Q3 2023 Earnings Call

November 9, 2023
Disclaimer

This presentation contains “forward-looking statements” that are based on management’s beliefs and assumptions and on information currently available to management. These forward-looking statements include, but are not limited to, statements about our plans, objectives, expectations and intentions and other statements contained herein that are not historical facts. When used herein, the words “expects,” “anticipates,” “intends,” “plans,” “believes,” “seeks,” “will,” “should,” “could,” “estimates” and similar expressions are generally intended to identify forward-looking statements. In particular, statements about the markets in which we operate, including growth of our various markets, and statements about our expectations, beliefs, plans, strategies, objectives, prospects, assumptions or future events or performance contained in this presentation are forward-looking statements. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievement to be materially different from any projected results, performance or achievements expressed or implied by the forward-looking statements. Forward-looking statements represent the beliefs and assumptions of DoubleVerify Holdings, Inc. (the “Company”) only as of the date of this presentation, and we undertake no obligation to update or revise, or to publicly announce any update or revision to, any such forward-looking statements, whether as a result of new information, future events or otherwise. As such, the Company’s results may vary from any expectations or goals expressed in, or implied by, the forward-looking statements included in this presentation, possibly to a material degree.

We cannot assure you that the assumptions made in preparing any of the forward-looking statements will prove accurate or that any long-term financial or operational goals or targets will be realized. For a discussion of some of the risks, uncertainties and other factors that could cause the Company’s results to differ materially from those expressed in, or implied by, the forward-looking statements included in this presentation, you should refer to the “Risk Factors” section and other sections in the Company’s Form 10-K filed with the SEC on March 1, 2023, Form 10-Q filed with the SEC on November 9, 2023 and the Company’s other filings and reports with the SEC.

In addition to disclosing financial results that are determined in accordance with U.S. generally accepted accounting principles (“GAAP”), the Company also discloses in this presentation certain non-GAAP financial measures, including Adjusted EBITDA, Adjusted EBITDA Margin and Adjusted EBITDA less Capital Expenditures. We believe that these non-GAAP financial measures are useful to investors for period-to-period comparisons of the Company’s core business and for understanding and evaluating trends in the Company’s operating results on a consistent basis by excluding items that we do not believe are indicative of the Company’s core operating performance. These non-GAAP financial measures have limitations as analytical tools, and are presented for supplemental purposes and should be considered in addition to, and not in isolation or as substitutes for an analysis of the Company’s results as reported under GAAP. In addition, other companies in the Company’s industry may calculate these non-GAAP financial measures differently than the Company does, limiting their usefulness as a comparative measure. You should compensate for these limitations by relying primarily on the Company’s GAAP results and using the non-GAAP financial measures only supplementally. A reconciliation of these measures to the most directly comparable GAAP measures is included at the end of this presentation.

In addition, this presentation contains industry and market data and forecasts that are based on our analysis of multiple sources, including publicly available information, industry publications and surveys, reports from government agencies, reports by market research firms and consultants and our own estimates based on internal company data and management’s knowledge of and experience in the market sectors in which the Company competes. While management believes such information and data are reliable, we have not independently verified the accuracy or completeness of the data contained in these sources and other publicly available information. Accordingly, we make no representations as to the accuracy or completeness of that data nor do we undertake to update such data after the date of this presentation.
DV’s Matrix of Growth Drivers

Channel Expansion

Product New & Upsell
- Activation
- Measurement

Client Wins
- New
- Existing

Geographic Expansion
- Americas
- EMEA
- APAC

Programmatic DSPs
- Google Display & Video 360
- theTradeDesk
- amazon
- Criteo
- Basis
- BEESWAX
- ogilvy

Retail Media Networks
- Amazon
- Walmart
- Target
- macy’s

Social Platforms
- Facebook
- Instagram
- YouTube
- TikTok

CTV
- pluto
- Netflix
- Disney
- Roku
- Amazon
- NBCUniversal
- Hulu
- Warner Bros.
- Discovery
- Samsung
Continued Customer Wins & Expansion Momentum

Select Q3 2023 New Enterprise Logo Wins

Select Q3 2023 Existing Client Expansion

WIN RATE YTD 2023

GREENFIELD WINS Q3 2023
Large Product Cross-Sell and Up-Sell Opportunity

Top 700 CLIENTS More than 50% use less than 4 products

Top 50 CLIENTS More than 50% use more than 6 products

DV Revenue Multiplier Opportunity

Our products are complementary and provide compounding benefits when used together

Our Three Core Differentiators

**Scale**
Across Platforms

**Innovation**
Identifier Independent and Industry Leading

**Trust**
Accredited & Objective
Expanding Coverage Scale

Social: 56% year-over-year revenue growth in Q3 2023
Retail Media: 75% year-over-year revenue growth in Q3 2023
Programmatic: 40% year-over-year revenue growth in Q3 2023
CTV: 29% year-over-year volume growth in Q3 2023
International: 62% year-over-year measurement revenue growth in Q3 2023
Only scaled solutions in market today

- **Attention**
  - DV Authentic Attention
  - Attain and TVision partnerships

- **DV-Scibids**
  - Integrated optimization
  - DV Algorithmic Optimizer

- **Brand Suitability**
  - Scaled MFA solution in market
  - Greatest granularity and customization
Drivers of DV’s Brand Suitability Leadership in Social

Highest GRANULARITY of Categories

Greatest CLASSIFICATION Accuracy

Only PRE & POST Optimization

SOCIAL PRODUCT DIFFERENTIATORS

DoubleVerify
Leading the Market in Privacy & Data Security

**Only** Ad Verification & Performance Measurement Company with Comprehensive Certifications

<table>
<thead>
<tr>
<th>DV CERTIFICATIONS</th>
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</thead>
<tbody>
<tr>
<td>ISO 27001</td>
<td>APEC CBPR</td>
</tr>
<tr>
<td>SOC 2 Type II</td>
<td>APEC PRP</td>
</tr>
<tr>
<td>Neutronian Cookie Free</td>
<td>EU-US, UK-US and Swiss-US DPF</td>
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</tbody>
</table>

1. Peer information is based on research of public filings and reasonably available information as of November 1, 2023.
Q3 2023 Financial Highlights

- **$144 MILLION**
  - Total Revenue

- **28% GROWTH**
  - Total Revenue Growth

- **$259 MILLION**
  - Cash and Cash Equivalents

- **$46 MILLION**
  - Adjusted EBITDA

- **32% MARGIN**
  - Adjusted EBITDA Margin

- **$0 DEBT**
  - No long-term debt
Strong Q3 and Nine Months Ended Sept 30, 2023

**Q3 2023**

- **Total Revenue**: $144.0 million
  - Growth: +28%

- **Adj. EBITDA**: $45.7 million
  - Margins: 32%

**Nine Months Ended 9/30/23**

- **Total Revenue**: $400.3 million
  - Growth: +26%

- **Adj. EBITDA**: $121.6 million
  - Margins: 30%

1. Year-over-year growth rate
2. See Appendix for a reconciliation of Adjusted EBITDA and Adjusted EBITDA Margin to the nearest financial measures reported under GAAP.
Q3 2023 Revenue Growth Drivers

**Business Line Contribution to Total Revenue**

- **Activation** ~57%
- **Measurement** ~35%
- **Supply-side** ~8%

92% of total revenue came from Advertiser Revenue (Activation + Measurement)

**Advertiser Revenue Growth Drivers**

- **Q3 ’23 ADVERTISER REVENUE GROWTH OF 32%**
  - **VOLUME (MTM)** +27%
  - **PRICE (MTF)** +2%

**Activation Driver: Authentic Brand Suitability**

- **Q3 ’23 ABS REVENUE GROWTH OF 40%**
  - **VOLUME (MTM)** +32%
  - **PRICE (MTF)** +6%

**Measurement Drivers: Social and International**

- **Q3 ’23 MEASUREMENT REVENUE GROWTH OF 32%**
  - **SOCIAL MTM** +61%
  - **INTL REVENUE** +62%
Q3 2023 Revenue Growth Drivers (cont’d)

Key Drivers

Social

Programmatic

Retail Media & CTV

Q3 '23 TOTAL REVENUE GROWTH OF 28%

Activation

+31%
year-over-year growth

$62.2 M  Q3 '22  $81.7 M  Q3 '23

Measurement

+32%
year-over-year growth

$38.8 M  Q3 '22  $51.3 M  Q3 '23

Supply-Side

-2%
year-over-year growth

$11.2 M  Q3 '22  $11.0 M  Q3 '23
Q3 & FY 2023 Guidance

**Q4 2023 Guidance**

- **Revenue**
  - Low-end: $170 M
  - High-end: $174 M
  - Growth: +29% year-over-year at the midpoint

- **Adjusted EBITDA**
  - Low-end: $57 M
  - High-end: $61 M
  - Margin: 34% at the midpoint

**FY 2023 Guidance**

- **Revenue**
  - Low-end: $570 M
  - High-end: $574 M
  - Growth: +27% year-over-year at the midpoint

- **Adjusted EBITDA**
  - Low-end: $179 M
  - High-end: $183 M
  - Margin: 32% at the midpoint
Key Business Terms and Notes

- **Activation** revenue is generated from the evaluation, verification and measurement of advertising impressions purchased through programmatic demand-side and social media platforms.

- **Measurement** 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.

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

- **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.

- **International Revenue Growth Rates** are inclusive of foreign currency fluctuations.
## Non-GAAP Financial Measures Reconciliation

<table>
<thead>
<tr>
<th></th>
<th>Three Months Ended September 30,</th>
<th>Nine Months Ended September 30,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2023 (In Thousands)</td>
<td>2022 (In Thousands)</td>
</tr>
<tr>
<td>Net income</td>
<td>$13,347</td>
<td>$10,331</td>
</tr>
<tr>
<td>Net income margin</td>
<td>9%</td>
<td>9%</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>10,706</td>
<td>8,089</td>
</tr>
<tr>
<td>Stock-based compensation</td>
<td>15,791</td>
<td>10,971</td>
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<tr>
<td>Interest expense</td>
<td>288</td>
<td>226</td>
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<tr>
<td>Income tax expense</td>
<td>6,234</td>
<td>3,609</td>
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<tr>
<td>M&amp;A and restructuring costs (a)</td>
<td>921</td>
<td>39</td>
</tr>
<tr>
<td>Offering, IPO readiness and secondary offering costs (b)</td>
<td>286</td>
<td>726</td>
</tr>
<tr>
<td>Other (recoveries) costs (c)</td>
<td>(267)</td>
<td>(228)</td>
</tr>
<tr>
<td>Other (income) expense (d)</td>
<td>(1,633)</td>
<td>231</td>
</tr>
<tr>
<td>Adjusted EBITDA</td>
<td>$45,673</td>
<td>$33,994</td>
</tr>
<tr>
<td>Adjusted EBITDA margin</td>
<td>32%</td>
<td>30%</td>
</tr>
</tbody>
</table>
Non-GAAP Financial Measures Reconciliation

(a) M&A and restructuring costs for the three and nine months ended September 30, 2023 consist of transaction costs related to the acquisition of Scibids Technology SAS ("Scibids"). M&A and restructuring costs for the three and nine months ended September 30, 2022 consist of transaction costs, integration and restructuring costs related to the acquisition of OpenSlate.

(b) Offering, IPO readiness and secondary offering costs for the three and nine months ended September 30, 2023 consist of third-party costs incurred for underwritten secondary public offerings by certain stockholders of the Company. Offering, IPO readiness and secondary offering costs for the three and nine months ended September 30, 2022 consist of third-party costs incurred for the Company's filing of a "shelf" registration statement on Form S-3.

(c) Other recoveries for the three and nine months ended September 30, 2023 consist of sublease income for leased office space. For the three and nine months ended September 30, 2022, other (recoveries) costs consist of sublease income for lease office space, offset by costs related to the departures of the Company's former Chief Operating Officer and Chief Customer Officer, impairment related to a subleased office space and costs related to the disposal of furniture for unoccupied lease office space.

(d) Other (income) expense for the three and nine months ended September 30, 2023 and September 30, 2022 consist of interest income earned on interest-bearing monetary assets, and of the impact of changes in foreign currency exchange rates.

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 the core business and for understanding and evaluating trends in operating results on a consistent basis by excluding items that we do not believe are indicative of our core operating performance.

Fourth Quarter and Full-Year Adjusted EBITDA Guidance

With respect to the Company’s expectations under "Fourth Quarter and Full Year 2023 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 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.