

# Financial Highlights Q1 2024

May 8, 2024

Magnite



## 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 Company's guidance or expectations with respect to future financial performance; acquisitions by the Company, or the anticipated benefits thereof; potential synergies from the Company's acquisitions; 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; scope and duration of client relationships; the fees we may charge in the future; our anticipated financial performance; key strategic objectives; anticipated benefits of new offerings; business mix; sales growth; benefits from supply path optimization; the development of identity solutions; 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; 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.

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 presentation 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, 2023 and subsequent filings. 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 presentation and the documents that we reference in this presentation 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

In addition to our GAAP results, we review certain non-GAAP financial measures 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. These non-GAAP measures include Contribution 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 Gross Profit to Contribution ex-TAC," "Reconciliation of net loss to Adjusted EBITDA," "Reconciliation of net loss to non-GAAP income," and "Reconciliation of GAAP loss per share to non-GAAP earnings per share" included as part of this presentation.

We do not provide a reconciliation of our non-GAAP financial expectations for Contribution ex-TAC and Adjusted EBITDA, or a forecast of the most comparable GAAP measures, because the amount and timing of many future charges that impact these measures (such as amortization of future acquired intangible assets, acquisition-related charges, foreign exchange (gain) loss, net, stock-based compensation, impairment charges, provision or benefit for income taxes, and our future revenue mix), which could be material, are variable, uncertain, or out of our control and therefore cannot be reasonably predicted without unreasonable effort, if at all. In addition, we believe such reconciliations or forecasts could imply a degree of precision that might be confusing or misleading to investors.

**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. We believe Contribution ex-TAC is a useful measure in assessing the performance of Magnite and facilitates a consistent comparison against our core business without considering the impact of traffic acquisition costs related to revenue reported on a gross basis.

**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 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. Adjusted EBITDA operating expenses is calculated as Contribution ex-TAC less Adjusted EBITDA. 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 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 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, 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.

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 merger, acquisition, and restructuring costs, which consist primarily of professional service fees associated with merger and acquisition activities, cash-based employee termination costs, and other restructuring activities, including facility closures, relocation costs, contract termination costs, and impairment costs of abandoned technology associated with restructuring activities, amortization of acquired intangible assets, gains or losses on extinguishment of debt, non-operational real estate and other expenses or income, foreign currency gains and losses, interest expense associated with Convertible Senior Notes, other debt refinancing expenses, and the tax impact of these items. 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 units, performance stock units, and potential shares issued under the Employee Stock Purchase Plan, each computed using the treasury stock method, and the impact of shares that would be issuable assuming conversion of all of the Convertible Senior Notes, calculated under the if-converted 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).

# Q1 Highlights

- Total Contribution ex-TAC<sup>(1)</sup> grew **12%** year-over-year to \$130.6 million, **exceeded** guidance of \$122 to \$126 million
- Contribution ex-TAC<sup>(1)</sup> attributable to CTV grew **18%** year-over-year to \$54.9 million, **exceeded** guidance of \$49 to \$51 million
- Contribution ex-TAC<sup>(1)</sup> attributable to DV+ grew **9%** year-over-year to \$75.7 million, **exceeded** guidance of \$73 to \$75 million
- Adjusted EBITDA<sup>(1)</sup> of \$25.0 million, representing a 19% margin<sup>(2)</sup>
- Non-GAAP EPS<sup>(1)</sup> of \$0.05 compared to \$0.04 in Q1 2023
- Operating cash flow<sup>(3)</sup> of \$10.3 million

(1) Contribution ex-TAC, Adjusted EBITDA, and non-GAAP earnings per share are non-GAAP financial measures. Please see the discussion in the section entitled "Non-GAAP Financial Measures" and the reconciliations included in this presentation.

(2) Adjusted EBITDA margin is calculated as Adjusted EBITDA divided by Contribution ex-TAC.

(3) Operating cash flow is defined as Adjusted EBITDA Less Capex

# Guidance

- Total Contribution ex-TAC<sup>(1)</sup> for Q2 2024 to be between \$142 and \$146 million
- Contribution ex-TAC<sup>(1)</sup> for Q2 2024 for CTV to be between \$59 and \$61 million
- Contribution ex-TAC<sup>(1)</sup> for Q2 2024 for DV+ to be between \$83 and \$85 million
- Adjusted EBITDA operating expenses<sup>(2)</sup> for Q2 2024 to be between \$101 and \$103 million
- **Raising** Contribution ex-TAC<sup>(1)</sup> to now grow **at least 10%** for the full-year 2024, with CTV growing faster than DV+
- **Increasing** Adjusted EBITDA margin<sup>(4)</sup> expansion for full-year 2024 to **100-150 basis points**
- **Increasing** Adjusted EBITDA<sup>(1)</sup> growth for full-year 2024 to mid-teens, and even **higher growth in free cash flow**<sup>(5)</sup>
- Total capital expenditures for 2024 to be in the mid to high \$40 million range

(1) Contribution ex-TAC and Adjusted EBITDA are non-GAAP financial measures. Please see the discussion in the section entitled "Non-GAAP Financial Measures" and the reconciliations included in this presentation.

(2) Adjusted EBITDA operating expenses is calculated as Contribution ex-TAC less Adjusted EBITDA.

(3) Advertising spend, or ad spend, is defined as the total volume of spending between buyers and sellers transacted on our platform.

(4) Adjusted EBITDA margin is calculated as Adjusted EBITDA divided by Contribution ex-TAC.

(5) Free cash flow is defined as operating cash flow (Adjusted EBITDA less capital expenditures) less net interest expense.

# Q1 2024 Summary

Financial Measures (\$MM except per share data)	Three Months Ended		
	3/31/2024	3/31/2023	Change Fav / (Unfav)
Revenue	\$149.3	\$130.2	15%
Gross Profit	\$83.4	\$5.3	NM
Contribution ex-TAC <sup>(1)</sup>	\$130.6	\$116.0	12%
Net loss	(\$17.8)	(\$98.7)	82%
Adjusted EBITDA <sup>(1)</sup>	\$25.0	\$23.3	7%
Adjusted EBITDA margin <sup>(2)</sup>	19%	20%	(1 ppt)
Basic and Diluted (loss) per share	(\$0.13)	(\$0.73)	82%
Non-GAAP earnings per share <sup>(1)</sup>	\$0.05	\$0.04	25%

NM - Not meaningful

(1) Contribution ex-TAC, Adjusted EBITDA, and non-GAAP earnings per share are non-GAAP financial measures. Please see the discussion in the section entitled "Non-GAAP Financial Measures" and the reconciliations included in this presentation.

(2) Adjusted EBITDA margin is calculated as Adjusted EBITDA divided by Contribution ex-TAC.

# Cash Flow and Balance Sheet Highlights

Operating Cash Flow Highlights (\$MM)		
	Q1 2024	Q1 2023
Adjusted EBITDA <sup>(1)</sup>	\$25.0	\$23.3
Less capital expenditures	(14.7)	(9.6)
Operating cash flow <sup>(2)</sup> (excluding working capital changes)	\$10.3	\$13.7

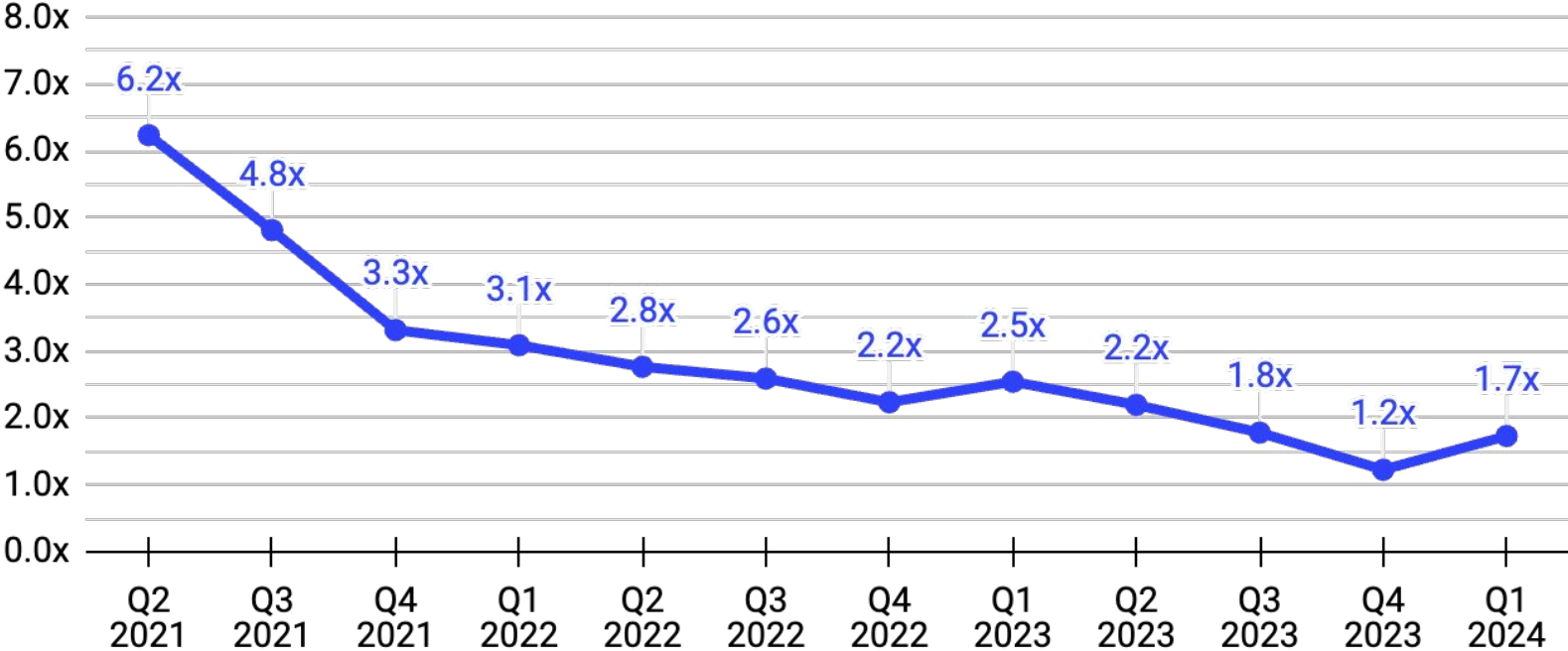
Balance Sheet Highlights (\$MM)		
	Mar 31, 2024	Dec 31, 2023
Cash & equivalents	\$252.8	\$326.2
Debt	\$552.7	\$536.6
Net debt	\$299.9	\$210.4

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

(2) Operating Cash flow is defined as Adjusted EBITDA Less Capex.

Note: Amounts may not foot due to rounding.

# Net Leverage



Note: Net Leverage is calculated as current and non-current debt outstanding less cash & cash equivalents over trailing 4 quarter Adjusted EBITDA.



# Amortization Schedule

<b>Remaining Amortization Schedule for Acquired Intangibles by Period (\$MM)</b>	<b>Amount</b>
Remaining 2024	22.5
2025	14.4
2026	6.0
2027	0.4
<b>Total Remaining Amortization of Acquired Intangibles</b>	<b>\$43.4</b>

*Note: Amounts may not foot due to rounding.*

# Q1 Reconciliation of Net Loss to Adjusted EBITDA

Reconciliation of Net Loss to Adjusted EBITDA (\$MM)	Q1 2024	Q1 2023
Net income (loss)	(\$17.8)	(\$98.7)
Add back (deduct):		
Depreciation and amortization expense, excluding amortization of acquired intangible assets	6.0	9.4
Amortization of acquired intangibles	7.6	86.4
Stock-based compensation expense	20.8	19.3
Merger, acquisition, and restructuring costs, excluding stock-based compensation expense	—	7.3
Non-operational real estate and other expense, net	0.0	0.1
Interest expense, net	8.0	8.2
Foreign exchange (gain) loss, net	(2.3)	0.2
(Gain) loss on extinguishment of debt	7.4	(8.5)
Other debt refinancing expenses	3.1	—
Benefit for income taxes	(7.8)	(0.3)
Adjusted EBITDA	\$25.0	\$23.3

Note: Amounts may not foot due to rounding.

# Q1 Reconciliation of Net Loss to Non-GAAP Income

Reconciliation of Net Loss to Non-GAAP Income (\$MM, except per share figures)	Q1 2024	Q1 2023
Net income (loss)	(\$17.8)	(\$98.7)
Add back (deduct):		
Merger, acquisition and restructuring costs, including amortization of acquired intangibles and excluding stock-based compensation expense	7.6	93.8
Stock-based compensation expense	20.8	19.3
Non-operational real estate and other expense, net	0.0	0.1
Foreign exchange (gain) loss, net	(2.3)	0.2
Interest expense, Convertible Senior Notes	0.4	1.7
(Gain) loss on extinguishment of debt	7.4	(8.5)
Other debt refinancing expenses	3.1	—
Tax effect of Non-GAAP adjustments	(11.3)	(2.0)
Non-GAAP income	\$8.0	\$5.8
Non-GAAP earnings per share	\$0.05	\$0.04
Non-GAAP weighted-average shares outstanding (MM)	146.9	144.3

Note: Amounts may not foot due to rounding.

# Revenue by Channel and Geography

Contribution Ex-TAC Split by Channel (\$MM)	Q1 2024				Q1 2023			
	CTV	Mobile	Desktop	Total	CTV	Mobile	Desktop	Total
Contribution ex-TAC	\$54.9	\$53.3	\$22.4	\$130.6	\$46.4	\$46.9	\$22.7	\$116.0
Percent of Total	42%	41%	17%		40%	40%	20%	

Revenue Split by Geography (\$MM)	Q1 2024			Q1 2023		
	U.S.	Int'l	Total	U.S.	Int'l	Total
GAAP Revenue	\$113.4	\$35.9	\$149.3	\$97.2	\$33.0	\$130.2
Percent of Total	76%	24%		75%	25%	

Note: Amounts may not foot due to rounding.

# Reconciliation of Revenue to Contribution Ex-TAC

Reconciliation of Revenue to Contribution Ex-TAC (\$MM)	Three Months Ended Mar 31, 2024	Three Months Ended Mar 31, 2023
Revenue	\$149.3	\$130.2
Less: Cost of Revenue	65.9	124.8
Gross Profit	83.4	5.3
Add back: Cost of revenue, excluding TAC	47.1	110.7
Contribution ex-TAC	\$130.6	\$116.0

*Note: Amounts may not foot due to rounding.*