



Q2 2022 Earnings Call

August 3, 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.

Q2 2022: Record Second Quarter Results

TOTAL REVENUE ← **Q2 2022** → **ADJ. EBITDA**

\$109.8

MILLION

+43%

GROWTH¹

\$34.0

MILLION

31%

MARGIN²

1. Year-over-year growth rate (Q2 2022 vs. Q2 2021)

2. See Appendix for reconciliation of Adjusted EBITDA and Adjusted EBITDA Margin to the nearest financial measures reported under GAAP.

H1 2022: Strong First Half Performance

TOTAL REVENUE ← **H1 2022** → **ADJ. EBITDA**

\$206.5

MILLION

+43%

GROWTH¹

\$58.7

MILLION

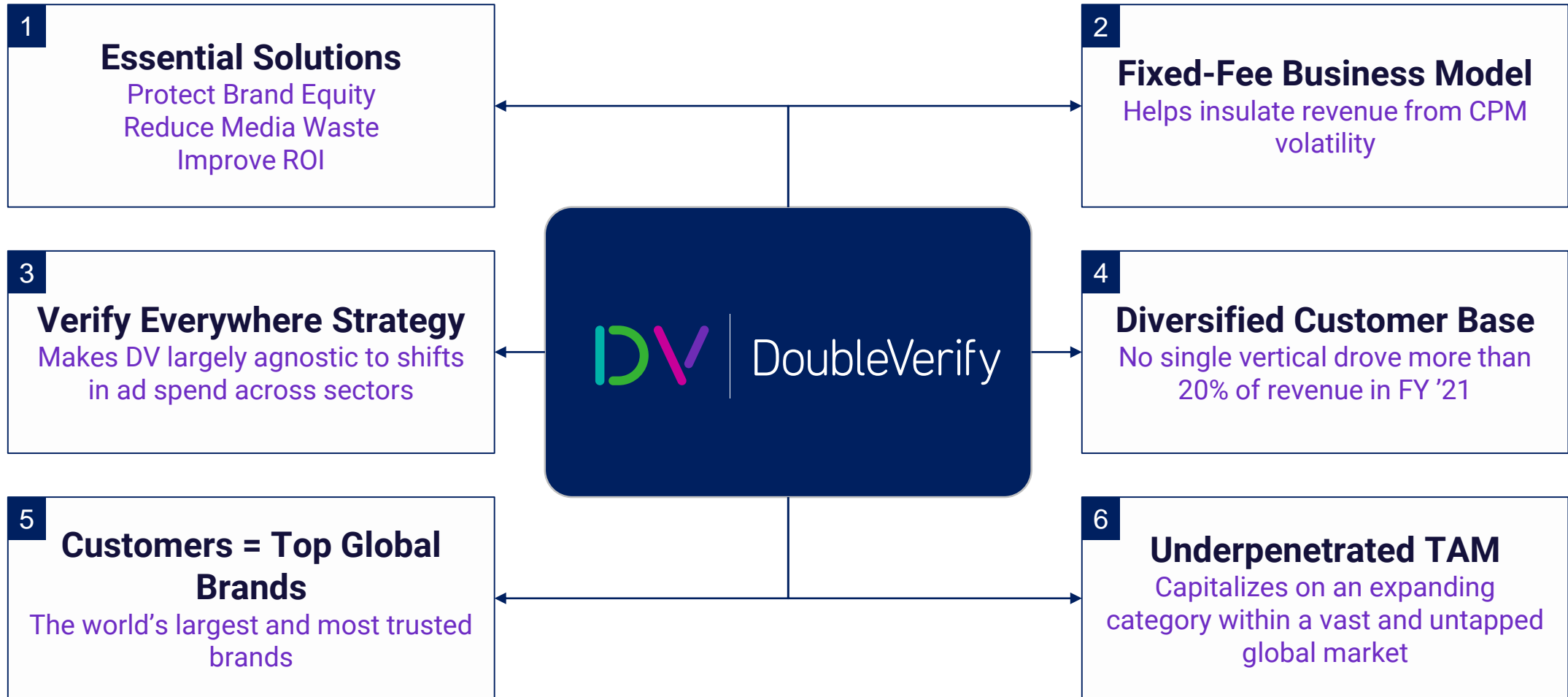
28%

MARGIN²

1. Year-over-year growth rate (H1 2022 vs. H1 2021)

2. See Appendix for reconciliation of Adjusted EBITDA and Adjusted EBITDA Margin to the nearest financial measures reported under GAAP.

The Resilience of DV's Business Model



Three Key Differentiators

Cross Platform
Scale

Identifier Independent
Innovation

Accredited Objectivity
Trust

Rapidly Growing Scale

Strong Upsell Momentum in Premium
Priced Activation Products

Authentic Brand
Suitability

+52%

Q2'22 REVENUE GROWTH¹

Custom
Contextual

>200%

Q2'22 REVENUE GROWTH¹

Global Market Share Growth Through
New Logo Wins and Expansion

BRITISH AIRWAYS



CALIFIA
FARMS®




Launched on Dynamic Social and
Gaming Platforms




Market Defining Innovation



SOCIAL ACTIVATION TO MEASUREMENT



DV CAMPAIGN AUTOMATOR



Display &
Video 360



DV AUTHENTIC ATTENTION



AUTHENTIC ATTENTION™
SNAPSHOT



EXCLUSIVE PARTNERSHIP WITH SCOPE3

Scope3

Continuing to Build and Deepen Trust

WIN RATE

~80%

TTM WIN RATE ¹

GREENFIELD

60%

OF WINS ARE
GREENFIELD

GRR

+95%

Q2 2022 GRR²

**LARGE CUSTOMER
GROWTH**

+38%

GENERATING
>\$200 K / YR³

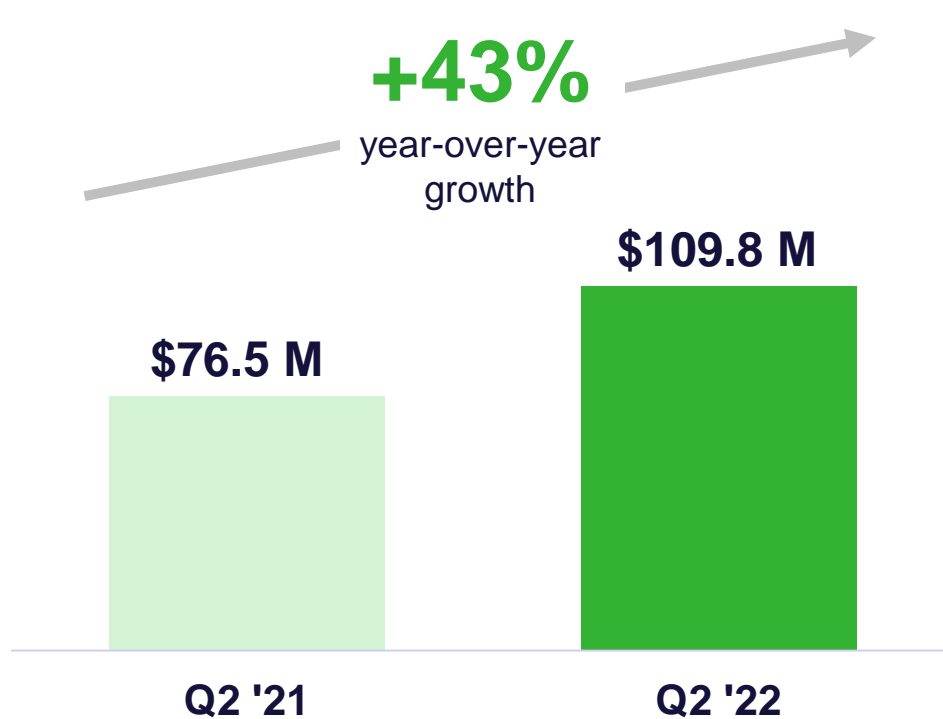
1) Achieved a trailing twelve-month (TTM) rate of nearly 80 percent.

2) 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.

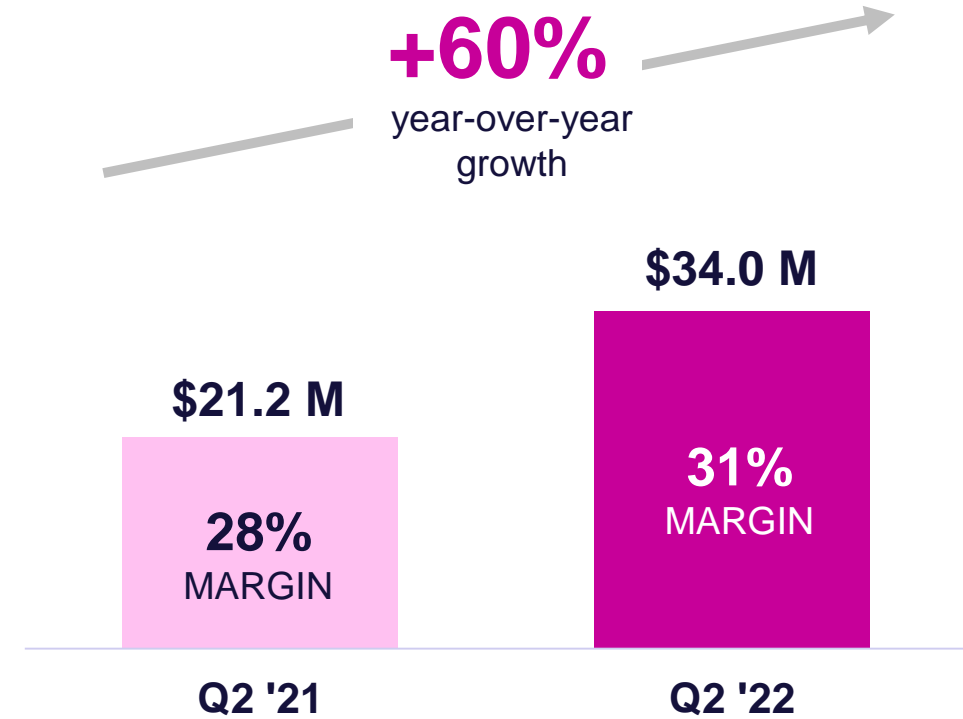
3) DV grew the total number of customers generating more than 200 thousand dollars of revenue by 38% year-over-year, on a trailing twelve month basis.

Delivered A Strong Second Quarter

Total Revenue Growth



Adj. EBITDA Growth and Margin¹



Q2 2022 Revenue Growth Drivers

Key Drivers

Q2 '22 TOTAL REVENUE GROWTH OF 43%



Authentic Brand Suitability



Programmatic

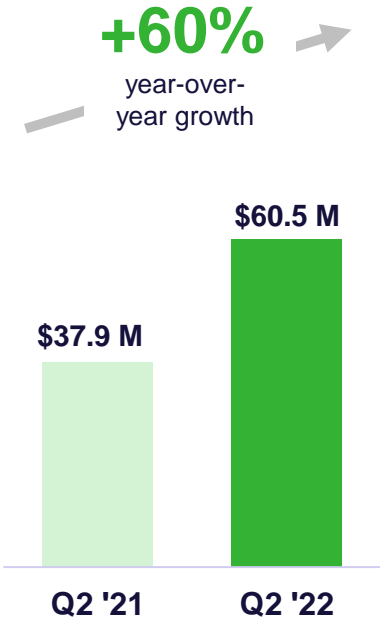


Global Expansion

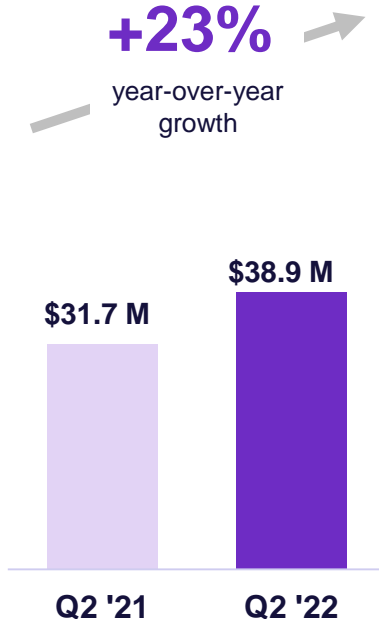


New Client Growth

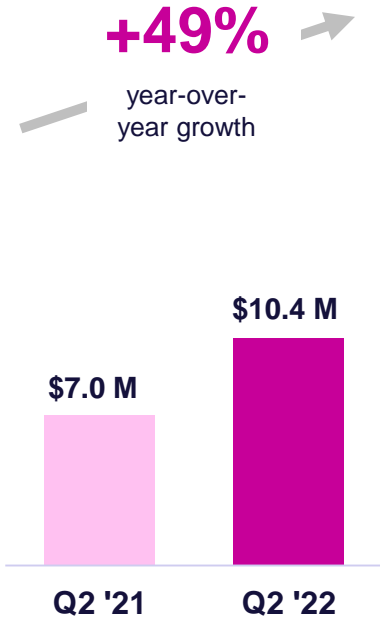
Activation



Measurement



Supply Side



Drivers of Advertiser Revenue Growth¹

VOLUME GROWTH²

24%

**MEDIA TRANSACTIONS MEASURED
(MTM)**

PRICE GROWTH²

10%

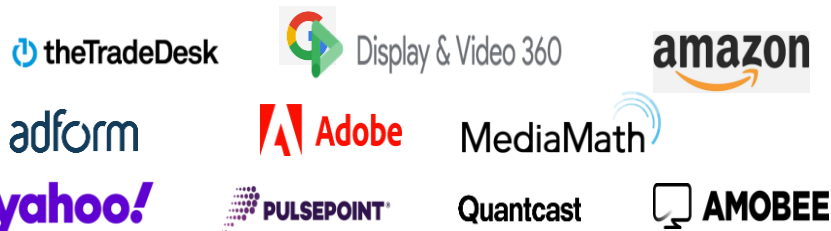
**MEASURED TRANSACTION FEES
(MTF)**

1. The volume and price growth analysis above excludes the acquisition of OpenSlate
2. Year-over-year growth rates (Q2 2022 vs. Q2 2021)

Authentic Brand Suitability Revenue Growth

ABS

Available on the following leading platforms:



+52%

GROWTH

Q2 2022
Revenue Growth driven
by cross-sell, geographic
expansion and new client
activations

+20%

>ADVERTISERS

20% more advertisers
activated ABS in
Q2 '22 vs. Q2 '21

Raised FY 2022 Guidance

Q3 2022 Guidance

Revenue

\$108 M - \$110 M

Low-end

High-end

+31%

year-over-year
growth at the
midpoint

Adjusted EBITDA

\$32 M - \$34 M

Low-end

High-end

30%

Margin at the
midpoint

FY 2022 Guidance

Revenue

\$448 M - \$450 M

Low-end

High-end

+35%

year-over-year
growth at the
midpoint

Adjusted EBITDA

\$136 M - \$140 M

Low-end

High-end

31%

Margin at the
midpoint

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.

International Revenue Growth Rates: are inclusive of foreign currency fluctuations. Based on this methodology, the international measurement revenue growth rate is 32% for the first quarter ended March 31, 2022, and 24% for the six months ended June 30, 2022. For prior periods, international revenue growth rates excluded foreign currency fluctuations.

Non-GAAP Financial Measures Reconciliation

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
	(In Thousands)		(In Thousands)	
Net income (loss)	\$ 10,290	\$ (12,568)	\$ 14,869	\$ (6,924)
Net income (loss) margin	9%	-16%	7%	-5%
Depreciation and amortization	8,317	7,440	17,357	14,497
Stock-based compensation	9,259	4,714	20,253	7,252
Interest expense	223	297	455	687
Income tax expense	2,510	2,298	512	5,091
M&A and restructuring costs (a)	527	67	1,180	49
Offering, IPO readiness and secondary offering costs (b)	—	18,886	—	22,147
Other costs (c)	2,690	—	3,887	109
Other expense (d)	145	49	191	—
Adjusted EBITDA	\$ 33,961	\$ 21,183	58,704	42,908
Adjusted EBITDA margin	31%	28%	28%	30%

Non-GAAP Financial Measures Reconciliation

- a) 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. M&A costs for the three and six months ended June 30, 2021 consist of reductions to deferred compensation liabilities related to acquisitions.
- b) Offering, IPO readiness and secondary offering costs for the three and six months ended June 30, 2021 consist of third-party costs incurred for the Company's IPO and secondary offering.
- c) Other costs for the three and six months ended June 30, 2022 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. For the three and six months ended June 30, 2021, other costs include reimbursements paid to Providence.
- d) Other expense for the three and six months ended June 30, 2022 and June 30, 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 Third Quarter 2022 Adjusted EBITDA Guidance

With respect to the Company's expectations under "Full Year 2022 and Third Quarter 2022 Guidance", the Company has not reconciled the non-GAAP measure of 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.