



Q1 2022 Earnings Call

May 10, 2022

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-Q filed with the SEC on May 10, 2022, the Company’s Form 10-K filed with the SEC on March 8, 2022 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.

Q1 2022: Record First Quarter Revenue

TOTAL REVENUE

\$96.7

MILLION

43%

GROWTH¹

KEY DRIVERS



Product Upsell



Geographic Expansion



New Client Growth

Q1 2022: Record First Quarter Adjusted EBITDA

ADJUSTED EBITDA¹

\$24.7

MILLION

26%

MARGIN

CONTINUED INVESTMENTS



Hiring Talent



Growing Global Footprint



Integrating Acquisitions

Keys to Sustained Business Performance

Fixed-fee business model

- ▶ Helps insulate revenue from CPM volatility

Essential nature of products

- ▶ Protects brand equity
- ▶ Reduces wasted media spend

‘Verify Everywhere’ strategy

- ▶ Diversifies revenue across platform and advertiser categories, making DV largely agnostic to shifts in ad spend

Underpenetrated TAM

- ▶ Capitalizes on a vast and untapped global market

Three Key Differentiators

Cross Platform
Scale

Identifier Independent
Innovation

Accredited Objectivity
Trust

Drivers of Advertiser Revenue Growth

VOLUME

27%

VOLUME GROWTH¹
MEDIA TRANSACTIONS MEASURED
(MTM)

PRICE

7%

PRICE GROWTH¹
MEASURED TRANSACTION FEES
(MTF)

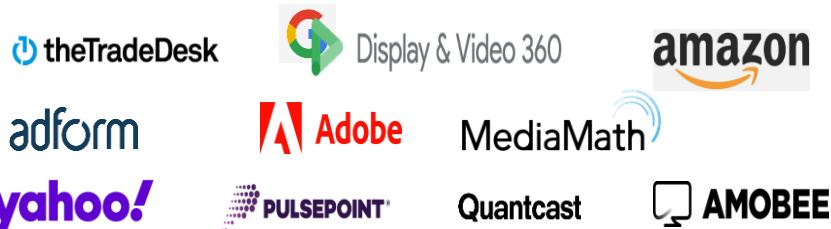
Key YTD Enterprise Client Wins



Authentic Brand Suitability Revenue Growth

ABS

Available on the following leading platforms:



52%
GROWTH

Q1 2022
Revenue Growth

~100
MORE CLIENTS

Used ABS in
Q1 '22 vs. Q1 '21

Broad Based Q1 2022 Revenue Growth

Key Drivers

Q1 '22 TOTAL REVENUE GROWTH OF 43%



Authentic Brand Suitability



Programmatic

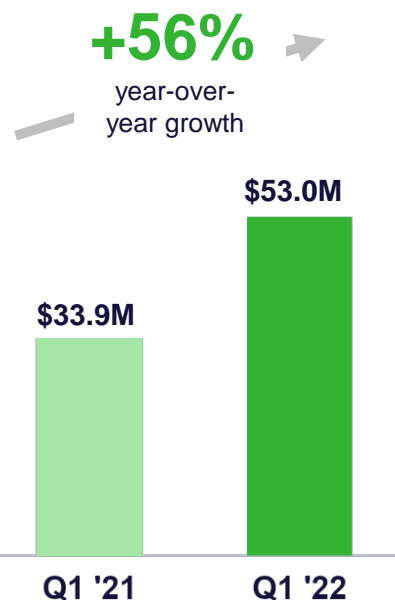


Global Expansion

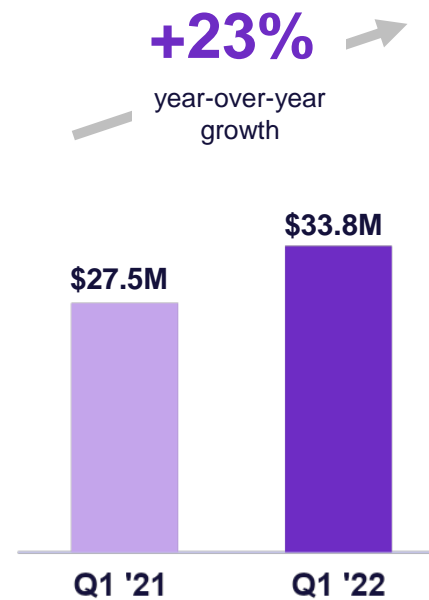


New Client Growth

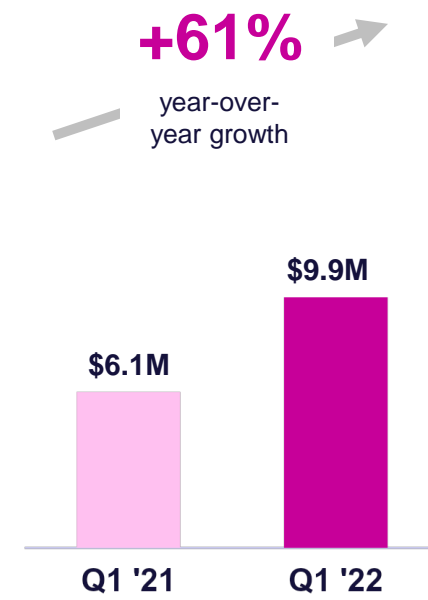
Activation



Measurement



Supply Side



Continued Growth in CTV and Social

CTV

55%

Q1 '22 VOLUME
(MTM) GROWTH

 **Roku** **hulu**

Social

22%

Q1 '22 VOLUME
(MTM) GROWTH



Continued Growth in International

International

40%

Q1 '22 REVENUE
GROWTH

EMEA

41%

Q1 '22 REVENUE
GROWTH

APAC

38%

Q1 '22 REVENUE
GROWTH

Raised FY 2022 Guidance

Q2 2022 Guidance

Revenue

\$101M - \$103M

Low-end

High-end

+33%

year-over-year
growth at the
midpoint

Adjusted EBITDA

\$27M - \$29M

Low-end

High-end

27%

Margin at the
midpoint

FY 2022 Guidance

Revenue

\$439M - \$445M

Low-end

High-end

+33%

year-over-year
growth at the
midpoint

Adjusted EBITDA

\$131M - \$137M

Low-end

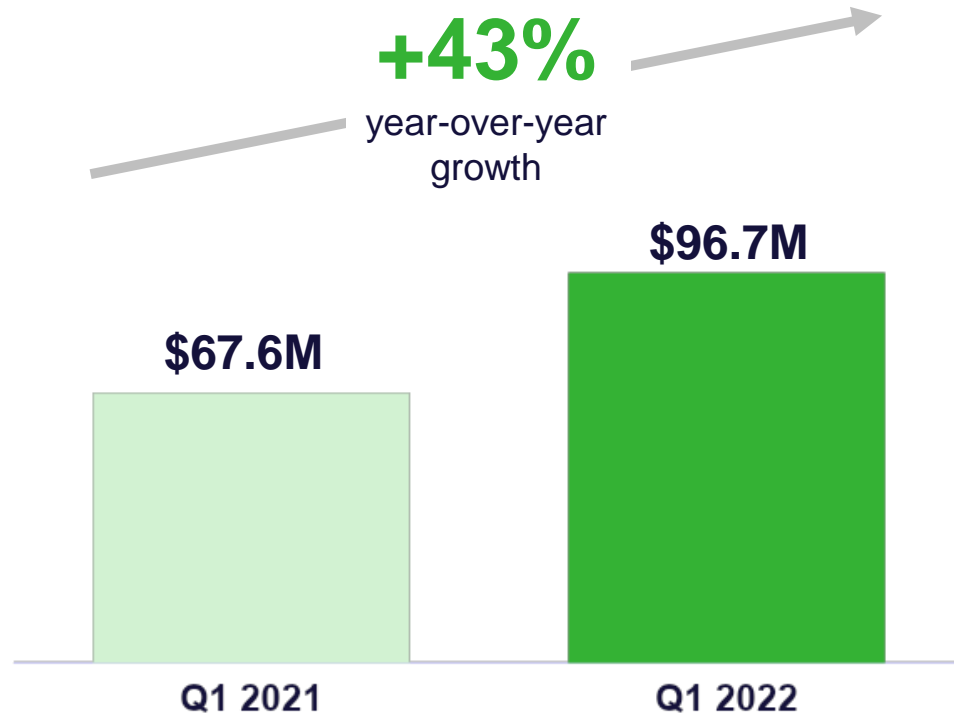
High-end

30%

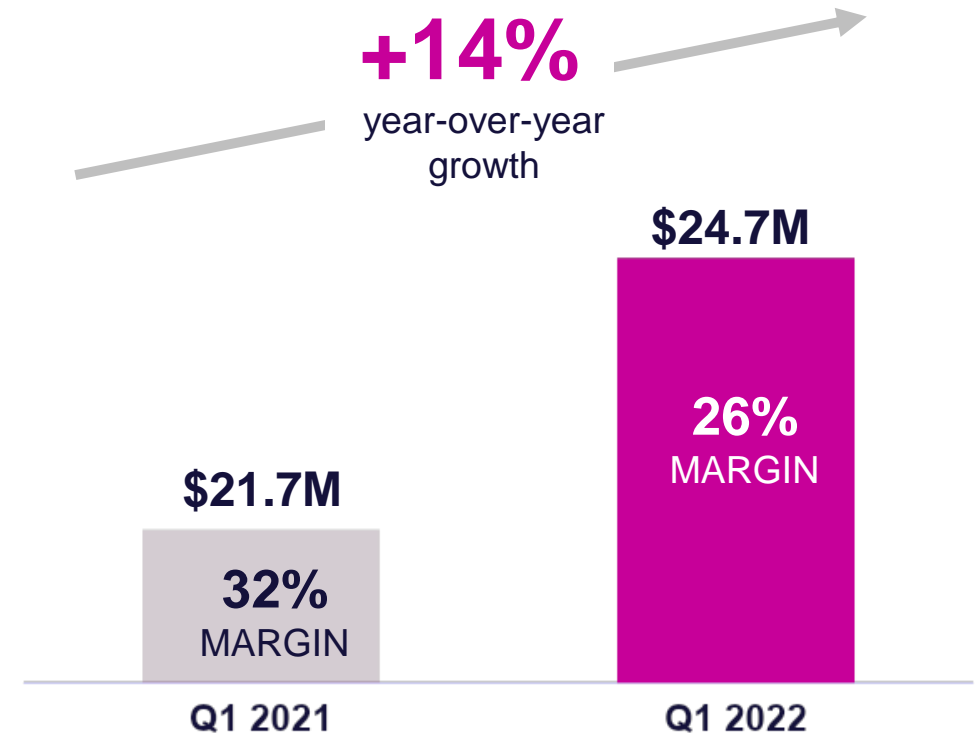
Margin at the
midpoint

Delivered A Strong First Quarter

Total Revenue Growth



Adj. EBITDA Growth and Margin¹



Key Business Terms

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.

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

Non-GAAP Financial Measures Reconciliation

	Three Months Ended March 31,	
	2022	2021
	(In Thousands)	
Net income	\$ 4,579	\$ 5,644
Net income margin	5%	8%
Depreciation and amortization	9,040	7,057
Stock-based compensation	10,994	2,538
Interest expense	232	390
Income tax (benefit) expense	(1,998)	2,793
M&A and restructuring costs (recoveries) (a)	653	(18)
Offering, IPO readiness and secondary offering costs (b)	-	3,261
Other costs (c)	1,197	109
Other expense (income) (d)	46	(49)
Adjusted EBITDA	\$ 24,743	\$ 21,725
Adjusted EBITDA Margin	26%	32%

Non-GAAP Financial Measures Reconciliation

- a) M&A and restructuring costs for the three months ended March 31, 2022 consist of transaction costs, integration and restructuring costs related to the acquisition of OpenSlate. M&A recoveries for the three months ended March 31, 2021 consist of reductions to deferred compensation liabilities related to acquisitions.
- a) Offering, IPO readiness and secondary offering costs for the three months ended March 31, 2022 and March 31, 2021 consist of third-party costs incurred for our IPO and secondary offering.
- a) Other costs for the three months ended March 31, 2022 consist of costs related to the departures of the Company's former Chief Operating Officer and Chief Customer Officer, and of costs related to the disposal of furniture for an unoccupied lease office space. For the three months ended March 31, 2021, other costs include reimbursements paid to Providence.
- a) Other expense (income) for the three months ended March 31, 2022 and March 31, 2021 consists of 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.

Full Year and Second Quarter 2022 Adjusted EBITDA Guidance

With respect to the Company's expectations under "Full Year 2022 and Second Quarter 2022 Guidance", 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.