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EDITED TRANSCRIPT

MGNI.OQ - Q3 2026 Magnite, Inc. Earnings Call

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PRESENTATION

Operator

Good afternoon and welcome to the Magnite third quarter 2026 earnings conference call. (Operator Instructions) Please note this event is being recorded.

I would now like to turn the conference over to Nick in Investor Relations. Please go ahead.

Nick Kormeluk - *Magnite, Inc. - Investor Relations*

Thank you, operator, and good afternoon, everyone. Welcome to Magnite's third quarter 2026 earnings conference call. As a reminder, this conference is being recorded. Joining me on the call today are Michael Barrett, CEO; and Brian Gephart, our CFO.

I would like to point out that we have posted financial highlight slides on our Investor Relations website to accompany today's presentation. Before we get started, I will remind you that our prepared remarks and answers to questions will include information that might be considered to be forward-looking statements including, but not limited to, statements concerning our anticipated financial performance and strategic objectives, including the potential impacts of macroeconomic factors on our business. 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.

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A discussion of these and other risks, uncertainties, and assumptions is set forth in the Company's periodic reports filed with the SEC, including our quarterly reports on Form 10-Q and our 2025 annual report on Form 10-K. We undertake no obligation to update forward-looking statements or relevant risks. Our commentary today will include non-GAAP financial measures including contribution ex-TAC, adjusted EBITDA, and non-GAAP income per share. Reconciliations between GAAP and non-GAAP metrics for our reported results can be found in our earnings press release and in the financial highlights deck that is posted on our Investor Relations website. At times, in response to your questions, we may offer additional metrics to provide greater insights into the dynamics of our business.

Please be advised that this additional detail may be one-time in nature and we may or may not provide an update on the future of these metrics. I encourage you to visit our Investor Relations website to access our press release, financial highlights deck, periodic SEC reports, and the webcast replay of today's call to learn more about Magnite.

I'll now turn the call over to Michael. Please go ahead, Michael.

Michael Barrett - *Magnite, Inc. - Chief Executive Officer*

Thank you, Nick, and thanks everyone for joining us today. I am pleased to report one of the best quarters for Magnite. We significantly exceeded expectations in Q3 across the business, both in CTV and DV+, leading to meaningful top- and bottom-line outperformance.

We expect this momentum to continue into the fourth quarter and once again are raising both our full-year contribution ex-TAC outlook and margin expectations. Total contribution ex-TAC for the third quarter was $201 million and exceeded expectations by over $10 million. CTV beat our expectations by $6 million and grew 39% year-over-year. DV+ also strongly exceeded expectations by $4 million, growing 5%. Political was a big contributor and far exceeded our expectations, coming in at approximately $12 million in Q3 with more than three-quarters of it benefiting the CTV business. We experienced a very strong midterm cycle this year, and Q4 political spend will be even larger than Q3. More on political later in my prepared remarks.

Adjusted EBITDA exceeded expectations by $13 million, resulting in a margin of 42%, demonstrating the operating leverage and cost discipline in our business model. CTV performance is broad-based on both the demand and supply side. CTV represented 53% of total contribution ex-TAC in the quarter, continuing the momentum that began over a year ago. The CTV market has reached an important inflection point as programmatic is rapidly becoming the desired way to transact on streaming television. We expect strong growth ahead for programmatic and CTV, and our incredibly strategic role positions us to continue this momentum and drive continued share gains.

We remain confident in our ability to outperform the market and expect a long-term three- to five-year growth rate in CTV of approximately 25%. We saw strong growth across many of the industry's largest media owners including Disney and ESPN, Fox and Tubi, LG Ads, Netflix, Roku, Skydance, and Vizio and Walmart. Across our top 10 CTV accounts, growth was once again in the mid-40% range year-over-year, with the remaining partners also growing above 30%.

We also had a great quarter with new and expanding partnerships. LG Ad Solutions signed a three-year extension and expansion, deepening our preferred programmatic partnership, extending exclusive ad serving via SpringServe, and bringing agentic buying to the LG TV home screen through our Magnite orchestration layer. We also expanded our Tele relationship to include programmatic on their home screen units, while HP TV+ selected Magnite as its primary video ad server and programmatic technology partner.

And finally, Pinterest announced the global launch of programmatic deals, selecting Magnite as their primary supply-side platform. Magnite connects Pinterest display, native, and video inventory as well as their high-intent commercial signals directly to major DSPs while integrating Pinterest inventory into Magnite orchestration to enable agentic discovery, packaging, and optimization. These partnerships showcase the unique value of our full-stack technology and independence.

Publishers trust us to manage their most mission-critical advertising infrastructure without the conflict of competing media interests. We are also encouraged by the steady improvement of DV+. Mobile in-app continues to be a primary contributor, growing 17% year-over-year in

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Q3 and now represents approximately 35% of the DV+ business. We believe the mobile app market will continue to be a solid growth driver for the foreseeable future.

As I mentioned earlier, political spend significantly exceeded our expectations. In total, we are now expecting political contribution ex-TAC to be over $40 million for 2026 versus the $15 million previously projected. To put this in perspective, this is more than double the last presidential election and nearly four times the last midterm cycle. There are three key drivers to our political growth. First, midterm election spending is setting records, and we have the scale and relationships to capture that demand.

Second, CTV is coming into maturity and capturing an increasing share of overall budgets. And third, we have dramatically amplified that opportunity through our expanded offerings, including ClearLine and our supply-side curation capabilities. Our ClearLine buying tool shortens the path to supply, improving ROI for political advertisers by connecting them directly with the leading media owners in CTV. Approximately 20% of our political ad spend flowed through ClearLine, becoming one of the largest conduits for this demand across our platform.

Moreover, our supply-side decisioning capabilities enable customized access to curated supply at scale. These tools allow publishers to segment and price their inventory for political advertisers specifically, improving access, geographic targeting, and the consumer experience. Importantly, this technology is powered by deep domain expertise. We've built a dedicated team on the ground in DC, staffed by political ad veterans with numerous cycles under their belts, enabling us to rapidly respond to urgent campaign needs, support quick launch timelines, and capture outsized political budgets.

Given our enhanced capabilities in this area, political will increase over 5% of our contribution ex-TAC mix in 2026, up from the 2% to 3% range in previous political years. We believe our success in political is durable based on our unique supply position and tools, and additionally, CTV will continue to play a bigger part of the political spend mix in future cycles. Our strategy is paying off.

First, SpringServe has positioned us as the operating system for CTV monetization. Our unique offering serves as a key driver of our market position, allowing us to consistently outpace industry growth rates and expand market share. Second, audience enablement and decisioning are moving toward the supply side, and we believe Magnite is leading that transition. And third, as AI reshapes advertising, it is becoming increasingly clear that our position as a key infrastructure player with a full suite of Magnite tools has publishers and buyers leaning on us to enable these new workflows together with programmatic.

Taken together, these trends are fueling our long-term competitive position and growth prospects.

Finally, I want to provide a brief update on Google remedies. As you know, the Court issued its remedies opinion in September and we're currently awaiting the final order from Judge Brinkema. While the Court and industry are still working through implementation details and timing, we applaud the Court's approach in adopting the key behavioral remedies proposed by the DOJ and believe that the ruling will result in a more balanced and level playing field with fairer options, greater transparency, and increased choice for publishers.

We're also pleased that the ruling has the potential to open up additional access to AdWords demand, which has primarily been restricted to the Google stack. All of these things are very good for our industry and will benefit our DV+ business at some point, hopefully sooner rather than later. In summary, I'm thrilled with our performance this quarter and the momentum that we are carrying into the fourth quarter and 2027. We have strong CTV growth, improving DV+ performance, expanding publisher relationships, and the operating leverage to translate that growth into meaningful earnings growth.

Before I conclude, I would like to introduce Brian on his first earnings call as our CFO. He's no stranger to Magnite earnings calls and has been an integral part of the team for the last five-plus years. We are thrilled to have him at the finance helm and keeping us focused on executing at an extremely high level and supported by a great team. Welcome, Brian.

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Brian Gephart - *Magnite, Inc. - Chief Financial Officer*

Thanks, Michael. We are extremely pleased with our third quarter results. As Michael mentioned, our beat was strong across the board, demonstrating the durability of our business, resulting in us raising our guidance for the remainder of the year.

Total revenue for Q3 was $204 million, up 14% from Q3. Contribution ex-TAC was $201 million, up 20%, well above the high end of our guidance range. Political contributed approximately $12 million, or 6% of total contribution ex-TAC. CTV contribution ex-TAC was $105 million, up 39% year-over-year, exceeding our guide of $98 million to $100 million. Political accounted for approximately 9% share of CTV. DV+ contribution ex-TAC was $95 million, an increase of 5% from the third quarter last year, also above the top end of our guidance range.

Political share in DV+ was approximately 3%. Our contribution ex-TAC mix for Q3 was 53% CTV, 33% mobile, and 14% desktop. From a vertical perspective, outside of political, retail and financial services were the strongest performing categories. The automotive category continued to grow modestly. Total operating expenses, which includes cost of revenue, were $154 million, flat with last year.

Adjusted EBITDA operating expense for the third quarter was $117 million. We have been successful keeping cloud costs roughly flat year-over-year by moving capacity on-prem. Through this effort, we have reduced our cost per billion ad requests by over 50% year-over-year for streaming. This expanded capacity optimizes our hybrid infrastructure and supports the increased supply we are seeing, which sets us up well for continued growth.

Our net income was $34 million for the quarter, an increase of 70% versus net income of $20 million for the third quarter of 2025. Adjusted EBITDA grew 46% year-over-year to $83 million, reflecting a margin of 42% compared to 34% in Q3 last year. We are seeing encouraging productivity benefits from AI across engineering, operations, sales, and G&A. While there is more to come, these capabilities are helping us accomplish more, improve execution, and support continued efficiency gains.

GAAP earnings per diluted share were $0.23 for the third quarter of 2026 compared to earnings of $0.13 for the third quarter of 2025. Non-GAAP earnings per share for the third quarter of 2026 were $0.33 compared to $0.20 in Q3 last year. Our cash balance at the end of Q3 was $393 million, an increase from $333 million at the end of the second quarter.

Operating cash flow, which we define as adjusted EBITDA less CapEx, was $68 million. Capital expenditures, including both purchases of property and equipment and capitalized internal-use software development costs, were $15 million. Net interest expense for the quarter was $5 million. Our leverage at the end of Q3 2026 was a negative 0.2x due to more cash than debt on the balance sheet.

As we announced last month, we successfully repriced our $358 million Term Loan B and $175 million revolver. We reduced the Term Loan interest margin by 50 basis points to Term SOFR plus 2.5%, bringing the cumulative reduction to 250 basis points compared to the rate prior to our February 2024 refinancing, and cut our revolver margin by 100 basis points down to SOFR plus a margin ranging from 2.5% to 3%. The Term Loan repricing alone will deliver approximately $1.8 million in annualized cash interest savings.

These actions reflect market confidence in our strong balance sheet and free cash flow generation while further optimizing our capital structure.

During the third quarter we repurchased or withheld nearly 1.2 million shares for approximately $29 million. Year-to-date, through the third quarter, we repurchased or withheld approximately 5.5 million shares for about $86 million. As of quarter end, $145 million remained available under our current repurchase authorization, which is effective through February of 2028.

I will now share our expectations for the fourth quarter of 2026 and our current thoughts for the full year, as well as give some early thoughts on 2027.

For the fourth quarter we expect contribution ex-TAC to be in the range of $227 million to $233 million, which represents growth of 16% to 19%; contribution ex-TAC attributable to CTV to be in the range of $124 million to $127 million, which represents a growth range of 33% to 36%; DV+ contribution ex-TAC to be in the range of $103 million to 106 million, which represents a growth range of 2% to 4%.

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We anticipate adjusted EBITDA operating expenses to be in the range of $125 million to $127 million, which implies adjusted EBITDA margin of 44% to 46%.

For the full year 2026, we are raising total contribution ex-TAC growth to be approximately 17%, up from 13% to 14% previously, and at least 11% originally; raising adjusted EBITDA percentage growth to be approximately 30% from greater than 20% previously, and nearly doubling our mid-teens original guidance; raising adjusted EBITDA margin to be approximately 38.5% from at least 37% previously, and from at least 35.5% originally; raising free cash flow growth to be above 60% from the high 40% range previously, and our mid-30% range originally; and reaffirming CapEx of approximately $60 million, a reduction from prior year.

Now turning to 2027. We remain very bullish on our business for 2027, with top-line growth excluding political accelerating over 2026. We expect top-line growth excluding political of over 15%, or over 10% on a reported basis. We expect adjusted EBITDA margin of at least 38.5%. Note that our guide for 2027 does not factor any upside from Google remedies.

In summary, Q3 was another outstanding quarter for Magnite, defined by our significant top-line outperformance and strong operating leverage. Our continued momentum in CTV and robust free cash flow generation reinforce the strength of our financial profile and support a disciplined approach to capital allocation.

As we head into the final quarter of the year, we are confident in our ability to sustain this performance, achieve our raised full-year targets, and deliver long-term value for our shareholders. We enter 2027 with exceptional operational strength and strong momentum across the board.

With that, I will hand the call back over to the operator to open the line for questions.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) Shyam Patel,Susquehanna.

Shyam Patil - *Susquehanna Financial Group, LLLP - Analyst*

Hey guys, congrats on the great results. Had a couple of questions. First, you guys talked about kind of the longer-term CTV growth rate of 25% I think as a baseline, which is very strong, very healthy. Michael, just wondering if you could talk a little bit more about just what gives you confidence in that? How much of that is based on business that you have won and are going to ramp versus new business that you are going to have to win.

Then second question, outside of CTV, it seems like you guys are doing a lot of interesting deals with walled gardens like Pinterest and OpenAI. Just wondering if you could talk about how meaningful or material are these or do you expect them to be, you know, over the next couple years?

Michael Barrett - *Magnite, Inc. - Chief Executive Officer*

Yeah, thanks, Shayam. The CTV growth rate, that's something that we've been pretty consistent on for years now. It's a factor of certainly our market position and the types of clients that we have. As they globally expand, we go along with them. And that really is an inflection point for revenue growth, but it's kind of pegged off of an industry growth rate. And we've said consistently that we expect to exceed, if not greatly exceed, the industry growth rate just given our market position.

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I suppose that 25% isn't just completely taken out of thin air, but if you look at the industry growth rates, generally speaking, they're in the low teens. And that's been pretty consistent, maybe declining a little bit with some of the supply glut that has existed out there. But so 25% would peg us at roughly double the industry growth rate. And although that's not something we pledge to, it's certainly something that's aspirational and we think very attainable. And you saw the growth rates this year in CTV. We expect strong momentum into Q4 and into 2027.

And as it relates to working with the walled gardens -- or hedged gardens, if you will -- I think that it takes a while for some of these great brands to get comfortable with third-party demand. And when they do, increasingly they're turning to Magnite to help source that or organize it through an orchestration layer, whatever the case might be. So Pinterest has a robust ad business. OpenAI has a burgeoning and robust ad business as well. Those are the types of partnerships that tend to be big contributors to our story.

Some of the newer commerce media deals where the customer hasn't been in the media business before definitely take longer to ramp up. These kinds of deals with folks that have big ad businesses tend to deliver gains rather quickly.

Operator

Matt Swanson, RBC Capital Markets.

Matthew Swanson - *RBC Capital Markets Inc - Analyst*

Great. Thank you guys so much for taking my questions. I'll add my congratulations on the quarter. So really strong growth in CTV. Could you go a little bit deeper on the environment kind of outside of political? And then I know in previous years we sometimes talk about a crowding-out effect, but maybe is that supply glut allowing for these things to kind of happen simultaneously, or did you see any dynamics like that?

Michael Barrett - *Magnite, Inc. - Chief Executive Officer*

Yeah, Matt, good questions. As for the environment, ex-political, we are finding it very strong obviously seasonally strong as well. The real linchpin that's driving a lot of this is our SpringServe positioning. When we're the primary ad server, obviously we enjoy the economics of SpringServe as the ad server, but SpringServe is also the very efficient path to our programmatic demand. And when we're not the primary ad server, we're usually the programmatic ad server of choice.

It really does anchor with SpringServe as our point of differentiation. You kind of alluded to the market and perhaps softness as it relates to supply and/or macro, particularly global. We are definitely finding the same thing that's been consistent through any of these kinds of cycles, folks lean more heavily on programmatic, and they lean more heavily on Magnite-sourced demand. Obviously, that carries a different economic profile than publisher-sourced demand. I think that's what you're seeing -- what we're seeing in our CTV number, ex-political; without political, it still would be an outstanding year for Magnite.

As it relates to political crowding out other advertising, that's certainly the case. You see how much political ran in certain states across our platform it's really astounding. There's no question it crowded out advertising. One of the unknowns is how quickly it comes back after the election last night, so we're watching that very closely. We don't have a tremendous amount of history there, but we do think that it's a pretty strong market and that we'll see that strength continue even ex-political.

Matthew Swanson - *RBC Capital Markets Inc - Analyst*

And then maybe just one quick follow-up on some of the topics you touched on there: the two formats that seem the least likely to be disrupted from kind of that viewability and attention side CTV, which is really thriving, and then mobile in-app, which I feel like you've talked

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about increasingly in recent quarters. Are you seeing any of the potential demand dislocation from mobile display or desktop display create some additional market drivers in those spaces?

Michael Barrett - *Magnite, Inc. - Chief Executive Officer*

Yeah, I think. And we hit on that like Q4 of last year where we saw that pronounced drop in DV+ and a corresponding uptick in CTV. There's no question that with the attractive price points of some of the CTV offerings, that is definitely siphoning dollars off of the open web, particularly video in the open web. And I think that the mobile app publisher economy, they've done a very good job over the last several years and quarters of making it more brand friendly, brand safe, brand understandable. It's definitely something that used to be a very high concentration of performance advertisers, app downloads. You're now getting this nice mixture of brand advertising which really leans into what we do. Most of the mobile specialists specialize in those high-performance ads.

We bring a different portfolio of advertising and it's of high appeal to these mobile app publishers. So we think there's real legs to this mobile app business for us.

Matthew Swanson - *RBC Capital Markets Inc - Analyst*

Thank you.

Operator

Jason Kreyer, Craig-Hallum.

Jason Kreyer - *Craig-Hallum Holdings LLC - Senior Research Analyst*

Hey, great job, guys. We'll chalk that up to your new CFO. Wanted to talk about just the evolution in agentic. I mean, it seems like more of these wins that you announced, your agentic capabilities are a clear component of you winning these deals. Is that translating to any changes in how people are going about that market?

I mean, I realize utilization is pretty low right now, but is there kind of some pent-up demand there that's ready to kind of shoot out of a cannon in the next several quarters, or how are you thinking about that?

Michael Barrett - *Magnite, Inc. - Chief Executive Officer*

Yeah, and I'll be sure to relate your comments to David Day who just sent me a picture of a view out his, which is a beach and palm trees. Not jealous at all. Yeah.

So, the evolution of agentic is really interesting. A lot of interest, a lot of test and trial, not a lot of dollars, as you pointed out, flowing through it. I think the really cool decision that the team made and executed upon at the beginning of the year was, hey, we see it going in two different directions.

Number one, we're going to have media owners and we're going to have buyers that don't have agentic capabilities that will want to utilize our capabilities. So we have a buyer agent, a seller agent that the buyers can use, sellers can use seller agent, and they can conduct agentically out of the gates. And then we said what we really should do is build this orchestration layer because the more sophisticated media owners and the more sophisticated buyers will have their own agents, but they need this orchestration layer to make it work, to find the inventory, to find it effectively and to actually transact.

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It's really playing out. It's like 50-50. Half the people use our tools, half don't. We are agnostic to that. We just are there to play a leadership role in this burgeoning market. And as far as the cannon about to shoot, I don't think most people predict that in the industry. I think it's still going to be a year of exploration in 2027. But we are perfectly positioned if that cannon does go off. If that answers your question.

Jason Kreyer - *Craig-Hallum Holdings LLC - Senior Research Analyst*

That answers my question. But I do have another one. So there's been a lot of chatter this quarter just about the open web and pressure on referral traffic and search traffic and whatnot. It doesn't seem like from your numbers you saw any hiccups in DV either in the quarter in the guide. But just curious if you're seeing any of that play out in what you guys see in the market.

Michael Barrett - *Magnite, Inc. - Chief Executive Officer*

Yeah, it's no question that's a reality. You know, it's not surprising that we are talking quite a bit about mobile app, which is not a browser-based, traditionally open web source of inventory. I think what's saving our DV+ numbers is not just a team doing an outstanding job, but our deep penetration into commerce media. That's a very attractive form of both data, media, and ad dollars. And so, I think that that has helped soften the blow for us and obviously, as we point out, mobile app.

So yeah, it's happening, it's happening around us. The numbers would be much stronger if it were more of a search-generated traffic world as opposed to answer engines. But I think we are pretty well hedged with our portfolio to weather that, where individual publishers may have much greater exposure than the Magnite platform.

Jason Kreyer - *Craig-Hallum Holdings LLC - Senior Research Analyst*

Thank you, Michael.

Operator

Dan Kurnos, StoneX.

Daniel Kurnos - *StoneX Group Inc. - Analyst*

Yeah, great, thanks. Good evening, Michael. I think the line of questioning clearly here is sort of about the future and sustainability. So, I'm going to ask two that usually come up on this call, although I will before I get there say that your political results are clearly non-standard and to the upside relative to the rest of the space. Even Roku didn't have the same percentage of political revenue as a total of their platform as they did in '24.

So you're obviously doing something right there. The first two questions, the two questions I have: one, Michael, we're hearing more and more I know this kind of comes up all the time, just never seems to quite get there on sports programmatically executed, right? I mean, have we still got to kind of cross the Rubicon there, no pun intended, and sort of figure out how we can continue to drive that? It seems like we're getting there. We'll see what happens in '27. So just any color on what you're seeing from your partners on that front.

And then I know international has been a bit of a mess lately, especially with some kind of CPMs all over the place, but it's clear that even with -- let's call it Netflix's ad rollout hiccup, that they're still leading the charge in driving adoption internationally and that overall monetization is improving. And so just how you think about, you know, kind of the next leg there and as it relates to you guys continuing the CTV growth rate.

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Michael Barrett - *Magnite, Inc. - Chief Executive Officer*

Yeah, thanks, Dan. You know, sports used to be something that we would call out with some regularity and we'd highlight main events like Final Four, etc. And we may in the future do that. But it's becoming such a mainstream piece of our business and it's transacting so smoothly that it's just now a big contributor. I mean, when ESPN lit up programmatically when they got onto the Disney stack and we were able to monetize it -- now, just sports is -- there've been some really big leaps and bounds in terms of making sports more effective programmatically.

A lot of them we did -- we built our LSA, etc., SpringServe. But I think that sports is just going to be increasingly a part of the programmatic universe. It's not about when; it's now, and it's just only going to get bigger. And we're not talking about tertiary sports; we're talking about main sports, college, pro, and it's transacting programmatically.

Big innovation this year, other than some of the tools I already referenced, was the ability to [pod] to be able to have DSPs bid on the four slots. That helps eliminate advertiser conflict. We can preload that so that from a user perspective, high performance, high fidelity. So yeah, by us not referring to sports in the script, this is more like it's just oxygen for us now. It's a big piece of our publisher footprint and a big attraction for our buyers.

As relates to international, you're right. If you look at our DV+ business internationally, it's challenged in some markets because of pricing, economic backdrops, etc. Streaming seems to be holding up pretty well. And you're right. When Netflix launches into new markets, we follow. When Paramount does it, we follow. Disney, the big launch in Asia, we go along for the ride.

And so, it's still a very healthy growth rate in international for CTV. And one of the things about international is it tends to be a programmatic-first market that a lot of these media owners don't have local sales presence, and so they really lean, as they build those sales teams, they really lean on programmatic first. So you're actually seeing a higher contribution of programmatic revenue from international media owners as opposed to domestic.

Daniel Kurnos - *StoneX Group Inc. - Analyst*

Super helpful, Michael, thanks and congrats on a great quarter.

Operator

Laura Martin, Needham.

Laura Martin - *Needham & Company LLC - Analyst*

Let me add my congratulations to excellent execution, Michael, from you and your team. My first one's on AI. Could you go through how you're using AI to lower costs and we're really focused on accelerating new product trends by using AI could you talk about whether your new product velocity and time to market is improving using AI tools?

And then the second thing, sort of staying on AI but on the demand side, it feels to me like with the launch of Meta's Muse product, I'm seeing OpenAI ads all over the place for ChatGPT. I'm wondering if you guys have thought about how big a new ad category these labs, these AI labs, could be for the overall advertising demand to sop up some of this supply gluttony. Thank you.

Michael Barrett - *Magnite, Inc. - Chief Executive Officer*

Thanks, Laura, and appreciate the kind words. Yeah, so AI definitely plays a big role in our technology development. Our engineering team is completely versed in it. Our product team is completely versed in it. And what we're seeing is the normal life -- the life stage of developing an idea, hearing from a customer, creating the PRD, creating the mockups, getting it built, getting it brought to market has completely

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collapsed. And we are seeing such acceleration in terms of bringing innovation to market because of the internal use of AI tools that it is absolutely breathtaking.

I use a rule of thumb: it's how often the go-to-market team yells at the product team and the engineering team, and there hasn't been any yelling this year. So I take it that we're doing pretty good in that area. AI as an advertising category is a very growing category for us. We benefited from that. Not to the degree that we would call it out as one of our top categories, but it is certainly a contributor to our revenue growth, and we are very aware of who's spending where and how to secure those dollars.

Laura Martin - *Needham & Company LLC - Analyst*

Thank you very much. Congratulations again.

Michael Barrett - *Magnite, Inc. - Chief Executive Officer*

Thanks, Laura.

Operator

Barton Crockett, Rosenblatt.

Barton Crockett - *Rosenblatt Securities Inc - Analyst*

Okay, great. Thanks for taking the question. I guess first I just want to confirm something. There was a report in the media about a deal with OpenAI.

Michael Barrett - *Magnite, Inc. - Chief Executive Officer*

We lost you kind of cut out there, Barton. So, you're asking about the article about our relationship with OpenAI?

Barton Crockett - *Rosenblatt Securities Inc - Analyst*

Yeah, can you confirm that anything is happening there and if so, just talk about what you bring to the table there and what you think the opportunity is?

Michael Barrett - *Magnite, Inc. - Chief Executive Officer*

Yeah, we don't have a lot of latitude to go much beyond that statement that OpenAI issued. So we are definitely working with them. We are one of their partners, and we are working in the capacity of an SSP piping in demand into the OpenAI advertising inventory.

Barton Crockett - *Rosenblatt Securities Inc - Analyst*

Okay. All right, so I'll leave that there. On the antitrust remedies, I'm just wondering if you could update us on what's been sorted out since the decision on timing and what you expect to kind of progress in terms of timing of implementation and how that could feather into revenues over time.

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Michael Barrett - *Magnite, Inc. - Chief Executive Officer*

Yeah, so we're still waiting upon the final from Judge Brinkema. And as you know, some of those behavioral remedies were just process changes, policy changes, and some carried with it some tech work that Google has estimated to be 12 to 18 months, and the industry estimates it shouldn't take more than six to 12 months. So we're kind of just not there yet, Barton, to be able to go through item by item and say that's going to light up in February, that'll light up in March.

We just got to wait on the final ruling from Judge Brinkema, but we remain hopeful. We are pleased with the outcome, pleased with the remedies, and really believe it will result in fairer auctions and better performance for our publishers and ourselves.

Operator

Tyler DiMatteo, BTIG.

Tyler DiMatteo - *BTIG LLC - Analyst*

Thanks for taking the question, Michael. Just one from me. I wanted to come back to the DV+ business here. Obviously, it's had its kind of fits and starts, but it's been performing well. I'm curious just to get a little more color in terms of how you're now at this point thinking about the organic growth potential of that business. When you think about going under the hood between mobile in-app, etc. Just at the highest level, can you parse that for us as to how you're thinking about what that could look like, just given the upside you've seen so far?

Michael Barrett - *Magnite, Inc. - Chief Executive Officer*

Yeah, why don't I let Brian opine on that from a modeling standpoint?

Brian Gephart - *Magnite, Inc. - Chief Financial Officer*

Yeah. Obviously, we've talked about the challenges in display. We've talked about green shoot areas like mobile in-app, commerce media, and audio. Overall, the way we think about that business is roughly flat to modest, low single-digit growth.

Tyler DiMatteo - *BTIG LLC - Analyst*

Thank you.

Operator

Naved Khan, B. Riley.

Ethan Widell - *B. Rlley Securities, Inc - Analyst*

Hi there, this is Ethan Widell calling in for Naved. Thanks for taking my questions and congrats on the quarter for starters. So obviously live sports is a really big opportunity going forward. Would you maybe be willing to call out the scale of that right now and maybe how much does that contribute to your guide?

And could you expand on your expectations on positioning, should the Fox, Roku deal close on time in first half of '27?

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Michael Barrett - *Magnite, Inc. - Chief Executive Officer*

Sure. So yeah, I don't think anytime soon we'll be breaking out that category of spend, more so that it's just another number to have to keep reciting every quarter. We could do it on an annual basis and we may very well look at that. But it's a significant chunk of the media that we transact on our platform and it's growing rapidly. So, I think the interesting point about our position there is we're not talking about having to go out there and win accounts to get ahold of live sports. It sits on our platform today.

And really the big change has been both the tech that we built to make programmatic more effective and the willingness of the media owners to go in a programmatic direction. So those both are coming together at a perfect time, and we feel really encouraged about the contribution it will have in 2027.

And the second part of the question --

Ethan Widell - *B. RIley Securities, Inc - Analyst*

That was it.

Michael Barrett - *Magnite, Inc. - Chief Executive Officer*

Okay, great. Nailed it.

Ethan Widell - *B. RIley Securities, Inc - Analyst*

My other question was some costs. Your adjusted EBITDA OpEx was a little below, I think, what was guided despite obviously really, really strong top line results. Can you maybe speak to what drove the savings there relative to expected spend and maybe how we should consider the slope of that going forward?

Brian Gephart - *Magnite, Inc. - Chief Financial Officer*

Yeah, so I would describe that mostly from just continued efficiency gains in the cloud with our on-prem investment, as we described, driving our cost per billion ad requests down over 50% over the last year. So that's the primary driver.

Naved Khan - *B. Riley Securities, Inc - Equity Analyst*

All right. I appreciate the color. Thank you.

Operator

Shweta Khajuria, Wolf Research.

Shweta Khajuria - *Wolfe Research LLC - Equity Analyst*

Okay, thank you for taking my question, Michael. How should we be thinking about contributions to CTV revenue in particular from all the new product upgrades as well as partnerships in terms of incrementality next year or, you know, just going forward? Because you mentioned

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25% even if it is aspirational mid to long term -- how should we be thinking about the trajectory of this growth rate given these partnerships and products that you have announced?

And then the second question I had was a follow up on one of the prior questions on the ad tech case. Is there anything we should be looking for as more information comes out that gives us confidence that, okay, well, Magnite and PubMatic and other platforms will now start benefiting from this? What should we be looking for where contribution is more demonstrable? Thank you.

Michael Barrett - *Magnite, Inc. - Chief Executive Officer*

Yeah, Shweta, thank you. Yeah. So CTV growth rate -- yeah, it's durable. I mean, as we said at the top of the Q&A, if you strip political from this year, it's a heck of a year. Very strong growth coming from existing partners and new partnerships. I think that we feel we are in a terrific position in that segment largely given our technology and SpringServe as the tentpole of that technology play. We continue to enhance and build and innovate, and so if we already started with a lead, that lead is just getting longer.

I think that a lot rests with the strength of the macro economy. That's why always predicting out '27 and giving some sort of direction has some of its challenges. But we feel very strong that there's durability to the growth that we're seeing. And with some of the deals that we have talked about that haven't really contributed meaningful revenue, they will light up in 2027. And so, we haven't maximized all the deals that we've signed to date.

And as far as the ad tech case, it's a very good question. And again, I hesitate giving any more specificity there, just given the fact that it's still wet cement and the judge hasn't come back with the clear final. But that said, I think that, you know, if you did hear that AdWords demand is freed up from having to spend on the Google stack, that would be very encouraging. If you heard AdX going through Prebid as opposed to AdX sitting outside of Prebid, that could be a very encouraging sign.

So I think we can be a lot more prescriptive when the final ruling comes down, and hopefully that's soon. But I hear you and sympathize with trying to figure out what signals are important, and hopefully we can guide you along that way in the coming quarter.

Shweta Khajuria - *Wolfe Research LLC - Equity Analyst*

Okay. Thanks, Michael.

Michael Barrett - *Magnite, Inc. - Chief Executive Officer*

You're welcome.

Operator

Tim Nollen, SSR.

Tim Nollen - *SSR - Analyst*

Hi. Thanks so much, Michael. I'd like to pick up on the concept of universal ad platforms and the effort you've been building, which is partly an agentic question, but it's partly a ClearLine question I think as well. So as you've been driving more of these direct connections using ClearLine, do these deals drive more share of business to Magnite? Do they improve publisher performance in a way that you can reference?

And how do they help your volume of transactions and even your take rate?

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Michael Barrett - *Magnite, Inc. - Chief Executive Officer*

Sure. So ClearLine only operates on the Magnite platform. ClearLine only operates on the Magnite platform, so it definitely drives more spend to our publishers. And ClearLine also is very efficiently priced, so there's a lot more working media dollars that go to our publishers and so therefore that's a big plus for them.

And ClearLine looking at ClearLine as the buying tool, the DSP ClearLine incidences of ClearLine are in every buyer marketplace with our big holdcos. And so if you open up the aperture of how ClearLine really impacts our business, you're talking about multi-hundred billion dollars in spend in terms of what ClearLine can attract. And so, I think that it's really been an unsung story for us. Political was an opportunity to mention how strong it was.

I mean, 20% of all that great political demand came through ClearLine, and that meant agencies using it directly themselves testing because these political agencies aren't wedded to any technology. Every cycle they go through, assess what they think is the best out there, choose what they want, and ClearLine made the grade and performed exceptionally well. So, we're really, really encouraged by the strength of ClearLine and what it could mean to our business going forward.

Tim Nollen - *SSR - Analyst*

And I think you've mentioned in the past that because this can be such a value-added service, it can be beneficial to your take rate as well. Is that still the case?

Michael Barrett - *Magnite, Inc. - Chief Executive Officer*

Oh sure. We charge for ClearLine, so it's definitely in addition to the incremental demand where we benefit from the take rate from our publisher partners. ClearLine itself is charging a fee and therefore that's incremental ex-TAC for us too.

Tim Nollen - *SSR - Analyst*

Great. Thanks, Michael.

Operator

This concludes the question-and-answer session. I would like to turn the conference back over to Michael Barrett, CEO, for any closing remarks.

Michael Barrett - *Magnite, Inc. - Chief Executive Officer*

Thank you, Ariel. Before we conclude, I'd like to extend my sincere gratitude to everyone at Magnite for your incredible effort, commitment, and achievement so far. This stellar performance is merely the groundwork for what's to come, and we are energized by our strong momentum as we capitalize on the significant growth ahead.

Now I'll turn it back over to Nick to cover our upcoming marketing events.

Nick Kormeluk - *Magnite, Inc. - Investor Relations*

Thanks, Michael. We look forward to speaking with many of you at our upcoming investor events.

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We're participating in a Q3 NDR tomorrow hosted by BTIG; investor meetings with Stevens in Houston on November 10; Denver meetings on November 12; the RBC AdTech investor group meeting in New York on the 16; the Seaport virtual TMT conference on November 17; Craig-Hallum's investor group meeting in New York on November 17 as well; RBC TMT conference in New York on November 18; Stevens investment conference in Nashville on November 19; investor meetings with Craig-Hallum in Minneapolis on November 24; investor meetings with Craig-Hallum in Dallas on November 30 and Kansas City on the 1; investor meetings with StoneX in Boston on December 2; the StoneX AdTech group meeting in New York on December 8; Raymond James TMT and Consumer conference in New York on December 8; Wells Fargo TMT Summit in Rancho Palos Verdes on December 9; Susquehanna Virtual Technology Spotlight Series on December 14; investor meetings in San Francisco the week of December 12; and Needham Growth Conference on January 13. Thank you all and have a great evening.

Operator

This concludes today's conference call. You may disconnect your line. Thank you for participating and have a pleasant day.

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