Magnite

Financial Highlights Q1 2021

May 10, 2021

Safe Harbor

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FORWARD-LOOKING STATEMENTS

This presentation and management's prepared remarks during the conference call referred to above include, and management's answers to questions during the conference call may include, 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 acquisition of SpotX, Inc. ("SpotX," and such acquisition the "SpotX Acquisition") or the anticipated benefits thereof; statements concerning potential synergies from the SpotX Acquisition; statements concerning the potential impacts of the COVID-19 pandemic on our business operations, financial condition, and results of operations and on the world economy; our anticipated financial performance; anticipated benefits or effects related to our completed merger with Telaria, Inc. ("Telaria" and such merger the "Telaria Merger"); strategic objectives, including our focus on connected television ("CTV"), mobile, video, header bidding, Demand Manager, identity solutions, and private marketplace opportunities; investments in our business; development of our technology; industry growth rates for ad-supported CTV and the shift in video consumption from linear TV to CTV; introduction of new offerings; the impact of transparency initiatives we may undertake; the impact of our traffic shaping technology on our business; the effects of our cost reduction initiatives; scope and duration of client relationships; the fees we may charge in the future; business mix and expansion of our CTV, mobile, video, and private marketplace offerings; sales growth; client utilization of our offerings; our competitive differentiation; our market share and leadership position in the industry; market conditions, trends, and opportunities; certain statements regarding future operational performance measures including ad requests, fill rate, paid impressions, average CPM, take rate, and advertising spend; benefits from supply path optimization; 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 face include, but are not limited to, the following: our ability to realize the anticipated benefits of the SpotX Acquisition; our ability to comply with the terms of our financing arrangements; increases in our debt leverage 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; conversion of our Convertible Notes will dilute the ownership interest of existing stockholders, or may otherwise depress the price of our common stock; the severity, magnitude, and duration of the COVID-19 pandemic, including impacts of the pandemic and of responses to the pandemic by governments, business and individuals on our operations, personnel, buyers, sellers, and on the global economy and the advertising marketplace; our vulnerability to the depletion of cash resources as a result of impacts of the COVID-19 pandemic; our CTV spend may grow more slowly than we expect if industry growth rates for ad supported CTV are not accurate, if CTV sellers fail to adopt programmatic advertising solutions or if we are unable to maintain or increase access to CTV advertising inventory; we may not realize the anticipated benefits of the Telaria Merger; we may be unsuccessful in our Supply Path Optimization efforts; our ability to introduce new offerings and bring them to market in a timely manner, and otherwise adapt in response to client demands and industry trends; uncertainty of our estimates and expectations associated with new offerings; lack of adoption and market acceptance of our Demand Manager solution; our technology development efforts may be inefficient or ineffective, or not keep pace with competitors; we must increase the scale and efficiency of our technology infrastructure to support our growth; the emergence of header bidding has increased competition from other demand sources 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 increase in the volume of ad requests, improvements in fill-rate, and/or increases in the value of transactions through our platform; the impact of requests for discounts, fee concessions, rebates, refunds or favorable payment terms; our history of losses, and the fact that in the past our operating results have and may in the future fluctuate significantly, be difficult to predict, and fall below analysts' and investors' expectations; the effect on the advertising market and our business from difficult economic conditions or uncertainty; the effects of seasonal trends on our results of operations; we operate in an intensely competitive market that includes companies that have greater financial, technical and marketing resources than we do; the effects of consolidation in the ad tech industry; the growing percentage of online and mobile advertising spending captured by closed "walled gardens (such as Google, Facebook, Comcast, and Amazon); 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 development and use of new identity solutions as a replacement for third-party cookies and other identifiers may disrupt the programmatic ecosystem and cause the 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; our ability to comply with, and the effect on our business of, evolving legal standards and regulations, particularly concerning data protection and privacy; our ability to comply with industry self-regulation; failure by us or our clients to meet advertising and inventory content standards could harm our brand and reputation and those of our partners; our ability to attract and retain buyers and sellers of digital advertising inventory, and increase our business with them; the freedom of buyers and sellers to direct their spending and inventory to competing sources of inventory and demand; the ability of buyers and sellers to establish direct relationships and integrations without the use of our platform; 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; 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; we may be exposed to claims from clients for breach of contracts; errors or failures in the operation of our solution, interruptions in our access to network infrastructure or data, and breaches of our computer systems; 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 access inventory with high viewability and completion rates; the use of our net operating losses and tax credit carryforwards may be subject to certain limitations; the possibility of adjustments to the purchase price allocation and valuation relating to the Telaria Merger; our ability to raise additional capital if needed; volatility in the price of our common stock; the impact of negative analyst or investor research reports; our ability to attract and retain qualified employees and key personnel; costs associated with enforcing our intellectual property rights or defending intellectual property infringement and other claims; the Capped Call Transactions may affect the value of the Convertible Notes and our common stock; we are subject to counterparty risk with respect to the Capped Call Transactions; the conditional conversion feature of the Convertible Notes, if triggered, may adversely affect our financial condition and operating result; provisions in the indenture for the Convertible Notes may deter or prevent a business combination that may be favorable to our stockholders; failure to successfully execute our international growth plans; and our ability to identify future acquisitions of or investments in complementary companies or technologies and our ability to consummate the acquisitions and integrate such companies or technologies. 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 press release and in other filings we have made and will make from time to time with the Securities and Exchange Commission, or SEC, including our Annual Report on Form 10-K for the year ended December 31, 2020. 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 press release and the documents that we reference in this press release 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.

Non-GAAP Financial Measures

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In addition to our GAAP results, we review certain non-GAAP financial measures to help us evaluate our business, 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. These non-GAAP measures include Revenue ex-TAC, Adjusted EBITDA, Non-GAAP Income (Loss) and Non-GAAP Earnings (Loss) per share, each of which is discussed below.

These non-GAAP financial measures are not intended to be considered in isolation from, as substitutes for, or as superior to, the corresponding financial measures prepared in accordance with GAAP. You are encouraged to evaluate these adjustments, and review the reconciliation of these non-GAAP financial measures to their most comparable GAAP measures, and the reasons we consider them appropriate. It is important to note that the particular items we exclude from, or include in, our non-GAAP financial measures may differ from the items excluded from, or included in, similar non-GAAP financial measures used by other companies. See "Reconciliation of Revenue to Revenue ex-TAC," "Reconciliation of net loss to Adjusted EBITDA," "Reconciliation of net loss to non-GAAP income (loss)," and "Reconciliation of GAAP loss per share to non-GAAP income (loss) per share" included as part of this presentation.

Revenue ex-TAC:

Revenue ex-TAC is revenue excluding traffic acquisition cost (TAC). Traffic acquisition cost, a component of Cost of Revenues, are what we must pay sellers for the sale of advertising inventory through our platform for revenue reported on a gross basis. Revenue ex-TAC is a non-GAAP financial measure and should not be viewed in isolation. We believe Revenue ex-TAC is a useful measure in assessing the performance of SpotX, and in assessing the performance of Magnite as a combined company with SpotX post acquisition, because it facilitates a consistent comparison against our core business without considering the impact of traffic acquisition costs related to revenue reported on a gross basis. Previously, with respect to SpotX results, we used the term Non-GAAP Net Revenue to facilitate a comparison with our results, but will use the term Revenue ex-TAC going forward.

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, non-operational real estate expense (income), net, and provision (benefit) for income taxes. We also track future expenses on an Adjusted EBITDA basis, and describe them as Adjusted EBITDA operating expenses, which includes total operating expenses. Total operating expenses include cost of revenue. We adjust Adjusted EBITDA operating expenses for the same expense items excluded in Adjusted EBITDA. 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 may also be 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 non-cash charges related to acquisition and related items, such as amortization of acquired intangible assets, merger 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 and expenses associated with earn-out amounts. Adjusted EBITDA does not reflect changes in our working capital needs, capital expenditures, non-operational real estate expenses or income, 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 and the timing and amounts of our investments in 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.

Non-GAAP Income (Loss) and Non-GAAP Earnings (Loss) per Share:

We define non-GAAP earnings (loss) per share as non-GAAP income (loss) divided by non-GAAP weighted-average shares outstanding. Non-GAAP income (loss) is equal to net income (loss) excluding stock-based compensation, cash and non-cash based acquisition and related expenses, including amortization of acquired intangible assets, merger related severance costs, transaction expenses, non-operational real estate expenses or income, and foreign currency gains and losses. In periods in which we have non-GAAP income, non-GAAP weighted-average shares outstanding used to calculate non-GAAP earnings per share includes the impact of potentially dilutive shares. Potentially dilutive shares consist of stock options, restricted stock awards, restricted stock units, and potential shares issued under the Employee Stock Purchase Plan, each computed using the treasury stock method. We believe non-GAAP earnings (loss) per share is useful to investors in evaluating our ongoing operational performance and our trends on a per share basis, and also facilitates comparison of our financial results on a per share basis with other companies, many of which present a similar non-GAAP measure. However, a potential limitation of our use of non-GAAP earnings (loss) per share is that other companies may define non-GAAP earnings (loss) per share differently, which may make comparison difficult. This measure may also exclude expenses that may have a material impact on our reported financial results. Non-GAAP earnings (loss) per share is a performance measure and should not be used as a measure of liquidity. Because of these limitations, we also consider the comparable GAAP measure of net income (loss).

Highlights

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➔ SpotX acquisition closed April 30, 2021

➔ Total pro forma revenue(1) grew 18% year over year in Q1 2021 to $60.7 million

➔ CTV pro forma revenue(1) grew 32% year over year in Q1 2021 to $12.0 million

➔ Adjusted EBITDA(2) was $9.4 million with a 15% margin in Q1 2021

SpotX *(preliminary and unaudited)*:

➔ Total Revenue ex-TAC(2) of $31.2 million for Q1 2021 **up 45%** over Q1 2020, with $19.7 million attributable to CTV, **up 70%** over Q1 2020

(1) *Pro forma percentage year over year revenue growth includes Telaria results for Q1 2020.*
(2) *Adjusted EBITDA and Revenue ex-TAC are Non-GAAP financial measure. Please see the discussion in the section called "Non-GAAP Financial Measures" and the reconciliations included in this presentation.*

Guidance & Long Term Financial Targets

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- ➔ Q2 Revenue ex-TAC[2] to be $92-$96 million, not including SpotX Revenue ex-TAC for April[1]
- ➔ Revenue ex-TAC[2] attributable to CTV to be $30-$34 million, not including SpotX revenue ex-TAC for April[1]
- ➔ Q2 Adjusted EBITDA[2] operating expenses to be between $68-$70 million, not including SpotX expenses for April[1]
- ➔ Q2 Adjusted EBITDA[2] margin to be approximately 27%, not including SpotX results for April[1]
- ➔ Revenue ex-TAC[2] attributable to CTV to grow **greater than 90%** year over year for pro forma full quarter Q2 2021 (combined company results including SpotX results for all of Q2)
- ➔ **Long-term** revenue ex-TAC[2] growth target raised to **25%** from 20%
- ➔ **Long-term** adjusted EBITDA[2] margin target is **30-35%**

(1) Q2 2021 SpotX pre-acquisition period, April 1, 2021 through April 30, 2021 since the acquisition closed April 30, 2021

(2) Adjusted EBITDA and Revenue ex-TAC are non-GAAP financial measures. Please see the discussion in the section called "Non-GAAP Financial Measures" and the reconciliations included in this presentation. Following the SpotX acquisition we will calculate adjusted EBITDA margin as adjusted EBITDA divided by revenue ex-TAC.

Magnite Q1 2021 Summary

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Financial Measures ($MM except per share data)	Three Months Ended		
	3/31/2021	3/31/2020	Change Fav / (Unfav)
Revenue	$60.7	$36.3	67%
Net loss	($12.9)	($9.7)	(33%)
Adjusted EBITDA(1)	$9.4	$2.8	236%
Adjusted EBITDA margin(3)	15%	8%	7 ppt
Adjusted EBITDA operating expenses(2)	$51.4	$33.5	53%
Basic and Diluted earnings (loss) per share	($0.11)	($0.18)	39%
Non-GAAP earnings (loss) per share(1)	$0.03	($0.06)	150%

(1) Adjusted EBITDA and non-GAAP income (loss) per share are non-GAAP financial measures. Please see the discussion in the section called "Non-GAAP Financial Measures" and the reconciliations included in this presentation.
(2) Adjusted EBITDA operating expenses is calculated as revenue less Adjusted EBITDA.
(3) Adjusted EBITDA margin is calculated as Adjusted EBITDA divided by revenue.

Cash Flow and Balance Sheet Highlights

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Adjusted Cash Flow Highlights ($MM)

	Q1 2021	Q1 2020
Adjusted EBITDA[1]	$9.4	$2.8
Less capital expenditures	(9.3)	(4.8)
Cash flow (excluding working capital changes)	$0.1	($2.0)

(1) Adjusted EBITDA is a non-GAAP financial measures. Please see the discussion in the section called "Non-GAAP Financial Measures" and the reconciliations included in this presentation.

Balance Sheet Highlights ($MM)

	Mar 31, 2021	Dec 31, 2020
Cash & equivalents	$468.6	$117.7
Marketable securities	—	—
Total cash + liquid assets	$468.6	$117.7
Debt	$ 388.6	$ 0.0

Amortization Schedule

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Remaining Amortization Schedule for Acquired Intangibles by Period ($MM)	Amount
2021	$23.5
2022	26.3
2023	13.9
2024	13.8
2025	4.2
Thereafter	0.6
TOTAL Remaining Amortization of Acquired Intangibles	$82.3

Note: Amounts may not foot due to rounding.

Q1 MGNI Reconciliations of Net Loss to Adjusted EBITDA

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Reconciliation of Net Income to Adjusted EBITDA ($MM)	Q1 2021	Q1 2020
Net income	($12.9)	($9.7)
Add back (deduct):		
Depreciation and amortization, excluding amortization of acquired intangible assets	4.9	6.5
Amortization of acquired intangibles	7.6	1.1
Stock-based compensation expense	7.0	4.1
Acquisition and related items	2.3	1.9
Rent expense (income), net (vacant building/sublease)	0.1	—
Interest expense (income), net	0.1	(0.1)
Foreign currency (gain) loss, net	0.0	(0.7)
Other non-operating (income) expense, net	—	—
Provision (benefit) for income taxes	0.2	(0.2)
Adjusted EBITDA	$9.4	$2.8

Note: Amounts may not foot due to rounding.

Q1 MGNI Reconciliations of Net Loss to Non-GAAP Income (Loss)

Magnite

Reconciliation of Net Income to Non-GAAP Income ($MM, except share figures)	Q1 2021	Q1 2020
Net loss	($12.9)	($9.7)
Add back (deduct):		
Acquisition and related items, including amortization of acquired intangibles	9.9	3.0
Stock-based compensation expense	7.0	4.1
Non-operational real estate expense (income), net	0.1	—
Foreign currency (gain) loss, net	0.0	(0.7)
Other non-operating (income) expense, net	—	—
Tax effect of non-GAAP adjustments	0.6	(0.2)
Non-GAAP income	$3.6	($3.6)
Non-GAAP income (loss) per share	$0.03	($0.06)
Non-GAAP weighted-average shares outstanding (MM)	128.5	54.9

Note: Amounts may not foot due to rounding.

Revenue Split by Channel & Geography

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Revenue Split by Channel	Q1 2021				Q1 2020			
Financial Measure: ($MM)	CTV	Mobile	Desktop	Total	CTV	Mobile	Desktop	Total
GAAP Revenue	$12.0	$27.9	$20.9	$60.7	–	$21.0	$15.3	$36.3
Percent of Revenue	20%	46%	34%			58%	42%	

Revenue Split by Geography	Q1 2021			Q1 2020		
Financial Measure: ($MM)	U.S.	Int'l	Total	U.S.	Int'l	Total
GAAP Revenue	$42.6	$18.1	$60.7	$25.5	$10.8	$36.3
Percent of Revenue	70%	30%		70%	30%	

Note: Amounts may not foot due to rounding.

SPOTX, INC. RECONCILIATION OF REVENUE TO REVENUE EX-TAC *(PRELIMINARY AND UNAUDITED)*

Reconciliation of Revenue to Revenue Ex-TAC ($MM, except share figures)	Three Months Ended March 31, 2021
Revenue[(1)]	$48.0
Less traffic acquisition cost reflected in cost of revenue	16.8
Revenue Ex-TAC[(1)]	$31.2

(1) *In future periods, we intend to reconcile Revenue ex-TAC to gross profit, its most directly comparable GAAP financial measure. We are unable to provide this reconciliation at this time, due to the recent April 30, 2021 closing date of the acquisition and the preliminary nature of SpotX's expense classifications for Q1 2021.*