



# Q2 2023 Earnings Call

July 31, 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 May 10, 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.

# Key Business Highlights

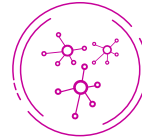


**Launching** Innovative Outcome-Driving Products

Algorithmic Optimizer

Universal Attention Segments

CTV Attention Measurement



**Scaling** Core Verification Solutions



Meta Reels



YouTube Shorts



CTV & Retail Media



**Expanding** Partnerships with Advertisers and Platforms



DoubleVerify



Scibids

Agreement To Acquire Scibids AI

# A Powerful Combination



**AI-powered optimization** that makes DV data more impactful for advertisers and accelerates our evolution from protection to **performance**



# Strong Second Quarter and Half Year Ended 2023

## Q2 2023

Total Revenue

**\$133.7**  
MILLION

Adj. EBITDA

**\$40.0**  
MILLION

**+22%**  
GROWTH<sup>1</sup>

**30%**  
MARGINS<sup>2</sup>

## First Half 2023

Total Revenue

**\$256.3**  
MILLION

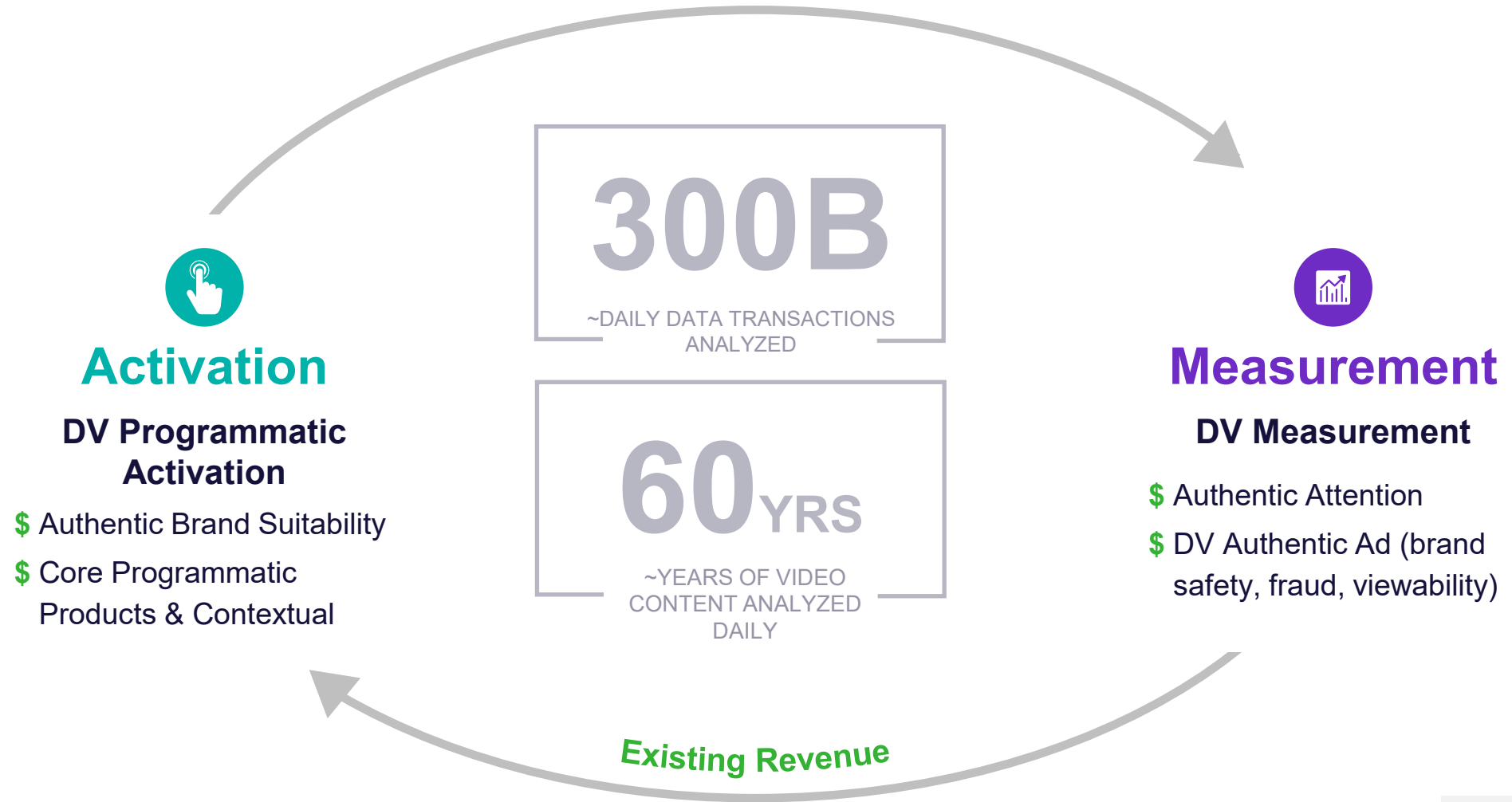
Adj. EBITDA

**\$76.0**  
MILLION

**+24%**  
GROWTH<sup>1</sup>

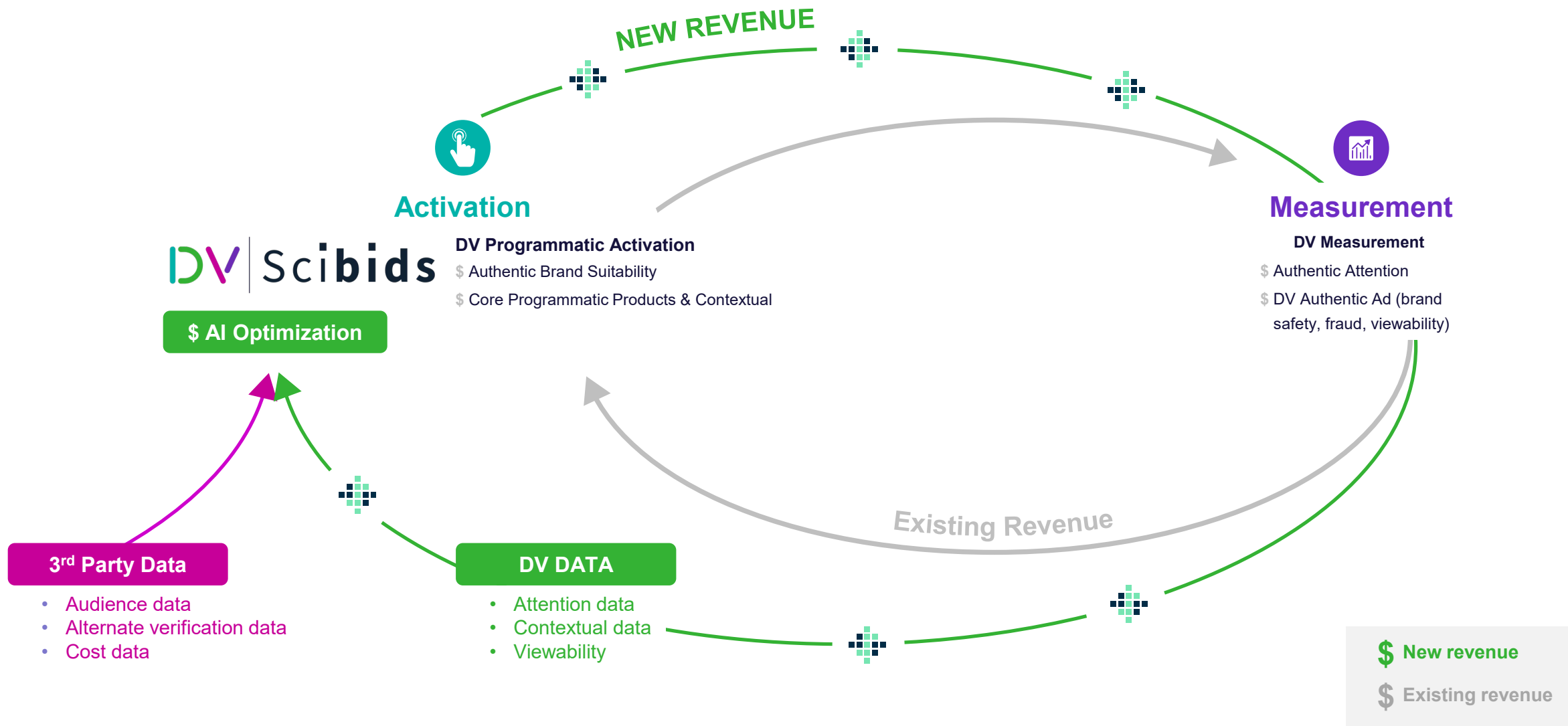
**30%**  
MARGINS<sup>2</sup>

# The Revenue Opportunity Today













\$ Existing revenue

# The Future Revenue Opportunity



# Scibids: The Global Leader in AI-Powered Optimization



Technology	AI that automates and optimizes programmatic buying of digital ad campaigns, driving significant improvement in performance KPIs			
Integrations				
Test Results	<div> DoubleVerify</div> <div></div> <div>average initial test results</div>	<div>45%</div> <div>reduction in media CPM</div>	<div>63%</div> <div>increase in attention levels</div>	<div>95%</div> <div>increase in impressions won</div>
Customers				



# Transparency, Independence and Innovation



DoubleVerify



Scibids



- Ad server and DSP agnostic
- Do not buy or sell media
- Privacy-forward – no persistent tracking technologies used



- Scibids brings nearly **20** data scientists and engineers to DV
- Both companies leverage machine learning based AI



## Innovation Day

Learn more on:

**September 14, 1-4pm**

The Standard Hotel, NYC

# Our Three Key Differentiators



## Scale

Across Platforms



## Innovation

Identifier Independent  
and Industry Leading

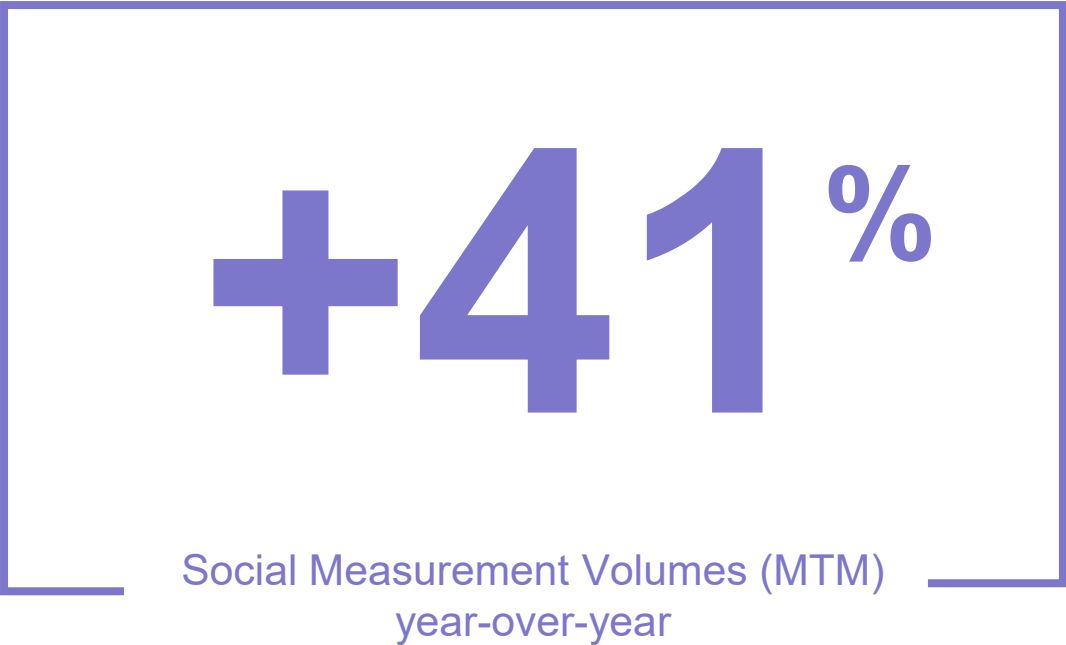


## Trust

Accredited & Objective

# Scaling Social Solutions

## Q2 2023 Growth Rate



## Long-Term Growth Catalysts



Measurement on **Meta Reels**  
(beginning Q2 2023)



Measurement on **YouTube Shorts**  
(beginning Q3 2023)



Brand Suitability in **25 new markets**  
(by year-end 2023)

# Expanding CTV Solutions

## Q2 2023 Growth Rate

+32%

CTV Measurement Volumes (MTM)  
year-over-year

## Long-Term Growth Catalysts



Measurement on **Netflix**  
(beginning March 2023)



CTV Attention solution with **TVision**  
(beginning Q3 2023)

# Growing Across Retail Media Networks

## Q2 2023 Growth Rate

+81%


Retail Media Revenue  
year-over-year

## Long-Term Growth Catalysts

12 Work with 12 of the **top retail media platforms**

39 Work with 39 **major retailers**

~50 **Global** partnerships

 Viewability and fraud **measurement on Uber's advertising platform**

# International Business Expansion

## Q2 2023 Growth Rate

+39%

International Measurement Revenue  
year-over-year

## Key Drivers of Growth and Recent Geographic Expansion

**33%** EMEA growth in 2Q 2023

**50%** APAC growth in 2Q 2023

**27** Locations, through the launch of business operations in Indonesia, the Philippines, Vietnam, and three more locations in Europe

# Innovation and Trust

## PRODUCT INNOVATION

Algorithmic Optimizer

Universal Attention Segments

CTV Attention Measurement

## MITIGATE APP SPOOFING



cutting-edge Fraud Lab  
and anti-fraud solutions



proprietary Advertising  
Watermark technology

## CERTIFIED PRIVACY



INTERNATIONAL PRIVACY  
VERIFICATION (IPV)



ASIA-PACIFIC ECONOMIC  
COOPERATION (APEC)  
CROSS BORDER PRIVACY RULES (CBPR)



PRIVACY RECOGNITION FOR  
PROCESSORS (PRP)

# Q2 2023 Financial Highlights

**\$134**  
**MILLION**

Total  
Revenue

**22%**  
**GROWTH**

Total Revenue  
Growth

**\$296**  
**MILLION**

Cash and  
Cash Equivalents

**\$40**  
**MILLION**

Adjusted  
EBITDA

**30%**  
**MARGIN**

Adjusted EBITDA  
Margin

**\$0**  
**DEBT**

No long-term  
debt



# Q2 2023 Revenue Growth Drivers

## Key Drivers

Q2 '23 TOTAL REVENUE GROWTH OF 22%



Authentic Brand Suitability



Social measurement

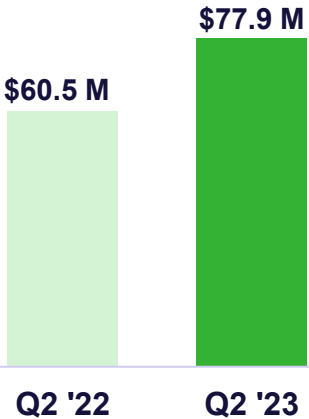


New Client Growth

## Activation

+29%

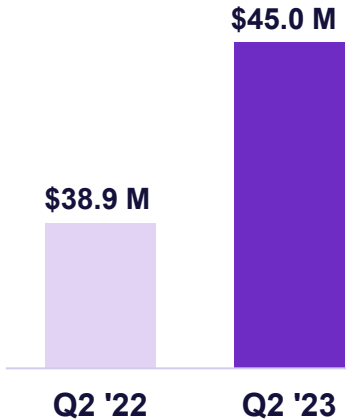
year-over-year growth



## Measurement

+16%

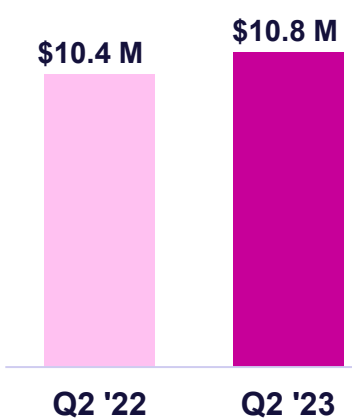
year-over-year growth



## Supply-Side

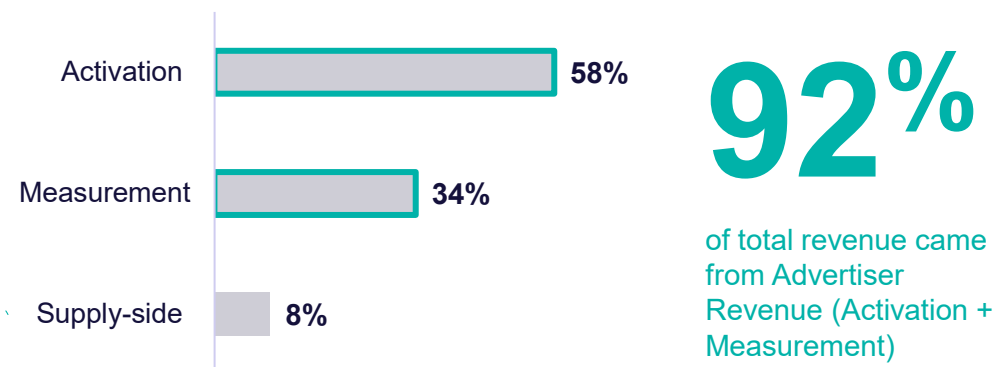
+4%

year-over-year growth



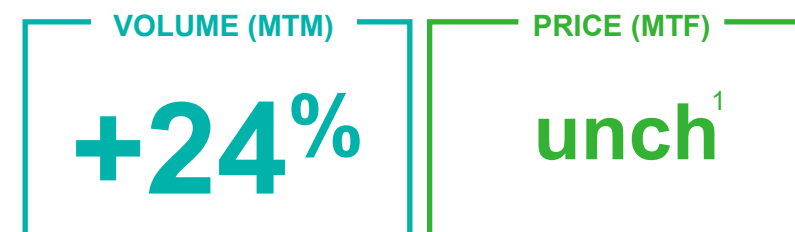
# Q2 2023 Revenue Growth Drivers (cont'd)

## Business Line Contribution to Total Revenue



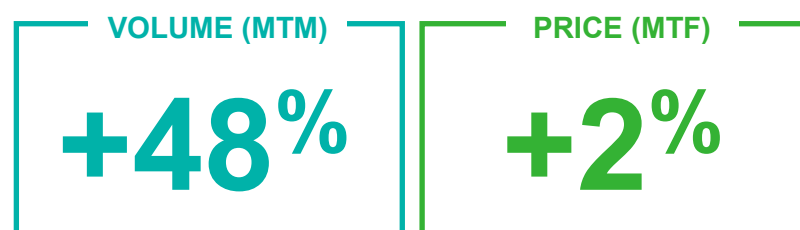
## Advertiser Revenue Growth Drivers

Q2 '23 ADVERTISER REVENUE GROWTH OF **24%**



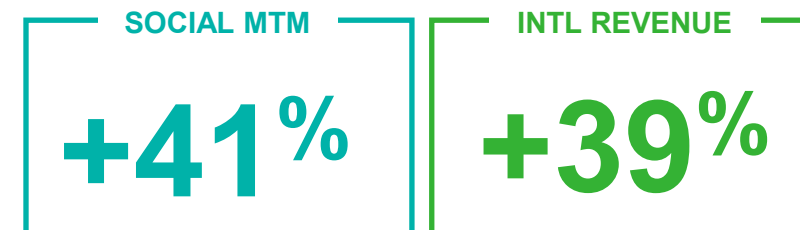
## Activation Driver: Authentic Brand Suitability

Q2 '23 ABS REVENUE GROWTH OF **51%**



## Measurement Drivers: Social and International

Q2 '23 MEASUREMENT REVENUE GROWTH OF **16%**



# Q3 & FY 2023 Guidance

## Updated for Impact of Scibids Acquisition

### Q3 2023 Guidance

#### Revenue

**\$137m - \$141m ▶ +24%**

Low-end

High-end

YoY growth  
at midpoint

#### Adjusted EBITDA

**\$39m - \$41m ▶ 29%**

Low-end

High-end

Margin at  
midpoint

### FY 2023 Guidance

#### Revenue

**\$562m - \$572m ▶ +25%**

Low-end

High-end

YoY growth  
at midpoint

#### Adjusted EBITDA

**\$171m - \$179m ▶ 31%**

Low-end

High-end

Margin at  
midpoint

# Key Business Terms

- **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.
- **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.
- **International Revenue Growth Rates** are inclusive of foreign currency fluctuations.

# Non-GAAP Financial Measures Reconciliation

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
	(In Thousands)		(In Thousands)	
Net income	\$ 12,839	\$ 10,290	\$ 25,014	\$ 14,869
Net income margin	10%	9%	10%	7%
Depreciation and amortization	9,676	8,317	18,659	17,357
Stock-based compensation	15,167	9,259	26,980	20,253
Interest expense	247	223	503	455
Income tax expense	4,034	2,510	9,541	512
M&A and restructuring costs (a)	700	527	700	1,180
Offering, IPO readiness and secondary offering costs (b)	122	—	309	—
Other (recoveries) costs (c)	(266)	2,690	(533)	3,887
Other (income) expense (d)	(2,476)	145	(5,210)	191
Adjusted EBITDA	\$ 40,043	\$ 33,961	\$ 75,963	\$ 58,704
Adjusted EBITDA margin	30%	31%	30%	28%

# Non-GAAP Financial Measures Reconciliation

- a) M&A and restructuring costs for the three and six months ended June 30, 2023 consist of transaction costs related to the agreement to acquire Scibids Technology SAS (“Scibids”). M&A and restructuring costs for the three and six months ended June 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 six months ended June 30, 2023 consist of third-party costs incurred for an underwritten secondary public offering by certain stockholders of the Company.
- c) Other recoveries for the three and six months ended June 30, 2023 consist of sublease income for leased office space. For the three and six months ended June 30, 2022, other costs consist of 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, partially offset by sublease income.
- d) Other (income) expense for the three and six months ended June 30, 2023 and June 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.

## Third Quarter and Full-Year Adjusted EBITDA Guidance

With respect to the Company’s expectations under "Third 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 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.