



## DoubleVerify Announces Third Quarter 2021 Financial Results

*Increased Revenue by **36%** Year-over Year to **\$83.1** Million, driven by Growth in Programmatic, CTV, Social and International Revenue*

*Achieved Net Income of **\$7.9** Million and Adjusted EBITDA of **\$26.4** Million resulting in a **32%** Adjusted EBITDA margin*

*Agreed to acquire **OpenSlate**, the Leading Independent Pre-Campaign Contextual Targeting Platform for social video and CTV, and completed the acquisition of **Meetrics GmbH**, a European Ad Verification Company*

NEW YORK – November 9, 2021 – DoubleVerify (“DV”) (NYSE: DV), a leading software platform for digital media measurement, data and analytics, today announced financial results for the third quarter ended September 30, 2021.

“We are pleased to have delivered another quarter of strong revenue and EBITDA growth and excited to highlight two strategic acquisitions that significantly expand our product leadership in CTV and Social and grow our global footprint,” said Mark Zagorski, CEO of DoubleVerify. “Our third quarter performance demonstrates continued organic growth and reflects the ongoing value that our products create for advertisers across all digital media platforms. Our pending acquisition of OpenSlate extends our core value proposition by combining its proven pre-campaign contextual targeting solutions with DV’s granular post-campaign measurement, offering end-to-end brand safety, suitability and contextual solutions across social video and CTV environments. The recently completed acquisition of Meetrics expands our business opportunities in EMEA. We expect both of these strategic investments to fuel our long-term growth trajectory and drive better business outcomes for DV customers by expanding our ability to drive media quality and performance everywhere.”

### **Third Quarter 2021 Financial Highlights:**

(All comparisons are to the third quarter of 2020)

- Total revenue of \$83.1 million, an increase of 36%.
- Advertiser Programmatic revenue of \$41.9 million, an increase of 49%.
- Advertiser Direct revenue of \$34.1 million, an increase of 23%.
  - Media Transactions Measured (“MTM”) for Social increased by 83% and for CTV increased by 41%.
  - APAC revenue increased by 96%.
  - EMEA revenue increased by 44%.
- Supply-Side revenue of \$7.1 million, an increase of 32%.
- Net income of \$7.9 million, an increase of 37%.
- Adjusted EBITDA of \$26.4 million, an increase of 82%, representing a 32% EBITDA margin.

### **Third Quarter and Recent Business Highlights:**

- Grew premium-priced Authentic Brand Suitability (ABS) revenues by approximately 64% year-over-year in the third quarter driven by increased adoption on Google's DV360 and The Trade Desk. Subsequent to quarter-end, ABS was launched on Tremor International, a leader in video and CTV advertising.
- Drove global market share growth through new product upsells and logo wins including Facebook, Disney Studios, TJX (TJ Maxx, Marshalls), American Family Insurance, Dropbox, Afterpay ANZ, Peloton Global, Burberry, Patek Philippe, John Lewis and HRA Pharma.
- Partnered with TikTok to measure ad viewability, fraud and in-geo impressions. Via the solutions DoubleVerify expects to gain upon completing the OpenSlate acquisition, the company will be the only provider of unified brand suitability targeting, viewability and verification coverage across TikTok.
- Expanded partnership with Innovid, an independent CTV advertising and measurement platform, to support the automation of DoubleVerify's DV Video OmniTag, maximizing operational efficiency for advertisers.
- Uncovered and neutralized Smokescreen, a fraud scheme that hijacked CTV devices to generate fraudulent ad impressions, protecting DV customers from wasting millions of dollars of investment each month.
- Launched new version of DV Pinnacle™, the company's unified analytics and reporting platform, offering global brands transparency into programmatic supply chain quality.

### **Strategic Initiatives:**

- Acquired Meetrics GmbH, a leading European ad verification company, on August 31, 2021 for an aggregate net cash purchase price of \$24.3 million.
- Recently launched Custom Contextual targeting for DV Publisher Suite enabling premium digital publishers to effectively monetize inventory in the post-cookie era.
- Announced today an agreement to acquire OpenSlate, the leading independent pre-activation and content classification platform for social video and CTV in a cash and stock transaction valued at \$150 million.

“In the third quarter, we continued to deliver strong momentum with year-over-year revenue growth of 36% and adjusted EBITDA margin of 32%, driven by continued international expansion, and product successes in fast-growth sectors such as Programmatic, Social and CTV,” said Nicola Allais, CFO of DoubleVerify. “In addition to delivering high growth and high profitability, we took advantage of our debt-free balance sheet and significant cash position to acquire Meetrics and support the pending

acquisition of OpenSlate. We expect these strategic investments to fortify our long-term growth profile and allow us to capture a greater share of a large and growing addressable market. While our fourth quarter outlook reflects prudence due to supply chain issues that some of our customers currently face, we are reiterating our full-year 2021 guidance ranges and expect to deliver 34% full year revenue growth and a 32% EBITDA margin at the midpoints.”

#### **Fourth Quarter and Full-Year 2021 Guidance:**

DoubleVerify anticipates Revenue and Adjusted EBITDA to be in the following ranges:

##### **Fourth quarter 2021:**

- Revenue of \$98 to \$103 million, a year-over-year increase of approximately 28% at the midpoint.
- Adjusted EBITDA in the range of \$34 to \$36 million, a year-over-year improvement of approximately 27% at the midpoint.

##### **Full year 2021:**

- Revenue of \$325 to \$330 million, a year-over-year increase of 34% at the midpoint, which is unchanged from the midpoint of the previous guidance range provided on July 29, 2021.
- Adjusted EBITDA in the range of \$103 to \$105 million, a year-over-year increase of 42% at the midpoint, unchanged from the previous guidance range provided on July 29, 2021.

With respect to the Company’s expectations under "Fourth Quarter and Full Year 2021 Guidance" above, the Company has not reconciled the non-GAAP measure Adjusted EBITDA to the GAAP measure net income in this press release because the Company does not provide guidance for stock-based compensation expense, depreciation and amortization expense, acquisition-related costs, interest income, and income taxes on a consistent basis as the Company is unable to quantify these amounts without unreasonable efforts, which would be required to include a reconciliation of Adjusted EBITDA to GAAP net income. In addition, the Company believes such a reconciliation would imply a degree of precision that could be confusing or misleading to investors.

#### **Conference Call and Webcast Information**

DoubleVerify will host a conference call and live webcast to discuss its third quarter 2021 financial results at 4:30 p.m. Eastern Time today, Nov 9, 2021. To access the conference call, dial (888) 645-4404 for the U.S. or Canada, or (862) 298-0702 for international callers. The webcast will be available live on the Investors section of the Company’s website at <https://ir.doubleverify.com/>. In addition, an archived webcast will be available approximately two hours after the conclusion of the live event.

## **Key Business Terms**

Advertiser Direct revenue is generated from the verification and measurement of advertising impressions that are directly purchased on digital media properties, including publishers and social media platforms.

Advertiser Programmatic revenue is generated from the evaluation, verification and measurement of advertising impressions purchased through programmatic demand-side platforms.

Supply-Side revenue is generated from platforms and publisher partners who use DoubleVerify's data analytics to evaluate, verify and measure their advertising inventory.

Gross Revenue Retention Rate is the total prior period revenue earned from advertiser customers, less the portion of prior period revenue attributable to lost advertiser customers, divided by the total prior period revenue from advertiser customers.

Media Transactions Measured (MTM) is the volume of media transactions that DoubleVerify's software platform measures.

Measured Transaction Fee (MTF) is the fixed fee DoubleVerify charges per thousand Media Transactions Measured.

**DoubleVerify Holdings, Inc.**  
**CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)**

| <i>(in thousands, except per share data)</i>  | <u>As of</u><br><u>September 30, 2021</u> | <u>As of</u><br><u>December 31, 2020</u> |
|---|---|--|
| <b>Assets:</b>  |   |  |
| Current assets  |   |  |
| Cash and cash equivalents   | \$ 319,825                                | \$ 33,354                                |
| Trade receivables, net of allowances for doubtful accounts of \$5,246 and \$7,049 as of September 30, 2021 and December 31, 2020 respectively   | 95,509                                    | 94,677                                   |
| Prepaid expenses and other current assets   | 9,326                                     | 13,904                                   |
| Total current assets  | 424,660                                   | 141,935                                  |
| Property, plant and equipment, net  | 16,693                                    | 18,107                                   |
| Goodwill  | 244,672                                   | 227,349                                  |
| Intangible assets, net  | 117,705                                   | 121,710                                  |
| Deferred tax assets   | 82  | 82                                       |
| Other non-current assets  | 2,185                                     | 2,151                                    |
| Total assets  | \$ 805,997                                | \$ 511,334                               |
| <b>Liabilities and Stockholders' Equity:</b>  |   |  |
| Current liabilities   |   |  |
| Trade payables  | \$ 4,105                                  | \$ 3,495                                 |
| Accrued expense   | 25,127                                    | 25,419                                   |
| Income tax liabilities  | 540                                       | 1,277                                    |
| Current portion of capital lease obligations  | 2,140                                     | 1,515                                    |
| Contingent considerations current   | 1,717                                     | 1,198                                    |
| Other current liabilities   | 3,986                                     | 1,116                                    |
| Total current liabilities   | 37,615                                    | 34,020                                   |
| Long-term debt  | —   | 22,000                                   |
| Capital lease obligations   | 3,106                                     | 3,447                                    |
| Deferred tax liabilities  | 29,732                                    | 31,418                                   |
| Other non-current liabilities   | 2,788                                     | 3,292                                    |
| Contingent considerations non-current   | —   | 462                                      |
| Total liabilities   | \$ 73,241                                 | \$ 94,639                                |
| Commitments and contingencies (Note 13)   |   |  |
| Stockholders' equity  |   |  |
| Common stock, \$0.001 par value, 1,000,000 shares authorized, 158,524 shares issued and 158,474 outstanding as of September 30, 2021; 700,000 shares authorized, 140,222 shares issued and 125,074 shares outstanding as of December 31, 2020                   | 159                                       | 140                                      |
| Preferred stock, \$0.01 par value, 100,000 shares authorized, zero shares issued and outstanding as of September 30, 2021; 61,006 shares authorized, issued, and outstanding as of December 31, 2020. Liquidation preference: \$350,000 as of December 31, 2020 | —   | 610                                      |
| Additional paid-in capital  | 677,588                                   | 620,679                                  |
| Treasury stock, at cost, 50 shares and 15,146 shares as of September 30, 2021 and December 31, 2020, respectively   | (1,802)                                   | (260,686)                                |
| Retained earnings   | 55,941                                    | 54,941                                   |
| Accumulated other comprehensive income, net of income taxes   | 870                                       | 1,011                                    |
| Total stockholders' equity  | 732,756                                   | 416,695                                  |
| Total liabilities and stockholders' equity  | \$ 805,997                                | \$ 511,334                               |

**DoubleVerify Holdings, Inc.**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME**  
**(UNAUDITED)**

| <i>(in thousands, except per share data)</i>  | <b>Three Months Ended September 30,</b> |             | <b>Nine Months Ended September 30,</b> |             |
|---|---|-------------|--|-------------|
|   | <b>2021</b>                             | <b>2020</b> | <b>2021</b>                            | <b>2020</b> |
| Revenue   | \$ 83,098                               | \$ 61,037   | \$ 227,208                             | \$ 165,276  |
| Cost of revenue (exclusive of depreciation and amortization shown separately below) | 13,435                                  | 8,998       | 35,929                                 | 23,963      |
| Product development   | 16,359                                  | 13,087      | 45,658                                 | 34,324      |
| Sales, marketing and customer support   | 19,539                                  | 16,728      | 54,653                                 | 41,880      |
| General and administrative  | 14,465                                  | 10,369      | 58,317                                 | 29,327      |
| Depreciation and amortization   | 7,492                                   | 6,087       | 21,989                                 | 18,167      |
| Income from operations  | 11,808                                  | 5,768       | 10,662                                 | 17,615      |
| Interest expense  | 249                                     | 858         | 936                                    | 2,958       |
| Other expense, net  | 365                                     | 481         | 365                                    | 359         |
| Income before income taxes  | 11,194                                  | 4,429       | 9,361                                  | 14,298      |
| Income tax expense (benefit)  | 3,270                                   | (1,376)     | 8,361                                  | 1,975       |
| Net income  | \$ 7,924                                | \$ 5,805    | \$ 1,000                               | \$ 12,323   |
| Earnings per share:   |   |             |  |             |
| Basic   | \$ 0.05                                 | \$ 0.04     | \$ 0.01                                | \$ 0.09     |
| Diluted   | \$ 0.05                                 | \$ 0.04     | \$ 0.01                                | \$ 0.08     |
| Weighted-average common stock outstanding:  |   |             |  |             |
| Basic   | 158,045                                 | 139,841     | 144,305                                | 139,779     |
| Diluted   | 167,045                                 | 146,554     | 153,547                                | 146,843     |
| Comprehensive income:   |   |             |  |             |
| Net income  | \$ 7,924                                | \$ 5,805    | \$ 1,000                               | \$ 12,323   |
| Other comprehensive income:   |   |             |  |             |
| Foreign currency cumulative translation adjustment                                  | 303                                     | 410         | (141)                                  | 488         |
| Total comprehensive income  | \$ 8,227                                | \$ 6,215    | \$ 859                                 | \$ 12,811   |

**DoubleVerify Holdings, Inc.**  
**CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (UNAUDITED)**

|   | Common Stock |        | Preferred Stock |        | Treasury Stock |              | Additional Paid-in Capital | Retained Earnings | Accumulated Other Comprehensive Income (Loss) Net of Income Taxes | Total Stockholders' Equity |
|---|--------------|--------|-----------------|--------|----------------|--------------|----------------------------|-------------------|---|----------------------------|
|   | Shares       | Amount | Shares          | Amount | Shares         | Amount       |                            |                   |   |                            |
| <i>(in thousands)</i>   |              |        |                 |        |                |              |                            |                   |   |                            |
| <b>Balance as of January 1, 2021</b>  | 140,222      | \$ 140 | 61,006          | \$ 610 | 15,146         | \$ (260,686) | \$ 620,679                 | \$ 54,941         | \$ 1,011  | \$ 416,695                 |
| Foreign currency translation adjustment   | —            | —      | —               | —      | —              | —            | —                          | —                 | (799)   | (799)                      |
| Stock-based compensation expense  | —            | —      | —               | —      | —              | —            | 2,538                      | —                 | —   | 2,538                      |
| Common stock issued upon exercise of stock options  | 180          | —      | —               | —      | —              | —            | 538                        | —                 | —   | 538                        |
| Net income  | —            | —      | —               | —      | —              | —            | —                          | 5,644             | —   | 5,644                      |
| <b>Balance as of March 31, 2021</b>   | 140,402      | \$ 140 | 61,006          | \$ 610 | 15,146         | \$ (260,686) | \$ 623,755                 | \$ 60,585         | \$ 212  | \$ 424,616                 |
| Foreign currency translation adjustment   | —            | —      | —               | —      | —              | —            | —                          | —                 | 355   | 355                        |
| Stock-based compensation expense  | —            | —      | —               | —      | —              | —            | 4,714                      | —                 | —   | 4,714                      |
| Common stock issued upon exercise of stock options  | 871          | 2      | —               | —      | —              | —            | 2,907                      | —                 | —   | 2,909                      |
| Common stock issued upon vesting of restricted stock units  | 217          | —      | —               | —      | —              | —            | —                          | —                 | —   | —                          |
| Conversion of Series A preferred stock to common stock in connection with initial public offering             | 5,190        | 5      | (61,006)        | (610)  | (15,146)       | 260,686      | (260,081)                  | —                 | —   | —                          |
| Issuance of common stock in connection with initial public offering   | 9,977        | 10     | —               | —      | —              | —            | 269,380                    | —                 | —   | 269,390                    |
| Issuance of common stock in connection with the private placement concurrent with the initial public offering | 1,111        | 1      | —               | —      | —              | —            | 29,999                     | —                 | —   | 30,000                     |
| Net loss  | —            | —      | —               | —      | —              | —            | —                          | (12,568)          | —   | (12,568)                   |
| <b>Balance as of June 30, 2021</b>  | 157,768      | \$ 158 | —               | \$ —   | —              | \$ —         | \$ 670,674                 | \$ 48,017         | \$ 567  | \$ 719,416                 |
| Foreign currency translation adjustment   | —            | —      | —               | —      | —              | —            | —                          | —                 | 303   | 303                        |
| Shares repurchased for settlement of employee tax withholdings  | —            | —      | —               | —      | 50             | (1,802)      | —                          | —                 | —   | (1,802)                    |
| Stock-based compensation expense  | —            | —      | —               | —      | —              | —            | 4,848                      | —                 | —   | 4,848                      |
| Common stock issued upon exercise of stock options  | 651          | 1      | —               | —      | —              | —            | 2,066                      | —                 | —   | 2,067                      |
| Common stock issued upon vesting of restricted stock units  | 105          | —      | —               | —      | —              | —            | —                          | —                 | —   | —                          |
| Net income  | —            | —      | —               | —      | —              | —            | —                          | 7,924             | —   | 7,924                      |
| <b>Balance as of September 30, 2021</b>   | 158,524      | \$ 159 | —               | \$ —   | 50             | \$ (1,802)   | \$ 677,588                 | \$ 55,941         | \$ 870  | \$ 732,756                 |
| <b>Balance as of January 1, 2020</b>  | 139,721      | \$ 140 | —               | \$ —   | —              | \$ —         | \$ 283,457                 | \$ 34,488         | \$ (67)   | \$ 318,018                 |
| Foreign currency translation adjustment   | —            | —      | —               | —      | —              | —            | —                          | —                 | (153)   | (153)                      |
| Stock-based compensation expense  | —            | —      | —               | —      | —              | —            | 802                        | —                 | —   | 802                        |
| Common stock issued upon exercise of stock options  | 32           | —      | —               | —      | —              | —            | 70                         | —                 | —   | 70                         |
| Net income  | —            | —      | —               | —      | —              | —            | —                          | 2,440             | —   | 2,440                      |
| <b>Balance as of March 31, 2020</b>   | 139,753      | \$ 140 | —               | \$ —   | —              | \$ —         | \$ 284,329                 | \$ 36,928         | \$ (220)  | \$ 321,177                 |
| Foreign currency translation adjustment   | —            | —      | —               | —      | —              | —            | —                          | —                 | 231   | 231                        |
| Stock-based compensation  | —            | —      | —               | —      | —              | —            | 1,140                      | —                 | —   | 1,140                      |

|  |         |        |   |      |   |      |            |           |        |            |
|--|---------|--------|---|------|---|------|------------|-----------|--------|------------|
| Common stock issued upon exercise of stock options         | 58      | —      | — | —    | — | —    | 51         | —         | —      | 51         |
| Net income   | —       | —      | — | —    | — | —    | —          | 4,078     | —      | 4,078      |
| <b>Balance as of June 30, 2020</b>                         | 139,811 | \$ 140 | — | \$ — | — | \$ — | \$ 285,520 | \$ 41,006 | \$ 11  | \$ 326,677 |
| Foreign currency translation adjustment                    | —       | —      | — | —    | — | —    | —          | —         | 410    | 410        |
| Stock-based compensation                                   | —       | —      | — | —    | — | —    | 1,619      | —         | —      | 1,619      |
| Common stock issued under employee purchase plan           | 61      | —      | — | —    | — | —    | 423        | —         | —      | 423        |
| Common stock issued upon exercise of stock options         | 44      | —      | — | —    | — | —    | 263        | —         | —      | 263        |
| Common stock issued upon vesting of restricted stock units | 19      | —      | — | —    | — | —    | —          | —         | —      | —          |
| Net income   | —       | —      | — | —    | — | —    | —          | 5,805     | —      | 5,805      |
| <b>Balance as of September 30, 2020</b>                    | 139,935 | \$ 140 | — | \$ — | — | \$ — | \$ 287,825 | \$ 46,811 | \$ 421 | \$ 335,197 |



**DoubleVerify Holdings, Inc.**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**(UNAUDITED)**

| <i>(in thousands)</i>  | <b>Nine Months Ended</b> |                  |
|--|--------------------------|------------------|
|  | <b>September 30,</b>     |                  |
|  | <b>2021</b>              | <b>2020</b>      |
| <b>Operating activities:</b>   |                          |                  |
| Net income   | \$ 1,000                 | \$ 12,323        |
| Adjustments to reconcile net income to net cash provided by operating activities                                     |                          |                  |
| Bad debt (recovery) expense  | (1,186)                  | 3,041            |
| Depreciation and amortization expense  | 21,989                   | 18,167           |
| Amortization of debt issuance costs  | 221                      | 211              |
| Accretion of acquisition liabilities   | —                        | 36               |
| Deferred taxes   | (4,572)                  | (3,912)          |
| Stock-based compensation expense   | 12,100                   | 3,561            |
| Interest expense (income)  | 130                      | (36)             |
| Change in fair value of contingent consideration   | 57                       | (949)            |
| Offering costs   | 21,797                   | 1,852            |
| Other  | 661                      | 742              |
| Changes in operating assets and liabilities net of effect of business combinations                                   |                          |                  |
| Trade receivables  | 690                      | (11,633)         |
| Prepaid expenses and other current assets  | 4,590                    | (3,457)          |
| Other non-current assets   | (162)                    | (9)              |
| Trade payables   | 425                      | 1,881            |
| Accrued expenses   | (684)                    | 2,081            |
| Other current liabilities  | 2,747                    | (7,143)          |
| Other non-current liabilities  | (1,369)                  | 1,082            |
| Net cash provided by operating activities  | <u>58,434</u>            | <u>17,838</u>    |
| <b>Investing activities:</b>   |                          |                  |
| Purchase of property, plant and equipment  | (5,499)                  | (6,545)          |
| Acquisition of business, net of cash acquired  | (24,323)                 | —                |
| Net cash (used in) investing activities  | <u>(29,822)</u>          | <u>(6,545)</u>   |
| <b>Financing activities:</b>   |                          |                  |
| Payments of long-term debt   | (22,000)                 | (563)            |
| Deferred payment related to Leiki acquisition  | —                        | (2,033)          |
| Deferred payment related to Zentrick acquisition   | (50)                     | (50)             |
| Payment of contingent consideration related to Zentrick acquisition  | —                        | (601)            |
| Proceeds from common stock issued upon exercise of stock options   | 5,514                    | 383              |
| Proceeds from common stock issued under employee purchase plan   | —                        | 425              |
| Proceeds from issuance of common stock upon initial public offering  | 269,390                  | —                |
| Proceeds from issuance of common stock in connection with concurrent private placement                               | 30,000                   | —                |
| Payments related to offering costs   | (21,797)                 | (1,230)          |
| Capital lease payments   | (1,222)                  | (1,242)          |
| Shares repurchased for settlement of employee tax withholdings   | (1,802)                  | —                |
| Net cash provided by (used in) financing activities  | <u>258,033</u>           | <u>(4,911)</u>   |
| Effect of exchange rate changes on cash and cash equivalents and restricted cash                                     | (173)                    | (38)             |
| Net increase in cash, cash equivalents, and restricted cash  | <u>286,472</u>           | <u>6,344</u>     |
| Cash, cash equivalents, and restricted cash - Beginning of period  | <u>33,395</u>            | <u>11,342</u>    |
| Cash, cash equivalents, and restricted cash - End of period  | <u>\$ 319,867</u>        | <u>\$ 17,686</u> |
| Cash and cash equivalents  | 319,825                  | 17,289           |
| Restricted cash (included in prepaid expenses and other current assets on the Condensed Consolidated Balance Sheets) | 42                       | 397              |
| Total cash and cash equivalents and restricted cash  | <u>\$ 319,867</u>        | <u>\$ 17,686</u> |
| <b>Supplemental cash flow information:</b>   |                          |                  |
| Cash paid for taxes  | 5,586                    | 14,901           |
| Cash paid for interest   | 580                      | 2,692            |
| <b>Non-cash investing and financing activities:</b>  |                          |                  |
| Conversion of Series A preferred stock to common stock in connection with the initial public offering                | 610                      | —                |
| Treasury stock reissued upon the conversion of Series A preferred stock to common stock                              | 260,686                  | —                |
| Acquisition of equipment under capital lease   | 1,518                    | 973              |
| Capital assets financed by accounts payable  | 41                       | 1,313            |
| Offering costs included in accounts payable and accrued expense  | —                        | 772              |

## Comparison of the Three and Nine Months Ended September 30, 2021 and September 30, 2020

### Revenue

|                                  | Three Months Ended September 30, |           | Change<br>\$ | Change<br>% | Nine Months Ended September 30, |            | Change<br>\$ | Change<br>% |
|----------------------------------|----------------------------------|-----------|--------------|-------------|---------------------------------|------------|--------------|-------------|
|                                  | 2021                             | 2020      |              |             | 2021                            | 2020       |              |             |
|                                  | <i>(In Thousands)</i>            |           |              |             | <i>(In Thousands)</i>           |            |              |             |
| <b>Revenue by customer type:</b> |                                  |           |              |             |                                 |            |              |             |
| Advertiser - direct              | \$ 34,057                        | \$ 27,582 | \$ 6,475     | 23 %        | \$ 93,260                       | \$ 73,476  | \$ 19,784    | 27 %        |
| Advertiser - programmatic        | 41,902                           | 28,044    | 13,858       | 49          | 113,694                         | 76,023     | 37,671       | 50          |
| Supply-side customer             | 7,139                            | 5,411     | 1,728        | 32          | 20,254                          | 15,777     | 4,477        | 28          |
| Total revenue                    | \$ 83,098                        | \$ 61,037 | \$ 22,061    | 36 %        | \$ 227,208                      | \$ 165,276 | \$ 61,932    | 37 %        |

### Adjusted EBITDA

In addition to our results determined in accordance with GAAP, we believe that certain non-GAAP financial measures, including Adjusted EBITDA and Adjusted EBITDA Margin, are useful in evaluating our business. A metric similar to Adjusted EBITDA is used in certain calculations under our New Revolving Credit Facility. We calculate Adjusted EBITDA Margin as Adjusted EBITDA divided by total revenue. The following table presents a reconciliation of Adjusted EBITDA, a non-GAAP financial measure, to the most directly comparable financial measure prepared in accordance with GAAP.

|  | Three Months Ended<br>September 30, |           | Nine Months Ended<br>September 30, |           |
|--|-------------------------------------|-----------|------------------------------------|-----------|
|  | 2021                                | 2020      | 2021                               | 2020      |
|  | <i>(In Thousands)</i>               |           | <i>(In Thousands)</i>              |           |
| Net income                                 | \$ 7,924                            | \$ 5,805  | \$ 1,000                           | \$ 12,323 |
| Net income margin                          | 10%                                 | 10%       | 0%                                 | 7%        |
| Depreciation and amortization              | 7,492                               | 6,087     | 21,989                             | 18,167    |
| Stock-based compensation                   | 4,848                               | 1,619     | 12,100                             | 3,561     |
| Interest expense                           | 249                                 | 858       | 936                                | 2,958     |
| Income tax expense (benefit)               | 3,270                               | (1,376)   | 8,361                              | 1,975     |
| M&A costs (recoveries) (a)                 | 1,079                               | (25)      | 1,128                              | 198       |
| Offering costs and IPO readiness costs (b) | 318                                 | 768       | 22,465                             | 2,995     |
| Other costs (c)                            | 878                                 | 307       | 987                                | 3,031     |
| Other expense (d)                          | 365                                 | 481       | 365                                | 359       |
| Adjusted EBITDA                            | \$ 26,423                           | \$ 14,524 | \$ 69,331                          | \$ 45,567 |
| Adjusted EBITDA margin                     | 32%                                 | 24%       | 31%                                | 28%       |

- (a) M&A costs (recoveries) for the three and nine months ended September 30, 2021 consist of transaction costs related to the acquisition of Meetrics and other deferred compensation costs related to acquisitions. M&A costs for the three and nine months ended September 30, 2020 consist of deferred compensation costs related to acquisitions.
- (b) Offering costs and IPO readiness costs for the three and nine months ended September 30, 2021 and 2020 consist of third-party costs incurred in preparation and completion for our IPO and other transaction related expenses.
- (c) Other costs for the three and nine months ended September 30, 2021 consist of reimbursements paid to Providence for costs incurred prior to the IPO date and non-recurring recognition of a cease-use liability related to unoccupied leased office space. For the three and nine months ended September 30, 2020, other costs include reimbursements paid to Providence as well as

costs related to the departure of our former Chief Executive Officer, and third-party costs incurred in response to investigating and remediating certain IT/cybersecurity matters that occurred in March 2020.

- (d) Other expense for the three and nine months ended September 30, 2021 and 2020 consists of changes in fair value associated with contingent considerations and the impact of foreign currency transaction gains and losses associated with monetary assets and liabilities.

We use Adjusted EBITDA and Adjusted EBITDA Margin as measures of operational efficiency to understand and evaluate our core business operations. We believe that these non-GAAP financial measures are useful to investors for period to period comparisons of our core business and for understanding and evaluating trends in our operating results on a consistent basis by excluding items that we do not believe are indicative of our core operating performance.

These non-GAAP financial measures have limitations as analytical tools and should not be considered in isolation or as substitutes for an analysis of our results as reported under GAAP. Some of the limitations of these measures are:

- they do not reflect changes in, or cash requirements for, our working capital needs;
- Adjusted EBITDA does not reflect our capital expenditures or future requirements for capital expenditures or contractual commitments;
- they do not reflect income tax expense or the cash requirements to pay income taxes;
- they do not reflect our interest expense or the cash requirements necessary to service interest or principal payments on our debt; and
- although depreciation and amortization are non-cash charges related mainly to intangible assets, certain assets being depreciated and amortized will have to be replaced in the future, and Adjusted EBITDA does not reflect any cash requirements for such replacements.

In addition, other companies in our industry may calculate these non-GAAP financial measures differently than we do, limiting their usefulness as a comparative measure. You should compensate for these limitations by relying primarily on our GAAP results and using the non-GAAP financial measures only supplementally.

Total stock-based compensation expense recorded in the Condensed Consolidated Statements of Operations and Comprehensive Income as follows:

| <i>(in thousands)</i>                 | <b>Three Months Ended</b> |             | <b>Nine Months Ended</b> |             |
|---------------------------------------|---------------------------|-------------|--------------------------|-------------|
|                                       | <b>September 30,</b>      |             | <b>September 30,</b>     |             |
|                                       | <b>2021</b>               | <b>2020</b> | <b>2021</b>              | <b>2020</b> |
| Product development                   | \$ 1,239                  | \$ 212      | \$ 1,953                 | \$ 465      |
| Sales, marketing and customer support | 1,423                     | 305         | 3,743                    | 869         |
| General and administrative            | 2,186                     | 1,102       | 6,404                    | 2,227       |
| Total stock-based compensation        | \$ 4,848                  | \$ 1,619    | \$ 12,100                | \$ 3,561    |

## **Forward-Looking Statements**

This press release includes “forward-looking statements,” including with respect to the initial public offering. Forward-looking statements are subject to known and unknown risks and uncertainties,

many of which may be beyond our control. We caution you that the forward-looking information presented in this press release is not a guarantee of future events, and that actual events may differ materially from those made in or suggested by the forward-looking information contained in this press release. In addition, forward-looking statements generally can be identified by the use of forward-looking terminology such as “may,” “plan,” “seek,” “will,” “expect,” “intend,” “estimate,” “anticipate,” “believe” or “continue” or the negative thereof or variations thereon or similar terminology. Any forward-looking information presented herein is made only as of the date of this press release, and we do not undertake any obligation to update or revise any forward-looking information to reflect changes in assumptions, the occurrence of unanticipated events, or otherwise.

### **About DoubleVerify**

DoubleVerify is a leading software platform for digital media measurement and analytics. Our mission is to make the digital advertising ecosystem stronger, safer and more secure, thereby preserving the fair value exchange between buyers and sellers of digital media. Hundreds of Fortune 500 advertisers employ our unbiased data and analytics to drive campaign quality and effectiveness, and to maximize return on their digital advertising investments – globally.

### **Media Contact**

Chris Harihar  
Crenshaw Communications  
646-535-9475  
chris@crenshawcomm.com

### **Investor Relations**

Tejal Engman  
DoubleVerify  
IR@doubleverify.com