things, restrict the Company's ability to incur additional indebtedness, grant liens and make certain acquisitions, investments, asset dispositions and restricted payments. In addition, the New Credit Agreement contains a springing financial covenant, tested on the last day of any fiscal quarter if utilization of the Revolving Credit Facility exceeds 35% of the total revolving commitments, that requires the Company to maintain a first lien net leverage ratio not greater than 3.25 to 1.00.

These covenants may restrict our ability to finance our operations and to pursue our business activities and strategies. Our ability to comply with these covenants may be affected by events beyond our control. If a default were to occur and not be waived, such default could cause, among other remedies, all of the outstanding indebtedness under our New Credit Agreement to become immediately due and payable. In such an event, our liquid assets might not be sufficient to meet our repayment obligations, and we might be forced to liquidate collateral assets at unfavorable prices or our assets may be foreclosed upon and sold at unfavorable valuations.

If we do not have or are unable to generate sufficient cash available to repay our debt obligations when they become due and payable, either upon maturity or in the event of a default, we may not be able to obtain additional debt or equity financing on favorable terms, if at all. Our inability to obtain financing may negatively impact our ability to operate and continue our business as a going concern.

Conversion of our Convertible Senior Notes will dilute the ownership interest of existing stockholders, including holders who had previously converted their Convertible Senior Notes, or may otherwise depress the price of our common stock.

In March 2021, we sold Convertible Senior Notes for gross proceeds of \$400.0 million. The conversion of some or all of the Convertible Senior Notes will dilute the ownership interests of existing stockholders to the extent we deliver shares of common stock upon conversion of any of the Convertible Senior Notes. The Convertible Senior Notes are not currently convertible but may from time to time in the future be convertible at the option of their holders prior to their scheduled terms under certain circumstances. Any sales in the public market of the common stock issuable upon such conversion could adversely affect prevailing market prices of our common stock. In addition, the existence of the Convertible Senior Notes may

encourage short selling by market participants because the conversion of the Convertible Senior Notes could be used to satisfy short positions, or anticipated conversion of the Convertible Senior Notes into shares of our common stock could depress the price of our common stock.

The Capped Call Transactions may affect the value of the Convertible Senior Notes and our common stock.

In connection with the pricing of the Convertible Senior Notes, we entered into privately negotiated capped call transactions with various financial institutions (the "Capped Call Transactions"). The Capped Call Transactions are expected generally to reduce or offset the potential dilution upon conversion of the Convertible Senior Notes and/or offset any cash payments we are required to make in excess of the principal amount of converted Convertible Senior Notes, as the case may be, with such reduction and/or offset subject to a cap.

In connection with establishing their initial hedges of the Capped Call Transactions, financial institutions or their respective affiliates likely purchased shares of our common stock and/or entered into various derivative transactions with respect to our common stock concurrently with or shortly after the pricing of the Convertible Senior Notes. These financial institutions or their respective affiliates may modify their hedge positions by entering into or unwinding various derivatives with respect to our common stock and/or purchasing or selling our common stock or other securities in secondary market transactions prior to the maturity of the Convertible Senior Notes (and are likely to do so during any observation period related to a conversion of Convertible Senior Notes). This activity could also cause or avoid an increase or a decrease in the market price of our common stock or the Convertible Senior Notes.

The potential effect, if any, of these transactions and activities on the price of our common stock or the Convertible Senior Notes will depend in part on market conditions and cannot be ascertained at this time. Any of these activities could adversely affect the value of our common stock and the value of the Convertible Senior Notes (and as a result, the amount and value of consideration that a holder would receive upon conversion of any Convertible Senior Notes) and, under certain circumstances, a holder's ability to convert his or her Convertible Senior Notes.

We are subject to counterparty risk with respect to the Capped Call Transactions.

The counterparties to the Capped Call Transactions are financial institutions, and we are subject to the risk that one or more of the counterparties may default or otherwise fail to perform, or may exercise certain rights to terminate, their obligations under the Capped Call Transactions. Our exposure to the credit risk of the option counterparties is not secured by any collateral. Global economic conditions have in the past resulted in the actual or perceived failure or financial difficulties of many financial institutions. If any option counterparty becomes subject to proceedings, we will become an unsecured creditor in those proceedings with a claim equal to our exposure at the time under any Capped Call Transactions with that option counterparty. Our exposure will depend on many factors but, generally, our exposure will increase if the market price or the volatility of our common stock increases. In addition, upon a default or other failure to perform, or a termination of obligations, by a counterparty, the counterparty may fail to deliver the shares of common stock required to be delivered to us under the Capped Call Transactions and we may suffer adverse tax consequences or experience more dilution than we currently anticipate with respect to our common stock. We can provide no assurances as to the financial stability or viability of the counterparties.

The conditional conversion feature of the Convertible Senior Notes, if triggered, may adversely affect our financial condition and operating results.

In the event the conditional conversion feature of the Convertible Senior Notes is triggered, holders of the Convertible Senior Notes will be entitled to convert their Convertible Senior Notes at any time during specified periods at their option. If one or more holders elect to convert their Convertible Senior Notes, unless we elect to satisfy our conversion obligation by delivering solely shares of our common stock (other than paying cash in lieu of delivering any fractional share), we would be required to settle a portion or all of our conversion obligation in cash, which could adversely affect our liquidity.

Provisions in the indenture for the Convertible Senior Notes may deter or prevent a business combination that may be favorable to our stockholders.

If a fundamental change occurs prior to the maturity date of the Convertible Senior Notes, holders of the Convertible Senior Notes will have the right, at their option, to require us to repurchase all or a portion of their Convertible Senior Notes. In addition, if a "make-whole fundamental change" (as defined in the Indenture) occurs prior the maturity date, we will in some cases be required to increase the conversion rate of the Convertible Senior Notes for a holder that elects to convert its Convertible Senior Notes in connection with such make-whole fundamental change.

Furthermore, the Indenture prohibits us from engaging in certain mergers or acquisitions unless, among other things, the surviving entity assumes our obligations under the Convertible Senior Notes. These and other provisions in the Indenture could deter or prevent a third party from acquiring the Company even when the acquisition may be favorable to our stockholders.

Risks Related to Our International Business Strategy.

Our international operations require increased expenditures and impose additional risks and compliance imperatives, and failure to successfully execute our international plans will adversely affect our growth and operating results.

We have operations outside of North America, in the UK, EU, Australia, New Zealand, Japan, Singapore, India, and Brazil, and achievement of our international objectives will require a significant amount of attention from our management, finance, legal, analytics, operations, sales, and engineering teams, as well as significant investment in developing the technology infrastructure necessary to deliver our solution and maintain sales, delivery, support, and administrative capabilities in the countries where we operate. Attracting new buyers and sellers outside the United States may require more time and expense than in the United States, in part due to language barriers and the need to educate such buyers and sellers about our solution, and we may not be successful in establishing and maintaining these relationships. The data center and telecommunications infrastructure in some overseas markets may not be as reliable as in North America and Europe, which could disrupt our operations. In addition, our international operations will require us to develop and administer our internal controls and legal and compliance practices in countries with different cultural norms, languages, currencies, legal requirements, and business practices than the United States.

International operations also impose risks and challenges in addition to those faced in the United States, including management of a distributed workforce; the need to adapt our offering to satisfy local requirements and standards (including differing privacy policies and labor laws that are sometimes more stringent); laws and business practices that may favor local competitors; legal requirements or business expectations that agreements be drafted and negotiated in the local language and disputes be resolved in local courts according to local laws; the need to enable transactions in local currencies; longer accounts receivable payment cycles and other collection difficulties; the effect of global and regional recessions and economic and political instability; potentially adverse tax consequences in the United States and abroad; staffing challenges, including difficulty in recruiting and retaining qualified personnel as well as managing such a diversity in personnel; reduced or ineffective protection of our intellectual property rights in some countries; and costs and restrictions affecting the repatriation of funds to the United States.

One or more of these requirements and risks may make our international operations more difficult and expensive or less successful than we expect, and may preclude us from operating in some markets. There is no assurance that our international expansion efforts will be successful, and we may not generate sufficient revenue or margins from our international business to cover our expenses or contribute to our growth.

Operating in multiple countries requires us to comply with different legal and regulatory requirements.

Our international operations subject us to laws and regulations of multiple jurisdictions, as well as U.S. laws governing international operations, which are often evolving and sometimes conflict. For example, the Foreign Corrupt Practices Act ("FCPA"), and comparable foreign laws and regulations (including the U.K. Bribery Act) prohibit improper payments or offers of payments to foreign governments and their officials and political parties by U.S. and other business entities for the purpose of obtaining or retaining business. Other laws and regulations prohibit bribery of private parties and other forms of corruption. As we expand our international operations, there is some risk of unauthorized payment or offers of payment or other inappropriate conduct by one of our employees, consultants, agents, or other contractors, including by persons engaged or employed by a business we acquire, which could result in violation by us of various laws, including the FCPA. Safeguards we implement to discourage these practices may prove to be ineffective and violations of the FCPA and other laws may result in severe criminal or civil sanctions, or other liabilities or proceedings against us, including class action lawsuits and enforcement actions from the SEC, Department of Justice, and foreign regulators. Other laws applicable to our international business include local employment, tax, privacy, data security, and intellectual property protection laws and regulations, including restrictions on movement of information about individuals beyond national borders. In particular, as explained in more detail elsewhere in this report, the GDPR imposes substantial compliance obligations and increases the risks associated with collection and processing of personal data. In some cases, buyers and sellers operating in non-U.S. markets may impose additional requirements on our non-U.S. business in efforts to comply with their interpretation of their own or our legal obligations. These requirements may differ significantly from the requirements applicable to our business in the United States and may require engineering, infrastructure and other costly resources to accommodate, and may result in decreased operational efficiencies and performance. As these laws continue to evolve and we expand to more jurisdictions or acquire new businesses, compliance will become more complex and expensive, and the risk of non-compliance will increase.

Compliance with complex foreign and U.S. laws and regulations that apply to our international operations increases our cost of doing business abroad, and violation of these laws or regulations may interfere with our ability to offer our solution competitively in one or more countries, expose us or our employees to fines and penalties, and result in the limitation or prohibition of our conduct of business. In addition, we have recently received numerous inquiries from foreign regulators asking for information about advertising technology generally and our business specifically. These investigations are costly and time consuming to respond to and divert management attention.

Risks Related to Our Internal Controls and Finances

If we fail to maintain an effective system of internal control over financial reporting in the future, we may not be able to accurately or timely report our financial condition or results of operations. If our internal control over financial reporting is not effective, it may adversely affect investor confidence in us and the price of our common stock.

As a public company, we are required to maintain internal control over financial reporting and to report any material weaknesses in such internal control. Section 404 of the Sarbanes-Oxley Act requires that we evaluate and determine the effectiveness of our internal control over financial reporting and provide a management report on our internal control over financial reporting.

Our platform system applications are complex, multi-faceted and include applications that are highly customized in order to serve and support our clients, advertising inventory and data suppliers, as well as support our financial reporting obligations. We regularly make improvements to our platform to maintain and enhance our competitive position. In the future, we may implement new offerings and engage in business transactions, such as acquisitions, reorganizations or implementation of new information systems. These factors require us to develop and maintain our internal controls, processes and reporting systems, and we expect to incur ongoing costs in this effort. We may not be successful in developing and maintaining effective internal controls, and any failure to develop or maintain effective controls, or any difficulties encountered in their implementation or improvement, could harm our operating results or cause us to fail to meet our reporting obligations and may result in a restatement of our financial statements for prior periods.

If we identify material weaknesses in our internal control over financial reporting, we will be unable to assert that our internal control over financial reporting is effective. If we are unable to assert that our internal control over financial reporting is effective, if our independent registered public accounting firm is unable to express an unqualified opinion as to the effectiveness of our internal control over financial reporting, or if we are unable to comply with the requirements of the Sarbanes-Oxley Act in a timely manner, then, we may be late with the filing of our periodic reports, investors may lose confidence in the accuracy and completeness of our financial reports and the market price of our common stock could be negatively affected. Such failures could also subject us to investigations by Nasdaq, the stock exchange on which our securities are listed, the SEC or other regulatory authorities, and to litigation from stockholders, which could harm our reputation, financial condition or divert financial and management resources from our core business.

Our ability to use our net operating losses and tax credit carryforwards to offset future taxable income may be subject to certain limitations, which could result in higher tax liabilities.

Our ability to fully utilize our net operating loss and tax credit carryforwards to offset future taxable income may be limited.

At December 31, 2024, we had U.S. federal net operating loss carryforwards, or NOLs, of approximately \$263.9 million, state NOLs of approximately \$204.8 million, foreign NOLs of approximately \$17.7 million, federal research and development tax credit carryforwards of approximately \$6.2 million, and state research and development tax credit carryforwards of approximately \$10.2 million. A lack of future taxable income would adversely affect our ability to utilize these NOLs and credit carryforwards. In addition, under Sections 382 and 383 of the Internal Revenue Code of 1986, as amended, or the Code, and comparable state income tax laws, a corporation that undergoes an "ownership change" is subject to limitations on its ability to utilize its NOLs and credit carryforwards to offset future taxable income following the ownership change. As a result, future changes in our stock ownership, including because of issuance of shares of common stock in connection with acquisitions or other direct or indirect changes in our ownership that may be outside of our control, could result in limitations on our ability to fully utilize our NOLs and credit carryforwards. The Company had an ownership change on December 31, 2016 subjecting the federal and state NOLs to annual limitations that have expired. Additionally, the Company had an ownership change in January 2008 resulting in not material limitation of federal and state NOLs under Section 382 of the Code and comparable state income tax laws. Moreover, not material federal and state NOLs and federal research and development tax credits were generated during the pre-acquisition period by corporations that we acquired, and thus those NOLs already are subject to limitation under Section 382 and 383 of the Code and comparable state income tax laws. Also, prior to the merger, Telaria Inc. ("Telaria") acquired corporations with pre-acquisition NOLs that are subject to limitation under Section 382 of the Code and comparable state income tax laws.

In addition, the Company and Telaria both underwent ownership changes for tax purposes (i.e. a more than 50% change in stock ownership in aggregated 5% shareholders) on April 1, 2020 due to the Merger. As a result, the use of the Company's total domestic NOL carryforwards and tax credits generated prior to the ownership change will be subject to annual use limitations under Section 382 and Section 383 of the Code and comparable state income tax laws. The Company believes that the ownership changes will not impact the ability to utilize substantially all of our NOLs and state research and development tax credits to the extent we generate taxable income that can be offset by such losses. The Company reasonably expects its federal research and development tax credits will not be recovered prior to expiration.

Also, depending on the timing and level of our taxable income, a portion of our NOLs may expire unutilized, which could prevent us from offsetting future taxable income we may generate by the amount of our NOLs and credit carryforwards generated in tax years beginning before December 31, 2018. U.S. federal NOLs generated for tax years beginning before

December 31, 2018 can offset 100% of taxable income, however, these NOLs can only be carried forward for 20 years. U.S. federal NOLs generated for tax years beginning after December 31, 2018 can offset 80% of taxable income, however, these NOLs can be carried forward indefinitely. We maintain a partial valuation allowance related to our NOLs, credit carryforwards, and other net deferred tax assets due to the uncertainty of the ultimate realization of the future benefits of those assets. To the extent we determine that all, or a portion of, our valuation allowance is no longer necessary, we will reverse the valuation allowance and recognize an income tax benefit in the reported financial statement earnings in that period. Once the valuation allowance is eliminated or reduced, its reversal will no longer be available to offset our current financial statement income tax provision in future periods. Release of the valuation allowance would result in the recognition of certain net deferred tax assets and a decrease to income tax expense for the period the release is recorded. However, the exact timing and amount of the valuation allowance release are subject to change on the basis of the level of profitability that we are able to actually achieve and the impact of Section 382.

We may require additional capital to support our business or to refinance our existing debt obligations as they come due, and such capital might not be available on terms acceptable to us, if at all. Inability to obtain financing could limit our ability to conduct necessary operating activities, make strategic investments or repay or refinance our existing debt obligations.

Various business challenges and opportunities may require additional funds, including the need to respond to competitive threats or market evolution by developing new solutions and improving our operating infrastructure through additional hiring or acquisition of complementary businesses or technologies, or both. In addition, we could incur significant expenses or shortfalls in anticipated cash generated as a result of unanticipated events in our business or competitive, regulatory, or other changes in our market, or longer payment cycles required or imposed by our buyers.

Our available cash and cash equivalents, any cash we may generate from operations, and our available line of credit under our credit facility may not be adequate to meet our capital needs, and therefore we may need to engage in equity or debt financings to secure additional funds. We may not be able to obtain additional financing on terms favorable to us, if at all. If we are unable to obtain adequate financing on terms satisfactory to us when we require it or are unable to renew our credit facility when it matures or enter into a new one or we are unable to refinance our Convertible Senior Notes before they come due, on terms satisfactory to us or at all, our ability to continue to support our business growth and respond to business challenges could be significantly impaired, and our business and financial condition may be adversely affected.

If we do raise additional funds through future issuances of equity or convertible debt securities, our existing stockholders could suffer significant dilution, and any new equity securities we issue could have rights, preferences and privileges superior to those of holders of our common stock. Any debt financing that we secure in the future could involve restrictive covenants relating to our capital raising activities and other financial and operational matters, including the ability to pay dividends. This may make it more difficult for us to obtain additional capital and to pursue business opportunities, including potential acquisitions. In addition, if we issue debt, the holders of that debt would have prior claims on the Company's assets, and in case of insolvency, the claims of creditors would be satisfied before distribution of value to equity holders, which would result in significant reduction or total loss of the value of our equity.

Risks Related to the Securities Markets and Ownership of our Common Stock

The price of our common stock has been and may continue to be volatile and the value of an investment in our common stock could decline.

The trading price of our common stock has fluctuated substantially and may continue to do so. These fluctuations could result in significant decreases in the value of an investment in our common stock. Factors that could cause fluctuations in the trading price of our common stock include the following:

- announcements of new offerings, products, services or technologies, commercial relationships, acquisitions, or other events by us or our competitors;
- price and volume fluctuations in the overall stock market from time to time;
- significant volatility in the market price and trading volume of technology companies in general and of companies in the digital advertising industry in particular;
- fluctuations in the trading volume of our shares or the size of our public float;
- actual or anticipated changes or fluctuations in our results of operations;
- actual or anticipated changes in the expectations of investors or securities analysts, and whether our results of operations meet these expectations;
- issuance of research reports by analysts or investors;
- litigation involving us, our industry, or both;
- regulatory developments in the United States, foreign countries, or both;

- general economic conditions and trends;
- major catastrophic events;
- political uncertainty;
- breaches or system outages;
- departures of officers or other key employees; or
- an adverse impact on the company resulting from other causes, including any of the other risks described in this report.

In addition, if the market for advertising technology stocks or the stock market, in general, experiences a loss of investor confidence, the trading price of our common stock could decline for reasons unrelated to our business. The trading price of our common stock might also decline in reaction to events that affect other companies in our industry even if these events do not directly affect us. Declines in the price of our common stock, even following increases, may result in securities litigation against us, which would result in substantial costs and divert our management's attention and resources from our business.

We cannot guarantee that our repurchase program will enhance shareholder value, and repurchases could affect the price of our common stock and Convertible Senior Notes.

On February 1, 2024, our Board of Directors approved a repurchase program (the "Repurchase Plan"), under which we are authorized to repurchase common stock or Convertible Senior Notes, with an aggregate market value of up to \$125.0 million, through February 2026. The Repurchase Plan allows us to repurchase our common stock or Convertible Senior Notes using open market stock purchases, privately negotiated transactions, block trades or other means in accordance with U.S. securities laws. The number of securities repurchased and the timing of repurchases will depend on a number of factors, including, but not limited to, share price, trading volume and general market conditions, along with working capital requirements, general business conditions, other opportunities that we may have for the use or investment of our capital and other factors. The Repurchase Plan does not obligate us to repurchase any particular amount of common stock or Convertible Senior Notes and may be suspended, modified or discontinued at any time at our discretion. The Repurchase Plan could affect the price of our common stock and Convertible Senior Notes, increase volatility and diminish our cash reserves.

If securities or industry analysts do not publish, or cease publishing, research or reports about us, our business or our market, if they publish negative evaluations of our stock, or if we fail to meet the expectations of analysts, the price of our stock and trading volume could decline.

The trading market for our common stock will be influenced by the research and reports that industry or securities analysts may publish about us, our business, our market or our competitors. We do not have any control over these analysts, and their reports or analysts' consensus may not reflect our guidance, plans or expectations. If one or more of the analysts covering our business issues an adverse opinion of our company because we fail to meet their expectations or otherwise, the price of our stock could decline. If one or more of these analysts cease to cover our stock, we could lose visibility in the market for our stock, which in turn could cause our stock price to decline.

Provisions of our charter documents and Delaware law may inhibit a potential acquisition of the company and limit the ability of stockholders to cause changes in company management.

Our amended and restated certificate of incorporation and amended and restated bylaws include provisions, as described below, that could delay or prevent a change in control of the company, and make it difficult for stockholders to elect directors who are not nominated by the current members of our board of directors or take other actions to change company management.

- Our certificate of incorporation gives our board of directors the authority to issue shares of preferred stock in one or more series, and to establish the number of shares in each series and to fix the price, designations, powers, preferences and relative, participating, optional or other rights, if any, and the qualifications, limitations, or restrictions of each series of the preferred stock without any further vote or action by stockholders. The issuance of shares of preferred stock may discourage, delay or prevent a merger or acquisition of the company by significantly diluting the ownership of a hostile acquirer, resulting in the loss of voting power and reduced ability to cause a takeover or effect other changes.
- Our certificate of incorporation provides that our board of directors is classified, with only one of its three classes elected each year, and directors may be removed only for cause and only with the vote of 66²/₃% of the voting power of stock outstanding and entitled to vote thereon. Further, the number of directors is determined solely by our board of directors, and because we do not allow for cumulative voting rights, holders of a majority of shares of common stock entitled to vote may elect all of the directors standing for election. These provisions could delay the ability of stockholders to change the membership of a majority of our board of directors.

- Under our bylaws, only the board of directors or a majority of remaining directors, even if less than a quorum, may fill vacancies resulting from an increase in the authorized number of directors or the resignation, death or removal of a director.
- Our certificate of incorporation prohibits stockholder action by written consent, so any action by stockholders may only be taken at an annual or special meeting.
- Our certificate of incorporation provides that a special meeting of stockholders may be called only by the board of directors. This could delay any effort by stockholders to force consideration of a proposal or to take action, including the removal of directors.
- Under our bylaws, advance notice must be given to nominate directors or submit proposals for consideration at stockholders' meetings. This gives our board of directors time to defend against takeover attempts and could discourage or deter a potential acquirer from soliciting proxies or making proposals related to an unsolicited takeover attempt.
- The provisions of our certificate of incorporation noted above may be amended only with the affirmative vote of holders of at least 66 ²/₃% of the voting power of all of the then-outstanding shares of the company's voting stock, voting together as a single class. The same two-thirds vote is required to amend the provision of our certificate of incorporation imposing these supermajority voting requirements. Further, our bylaws may be amended only by our board of directors or by the same percentage vote of stockholders noted above as required to amend our certificate of incorporation. These supermajority voting requirements may inhibit the ability of a potential acquirer to effect such amendments to facilitate an unsolicited takeover attempt.
- Our board of directors may amend our bylaws by majority vote. This could allow the board to use bylaw amendments to delay or prevent an unsolicited takeover, and limits the ability of an acquirer to amend the bylaws to facilitate an unsolicited takeover attempt.

We are also subject to Section 203 of the Delaware General Corporation Law, which prohibits us from engaging in any business combination with an interested stockholder for a period of three years from the date the person became an interested stockholder, unless certain conditions are met. These provisions make it more difficult for stockholders or potential acquirers to acquire the company without negotiation and may apply even if some of our stockholders consider the proposed transaction beneficial to them. For example, these provisions might discourage a potential acquisition proposal or tender offer, even if the acquisition proposal or tender offer were to be at a premium over the then-current market price for our common stock. These provisions could also limit the price that investors are willing to pay in the future for shares of our common stock.

Item 1B. Unresolved Staff Comments

None.

Item 1C. Cybersecurity

Cybersecurity is a critical aspect of our business. As the world's largest independent omni-channel sell-side advertising platform, we face a multitude of cybersecurity threats, and our customers rely on us to safeguard their data. These challenges make it imperative that we take information security seriously, and we expend considerable resources on cybersecurity. We have implemented a comprehensive cybersecurity program to assess, identify, and manage risks from cybersecurity threats that may result in adverse effects on the confidentiality, integrity, and availability of our information systems.

Cybersecurity matters are overseen by our board of directors, which meets quarterly to review the measures implemented by the Company to identify and mitigate cybersecurity risks. Our Chief Information Security Officer (“CISO”) reports to the board quarterly on cybersecurity matters. These reports and presentations are prepared with input from members of our senior management team responsible for overseeing the company’s cybersecurity risk management, including the Chief Technology Officer, Chief Financial Officer, Chief Legal Officer, Chief People Officer, and SVP, Engineering. In addition, cybersecurity risks and associated mitigation efforts are assessed by senior management as part of the enterprise risk assessment process that includes reporting to and discussion with the audit committee and our board of directors. In addition, cybersecurity controls have been integrated into our disclosure controls and procedures.

Our CISO heads the team responsible for implementing, monitoring and maintaining cybersecurity and data protection practices across our business. Our CISO has extensive background, knowledge and skill in cybersecurity, with over 12 years of experience in establishing and maturing cybersecurity programs in the advertising technology space, from small startups to Fortune 500 companies. She holds a bachelors degree, with a certificate in architecture and systems engineering, and a professional education certificate in AI and machine learning.

The CISO receives reports on cybersecurity threats from other internal information security personnel on an ongoing basis and in conjunction with management, regularly reviews risk management measures implemented by the Company to identify and mitigate cybersecurity risks. The CISO also attends meetings of the board of directors to report on any material developments. We have protocols by which certain cybersecurity incidents are reported promptly to management and the legal team.

The Company maintains a general security policy, which outlines the relationship between employees and information technologies and systems within the Company, and sets guidelines on how such technologies and systems should and should not be used. This policy is revised regularly by the CISO and reviewed and acknowledged by all Company employees in conjunction with annual cybersecurity training. The Company also has a Systems Security Policy in place, which outlines the requirements for system configuration and administration of systems within the Company, and includes steps for reporting cybersecurity incidents and keeping senior management and other key stakeholders informed and involved as appropriate.

With respect to incident response, we have adopted an Incident Response Playbook that applies in the event of a cybersecurity threat or incident (an “IRP”) to provide a standardized framework for responding to security incidents, including malware, hacking, data breach (including third-party data breach), and other types of vulnerabilities. The IRP sets out a coordinated approach to investigating, containing, documenting and mitigating incidents, and provides triage workflows for individuals to follow. Our incident response process is generally based on the NIST Cybersecurity Framework and focuses on four phases: preparation; detection and analysis; containment, eradication and recovery; and post-incident remediation. The IRP applies to all Company personnel (including third-party contractors, vendors and partners) that perform functions or services requiring access to secure Company information, and to all devices and network services that are owned or managed by the Company. Our incident response team includes our CISO and the information security team, along with various business units, as applicable, and undergoes periodic training which includes exercises on monitoring and detection tools.

Security incidents are reviewed by the CISO and the information security team as soon as they are discovered or reported. The initial review of a security incident is conducted immediately, in order to appropriately determine the severity and urgency of the event. Key stakeholders and any technical owners of the impacted systems or processes are included in the incident review process and are brought in immediately in the case of potentially critical incidents. All phases of the review process are led by the CISO or another member of the security team, as appropriate.

We perform regular vulnerability scanning of our systems in order to confirm appropriate security controls are in place and function in accordance with established policies. We also have ongoing engagements with security consultants and other third parties as required to assist with assessing, identifying, and managing cybersecurity risks. These vendors help us with annual penetration testing and other items as needed. We have a robust internal controls framework and process and issue annual SOC 1 Type 2 reports covering our DV+, Streaming, and SpringServe platforms. In addition to our internal audit team, we have a dedicated compliance manager within the engineering department who helps promote compliance with our control framework.

As detailed elsewhere in this Annual Report on Form 10-K, we also rely on information technology and third-party vendors to support our operations, including our secure processing of personal, confidential, proprietary and other types of information. We use state of the art systems with respect to the type of information processed, and employ processes designed to oversee, identify, and reduce the potential impact of a security incident with a third-party vendor or customer or otherwise implicating the third-party technology and systems we use. Despite ongoing efforts to continue improvement of our and our vendors’ ability to protect against

cyber-attacks, we may not be able to protect all information systems. Any incidents may lead to reputational harm, revenue and client loss, legal actions, statutory penalties, among other consequences.

Although we maintain a robust cybersecurity program, due to the evolving cybersecurity threat landscape, it has and will continue to be difficult to prevent, detect, mitigate, and remediate cybersecurity incidents. While we are not aware of any risks from cybersecurity threats or incidents that have materially affected or are reasonably likely to materially affect the Company, including its business strategy, results of operations, or financial condition, there can be no guarantee that we will not be the subject of future successful attacks, threats or incidents. To mitigate against such risks, the company carries information security risk insurance that provides protection against potential losses arising from a cybersecurity incident. Refer to Item 1A. "Risk Factors" for additional information related to cybersecurity risks and the impact they may have on our operations.

Item 2. Properties

Our corporate headquarters are located in New York, New York, where we occupy office space totaling approximately 41,946 square feet under a lease that expires in 2030. We use these facilities for our principal administration, sales and marketing, technology and development, and engineering activities.

We also have an office in Los Angeles under a lease that expires in 2032 that is approximately 38,754 square feet and lease additional offices and maintain data centers in other locations in North America, South America, Europe, Australia, and Asia. We believe that our current facilities are adequate to meet our current needs, and that, if we require additional space, we will be able to obtain additional facilities on commercially reasonable terms.

Item 3. Legal Proceedings

We and our subsidiaries may from time to time be parties to legal or regulatory proceedings, lawsuits and other claims incident to our business activities and to our status as a public company. Such routine matters may include, among other things, assertions of contract breach or intellectual property infringement, claims for indemnity arising in the course of our business, regulatory investigations, audits by taxing authorities, or enforcement proceedings, and claims by persons whose employment has been terminated. Such matters are subject to many uncertainties, and outcomes are not predictable with assurance. Consequently, we are unable to ascertain the ultimate aggregate amount of monetary liability, amounts which may be covered by insurance or recoverable from third parties, or the financial impact with respect to such matters as of December 31, 2024. However, based on our knowledge as of December 31, 2024, we believe that the final resolution of such matters pending at the time of this report, individually and in the aggregate, will not have a material adverse effect upon our consolidated financial position, results of operations or cash flows.

Refer to Note 16—"Commitments and Contingencies" for additional information related to legal proceedings.

Item 4. Mine Safety Disclosures

Not applicable.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Our common stock is listed on the Nasdaq Global Select Market of the Nasdaq Stock Market LLC ("Nasdaq") under the symbol "MGNI."

Holders of Record

As of February 19, 2025, there were approximately 45 holders of record of our common stock. The actual number of stockholders is greater than this number of record holders and includes stockholders who are beneficial owners but whose shares are held in street name by brokers and other nominees. This number of holders also does not include stockholders whose shares may be held in trust by other entities.

Dividend Policy

We have never declared or paid any dividends and we do not anticipate paying any cash dividends in the foreseeable future. In addition, our credit facility contains restrictions on our ability to pay dividends.

Recent Sales of Unregistered Securities

None.

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

Common stock repurchases during the quarter ended December 31, 2024 were as follows (in thousands, except per share amounts):

Period	Total Number of Shares Purchased	Average Price per Share	Total number of shares purchased as part of a Publicly Announced Program	Maximum Approximate Dollar Value that May Yet be Purchased Under the Program
October 1 - October 31, 2024				
Equity withholding ⁽¹⁾	4	\$ 12.24	—	\$ —
Repurchase program ⁽²⁾	462	\$ 12.03	462	\$ 110,427
November 1 - November 30, 2024				
Equity withholding ⁽¹⁾	301	\$ 15.85	—	\$ —
Repurchase program ⁽²⁾	—	—	—	\$ 110,427
December 1 - December 31, 2024				
Equity withholding ⁽¹⁾	—	—	—	\$ —
Repurchase program ⁽²⁾	—	—	—	\$ 110,427
	767		462	

⁽¹⁾ Upon vesting of most restricted stock units or stock awards, we are required to deposit minimum statutory employee withholding taxes on behalf of the holders of the vested awards. As reimbursement for these tax deposits, we have the option to withhold from shares otherwise issuable upon vesting a portion of those shares with a fair market value equal to the amount of the deposits we paid. Withholding of shares in this manner is accounted for as a repurchase of common stock.

⁽²⁾ On February 1, 2024, our Board of Directors approved a share repurchase program (the "February 2024 Repurchase Plan") under which the Company is authorized to repurchase common stock or Convertible Senior Notes, with an aggregate market value of up to \$125.0 million, through February 1, 2026. Shares repurchased under the February 2024 Repurchase Plan in the quarter ended December 31, 2024 have been subsequently retired, which was recorded as a reduction in additional paid in capital. The average price per share purchased under the February 2024 Repurchase Plan includes broker commission costs. As of December 31, 2024, \$110.4 million remains available under the February 2024 Repurchase Plan.

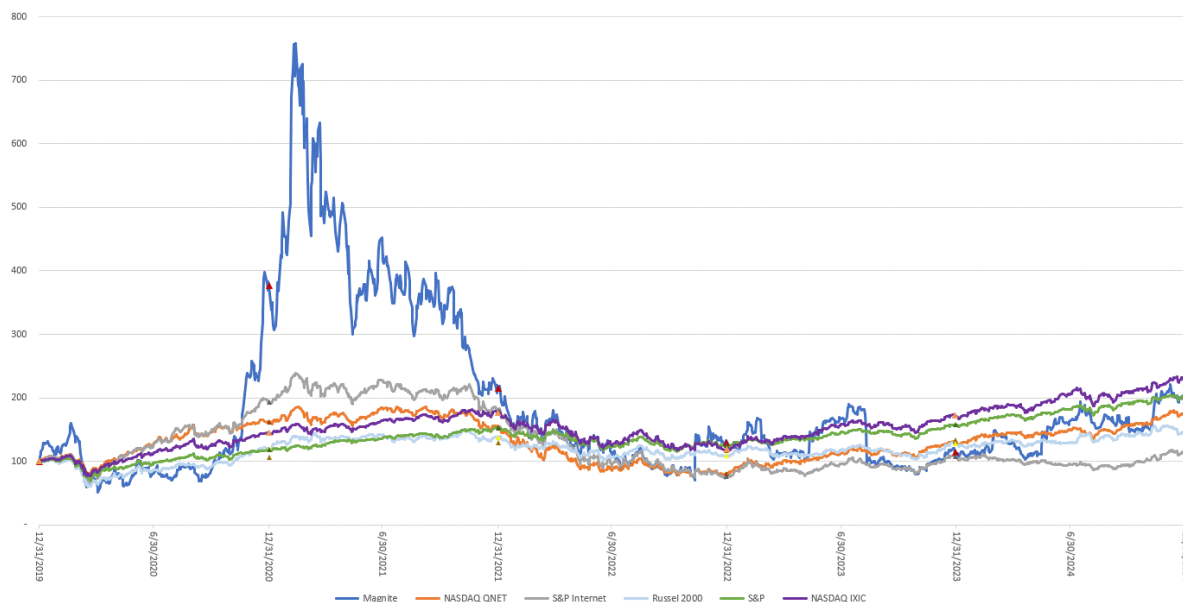
Stock Performance Graph

This performance graph shall not be deemed "soliciting material" or to be "filed" with the SEC for purposes of Section 18 of the Exchange Act, or otherwise subject to the liabilities under that Section, and shall not be deemed to be incorporated by

reference into any filing of ours under the Securities Act of 1933, as amended, except as shall be expressly set forth by specific reference in such filing.

The following graph compares the cumulative total stockholder return on an initial investment of \$100 in our common stock between December 31, 2019 and December 31, 2024, with the comparative cumulative total returns of the S&P 500 Index, Nasdaq Composite, Nasdaq Internet Index, S&P Internet Select Industry Index, and Russell 2000 Index over the same period. As previously discussed, we have not paid any cash dividends and, therefore, the cumulative total return calculation for us is based solely upon stock price appreciation (depreciation) and not reinvestment of cash dividends, whereas the data for the comparative indexes assumes reinvestments of dividends. The returns shown are based on historical results and are not necessarily indicative of, nor intended to forecast, future stock price performance.

COMPARISON OF CUMULATIVE TOTAL RETURN



Item 6. Reserved

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

You should read the following discussion and analysis of our financial condition and results of operations in conjunction with the consolidated financial statements and the related notes to those statements included in Item 8 to this Annual Report on Form 10-K. In addition to historical financial information, the following discussion contains forward-looking statements that reflect our plans, estimates, beliefs, and expectations and that involve risks and uncertainties. Our actual results and the timing of events could differ materially from those discussed in these forward-looking statements. Factors that could cause or contribute to these differences include those discussed below and elsewhere in this Annual Report on Form 10-K, particularly in "Item 1A. Risk Factors" and the "Special Note About Forward-Looking Statements; Summary of Risk Factors."

Overview and Trends

See "Item 1. Business" for an overview of our business, the industry in which we operate, and important industry trends.

Recent Developments

Financial Highlights

The following represents our consolidated financial highlights for the years ended December 31, 2024, 2023, and 2022:

	Year Ended			Change %	
	December 31, 2024	December 31, 2023	December 31, 2022	2024 vs 2023	2023 vs 2022
	(in thousands)				
Financial Measures and non-GAAP					
Financial Measures:					
Revenue	\$ 668,170	\$ 619,710	\$ 577,069	8 %	7 %
Gross profit	409,332	209,804	269,904	95 %	(22)%
Contribution ex-TAC*	606,942	549,147	514,615	11 %	7 %
Net income (loss)	22,786	(159,184)	(130,323)	NM	22 %
Adjusted EBITDA*	196,850	171,364	178,790	15 %	(4)%

NM - Not meaningful

* Contribution ex-TAC and Adjusted EBITDA are Non-GAAP measures. Refer to discussion in section "Key Operating and Financial Performance Metrics" for a definition of Contribution ex-TAC and Adjusted EBITDA, as well as reconciliations of gross profit to Contribution ex-TAC and Net income (loss) to Adjusted EBITDA, for the years ended December 31, 2024, 2023, and 2022, respectively.

Over the past several years, we have made a number of investments to build what we believe is the leading independent programmatic CTV platform, including our 2021 acquisitions of SpotX, a leading CTV supply side platform, and SpringServe, a leading ad server for CTV. We believe these transactions are highly strategic, as the combination of our SSP and ad server allows us to offer publishers an independent full-stack solution that works across their entire video advertising business, for both programmatic and directly sold inventory, to manage yield and drive value. As a result of our investments, CTV has become the biggest growth driver of our business, with revenue growing 13% and Contribution ex-TAC growing 19% year over year from 2023 to 2024.

We believe that we are well positioned to take advantage of a number of favorable market trends in CTV. In particular, as the pace of consumer adoption has accelerated and the streaming market has proliferated, the largest streaming publishers have adopted ad-supported models leading to a significant increase in the amount of CTV inventory available for advertisers.

Despite the proliferation of CTV advertising inventory, CTV sellers have been slower to embrace biddable environments with multiple buyers compared to desktop and mobile sellers. Currently, the vast majority of CTV advertising is transacted through reserve auctions that are established by a sellers direct sales team with a single buyer. This is particularly true of larger publishers and broadcasters that are newer to programmatic advertising and have large direct sales forces, as reserve auctions allow the seller to maintain tighter control over their advertising allocation. These publishers have continued to increase their focus and investment in programmatic CTV, and in recent periods have grown as a percentage of our CTV business.

As the industry matures, we anticipate that market dynamics will lead CTV sellers to make a greater percentage of inventory available through biddable auction environments in order to attract a broader set of advertisers that have not historically advertised on linear TV. We believe that this shift, if it were to occur, would likely be beneficial to our CTV growth as biddable transactions tend to require a higher level of service and therefore carry a higher take-rate compared to reserve auctions. At the same time, we expect CTV advertisers that have historically transacted on our platform through managed service insertion orders to continue to shift budgets towards more automated solutions, which tend to carry a lower take rate; and as a result, we expect transactions through managed service insertion orders to become a smaller component of our overall business.

In addition to CTV, we track mobile and desktop channels. We expect our revenue and Contribution ex-TAC from each of these channels to grow at a slower rate compared to CTV, with mobile expected to grow at a higher rate than desktop. As such, we expect our desktop business to continue to decline as an overall percentage of our revenue in future periods; however, we expect that it will continue to represent a significant percentage of our revenue in the near term. Therefore, the mix of our desktop business will continue to have a negative effect on our overall growth rate.

Our mobile channel consists of mobile web and mobile applications, with mobile applications expected to be a larger driver of our growth in future periods. A significant portion of the mobile application inventory on our platform is made available through third-party mobile technology platforms or aggregators, rather than application developers themselves. Accordingly, we are focused on expanding our relationships with these third parties in order to increase our access to inventory. Other important growth initiatives for our mobile and desktop channels include: bringing additional advertising demand to sellers through SPO and other buyer initiatives; increasing the operational efficiency of our platform to reduce costs for us as well as the process costs for buyers; developing alternative identity solutions to increase the value of seller inventory, as the industry shifts away from third-party cookies; and leveraging our machine learning and big data set to improve traffic shaping and generate higher-quality matching between buyers and sellers.

Our results for the year-ended December 31, 2024, were negatively impacted by challenges in the fourth quarter in our desktop and mobile channels, where we experienced a significant drop in advertising demand following the election and through year-end. We believe this drop was temporary in nature and was likely due to fears of macro and political uncertainty due to the election.

We anticipate that our operating expenses will continue to increase in the foreseeable future as we invest in technology and development to enhance our product features, in particular CTV, as well as sales and marketing to acquire new clients and reinforce our relationships with existing clients. At the same time, we are making additional investments in on-prem data centers to support a higher percentage of CTV transactions, with the goal of increasing the operational efficiency of our platform in order to realize long-term cost savings.

Macroeconomic Developments

Macroeconomic challenges, such as inflation, the interest rate environment, global conflicts, the risk of a recession, and labor strikes, generally have a negative impact on ad budgets, which in turn may lead to slower ad spend growth through our platform. Any worsening of macroeconomic conditions in future periods would likely have a negative effect on our financial results, the magnitude of which is difficult to predict. In addition, continued inflation could result in an increase in our cost base relative to our revenue.

Refer to Item 1A. "Risk Factors" for additional information related to risks associated with macroeconomic challenges.

Components of Our Results of Operations

We report our financial results as one operating segment. Our consolidated operating results are regularly reviewed by our chief operating decision maker, principally to make decisions about how we allocate our resources and to measure our consolidated operating performance.

Revenue

We generate revenue from the use of our platform for the purchase and sale of digital advertising inventory. Generally, our revenue is based on a percentage of the ad spend that runs through our platform, although for certain clients, services, or transaction types, we may receive a fixed CPM for each impression sold, and for advertising campaigns that are transacted through insertion orders, we earn revenue based on the full amount of ad spend that runs through our platform. In addition, we may receive certain fixed monthly fees for the use of our platform or products. We recognize revenue upon the fulfillment of our contractual obligations in connection with a completed transaction, subject to satisfying all other revenue recognition criteria. For the majority of transactions executed through our platform, we act as an agent on behalf of the publisher that is monetizing its inventory, and revenue is recognized net of any advertising inventory costs that we remit to sellers. With respect to certain revenue streams for managed advertising campaigns that are transacted through insertion orders, we report revenue on a gross basis, based primarily on our determination that the Company acts as the primary obligor in the delivery of advertising campaigns for our buyer clients with respect to such transactions.

For the years ended December 31, 2024, 2023, and 2022, our revenue reported on a gross basis was 14%, 18%, and 18% of total revenue for the respective periods. Any mix shift that causes an increase in the relative percentage of our revenue accounted for on a gross basis would result in a higher revenue contribution and an associated decrease in our gross margin percentage (with no underlying impact on gross profit or Contribution ex-TAC, as defined in section "Key Operating and Financial Performance Metrics"). Our revenue recognition policies are discussed in more detail in Note 2 of the "Notes to the Consolidated Financial Statements."

Expenses

We classify our expenses into the following categories:

Cost of Revenue. Our cost of revenue primarily consists of cloud hosting, data center, and bandwidth costs, ad verification costs, depreciation and maintenance expense of hardware supporting our revenue-producing platform, amortization of internally-developed software costs for the development of our revenue-producing platform, amortization expense associated with acquired developed technologies, personnel costs, and software costs. In addition, for revenue booked on a gross basis, cost of revenue includes traffic acquisition costs. Personnel costs included in cost of revenue include salaries, bonuses, and stock-based compensation, and are primarily attributable to personnel in our network operations group who support our platform. We capitalize costs associated with software that is developed or obtained for internal use and amortize the costs associated with our revenue-producing platform in cost of revenue over their estimated useful lives. We amortize acquired developed technologies over their estimated useful lives.

Sales and Marketing. Our sales and marketing expenses primarily consists of personnel costs, including salaries, bonuses, and stock-based compensation, as well as marketing expenses such as brand marketing, travel expenses, trade shows and marketing materials, amortization expense associated with client relationships, and non-compete agreements from our business acquisitions, professional services, facilities-related costs, and depreciation expense. Our sales and support organization focuses on increasing the adoption of our solution by existing and new buyers and sellers and supports ongoing client relationships. We amortize acquired intangibles associated with client relationships from our business acquisitions over their estimated useful lives.

Technology and Development. Our technology and development expenses primarily consists of personnel costs, including salaries, bonuses, and stock-based compensation, as well as professional services associated with the ongoing development and maintenance of our solution, software costs, facilities-related costs, and depreciation and amortization expense. These expenses include costs incurred in the development, implementation, and maintenance of internal use software, including platform and related infrastructure. Technology and development costs are expensed as incurred, except to the extent that such costs are associated with internal use software development that qualifies for capitalization, which are then recorded as internal use software development costs, net, on our consolidated balance sheets. We amortize internal use software development costs that relate to our revenue-producing activities on our platform to cost of revenue and amortize other internal use software development costs to technology and development costs or general and administrative expenses, depending on the nature of the related project. We amortize acquired intangibles associated with technology and development functions from our business acquisitions over their estimated useful lives.

General and Administrative. Our general and administrative expenses primarily consists of personnel costs, including salaries, bonuses, and stock-based compensation, associated with our executive, finance, legal, human resources, compliance, and other administrative personnel, as well as accounting and legal professional services fees, facilities-related costs, depreciation expense, bad debt expense, and other corporate-related expenses.

Merger, Acquisition, and Restructuring Costs. Our merger, acquisition, and restructuring costs primarily consists of professional service fees associated with merger and acquisition activities, cash-based employee termination costs, related stock-based compensation charges, and other restructuring activities, including facility closures, relocation costs, contract termination costs, and impairment costs of abandoned technology associated with restructuring activities.

Other (Income) Expense

Interest (Income) Expense, Net. Interest expense primarily consists of interest expense associated with our 2024 Term Loan B Facility (defined below), 2021 Term Loan B Facility (defined below) and Convertible Senior Notes (defined below), and their related amortization of debt issuance costs and debt discount. Interest income primarily consists of interest earned on our cash equivalents.

Foreign Currency Exchange (Gain) Loss, Net. Foreign currency exchange (gain) loss, net consists of gains and losses on foreign currency transactions and remeasurement of monetary assets and liabilities on our balance sheet denominated in foreign currencies. Foreign currency monetary assets and liabilities primarily consists of cash and cash equivalents, accounts receivable, accounts payable, and various intercompany balances held between our subsidiaries. Our primary foreign currency exposures are currencies other than the U.S. Dollar, principally the Australian Dollar, British Pound, Canadian Dollar, Euro, Japanese Yen, and New Zealand Dollar.

(Gain) Loss on Extinguishment of Debt. Gain or loss on extinguishment of debt consists of gains or losses associated with the repurchases of Convertible Senior Notes at a discount or premium and gains or losses associated with the refinancing of our debt facilities, including the extinguishment of unamortized debt discount, debt issuance costs, and deferred financing costs.

Other Income. Other income primarily consists of rental income from commercial office space we hold under lease and have sublet to other tenants.

Provision (Benefit) for Income Taxes

We are subject to income taxes in the U.S. (federal and state) and numerous foreign jurisdictions. Tax laws, regulations, administrative practices, principles, and interpretations in various jurisdictions may be subject to significant change, with or without

notice, due to economic, political, and other conditions, and significant judgment is required in evaluating and estimating our provision and accruals for these taxes. There are many transactions that occur during the ordinary course of business for which the ultimate tax determination is uncertain. Our effective tax rates could be affected by numerous factors, such as changes in our business operations, acquisitions, investments, entry into new businesses and geographies, intercompany transactions, the relative amount of our foreign earnings, including earnings being lower than anticipated in jurisdictions where we have lower statutory rates and higher than anticipated in jurisdictions where we have higher statutory rates, losses incurred in jurisdictions for which we are not able to realize related income tax benefits, the applicability of special tax regimes, changes in foreign currency exchange rates, changes in our stock price, changes in our deferred tax assets ("DTAs") and liabilities and their valuation, changes in the laws, regulations, administrative practices, principles, and interpretations related to tax, including changes to the global tax framework, competition, and other laws and accounting rules in various jurisdictions.

Results of Operations

The following table sets forth our consolidated results of operations:

	Year Ended			Change %	
	December 31, 2024	December 31, 2023	December 31, 2022	2024 vs 2023	2023 vs 2022
	(in thousands)				
Revenue	\$ 668,170	\$ 619,710	\$ 577,069	8 %	7 %
Expenses:					
Cost of revenue	258,838	409,906	307,165	(37)%	33 %
Sales and marketing	166,142	173,982	200,081	(5)%	(13)%
Technology and development	95,243	94,318	93,757	1 %	1 %
General and administrative	96,860	89,048	81,382	9 %	9 %
Merger, acquisition, and restructuring costs	—	7,465	7,468	(100)%	— %
Total expenses	617,083	774,719	689,853	(20)%	12 %
Income (loss) from operations	51,087	(155,009)	(112,784)	NM	37 %
Other expense, net	24,603	2,538	22,813	869 %	(89)%
Income (loss) before income taxes	26,484	(157,547)	(135,597)	NM	16 %
Provision (benefit) for income taxes	3,698	1,637	(5,274)	126 %	NM
Net income (loss)	\$ 22,786	\$ (159,184)	\$ (130,323)	NM	22 %

NM - Not meaningful

The following table sets forth our consolidated results of operations for the specified periods as a percentage of our revenue for those periods presented:

	Year Ended		
	December 31, 2024	December 31, 2023	December 31, 2022
Revenue	100 %	100 %	100 %
Cost of revenue	39	66	53
Sales and marketing	25	28	35
Technology and development	14	15	16
General and administrative	14	14	14
Merger, acquisition, and restructuring costs	—	1	1
Total expenses	92	125	120
Income (loss) from operations	8	(25)	(20)
Other expense, net	4	—	4
Income (loss) before income taxes	4	(25)	(23)
Provision (benefit) for income taxes	1	—	(1)
Net income (loss)	3 %	(26) %	(23) %

Note: Percentages may not sum due to rounding

Comparison of the Years Ended December 31, 2024, 2023, and 2022

Revenue

Revenue increased \$48.5 million, or 8%, for the year ended December 31, 2024 compared to the prior year. Our revenue growth was driven primarily by growth in CTV and mobile. Revenue from CTV, mobile, and desktop increased by \$35.3 million, or 13%, \$12.1 million, or 5%, and \$1.0 million, or 1%, respectively.

Revenue increased \$42.6 million, or 7%, for the year ended December 31, 2023 compared to the prior year. Our revenue growth was driven primarily by growth in mobile and CTV, which was partially offset by a decrease in desktop. Revenue from mobile and CTV increased by \$39.7 million, or 21%, and \$13.6 million, or 5%, respectively, while desktop decreased by \$10.6

million, or 9%. During 2023, our growth rate in CTV was negatively impacted, in part, by a mix shift towards large CTV sellers that transacted primarily through reserve auctions, which carry a lower overall take rate compared to other transaction types.

Our revenue is largely a function of the number of advertising transactions and the price, or CPM, at which the inventory is sold, which results in total advertising spend on our platform, and, with respect to our revenue reported on a net basis, the take rate we charge for our services. Because pricing and take rate vary across publisher, channel, and transaction type, our revenue is subject to changes in publisher-specific take rates, and shifts in the mix of advertising spend on our platform among publishers and transaction types.

For 2025, we believe our revenue will increase compared to the prior year period and we expect CTV will continue to be our biggest growth driver.

Cost of Revenue

Cost of revenue decreased \$151.1 million, or 37%, for the year ended December 31, 2024 compared to the prior year, primarily due to decreases of \$164.4 million in depreciation and amortization, which was primarily driven by certain acquired intangible assets becoming fully amortized in the third quarter of 2023. These decreases were partially offset by increases of \$11.8 million in cloud hosting, data center, and bandwidth expenses, primarily due to revenue growth and an associated increase in the volume of transactions processed on our platform.

On January 1, 2024, we extended the estimated useful lives of our network hardware assets from three years to five years, which was due to actual and expected longer refresh cycles for these assets. Based on the related asset balance as of December 31, 2023 and those placed in service during the year ended December 31, 2024, the effect of this change reduced depreciation expense by \$12.6 million for the full year ending December 31, 2024 when compared to what depreciation expense would have been based on the original expected useful lives of three years.

Cost of revenue increased \$102.7 million, or 33%, for the year ended December 31, 2023 compared to the prior year, primarily due to increases of \$69.3 million in depreciation and amortization. These increases were primarily driven by incremental amortization due to the acceleration of the remaining lives of certain acquired intangible assets and capitalized software from the integration of our legacy Magnite CTV and SpotX CTV platforms, which started in the fourth quarter of 2022 and was completed in the third quarter of 2023. The year over year increase in amortization due to the acceleration was \$64.0 million. Cost of revenue also included increases of \$26.2 million in cloud hosting, data center, and bandwidth expenses and \$8.1 million in traffic acquisition costs, both primarily due to revenue growth and an associated increase in the volume of transactions processed on our platform.

Cost of revenue may fluctuate from quarter to quarter and period to period, on an absolute dollar basis and as a percentage of revenue, depending on revenue levels and the volume of transactions we process supporting those revenues, and the timing and amounts of depreciation and amortization of equipment and software.

Sales and Marketing

Sales and marketing expenses decreased \$7.8 million, or 5%, for the year ended December 31, 2024 compared to the prior year, primarily due to decreases of \$17.4 million in depreciation and amortization, which were primarily driven by certain acquired intangible assets becoming fully amortized in 2023. These decreases were partially offset by increases of \$9.5 million in personnel costs.

Sales and marketing expenses decreased \$26.1 million, or 13%, for the year ended December 31, 2023 compared to the prior year, primarily due to decreases of \$44.3 million in depreciation and amortization, which were primarily driven by certain acquired intangible assets becoming fully amortized in 2022 and 2023. These decreases were partially offset by increases of \$15.3 million of personnel costs.

Sales and marketing expenses may fluctuate quarter to quarter and period to period, on an absolute dollar basis and as a percentage of revenue, based on revenue levels, the timing of our investments and seasonality in our industry and business.

Technology and Development

Technology and development expenses increased \$0.9 million, or 1%, for the year ended December 31, 2024 compared to the prior year.

Technology and development expenses increased \$0.6 million, or 1%, for the year ended December 31, 2023 compared to the prior year.

The timing and amount of our capitalized development and enhancement projects may affect the amount of development costs expensed in any given period. As a percentage of revenue, technology and development expense may fluctuate from quarter to quarter and period to period based on revenue levels, the timing and amounts of technology and development efforts, the timing and the rate of the amortization of internally-developed capitalized projects and the timing and amounts of future capitalized internally-developed software costs.

General and Administrative

General and administrative expenses increased \$7.8 million, or 9%, for the year ended December 31, 2024 compared to the prior year, primarily due to increases of \$5.9 million in personnel costs, \$4.1 million in expenses associated with refinancing our 2021 Credit Agreement (defined below) in February 2024 and repricing our 2024 Term Loan B Facility (defined below) in September 2024, and \$3.7 million in insurance and business taxes. These increases were partially offset by decreases of \$4.1 million in bad debt expense and \$2.7 million in facilities-related costs. The higher bad debt expense in 2023 as compared to 2024 was primarily due to a buyer defaulting on payment obligations and filing for bankruptcy, resulting in bad debt expense of \$4.2 million.

General and administrative expenses increased by \$7.7 million, or 9%, for the year ended December 31, 2023 compared to the prior year, primarily due to increases of \$4.8 million in bad debt expense, as described above, and \$4.2 million in personnel costs.

General and administrative expenses may fluctuate from quarter to quarter and period to period based on the timing and amounts of expenditures in our general and administrative functions as they vary in scope and scale over periods. Such fluctuations may not be directly proportional to changes in revenue.

Merger, Acquisition, and Restructuring Costs

We did not incur any merger, acquisition, and restructuring costs for the year ended December 31, 2024. We incurred merger, acquisition, and restructuring costs of \$7.5 million and \$7.5 million during the years ended December 31, 2023 and 2022, respectively, primarily related to the acquisitions of SpotX, Inc. and SpringServe, LLC, which were completed on April 30, 2021 and July 1, 2021, respectively.

In 2023, these costs primarily included \$3.4 million of severance related expenses, \$2.2 million of facilities related loss contracts, and \$1.4 million of exit costs, all due to restructuring activities as a result of consolidating our legacy CTV and SpotX CTV platforms following the SpotX acquisition.

In 2022, these costs primarily included \$3.3 million of impairment costs associated with abandoned technology, \$2.0 million non-cash stock-based compensation expense associated with the acceleration of unvested equity awards, and \$1.2 million of one-time cash-based employee termination costs due to restructuring activities related to the integration of our acquisitions.

Other (Income) Expense, Net

	Year Ended		
	December 31, 2024	December 31, 2023	December 31, 2022
	(in thousands)		
Interest expense, net	\$ 27,032	\$ 32,369	\$ 29,260
Foreign exchange (gain) loss, net	(5,083)	1,953	(1,129)
(Gain) loss on extinguishment of debt	7,706	(26,480)	—
Other income	(5,052)	(5,304)	(5,318)
Total other expense, net	\$ 24,603	\$ 2,538	\$ 22,813

Interest expense, net decreased by \$5.3 million during the year ended December 31, 2024 compared to the prior year. The net decrease is primarily due to an increase in interest income and a decrease in interest expense as a result of lower Convertible Senior Notes (defined below) outstanding throughout 2024 as compared to the prior year period and the lower interest incurred under the 2024 Term Loan B Facility (defined below) compared to the 2021 Term Loan B Facility (defined below).

Interest expense, net increased by \$3.1 million during the year ended December 31, 2023 compared to the prior year, mainly due to increased interest expense of \$11.3 million as a result of increased interest rates on our 2021 Term Loan B Facility (defined below), partially offset by an increase in interest income of \$8.2 million.

Foreign exchange (gain) loss, net changed by \$7.0 million during the year ended December 31, 2024 compared to the prior year, due to movements in foreign currency exchange rates and the amount of foreign currency-denominated cash, receivables, and payables, which were impacted by our billings to buyers, payments to sellers, and intercompany balances. Foreign exchange (gain) loss, net changed by \$3.1 million during the year ended December 31, 2023 compared to the prior year, for the same reasons above.

The loss on extinguishment of debt of \$7.7 million for the year ended December 31, 2024 was due to the refinancing of our 2021 Credit Agreement (defined below) in February 2024 and the repricing of our 2024 Term Loan B Facility (defined below) in September 2024, which are further discussed below. The gain on extinguishment of debt of \$26.5 million for the year ended December 31, 2023 was due to the repurchase of portions of our Convertible Senior Notes (defined below).

Provision (Benefit) for Income Taxes

We recorded an income tax expense of \$3.7 million for the year ended December 31, 2024 compared to an income tax expense of \$1.6 million and an income tax benefit \$5.3 million for the years ended December 31, 2023 and 2022, respectively. The

income tax expense for the year ended December 31, 2024 was primarily the result of our ability to recognize DTAs subject to the domestic valuation allowance and the state and foreign income tax provisions. We continue to maintain a valuation allowance for our domestic deferred tax assets.

The income tax expense for the year ended December 31, 2023 was primarily the result of the domestic valuation allowance and the federal, state, and foreign income tax liabilities.

The income tax benefit for the year ended December 31, 2022 was primarily the result of recognizing the benefit of deferred tax assets previously subject to the domestic valuation allowance and the foreign income tax liability. The net deferred tax liabilities recorded in connection with prior acquisitions and current taxable income for the year provided sources of taxable income to support the realization of pre-existing deferred tax assets.

Key Operating and Financial Performance Metrics

In addition to our GAAP results, we review non-GAAP financial measures, including Contribution ex-TAC and Adjusted EBITDA, to help us evaluate our business on a consistent basis, measure our performance, identify trends affecting our business, establish budgets, measure the effectiveness of investments in our technology and development and sales and marketing, and assess our operational efficiencies. Our non-GAAP financial measures are discussed below. Revenue and net income (loss) are discussed above under the headings "Components of Our Results of Operations" and "Results of Operations."

Contribution ex-TAC

Contribution ex-TAC is calculated as gross profit plus cost of revenue excluding traffic acquisition cost ("TAC"). Traffic acquisition cost, a component of cost of revenue, represents what we must pay sellers for the sale of advertising inventory through our platform for revenue reported on a gross basis. Contribution ex-TAC is a non-GAAP financial measure that is most comparable to gross profit. Our management believes Contribution ex-TAC is a useful measure in facilitating a consistent comparison against our core business without considering the impact of traffic acquisition costs related to revenue reported on a gross basis.

Our use of Contribution ex-TAC has limitations as an analytical tool and you should not consider it in isolation or as a substitute for analysis of our financial results as reported under GAAP. A potential limitation of this non-GAAP financial measure is that other companies, including companies in our industry which have similar business arrangements, may define Contribution ex-TAC differently, which may make comparisons difficult. Because of these and other limitations, you should consider our non-GAAP measures only as supplemental to GAAP-based financial performance measures, including revenue, gross profit, net income (loss) and cash flows.

The following table presents the calculation of gross profit and reconciliation of gross profit to Contribution ex-TAC for the years ended December 31, 2024, 2023, and 2022, respectively:

	Year Ended			Change %	
	December 31, 2024	December 31, 2023	December 31, 2022	2024 vs 2023	2023 vs 2022
	(in thousands)				
Revenue	\$ 668,170	\$ 619,710	\$ 577,069	8 %	7 %
Less: Cost of revenue	258,838	409,906	307,165	(37)%	33 %
Gross profit	409,332	209,804	269,904	95 %	(22)%
Add back: Cost of revenue, excluding TAC	197,610	339,343	244,711	(42)%	39 %
Contribution ex-TAC	\$ 606,942	\$ 549,147	\$ 514,615	11 %	7 %

Sellers use our technology to monetize their content across all digital channels, including CTV, mobile, and desktop. We track the breakdown of Contribution ex-TAC across channels to better understand how our clients are transacting on our platform.

The following table presents Contribution ex-TAC by channel for the years ended December 31, 2024, 2023, and 2022:

	Contribution ex-TAC			Change %	
	Year Ended			2024 vs 2023	2023 vs 2022
	December 31, 2024	December 31, 2023	December 31, 2022		
	(in thousands)				
Channel:					
CTV	\$ 260,159	\$ 218,494	\$ 214,803	19 %	2 %
Mobile	242,018	226,826	188,116	7 %	21 %
Desktop	104,765	103,827	111,696	1 %	(7)%
Total	\$ 606,942	\$ 549,147	\$ 514,615	11 %	7 %

Contribution ex-TAC increased \$57.8 million, or 11%, for the year ended December 31, 2024 compared to the year ended December 31, 2023. The increase in Contribution ex-TAC was primarily due to the growth drivers described above for revenue.

Contribution ex-TAC increased \$34.5 million, or 7%, for the year ended December 31, 2023 compared to the year ended December 31, 2022. The increase in Contribution ex-TAC was primarily due to the growth drivers described above for revenue.

For 2025, we expect Contribution ex-TAC will increase compared to the prior year period, and we expect CTV will be our biggest growth driver in 2025.

Adjusted EBITDA

We define Adjusted EBITDA as net income (loss) adjusted to exclude stock-based compensation expense, depreciation and amortization, amortization of acquired intangible assets, impairment charges, interest income or expense, and other cash and non-cash based income or expenses that we do not consider indicative of our core operating performance, including, but not limited to foreign exchange gains and losses, acquisition and related items, gains or losses on extinguishment of debt, other debt refinancing expenses, non-operational real estate and other expenses (income), net, and provision (benefit) for income taxes. We believe Adjusted EBITDA is useful to investors in evaluating our performance for the following reasons:

- Adjusted EBITDA is widely used by investors and securities analysts to measure a company's performance without regard to items such as those we exclude in calculating this measure, which can vary substantially from company to company depending upon their financing, capital structures, and the method by which assets were acquired.
- Our management uses Adjusted EBITDA in conjunction with GAAP financial measures for planning purposes, including the preparation of our annual operating budget, as a measure of performance and the effectiveness of our business strategies, and in communications with our board of directors concerning our performance. Adjusted EBITDA is also used as a metric for determining payment of cash incentive compensation.
- Adjusted EBITDA provides a measure of consistency and comparability with our past performance that many investors find useful, facilitates period-to-period comparisons of operations, and also facilitates comparisons with other peer companies, many of which use similar non-GAAP financial measures to supplement their GAAP results.

Although Adjusted EBITDA is frequently used by investors and securities analysts in their evaluations of companies, Adjusted EBITDA has limitations as an analytical tool, and should not be considered in isolation or as a substitute for analysis of our results of operations as reported under GAAP. These limitations include:

- Stock-based compensation is a non-cash charge and will remain an element of our long-term incentive compensation package, although we exclude it as an expense when evaluating our ongoing operating performance for a particular period.
- Depreciation and amortization are non-cash charges, and the assets being depreciated or amortized will often have to be replaced in the future, but Adjusted EBITDA does not reflect any cash requirements for these replacements.
- Impairment charges are non-cash charges related to goodwill, intangible assets and/or long-lived assets.
- Adjusted EBITDA does not reflect certain cash and non-cash charges related to acquisition and related items, such as amortization of acquired intangible assets, merger, acquisition, or restructuring related severance costs, and changes in the fair value of contingent consideration.
- Adjusted EBITDA does not reflect cash and non-cash charges and changes in, or cash requirements for, acquisition and related items, such as certain transaction expenses.
- Adjusted EBITDA does not reflect cash and non-cash charges related to certain financing transactions such as gains or losses on extinguishment of debt or other debt refinancing expenses.
- Adjusted EBITDA does not reflect certain non-operational real estate and other (income) and expense, net, which consists of transactions or expenses that are typically by nature non-operating, one-time items, or unrelated to our core operations.
- Adjusted EBITDA does not reflect changes in our working capital needs, capital expenditures, or contractual commitments.
- Adjusted EBITDA does not reflect cash requirements for income taxes and the cash impact of other income or expense.
- Other companies may calculate Adjusted EBITDA differently than we do, limiting its usefulness as a comparative measure.

Our Adjusted EBITDA is influenced by fluctuations in our revenue, cost of revenue, and the timing and amounts of the cost of our operations. Adjusted EBITDA should not be considered as an alternative to net income (loss), income (loss) from operations, or any other measure of financial performance calculated and presented in accordance with GAAP.

The following table presents a reconciliation of net income (loss), the most comparable GAAP measure, to Adjusted EBITDA for the years ended December 31, 2024, 2023, and 2022:

	Year Ended		
	December 31, 2024	December 31, 2023	December 31, 2022
	(in thousands)		
Net income (loss)	\$ 22,786	\$ (159,184)	\$ (130,323)
Add back (deduct):			
Depreciation and amortization expense, excluding amortization of acquired intangible assets	28,376	38,330	31,658
Amortization of acquired intangibles	30,134	202,490	184,394
Stock-based compensation expense	76,519	72,617	64,118
Merger, acquisition, and restructuring costs, excluding stock-based compensation expense	—	7,322	5,464
Non-operational real estate and other expense, net	1,579	310	622
Interest expense, net	27,032	32,369	29,260
Foreign exchange (gain) loss, net	(5,083)	1,953	(1,129)
(Gain) loss on extinguishment of debt	7,706	(26,480)	—
Other debt refinancing expense	4,103	—	—
Provision (benefit) for income taxes	3,698	1,637	(5,274)
Adjusted EBITDA	<u>\$ 196,850</u>	<u>\$ 171,364</u>	<u>\$ 178,790</u>

Adjusted EBITDA increased by \$25.5 million during the year ended December 31, 2024 compared to the year ended December 31, 2023, primarily due to increases in revenue, described above, which were partially offset by increases in expenses to support this revenue growth. Refer to discussion in section "Comparison of the Years Ended December 31, 2024, 2023, and 2022."

Adjusted EBITDA decreased by \$7.4 million during the year ended December 31, 2023 compared to the year ended December 31, 2022, primarily due to increases in expenses being greater than increases in revenue. Refer to discussion in section "Comparison of the Years Ended December 31, 2024, 2023, and 2022."

Liquidity and Capital Resources

Liquidity

At December 31, 2024, we had cash and cash equivalents of \$483.2 million, of which \$54.4 million was held in foreign currency denominated cash accounts, and an aggregate gross principal amount of \$568.2 million of indebtedness outstanding under our 2024 Term Loan B Facility (as defined below) and our Convertible Senior Notes (as defined below). In addition, we were party to a \$175.0 million 2024 Revolving Credit Facility (as defined below), of which approximately \$5.2 million was assigned to outstanding but undrawn letters of credit. See "Capital Resources" below for further information about our outstanding debt.

Our principal cash requirements for the twelve-month period following this report primarily consists of personnel costs, contractual payment obligations, including office leases, data center costs and cloud hosting costs, capital expenditures, payment of interest and required principal payments on our Convertible Senior Notes and our 2024 Term Loan B Facility, cash outlays for income taxes, and cash requirements to fund working capital. In the longer term, we would expect to have similar cash requirements, with increases in absolute dollars associated with the continued growth of our business and expansion of operations. See "Contractual Obligations and Known Future Cash Requirements" for a further discussion of our known material contractual obligations.

On February 1, 2024, the Board of Directors approved a new repurchase plan (the "February 2024 Repurchase Plan"), which fully replaced the prior repurchase plan, pursuant to which we are authorized to repurchase common stock or Convertible Senior Notes, with an aggregate market value of up to \$125.0 million, through February 1, 2026. During the year ended December 31, 2024, we repurchased 1,160,496 shares of the Company's common stock for an aggregate amount of \$14.6 million. As of December 31, 2024, \$110.4 million remains available under the February 2024 Repurchase Plan.

Our working capital needs and cash conversion cycle, which is influenced by seasonality and by the mix of terms among our buyers and sellers and which may be negatively impacted as a result of pandemics, inflationary, recessionary and other macroeconomic challenges, can have large fluctuations due to the timing of receipts from buyers and timing of disbursements to sellers. In addition, in the event a buyer defaults on payment, we may still be required to pay sellers for the inventory purchased. The impacts from changes in working capital and capital expenditures can significantly impact our cash flows and therefore, our liquidity during any period presented.

We have historically relied upon cash and cash equivalents, cash generated from operations, borrowings under credit facilities and issuance of debt for our liquidity needs. Our ability to meet our cash requirements depends on, among other things, our operating performance, competitive developments, and financial market conditions, all of which are significantly affected by business, financial, economic, political, global health-related and other factors, many of which we may not be able to control or influence.

We believe our existing cash and cash equivalents, cash generated from operating activities, and amounts available to borrow under our 2024 Revolving Credit Facility will be sufficient to meet our liquidity requirements for at least the next twelve months from the issuance of our financial statements. However, there are multiple factors that could impact our cash balances in the future, including the factors described above with respect to working capital and cash conversion cycles, as well as the duration and severity of events beyond our control, macroeconomic factors and other factors set forth in Part I, Item 1A: "Risk Factors" of this Annual Report on Form 10-K.

Capital Resources

In March 2021, we sold convertible senior notes ("Convertible Senior Notes") for gross proceeds of \$400.0 million. The Convertible Senior Notes are senior, unsecured obligations with interest payable semi-annually in cash at a rate of 0.25% per annum in arrears on March 15 and September 15. The Convertible Senior Notes will mature on March 15, 2026, unless earlier converted, redeemed, or repurchased. The initial conversion rate is 15.6539 shares per \$1,000 principal amount of notes, which represents an initial conversion price of approximately \$63.88 per share of the Company's common stock and is subject to adjustment as described in the Offering Memorandum. At December 31, 2024, the balance of the Convertible Senior Notes was \$203.6 million, net of unamortized debt issuance costs of \$1.4 million.

In conjunction with the issuance of the Convertible Senior Notes, we entered into capped call transactions to reduce the Company's exposure to additional cash payments above principal balances in the event of a cash conversion of the Convertible Senior Notes. The Company may owe additional cash or shares to the holders of the Convertible Senior Notes upon early conversion if our stock price exceeds \$91.260 per share, which is subject to certain adjustments.

On February 6, 2024, we entered into a credit agreement (the "2024 Credit Agreement") with Morgan Stanley Senior Funding, Inc. as our term loan administrative agent and Citibank, N.A. as our revolving facility administrative agent and collateral agent, and other lender parties thereto. The 2024 Credit Agreement provided for a \$365.0 million seven-year senior secured term loan facility (the "2024 Term Loan B Facility") and a \$175.0 million five-year senior secured revolving credit facility (the "2024 Revolving Credit Facility"). The proceeds from the 2024 Term Loan B Facility were used, among other things, to terminate and to repay in full the outstanding facilities under the prior credit agreement entered into in April 2021 (the "2021 Credit Agreement"), which included a term loan facility (the "2021 Term Loan B Facility") and a revolving facility (the "2021 Revolving Credit Facility").

On September 18, 2024, we entered into Amendment No. 1 to the 2024 Credit Agreement ("Amendment No. 1"), which reduced the interest rate of the 2024 Term Loan B Facility by 75 basis points to Term SOFR plus a margin of 3.75% from the previous rate of Term SOFR plus a margin of 4.50%. The remaining terms of the 2024 Term Loan B Facility and the 2024 Revolving Credit Facility were substantially unchanged.

At December 31, 2024, the balance of the 2024 Term Loan B Facility was \$350.1 million, net of unamortized debt discount and debt issuance costs of \$13.1 million, and amounts available under the 2024 Revolving Credit Facility were \$169.8 million, net of letters of credit outstanding in the amount of \$5.2 million.

In the future, we may attempt to raise additional capital through the sale of equity securities or through equity-linked or debt financing arrangements. If we raise additional funds by issuing equity or equity-linked securities, the ownership of our existing stockholders may be diluted. If we raise additional financing by incurring indebtedness, we will be subject to increased fixed payment obligations and could also be subject to financial maintenance covenants, or restrictive covenants, such as limitations on our ability to incur additional debt, and other operating restrictions that could adversely impact our ability to conduct our business. Any future indebtedness we incur may result in terms that could be unfavorable to equity investors. An inability to raise additional capital could adversely affect our ability to achieve our business objectives.

Our cash and cash equivalents balance is affected by our results of operations, the timing of capital expenditures, and by changes in our working capital, particularly changes in accounts receivable and accounts payable. The timing of cash receipts from buyers and payments to sellers can significantly impact our cash flows from operating activities and our liquidity for, and within, any period presented. Our collection and payment cycle can vary from period to period depending upon various circumstances,

including seasonality, and may be negatively impacted by certain macroeconomic challenges, such as capital market disruptions and instability of financial institutions.

Cash Flows

The following table summarizes our cash flows for the periods presented:

	Year Ended		
	December 31, 2024	December 31, 2023	December 31, 2022
	(in thousands)		
Cash flows provided by operating activities	\$ 235,201	\$ 214,367	\$ 192,550
Cash flows used in investing activities	(47,502)	(37,383)	(65,152)
Cash flows used in financing activities	(28,904)	(177,842)	(30,172)
Effects of exchange rate changes on cash, cash equivalents and restricted cash	(1,794)	575	(1,417)
Change in cash, cash equivalents and restricted cash	<u>\$ 157,001</u>	<u>\$ (283)</u>	<u>\$ 95,809</u>

Operating Activities

Our cash flows from operating activities are primarily driven by revenue generated by our business, offset by the cash costs of operations, and are significantly influenced by the timing of and fluctuations in receipts from buyers and related payments to sellers. Our future cash flows will be diminished if we cannot increase our revenue levels and manage costs appropriately.

During the year ended December 31, 2024, net cash provided by operating activities was \$235.2 million, compared to net cash provided by operating activities of \$214.4 million and \$192.6 million during the years ended December 31, 2023 and 2022, respectively. Our operating activities included net income of \$22.8 million, net loss of \$159.2 million, and net loss of \$130.3 million for the years ended December 31, 2024, 2023, and 2022, respectively. Non-cash adjustments of \$135.8 million, \$298.1 million, and \$282.4 million increased cash provided by operating activities in 2024, 2023, and 2022 respectively. Net changes in our working capital also resulted in increases of \$76.6 million, \$75.5 million, and \$40.4 million in cash provided by operating activities in 2024, 2023, and 2022 respectively. The net changes in working capital for all periods presented are primarily due to the timing of cash receipts from buyers and the timing of payments to sellers.

Investing Activities

Our primary investing activities have consisted of acquisitions of businesses, purchases of property and equipment, and capital expenditures in support of creating and enhancing our technology infrastructure. Purchases of property and equipment and investments in internal use software development may vary from period-to-period due to the timing of the expansion of our operations, changes to headcount, and the cycles of our internal use software development.

During the year ended December 31, 2024, net cash used in investing activities was \$47.5 million, compared to net cash used in investing activities of \$37.4 million and \$65.2 million during the years ended December 31, 2023 and 2022, respectively. During the year ended December 31, 2024, 2023, and 2022, we used cash for purchases of property and equipment of \$32.8 million, \$26.8 million, and \$30.8 million, respectively, and used cash for investments in our internally developed software of \$14.3 million, \$10.6 million, and \$13.6 million, respectively. During the year ended December 31, 2022, we used net cash of \$20.8 million to acquire Carbon.

Financing Activities

Our financing activities consisted of our debt refinancing and repricing activities, Convertible Senior Notes transactions, repayment of amounts borrowed under our 2024 Term Loan B Facility and our 2021 Term Loan B Facility, and transactions related to our share repurchases and equity plans.

During the year ended December 31, 2024, net cash used in financing activities was \$28.9 million, compared to net cash used in financing activities of \$177.8 million and \$30.2 million for the years ended December 31, 2023 and 2022, respectively. Cash outflows from financing activities for the year ended December 31, 2024 primarily included \$403.1 million of payments related to paying off our 2021 Term Loan B Facility in February 2024 and repricing our 2024 Term Loan B Facility in September 2024, \$22.5 million for taxes paid related to net share settlement of stock-based awards, \$14.6 million of payments related to share repurchases, and \$4.5 million of payments related to debt issuance costs related to the issuance of our 2024 Term Loan B Facility and 2024 Revolver Facility in February 2024. The outflows were partially offset by cash proceeds primarily consisting of \$413.5 million from the issuance of our 2024 Term Loan B Facility, net of debt discount, and the repricing of our 2024 Term Loan B Facility in September 2024, and cash proceeds from the employee stock purchase plan of \$3.6 million. In connection with the September 2024 repricing, most lenders decided to roll their loan balances over from the original 2024 Term Loan B Facility to the amended 2024 Term Loan B Facility, while some decided to cash out and reassign their loan balances. On September 18, 2024, \$312.0 million of the 2024 Term Loan B Facility principal balance was rolled over as part of non-cash financing activities while the remaining lenders who were repaid and then had their loans reissued were included in the \$403.1 million cash outflows and the \$413.5 million cash proceeds mentioned above.

Cash outflows from financing activities for the year ended December 31, 2023 primarily included \$165.5 million of payments related to repurchasing our Convertible Senior Notes, \$11.8 million for taxes paid related to net share settlement of stock-based awards, \$3.6 million for repayment of our 2021 Term Loan B Facility, and \$2.3 million for payment of our indemnification claims holdback related to a historical acquisition. These outflows for the year ended December 31, 2023 were partially offset by cash proceeds from issuance of common stock under our employee stock purchase plan of \$3.5 million and from stock options exercised of \$2.2 million. Cash outflows from financing activities for the year ended December 31, 2022 included \$15.7 million for payments related to share repurchases, \$14.5 million for taxes paid related to net share settlement of stock-based awards, and \$3.6 million for repayment of our 2021 Term Loan B Facility. These outflows for the year ended December 31, 2022 were partially offset by cash proceeds from issuance of common stock under our employee stock purchase plan of \$3.7 million and from stock options exercised of \$2.2 million.

Contractual Obligations and Known Future Cash Requirements

Our principal commitments as of December 31, 2024 consist of obligations under our Convertible Senior Notes, 2024 Term Loan B Facility, 2024 Revolving Credit Facility, leases for our various office facilities, including our corporate headquarters in New York, New York and offices in Los Angeles, California, and operating lease agreements, including data centers and cloud hosting services that expire at various times through 2033. In certain cases, the terms of the lease agreements provide for rental payments on a graduated basis.

The following table summarizes our future lease obligations, payments of principal and interest under our debt agreements and other future payments due under non-cancelable agreements at December 31, 2024:

	2025	2026	2027	2028	2029	Thereafter	Total
	(in thousands)						
Lease liabilities associated with leases included right-of-use assets as of December 31, 2024	\$ 18,722	\$ 14,650	\$ 9,024	\$ 6,648	\$ 6,434	\$ 7,331	\$ 62,809
Obligations for leases not included in lease liabilities as of December 31, 2024	3,926	4,817	4,888	5,526	5,748	964	25,869
Convertible Senior Notes	—	205,067	—	—	—	—	205,067
Interest, Convertible Senior Notes	513	256	—	—	—	—	769
2024 Term Loan B Facility ⁽¹⁾	3,641	3,641	3,641	3,641	3,641	344,972	363,177
Interest, 2024 Term Loan B Facility ⁽²⁾	29,738	29,440	29,140	28,920	28,542	31,087	176,867
Contractual fees related to the 2024 Term Loan B Facility and the 2024 Revolving Credit Facility ⁽³⁾	687	687	687	687	102	38	2,888
Other non-cancelable obligations	6,585	5,198	4,315	241	—	—	16,339
Total	\$ 63,812	\$ 263,756	\$ 51,695	\$ 45,663	\$ 44,467	\$ 384,392	\$ 853,785

⁽¹⁾ Includes only customary scheduled loan amortization payments and excludes currently unknown prepayment amounts that may be required, per terms of the 2024 Credit Agreement after the end of each fiscal year.

⁽²⁾ Interest payments are based on an assumed rate of 8.11%, which was the rate as of December 31, 2024 for the associated 2024 Term Loan B Facility.

⁽³⁾ Includes estimated fees based on current available amounts under our 2024 Revolving Credit Facility and using the current commitment rate as of December 31, 2024, fees based on outstanding but undrawn letters of credit as of December 31, 2024, and fees owed to our administrative agents for both facilities under the 2024 Credit Agreement.

Obligations for leases not included in the lease liabilities as of December 31, 2024 include commitments under agreements for office space and data centers that have not commenced as of December 31, 2024.

Payments associated with our Convertible Senior Notes, 2024 Term Loan B, and 2024 Revolving Credit Facility are based on contractual terms and intended timing of repayments of long-term debt and associated interest and required fees.

Other non-cancelable obligations above consist of agreements in the normal course of business that are in excess of one year as of December 31, 2024.

In addition, the amounts above exclude commitments due within a year for a cloud-managed services agreement, under which the Company has a remaining non-cancelable minimum spend commitment from January 2025 to June 2025 of \$15.9 million.

In the ordinary course of business, we enter into agreements with sellers, buyers, and other third parties pursuant to which we agree to indemnify buyers, sellers, vendors, lessors, business partners, lenders, stockholders, and other parties with respect to certain matters, including, but not limited to, losses resulting from claims of intellectual property infringement, damages to property or persons, business losses, or other liabilities. Generally, these indemnity and defense obligations relate to our own business operations, obligations, and acts or omissions. However, under some circumstances, we agree to indemnify and defend contract counterparties against losses resulting from their own business operations, obligations, and acts or omissions, or the business operations, obligations, and acts or omissions of third parties. These indemnity provisions generally survive termination or expiration of the agreements in which they appear. In addition, we have entered into indemnification agreements with our directors, executive officers and certain other officers that will require us, among other things, to indemnify them against certain liabilities that may arise by reason of their status or service as directors, officers, or employees. No demands for indemnification have been made as of December 31, 2024.

Critical Accounting Policies and Estimates

Our consolidated financial statements are prepared in accordance with GAAP. The preparation of these consolidated financial statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, expenses, and related disclosures. We evaluate our estimates and assumptions on an ongoing basis. Our estimates are based on historical experience and various other assumptions that we believe to be reasonable under the circumstances. Our actual results could differ from these estimates.

We believe that the following assumptions and estimates have the greatest potential impact on our consolidated financial statements: (i) the determination of revenue recognition as net versus gross in our revenue arrangements and (ii) the determination of amounts to capitalize and the estimated useful lives of internal-use software development costs. There have been no significant changes in our accounting policies or estimates from those disclosed in our audited consolidated financial statements and notes thereto for the years ended December 31, 2024, 2023 and 2022.

We believe that the accounting policies disclosed below include estimates and assumptions critical to our business and their application could have a material impact on our consolidated financial statements. In addition to these critical policies, our significant accounting policies are included within Note 2 of our "Notes to Consolidated Financial Statements" within this Annual Report on Form 10-K.

Revenue Recognition

We generate revenue from transactions where we provide a platform for the purchase and sale of digital advertising inventory. Generally, our revenue is based on a percentage of the ad spend that runs through our platform, although for certain clients, services, or transaction types we may receive a fixed CPM for each impression sold, and for advertising campaigns that are transacted through insertion orders, we earn revenue based on the full amount of ad spend that runs through our platform. In addition, we may receive certain fixed monthly fees for the use of our platform or products. Our platform dynamically connects sellers and buyers of advertising inventory in a digital marketplace. Our solution incorporates proprietary machine-learning algorithms, sophisticated data processing, high-volume storage, detailed analytics capabilities, and a distributed infrastructure. Digital advertising inventory is created when consumers access sellers' content. Sellers provide digital advertising inventory to our platform in the form of advertising requests, or ad requests. When we receive ad requests from sellers, we send bid requests to buyers, which enable buyers to bid on sellers' digital advertising inventory. Winning bids can create advertising, or paid impressions, for the seller to present to the consumer.

The total volume of spending between buyers and sellers on our platform is referred to as advertising spend. We keep a percentage of that advertising spend as a fee, and remit the remainder to the seller. The fee that we retain from the gross advertising spend on our platform is recognized as revenue. The fee earned on each transaction is based on the pre-existing agreement we have with the seller and the clearing price of the winning bid. We recognize revenue upon fulfillment of our performance obligation to a client, which occurs at the point in time an ad renders and is counted as a paid impression, subject to a contract existing with the client and a fixed or determinable transaction price. Performance obligations for all transactions are satisfied, and the corresponding revenue is recognized, at a distinct point in time. We consider the following when determining if a contract exists (i) contract approval by all parties, (ii) identification of each party's rights regarding the goods or services to be transferred, (iii) specified payment terms, (iv) commercial substance of the contract, and (v) collectability of substantially all of the consideration is probable.

The determination of whether revenue should be reported on a gross or net basis is based on an assessment of whether we are acting as the principal or an agent in the transaction. In determining whether we are acting as the principal or an agent, we followed the accounting guidance for principal-agent considerations. Making such determinations involves judgment and is based on an evaluation of the terms of each arrangement, none of which are considered presumptive or determinative.

For the majority of transactions on our platform, we report revenue on a net basis as we do not act as the principal in the purchase and sale of digital advertising inventory because we do not have control of the digital advertising inventory and do not set prices agreed upon within the auction marketplace. However, with respect to certain revenue streams for managed advertising campaigns that are transacted through insertion orders, we report revenue on a gross basis, based primarily on our determination that we act as the primary obligor in the delivery of advertising campaigns for buyers with respect to such transactions.

Internal Use Software Development Costs

We capitalize certain internal use software development costs associated with creating and enhancing internally developed software related to our technology infrastructure. These costs include personnel and related employee benefits expenses for employees who are directly associated with and who devote time to software projects, and external direct costs of materials and services consumed in developing or obtaining the software. Software development costs that do not meet the qualification for capitalization, as further discussed below, are expensed as incurred and recorded in technology and development expenses in the results of operations.

Software development activities generally consist of three stages, (i) the planning stage, (ii) the application and infrastructure development stage, and (iii) the post implementation stage. Costs incurred in the planning and post implementation stages of software development, including costs associated with the post-configuration training and repairs and maintenance of the developed technologies, are expensed as incurred. We capitalize costs associated with software developed for internal use when the planning stage is completed, management has authorized further funding for the completion of the project, and it is probable that the project will be completed and perform as intended. Costs incurred in the application and infrastructure development stages, including significant enhancements and upgrades, are capitalized. Capitalization ends once a project is substantially complete and the software and technologies are ready for their intended purpose. There is judgment involved in estimating the stage of

development as well as estimating time allocated to a particular project. A significant change in the time spent on each project could have a material impact on the amount capitalized and related amortization expense in subsequent periods.

We amortize internal use software development costs using a straight-line method over a three year estimated useful life, commencing when the software is ready for its intended use. The straight-line recognition method approximates the manner in which the expected benefit will be derived. We determined the life of internal use software based on historical software upgrades and replacement.

On an ongoing basis, we assess if the estimated remaining useful lives of capitalized projects continue to be reasonable based on the remaining expected benefit and usage. If the remaining useful life of a capitalized project is revised, it is accounted for as a change in estimate and the remaining unamortized cost of the underlying asset is amortized prospectively over the updated remaining useful life. We also evaluate internal use software for abandonment and consider that along with other quantitative and qualitative factors as indicators for potential impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Recently Issued Accounting Pronouncements

The information set forth under Note 2 to our "Notes to Consolidated Financial Statements" under the caption "Organization and Summary of Significant Accounting Policies" is incorporated herein by reference.

Item 7A. Quantitative and Qualitative Disclosure About Market Risk

We have operations both in the United States and internationally, and we are exposed to market risks in the ordinary course of our business. These risks include primarily interest rate, foreign exchange, and inflation risks. The risks below may be further exacerbated by the effects of certain global macroeconomic challenges and market conditions.

Interest Rate Fluctuation Risk

Our cash and cash equivalents consist of cash and money market funds, but may from time to time also include other money market instruments such as commercial paper or U.S. treasury bills, with original maturities of three months or less. Our investments may consist of repurchase agreements, U.S. government agency debt, and U.S. treasury debt. The primary objective of our investment activities is to preserve the value of our cash without significantly increasing risk. Because our cash, cash equivalents, and investments have a short maturity, our portfolio's fair value is relatively insensitive to interest rate changes, however, interest income earned will vary as interest rates change.

We do not have economic interest rate expense exposure on our Convertible Senior Notes due to their fixed interest rate nature. The amount paid upon redemption or maturity, before considering any potential additional amount owed due to increases in our underlying share price above the conversion price, is not based on changes in any interest rate index or underlying market interest rates. It is fixed at 100% of the principal amount of the Convertible Senior Notes plus unpaid interest. Since the Convertible Senior Notes bear a fixed interest rate, we are not exposed to interest rate risk on those notes, however, the fair value of those notes will change as market interest rates change.

Our 2024 Term Loan B Facility bears a floating rate of interest that resets periodically, subject to a 0% floor on that floating rate, according to the terms of the agreement (the "SOFR Floor"). Our financial results have been exposed to changes in the underlying base interest rate on that debt because the underlying base interest rate resets above the floor on such underlying interest rate. The fair value of the 2024 Term Loan B Facility may fluctuate when the underlying base interest rate fluctuates below the floor or when the rate of return demanded by our loan investors changes relative to when the loans were issued. As of December 31, 2024, the Company had no outstanding borrowings under the 2024 Revolving Credit Facility. Should the company borrow under the 2024 Revolving Credit Facility at any point in the future, any associated borrowings would have a floating underlying base rate of interest that would expose the Company to interest rate risk.

We do not believe that an increase or decrease in interest rates of 100 basis points would have a material effect on our operating results or financial condition. The annualized impact to interest expense for each 100 basis points increase above the SOFR Floor on our 2024 Term Loan B Facility is approximately \$3.6 million. The actual impact to our financial results of the same increase in interest rates is expected to be lower depending on the timing and magnitude of such rate changes relative to our SOFR Floor, and will be partially offset by higher interest income earned on our cash and cash equivalent balances over the same period. In future periods, we will continue to evaluate our investment opportunities and policy relative to our overall objectives.

With regard to all debt currently outstanding, the Company is potentially exposed to refinancing risk in the future, should the Company seek to refinance its debt or raise new debt. As such, the type, cost, and terms of any new debt potentially raised in the future may differ from that of our existing debt agreements.

Foreign Currency Exchange Risk

As a U.S. based company that does business around the globe, we have foreign currency risks related to our revenue and expenses denominated in currencies other than the U.S. Dollar, principally the Australian Dollar, British Pound, Canadian Dollar,

Euro, Japanese Yen, and New Zealand Dollar. Foreign exchange rate volatility is influenced by many factors that we cannot forecast with reliable accuracy. In the event our non-U.S. Dollar denominated revenue and expenses increase, or the volatility of the foreign currencies that we transact in increases, our operating results may be more greatly affected by fluctuations in the exchange rates of those foreign currencies. In addition, we have experienced and will continue to experience fluctuations in our net income (loss) as a result of transaction gains and losses related to translating certain cash balances, trade accounts receivable and payable balances and intercompany balances that are denominated in currencies other than the U.S. Dollar. The effect of an immediate 10% adverse change in foreign exchange rates on foreign currency-denominated monetary assets and liabilities at December 31, 2024 and December 31, 2023, including intercompany balances, would result in a foreign currency loss of approximately \$10.8 million and \$9.5 million, respectively. At this time we do not, but we may in the future, enter into derivatives or other financial instruments in an attempt to hedge our foreign currency exchange risk.

Inflation Risk

We do not believe that cost inflation has had a material effect on our business, financial condition, or results of operations. If our costs were to become subject to significant inflationary pressures, we might not be able to fully offset such higher costs through price increases. Our inability or failure to do so could harm our business, financial condition, and results of operations. This risk of cost inflation is distinct from the risk that inflation throughout the broader economy could lead to reduced ad spend and indirectly harm our business, financial condition, and results of operations. For a discussion of the indirect results of inflation on our business, see "Macroeconomic Developments."

Item 8. Financial Statements and Supplementary Data

MAGNITE, INC.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the stockholders and the Board of Directors of Magnite, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Magnite, Inc. and subsidiaries (the "Company") as of December 31, 2024 and 2023, the related consolidated statements of operations, comprehensive loss, stockholders' equity, and cash flows, for each of the three years in the period ended December 31, 2024, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2024, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2024, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 26, 2025, expressed an unqualified opinion on the Company's internal control over financial reporting.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current-period audit of the financial statements that was communicated or required to be communicated to the audit committee and that (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Revenue — Refer to Notes 2 and 4 to the financial statements.

Critical Audit Matter Description

The Company generates revenue from transactions where it provides a platform for the purchase and sale of digital advertising inventory. The Company uses automated systems to process and record revenue based on contractual terms with buyers and publishers, and its revenue is comprised of a significant volume of low-dollar transactions.

We identified revenue as a critical audit matter because the Company's systems to process and record revenue are highly automated. This required increased extent of effort, including the need for us to involve professionals with expertise in Information Technology (IT) to identify, test, and evaluate the Company's systems, software applications, and automated controls.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to the Company's systems to process revenue transactions included the following, among others:

- With the assistance of our IT specialists, we:

- Identified the significant systems used to process revenue transactions and tested the general IT controls over each of these systems, including testing of user access controls, change management controls, and IT operations controls.
- Performed testing of system interface controls and automated controls within the relevant revenue streams, as well as controls designed to ensure the accuracy and completeness of revenue.
- Independently created test transactions and traced such transactions through the systems to final output for financial reporting.
- We tested internal controls within the relevant revenue business processes, including those in place to reconcile the various systems to the Company's general ledger.
- We evaluated recorded revenue and revenue trends and used data analytics to analyze transactional revenue data.
- We used technology-based data analysis tools to inspect journal entries to:
 - Identify significant relationships in the revenue population.
 - Sufficiently understand identified significant relationships and related accounts affecting revenue.
- We performed audit procedures on those related accounts determined to have a significant relationship with revenue. Such procedures included:
 - For a sample of accounts receivable balances, evaluating responses to confirmations sent to customers or other evidence such as cash receipts received after year end.
 - For a sample of accounts payable – seller balances, performing detail transaction testing by agreeing the amounts recognized to source documents.
 - For a sample of cash disbursements made after year end, evaluating whether the amounts were appropriately included in accounts payable – seller as of the balance sheet date.
 - Analytical procedures on the accounts payable – seller balance by developing an independent expectation for the recorded balance based on a historical relationship with revenue.

/s/ Deloitte & Touche LLP

Los Angeles, California
February 26, 2025

We have served as the Company's auditor since 2018.

MAGNITE, INC.
CONSOLIDATED BALANCE SHEETS
(In thousands, except par values)

	December 31, 2024	December 31, 2023
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 483,220	\$ 326,219
Accounts receivable, net	1,200,046	1,176,276
Prepaid expenses and other current assets	19,914	20,508
TOTAL CURRENT ASSETS	1,703,180	1,523,003
Property and equipment, net	68,730	47,371
Right-of-use lease assets	50,329	60,549
Internal use software development costs, net	26,625	21,926
Intangible assets, net	21,309	51,011
Goodwill	978,217	978,217
Other assets, non-current	6,378	6,729
TOTAL ASSETS	\$ 2,854,768	\$ 2,688,806
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued expenses	\$ 1,466,377	\$ 1,372,176
Lease liabilities, current	16,086	20,402
Debt, current	3,641	3,600
Other current liabilities	9,880	5,957
TOTAL CURRENT LIABILITIES	1,495,984	1,402,135
Debt, non-current, net of debt issuance costs	550,104	532,986
Lease liabilities, non-current	38,983	49,665
Other liabilities, non-current	1,479	2,337
TOTAL LIABILITIES	2,086,550	1,987,123
Commitments and contingencies (Note 16)		
STOCKHOLDERS' EQUITY		
Preferred stock, \$0.00001 par value, 10,000 shares authorized at December 31, 2024 and December 31, 2023; 0 shares issued and outstanding at December 31, 2024 and December 31, 2023	—	—
Common stock, \$0.00001 par value; 500,000 shares authorized at December 31, 2024 and December 31, 2023; 141,427 and 138,577 shares issued and outstanding at December 31, 2024 and December 31, 2023, respectively	2	2
Additional paid-in capital	1,433,809	1,387,715
Accumulated other comprehensive loss	(4,421)	(2,076)
Accumulated deficit	(661,172)	(683,958)
TOTAL STOCKHOLDERS' EQUITY	768,218	701,683
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 2,854,768	\$ 2,688,806

The accompanying notes to consolidated financial statements are an integral part of these statements.

MAGNITE, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share amounts)

	Year Ended		
	December 31, 2024	December 31, 2023	December 31, 2022
Revenue	\$ 668,170	\$ 619,710	\$ 577,069
Expenses:			
Cost of revenue	258,838	409,906	307,165
Sales and marketing	166,142	173,982	200,081
Technology and development	95,243	94,318	93,757
General and administrative	96,860	89,048	81,382
Merger, acquisition, and restructuring costs	—	7,465	7,468
Total expenses	617,083	774,719	689,853
Income (loss) from operations	51,087	(155,009)	(112,784)
Other (income) expense:			
Interest expense, net	27,032	32,369	29,260
Foreign exchange (gain) loss, net	(5,083)	1,953	(1,129)
(Gain) loss on extinguishment of debt	7,706	(26,480)	—
Other income	(5,052)	(5,304)	(5,318)
Total other expense, net	24,603	2,538	22,813
Income (loss) before income taxes	26,484	(157,547)	(135,597)
Provision (benefit) for income taxes	3,698	1,637	(5,274)
Net income (loss)	\$ 22,786	\$ (159,184)	\$ (130,323)
Net income (loss) per share:			
Basic	\$ 0.16	\$ (1.17)	\$ (0.98)
Diluted	\$ 0.16	\$ (1.17)	\$ (0.98)
Weighted average shares used to compute net income (loss) per share:			
Basic	140,557	136,620	132,887
Diluted	146,810	136,620	132,887

The accompanying notes to consolidated financial statements are an integral part of these statements.

MAGNITE, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(In thousands)

	Year Ended		
	December 31, 2024	December 31, 2023	December 31, 2022
Net income (loss)	\$ 22,786	\$ (159,184)	\$ (130,323)
Other comprehensive income (loss):			
Foreign currency translation adjustments	(2,345)	1,075	(1,775)
Other comprehensive income (loss)	(2,345)	1,075	(1,775)
Comprehensive income (loss)	<u>\$ 20,441</u>	<u>\$ (158,109)</u>	<u>\$ (132,098)</u>

The accompanying notes to consolidated financial statements are an integral part of these statements.

MAGNITE, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(In thousands)

	Common Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Treasury Stock		Total Stockholders' Equity
	Shares	Amount				Shares	Amount	
Balance at December 31, 2021	132,553	\$ 2	\$1,282,589	\$ (1,376)	\$ (394,451)	(349)	\$ (6,007)	\$ 880,757
Exercise of common stock options	613	—	2,234	—	—	—	—	2,234
Issuance of common stock related to employee stock purchase plan	426	—	3,744	—	—	—	—	3,744
Issuance of common stock related to RSU vesting	3,276	—	—	—	—	—	—	—
Shares withheld related to net share settlement	(1,270)	—	(14,498)	—	—	—	—	(14,498)
Purchase of treasury stock	—	—	—	—	—	(1,243)	(15,663)	(15,663)
Retirement of common stock	(1,592)	—	(21,670)	—	—	1,592	21,670	—
Stock-based compensation	—	—	66,822	—	—	—	—	66,822
Other comprehensive loss	—	—	—	(1,775)	—	—	—	(1,775)
Net loss	—	—	—	—	(130,323)	—	—	(130,323)
Balance at December 31, 2022	134,006	2	1,319,221	(3,151)	(524,774)	—	—	791,298
Exercise of common stock options	395	—	2,166	—	—	—	—	2,166
Issuance of common stock related to employee stock purchase plan	438	—	3,513	—	—	—	—	3,513
Issuance of common stock related to RSU and PSU vesting	4,777	—	—	—	—	—	—	—
Shares withheld related to net share settlement	(1,039)	—	(11,814)	—	—	—	—	(11,814)
Stock-based compensation	—	—	74,629	—	—	—	—	74,629
Other comprehensive income	—	—	—	1,075	—	—	—	1,075
Net loss	—	—	—	—	(159,184)	—	—	(159,184)
Balance at December 31, 2023	138,577	2	1,387,715	(2,076)	(683,958)	—	—	701,683
Exercise of common stock options	109	—	572	—	—	—	—	572
Issuance of common stock related to employee stock purchase plan	463	—	3,589	—	—	—	—	3,589
Issuance of common stock related to RSU vesting	5,433	—	—	—	—	—	—	—
Shares withheld related to net share settlement	(1,995)	—	(22,472)	—	—	—	—	(22,472)
Purchase of treasury stock	—	—	—	—	—	(1,160)	(14,573)	(14,573)
Retirement of common stock	(1,160)	—	(14,573)	—	—	1,160	14,573	—
Stock-based compensation	—	—	78,978	—	—	—	—	78,978
Other comprehensive loss	—	—	—	(2,345)	—	—	—	(2,345)
Net income	—	—	—	—	22,786	—	—	22,786
Balance at December 31, 2024	141,427	\$ 2	\$1,433,809	\$ (4,421)	\$ (661,172)	\$ —	\$ —	\$ 768,218

The accompanying notes to consolidated financial statements are an integral part of these statements.

MAGNITE, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	Year Ended		
	December 31, 2024	December 31, 2023	December 31, 2022
OPERATING ACTIVITIES:			
Net income (loss)	\$ 22,786	\$ (159,184)	\$ (130,323)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation and amortization	58,510	240,820	216,052
Stock-based compensation	76,519	72,617	64,118
Impairment of intangible assets	—	—	3,320
(Gain) loss on extinguishment of debt	7,706	(26,480)	—
Provision for (recovery of) doubtful accounts	587	4,666	(163)
Amortization of debt discount and issuance costs	4,119	6,279	6,785
Non-cash lease expense	(4,772)	(1,712)	1,485
Deferred income taxes	95	(2,379)	(8,802)
Unrealized foreign currency (gain) loss, net	(7,001)	1,266	(271)
Other items, net	23	3,007	(86)
Changes in operating assets and liabilities, net of effect of business acquisitions:			
Accounts receivable	(26,024)	(220,102)	(46,325)
Prepaid expenses and other assets	1,980	1,004	(4,228)
Accounts payable and accrued expenses	97,380	294,677	91,377
Other liabilities	3,293	(112)	(389)
Net cash provided by operating activities	235,201	214,367	192,550
INVESTING ACTIVITIES:			
Purchases of property and equipment	(32,810)	(26,764)	(30,815)
Capitalized internal use software development costs	(14,260)	(10,619)	(13,582)
Other investing activities	(432)	—	—
Mergers and acquisitions, net of indemnification claims holdback	—	—	(20,755)
Net cash used in investing activities	(47,502)	(37,383)	(65,152)
FINANCING ACTIVITIES:			
Proceeds from the Term Loan B Facility refinancing and repricing activities, net of debt discount	413,463	—	—
Repayment of the Term Loan B Facility from refinancing and repricing activities	(403,113)	—	—
Payment for debt issuance costs	(4,547)	—	—
Repayment of debt	(1,823)	(3,600)	(3,600)
Repurchase of Convertible Senior Notes	—	(165,518)	—
Proceeds from exercise of stock options	572	2,166	2,234
Proceeds from issuance of common stock under employee stock purchase plan	3,589	3,513	3,744
Taxes paid related to net share settlement	(22,472)	(11,814)	(14,498)
Purchase of treasury stock	(14,573)	—	(15,663)
Repayment of finance leases	—	(276)	(807)
Payment of indemnification claims holdback	—	(2,313)	(1,582)
Net cash used in financing activities	(28,904)	(177,842)	(30,172)
EFFECT OF EXCHANGE RATE CHANGES ON CASH, CASH EQUIVALENTS AND RESTRICTED CASH	(1,794)	575	(1,417)
CHANGE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	157,001	(283)	95,809
CASH, CASH EQUIVALENTS AND RESTRICTED CASH — Beginning of period	326,219	326,502	230,693
CASH, CASH EQUIVALENTS AND RESTRICTED CASH — End of period	\$ 483,220	\$ 326,219	\$ 326,502

The accompanying notes to consolidated financial statements are an integral part of these statements.

MAGNITE, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS-(Continued)
(In thousands)

	Year Ended		
	December 31, 2024	December 31, 2023	December 31, 2022
RECONCILIATION OF CASH, CASH EQUIVALENTS AND RESTRICTED CASH TO CONSOLIDATED BALANCE SHEETS:			
Cash and cash equivalents	\$ 483,220	\$ 326,219	\$ 326,254
Restricted cash included in prepaid expenses and other current assets	—	—	248
Total cash, cash equivalents and restricted cash	<u>\$ 483,220</u>	<u>\$ 326,219</u>	<u>\$ 326,502</u>
SUPPLEMENTAL DISCLOSURES OF OTHER CASH FLOW INFORMATION:			
Cash paid for income taxes	\$ 3,870	\$ 5,357	\$ 4,932
Cash paid for interest	\$ 36,863	\$ 37,028	\$ 26,320
Capitalized assets financed by accounts payable and accrued expenses and other liabilities	\$ 6,742	\$ 1,690	\$ 1,295
Capitalized stock-based compensation	\$ 2,459	\$ 2,012	\$ 2,704
Operating lease right-of-use assets obtained in exchange for operating lease liabilities	\$ 13,628	\$ 4,017	\$ 20,131
Operating lease right-of-use assets reduction and corresponding adjustment to operating lease liabilities from lease terminations	4,622	\$ —	\$ —
Purchase consideration - indemnification claims holdback	\$ —	\$ —	\$ 2,293
Non-cash financing activity related to Amendment No. 1 to the 2024 Credit Agreement	\$ 311,974	\$ —	\$ —

The accompanying notes to consolidated financial statements are an integral part of these statements.

MAGNITE, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1—Nature of Operations*Company Overview*

Magnite, Inc. ("Magnite" or the "Company"), formerly known as The Rubicon Project, Inc., was formed in Delaware and began operations on April 20, 2007. The Company's common stock is listed on the Nasdaq Global Select Market of The Nasdaq Stock Market LLC ("Nasdaq") under the symbol "MGNI." Magnite has its principal offices in New York City, Los Angeles, Denver, London, and Sydney, and additional offices in Europe, Asia, North America, and South America.

The Company provides a technology solution to automate the purchase and sale of digital advertising inventory for buyers and sellers globally, across all channels, formats and auction types. The Company's platform features applications and services for sellers of digital advertising inventory, or publishers, that own or operate websites, applications, CTV channels, and other digital media properties, to manage and monetize their inventory; applications and services for buyers, including advertisers, agencies, agency trading desks, and demand side platforms, to buy digital advertising inventory; and a transparent, independent marketplace that brings buyers and sellers together and facilitates intelligent decision making and automated transaction execution at scale. The Company's clients include many of the world's leading sellers and buyers of digital advertising inventory.

Sellers monetize their inventory through the Company's platform by seamlessly connecting to a global market of integrated buyers that transact through real-time bidding. These transactions include biddable auctions, where multiple buyers bid against each other in a real-time auction for the right to purchase a publisher's inventory, as well as reserve auctions, where publishers establish direct deals or private marketplaces with select buyers. At the same time, buyers leverage the Company's platform to manage their advertising spending and reach their target audiences, simplify order management and campaign tracking, obtain actionable insights into audiences for their advertising, and access impression-level purchasing from thousands of sellers.

Note 2—Organization and Summary of Significant Accounting Policies*Basis of Consolidation*

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America, or GAAP, and include the operations of the Company and its wholly owned subsidiaries. All significant intercompany transactions and balances have been eliminated in consolidation.

Segments

Management has determined that the Company operates as one operating segment and one reportable segment. The Company's chief operating decision maker is the Chief Executive Officer ("CEO"). The Company has one primary business activity, where it provides a platform to all of its customers, buyers and sellers, that automates the purchase and sale of digital advertising inventory globally, across all channels, formats, and auction types, as described above in Note 1—Nature of Operations. The Company's chief operating decision maker reviews financial information on a consolidated basis, principally to make decisions about how to allocate resources and to measure the Company's performance. The chief operating decision maker reviews consolidated net income (loss), which is the measure of financial profit and loss most closely aligned with generally accepted accounting principles. The chief operating decision maker considers budget-to-actual variances for this measure, predominantly in the annual budget, forecasting process, and quarterly results assessment. The chief operating decision maker does not review any balance sheet information at any other level than on a consolidated basis and does not review any income statement information at any other level than on a consolidated basis with the exception of revenue by geography and by channel. Refer to Note 4—Revenues. The significant expense information regularly provided to the chief operating decision maker is the same as that included in the face of the Company's consolidated income statement of operations.

Reclassifications

Certain prior period amounts have been reclassified to conform with current period presentation. Specifically, this includes deferred tax liabilities at December 31, 2023, being reclassified to other liabilities, non-current on the consolidated balance sheets and (gain) loss on disposal of property and equipment for the years ended December 31, 2023 and December 31, 2022, respectively, being reclassified to other items, net on the consolidated statements of cash flows.

Use of Estimates

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported and disclosed financial statements and accompanying footnotes. Actual results could differ materially from these estimates.

On an ongoing basis, management evaluates its estimates, primarily those related to: (i) revenue recognition criteria, including the determination of revenue reporting as net versus gross in the Company's revenue arrangements, (ii) accounts receivable and allowances for doubtful accounts, (iii) amounts capitalized and the useful lives of intangible assets, internal use software development costs, and property and equipment, (iv) valuation of long-lived assets and their recoverability, including goodwill, and (v) the realization of tax assets and estimates of tax liabilities.

These estimates are based on historical data and experience, as well as various other factors that management believes to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Estimates relating to the allowance for doubtful accounts, amounts capitalized and estimated useful lives of internal-use software development costs, estimated useful lives of long-lived assets, recoverability of intangible assets and goodwill, and income taxes, including the realization of tax assets and estimates of tax liabilities require the selection of appropriate valuation methodologies and models, and judgment in evaluating ranges of assumptions and financial inputs. Actual results may differ materially from those estimates under different assumptions or circumstances.

In connection with the Company's periodic review of the estimated useful lives of its property and equipment, the Company extended the estimated useful lives of its network hardware assets from three years to five years effective January 1, 2024. The change in estimated useful lives were due to actual and expected longer refresh cycles for these assets. Based on the carrying value of network hardware assets as of December 31, 2023 and those placed in service during the year ended December 31, 2024, the effect of this change in estimate was an increase in income from operations of \$12.6 million for the year ended December 31, 2024 and an increase in net income of \$12.6 million, or \$0.09 per basic and diluted share for the year ended December 31, 2024. The updated policy reflecting the change in estimated useful lives is below.

Revenue Recognition

The Company generates revenue from transactions where it provides a platform for the purchase and sale of digital advertising inventory. Generally, the Company's revenue is based on a percentage of the ad spend that runs through its platform, although for certain clients, services, or transaction types the Company may receive a fixed CPM for each impression sold, and for advertising campaigns that are transacted through insertion orders the Company earns revenue based on the full amount of ad spend that runs through its platform. In addition, the Company may receive certain fixed monthly fees for the use of its platform or products. The Company's platform dynamically connects sellers and buyers of advertising inventory in a digital marketplace. The Company's solution incorporates proprietary machine-learning algorithms, sophisticated data processing, high-volume storage, detailed analytics capabilities, and a distributed infrastructure. Digital advertising inventory is created when consumers access sellers' content. Sellers provide digital advertising inventory to the Company's platform in the form of advertising requests, or ad requests. When the Company receives ad requests from sellers, it sends bid requests to buyers, which enable buyers to bid on sellers' digital advertising inventory. Winning bids can create advertising, or paid impressions, for the seller to present to the consumer.

The total volume of spending between buyers and sellers on the Company's platform is referred to as advertising spend. The Company keeps a percentage of that advertising spend as a fee, and remits the remainder to the seller. The fee that the Company retains from the gross advertising spend on its platform is recognized as revenue. The fee earned on each transaction is based on the pre-existing agreement between the Company and the seller and the clearing price of the winning bid. The Company recognizes revenue upon fulfillment of its performance obligation to a client, which occurs at the point in time an ad renders and is counted as a paid impression, subject to a contract existing with the client and a fixed or determinable transaction price. The Company does not disclose the value of unsatisfied performance obligations for (i) contracts with an original expected length of one year or less and (ii) contracts for which the Company recognizes revenue at the amount to which it has the right to invoice for services performed. The Company considers the following when determining if a contract exists (i) contract approval by all parties, (ii) identification of each

party's rights regarding the goods or services to be transferred, (iii) specified payment terms, (iv) commercial substance of the contract, and (v) collectability of substantially all of the consideration is probable.

The determination of whether revenue should be reported on a gross or net basis is based on an assessment of whether the Company is acting as the principal or an agent in the transaction. In determining whether the Company is acting as the principal or an agent, the Company follows the accounting guidance for principal-agent considerations. Making such determinations involves judgment and is based on an evaluation of the terms of each arrangement, none of which are considered presumptive or determinative.

Expenses

The Company classifies its expenses into the following categories:

Cost of Revenue. The Company's cost of revenue primarily consists of cloud hosting, data center, and bandwidth costs, ad verification costs, depreciation and maintenance expense of hardware supporting the Company's revenue-producing platform, amortization of internally-developed software costs for the development of the Company's revenue-producing platform, amortization expense associated with acquired developed technologies, personnel costs, and software costs. In addition, for revenue booked on a gross basis, cost of revenue includes traffic acquisition costs. Personnel costs included in cost of revenue include salaries, bonuses, and stock-based compensation, and are primarily attributable to personnel in the Company's network operations group who support the Company's platform. The Company capitalizes costs associated with software that is developed or obtained for internal use and amortizes the costs associated with its revenue-producing platform in cost of revenue over their estimated useful lives. The Company amortizes acquired developed technologies over their estimated useful lives.

Sales and Marketing. The Company's sales and marketing expenses primarily consists of personnel costs, including salaries, bonuses, and stock-based compensation, as well as marketing expenses such as brand marketing, travel expenses, trade shows and marketing materials, amortization expense associated with client relationships, and non-compete agreements from the Company's business acquisitions, professional services, facilities-related costs, and depreciation expense. The Company's sales and support organization focuses on increasing the adoption of the Company's solution by existing and new buyers and sellers and supports ongoing client relationships. The Company amortizes acquired intangibles associated with client relationships from its business acquisitions over their estimated useful lives.

Technology and Development. The Company's technology and development expenses primarily consists of personnel costs, including salaries, bonuses, and stock-based compensation, as well as professional services associated with the ongoing development and maintenance of the Company's solution, software costs, facilities-related costs, and depreciation and amortization expense. These expenses include costs incurred in the development, implementation, and maintenance of internal use software, including platform and related infrastructure. Technology and development costs are expensed as incurred, except to the extent that such costs are associated with internal use software development that qualifies for capitalization, which are then recorded as internal use software development costs, net, on the Company's consolidated balance sheets. The Company amortizes internal use software development costs that relate to its revenue-producing activities on the Company's platform to cost of revenue and amortize other internal use software development costs to technology and development costs or general and administrative expenses, depending on the nature of the related project. The Company amortizes acquired intangibles associated with technology and development functions from its business acquisitions over their estimated useful lives.

General and Administrative. The Company's general and administrative expenses primarily consists of personnel costs, including salaries, bonuses, and stock-based compensation, associated with the Company's executive, finance, legal, human resources, compliance, and other administrative personnel, as well as accounting and legal professional services fees, facilities-related costs, depreciation expense, bad debt expense, and other corporate-related expenses.

Merger, Acquisition, and Restructuring Costs. The Company's merger, acquisition, and restructuring costs primarily consists of professional service fees associated with merger and acquisition activities, cash-based employee termination costs, related stock-based compensation charges, and other restructuring activities, including facility closures, relocation costs, contract termination costs, and impairment costs of abandoned technology associated with restructuring activities.

Stock-Based Compensation

Compensation expense related to employee and non-employee stock-based awards is measured and recognized in the consolidated financial statements based on the fair value of the awards granted. The Company grants awards to employees that vest based solely on continued service, or service conditions, awards that vest based on the achievement of performance targets, or performance conditions, and awards that vest based on the Company's stock price exceeding a peer index, or market conditions. The fair value of restricted stock units that vest based on continued service is equal to the closing price of the Company's common stock as reported on the Nasdaq on the grant date. The fair value of each option award containing service conditions is estimated on the

grant date using the Black-Scholes option-pricing model. Generally, option awards have a contractual term of ten years. The fair value of awards containing market conditions is estimated using a Monte-Carlo simulation model. For service condition awards, stock-based compensation expense is recognized on a straight-line basis over the requisite service periods of the awards, which is generally four years. For performance condition and market condition awards, stock-based compensation expense is recognized using a graded vesting model over the requisite service period of the awards. For market condition awards, expense recognized is not subsequently reversed if the market conditions are not achieved. The Company accounts for forfeitures when they occur.

The assumptions and estimates used in the Black-Scholes pricing model are as follows:

Fair Value of Common Stock. The fair value of common stock is based on the closing price of the Company's common stock as reported on the Nasdaq on the grant date.

Risk-Free Interest Rate. The Company bases the risk-free interest rate used in the Black-Scholes option-pricing model on the yields of U.S. Treasury securities with maturities appropriate for the term of stock option awards.

Expected Term. For employee stock options the expected term is determined based on historical trends. The expected term of employee stock options that contain performance conditions represents the weighted-average period that the stock options are estimated to remain outstanding.

Volatility. The computation of the expected volatility assumption is based on the historical volatility of the Company's common stock.

Dividend Yield. The dividend yield assumption is based on the Company's history and current expectations of dividend payouts. The Company has never declared or paid any cash dividends on its common stock and does not anticipate paying any cash dividends in the foreseeable future, so the Company used an expected dividend yield of zero.

Determining the fair value of stock-based awards with performance and market conditions requires judgment. The Company's use of the Monte-Carlo simulation model requires the input of subjective assumptions, such as the expected term of the award, the expected volatility of the price of the Company's common stock, risk-free interest rates, the expected dividend yield of the Company's common stock, in addition for those awards containing market conditions, which also include expected volatilities of selected peer companies, and expected correlation coefficients of the Company and those of the selected peer companies. The assumptions used in the Company's valuation model represent management's best estimates. These estimates involve inherent uncertainties and the application of management's judgment. If factors change and different assumptions are used, the Company's stock-based compensation expense could be materially different in the future.

Income Taxes

Deferred income tax assets and liabilities are determined based upon the net tax effects of the differences between the Company's consolidated financial statement carrying amounts and the tax basis of assets and liabilities and are measured using the enacted tax rate expected to apply to taxable income in the years in which the differences are expected to be reversed.

A valuation allowance is used to reduce some or all of the deferred tax assets if, based upon the weight of available evidence, it is more likely than not that those deferred tax assets will not be realized. The Company maintains a partial valuation allowance to offset its domestic net deferred tax assets due to the uncertainty of realizing future income tax benefits from the net operating loss carryforwards and other deferred tax assets.

The Company recognizes the income tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The income tax benefits recognized in the consolidated financial statements from such positions are then measured based on the largest benefit that has a greater than 50% likelihood of being realized. The Company recognizes interest and penalties accrued related to its uncertain tax positions in its income tax provision (benefit) in the consolidated statements of operations.

Capital Stock

The Company has authorized capital stock of 500,000,000 shares of common stock and 10,000,000 shares of preferred stock. The Company has issued common stock, which is included in outstanding common stock on the Company's consolidated balance sheets. From time to time, the Company has repurchased shares of common stock, which has been recorded as treasury stock on the Company's consolidated balance sheets. All treasury stock has been subsequently retired. The Company has not issued any shares of its preferred stock subsequent to the Company's initial public offering ("IPO") and does not have any preferred stock outstanding.

The Company is required to reserve and keep available out of its authorized but unissued shares of common stock such number of shares sufficient to affect the conversion of all shares granted and available for grant under the Company's stock award plans. The number of shares of the Company's stock reserved for these purposes at December 31, 2024 was 40,333,967.

The board of directors is authorized to establish, from time to time, the number of shares to be included in each series of preferred stock, and to fix the designation, powers, privileges, preferences, and relative participating, optional or other rights, if any, of the shares of each series of preferred stock, and any of its qualifications, limitations or restrictions.

Net Income (Loss) Per Share Attributable to Common Stockholders

Basic net income (loss) per share of common stock is calculated by dividing the net income (loss) by the weighted-average number of shares of common stock outstanding. Diluted income per share considers adjustments to net income and the weighted-average number of shares of common stock outstanding for the effect of potentially dilutive securities during the period. Potentially dilutive securities consist of stock options, restricted stock units, performance stock units, potential shares issuable under the Company's Employee Stock Purchase Plan ("ESPP"), and potential shares issuable as part of the Convertible Senior Notes. Diluted income per share is computed utilizing the treasury method for options, restricted stock units, performance stock units, and potential ESPP shares. Diluted income per share for the Convertible Senior Notes is calculated under the if-converted method. Potential common share equivalents are excluded where their inclusion would be anti-dilutive. For periods in which the Company reports net loss, diluted net loss per share is the same as basic net loss per share because the effects of potentially dilutive securities would be anti-dilutive.

Comprehensive Income (Loss)

Comprehensive income (loss) encompasses all changes in equity other than those arising from transactions with stockholders, and consists of net income (loss), unrealized gains (losses) on investments and foreign currency translation adjustments.

Cash and Cash Equivalents

The Company invests excess cash primarily in money market funds, corporate debt securities, and highly liquid debt instruments of the U.S. government and its agencies. The Company classifies investments held in money market funds as cash equivalents because the money market funds have weighted-average maturities at the date of purchase of less than 90 days, are freely redeemable into cash and have a constant net asset value.

Restricted Cash

The Company classifies certain restricted cash balances within prepaid expenses and other current assets and other assets, non-current on the consolidated balance sheets based upon the term of the remaining restrictions.

Accounts Receivable Allowance for Doubtful Accounts

Accounts receivable are recorded at the invoiced amount, are unsecured, and do not bear interest. The allowance for doubtful accounts is based on the best estimate of the amount of probable credit losses in existing accounts receivable. The allowance for doubtful accounts is determined based on historical collection experience and the review in each period of the status of the then-outstanding accounts receivable, while taking into consideration current client information, subsequent collection history and other relevant data. The Company reviews the allowance for doubtful accounts on a quarterly basis. Account balances are charged off against the allowance when the Company believes it is probable the receivable will not be recovered.

Property and Equipment, Net

Property and equipment are recorded at historical cost, less accumulated depreciation and amortization. Depreciation is computed using the straight-line method based upon the estimated useful lives of the assets. The estimated useful lives of the Company's property and equipment are as follows:

	Years
Computer equipment and network hardware	3 to 5
Furniture, fixtures and office equipment	5 to 7
Leasehold improvements	Shorter of useful life or life of lease
Purchased software	3

Repair and maintenance costs are charged to expense as incurred, while renewals and improvements are capitalized. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is reflected in the Company's results of operations.

Internal Use Software Development Costs

The Company capitalizes certain internal use software development costs associated with creating and enhancing internally developed software related to the Company's technology infrastructure. These costs include personnel and related employee benefits expenses for employees who are directly associated with and who devote time to software projects, and external direct costs of materials and services consumed in developing or obtaining the software. Software development costs that do not meet the qualification for capitalization, as further discussed below, are expensed as incurred and recorded in technology and development expenses in the results of operations.

Software development activities generally consist of three stages, (i) the planning stage, (ii) the application and infrastructure development stage, and (iii) the post implementation stage. Costs incurred in the planning and post implementation stages of software development, including costs associated with the post-configuration training and repairs and maintenance of the developed technologies, are expensed as incurred. The Company capitalizes costs associated with software developed for internal use when the planning stage is completed, management has authorized further funding for the completion of the project, and it is probable that the project will be completed and perform as intended. Costs incurred in the application and infrastructure development stages, including significant enhancements and upgrades, are capitalized. Capitalization ends once a project is substantially complete and the software and technologies are ready for their intended purpose. Internal use software development costs are amortized using a straight-line method over the estimated useful life, which is generally three years, commencing when the software is ready for its intended use. The straight-line recognition method approximates the manner in which the expected benefit will be derived. On an ongoing basis, the Company assesses the remaining estimated useful lives of internal use software projects. If remaining useful lives are revised, the change is accounted for as a change in estimate.

The Company does not transfer ownership of its software, or lease its software, to third parties.

Intangible Assets

Intangible assets primarily consist of acquired developed technology, client relationships, and in-process research and development projects resulting from business combinations, which are recorded at acquisition-date fair value, less accumulated amortization. The Company determines the appropriate useful life of its intangible assets by performing an analysis of expected cash flows of the acquired assets. Intangible assets are amortized over their estimated useful lives using a straight-line method, which approximates the pattern in which the economic benefits are consumed.

The Company's intangible assets are being amortized over their estimated useful lives as follows:

	Years
Developed technology	5
In-process research and development	3 to 5
Customer relationships	0.5 to 4
Non-compete agreements	1 to 2
Other intangible assets	3 to 10

On an ongoing basis, the Company assesses the remaining estimated useful lives of intangible assets. If remaining useful lives are revised, the change is accounted for as a change in estimate.

Intangible assets are reviewed for impairment indicators at least annually and whenever events or changes in circumstances indicate that the carrying amount of the assets might not be recoverable. Conditions that would necessitate an impairment assessment include a significant decline in the observable market value of an asset, a significant change in the extent or manner in which an asset is used, or any other significant adverse change that would indicate that the carrying amount of an asset or group of assets may not be recoverable. For intangible assets used in operations, impairment losses are only recorded if the asset's carrying amount is not recoverable through its undiscounted, probability-weighted future cash flows at the asset group level that represents the lowest level of independent cash flows. The Company measures the impairment loss based on the difference between the carrying amount and estimated fair value.

Impairment of Long-Lived Assets including Internal Use Capitalized Software Costs

The Company assesses the recoverability of its long-lived assets when events or changes in circumstances indicate their carrying value may not be recoverable. Such events or changes in circumstances may include: a significant adverse change in the extent or manner in which a long-lived asset is being used, significant adverse change in legal factors or in the business climate that could affect the value of a long-lived asset, an accumulation of costs significantly in excess of the amount originally expected for the acquisition or development of a long-lived asset, current or future operating or cash flow losses that demonstrate continuing losses associated with the use of a long-lived asset, or a current expectation that, more likely than not, a long-lived asset will be sold or otherwise disposed of significantly before the end of its previously estimated useful life. The Company performs impairment testing at the asset group level that represents the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities. The Company assesses recoverability of a long-lived asset by determining whether the carrying value of the asset group can be recovered through projected undiscounted cash flows over their remaining lives. If the carrying value of the asset group exceeds the forecasted undiscounted cash flows, an impairment loss is recognized, measured as the amount by which the carrying amount exceeds estimated fair value. An impairment loss is charged to operations in the period in which management determines such impairment.

Business Combinations

The results of businesses acquired in a business combination are included in the Company's consolidated financial statements from the date of acquisition. The Company allocates the purchase price of a business combination, which is the sum of the consideration provided, which may consist of cash, equity or a combination of the two, to the identifiable assets and liabilities of the acquired business at their acquisition date fair values. The excess of the purchase price over the amount allocated to the identifiable assets and liabilities, if any, is recorded as goodwill. Determining the fair value of assets acquired and liabilities assumed requires management to use significant judgment and estimates including the selection of valuation methodologies, estimates of future revenues and cash flows, discount rates and selection of comparable companies.

When the Company issues stock-based or cash awards to an acquired company's stockholders, the Company evaluates whether the awards are contingent consideration or compensation for post-business combination services. The evaluation includes, among other things, whether the vesting of the awards is contingent on the continued employment of the selling stockholder beyond the acquisition date. If continued employment is required for vesting, the awards are treated as compensation for post-acquisition services and recognized as expense over the requisite service period.

The Company estimates the fair value of intangible assets acquired generally using a discounted cash flow approach, which includes an analysis of the future cash flows expected to be generated by the asset and the risk associated with achieving these cash flows. The key assumptions used in the discounted cash flow model include the discount rate that is applied to the forecasted future cash flows to calculate the present value of those cash flows and the estimate of future cash flows attributable to the acquired intangible asset, which include revenue, expenses and taxes. The carrying value of acquired working capital assets and liabilities approximates its fair value, given the short-term nature of these assets and liabilities.

Acquisition-related transaction costs are not included as a component of consideration transferred, but are accounted for as an expense in the period in which the costs are incurred.

Goodwill

Goodwill represents the excess of the aggregate fair value of the consideration transferred in a business combination over the fair value of the assets acquired, net of liabilities assumed. Goodwill is not amortized, but is subject to impairment testing conducted annually during the fourth quarter or more frequently if events or changes in circumstances indicate that goodwill may be impaired.

In accordance with guidance related to impairment testing, the Company has the option to first assess qualitative factors to determine whether or not it is necessary to perform the quantitative goodwill impairment test. If the qualitative assessment option is not elected, or if the qualitative assessment indicates that it is more likely than not that the fair value is less than its carrying amount, a quantitative analysis is then performed. The quantitative analysis, if performed, compares the estimated fair value of the Company with its respective carrying amount, including goodwill. If the estimated fair value of the Company exceeds its carrying amount, including goodwill, goodwill is considered not to be impaired and no additional steps are necessary. If the fair value is less than the carrying amount, including goodwill, then an impairment adjustment must be recorded up to the carrying amount of goodwill.

The Company operates as a single operating segment and has identified a single reporting unit.

Operating Leases

The Company determines if an arrangement is a lease at inception. A contract is or contains a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company's classes of assets that are leased include office facilities, data centers, and equipment. The Company has elected not to recognize short-term leases on the balance sheet, nor separate lease and non-lease components for data center leases. In addition, the Company utilized the portfolio approach to group leases with similar characteristics together.

For identified leases, the Company used its incremental borrowing rate to discount the related future payment obligations, which represents the rate of interest the Company would have to pay to borrow on a collateralized basis over a similar term an amount equal to the lease payments in a similar economic environment.

The Company records rent expense for operating leases, including leases of office facilities, data centers, and equipment, on a straight-line basis over the lease term. The straight-line calculation of rent expense includes rent escalations on certain leases, as well as lease incentives provided by the landlords, including payments for leasehold improvements and rent-free periods. The Company begins recognition of rent expense on the commencement date, which is generally the date that the asset is made available for use. The Company also records variable lease expense primarily related to operating expenses, utilities, or other costs that are subject to fluctuation. Lease liability, which represents the present value of the Company's obligation related to the estimated future lease payments, is included in lease liabilities, current and lease liabilities, non-current within the consolidated balance sheets. These liability balances are reduced as lease related payments are made. For operating leases, the right-of-use ("ROU") assets are amortized on a periodic basis over the expected term of the lease (see Note 15).

Fair Value of Financial Instruments

The carrying amounts of the Company's cash equivalents, accounts receivable, accounts payable, accrued expenses, and seller payables approximate fair value due to the short-term nature of these instruments. Certain assets of the Company are recorded at their fair value, using the fair value hierarchy, on a recurring basis, and other assets and liabilities, including goodwill and intangible assets are subject to measurement at fair value on a non-recurring basis if they are deemed to be impaired as a result of an impairment review (see Note 5).

Concentration of Risk

Financial instruments that potentially subject the Company to concentration of credit risk consist principally of cash, cash equivalents, restricted cash and accounts receivable. Cash maintained with financial institutions typically exceeds applicable federally insured limits in the U.S. and may not be covered by similar local depositor insurance schemes for cash held in foreign currencies or in bank accounts outside of the U.S. Cash equivalents, primarily money market fund investments, are not insured by federal insurance schemes and are exposed to other potential risks linked to high concentration among major custodial banks.

Accounts receivable include amounts due from buyers with principal operations primarily in the United States. The Company performs ongoing credit evaluations of its buyers.

At December 31, 2024, two buyers accounted for 46% and 11%, respectively, of consolidated accounts receivable, net. At December 31, 2023, two buyers accounted for 48% and 11%, respectively, of accounts receivable, net.

The Company recognizes revenue from its contracts with sellers. No seller of advertising inventory accounted for 10% or more of revenue during the years ended December 31, 2024, 2023, and 2022.

At December 31, 2024, one seller of advertising inventory accounted for 28% of accounts payable and accrued expenses and at December 31, 2023, one seller of advertising inventory accounted for 29% of accounts payable and accrued expenses.

Foreign Currency Transactions and Translation

Transactions in foreign currencies are translated into the functional currency of the applicable entity at the rates of exchange in effect at the date of the transaction. Foreign exchange gains or losses are included in foreign exchange (gain) loss, net in the accompanying consolidated statements of operations. To the extent that the functional currency is different from the U.S. Dollar, the financial statements have then been translated into U.S. Dollars using period-end exchange rates for assets and liabilities and average exchange rates for the results of operations. Foreign currency translation gains and losses are included as a component of accumulated other comprehensive income (loss) on the consolidated balance sheets.

Recently Adopted Accounting Standards

In November 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2023-07, Segment Reporting (Topic 280) – Improvements to Reportable Segment Disclosures ("ASU 2023-07"). ASU 2023-07 expands public entities' segment disclosures by requiring disclosure of significant segment expenses that are regularly provided to the chief operating decision maker and included within each reported measure of segment profit or loss, an amount and description of its composition for other segment items, and interim disclosures of a reportable segment's profit or loss and assets. ASU 2023-07 was effective for annual periods beginning after December 15, 2023 and for interim periods beginning after December 15, 2024. The Company adopted this standard during the year ended December 31, 2024. See section *Segments* within this footnote for further detail.

Recent Accounting Pronouncements Not Yet Adopted

In December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740) – *Improvements to Income Tax Disclosures* ("ASU 2023-09") to enhance income tax information primarily through changes in the rate reconciliation and income taxes paid information. ASU 2023-09 is effective for annual periods beginning after December 15, 2024 on a prospective basis. Early adoption and retrospective application are permitted. The Company will adopt the guidance for the annual period beginning January 1, 2025. The Company expects the impact of adoption of this guidance to be limited to footnote disclosure and to result in additional disaggregation of information disclosed in the rate reconciliation and with respect to income taxes paid.

In November 2024, the FASB issued ASU 2024-03, Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220-40) - *Disaggregation of Income Statement Expenses* ("ASU 2024-03"). ASU 2024-03 requires additional disclosures of the nature of expenses included in the income statement and presented in the footnotes. ASU 2024-03 is effective for annual periods beginning after December 15, 2026 and for interim periods beginning after December 15, 2027 on a prospective basis. Early adoption and retrospective application are permitted. The Company is currently evaluating the impact of adopting this new accounting guidance on its disclosures.

The Company does not believe there are any other recently issued and effective or not yet effective pronouncements that would have or are expected to have a material impact on the Company's present or future consolidated financial statements.

Note 3—Net Income (Loss) Per Share

The following table presents the basic and diluted net income (loss) per share:

	Year Ended		
	December 31, 2024	December 31, 2023	December 31, 2022
	(in thousands, except per share amounts)		
Basic and Diluted Net Income (Loss) Per Share:			
Net income (loss)	\$ 22,786	\$ (159,184)	\$ (130,323)
Weighted-average common shares outstanding used to compute basic net income (loss) per share	140,557	136,620	132,887
Basic net income (loss) per share	<u>\$ 0.16</u>	<u>\$ (1.17)</u>	<u>\$ (0.98)</u>
Diluted Income (Loss) Per Share:			
Net income (loss) used to calculate diluted income (loss) per share	<u>\$ 22,786</u>	<u>\$ (159,184)</u>	<u>\$ (130,323)</u>
Denominator:			
Weighted-average common shares used to compute basic net income (loss) per share	140,557	136,620	132,887
Dilutive effect of weighted-average restricted stock units	3,731	—	—
Dilutive effect of weighted-average common stock options	1,811	—	—
Dilutive effect of weighted-average performance stock units	669	—	—
Dilutive effect of weighted-average ESPP shares	42	—	—
Weighted-average shares used to compute diluted net income (loss) per share	<u>146,810</u>	<u>136,620</u>	<u>132,887</u>
Diluted net income (loss) per share	<u>\$ 0.16</u>	<u>\$ (1.17)</u>	<u>\$ (0.98)</u>

The following weighted-average shares have been excluded from the calculation of diluted net income (loss) per share attributable to common stockholders for each period presented because they were anti-dilutive:

	Year Ended		
	December 31, 2024	December 31, 2023	December 31, 2022
	(in thousands)		
Unvested restricted stock units	—	1,608	1,506
Options to purchase common stock	—	1,566	1,864
Unvested performance stock units	—	84	124
ESPP shares	—	31	18
Convertible Senior Notes	<u>3,210</u>	<u>4,981</u>	<u>6,262</u>
Total shares excluded from diluted net income (loss) per share	<u>3,210</u>	<u>8,270</u>	<u>9,774</u>

As of December 31, 2024, the performance stock units granted during 2021, 2022, 2023, and 2024 had expected achievement levels of 0%, 121%, 137%, and 150%, respectively. As of December 31, 2023, the performance stock units granted during 2021, 2022, and 2023 had expected achievement levels of 0%, 58%, and 46%, respectively. As of December 31, 2022, the performance stock units granted during 2020, 2021, and 2022 had expected achievement levels of 116%, 0%, and 81%, respectively. These expected achievement levels are included in the calculation of weighted-average shares in the tables above. Refer to Note 12 —"Stock-Based Compensation" for additional information related to performance stock units.

For the years ended December 31, 2024, 2023, and 2022, the number of shares that would be issuable assuming conversion of all of the Convertible Senior Notes (as defined in Note 17) was approximately 3,210,098, 3,210,098, and 6,261,560, respectively, and were excluded from the calculation of diluted loss per share because they were anti-dilutive. The Convertible Senior Notes have an initial conversion rate of 15.6539 shares of common stock per \$1,000 principal amount of the Convertible Senior Notes, which will be subject to anti-dilution adjustments in certain circumstances.

Note 4—Revenues

For the majority of transactions on the Company's platform, the Company reports revenue on a net basis as it does not act as the principal in the purchase and sale of digital advertising inventory because it does not have control of the digital advertising inventory and does not set prices agreed upon within the auction marketplace. For certain advertising campaigns that are transacted through insertion orders, the Company reports revenue on a gross basis, based primarily on its determination that the Company acts as the primary obligor in the delivery of advertising campaigns for buyers with respect to such transactions.

The following table presents the Company's revenue recognized on a net basis and on a gross basis for the years ended December 31, 2024, 2023, and 2022:

	Year Ended								
	December 31, 2024		December 31, 2023		December 31, 2022				
	(in thousands, except percentages)								
Revenue:									
Net basis	\$	572,003	86 %	\$	508,478	82 %	\$	475,633	82 %
Gross basis		96,167	14		111,232	18		101,436	18
Total	\$	668,170	100 %	\$	619,710	100 %	\$	577,069	100 %

The following table presents the Company's revenue by channel for the years ended December 31, 2024, 2023, 2022:

	Year Ended								
	December 31, 2024		December 31, 2023		December 31, 2022				
	(in thousands, except percentages)								
Channel:									
CTV	\$	317,413	48 %	\$	282,126	46 %	\$	268,572	47 %
Mobile		244,643	36		232,495	37		192,803	33
Desktop		106,114	16		105,089	17		115,694	20
Total	\$	668,170	100 %	\$	619,710	100 %	\$	577,069	100 %

The following table presents the Company's revenue disaggregated by geographic location, based on the location of the Company's sellers for the years ended December 31, 2024, 2023, 2022:

	Year Ended								
	December 31, 2024		December 31, 2023		December 31, 2022				
	(in thousands, except percentages)								
United States	\$	498,440	75 %	\$	462,167	75 %	\$	447,634	78 %
International		169,730	25 %		157,543	25 %		129,435	22 %
Total	\$	668,170	100 %	\$	619,710	100 %	\$	577,069	100 %

Payment terms are specified in agreements between the Company and the buyers and sellers on its platform. The Company generally bills buyers at the end of each month for the full purchase price of impressions filled in that month. The Company recognizes volume discounts as a reduction of revenue as they are incurred. Specific payment terms may vary by agreement, but are generally seventy-five days or less. The Company's accounts receivable are recorded at the amount of gross billings to buyers, net of allowances for the amounts the Company is responsible to collect. The Company's accounts payable related to amounts due to sellers are recorded at the net amount payable to sellers (see Note 10). Accordingly, both accounts receivable and accounts payable appear large in relation to revenue reported on a net basis.

Accounts receivable are recorded at the invoiced amount, are unsecured, and do not bear interest. The allowance for doubtful accounts is reviewed quarterly, requires judgment, and is based on the best estimate of the amount of probable credit losses in existing accounts receivable. The Company reviews the status of the then-outstanding accounts receivable on a customer-by-customer basis, taking into consideration the aging schedule of receivables, its historical collection experience, current information regarding the client, subsequent collection history, and other relevant data, in establishing the allowance for doubtful accounts. Accounts receivable are presented net of an allowance for doubtful accounts of \$2.9 million at December 31, 2024, and \$20.4 million at December 31, 2023. Accounts receivable are written off against the allowance for doubtful accounts when the Company determines amounts are no longer collectible.

The Company reviews the associated payable to sellers for recovery of buyer receivable allowance and write-offs; in some cases, the Company can reduce the payable to sellers. The reduction of seller payables related to recovery of uncollected buyer receivables is netted against allowance expense. The contra seller payables related to recoveries were \$1.9 million and \$1.1 million as of December 31, 2024 and December 31, 2023, respectively.

The following is a summary of activity in the allowance for doubtful accounts for the years ended December 31, 2024, 2023, and 2022, respectively:

	Year Ended		
	December 31, 2024	December 31, 2023	December 31, 2022
	(in thousands)		
Allowance for doubtful accounts, beginning balance	\$ 20,363	\$ 1,092	\$ 3,475
Write-offs	(18,954)	(856)	(751)
Increase (decrease) in provision for expected credit losses	1,428	20,115	(1,719)
Recoveries of previous write-offs	65	12	87
Allowance for doubtful accounts, December 31	<u>\$ 2,902</u>	<u>\$ 20,363</u>	<u>\$ 1,092</u>

During the year ended December 31, 2024, the Company wrote off \$19.0 million of allowance for doubtful accounts, of which \$18.5 million was attributable to the outstanding accounts receivable from a buyer that filed for bankruptcy during 2023.

The change in provision for expected credit losses associated with accounts receivable and the offsetting impact of the change to contra seller payables related to recoveries of uncollected buyer receivables result in the amount of bad debt expense or recoveries the Company recognizes each year. During the year ended December 31, 2024, the increase in the provision for expected credit losses associated with accounts receivable of \$1.4 million was partially offset by increases of contra seller payables related to recoveries of uncollected buyer receivables, which resulted in an immaterial amount of bad debt expense. During the year ended December 31, 2023, the increase in the provision for expected credit losses associated with accounts receivable of \$20.1 million was offset by increases of contra seller payables related to recoveries of uncollected buyer receivables of \$15.4 million, which resulted in \$4.7 million of bad debt expense. The increase in the provision for expected credit losses was primarily attributed to one buyer filing for bankruptcy, resulting in \$4.2 million of bad debt expense during the year ended December 31, 2023. During the year ended December 31, 2022, the decrease in the provision for expected credit losses associated with accounts receivable of \$1.7 million was offset by decreases of contra seller payables related to recoveries of uncollected buyer receivables of \$1.6 million, which resulted in an immaterial amount of bad debt recoveries.

Note 5—Fair Value Measurements

Recurring Fair Value Measurements

Fair value represents the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs. Observable inputs are based on market data obtained from independent sources. The fair value hierarchy is based on the following three levels of inputs, of which the first two are considered observable and the last one is considered unobservable:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 – Unobservable inputs.

The table below sets forth a summary of financial instruments that are measured at fair value on a recurring basis at December 31, 2024:

	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	(in thousands)			
Cash equivalents	\$ 436,731	\$ 436,731	\$ —	\$ —

The table below sets forth a summary of financial instruments that are measured at fair value on a recurring basis at December 31, 2023:

	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	(in thousands)			
Cash equivalents	\$ 281,162	\$ 281,162	\$ —	\$ —

At December 31, 2024 and 2023, cash equivalents of \$436.7 million and \$281.2 million, respectively, consisted of money market funds, with original maturities of three months or less. The carrying amounts of cash equivalents are classified as Level 1 or Level 2 depending on whether or not their fair values are based on quoted market prices for identical securities that are traded in an active market.

At December 31, 2024, the Company had debt outstanding under its Convertible Senior Notes and loans under its 2024 Term Loan B Facility (as defined in Note 17) and at December 31, 2023, had debt outstanding under its Convertible Senior Notes and loans under its 2021 Term Loan B Facility (as defined in Note 17) included in its balance sheets. The estimated fair value of the Company's Convertible Senior Notes was \$190.2 million and \$174.3 million, as of December 31, 2024 and 2023, respectively. The estimated fair value of Convertible Senior Notes is based on market rates and the closing trading price of the Convertible Senior Notes as of December 31, 2024 and 2023 and is classified as Level 2 in the fair value hierarchy. At December 31, 2024 and 2023, the estimated fair value of the Company's 2024 Term Loan B Facility and of the Company's 2021 Term Loan B Facility was \$368.2 million and \$352.3 million, respectively. The estimated fair value is based on borrowing rates currently available to the Company for financing with similar terms and is classified as Level 2 in the fair value hierarchy.

There were no transfers between Level 1 and Level 2 fair value measurements during the years ended December 31, 2024 and 2023.

Note 6—Property and Equipment

Major classes of property and equipment were as follows:

	December 31, 2024	December 31, 2023
	(in thousands)	
Computer equipment and network hardware	\$ 184,155	\$ 154,821
Furniture, fixtures and office equipment	3,486	4,031
Leasehold improvements	2,576	3,893
Purchased software	1,123	1,124
Gross property and equipment	191,340	163,869
Accumulated depreciation	(122,610)	(116,498)
Net property and equipment	\$ 68,730	\$ 47,371

Depreciation expense related to property and equipment totaled \$16.4 million, \$24.0 million, and \$19.0 million for the years ended December 31, 2024, 2023, and 2022, respectively. See Note 2 for information related to the change in estimated useful lives of network hardware assets.

The Company's property and equipment, net by geographical region was as follows:

	December 31, 2024	December 31, 2023
	(in thousands)	
United States	\$ 51,708	\$ 32,161
International	17,022	15,210
Total	<u>\$ 68,730</u>	<u>\$ 47,371</u>

Note 7—Internal Use Software Development Costs

Internal use software development costs were as follows:

	December 31, 2024	December 31, 2023
	(in thousands)	
Internal use software development costs, gross	97,571	\$ 82,932
Accumulated amortization	(70,946)	(61,006)
Internal use software development costs, net	<u>\$ 26,625</u>	<u>\$ 21,926</u>

During the years ended December 31, 2024, 2023, and 2022, the Company capitalized \$16.7 million, \$12.6 million, and \$16.2 million, respectively, of internal use software development costs. Amortization expense was \$12.0 million, \$14.3 million, and \$12.6 million for the years ended December 31, 2024, 2023, and 2022, respectively.

Based on the Company's internal use software development costs at December 31, 2024, excluding projects that are not ready for their intended use with a value of \$7.3 million, estimated amortization expense of \$10.8 million, \$6.4 million, and \$2.1 million is expected to be recognized in 2025, 2026, and 2027, respectively.

Note 8—Goodwill and Intangible Assets

The Company's goodwill balance as of December 31, 2024 and December 31, 2023 was \$978.2 million. The Company's qualitative assessment for impairment in the fourth quarter of 2024 did not indicate that it is more likely than not that the fair value of its goodwill is less than the aggregate carrying amount.

The Company's intangible assets as of December 31, 2024 and 2023 included the following:

	December 31, 2024	December 31, 2023
	(in thousands)	
Amortizable intangible assets:		
Developed technology	\$ 109,736	\$ 109,736
Customer relationships	37,300	37,300
In-process research and development	8,830	8,830
Other intangible assets	1,332	900
Non-compete agreements	—	200
Total identifiable intangible assets, gross	<u>157,198</u>	<u>156,966</u>
Accumulated amortization—intangible assets:		
Developed technology	(93,941)	(75,321)
Customer relationships	(34,192)	(24,867)
In-process research and development	(6,856)	(4,832)
Other intangible assets	(900)	(750)
Non-compete agreements	—	(185)
Total accumulated amortization—intangible assets	<u>(135,889)</u>	<u>(105,955)</u>
Total identifiable intangible assets, net	<u>\$ 21,309</u>	<u>\$ 51,011</u>

Amortization of intangible assets for the years ended December 31, 2024, 2023, and 2022 was \$30.1 million, \$202.5 million, and \$184.4 million, respectively. During the year ended December 31, 2022, the Company abandoned certain in-process research and development projects and technology intangible assets. The abandonment resulted in \$3.3 million of impairment costs, which was included in merger, acquisition, and restructuring costs in the consolidated statements of operations.

The estimated remaining amortization expense associated with the Company's intangible assets was as follows as of December 31, 2024:

Fiscal Year	Amount
	(in thousands)
2025	\$ 14,488
2026	6,045
2027	474
2028	43
2029	43
Thereafter	216
Total	<u>\$ 21,309</u>

Note 9—Business Combinations

2022 Acquisition—Carbon

The Company completed the acquisition of the business of Carbon (AI) Limited ("Carbon" and such acquisition the "Carbon Acquisition"), a platform that enables publishers to measure, manage, and monetize audience segments, in February 2022 for a total purchase price of \$23.1 million in cash. Approximately \$2.3 million of the purchase price was held back to cover possible indemnification claims, which was subsequently paid out in February 2023. The Company acquired Carbon as part of its strategy to further invest in the development and enhancement of industry leading identity and audience solutions. The allocation of purchase consideration resulted in an estimated \$14.2 million of developed technology intangible assets with an estimated useful life of five years, \$0.2 million non-compete intangible assets with an estimated useful life of two years, \$0.2 million of customer relationships with an estimated useful life of six months, and goodwill of \$8.5 million, which is attributable to the workforce of Carbon and

revenue growth from the acquisition. For tax purposes, the Carbon Acquisition was treated as an asset acquisition. The acquisition of identified intangibles results in tax deductible amortization pursuant to IRC Section 197.

Acquisition related costs associated with the Carbon Acquisition included in merger, acquisition, and restructuring costs in the Company's consolidated statements of operations during the year ended December 31, 2022 were immaterial. In addition, Carbon's post-acquisition revenue and operating results on a standalone basis were immaterial.

Note 10—Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses included the following:

	December 31, 2024	December 31, 2023
	(in thousands)	
Accounts payable—seller	\$ 1,417,780	\$ 1,333,242
Accounts payable—trade	30,899	23,844
Accrued employee-related payables	17,698	15,090
Total	<u>\$ 1,466,377</u>	<u>\$ 1,372,176</u>

Note 11—Accumulated Other Comprehensive Loss

The components of accumulated other comprehensive loss, which relate to foreign currency translation, were as follows (in thousands):

	Accumulated Other Comprehensive Loss
Balance at December 31, 2021	\$ (1,376)
Other comprehensive loss	(1,775)
Balance at December 31, 2022	(3,151)
Other comprehensive income	1,075
Balance at December 31, 2023	(2,076)
Other comprehensive loss	(2,345)
Balance at December 31, 2024	<u>\$ (4,421)</u>

Note 12—Stock-Based Compensation

In connection with its IPO, the Company implemented its 2014 Equity Incentive Plan, which governs equity awards made to employees and directors of the Company since the IPO. In November 2014, the Company approved the 2014 Inducement Grant Equity Incentive Plan (the "Inducement Plan"), which governs certain equity awards made to certain employees in connection with commencement of employment. In connection with the Company's acquisition of nToggle, Inc. ("nToggle"), it assumed the nToggle 2014 Equity Incentive Plan (the "nToggle Plan"), and in connection with the merger with Telaria, Inc. ("Telaria"), the Company assumed Telaria's 2013 Equity Incentive Plan, as amended (the "Telaria Plan"). Available shares under the nToggle Plan and the Telaria Plan were rolled into the available share pool under the 2014 Equity Incentive Plan at the time of acquisition of and merger with, respectively, each company. On June 14, 2023, the Company's stockholders approved the Magnite, Inc. Amended and Restated 2014 Equity Incentive Plan (the "Amended and Restated 2014 Equity Incentive Plan"), which, among other things, increased the aggregate maximum number of shares of common stock that may be issued under the plan, removed the prior evergreen provision, and extended the plan through April 2033. All compensatory equity awards outstanding at December 31, 2024 were issued pursuant to the Amended and Restated 2014 Equity Incentive Plan, the 2014 Equity Incentive Plan, the nToggle Plan, the Telaria Plan, or the Inducement Plan.

The Company's equity incentive plans provide for the grant of equity awards, including non-statutory or incentive stock options, restricted stock awards ("RSAs"), restricted stock units that vest based on continuous service ("RSUs"), and restricted stock units that include performance criteria ("performance stock units" or "PSUs"), to the Company's employees, officers, directors, and consultants. The Company's board of directors administers the plans. Options vest based upon continued service at varying rates, but generally over four years from issuance with 25% vesting after one year of service and the remainder vesting monthly thereafter. RSAs and RSUs vest at varying rates, typically approximately 25% vesting after approximately one year of service and the remainder vesting annually, semi-annually, or quarterly thereafter. In addition, each Director of the Company's Board of Directors

receives an annual grant which vests at the earlier of the one year anniversary of the grant date and the following annual shareholder meeting in addition to an initial equity awards in the first year of their election into the Board of Directors. Options, RSAs, RSUs, and PSUs granted under the plans accelerate under certain circumstances for certain participants upon a change in control, as defined in the governing plan. As of December 31, 2024, an aggregate of 18,669,345 shares remained available for future grants, assuming target number of PSUs, under the Amended and Restated 2014 Equity Incentive Plan.

Stock Options

A summary of stock option activity for the year ended December 31, 2024 is as follows:

	Shares Under Option (in thousands)	Weighted- Average Exercise Price	Weighted- Average Contractual Life	Aggregate Intrinsic Value (in thousands)
Outstanding at December 31, 2023	4,262	\$ 8.65		
Granted	130	\$ 9.20		
Exercised	(109)	\$ 5.24		
Expired	(123)	\$ 15.05		
Outstanding at December 31, 2024	<u>4,160</u>	\$ 8.57	4.6 years	\$ 35,807
Exercisable at December 31, 2024	<u>3,760</u>	\$ 8.09	4.3 years	\$ 34,203

The total intrinsic value of options exercised during the years ended December 31, 2024, 2023, and 2022 was \$1.0 million, \$2.2 million, and \$5.1 million, respectively, based on their respective exercise dates. At December 31, 2024, the Company had unrecognized stock-based compensation expense relating to unvested stock options of approximately \$3.0 million, which is expected to be recognized over a weighted-average period of 1.8 years.

The Company estimates the fair value of stock options that contain service conditions using the Black-Scholes option pricing model. The grant date fair value of options granted during the years ended December 31, 2024, 2023, and 2022 was \$6.34, \$7.27, and \$8.93, respectively, per share. The weighted-average input assumptions used by the Company were as follows:

	Year Ended		
	December 31, 2024	December 31, 2023	December 31, 2022
Expected term (in years)	5.0	5.0	5.0
Risk-free interest rate	3.93 %	3.99 %	1.63 %
Expected volatility	84 %	84 %	79 %
Dividend yield	— %	— %	— %

Restricted Stock Units

A summary of restricted stock unit activity for the year ended December 31, 2024 is as follows:

	Number of Shares (in thousands)	Weighted-Average Grant Date Fair Value
Restricted stock units outstanding at December 31, 2023	11,450	\$ 12.63
Granted	7,193	\$ 9.43
Canceled	(1,401)	\$ 10.91
Vested and released	<u>(5,433)</u>	\$ 13.04
Restricted stock units outstanding at December 31, 2024	<u>11,809</u>	\$ 10.69

The weighted-average grant date fair value per share of restricted stock units granted during the years ended December 31, 2024, 2023, and 2022 was \$9.43, \$10.67, and \$12.69, respectively.

The fair value of restricted stock units that vested and were released during the years ended December 31, 2024, 2023, and 2022 was \$61.9 million, \$50.7 million, and \$37.0 million, respectively, based on their respective vesting dates. At December 31, 2024, the intrinsic value of unvested restricted stock units was \$188.0 million. At December 31, 2024, the Company had unrecognized stock-based compensation expense relating to unvested restricted stock units of approximately \$105.3 million, which is expected to be recognized over a weighted-average period of 2.5 years.

Performance Stock Units

The Company granted 379,635 PSUs to the Company's CEO in August 2021, (the "August 2021 PSUs"), which are subject to both time-based and performance-based vesting conditions. The PSUs consist of three equal tranches (each, a "Performance Tranche"), based on achievement of a share price condition if the Company achieves share price targets of \$60.00, \$80.00, and \$100.00, respectively, over 60 consecutive trading days during a performance period commencing on August 26, 2022 and ending on August 26, 2026. The grant date fair value for such PSUs was estimated using a Monte-Carlo simulation model that incorporates option-pricing inputs covering the period from the grant date through the end of the performance period. To the extent any of the performance-based requirements are met, the Company's CEO must also provide continued service to the Company through at least August 26, 2024 to receive any shares of common stock underlying the grant and through August 26, 2026 to receive all of the shares of common stock underlying the performance units that have satisfied the applicable performance-based requirement.

In 2022 and 2023, the Company granted PSUs to select executive employees that vest based on share price metrics tied to total shareholder return ("TSR") relative to a peer group over a three-year period, assuming a performance measurement of 100%. These PSUs are also subject to a time-based service component. The grant date fair value for such PSUs was estimated using a Monte-Carlo simulation model that incorporates option-pricing inputs covering the period from the grant date through the end of the performance period. Between 0% and 150% of the performance stock units will vest at the end of the performance period, which is generally on the third anniversary of the PSU grant date.

In 2024, the Company additionally granted PSUs with an aggregate target of 486,431 shares, assuming a performance measurement of 100%. The amount of shares that will ultimately vest will be determined based on the Company's TSR relative to the TSRs of a peer group for the three-year period beginning January 1, 2024, as well as certain interim measurements based on relative TSR for the one-year and two-year periods beginning on January 1, 2024. At December 31, 2024, the first one-year interim performance measurement was 150%, subject to the remaining vesting criteria.

Stock-based compensation expense for PSUs is based on the grant date fair value and the number of shares assuming a performance measurement of 100%. The compensation expense will not be reversed if the performance metrics are not met.

A summary of PSU activity for the year ended December 31, 2024 is as follows:

	Number of Shares (in thousands)	Weighted-Average Grant Date Fair Value
Outstanding at December 31, 2023	967	\$ 18.17
Granted	486	\$ 11.76
Forfeited	(26)	\$ 52.49
Outstanding at December 31, 2024	1,427	\$ 15.35

The grant date fair value for the PSUs was estimated using a Monte-Carlo simulation model. The grant date fair value of PSUs granted during the years ended December 31, 2024, 2023, and 2022 was \$11.76, \$13.32, and \$17.28, respectively, per share. The weighted-average input assumptions used by the Company were as follows:

	Year Ended		
	December 31, 2024	December 31, 2023	December 31, 2022
Performance period (in years)	3.0	3.0	3.0
Risk-free interest rate	4.05 %	4.19 %	1.39 %
Expected volatility of Magnite	87 %	94 %	84 %
Expected volatility of selected peer companies	55 %	64 %	63 %
Expected correlation coefficients of Magnite	0.59	0.62	0.56
Expected correlation coefficients of selected peer companies	0.47	0.54	0.52
Dividend yield	— %	— %	— %

No PSUs vested during the years ended December 31, 2024 and 2022. The fair value of PSUs that vested and were released during the year ended December 31, 2023 was \$1.2 million, based on their respective vesting dates. At December 31, 2024, the intrinsic value of unvested performance stock units based on expected achievement levels was \$23.6 million. As of December 31, 2024, the Company had unrecognized stock-based compensation expense relating to unvested PSUs of approximately \$7.3 million,

which will be recognized over a weighted-average period of 1.5 years.

Employee Stock Purchase Plan

In November 2013, the Company adopted the Company's 2014 Employee Stock Purchase Plan ("ESPP"). The ESPP is designed to enable eligible employees to periodically purchase shares of the Company's common stock at a discount through payroll deductions of up to 10% of their eligible compensation, subject to any plan limitations. At the end of each six-month offering period, employees are able to purchase shares at a price per share equal to 85% of the lower of the fair market value of the Company's common stock on the first trading day of the offering period or on the last trading day of the offering period. Offering periods generally commence and end in May and November of each year.

On June 14, 2023, the Company's stockholders approved the Magnite, Inc. Amended and Restated 2014 Employee Stock Purchase Plan (the "Amended and Restated 2014 Employee Stock Purchase Plan"), which, among other things, removed the evergreen provision and extended the plan through June 2033. As of December 31, 2024, the Company has reserved 4,267,918 shares of its common stock for issuance under the Company's Amended and Restated 2014 Employee Stock Purchase Plan.

Stock-Based Compensation Expense

Total stock-based compensation expense recorded in the consolidated statements of operations was as follows:

	Year Ended		
	December 31, 2024	December 31, 2023	December 31, 2022
	(in thousands)		
Cost of revenue	\$ 1,924	\$ 1,809	\$ 1,666
Sales and marketing	31,436	27,263	21,558
Technology and development	18,210	20,542	19,961
General and administrative	24,949	22,860	18,929
Merger, acquisition, and restructuring costs	—	143	2,004
Total stock-based compensation expense	<u>\$ 76,519</u>	<u>\$ 72,617</u>	<u>\$ 64,118</u>

For the year ended December 31, 2024, the Company recognized \$1.1 million of income tax benefit on stock-based compensation expense related to 2024, which was reflected in the provision (benefit) for income taxes in the consolidated statements of operations. For the year ended December 31, 2024, income tax benefit realized related to awards vested or exercised during 2024 was \$14.5 million. For the year ended December 31, 2023, the Company recognized \$5.5 million of income tax expense on stock-based compensation expense related to 2023, which was reflected in the provision (benefit) for income taxes in the consolidated statements of operations. For the year ended December 31, 2023, income tax benefit realized related to awards vested or exercised during 2023 was \$12.5 million. For the year ended December 31, 2022, the Company recognized \$6.4 million of income tax expense on stock-based compensation expense related to 2022, which was reflected in the provision (benefit) for income taxes in the consolidated statements of operations. For the year ended December 31, 2022, income tax benefit realized related to awards vested or exercised during 2022 was \$9.6 million.

Note 13—Merger, Acquisition, and Restructuring Costs

Merger, acquisition, and restructuring costs consist primarily of professional services fees and employee termination costs, including stock-based compensation charges, associated with historical acquisitions and restructuring activities. During the year ended December 31, 2024, the Company did not incur any merger, acquisition, and restructuring costs. During the year ended December 31, 2023, these activities included the Company's reduction of its global workforce primarily associated with the elimination of duplicative roles and other costs associated with the consolidation of its legacy CTV and SpotX CTV platforms following the SpotX, Inc. ("SpotX") acquisition, including loss contracts for office facilities the Company does not plan to continue to occupy and impairment charges related to certain assets it no longer plans to utilize. During the year ended December 31, 2022, these activities consisted primarily of professional services fees and employee termination costs, including stock-based compensation charges, associated with the Telaria merger, the SpotX acquisition, the SpringServe, LLC ("SpringServe") acquisition, and restructuring activities.

The following table summarizes merger, acquisition, and restructuring cost activity:

	Year Ended	
	December 31, 2023	December 31, 2022
	(in thousands)	
Personnel related (severance and one-time termination benefit costs)	\$ 3,218	\$ 1,227
Loss contracts (facility related)	2,190	—
Exit costs	1,408	—
Impairment of property and equipment, net	506	—
Non-cash stock-based compensation (double trigger acceleration and severance)	143	2,004
Impairment costs of abandoned technology (Note 8)	—	3,320
Professional services (investment banking advisory, legal and other professional services)	—	917
Total merger, acquisition, and restructuring costs	<u>\$ 7,465</u>	<u>\$ 7,468</u>

Accrued restructuring costs related to mergers, acquisition, and restructuring activities were primarily related to the SpotX acquisition and the Telaria merger. Accrued restructuring costs associated with personnel costs are included in accounts payable and accrued expenses and accruals related to assumed loss contracts are included in other current liabilities and other liabilities, non-current on the Company's consolidated balance sheets.

	Year Ended		
	December 31, 2024	December 31, 2023	December 31, 2022
	(in thousands)		
Accrued merger, acquisition, and restructuring costs at beginning of period	\$ 1,327	\$ 1,222	\$ 2,742
Personnel related and non-cash stock-based compensation	—	3,361	3,231
Loss contracts (facility related)	—	2,190	—
Exit costs	—	1,408	—
Impairment of property and equipment, net	—	506	—
Impairment costs of abandoned technology	—	—	3,320
Cash paid for restructuring costs	(858)	(4,521)	(2,747)
Non-cash loss contracts (lease related)	—	(2,190)	—
Non-cash impairments	—	(506)	(3,320)
Non-cash stock-based compensation	—	(143)	(2,004)
Accrued merger, acquisition, and restructuring costs at end of period	<u>\$ 469</u>	<u>\$ 1,327</u>	<u>\$ 1,222</u>

Note 14—Income Taxes

The following are the domestic and foreign components of the Company's income (loss) before income taxes for the years ended December 31, 2024, 2023, and 2022:

	Year Ended		
	December 31, 2024	December 31, 2023	December 31, 2022
	(in thousands)		
Domestic	\$ 19,481	\$ (165,311)	\$ (145,480)
International	7,003	7,764	9,883
Income (loss) before income taxes	<u>\$ 26,484</u>	<u>\$ (157,547)</u>	<u>\$ (135,597)</u>

The following are the components of the provision (benefit) for income taxes for the years ended December 31, 2024, 2023, and 2022:

	Year Ended		
	December 31, 2024	December 31, 2023	December 31, 2022
(in thousands)			
Current:			
Federal	\$ 89	\$ 218	\$ (186)
State	1,803	1,994	1,056
Foreign	1,743	1,707	2,735
Total current provision	3,635	3,919	3,605
Deferred:			
Federal	47	763	(2,039)
State	(235)	(5,317)	(6,324)
Foreign	251	2,272	(516)
Total deferred provision (benefit)	63	(2,282)	(8,879)
Total provision (benefit) for income taxes	\$ 3,698	\$ 1,637	\$ (5,274)

The Company recorded an income tax expense of \$3.7 million for the year ended December 31, 2024 compared to an income tax expense of \$1.6 million and an income tax benefit of \$5.3 million for the years ended December 31, 2023 and 2022, respectively. The income tax expense for the year ended December 31, 2024 was primarily the result of the domestic valuation allowance on the Company's deferred tax assets and the federal, state, and foreign income tax liabilities. The income tax expense for the year ended December 31, 2023 was primarily the result of the domestic valuation allowance on the Company's deferred tax assets and the federal, state, and foreign income tax liabilities. The income tax benefit for the year ended December 31, 2022 was primarily the result of recognizing the benefit of deferred tax assets previously subject to the domestic valuation allowance and the income tax liability associated with foreign subsidiaries. The net deferred tax liabilities recorded in connection with prior acquisitions and current taxable income for the year provided sources of taxable income to support the realization of pre-existing deferred tax assets.

Set forth below is a reconciliation of the components that caused the Company's provision (benefit) for income taxes to differ from amounts computed by applying the U.S. federal statutory rate of 21% for the years ended December 31, 2024, 2023, and 2022:

	Year Ended		
	December 31, 2024	December 31, 2023	December 31, 2022
U.S. federal statutory income tax rate	21.0 %	21.0 %	21.0 %
State income taxes, net of federal benefit	4.6 %	1.7 %	3.1 %
Foreign income (loss) at other than U.S. rates	1.8 %	(0.3)%	(0.1)%
Stock-based compensation expense	9.0 %	(2.4)%	(2.4)%
Meals and entertainment	1.9 %	(0.3)%	(0.1)%
Other permanent items	0.9 %	(0.2)%	(0.7)%
Change in valuation allowance	(42.5)%	(17.8)%	(15.5)%
Sec 162(m) officers' compensation	19.1 %	(3.3)%	(4.1)%
Provision to return adjustments	4.9 %	0.2 %	0.3 %
Research and development tax credits	(6.9)%	0.4 %	2.5 %
Foreign withholding taxes	0.2 %	— %	(0.1)%
Effective income tax rate	14.0 %	(1.0)%	3.9 %

Set forth below are the tax effects of temporary differences that give rise to a significant portion of the deferred tax assets and deferred tax liabilities as of December 31, 2024 and 2023:

	December 31, 2024	December 31, 2023
	(in thousands)	
Deferred Tax Assets:		
Allowance for doubtful accounts	\$ 1,597	\$ 5,959
Accrued liabilities	2,102	1,133
Lease liabilities	8,704	12,623
Stock-based compensation	3,053	3,803
Intangible assets	1,276	—
Net operating loss carryovers	77,581	91,716
Tax credit carryovers	11,098	10,005
Capitalized facilitative costs	5,975	—
Other	816	2,384
Total deferred tax assets	112,202	127,623
Less valuation allowance	(94,373)	(107,017)
Deferred tax assets, net of valuation allowance	17,829	20,606
Deferred Tax Liabilities:		
Fixed assets	(7,510)	(4,380)
Intangible assets	—	(6,185)
Right-of-use lease assets	(7,647)	(10,356)
Debt issuance and original issue discount	(3,082)	—
Total deferred tax liabilities	(18,239)	(20,921)
Net deferred tax liabilities	\$ (410)	\$ (315)

As of December 31, 2024, the net deferred tax liabilities of \$0.4 million is presented in the Company's consolidated balance sheets as part of other liabilities, non-current, of \$0.7 million and other assets, non-current of \$0.3 million. As of December 31, 2023, the net deferred tax liabilities of \$0.3 million is presented in the Company's consolidated balance sheets as part of other liabilities, non-current, of \$0.7 million and other assets, non-current of \$0.4 million. The valuation allowance was decreased by \$12.6 million for the year ended December 31, 2024, and increased by \$30.2 million, and \$20.7 million for the years ended December 31, 2023 and 2022, respectively.

At December 31, 2024, the Company had U.S. federal net operating loss carryforwards, or NOLs, of approximately \$263.9 million, which will begin to expire in 2037. At December 31, 2024, the Company had state NOLs of approximately \$204.8 million, which will begin to expire in 2028. At December 31, 2024, the Company had foreign NOLs of approximately \$17.7 million, which will begin to expire in 2026. At December 31, 2024, the Company had acquired federal research and development tax credit carryforwards of approximately \$6.2 million which will begin to expire in 2036, and state research and development tax credits of approximately \$10.2 million, the majority of which carry forward indefinitely.

In addition, various foreign jurisdictions where the Company has activity have enacted or are considering enacting a variety of measures that could impact the Company's tax liabilities. The Company is monitoring new legislation and evaluating the potential tax implications of these measures globally.

Pursuant to Section 382 of the Internal Revenue Code, the Company and Telaria, Inc. both underwent ownership changes for tax purposes (i.e. a more than 50% change in stock ownership in aggregated 5% shareholders) on April 1, 2020 due to the merger with Telaria. As a result, the use of the Company's total domestic NOL carryforwards and tax credits generated prior to the ownership change will be subject to annual use limitations under Section 382 and Section 383 of the Code and comparable state income tax laws. The Company believes that the ownership change will not impact its ability to utilize substantially all of its NOLs and state research and development carryforward tax credits to the extent it will generate taxable income that can be offset by such losses. The Company reasonably expects some of its federal research and development carryforward tax credits will not be recovered prior to expiration.

Additionally, for tax years beginning after December 31, 2017, the Tax Cuts and Jobs Act limits the NOL deduction to 80% of taxable income, repeals carryback of all NOLs arising in a tax year ending after 2017, and permits indefinite carryforward for all such NOLs. NOLs arising in a tax year ending in or before 2017 can offset 100% of taxable income, are available for carryback, and expire 20 years after they arise.

At December 31, 2024, unremitted earnings of the subsidiaries outside of the United States were approximately \$35.5 million. The Company's intention is to indefinitely reinvest these earnings outside the United States. Upon distribution of those earnings in the form of a dividend or otherwise, the Company would be subject to withholding taxes payable to various foreign countries and, potentially, various state taxes. The amounts of such tax liabilities that might be payable upon actual repatriation of foreign earnings, after consideration of corresponding foreign tax credits, are not material.

The following table summarizes the activity related to the unrecognized tax benefits (in thousands):

	Amount
Balance as of December 31, 2022	\$ 4,251
Increases related to current year tax positions	230
Decreases related to prior year tax positions	(98)
Increases related to prior year tax positions	60
Balance as of December 31, 2023	4,443
Increases related to current year tax positions	490
Decreases related to prior year tax positions	(457)
Increases related to prior year tax positions	18
Balance as of December 31, 2024	\$ 4,494

Interest and penalties related to the Company's unrecognized tax benefits accrued at December 31, 2024, 2023, and 2022 were not material.

Due to the net operating loss carryforwards, the Company's United States federal and a majority of its state returns are open to examination by the Internal Revenue Service and state jurisdictions for all years since inception. For the India, Netherlands, Sweden, and the United Kingdom, all tax years remain open for examination by the local country tax authorities, for France only 2022 and forward are open, for Australia and Singapore only 2021 and forward are open for examination, for Brazil, Canada, Germany, and Malaysia only 2020 and forward are open for examination, for Italy and New Zealand only 2019 and forward are open for examination, and for Japan 2018 and forward remain open for examination.

The Company does not expect its uncertain income tax positions to have a material impact on its consolidated financial statements within the next twelve months.

Note 15—Leases

The Company has operating leases for office facilities and data centers. The lease terms of the Company's operating leases generally range from 1.0 year to 10.0 years. The Company's lease terms include periods under options to extend or terminate the lease when it is reasonably certain that the Company will exercise that option. The weighted average remaining lease term of leases included in lease liabilities is 4.6 years and 5.2 years as of December 31, 2024 and December 31, 2023, respectively. As of December 31, 2024 and December 31, 2023, a weighted average discount rate of 6.12% and 6.19%, respectively, were applied to the remaining lease payments to calculate the lease liabilities included within the consolidated balance sheets.

Operating lease expense was \$21.2 million, \$24.5 million and \$23.3 million for the years ended December 31, 2024, 2023 and 2022, respectively. Included in operating lease expense for the year ended December 31, 2024 was a gain of \$1.8 million related to the early termination of an office facility lease. The Company recognized variable lease expense of \$1.6 million, \$3.8 million, and

\$3.1 million for the years ended December 31, 2024, 2023 and 2022, respectively. For the year ended December 31, 2024, variable lease expense included \$1.4 million of negative variable lease expense related to rent concessions for an office lease.

The maturity of the Company's lease liabilities associated with leases included in the lease liabilities and ROU assets were as follows as of December 31, 2024 (in thousands):

Fiscal Year		
2025		\$ 18,722
2026		14,650
2027		9,024
2028		6,648
2029		6,434
Thereafter		7,331
Total lease payments (undiscounted)		<u>62,809</u>
Less: imputed interest		(7,740)
Lease liabilities—total (discounted)		<u>\$ 55,069</u>

Cash paid for amounts included in lease liabilities was \$24.1 million, \$26.6 million, and \$22.6 million for the years ended December 31, 2024, 2023, and 2022, respectively.

The Company also received rental income of \$5.0 million, \$5.3 million, and \$5.2 million for real estate leases for which it subleased the property to a third party during the years ended December 31, 2024, 2023, and 2022, respectively. Rental income is included in other income in the consolidated statements of operations.

In addition to the lease liabilities included in these consolidated financial statements, the Company entered into agreements for office space and data centers that had not commenced as of December 31, 2024; therefore, the leases were not included in the lease liabilities and ROU assets balance as of December 31, 2024. The Company has future commitments totaling \$25.9 million over a term of 4.7 years related to these agreements.

The Company's operating lease right-of-use assets by geographical region was as follows:

	December 31, 2024	December 31, 2023
	(in thousands)	
United States	\$ 45,178	\$ 52,307
International	5,151	8,242
Total	<u>\$ 50,329</u>	<u>\$ 60,549</u>

Note 16—Commitments and Contingencies

Commitments

The Company has commitments under non-cancelable operating leases for facilities, certain equipment, and its managed data center facilities (Note 15).

As of December 31, 2024 and 2023, the Company had \$5.2 million and \$5.3 million, respectively, of letters of credit associated with office leases available for borrowing, on which there were no outstanding borrowings as of either date.

In the normal course of business, the Company enters into non-cancelable contractual obligations with various parties, primarily related to software services agreements and data center providers. As of December 31, 2024, the Company's outstanding non-cancelable contractual obligations with a remaining term in excess of one year consist of the following (in thousands):

Fiscal Year		
2025	\$	6,585
2026		5,198
2027		4,315
2028		241
Total	\$	<u>16,339</u>

Guarantees and Indemnification

The Company's agreements with sellers, buyers, and other third parties typically obligate the Company to provide indemnity and defense for losses resulting from claims of intellectual property infringement, damages to property or persons, business losses, or other liabilities. Generally, these indemnity and defense obligations relate to the Company's own business operations, obligations, and acts or omissions. However, under some circumstances, the Company agrees to indemnify and defend contract counterparties against losses resulting from their own business operations, obligations, and acts or omissions, or the business operations, obligations, and acts or omissions of third parties. For example, because the Company's business interposes the Company between buyers and sellers in various ways, buyers often require the Company to indemnify them against acts and omissions of sellers, and sellers often require the Company to indemnify them against acts and omissions of buyers. In addition, the Company's agreements with sellers, buyers, and other third parties typically include provisions limiting the Company's liability to the counterparty, and the counterparty's liability to the Company. These limits sometimes do not apply to certain liabilities, including indemnity obligations. These indemnity and limitation of liability provisions generally survive termination or expiration of the agreements in which they appear. The Company has also entered into indemnification agreements with its directors, executive officers, and certain other officers that will require the Company, among other things, to indemnify them against certain liabilities that may arise by reason of their status or service as directors, officers, or employees. No material demands have been made upon the Company to provide indemnification under such agreements and there are no claims that the Company is aware of that could have a material effect on the Company's consolidated financial statements.

Litigation

The Company and its subsidiaries may from time to time be parties to legal or regulatory proceedings, lawsuits and other claims incident to their business activities and to the Company's status as a public company. Such matters may include, among other things, assertions of contract breach or intellectual property infringement, claims for indemnity arising in the course of the Company's business, regulatory investigations, audits by taxing authorities, or enforcement proceedings, and claims by persons whose employment has been terminated. Such matters are subject to many uncertainties, and outcomes are not predictable with assurance. Consequently, management is unable to ascertain the ultimate aggregate amount of monetary liability, amounts which may be covered by insurance or recoverable from third parties, or the financial impact with respect to such matters as of December 31, 2024. However, based on management's knowledge as of December 31, 2024, management believes that the final resolution of these matters known at such date, individually and in the aggregate, will not have a material adverse effect upon the Company's consolidated financial position, results of operations or cash flows.

Employment Contracts

The Company has entered into severance agreements with certain employees and officers. The Company may be required to pay severance and accelerate the vesting of certain equity awards in the event of involuntary terminations.

Note 17—Debt

Long term debt as of December 31, 2024 and 2023 consisted of the following:

	December 31, 2024	December 31, 2023
	(in thousands)	
Convertible Senior Notes	\$ 205,067	\$ 205,067
Less: Unamortized debt issuance costs	(1,424)	(2,598)
Net carrying value of Convertible Senior Notes	203,643	202,469
Term Loan B Facility*	363,177	351,000
Less: Unamortized discount and debt issuance costs	(13,075)	(16,883)
Net carrying value of Term Loan B Facility*	350,102	334,117

Balance Sheet Presentation:

Debt, current	3,641	3,600
Debt, non-current, net of debt discount and debt issuance costs	550,104	532,986
Total debt	\$ 553,745	\$ 536,586

* Term Loan B Facility as of December 31, 2024 and December 31, 2023 reflect the balances under the 2024 Term Loan B Facility and the 2021 Term Loan B Facility, respectively.

Maturities of the principal amount of the Company's long-term debt as of December 31, 2024 are as follows (in thousands):

Fiscal Year	
2025	\$ 3,641
2026	208,708
2027	3,641
2028	3,641
2029	3,641
Thereafter	344,972
Total	\$ 568,244

Amortization of debt discount and debt issuance costs is computed using the effective interest method and is included in interest expense in the consolidated statement of operations. Amortization of the debt discount and debt issuance costs associated with the Company's indebtedness totaled \$3.6 million, \$5.8 million, and \$6.3 million for the years ended December 31, 2024, 2023, and 2022, respectively. In addition, amortization of deferred financing costs were an immaterial amount for each of the years ended December 31, 2024, 2023, and 2022, respectively. Deferred financing costs are included in other assets, non-current in the consolidated balance sheets.

Convertible Senior Notes and Capped Call Transactions

In March 2021, the Company issued \$400.0 million aggregate principal amount of 0.25% convertible senior notes in a private placement, including \$50.0 million aggregate principal amount of such notes pursuant to the exercise in full of the over-allotment options of the initial purchasers (collectively, the "Convertible Senior Notes"). The Convertible Senior Notes will mature on March 15, 2026, unless earlier repurchased, redeemed or converted. The total net proceeds from the offering, after deducting debt issuance costs, paid by the Company, were approximately \$388.6 million. The Company used approximately \$39.0 million of the net proceeds from the offering to pay for the Capped Call Transactions (as described below).

The Convertible Senior Notes are senior, unsecured obligations and are (i) equal in right of payment with the existing and future senior, unsecured indebtedness; (ii) senior in right of payment to any of the Company's future indebtedness that is expressly subordinated to the Convertible Senior Notes; (iii) effectively subordinated to the Company's existing and future secured indebtedness, to the extent of the value of the collateral securing that indebtedness, including amounts outstanding under the Loan Agreement or the new Credit Agreement (see section below); and (iv) structurally subordinated to all existing and future indebtedness and other liabilities, including trade payables, and (to the extent the Company is not a holder thereof) preferred equity, if any, of the Company's subsidiaries that do not guarantee the Convertible Senior Notes.

The Convertible Senior Notes accrue interest at 0.25% per annum payable semi-annually in arrears on March 15 and September 15 of each year, beginning on September 15, 2021. The Convertible Senior Notes will mature on March 15, 2026 unless they are redeemed, repurchased or converted prior to such date. The Convertible Senior Notes are convertible at the option of holders only during certain periods and upon satisfaction of certain conditions.

Holders have the right to convert their notes (or any portion of a note in an authorized denomination), in the following circumstances: (i) during any calendar quarter commencing after the calendar quarter ending on June 30, 2021, if the last reported sale price per share of the Company's common stock exceeds 130% of the conversion price for each of at least 20 trading days during the 30 consecutive trading days ending on, and including, the last trading day of the immediately preceding calendar quarter; (ii) during the five consecutive business days immediately after any ten consecutive trading day period (such ten consecutive trading day period, the "measurement period") in which the trading price per \$1,000 principal amount of notes for each trading day of the measurement period was less than 98% of the product of the last reported sale price per share of the Company's common stock on such trading day and the conversion rate on such trading day; (iii) upon the occurrence of certain corporate events or distributions on the Company's common stock; (iv) if the Company calls such Convertible Senior Notes for redemption; and (v) on or after September 15, 2025, until the close of business on the second scheduled trading day immediately before the maturity date, holders of the Convertible Senior Notes may, at their option, convert all or a portion of their Convertible Senior Notes regardless of the foregoing conditions at any time from, and including, September 15, 2025 until the close of business on the second scheduled trading day immediately before the maturity date.

Upon conversion, the Convertible Senior Notes may be settled in shares of the Company's common stock, cash or a combination of cash and shares of the Company's common stock, at the Company's election. All conversions with a conversion date that occurs on or after September 15, 2025 will be settled using the same settlement method, and the Company will send notice of such settlement method to noteholders no later than the open of business on September 15, 2025.

Subject to the terms of the indenture agreement, the Company has the right, at its election, to redeem all, or any portion (subject to the partial redemption limitation) in an authorized denomination, of the Convertible Senior Notes, at any time, and from time to time, on a redemption date on or after March 20, 2024 and on or before the 40th scheduled trading day immediately before the maturity date, for cash, but only if the "last reported sale price," as defined under the Offering Memorandum, per share of common stock exceeds 130% of the "conversion price" on (i) each of at least 20 trading days, during the 30 consecutive trading days ending on, and including, the trading day immediately before the date the Company sends the related redemption notice; and (ii) the trading day immediately before the date the Company sends such notice. In addition, calling any note for redemption will constitute a "make-whole fundamental change" (as defined below) with respect to that note, in which case the conversion rate applicable to the conversion of that note will be increased in certain circumstances if it is converted after it is called for redemption. If the Company elects to redeem less than all of the outstanding notes, then the redemption will not constitute a make-whole fundamental change with respect to the notes not called for redemption, and holders of the notes not called for redemption will not be entitled to an increased conversion rate for such notes as described above on account of the redemption, except to the limited extent described further below. No sinking fund is provided for the Convertible Senior Notes, which means that the Company is not required to redeem or retire the Convertible Senior Notes periodically.

If a fundamental change occurs, then each noteholder will have the right to require the Company to repurchase its notes (or any portion thereof in an authorized denomination) for cash on a date (the "fundamental change repurchase date") of the Company's choosing, which must be a business day that is no more than 45, nor less than 20, business days after the date the Company distributes the related fundamental change notice.

If an event of default, other than a reporting default remedied by special interest as defined in the indenture agreement, occurs with respect to the Company or any guarantor, then the principal amount of, and all accrued and unpaid interest on, all of the notes then outstanding will immediately become due and payable without any further action or notice by any person. If an event of default (other than a reporting event of default described above with respect to the Company or any guarantor and not solely with respect to a significant subsidiary of the Company's or a guarantor, other than the Company or such guarantor) occurs and is continuing, then, the trustee, by notice to the Company, or noteholders of at least 25% of the aggregate principal amount of notes then outstanding, by written notice to the Company and the trustee, may declare the principal amount of, and all accrued and unpaid interest on, all of the notes then outstanding to become due and payable immediately.

The Convertible Senior Notes have an initial conversion rate of 15.6539 shares of common stock per \$1,000 principal amount of the Convertible Senior Notes, which will be subject to customary anti-dilution adjustments in certain circumstances.

In connection with the pricing of the Convertible Senior Notes, the Company entered into privately negotiated capped call transactions with various financial institutions (the "Capped Call Transactions"). The Capped Call Transactions were entered into with third party broker-dealers to limit the potential dilution that would occur if the Company has to settle the conversion value in excess of the principal in shares. This exposure will be covered (i.e., the Company will receive as many shares as are required to be

issued between the conversion price of \$63.8818 and the maximum price of \$91.2600). Any shares required to be issued by the Company over this amount would have net earnings per share dilution impact. By entering into the Capped Call Transactions, the Company expects to reduce the potential dilution to its common stock (or, in the event the conversion is settled in cash, to reduce its cash payment obligation) in the event that at the time of conversion its stock price exceeds the conversion price under the Convertible Senior Notes. The Company paid \$39.0 million for the Capped Call Transactions, which was recorded as additional paid-in capital, using a portion of the gross proceeds from the sale of the Convertible Senior Notes. The cost of the Capped Call Transactions is not expected to be tax deductible as the Company did not elect to integrate the capped call into the Convertible Senior Notes for tax purposes. The cost of the Capped Call Transaction was recorded as a reduction of the Company's additional paid-in capital in the accompanying consolidated financial statements.

The Company incurred debt issuance costs of \$11.4 million in March 2021. The Convertible Senior Notes are presented net of issuance costs on the Company's consolidated balance sheets. The debt issuance costs are amortized on an effective interest basis over the term of the Convertible Senior Notes and are included in interest expense and amortization of debt discount in the accompanying consolidated statements of operations.

During the year ended December 31, 2023, the Company repurchased its Convertible Senior Notes in the open market with cash on hand for \$165.5 million. The Company recognized a gain on extinguishment of debt of \$26.5 million related to the repurchase of \$194.9 million of principal balance of Convertible Senior Notes and \$2.9 million of unamortized debt issuance costs associated with the extinguished debt during the year ended December 31, 2023. The gain on extinguishment is included in other (income) expense in the Company's consolidated statement of operations.

The following table sets forth interest expense related to the Convertible Senior Notes for the years ended December 31, 2024, 2023, and 2022 (in thousands, except interest rates):

	December 31, 2024	December 31, 2023	December 31, 2022
	(in thousands, except interest rates)		
Contractual interest expense	\$ 513	\$ 797	\$ 1,000
Amortization of debt issuance costs	1,173	1,823	2,288
Total interest expense	\$ 1,686	\$ 2,620	\$ 3,288
Effective interest rate	0.82 %	0.82 %	0.82 %

Amortization expense for the Company's debt issuance costs related to the Convertible Senior Notes for the fiscal years 2025 through 2026 is as follows (in thousands):

Fiscal Year	Debt Issuance Costs
2025	\$ 1,172
2026	252
Total	\$ 1,424

2021 and 2024 Credit Agreements

On April 30, 2021, the Company entered into a credit agreement (the "2021 Credit Agreement") with Goldman Sachs Bank USA as administrative agent and collateral agent, and other lender parties thereto. The 2021 Credit Agreement provided for a \$360.0 million seven-year senior secured term loan facility ("2021 Term Loan B Facility"), which had a maturity in April 2028, and a \$65.0 million senior secured revolving credit facility (as amended in June 2021, the "2021 Revolving Credit Facility"), which had a maturity in December 2025. In June 2023, the Company amended the 2021 Credit Agreement (the "Amended 2021 Credit Agreement") to transition away from a variable interest rate based on the Eurodollar Rate towards a similar variable interest rate based on Adjusted Term SOFR, as defined in the Amended 2021 Credit Agreement, which is based on the secured overnight financing rate ("SOFR").

Amounts outstanding under the Amended 2021 Credit Agreement accrue interest at a rate equal to either, (1) for the 2021 Term Loan B Facility, at the Company's election, the Adjusted Term SOFR plus a margin of 5.00% per annum, or ABR (as defined in the Amended 2021 Credit Agreement) plus a margin of 4.00%, and (2) for the 2021 Revolving Credit Facility, at the Company's election, the Adjusted Term SOFR plus a margin of 4.25% to 4.75%, or ABR plus a margin of 3.25% to 3.75%, in each case, depending on the Company's first lien net leverage ratio.

On February 6, 2024, the Company refinanced its credit agreement whereby it entered into a new credit agreement (the "2024 Credit Agreement") with Morgan Stanley Senior Funding, Inc. as the Company term loan administrative agent and Citibank,

N.A. as the Company's revolving facility administrative agent and collateral agent, and other lender parties thereto. The 2024 Credit Agreement included a \$365.0 million seven-year senior secured term loan facility (the "2024 Term Loan B Facility"), whose loans will mature in February 2031 and a \$175.0 million five-year senior secured revolving credit facility (the "2024 Revolving Credit Facility"), which will mature in February 2029. The Company primarily used the proceeds from the 2024 Term Loan B Facility to repay in full all outstanding amounts owed under the Company's Amended 2021 Credit Agreement. Accordingly, the Amended 2021 Credit Agreement was terminated and replaced in its entirety. The obligations under the 2024 Credit Agreement are secured by substantially all of the assets of the Company.

Amounts outstanding under the 2024 Credit Agreement accrue interest at a rate equal to either, (1) for the 2024 Term Loan B Facility, at the Company's election, Term SOFR (as defined in the 2024 Credit Agreement) plus a margin of 4.50% per annum, or ABR (as defined in the 2024 Credit Agreement) plus a margin of 3.50%, and (2) for the 2024 Revolving Credit Facility, at the Company's election, Term SOFR plus a margin of 3.50% to 4.00%, or ABR plus a margin of 2.50% to 3.00%, in each case, depending on the Company's First Lien Net Leverage Ratio (as defined in the 2024 Credit Agreement).

On September 18, 2024, the Company entered into Amendment No. 1 to the 2024 Credit Agreement ("Amendment No. 1"), which reduced the interest rate of the 2024 Term Loan B Facility by 75 basis points to Term SOFR plus a margin of 3.75%, from the previous rate of Term SOFR plus a margin of 4.50%. Amendment No. 1 also reduced the interest rate margin of any ABR Loans (as defined in Amendment No. 1) by 75 basis points to ABR plus a margin of 2.75% from the previous rate of ABR plus a margin of 3.50%. The remaining terms of the 2024 Term Loan B Facility and 2024 Revolving Credit Facility were substantially unchanged.

As of December 31, 2024, the contractual interest rate related to the Term Loan B Facility was 8.11%. In addition to having to pay contractual interest on the 2024 Term Loan B Facility, the Company is also required to pay certain other fees, primarily to the lenders under the 2024 Revolving Credit Facility, in order to maintain their revolving facility commitments.

The covenants of the 2024 Credit Agreement include customary negative covenants that, among other things, restrict the Company's ability to incur additional indebtedness, grant liens and make certain acquisitions, investments, asset dispositions and restricted payments. In addition, the 2024 Credit Agreement contains a springing financial covenant that is tested on the last day of any fiscal quarter only if utilization of the 2024 Revolving Credit Facility exceeds 35% of the total revolving commitments, whereby the Company is required to maintain a First Lien Net Leverage Ratio below 3.25 to 1.00. As of December 31, 2024, no amounts were outstanding under the 2024 Revolving Credit Facility and the Company was in compliance with its debt covenants. At December 31, 2024, amounts available under the 2024 Revolving Credit Facility were \$169.8 million, net of letters of credit outstanding in the amount of \$5.2 million.

The 2024 Credit Agreement includes customary events of default, and customary rights and remedies upon the occurrence of any event of default thereunder, including rights to accelerate the loans, terminate the commitments thereunder and realize upon the collateral securing the obligations under the 2024 Credit Agreement. The 2024 Credit Agreement calls for customary scheduled loan amortization payments of 0.25% of the initial principal balance, which at the time of Amendment No. 1 was \$364.1 million, payable quarterly (i.e. 1% in aggregate per year) as well as a provision that requires the Company to prepay the 2024 Term Loan B Facility based on an annual calculation of free cash flow ("Excess Cash Flow") as defined by the 2024 Credit Agreement. The Company was not required to make any such mandatory prepayment required by the Excess Cash Flow provision for the period ended December 31, 2024.

The following table summarizes the amount outstanding under the Company's 2024 Term Loan B Facility and 2021 Term Loan B Facility as of December 31, 2024 and 2023:

	December 31, 2024	December 31, 2023
	(in thousands)	
Term Loan B Facility*	\$ 363,177	\$ 351,000
Unamortized debt discount	(6,198)	(6,594)
Unamortized debt issuance costs	(6,877)	(10,289)
Debt, net of debt discount and debt issuance costs	\$ 350,102	\$ 334,117

* Term Loan B Facility as of December 31, 2024 and December 31, 2023 reflect the balances under the 2024 Term Loan B Facility and the 2021 Term Loan B Facility, respectively.

February 6, 2024 Debt Refinance

As part of the debt refinance on February 6, 2024, where lenders under the 2021 Credit Agreement continued to be lenders under the 2024 Credit Agreement, certain of their loans and revolving facility commitments were deemed to have been modified

("Modified Loans" and "Modified Commitments," respectively). The Company continued to defer debt discount costs of \$3.7 million and debt issuance costs of \$5.7 million from Modified Loans over the term of the new 2024 Term Loan B Facility. The Company continued to defer financing costs as of February 6, 2024 of an immaterial amount from Modified Commitments over the term of the new 2024 Revolver Facility.

For lenders of the 2021 Credit Agreement that did not continue to participate in the 2024 Credit Agreement, their pro-rata portion of the unamortized debt discount of \$2.8 million, unamortized debt issuance costs of \$4.3 million, and an immaterial amount of unamortized deferred financing costs were deemed to be extinguished. The resulting loss on extinguishment of debt of \$7.4 million is included in other (income) expense in the Company's consolidated statement of operations for the year ended December 31, 2024.

The Company paid \$7.7 million in third-party fees related to the closing of the 2024 Credit Agreement. Third-party fees attributed to new lenders of \$2.4 million were capitalized as part of the debt issuance costs and will be amortized over the term of the 2024 Term Loan B Facility while third-party fees attributed to Modified Loans of \$3.1 million were included in general and administrative expenses in the Company's consolidated statement of operations for the year ended December 31, 2024. In addition, third-party fees of \$2.1 million attributed to new revolving lenders and Modified Commitments were capitalized as part of deferred financing costs and will be amortized over the term of the 2024 Revolving Facility. The Company also capitalized additional debt discount costs of \$3.7 million associated with the closing of the 2024 Term Loan B Facility, which will be amortized over the term of the 2024 Term Loan B Facility.

September 18, 2024 Debt Repricing

The Company analyzed the changes of Amendment No. 1 on a lender-by-lender basis and determined that the transaction would primarily be accounted for as a modification, with a portion of it accounted for as debt extinguishment and new debt issuance. As a result, the Company recognized an immaterial loss on extinguishment related to unamortized debt discount and unamortized debt issuance costs related to the portion of the 2024 Term Loan B Facility that was extinguished. The Company paid \$1.0 million in third-party fees related to Amendment No. 1 of which an immaterial amount was capitalized as debt issuance costs and \$1.0 million was included in general and administrative expenses in the Company's consolidated statement of operations for the year ended December 31, 2024. As part of Amendment No. 1, most lenders decided to roll their loan balances over from the original 2024 Term Loan B Facility to the amended 2024 Term Loan B Facility, while some decided to cash out and reassign their loan balances. On September 18, 2024, \$312.0 million of the 2024 Term Loan B Facility principal balance was rolled over as part of non-cash financing activities while \$52.1 million of the 2024 Term Loan B Facility principal balance was repaid and then reissued.

The following table sets forth interest expense related to the 2024 Term Loan B Facility and 2021 Term Loan B Facility for the years ended December 31, 2024, 2023, and 2022 (in thousands, except interest rates):

	December 31, 2024	December 31, 2023	December 31, 2022
	(in thousands, except interest rates)		
Contractual interest expense	\$ 35,139	\$ 36,261	\$ 24,322
Amortization of debt discount	1,111	1,564	1,580
Amortization of debt issuance costs	1,299	2,441	2,466
Total interest expense	<u>\$ 37,549</u>	<u>\$ 40,266</u>	<u>\$ 28,368</u>
Effective interest rate	10.35 %	11.40 %	7.95 %

Amortization expense for the Term Loan B Facility debt discount and debt issuance costs for fiscal years 2025 through 2029 and thereafter is as follows (in thousands):

Fiscal Year	Debt Discount	Debt Issuance Costs
2025	\$ 1,044	\$ 1,156
2026	1,032	1,146
2027	1,022	1,134
2028	1,011	1,122
2029	1,001	1,111
Thereafter	1,088	1,208
Total	<u>\$ 6,198</u>	<u>\$ 6,877</u>

Interest expense consists primarily of contractual interest expense and amortization of debt discount and issuance costs related to the Company's 2024 Term Loan B Facility, 2021 Term Loan B Facility, Convertible Senior Notes, and 2024 Revolving Facility. Interest income primarily consists of interest earned on the Company's cash equivalents. The following includes interest expense and interest income, as presented within interest expense, net in the consolidated statement of operations:

	December 31, 2024	December 31, 2023	December 31, 2022
	(in thousands)		
Interest expense	\$ 40,430	\$ 43,461	\$ 32,179
Interest income	(13,398)	(11,092)	(2,919)
Interest expense, net	<u>\$ 27,032</u>	<u>\$ 32,369</u>	<u>\$ 29,260</u>

Note 18—Stockholders' Equity

On February 1, 2024, the Board of Directors approved a share repurchase program (the "February 2024 Repurchase Plan") under which the Company is authorized to repurchase common stock or Convertible Senior Notes, with an aggregate market value of up to \$125.0 million, through February 1, 2026. Under the February 2024 Repurchase Plan, 1,160,496 shares were purchased in open market purchases through December 31, 2024 for a total of approximately \$14.6 million at an average of \$12.56 per share. The average price paid per share purchased under the Program includes broker commission costs. As of December 31, 2024, \$110.4 million remains available under the February 2024 Repurchase Plan. For accounting purposes, common stock repurchases under the Company's repurchase programs are recorded based upon the purchase date of the applicable trade. Repurchased shares are accounted for as treasury stock in the consolidated balance sheets and have all been subsequently retired.

Note 19—Related Party Transactions

During the years ended December 31, 2024, 2023, and 2022, the Company did not have material transactions with its related parties or affiliates of its related parties requiring disclosure pursuant to the applicable rules of the Financial Accounting Standards Boards or the U.S. Securities and Exchange Commission.

Note 20—Subsequent Events

In January 2025, the Company granted 3,726,086 restricted stock units, 346,287 performance stock units, and 81,374 stock options to the Company's employees. The RSUs granted will vest over four years from issuance with approximately 25% after one year, and the remainder vesting quarterly thereafter. The options granted will vest over four years from grant date, with 25% vesting after one year and the remainder vesting monthly thereafter. The PSUs will vest on the three-year anniversary of the grant date based on certain stock price performance metrics to be measured on December 31, 2025, December 31, 2026 and December 31, 2027. The award is eligible to vest as to 0% to 150% of the target number of PSUs.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures as defined in Rule 13a-15(e) under the Exchange Act. Our disclosure controls and procedures are designed to provide reasonable assurance of achieving their objectives of ensuring that information we are required to disclose in the reports we file or submit under the Exchange Act is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosures, and is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms. There is no assurance that our disclosure controls and procedures will operate effectively under all circumstances. Based upon the evaluation described above, our Chief Executive Officer and Chief Financial Officer concluded that, as of December 31, 2024, our disclosure controls and procedures were effective at the reasonable assurance level.

Changes in Internal Control over Financial Reporting

There have been no changes in our internal control over financial reporting that occurred during the three months ended December 31, 2024 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Management's Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rule 13a-15(f) of the Exchange Act).

Our management conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in "Internal Control - Integrated Framework" (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, management concluded that the Company's internal control over financial reporting was effective as of December 31, 2024. Deloitte & Touche LLP has independently assessed the effectiveness of our internal control over financial reporting and its report is included herein.

Inherent Limitations on Effectiveness of Controls

Management recognizes that a control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints and that management is required to apply its judgment in evaluating the benefits of possible controls and procedures relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud or error, if any, have been detected. These inherent limitations include the realities that judgments in decision making can be faulty, and that breakdowns can occur because of a simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the controls. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions; over time, controls may become inadequate because of changes in conditions, or the degree of compliance with policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the stockholders and the Board of Directors of Magnite, Inc.

Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of Magnite, Inc. and subsidiaries (the “Company”) as of December 31, 2024, based on criteria established in Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2024, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated financial statements as of and for the year ended December 31, 2024, of the Company and our report dated February 26, 2025, expressed an unqualified opinion on those financial statements.

Basis for Opinion

The Company’s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management’s Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company’s internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

A company’s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Deloitte & Touche LLP

Los Angeles, California
February 26, 2025

Item 9B. Other Information**Trading Plans**

In the fourth quarter of 2024, the following trading plans were adopted or terminated by our Section 16 officers or directors:

Officer Name	Officer Title	Date Plan Adopted/Terminated	Duration of Plan	Shares to be Purchased or Sold	Intended to Satisfy Rule 10b5-1(c)?
Adam Soroca	Chief Product Officer	Adopted November 26, 2024	March 3, 2025 - May 26, 2025	Sell up to 76,323*, subject to certain conditions	Yes

*Represents a combination of previously vested shares and gross amounts of shares that will vest over the duration of the plan (net shares that will actually be sold under the plan are net of tax withholding).

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

Not applicable.

PART III**Item 10. Directors, Executive Officers and Corporate Governance**

The information required by Item 10 will be included in our Proxy Statement for the 2025 Annual Meeting of Stockholders (the "2025 Proxy Statement") to be filed with the SEC within 120 days of the fiscal year ended December 31, 2024, or the 2025 Proxy Statement, under the headings "Proposal 1—Election of Directors," "Delinquent Section 16(a) Reports," (if applicable) and "Corporate Governance" and is incorporated herein by reference.

Item 11. Executive Compensation

The information required by Item 11 will be included in the 2025 Proxy Statement under the headings "Executive Officers" and "Executive Compensation" and is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information required by Item 12 will be included in the 2025 Proxy Statement under the heading "Common Stock Ownership of Certain Beneficial Owners and Management" and is incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions, and Director Independence

The information required by Item 13 will be included in the 2025 Proxy Statement under the headings "Certain Relationships and Related Person Transactions" and "Director Independence" and is incorporated herein by reference.

Item 14. Principal Accountant Fees and Services

The information required by Item 14 will be included in the 2025 Proxy Statement under the heading "Proposal 2—Ratification of the Selection of Deloitte & Touche LLP as Independent Registered Public Accounting Firm" and is incorporated herein by reference.

PART IV**Item 15. Exhibits, Financial Statement Schedules**

(a) We have filed the following documents as part of this Annual Report on Form 10-K:

1. Consolidated Financial Statements

Report of Independent Registered Public Accounting Firm	61
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Consolidated Statements of Operations	64
Consolidated Statements of Comprehensive Loss	65
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2. Financial Statement Schedules

No financial statement schedules are provided because the information called for is not required or is shown in the financial statements of the notes thereto.

3. Exhibits

EXHIBIT INDEX

Number	Description
2.1	Agreement and Plan of Merger, dated as of December 19, 2019, by and among The Rubicon Project, Inc., Madison Merger Corp., and Telaria, Inc. (incorporated by reference to Exhibit 2.1 to the Registrant's Current Report on Form 8-K filed with the Commission on December 20, 2019).
2.2	Stock Purchase Agreement, dated as of February 4, 2021, by and between Magnite, Inc., RTL US Holdings, Inc., and solely for certain sections therein, RTL Group S.A. (incorporated by reference to Exhibit 2.1 to the Registrant's Current Report on Form 8-K filed with the Commission on February 5, 2021).
2.3	Amendment to Stock Purchase Agreement, dated as of April 30, 2021, by and among Magnite, Inc., RTL US Holding, Inc., and RTL Group S.A. (incorporated by reference to Exhibit 2.1 to the Registrant's Quarterly Report on Form 10-Q filed with the Commission on May 10, 2021).
3.1	Sixth Amended and Restated Certificate of Incorporation of the Registrant (incorporated by reference to Exhibit 3.1 to the Registrant's Quarterly Report on Form 10-Q filed with the Commission on May 15, 2014).
3.2	Certificate of Amendment to the Sixth Amended and Restated Certificate of Incorporation of Magnite, Inc., dated June 30, 2020 (incorporated by reference to Exhibit 3.1 to the Registrant's Quarterly Report on Form 10-Q filed with the Commission on August 10, 2020).
3.3	Fifth Amended and Restated Bylaws of Magnite, Inc. (incorporated by reference to Exhibit 3.1 to the Registrant's Current Report on Form 8-K filed with the Commission on March 22, 2022).
4.1	Description of Securities (incorporated by reference to Exhibit 4.1 to the Registrant's Annual Report on Form 10-K filed with the Commission on February 25, 2021).
4.2	Indenture, dated as of March 18, 2021, between Magnite, Inc., the guarantors named therein and The Bank of New York Mellon Trust Company, N.A, as trustee (incorporated by reference to Exhibit 4.1 of the Registrant's Current Report on Form 8-K filed with the Commission on March 19, 2021).
4.3	Form of 0.25% Convertible Senior Notes due 2026 (included in Exhibit 4.2) (incorporated by reference to Exhibit 4.2 of the Registrant's Current Report on Form 8-K filed with the Commission on March 19, 2021).
10.1+	The Rubicon Project, Inc. 2014 Equity Incentive Plan, as amended and restated (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed with the Commission on April 8, 2016).

10.2+	Form of Stock Option Grant Notice and Award Agreement for Employees under The Rubicon Project, Inc. 2014 Equity Incentive Plan (incorporated by reference to Exhibit 10.2(B) to the Registrant's Annual Report on Form 10-K filed with the Commission on March 6, 2015).
10.3+	Form of Restricted Stock Unit Grant Notice and Award Agreement for Employees under The Rubicon Project, Inc. 2014 Equity Incentive Plan (incorporated by reference to Exhibit 10.2(C) to the Registrant's Annual Report on Form 10-K filed with the Commission on March 6, 2015).
10.4+	Form of Stock Option Grant Notice and Award Agreement for Non-Employee Directors under The Rubicon Project, Inc. 2014 Equity Incentive Plan (incorporated by reference to Exhibit 10.2(D) to the Registrant's Annual Report on Form 10-K filed with the Commission on March 6, 2015).
10.5+	Form of Restricted Stock Unit Grant Notice and Award Agreement for Non-Employee Directors under The Rubicon Project, Inc. 2014 Equity Incentive Plan (incorporated by reference to Exhibit 10.2(E) to the Registrant's Annual Report on Form 10-K filed with the Commission on March 6, 2015).
10.6+	Form of Performance Stock Unit Grant Notice and Award Agreement for Employees under the Magnite, Inc. 2014 Equity Incentive Plan (incorporated by reference to Exhibit 10.7 to the Registrant's Annual Report on Form 10-K filed with the Commission on February 28, 2024).
10.7+	The Rubicon Project, Inc. 2014 Inducement Grant Equity Incentive Plan, as amended and restated (incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K filed with the Commission on April 8, 2016).
10.8+	Telaria, Inc. 2013 Equity Incentive Plan, as amended (incorporated by reference to Exhibit 99.2 to the Registrants' Registration Statement on Form S-8, dated April 9, 2020)
10.9+	Magnite, Inc. Amended and Restated 2014 Equity Incentive Plan (incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q filed with the Commission on August 9, 2023).
10.10+	Form of Stock Option Grant Notice and Award Agreement for Employees under the Magnite, Inc. Amended and Restated 2014 Equity Incentive Plan (incorporated by reference to Exhibit 10.11 to the Registrant's Annual Report on Form 10-K filed with the Commission on February 28, 2024).
10.11+	Form of Restricted Stock Unit Grant Notice and Award Agreement for Employees under the Magnite, Inc. Amended and Restated 2014 Equity Incentive Plan (incorporated by reference to Exhibit 10.12 to the Registrant's Annual Report on Form 10-K filed with the Commission on February 28, 2024).
10.12+	Form of Performance Stock Unit Grant Notice and Award Agreement for Employees under the Magnite, Inc. Amended and Restated 2014 Equity Incentive Plan (incorporated by reference to Exhibit 10.13 to the Registrant's Annual Report on Form 10-K filed with the Commission on February 28, 2024).
10.13+	Form of Restricted Stock Unit Grant Notice and Award Agreement for Non-Employee Directors under the Magnite, Inc. Amended and Restated 2014 Equity Incentive Plan (incorporated by reference to Exhibit 10.14 to the Registrant's Annual Report on Form 10-K filed with the Commission on February 28, 2024).
10.14+	Magnite, Inc. Amended and Restated 2014 Employee Stock Purchase Plan (incorporated by reference to Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q filed with the Commission on August 9, 2023).
10.15+	Form of Indemnification Agreement between the Registrant and each of its directors and executive officers (incorporated by reference to Exhibit 10.17 to the Registrant's Registration Statement on Form S-1/A filed with the Commission on March 20, 2014).
10.16+	Form of Executive Severance and Vesting Acceleration Agreement by and between the Registrant and certain of its executive officers (incorporated by reference to Exhibit 10.23 to the Registrant's Form 10-K filed with the Commission on February 27, 2020).
10.17+	Executive Employment Agreement between the Registrant and Michael Barrett, dated March 16, 2017 (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed with the Commission on March 22, 2017).
10.18+	Executive Severance and Vesting Acceleration Agreement between the Registrant and Michael Barrett, dated March 16, 2017 (incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K filed with the Commission on March 22, 2017).
10.19+	Executive Severance and Vesting Acceleration Agreement between the Registrant and Aaron Saltz, dated April 1, 2020 (incorporated by reference to Exhibit 10.3 to the Registrant's Quarterly Report on Form 10-Q filed with the Commission on August 10, 2020).
10.20	Office Lease between BRE HH Property Owner LLC and Magnite, Inc., dated November 20, 2020 (incorporated by reference to Exhibit 10.16 to the Registrant's Annual Report on Form 10-K filed with the Commission on February 25, 2021).

10.21	Sublease between Zillow Group, Inc. and Magnite, Inc., dated September 21, 2021 (incorporated by reference to Exhibit 10.16 to the Registrant's Annual Report on Form 10-K filed with the Commission on February 23, 2022).
10.22	Form of Capped Call Transaction Confirmation (incorporated by reference to Exhibit 10.1 of the Registrant's Current Report on Form 8-K filed with the Commission on March 19, 2021).
10.23	Registration Rights Agreement, dated as of April 30, 2021, by and between Magnite, Inc. and RTL US Holding, Inc (incorporated by reference to Exhibit 10.3 to the Registrant's Quarterly Report on Form 10-Q filed with the Commission on May 10, 2021).
10.24	Incremental Assumption Agreement dated as of June 28, 2021, relating to the Credit Agreement dated as of April 30, 2021, among Magnite, Inc., each Issuing Bank, the Swingline Lender, the other Lenders party thereto and Goldman Sachs Bank USA, as administrative agent and as collateral agent for the Lenders (incorporated by reference to Exhibit 10.1 of the Registrant's Current Report on Form 8-K filed with the Commission on July 2, 2021).
10.25	Credit Agreement, dated as of February 6, 2024, by and among Magnite, Inc., Morgan Stanley Senior Funding, Inc. as term loan administrative agent and Citibank, N.A. as revolving facility administrative agent and collateral agent, and other lender parties thereto (incorporated by reference to Exhibit 10.28 of the Registrant's Annual Report on Form 10-K filed with the Commission on February 28, 2024).
10.26	Amendment No. 1, dated as of September 18, 2024 among Magnite, Inc., as the borrower, Morgan Stanley Senior Funding, Inc., as the term facility administrative agent, and Citibank, N.A., as revolving facility administrative agent, collateral agent and swingline lender and each Issuing Bank and Lender party thereto (each as defined therein), which amended that certain Credit Agreement, dated as of February 6, 2024 (incorporated by reference to Exhibit 10.1 of the Registrant's Current Report on Form 8-K filed with the Commission on September 18, 2024).
19*	Insider Trading Policy
21.1*	List of Subsidiaries.
23.1*	Consent of Deloitte & Touche LLP.
31.1*	Certification of Principal Executive Officer Pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. Executive Officer Pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of Principal Financial Officer Pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. Principal Financial Officer Pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32*(1)	Certification of the Principal Executive Officer and Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. of the Principal Executive Officer and Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
97	Magnite, Inc. Compensation Recoupment (Clawback) Policy (incorporated by reference to Exhibit 97 of the Registrant's Annual Report on Form 10-K filed with the Commission on February 28, 2024).
101.ins *	XBRL Instance Document- the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.sch *	XBRL Taxonomy Schema Linkbase Document
101.cal *	XBRL Taxonomy Calculation Linkbase Document
101.def *	XBRL Taxonomy Definition Linkbase Document
101.lab *	XBRL Taxonomy Label Linkbase Document
101.pre *	XBRL Taxonomy Presentation Linkbase Document
104	Cover Page Interactive Data File - (formatted as Inline XBRL and contained in Exhibit 101)

* Filed herewith

+ Indicates a management contract or compensatory plan or arrangement

⁽¹⁾ The information in this exhibit is furnished and deemed not filed with the Securities and Exchange Commission for purposes of Section 18 of the Exchange Act of 1934, as amended (the "Exchange Act"), and is not to be incorporated by reference into any filing of Magnite, Inc. under the Securities Act of 1933, as amended (the "Securities Act"), or the Exchange Act, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

Item 16. Form 10-K Summary

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this Annual Report on Form 10-K to be signed on its behalf by the undersigned, thereunto duly authorized.

MAGNITE, INC.
(Registrant)

/s/ David Day

David Day
Chief Financial Officer
(Principal Financial Officer)

Date February 26, 2025

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated:

Name	Title	Date
<hr/> <u>/s/ Michael Barrett</u> Michael Barrett	Chief Executive Officer and Director (Principal Executive Officer)	February 26, 2025
<hr/> <u>/s/ David Day</u> David Day	Chief Financial Officer (Principal Financial Officer)	February 26, 2025
<hr/> <u>/s/ Brian Gephart</u> Brian Gephart	Chief Accounting Officer (Principal Accounting Officer)	February 26, 2025
<hr/> <u>/s/ Paul Caine</u> Paul Caine	Director	February 26, 2025
<hr/> <u>/s/ Sarah P. Harden</u> Sarah P. Harden	Director	February 26, 2025
<hr/> <u>/s/ Doug Knopper</u> Doug Knopper	Director	February 26, 2025
<hr/> <u>/s/ Rachel Lam</u> Rachel Lam	Director	February 26, 2025
<hr/> <u>/s/ David Pearson</u> David Pearson	Director	February 26, 2025
<hr/> <u>/s/ James Rossman</u> James Rossman	Director	February 26, 2025
<hr/> <u>/s/ Robert F. Spillane</u> Robert F. Spillane	Director	February 26, 2025
<hr/> <u>/s/ Diane Yu</u> Diane Yu	Director	February 26, 2025

MAGNITE, INC.

INSIDER TRADING POLICY

1. BACKGROUND AND PURPOSE.

The federal securities laws prohibit any member of the Board of Directors (the “**Directors**”) of Magnite, Inc. (together with its subsidiaries, the “**Company**”) and any employee of the Company from purchasing, selling, gifting, or otherwise trading Company securities (which include stocks, bonds, debentures, options, puts and calls) on the basis of “**material nonpublic information**” concerning the Company, or from disclosing material nonpublic information to others who might trade on the basis of that information. You are responsible for seeing that you do not violate federal or state securities laws or this Policy. We designed this Policy to promote compliance with the federal securities laws and to help protect the Company and you from the serious liabilities and penalties that can result from violations of these laws. These laws impose severe sanctions on individuals who violate them. In addition, the SEC has the authority to impose large fines on the Company and on the Directors, executive officers and controlling stockholders if the Company’s employees engage in insider trading and the Company has failed to take appropriate steps to prevent it (so-called “**Controlling Person**” liability).

Information is generally considered “**material**” if there is a likelihood a reasonable investor would consider such information important in making a decision to buy, hold, or sell securities. Either positive or negative information may be material. Information regarding the following subjects is often considered to be material and should be carefully assessed in context: actual financial results prior to general release; revenue or earnings estimates or other forecasts; extraordinary management developments; securities offerings; significant reductions in force or layoffs; major price or marketing changes; addition or loss of significant customers or business; material customer disputes; commencement or termination of significant commercial relationships; development of new products or technologies; strategic plans; decision to increase, decrease, commence, resume or terminate payment of dividends; acquisitions or dispositions, including mergers and tender offers; purchase or sale of substantial assets; significant borrowing; liquidity problems; significant contingent liabilities; significant changes in debt ratings; business interruptions as a result of an accident, fire or natural disaster; data or security breaches or cyber-related incidents and vulnerabilities; and significant litigation or investigations by government bodies. The foregoing is not an exhaustive list; information regarding many other subjects may also be material.

“**Nonpublic**” information is information that is not generally known or available to the public. We consider information to be available to the public only when: (i) it has been released by the Company through appropriate channels (e.g., by means of an SEC filing, a press release or a widely disseminated statement from a senior officer); and (ii) enough time has elapsed to permit the investment market to absorb and evaluate the information. As a general rule, you should consider information to be nonpublic until two full trading days have lapsed following public disclosure.

If you are unsure of whether you possess material nonpublic information, please contact the Company's Chief Legal Officer or his or her designee, who will address your concerns. For purposes of enforcement of this Policy, the Chief Legal Officer or his or her designee shall serve as the Company's Compliance Officer for purposes of this policy. This insider trading policy (the "**Policy**") is being adopted in light of these legal requirements, and with the following goals:

- preventing inadvertent violations of the insider trading laws;
- avoiding embarrassing proxy disclosure of reporting violations by persons (*i.e.*, the Section 16 Officers) subject to Section 16 of the Securities Exchange Act of 1934, as amended (the "**Exchange Act**");
- avoiding even the appearance of impropriety on the part of those employed by, or associated with, the Company;
- protecting the Company from Controlling Person liability; and
- protecting the reputation of the Company, its Directors and its employees.

2. **PROHIBITION ON TRADING WHILE AWARE OF MATERIAL NONPUBLIC INFORMATION; PROHIBITION ON TIPPING OTHERS.**

2.1. This Section 2 of the Policy applies to the following persons:

- all Directors;
- all employees;
- all family members or life partners of Directors and employees who share the same address as, are financially dependent on, or whose transactions in the Company's securities are influenced, controlled or directed by the Director or employee;
- all corporations, partnerships, trusts or other entities owned or controlled by any of the above persons; and
- those consultants that may be designated by the Company from time to time.

2.2. Persons covered by this Section 2 may not:

- purchase, sell, pledge, gift, donate, or otherwise transact in any securities of the Company while aware of any material nonpublic information concerning the Company;

- disclose to any other person (inside or outside of the Company) any material nonpublic information concerning the Company or suggest that anyone purchase or sell any Company securities while you are aware of material nonpublic information about the Company; provided, however, that this Policy does not restrict legitimate business communications to Company personnel who require the information in order to perform their business duties;
- purchase, sell, pledge, donate or otherwise transact any securities of another company while aware of any material nonpublic information concerning such other company, which information was learned in the course of service as a Director or employee (or as a family member or life partner of a Director or employee) of the Company; or
- disclose to any other person any material nonpublic information concerning another company, which information was learned in the course of service as a Director or employee (or as a family member or life partner of a Director or employee) of the Company; provided, however, that this Policy does not restrict legitimate business communications to Company personnel who require the information in order to perform their business duties.

2.3. There is no exception for small transactions or transactions that may seem necessary or justifiable for independent reasons, such as the need to raise money for an emergency expenditure.

2.4. The prohibition on purchases, sales, pledges, gifts, or other acquisitions or dispositions of Company securities, while aware of “material nonpublic information” concerning the Company, does not apply to Exempt Transactions (as defined in Section 3.3).

2.5. The prohibitions on disclosure of material nonpublic information concerning the Company, and material nonpublic information concerning another company learned in the course of services to the Company, do not limit other obligations to maintain confidentiality of confidential information of the Company or third parties with which the Company does business.

3. **BLACKOUT PERIODS.**

3.1. The prohibitions in Section 3.2 of the Policy apply to the following persons:

- all Directors;
- all Section 16 officers, as defined by the Securities Exchange Commission rules (“**Section 16 Officers**”);

- such other employees as are designated from time to time by the Board or its Nominating & Governance Committee, or the Chief Legal Officer (“**Other Designated Employees**”);
- all family members or life partners of Directors, Section 16 Officers and Other Designated Employees who share the same address as, are financially dependent on, or whose transactions in the Company’s securities are influenced, controlled or directed by the Director, Section 16 Officer or Other Designated Employee; and
- all corporations, partnerships, trusts or other entities owned or controlled by any of the above persons; and
- those consultants that may be designated by the Company from time to time.

3.2. No person described in Section 3.1 may purchase, sell, pledge, donate, or otherwise transact in any securities of the Company during the following time periods (each, a “**Corporate Blackout Period**”):

- beginning upon the close of regular trading hours on the fifteenth day of the last month of each fiscal quarter (or the previous trading day if the fifteenth is not a trading day) and ending upon the day after the completion of two full-day trading sessions of the principal exchange or market system upon which the Company’s common stock trades following the filing of the SEC report on Form 10-Q or Form 10-K that includes financial statements for the most recently completed fiscal quarter or year of the Company;
- beginning at the time of any public earnings-related announcement or public announcement of a significant corporate transaction or event and ending upon the completion of the second full trading day after such announcement; or
- during such other periods as may be established from time to time by the Board or its Nominating & Governance Committee, or the Chief Legal Officer in light of particular events or developments affecting the Company.

In addition, no person covered by this Section 3 shall inform a person not covered by this Section 3 that a Corporate Blackout Period imposed as a result of particular events or developments is in effect.

3.3. The prohibitions in Section 3.2 do not apply to any of the following (each, an “**Exempt Transaction**”):

- purchases made under an employee stock purchase plan operated by the Company; provided, however, that the securities so acquired may not be sold during a Corporate Blackout Period or otherwise in violation of this Policy;
- (i) “cash” exercises of stock options in payment of the exercise price and any applicable taxes, in a manner permitted by the Company, (ii) the surrender of shares to the Company, or automatic and non-discretionary sales by a broker pursuant to a pre-established plan or agreement to cover the tax obligations of the employee in connection with the vesting of awards (which for the avoidance of doubt does not have to be a Trading Plan as defined below, but rather can be a Company-wide approach as permitted by the Company’s equity incentive plans and award agreements thereunder), and (iii) an award of Company securities pursuant a Company equity incentive plan; provided, however, that any securities acquired under this provision may not be sold (either outright or in connection with a “cashless” exercise transaction through a broker) during a Corporate Blackout Period (unless pursuant to a Trading Plan as defined below) or otherwise in violation of this Policy; an acquisition of Company securities pursuant to a stock split, stock dividend or pro rata distribution to Company stockholders;
- an acquisition or disposition of Company securities pursuant to a domestic relations order, as defined in the Internal Revenue Code;
- transfers to any trust for the direct or indirect benefit of the transferee or his or her family, or other transfers for estate or tax planning purposes that do not change beneficial ownership; and
- purchases or sales made pursuant to a binding contract, written plan or specific instruction that is adopted and operated in compliance with Rule 10b5-1 under the Exchange Act (a “**Trading Plan**”), provided such Trading Plan: (1) is in writing; (2) satisfies the requirements of our 10b5-1 Trading Plans: Requirements and Best Practices guidelines; and (3) was submitted to the Company for review and approval by the Company; or transfers pursuant to an arrangement made before the transferor became subject to this Policy and not involving exercise of discretion by the transferor during a Corporate Blackout Period.

4. **PRE-CLEARANCE OF SECURITIES TRANSACTIONS.**

4.1. This Section 4 of the Policy applies to the following persons:

- all Directors;
- all Section 16 Officers;
- Other Designated Employees;
- all family members or life partners of Directors, Section 16 Officers and Other Designated Employees who share the same address as, are financially dependent on, or whose transactions in the Company's securities are influenced, controlled or directed by the Director, Section 16 Officers or Other Designated Employees;
- all corporations, partnerships, trusts or other entities owned or controlled by any of the above persons; and
- those consultants that may be designated by the Company from time to time.

4.2. No person covered by this Section 4 may purchase, sell or otherwise transact in securities of the Company unless such transaction is first pre-cleared by the Company's Chief Legal Officer or their designee. However, this pre-clearance requirement does not apply to Exempt Transactions. If a transaction is approved under the Policy, the transaction should be executed reasonably promptly after the approval is obtained. Notwithstanding the foregoing, the proposed trade may not be executed if the person acquires material nonpublic information concerning the Company prior to executing the trade. If a proposed transaction is not approved under the pre-clearance policy, the person should refrain from initiating any transaction in Company securities, and should not inform anyone within or outside of the Company of the restriction.

4.3. Each Director and Section 16 Officer shall also notify the Chief Legal Officer or his or her designee of the occurrence of any purchase, sale or other acquisition or disposition of securities of the Company (including an Exempt Transaction) as soon as possible following the transaction, but in any event, within one business day after the transaction. This notification, which may be oral, in writing or via e-mail, should describe the type of transaction that occurred (*i.e.*, an open market purchase, a privately negotiated sale, an option exercise, etc.), the date of the transaction, the number of shares covered by the transaction, the purchase or sale price (if applicable), and whether the transaction was effected by the Director, or executive officer, other employees or consultants as are designated from time to time, or by a relative or affiliated entity of the foregoing. For purposes of this Section 4.3, a purchase, sale or other acquisition or disposition shall be deemed to occur at the time that the person becomes irrevocably committed to it; in the case of an open market purchase or sale, this occurs when the trade is executed (not when it settles).

5. **OTHER PROHIBITIONS ON TRADING ACTIVITIES.**

5.1. This Section 5 of the Policy applies to the following persons:

- all Directors;
- all Section 16 Officers;
- all Other Designated Employees;
- all family members or life partners of Directors, Section 16 Officers and Other Designated Employees who share the same address as, are financially dependent on, or whose transactions in the Company's securities are influenced, controlled or directed by the Director, Section 16 Officers or Other Designated Employees;
- all corporations, partnerships, trusts or other entities owned or controlled by any of the above persons; and
- those consultants that may be designated by the Company from time to time.

5.2. Persons covered by this Section 5 may not engage in any of the following types of transactions:

- short sales and margin purchases of Company securities;
- pledges of Company securities as collateral;
- transactions that are designed to hedge or offset any decrease in the market value of Company securities, including prepaid variable forward contracts, equity swaps, futures, collars, exchange funds, options, puts, and calls; or
- purchases or sales of puts, calls or other derivative securities involving the Company's equity securities for speculative purposes.

5.3. If a person covered by this Section 5 is in possession of material, non-public information when his or her service terminates, that person may not trade in the Company's securities until that information has become public or is no longer material.

6. **ADVANCE NOTICE.**

6.1. This Section 6 of the Policy applies to all of the persons covered by Section 2 of the Policy who are not also subject to the pre-clearance requirements in Section 4.

6.2. Each person subject to this Section 6 must notify the Chief Legal Officer or their designee at least two business days in advance of any purchase or sale of the securities of the Company.

7. PENALTIES FOR VIOLATION.

Violation of any of the foregoing rules is grounds for disciplinary action by the Company, including employment termination.

8. COMPANY ASSISTANCE AND EDUCATION.

8.1. The Company shall take reasonable steps designed to ensure that all Directors and employees of the Company are educated about, and periodically reminded of, the federal securities law restrictions and Company policies regarding insider trading.

8.2. The Company may provide assistance to Directors and Section 16 Officers in connection with the filing of Forms 3, 4 and 5 under Section 16 of the Exchange Act. However, the ultimate responsibility, and liability, for timely filing remains with the Directors and Section 16 Officers.

9. APPLICABILITY.

No person subject to this Policy shall be determined to have been in possession of material nonpublic information solely by virtue of the fact that such person is subject to this Policy.

From time to time, the Company may engage in transactions in its own securities. It is the Company's policy to comply with all applicable securities and state laws (including appropriate approvals by the Board of Directors or appropriate committee, if required) when engaging in transactions in the Company's securities.

List of Subsidiaries

Magnite Australia PTY Limited
Magnite Servicios De Internet Ltda
Magnite SARL
Magnite GmbH
Magnite AB
Magnite S.R.L.
Magnite K.K.
Magnite Netherlands B.V.
Magnite Singapore Pte Ltd.
Magnite Ltd
Magnite Canada, Inc.
SlimCut Media Canada Inc.
Magnite Apex, Inc.
Magnite Advertising Solutions India Private Limited
Magnite Bell, Inc.
Rubicon Project Unlatch, Inc.
Magnite Hopper, Inc.
Rubicon Project Daylight, Inc.
Project Daylight, LLC
The Rubicon Project Canada ULC
Magnite Holdings Pty Ltd
Magnite CTV Pty Ltd
Telaria SDN. BHD.
Magnite CTV (NZ) Limited
SpotX Limited
SpotX Australia Pty Ltd
SpotX Japan G.K.

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement Nos. 333-195972, 333-201174, 333-204012, 333-219563, 333-237613 and 333-263222 on Form S-8 of our reports dated February 26, 2025, relating to the financial statements of Magnite, Inc. and the effectiveness of Magnite, Inc.'s internal control over financial reporting appearing in this Annual Report on Form 10-K for the year ended December 31, 2024.

/s/ Deloitte & Touche LLP

Los Angeles, California
February 26, 2025

**Certification of Principal Executive Officer
pursuant to
Exchange Act Rules 13a-14(a) and 15d-14(a),
as adopted pursuant to
Section 302 of the Sarbanes-Oxley Act of 2002**

I, Michael Barrett, certify that:

1. I have reviewed this Annual Report on Form 10-K of Magnite, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Signature:

/s/ Michael Barrett

Michael Barrett
Chief Executive Officer
(Principal Executive Officer)

Date February 26, 2025

**Certification of Principal Financial Officer
pursuant to
Exchange Act Rules 13a-14(a) and 15d-14(a),
as adopted pursuant to
Section 302 of the Sarbanes-Oxley Act of 2002**

I, David Day, certify that:

1. I have reviewed this Annual Report on Form 10-K of Magnite, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Signature:

/s/ David Day

Date February 26, 2025

David Day
Chief Financial Officer
(Principal Financial Officer)

**CERTIFICATIONS OF PRINCIPAL EXECUTIVE OFFICER AND PRINCIPAL FINANCIAL OFFICER PURSUANT TO 18 U.S.C.
SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350), Michael Barrett, Chief Executive Officer (Principal Executive Officer) of Magnite, Inc. (the "Company"), and David Day, Chief Financial Officer (Principal Financial Officer) of the Company, each hereby certifies that, to the best of his knowledge:

1. Our Annual Report on Form 10-K for the quarter ended December 31, 2024, to which this certification is attached as Exhibit 32 (the "Report"), fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date February 26, 2025

/s/ Michael Barrett

Michael Barrett
Chief Executive Officer
(Principal Executive Officer)

/s/ David Day

David Day
Chief Financial Officer
(Principal Financial Officer)

The foregoing certifications are being furnished pursuant to 18 U.S.C. Section 1350. They are not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and are not to be incorporated by reference into any filing of the Company, regardless of any general incorporation language in such filing.