REFINITIV

DELTA REPORT

10-Q

MGNI - MAGNITE, INC.

10-Q - MARCH 31, 2024 COMPARED TO 10-Q - SEPTEMBER 30, 2023

The following comparison report has been automatically generated

TOTAL DELTAS	1512
CHANGES	267
DELETIONS	631
ADDITIONS	614

REFINITIV

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2023 March 31, 2024

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____________ to _____________

Commission File Number: 001-36384

MAGNITE, INC.
(Exact name of registrant as specified in its charter)

Delaware	**20-8881738**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

1250 Broadway, 15th Floor
New York, New York 10001
(Address of principal executive offices, including zip code)

Registrant's telephone number, including area code:
(212) 243-2769

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock, par value $0.00001 per share	**MGNI**	**Nasdaq Global Select Market**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ☒ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). ☒ Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). ☐ Yes ☒ No

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date.

Class	Outstanding as of November 2, 2023 April 30, 2024
Common Stock, $0.00001 par value	137,851,032 140,023,657

Table of Contents

MAGNITE, INC.
QUARTERLY REPORT ON FORM 10-Q
TABLE OF CONTENTS

Table of Contents

PART I. FINANCIAL INFORMATION

Item 1. Condensed Consolidated Financial Statements

MAGNITE, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands, except par values)
(unaudited)

	September 30, 2023	December 31, 2022
	March 31, 2024	December 31, 2023
ASSETS		
Current assets:		

	March 31, 2024	December 31, 2023
ASSETS		
Current assets:		
Current assets:		

Current assets:						
Cash and cash equivalents						
Cash and cash equivalents						
Cash and cash equivalents	Cash and cash equivalents	$ 310,509	$ 326,254	$	252,834	$ 326,219
Accounts receivable, net						
Accounts receivable, net						
Accounts receivable, net	Accounts receivable, net	937,218	976,506		999,848	1,176,276
Prepaid expenses and other current assets	Prepaid expenses and other current assets	21,453	23,501	Prepaid expenses and other current assets	20,772	20,508
TOTAL CURRENT ASSETS	TOTAL CURRENT ASSETS	1,269,180	1,326,261	TOTAL CURRENT ASSETS	1,273,454	1,523,003
Property and equipment, net	Property and equipment, net	46,112	44,969	Property and equipment, net	55,533	47,371
Right-of-use lease asset	Right-of-use lease asset	64,551	78,211	Right-of-use lease asset	64,001	60,549
Internal use software development costs, net	Internal use software development costs, net	21,630	23,671	Internal use software development costs, net	23,117	21,926
Intangible assets, net	Intangible assets, net	58,633	253,501	Intangible assets, net	43,422	51,011
Goodwill	Goodwill	978,217	978,217	Goodwill	978,217	978,217
Other assets, non-current	Other assets, non-current	6,686	7,383	Other assets, non-current	16,325	6,729
TOTAL ASSETS	TOTAL ASSETS	$2,445,009	$2,712,213	TOTAL ASSETS	$ 2,454,069	$ 2,688,806
LIABILITIES AND STOCKHOLDERS' EQUITY	**LIABILITIES AND STOCKHOLDERS' EQUITY**					
Current liabilities:	Current liabilities:					
Current liabilities:						
Current liabilities:						
Accounts payable and accrued expenses						
Accounts payable and accrued expenses						
Accounts payable and accrued expenses	Accounts payable and accrued expenses	$1,100,752	$1,094,321	$	1,123,407	$ 1,372,176
Lease liabilities, current	Lease liabilities, current	20,913	21,172	Lease liabilities, current	19,905	20,402
Debt, current	Debt, current	3,600	3,600	Debt, current	3,650	3,600
Other current liabilities	Other current liabilities	5,799	5,939	Other current liabilities	7,729	5,957
TOTAL CURRENT LIABILITIES	TOTAL CURRENT LIABILITIES	1,131,064	1,125,032	TOTAL CURRENT LIABILITIES	1,154,691	1,402,135
Debt, non-current, net of debt issuance costs		601,609	722,757			
Debt, non-current, net of debt discount and debt issuance costs				Debt, non-current, net of debt discount and debt issuance costs	549,077	532,986
Lease liabilities, non-current	Lease liabilities, non-current	54,025	66,331	Lease liabilities, non-current	53,059	49,665

Deferred tax liability, net	Deferred tax liability, net	4,400	5,072	Deferred tax liability, net	288	680
Other liabilities, non-current	Other liabilities, non-current	1,801	1,723	Other liabilities, non-current	1,577	1,657
TOTAL LIABILITIES	TOTAL LIABILITIES	1,792,899	1,920,915	TOTAL LIABILITIES	1,758,692	1,987,123
Commitments and contingencies (Note 12)	Commitments and contingencies (Note 12)			Commitments and contingencies (Note 12)		
STOCKHOLDERS' EQUITY	STOCKHOLDERS' EQUITY					
Preferred stock, $0.00001 par value, 10,000 shares authorized at September 30, 2023 and December 31, 2022; 0 shares issued and outstanding at September 30, 2023 and December 31, 2022		—	—			
Common stock, $0.00001 par value; 500,000 shares authorized at September 30, 2023 and December 31, 2022; 137,821 and 134,006 shares issued and outstanding at September 30, 2023 and December 31, 2022		2	2			
Preferred stock, $0.00001 par value, 10,000 shares authorized at March 31, 2024 and December 31, 2023; 0 shares issued and outstanding at March 31, 2024 and December 31, 2023						
Preferred stock, $0.00001 par value, 10,000 shares authorized at March 31, 2024 and December 31, 2023; 0 shares issued and outstanding at March 31, 2024 and December 31, 2023						
Preferred stock, $0.00001 par value, 10,000 shares authorized at March 31, 2024 and December 31, 2023; 0 shares issued and outstanding at March 31, 2024 and December 31, 2023					—	—
Common stock, $0.00001 par value; 500,000 shares authorized at March 31, 2024 and December 31, 2023; 140,024 and 138,577 shares issued and outstanding at March 31, 2024 and December 31, 2023				Common stock, $0.00001 par value; 500,000 shares authorized at March 31, 2024 and December 31, 2023; 140,024 and 138,577 shares issued and outstanding at March 31, 2024 and December 31, 2023	2	2
Additional paid-in capital	Additional paid-in capital	1,370,619	1,319,221	Additional paid-in capital	1,400,181	1,387,715
Accumulated other comprehensive loss	Accumulated other comprehensive loss	(3,639)	(3,151)	Accumulated other comprehensive loss	(3,091)	(2,076)
Accumulated deficit	Accumulated deficit	(714,872)	(524,774)			
Accumulated deficit						
Accumulated deficit					(701,715)	(683,958)

TOTAL STOCKHOLDERS' EQUITY	TOTAL STOCKHOLDERS' EQUITY	652,110	791,298	TOTAL STOCKHOLDERS' EQUITY		695,377		701,683
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$2,445,009	$2,712,213	TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$	2,454,069	$	2,688,806

The accompanying notes to unaudited condensed consolidated financial statements are an integral part of these statements.

Table of Contents

MAGNITE, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share amounts)
(unaudited)

		Three Months Ended		Nine Months Ended	
		September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
		March 31, 2024			
		March 31, 2024			
		March 31, 2024			
Revenue					
Revenue					
Revenue	Revenue	$ 150,085	$ 145,815	$ 432,778	$ 401,670
Expenses:	Expenses:				
Expenses:					
Expenses:					
Cost of revenue					
Cost of revenue					
Cost of revenue	Cost of revenue	84,878	71,753	339,881	196,150
Sales and marketing	Sales and marketing	38,227	49,848	136,407	151,675
Sales and marketing					
Sales and marketing					
Technology and development					
Technology and development					
Technology and development	Technology and development	23,537	25,134	71,135	71,214
General and administrative	General and administrative	21,286	20,235	68,023	59,405
General and administrative					
General and administrative					
Merger, acquisition, and restructuring costs					
Merger, acquisition, and restructuring costs					
Merger, acquisition, and restructuring costs	Merger, acquisition, and restructuring costs	—	—	7,465	7,468
Total expenses	Total expenses	167,928	166,970	622,911	485,912
Total expenses					
Total expenses					

Loss from operations									
Loss from operations									
Loss from operations	Loss from operations		(17,843)		(21,155)		(190,133)		(84,242)
Other (income) expense:	Other (income) expense:								
Other (income) expense:									
Other (income) expense:									
Interest expense, net	Interest expense, net		7,574		7,016		24,269		21,273
Foreign exchange gain, net			(1,471)		(1,976)		(1,542)		(5,042)
Gain on extinguishment of debt			(4,156)		—		(18,132)		—
Interest expense, net									
Interest expense, net									
Foreign exchange (gain) loss, net									
Foreign exchange (gain) loss, net									
Foreign exchange (gain) loss, net									
(Gain) loss on extinguishment of debt									
(Gain) loss on extinguishment of debt									
(Gain) loss on extinguishment of debt									
Other income	Other income		(1,346)		(1,369)		(4,017)		(3,991)
Total other expense, net			601		3,671		578		12,240
Other income									
Other income									
Total other (income) expense, net									
Total other (income) expense, net									
Total other (income) expense, net									
Loss before income taxes									
Loss before income taxes									
Loss before income taxes	Loss before income taxes		(18,444)		(24,826)		(190,711)		(96,482)
Benefit for income taxes	Benefit for income taxes		(967)		(435)		(613)		(2,544)
Benefit for income taxes									
Benefit for income taxes									
Net loss									
Net loss									
Net loss	Net loss	$	(17,477)	$	(24,391)	$	(190,098)	$	(93,938)
Net loss per share:	Net loss per share:								
Net loss per share:									
Net loss per share:									
Basic and diluted									
Basic and diluted									
Basic and diluted	Basic and diluted	$	(0.13)	$	(0.18)	$	(1.40)	$	(0.71)
Weighted average shares used to compute net loss per share:	Weighted average shares used to compute net loss per share:								
Weighted average shares used to compute net loss per share:									

Weighted average shares used to compute net loss per share:					
Basic and diluted					
Basic and diluted					
Basic and diluted	Basic and diluted	137,372	133,144	136,084	132,611

The accompanying notes to unaudited condensed consolidated financial statements are an integral part of these statements.

Table of Contents

MAGNITE, INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(In thousands)
(unaudited)

		Three Months Ended		Nine Months Ended	
		September 30, 2023	**September 30, 2022**	**September 30, 2023**	**September 30, 2022**
		Three Months Ended			
		Three Months Ended			
		Three Months Ended			
		March 31, 2024			
		March 31, 2024			
		March 31, 2024			
Net loss	Net loss	$ (17,477)	$ (24,391)	$ (190,098)	$ (93,938)
Net loss					
Net loss					
Other comprehensive income (loss):					
Other comprehensive income (loss):					
Other comprehensive income (loss):	Other comprehensive income (loss):				
Foreign currency translation adjustments	Foreign currency translation adjustments	(962)	(1,972)	(488)	(3,917)
Other comprehensive loss		(962)	(1,972)	(488)	(3,917)
Foreign currency translation adjustments					
Foreign currency translation adjustments					
Other comprehensive income (loss)					
Other comprehensive income (loss)					
Other comprehensive income (loss)					
Comprehensive loss	Comprehensive loss	$ (18,439)	$ (26,363)	$ (190,586)	$ (97,855)
Comprehensive loss					
Comprehensive loss					

The accompanying notes to unaudited condensed consolidated financial statements are an integral part of these statements.

Table of Contents

MAGNITE, INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(In thousands)

(unaudited)

	Common Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Treasury Stock		Total Stockholders' Equity
	Shares	Amount				Shares	Amount	
Balance at December 31, 2021	132,553	$ 2	$1,282,589	$ (1,376)	$ (394,451)	(349)	$ (6,007)	$ 880,757
	Common Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit			Total Stockholders' Equity
	Shares							
Balance at December 31, 2022								
Exercise of common stock options	311	—	1,107	—	—	—	—	1,107
Issuance of common stock related to RSU vesting	783	—	—	—	—	—	—	—
Shares withheld related to net share settlement	(315)	—	(4,260)	—	—	—	—	(4,260)
Purchase of treasury stock	—	—	—	—	—	(931)	(12,138)	(12,138)
Retirement of common stock	(1,280)	—	(18,145)	—	—	1,280	18,145	—
Stock-based compensation	—	—	16,927	—	—	—	—	16,927
Other comprehensive income	—	—	—	110	—	—	—	110
Net loss	—	—	—	—	(44,593)	—	—	(44,593)
Balance at March 31, 2022	132,052	$ 2	$1,278,218	$ (1,266)	$ (439,044)	—	$ —	$ 837,910
Exercise of common stock options	164	—	501	—	—	—	—	501
Issuance of common stock related to employee stock purchase plan	238	—	2,141	—	—	—	—	2,141
Issuance of common stock related to RSU vesting	1,165	—	—	—	—	—	—	—
Shares withheld related to net share settlement	(462)	—	(5,198)	—	—	—	—	(5,198)
Purchase of treasury stock	—	—	—	—	—	(312)	(3,525)	(3,525)
Retirement of common stock	(312)	—	(3,525)	—	—	312	3,525	—
Stock-based compensation	—	—	16,559	—	—	—	—	16,559
Other comprehensive loss	—	—	—	(2,055)	—	—	—	(2,055)
Net loss	—	—	—	—	(24,954)	—	—	(24,954)
Balance at June 30, 2022	132,845	$ 2	$1,288,696	$ (3,321)	$ (463,998)	—	$ —	$ 821,379
Exercise of common stock options	39	—	163	—	—	—	—	163

Issuance of common stock related to RSU vesting	Issuance of common stock related to RSU vesting	722	—	—	—	—	—	—	—
Shares withheld related to net share settlement	Shares withheld related to net share settlement	(257)	—	(2,401)	—	—	—	—	(2,401)
Shares withheld related to net share settlement									
Shares withheld related to net share settlement									
Stock-based compensation	Stock-based compensation	—	—	17,724	—	—	—	—	17,724
Other comprehensive loss		—	—	—	(1,972)	—	—	—	(1,972)
Stock-based compensation									
Stock-based compensation									
Other comprehensive income									
Other comprehensive income									
Other comprehensive income									
Net loss	Net loss	—	—	—	—	(24,391)	—	—	(24,391)
Balance at September 30, 2022		133,349	$ 2	$1,304,182	$ (5,293)	$ (488,389)	—	$ —	$ 810,502
Balance at March 31, 2023									

	Common Stock	Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Total Stockholders' Equity
	Common Stock				
	Common Stock				
	Shares				
Balance at December 31, 2023					
Balance at December 31, 2023					
Balance at December 31, 2023					

	Common Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Treasury Stock		Total Stockholders' Equity
	Shares	Amount				Shares	Amount	
Balance at December 31, 2022	134,006	$ 2	$1,319,221	$ (3,151)	$ (524,774)	—	$ —	$ 791,298
Exercise of common stock options	303	—	1,486	—	—	—	—	1,486
Issuance of common stock related to RSU vesting								
Issuance of common stock related to RSU vesting								

Issuance of common stock related to RSU vesting	Issuance of common stock related to RSU vesting	1,829	—	—	—	—	—	—	—
Shares withheld related to net share settlement	Shares withheld related to net share settlement	(700)	—	(9,046)	—	—	—	—	(9,046)
Stock-based compensation	Stock-based compensation	—	—	19,856	—	—	—	—	19,856
Other comprehensive income		—	—	—	367	—	—	—	367
Stock-based compensation									
Stock-based compensation									
Other comprehensive loss									
Other comprehensive loss									
Other comprehensive loss									
Net loss	Net loss	—	—	—	—	(98,732)	—	—	(98,732)
Balance at March 31, 2023		135,438	$ 2	$1,331,517	$ (2,784)	$ (623,506)	—	$ —	$ 705,229
Exercise of common stock options		74	—	610	—	—	—	—	610
Issuance of common stock related to employee stock purchase plan		202	—	1,922	—	—	—	—	1,922
Issuance of common stock related to RSU and PSU vesting		1,215	—	—	—	—	—	—	—
Shares withheld related to net share settlement		(70)	—	(631)	—	—	—	—	(631)
Stock-based compensation		—	—	19,230	—	—	—	—	19,230
Other comprehensive income		—	—	—	107	—	—	—	107
Net loss		—	—	—	—	(73,889)	—	—	(73,889)
Balance at June 30, 2023		136,859	$ 2	$1,352,648	$ (2,677)	$ (697,395)	—	$ —	$ 652,578
Exercise of common stock options		15	—	60	—	—	—	—	60
Issuance of common stock related to RSU vesting		947	—	—	—	—	—	—	—
Balance at March 31, 2024									
Stock-based compensation		—	—	17,911	—	—	—	—	17,911
Other comprehensive loss		—	—	—	(962)	—	—	—	(962)
Net loss		—	—	—	—	(17,477)	—	—	(17,477)
Balance at September 30, 2023		137,821	$ 2	$1,370,619	$ (3,639)	$ (714,872)	—	$ —	$ 652,110

The accompanying notes to unaudited condensed consolidated financial statements are an integral part of these statements.

Table of Contents

MAGNITE, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

(unaudited)

	Three Months Ended		Three Months Ended
	March 31, 2024	March 31, 2024	March 31, 2023
OPERATING ACTIVITIES:			
Net loss			
Net loss			
Net loss			
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation and amortization			
Depreciation and amortization			
Depreciation and amortization			
Stock-based compensation			

	Nine Months Ended	
	September 30, 2023	September 30, 2022
OPERATING ACTIVITIES:		
Net loss	$ (190,098)	$ (93,938)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	224,000	138,641
Stock-based compensation	55,462	50,193
Impairment of intangible assets	—	3,320
(Gain) loss on extinguishment of debt		
Gain on extinguishment of debt	(18,132)	—
(Gain) loss on extinguishment of debt		
(Gain) loss on extinguishment of debt		
Gain on disposal of property and equipment / Gain on disposal of property and equipment	(49)	(59)
Provision for (recovery of) doubtful accounts	4,439	(357)
Provision for doubtful accounts		
Amortization of debt discount and issuance costs / Amortization of debt discount and issuance costs	4,816	5,092
Non-cash lease expense / Non-cash lease expense	(804)	1,340

Deferred income taxes	Deferred income taxes	(676)	(1,626)
Unrealized foreign currency gain, net	Unrealized foreign currency gain, net	(3,734)	(5,231)
Other items, net	Other items, net	2,696	—
Changes in operating assets and liabilities, net of effect of business acquisitions:			
Changes in operating assets and liabilities:			
Accounts receivable			
Accounts receivable			
Accounts receivable	Accounts receivable	19,033	125,268
Prepaid expenses and other assets	Prepaid expenses and other assets	2,054	(1,751)
Accounts payable and accrued expenses	Accounts payable and accrued expenses	26,341	(116,575)
Other liabilities	Other liabilities	(66)	(472)
Net cash provided by operating activities		125,282	103,845
Net cash used in operating activities			
INVESTING ACTIVITIES:	INVESTING ACTIVITIES:		
Purchases of property and equipment	Purchases of property and equipment	(17,139)	(18,004)
Purchases of property and equipment			
Purchases of property and equipment			
Capitalized internal use software development costs	Capitalized internal use software development costs	(8,200)	(11,177)
Mergers and acquisitions, net		—	(20,755)
Net cash used in investing activities			
Net cash used in investing activities			

Net cash used in investing activities	Net cash used in investing activities	(25,339)	(49,936)
FINANCING ACTIVITIES:	FINANCING ACTIVITIES:		
Proceeds from issuance of 2024 Term Loan B Facility, net of debt discount			
Proceeds from issuance of 2024 Term Loan B Facility, net of debt discount			
Proceeds from issuance of 2024 Term Loan B Facility, net of debt discount			
Proceeds from exercise of stock options		2,156	1,771
Proceeds from issuance of common stock under employee stock purchase plan		1,922	2,141
Repayment of 2021 Term Loan B Facility			
Repayment of 2021 Term Loan B Facility			
Repayment of 2021 Term Loan B Facility			
Payment for debt issuance costs			
Repayment of debt	Repayment of debt	(2,700)	(2,700)
Repurchase of Convertible Senior Notes	Repurchase of Convertible Senior Notes	(104,793)	—
Proceeds from exercise of stock options			
Repayment of financing lease	Repayment of financing lease	(276)	(602)
Purchase of treasury stock		—	(15,663)
Repayment of financing lease			
Repayment of financing lease			
Taxes paid related to net share settlement			
Taxes paid related to net share settlement			
Taxes paid related to net share settlement	Taxes paid related to net share settlement	(9,677)	(11,859)
Payment of indemnification claims holdback			
Payment of indemnification claims holdback			

Payment of indemnification claims holdback	Payment of indemnification claims holdback	(2,313)	(1,409)
Net cash used in financing activities	Net cash used in financing activities	(115,681)	(28,321)
EFFECT OF EXCHANGE RATE CHANGES ON CASH, CASH EQUIVALENTS AND RESTRICTED CASH	EFFECT OF EXCHANGE RATE CHANGES ON CASH, CASH EQUIVALENTS AND RESTRICTED CASH	(209)	(2,484)
CHANGE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	CHANGE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	(15,947)	23,104
CASH, CASH EQUIVALENTS AND RESTRICTED CASH — Beginning of period	CASH, CASH EQUIVALENTS AND RESTRICTED CASH — Beginning of period	326,502	230,693
CASH, CASH EQUIVALENTS AND RESTRICTED CASH — End of period	CASH, CASH EQUIVALENTS AND RESTRICTED CASH — End of period	$ 310,555	$ 253,797

The accompanying notes to unaudited condensed consolidated financial statements are an integral part of these statements.

Table of Contents

MAGNITE, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)
(unaudited)

	Nine Months Ended	
	September 30, 2023	September 30, 2022

Three Months Ended

Three Months Ended

Three Months Ended

March 31, 2024

RECONCILIATION OF CASH, CASH EQUIVALENTS AND RESTRICTED CASH TO CONSOLIDATED BALANCE SHEETS

RECONCILIATION OF CASH, CASH EQUIVALENTS AND RESTRICTED CASH TO CONSOLIDATED BALANCE SHEETS

RECONCILIATION OF CASH, CASH EQUIVALENTS AND RESTRICTED CASH TO CONSOLIDATED BALANCE SHEETS	RECONCILIATION OF CASH, CASH EQUIVALENTS AND RESTRICTED CASH TO CONSOLIDATED BALANCE SHEETS				
Cash and cash equivalents	Cash and cash equivalents	$	310,509	$	253,552
Cash and cash equivalents					
Cash and cash equivalents					
Restricted cash included in prepaid expenses and other current assets					
Restricted cash included in prepaid expenses and other current assets					
Restricted cash included in prepaid expenses and other current assets	Restricted cash included in prepaid expenses and other current assets		46		245
Total cash, cash equivalents and restricted cash	Total cash, cash equivalents and restricted cash	$	310,555	$	253,797
Total cash, cash equivalents and restricted cash					
Total cash, cash equivalents and restricted cash					
SUPPLEMENTAL DISCLOSURES OF OTHER CASH FLOW INFORMATION:					
SUPPLEMENTAL DISCLOSURES OF OTHER CASH FLOW INFORMATION:					
SUPPLEMENTAL DISCLOSURES OF OTHER CASH FLOW INFORMATION:	SUPPLEMENTAL DISCLOSURES OF OTHER CASH FLOW INFORMATION:				
Cash paid for income taxes	Cash paid for income taxes	$	4,601	$	4,356
Cash paid for income taxes					
Cash paid for income taxes					
Cash paid for interest					
Cash paid for interest					
Cash paid for interest	Cash paid for interest	$	27,609	$	18,624
Capitalized assets financed by accounts payable and accrued expenses and other liabilities	Capitalized assets financed by accounts payable and accrued expenses and other liabilities	$	3,226	$	10,195
Capitalized assets financed by accounts payable and accrued expenses and other liabilities					
Capitalized assets financed by accounts payable and accrued expenses and other liabilities					
Capitalized stock-based compensation					
Capitalized stock-based compensation					
Capitalized stock-based compensation	Capitalized stock-based compensation	$	1,535	$	1,017
Operating lease right-of-use assets obtained in exchange for operating lease liabilities	Operating lease right-of-use assets obtained in exchange for operating lease liabilities	$	3,797	$	11,542
Purchase consideration - indemnification claims holdback		$	—	$	2,293
Operating lease right-of-use assets obtained in exchange for operating lease liabilities					
Operating lease right-of-use assets obtained in exchange for operating lease liabilities					

The accompanying notes to unaudited condensed consolidated financial statements are an integral part of these statements.

MAGNITE, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

Note 1—Organization and Summary of Significant Accounting Policies

Company Overview

Magnite, Inc. ("Magnite" or the "Company") was formed in Delaware and began operations on April 20, 2007. On April 1, 2020, Magnite completed The Company operates a stock-for-stock merger with Telaria, Inc. ("Telaria" and such merger the "Telaria Merger"), a leading sell-side sell side advertising platform that offers buyers and provider sellers of connected television ("CTV") technology. On April 30, 2021, digital advertising a single partner for transacting globally across all channels, formats, and auction types.

The Company's common stock is listed on the Company completed its acquisition Nasdaq Global Select Market of SpotX, Inc. ("SpotX" and such acquisition the "SpotX Acquisition"), a leading CTV and video advertising platform. On July 1, 2021, the Company completed its acquisition of SpringServe, The Nasdaq Stock Market LLC ("SpringServe" and such acquisition Nasdaq") under the "SpringServe Acquisition"), a leading ad serving platform for CTV. symbol "MGNI." Magnite has its principal offices in New York City, Los Angeles, Denver, London, and Sydney, and additional offices in Europe, Asia, North America, and South America.

The Company provides a technology solution to automate the purchase and sale of digital advertising inventory for buyers and sellers globally, across all channels, formats and auction types. The Company's platform features applications and services for sellers of digital advertising inventory, or publishers, that own or operate websites, applications, CTV connected television ("CTV") channels, and other digital media properties, to manage and monetize their inventory; applications and services for buyers, including advertisers, agencies, agency trading desks, and demand side platforms, to buy digital advertising inventory; and a transparent, independent marketplace that brings buyers and sellers together and facilitates intelligent decision making and automated transaction execution at scale. The Company's clients include many of the world's leading sellers and buyers of digital advertising inventory.

Basis of Presentation and Summary of Significant Accounting Policies

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America, or GAAP, for interim financial information and the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring adjustments) considered necessary for a fair statement of the results for the interim period presented have been included. Operating results for the three and nine months ended September 30, 2023 March 31, 2024 are not necessarily indicative of the results that may be expected for any future interim period, the year ending December 31, 2023 December 31, 2024, or for any future year.

The condensed consolidated balance sheet at December 31, 2022 December 31, 2023 has been derived from the audited financial statements at that date, but does not include all of the disclosures required by GAAP. The accompanying condensed consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements and notes thereto for the year ended December 31, 2022 December 31, 2023 included in its 2022 2023 Annual Report on Form 10-K.

There have been no significant changes in the Company's accounting policies from those disclosed in its audited consolidated financial statements and notes thereto for the year ended December 31, 2022 December 31, 2023 included in its Annual Report on Form 10-K.

Use of Estimates

The preparation of condensed consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported and disclosed financial statements and accompanying footnotes. Due to the economic uncertainty of macroeconomic challenges, such as inflation, global conflict, capital market disruptions and instability of financial institutions, the risk of a recession, labor strikes, and other macroeconomic factors, it has become more difficult to apply certain assumptions and judgments into these estimates. The extent of the impact of these factors on the Company's operational and financial performance will depend on future developments, which are highly uncertain and cannot be predicted, including but not limited to the duration and how quickly and to what extent normal economic and operating conditions can resume. During the nine months ended September 30, 2023, this uncertainty continued to result in a higher level of judgment related to its estimates and assumptions. As of the date of issuance of the condensed consolidated financial statements for the three and nine months ended September 30, 2023, the Company is not aware of any specific event or circumstance that would require the Company to update its estimates, judgments, or revise the carrying value of its assets or liabilities. These estimates may change, as new events occur and additional information is obtained, and are recognized in the consolidated financial statements as soon as they become known. Actual results could differ materially from these estimates.

Recently In connection with the Company's periodic review of the estimated useful lives of its property and equipment, the Company extended the estimated useful lives of its network hardware assets from three years to five years effective January 1, 2024. The change in estimated useful lives were due to actual and expected longer refresh cycles for these assets. Based on the carrying value of network hardware assets as of December 31, 2023 and those placed in service during the three months ended March 31, 2024, the effect of this change in estimate was a decrease in loss from operations of $3.6 million and an increase in net loss of $2.0 million, or $0.01 per basic and diluted share, for the three months ended March 31, 2024. The updated policy reflecting the change in estimated useful lives is below.

Property and Equipment, Net

Property and equipment are recorded at historical cost, less accumulated depreciation and amortization. Depreciation is computed using the straight-line method based upon the estimated useful lives of the assets. The estimated useful lives of the Company's property and equipment are as follows:

	Years
Computer equipment and network hardware	3 to 5
Furniture, fixtures, and office equipment	5 to 7
Leasehold improvements	Shorter of useful life or life of lease

Repair and maintenance costs are charged to expense as incurred, while renewals and improvements are capitalized. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and any resulting gains or loss is reflected in the Company's results of operations.

Recent Accounting Pronouncements Not Yet** Adopted **Accounting Standards

In October 2021, November 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2023-07, Segment Reporting (Topic 280) – *Improvements to Reportable Segment Disclosures* ("ASU 2023-07"). ASU 2023-07 expands public entities' segment disclosures by requiring disclosure of significant segment expenses that are regularly provided to the chief operating decision maker and included within each reported measure of segment profit or loss, an amount and description of its composition for other segment items, and interim disclosures of a reportable segment's profit or loss and assets. ASU 2023-07 is effective for annual periods beginning after December 15, 2023 and for interim periods beginning after December 15, 2024. Early adoption is permitted. The Company is currently evaluating the impact of adopting this new accounting guidance on its disclosures.

In December 2023, the FASB issued ASU 2021-08, Business Combinations 2023-09, Income Taxes (Topic 805) 740) – *Accounting for Contract Assets and Contract Liabilities from Contracts with Customers Improvements to Income Tax Disclosures* ("ASU 2021-08" 2023-09"). ASU 2021-08 requires the recognition and measurement of contract assets and contract liabilities acquired in a business combination in accordance with ASC 606, *Revenue from Contracts with Customers*. Considerations to determine the amount of contract assets and contract liabilities to record at the acquisition date

include the terms of the acquired contract, such as timing of payment, identification of each performance obligation enhance income tax information primarily through changes in the contract rate reconciliation and allocation of the contract transaction price to each identified performance obligation on a relative standalone selling price basis as of contract inception. income taxes paid information. ASU 2021-08 2023-09 is effective for the Company annual periods beginning in the first quarter of 2023. after December 15, 2024 on a prospective basis. The Company adopted is evaluating the impact of adopting this standard January 1, 2023 new accounting guidance on its disclosures.

The Company does not believe there are any other recently issued and will apply effective or not yet effective pronouncements that would have or are expected to have a material impact on the guidance to Company's present or future acquisitions, if any. condensed consolidated financial statements.

Note 2—Net Loss Per Share

The following table presents the basic and diluted net loss per share:

	Three Months Ended
	Three Months Ended
	Three Months Ended
	March 31, 2024
	March 31, 2024
	March 31, 2024
	(in thousands, except per share data)
	(in thousands, except per share data)
	(in thousands, except per share data)
Basic and Diluted Loss Per Share:	
Net loss	
Net loss	
Net loss	
Weighted-average common shares outstanding used to compute net loss per share	

Weighted-average common shares outstanding used to compute net loss per share

Weighted-average common shares outstanding used to compute net loss per share

	Three Months Ended		Nine Months Ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
	(in thousands, except per share data)			
Basic and Diluted Loss Per Share:				
Net loss	$ (17,477)	$ (24,391)	$ (190,098)	$ (93,938)
Weighted-average common shares outstanding	137,372	133,144	136,084	132,611
Basic and diluted loss per share				
Weighted-average common shares outstanding used to compute net loss per share	137,372	133,144	136,084	132,611
Basic and diluted loss per share				
Basic and diluted loss per share Basic and diluted loss per share	$ (0.13)	$ (0.18)	$ (1.40)	$ (0.71)

The following weighted-average shares have been excluded from the calculation of diluted net loss per share attributable to common stockholders for each period presented because they are anti-dilutive:

	Three Months Ended		Nine Months Ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
	(in thousands)		(in thousands)	
	Three Months Ended			
	Three Months Ended			
	Three Months Ended			
	March 31, 2024			
	March 31, 2024			
	March 31, 2024			
	(in thousands)			
	(in thousands)			
	(in thousands)			
Unvested restricted stock units				
Unvested restricted stock units				
Unvested restricted stock units				
Options to purchase common stock				
Options to purchase common stock				
Options to purchase common stock Options to purchase common stock	1,656	1,280	1,702	1,985
Unvested restricted stock units	1,987	903	1,962	1,600
Unvested performance stock units				

Unvested performance stock units					
Unvested performance stock units	Unvested performance stock units	—	54	112	113
ESPP shares	ESPP shares	84	49	37	23
ESPP shares					
ESPP shares					
Convertible Senior Notes					
Convertible Senior Notes					
Convertible Senior Notes	Convertible Senior Notes	4,746	6,262	5,357	6,262
Total shares excluded from net loss per share	Total shares excluded from net loss per share	8,473	8,548	9,170	9,983
Total shares excluded from net loss per share					
Total shares excluded from net loss per share					

For the three and nine months ended September 30, 2023 March 31, 2024 and 2022, 2023, the Company excluded outstanding performance stock units from the calculation of diluted net loss per share because they were anti-dilutive. As of September 30, 2023 March 31, 2024, the performance stock units granted during 2021, 2022, 2023, and 2024 had expected achievement levels of 0%, 80%, 93%, and 150%, respectively. As of March 31, 2023, the performance stock units granted in 2020, 2021, 2022, and 2023 had expected achievement levels of 0%, 50% and 32%, respectively. As of September 30, 2022, the performance stock units granted in 2020, 2021, and 2022 had expected achievement levels of 53% 94%, 0%,

Table of Contents

54%, and 0% 29%, respectively. Refer to Note 9—"Stock-Based Compensation" for additional information related to performance stock units.

For the three and nine months ended September 30, 2023 March 31, 2024 and September 30, 2022, 2023, shares that would be issuable assuming conversion of all of the Convertible Senior Notes (as defined in Note 13) were excluded from the calculation of diluted loss per share because they were anti-dilutive. Diluted earnings per share for the Convertible Senior Notes is calculated under the if-converted method in accordance with ASC 260, *Earnings Per Share*. The Convertible Senior Notes have an initial conversion rate of 15.6539 shares of common stock per $1,000 principal amount of the Convertible Senior Notes, which will be subject to anti-dilution adjustments in certain circumstances. As of September 30, 2023 March 31, 2024 and 2022, 2023, the number of shares that would be issuable assuming conversion of all of the Convertible Senior Notes is approximately 4,305,871 3,210,098 and 6,261,560, 5,474,952, respectively. Refer to Note 13—"Debt" for additional information related to accounting for Convertible Senior Notes issued and associated Capped Call Transactions.

Note 3—Revenue

For the majority of transactions on the Company's platform, the Company reports revenue on a net basis as it does not act as the principal in the purchase and sale of digital advertising inventory because it does not have control of the digital advertising inventory and does not set prices agreed upon within the auction marketplace. For certain advertising campaigns that are transacted through insertion orders, the Company reports revenue on a gross basis, based primarily on its determination that the Company acts as the primary obligor in the delivery of advertising campaigns for buyers with respect to such transactions.

The following table presents the Company's revenue recognized on a net basis and on a gross basis for the three and nine months ended September 30, 2023 March 31, 2024 and 2022: 2023:

	Three Months Ended		Nine Months Ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
	(in thousands, except percentages)			
	Three Months Ended			
	Three Months Ended			
	Three Months Ended			

		March 31, 2024							
		March 31, 2024							
		March 31, 2024							
		(in thousands, except percentages)							
		(in thousands, except percentages)							
		(in thousands, except percentages)							
Revenue:	Revenue:								
Net basis	Net basis	$ 123,703	82 %	$ 116,999	80 %	$ 355,088	82 %	$ 330,015	82 %
Net basis									
Net basis									
Gross basis									
Gross basis									
Gross basis	Gross basis	26,382	18	28,816	20	77,690	18	71,655	18
Total	Total	$ 150,085	100 %	$ 145,815	100 %	$ 432,778	100 %	$ 401,670	100 %
Total									
Total									

The following table presents the Company's revenue by channel for the three and nine months ended September 30, 2023 March 31, 2024 and 2022: 2023:

		Three Months Ended				Nine Months Ended			
		September 30, 2023		September 30, 2022		September 30, 2023		September 30, 2022	
		(in thousands, except percentages)							
		Three Months Ended							
		Three Months Ended							
		Three Months Ended							
		March 31, 2024							
		March 31, 2024							
		March 31, 2024							
		(in thousands, except percentages)							
		(in thousands, except percentages)							
		(in thousands, except percentages)							
Channel:	Channel:								
CTV	CTV	$ 67,765	45 %	$ 71,604	49 %	$ 198,604	46 %	$ 187,619	47 %
CTV									
CTV									
Mobile									
Mobile									
Mobile	Mobile	56,329	38	45,994	32	159,545	37	130,111	32
Desktop	Desktop	25,991	17	28,217	19	74,629	17	83,940	21
Desktop									
Desktop									
Total	Total	$ 150,085	100 %	$ 145,815	100 %	$ 432,778	100 %	$ 401,670	100 %
Total									
Total									

The following table presents the Company's revenue disaggregated by geographic location, based on the location of the Company's sellers for the three and nine months ended September 30, 2023 March 31, 2024 and 2022: 2023:

		Three Months Ended		Nine Months Ended	
		September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
		(in thousands)		(in thousands)	
		Three Months Ended			
		Three Months Ended			
		Three Months Ended			
		March 31, 2024			
		March 31, 2024			
		March 31, 2024			
		(in thousands)			
		(in thousands)			
		(in thousands)			
United States					
United States					
United States	United States	$ 111,281	$ 113,851	$ 322,923	$ 310,870
International	International	38,804	31,964	109,855	90,800
International					
International					
Total	Total	$ 150,085	$ 145,815	$ 432,778	$ 401,670
Total					
Total					

Payment terms are specified in agreements between the Company and the buyers and sellers on its platform. The Company generally bills buyers at the end of each month for the full purchase price of impressions filled in that month. The Company recognizes volume discounts as a reduction of revenue as they are incurred. Specific payment terms may vary by agreement, but are generally 75 seventy-five days or less. The Company's accounts receivable are recorded at the amount of gross billings to buyers, net of allowances for the amounts the Company is responsible to collect. The Company's accounts payable related to amounts due to sellers are recorded at the net amount payable to sellers (see Note 5). Accordingly, both accounts receivable and accounts payable appear large in relation to revenue reported on a net basis.

[Table of Contents](#)

Accounts receivable are recorded at the invoiced amount, are unsecured, and do not bear interest. The allowance for doubtful accounts is reviewed quarterly, requires judgment, and is based on the best estimate of the amount of probable credit losses in existing accounts receivable. The Company reviews the status of the then-outstanding accounts receivable on a customer-by-customer basis, taking into consideration the aging schedule of receivables, its historical collection experience, current information regarding the client, subsequent collection history, and other relevant data, in establishing the allowance for doubtful accounts. Accounts receivable is are presented net of an allowance for doubtful accounts of $19.6 million $2.5 million at September 30, 2023 March 31, 2024, and $1.1 $20.4 million at December 31, 2022 December 31, 2023. Accounts receivable are written off against the allowance for doubtful accounts when the Company determines amounts are no longer collectible.

The Company reviews the associated payable to sellers for recovery of buyer receivable allowance and write-offs; in some cases, the Company can reduce the payable to sellers. The reduction of seller payables related to recovery of uncollected buyer receivables is netted against allowance expense. The contra seller payables related to recoveries were $0.5 million $1.5 million and $0.6 million $1.1 million as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively.

The following is a summary of activity in the allowance for doubtful accounts for the three and nine months ended September 30, 2023 March 31, 2024 and 2022: 2023:

	Three Months Ended		Nine Months Ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
	(in thousands)		(in thousands)	
	Three Months Ended			

		Three Months Ended			
		Three Months Ended			
		March 31, 2024			
		March 31, 2024			
		March 31, 2024			
		(in thousands)			
		(in thousands)			
		(in thousands)			
Allowance for doubtful accounts, beginning balance					
Allowance for doubtful accounts, beginning balance					
Allowance for doubtful accounts, beginning balance	Allowance for doubtful accounts, beginning balance	$ 19,643	$ 871	$ 1,092	$ 3,475
Write-offs	Write-offs	(30)	(518)	(773)	(527)
Increase (decrease) in provision for expected credit losses		(18)	455	19,276	(2,227)
Recoveries of previous write-offs		11	—	11	87
Write-offs					
Write-offs					
Increase in provision for expected credit losses					
Increase in provision for expected credit losses					
Increase in provision for expected credit losses					
Allowance for doubtful accounts, ending balance	Allowance for doubtful accounts, ending balance	$ 19,606	$ 808	$ 19,606	$ 808
Allowance for doubtful accounts, ending balance					
Allowance for doubtful accounts, ending balance					

During the three and nine months ended September 30, 2023 March 31, 2024 the Company wrote off $18.5 million of allowance for doubtful accounts, which was primarily attributable to the outstanding accounts receivable from a buyer that had filed for bankruptcy during 2023.

During the three months ended March 31, 2024, the provision for expected credit losses associated with accounts receivable decreased by an immaterial amount and increased by $19.3 million $0.6 million, respectively, offset by increases of contra seller payables related to recoveries of uncollected buyer receivables of $0.2 million and $14.8 million $0.5 million, respectively, which resulted in $0.2 million $0.1 million of bad debt recoveries and $4.4 million of bad debt expense, respectively. The increase in the provision for expected credit losses was primarily attributed to one buyer filing for bankruptcy, resulting in $4.5 million of bad debt expense in the nine months ended September 30, 2023. expense. During the three and nine months ended September 30, 2022 March 31, 2023, the provision for expected credit losses associated with accounts receivable increased by $0.5 million and decreased by $2.2 million $0.6 million, respectively, offset by increases of contra seller payables related to recoveries of uncollected buyer receivables of $0.1 million and decreases of $1.9 million $0.5 million, respectively, which resulted in $0.3 million $0.1 million of bad debt expense and $0.4 million of bad debt recoveries, respectively. expense.

Note 4—Fair Value Measurements

Recurring Fair Value Measurements

Fair value represents the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs. Observable inputs are based on market data obtained from independent sources. The fair value hierarchy is based on the following three levels of inputs, of which the first two are considered observable and the last one is considered unobservable:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 – Unobservable inputs.

Table of Contents

The table below sets forth a summary of financial instruments that are measured at fair value on a recurring basis at September 30, 2023 March 31, 2024:

	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	(in thousands)			
Cash equivalents	$ 45,109	$ 45,109	$ —	$ —

	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	(in thousands)			
Cash equivalents	$ 212,417	$ 212,417	$ —	$ —

The table below sets forth a summary of financial instruments that are measured at fair value on a recurring basis at December 31, 2022 December 31, 2023:

	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	(in thousands)			
Cash equivalents	$ 259,647	$ 259,647	$ —	$ —

	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	(in thousands)			
Cash equivalents	$ 281,162	$ 281,162	$ —	$ —

At September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, cash equivalents of $45.1 million $212.4 million and $259.6 million $281.2 million, respectively, consisted of money market funds and commercial paper, with original maturities of three months or less. The carrying amounts of cash equivalents are classified as Level 1 or Level 2 depending on whether or not their fair values are based on quoted market prices for identical securities that are traded in an active market.

At September 30, 2023 and December 31, 2022, March 31, 2024 the Company had debt outstanding under its Convertible Senior Notes and loans under its 2024 Term Loan B Facility (as defined in Note 13), and at December 31, 2023, had debt outstanding under its Convertible Senior Notes and loans under its 2021 Term Loan B Facility (as defined in Note 13) included in its balance sheets. sheets, respectively. The estimated fair value of the Company's Convertible Senior Notes was $233.8 million $183.3 million and $305.0 $174.3 million as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively. The estimated fair value of Convertible Senior Notes is based on market rates and the closing trading price of the Convertible Senior Notes as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023 and is classified as Level 2 in the fair value hierarchy. At September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, the estimated fair value of the Company's 2024 Term Loan B Facility and of the Company's 2021 Term Loan B Facility was $354.1 million $365.5 million and $333.3 $352.3 million, respectively. The estimated fair value is based on borrowing rates currently available to the Company for financing with similar terms and is classified as Level 2 in the fair value hierarchy.

There were no transfers between Level 1 and Level 2 fair value measurements during the nine three months ended September 30, 2023 March 31, 2024 and 2022. 2023.

Note 5—Other Balance Sheet Amounts

Accounts payable and accrued expenses included the following:

	September 30, 2023	December 31, 2022
	(in thousands)	
Accounts payable—seller	$ 1,063,131	$ 1,057,556
Accounts payable—trade	22,595	19,387
Accrued employee-related payables	15,026	15,065
Accrued holdback - indemnification claims	—	2,313
Total	$ 1,100,752	$ 1,094,321

Note 6—Goodwill, Intangible Assets, and Internal Use Software Development Costs

The Company's goodwill balance as of September 30, 2023 and December 31, 2022 was $978.2 million.

	March 31, 2024	December 31, 2023
	(in thousands)	
Accounts payable—seller	$ 1,072,080	$ 1,333,242
Accounts payable—trade	33,472	23,844
Accrued employee-related payables	17,855	15,090
Total	$ 1,123,407	$ 1,372,176

Table of Contents

Note 6—Property and Equipment

Major classes of property and equipment were as follows:

	March 31, 2024	December 31, 2023
	(in thousands)	
Computer equipment and network hardware	$ 164,546	$ 154,821
Furniture, fixtures, and office equipment	4,003	4,031
Leasehold improvements	3,809	3,893
Purchased software	1,124	1,124
Gross property and equipment	173,482	163,869
Accumulated depreciation	(117,949)	(116,498)
Net property and equipment	$ 55,533	$ 47,371

Depreciation expense on property and equipment totaled $3.2 million and $5.3 million for the three months ended March 31, 2024 and 2023, respectively. See Note 1 for information related to the change in estimated useful lives of network hardware assets.

The Company's property and equipment, net by geographical region was as follows:

	March 31, 2024	December 31, 2023
	(in thousands)	
United States	$ 39,800	$ 32,161
International	15,733	15,210
Total	$ 55,533	$ 47,371

Note 7—Intangible Assets

The Company's intangible assets as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023 included the following:

	September 30, 2023	December 31, 2022
	(in thousands)	

	March 31, 2024 (in thousands)	March 31, 2024	December 31, 2023 (in thousands)
Amortizable intangible assets:	Amortizable intangible assets:		
Developed technology			
Developed technology			
Developed technology	Developed technology	$109,736	$390,136
Customer relationships	Customer relationships	37,300	136,000
In-process research and development	In-process research and development	8,830	12,730
Trademarks	Trademarks	900	900
Trademarks			
Trademarks			
Non-compete agreements	Non-compete agreements	400	900
Total identifiable intangible assets, gross	Total identifiable intangible assets, gross	157,166	540,666
Accumulated amortization—intangible assets:	Accumulated amortization—intangible assets:		
Developed technology			
Developed technology			
Developed technology	Developed technology	(70,666)	(184,439)
Customer relationships	Customer relationships	(22,536)	(97,316)
In-process research and development	In-process research and development	(4,319)	(4,398)
Trademarks	Trademarks	(675)	(450)
Trademarks			
Trademarks			
Non-compete agreements	Non-compete agreements	(337)	(562)
Total accumulated amortization—intangible assets	Total accumulated amortization—intangible assets	(98,533)	(287,165)
Total identifiable intangible assets, net	Total identifiable intangible assets, net	$ 58,633	$253,501

Table of Contents

Amortization of intangible assets for the three months ended September 30, 2023 March 31, 2024 and 2022 2023 was $29.8 $7.6 million and $38.1 $86.4 million, respectively, and $194.9 million and $115.3 million for the nine months ended September 30, 2023 and 2022, respectively. During the first quarter of 2022, the Company abandoned certain in-process research and development projects and technology intangible assets. The abandonment resulted in $3.3 million of impairment costs in the nine months ended September 30, 2022, which was included within merger, acquisition, and restructuring costs in the condensed consolidated statement of operations.

During the fourth quarter of 2022, the Company reassessed the remaining estimated useful lives of the developed technology and in-process research and development related to the SpotX acquisition based on the remaining expected benefit from those assets. The change in the remaining estimated useful lives for developed technology and in-process research and development resulted in increased amortization expense of $7.8 million and $111.9 million for the three and nine months ended September 30, 2023, respectively. The increased amortization expense increased the basic and diluted loss per share by $0.06 and $0.82, net of tax, for the three and nine months ended September 30, 2023, respectively.

The estimated remaining amortization expense associated with the Company's intangible assets was as follows as of September 30, 2023 March 31, 2024:

Fiscal Year	Amount
	(in thousands)
Remaining 2023	$ 7,622
2024	30,134
2025	14,445
2026	6,001
2027	431
Total	$ 58,633

The Company capitalizes certain internal use software development costs associated with creating and enhancing internally developed software related to the Company's technology infrastructure. During the fourth quarter of 2022, the Company reassessed the remaining estimated useful lives of capitalized software projects related to integration of its technology platforms. The change in the remaining estimated useful lives for the related projects resulted in increased amortization expense of $0.1 million and $2.4 million for the three and nine months ended September 30, 2023, respectively. The increased amortization expense, net of tax, did not impact basic and diluted loss per share for the three months ended September 30, 2023 and increased the basic and diluted loss per share by $0.02, net of tax, for the nine months ended September 30, 2023.

Note 7—Business Combinations

2022 Acquisition—Carbon

The Company completed the acquisition of Carbon (AI) Limited ("Carbon" and such acquisition the "Carbon Acquisition"), a platform that enables publishers to measure, manage, and monetize audience segments, in February 2022 for a total purchase price of $23.1 million in cash. Approximately $2.3 million of the purchase price was held back to cover possible indemnification claims, which was subsequently paid out in February 2023.

Fiscal Year	Amount
	(in thousands)
Remaining 2024	$ 22,545
2025	14,445
2026	6,001
2027	431
Total	$ 43,422

Note 8—Merger, Acquisition, and Restructuring Costs

Merger, acquisition, and restructuring costs consist primarily consists of professional services fees and employee termination costs, including stock-based compensation charges, associated with the SpotX Acquisition historical acquisitions and restructuring activities.

The following table summarizes merger, acquisition, and restructuring cost activity (in thousands):

	Nine Months Ended	
	September 30, 2023	September 30, 2022
	(in thousands)	
Personnel related (severance and one-time termination benefit costs)	$ 3,218	$ 1,227
Loss contracts (facilities related)	2,190	—
Exit costs	1,408	—
Impairment of property and equipment, net	506	—

Non-cash stock-based compensation (double-trigger acceleration and severance)	143	2,004
Impairment costs of abandoned technology	—	3,320
Professional services (investment banking advisory, legal and other professional services)	—	$ 917
Total merger, acquisition, and restructuring costs	$ 7,465	$ 7,468

	Three Months Ended
	March 31, 2023
	(in thousands)
Personnel related (severance and one-time termination benefit costs)	$ 3,218
Loss contracts (facilities related)	2,190
Exit costs	1,408
Impairment of property and equipment, net	506
Non-cash stock-based compensation (double-trigger acceleration and severance)	143
Total merger, acquisition, and restructuring costs	$ 7,465

During the nine three months ended September 30, 2023 March 31, 2024, the Company did not incur any merger, acquisition, and 2022, restructuring costs. During the three months ended March 31, 2023, the Company incurred merger, acquisition, and restructuring costs of $7.5 million. During the nine months ended September 30, 2023, these activities which included the Company's reduction of its global workforce primarily associated with the elimination of duplicative roles and other costs associated with the consolidation of its legacy CTV and SpotX CTV platforms following the 2021 acquisition of SpotX Acquisition, Inc., including loss contracts for office facilities the Company does not plan to continue to occupy and impairment charges related to certain assets it no longer plans to utilize. During the nine months ended September 30, 2022 the Company incurred restructuring costs following the SpotX Acquisition.

Accrued restructuring costs related to mergers and acquisitions were $1.6 million and $1.2 million at September 30, 2023 and December 31, 2022, respectively, and were primarily related the Company's consolidation of its platforms as mentioned above and the Telaria Merger. Accrued restructuring costs associated with personnel costs are included within accounts payable and accrued expenses and accruals related to exit costs are included within other current liabilities and other liabilities, non-current on the Company's condensed consolidated balance sheets.

	(in thousands)
Accrued restructuring costs at December 31, 2022	$ 1,222
Personnel related and non-cash stock-based compensation	3,361
Loss contracts (facilities related)	2,190
Exit costs	1,408
Impairment of property and equipment, net	506
Cash paid for restructuring costs	(4,254)
Non-cash loss contracts (facilities related)	(2,190)
Non-cash impairments	(506)
Non-cash stock-based compensation	(143)
Accrued restructuring costs at September 30, 2023	$ 1,594

Table of Contents

Note 9—Stock-Based Compensation

Stock Options

A summary of stock option activity for the nine three months ended September 30, 2023 March 31, 2024 is as follows:

	Shares Under Option	Weighted-Average Exercise Price	Weighted- Average Contractual Life	Aggregate Intrinsic Value
	(in thousands)			(in thousands)
Outstanding at December 31, 2022	4,672	$ 8.71		
Granted	130	$ 10.59		
Exercised	(392)	$ 5.49		
Expired	(144)	$ 21.08		

Outstanding at September 30, 2023	4,266	$	8.65	5.6 years	$	8,281
Exercisable at September 30, 2023	3,550	$	7.36	5.1 years	$	8,026

	Shares Under Option		Weighted- Average Exercise Price	Weighted- Average Contractual Life		Aggregate Intrinsic Value
	(in thousands)					(in thousands)
Outstanding at December 31, 2023	4,262	$	8.65			
Granted	130	$	9.20			
Expired	(7)	$	15.30			
Outstanding at March 31, 2024	4,385	$	8.66	5.3 years	$	18,357
Exercisable at March 31, 2024	3,781	$	7.70	4.8 years	$	18,036

The total intrinsic value of options exercised during the nine months ended September 30, 2023 was $2.2 million. At September 30, 2023 March 31, 2024, the Company had unrecognized employee stock-based compensation expense relating to nonvested stock options of approximately $6.5 million $5.4 million, which is expected to be recognized over a weighted-average period of 2.1 2.3 years. Total grant date fair value of options vested during the nine three months ended September 30, 2023 March 31, 2024 was $3.9 million $1.1 million.

The Company estimates the fair value of stock options that contain service and/or performance conditions using the Black-Scholes option pricing model. The grant date fair value of options granted during the nine three months ended September 30, 2023 March 31, 2024 was $7.27 $6.34 per share. The weighted-average input assumptions used by the Company were as follows:

		Nine Months Ended			
		September 30, 2023		September 30, 2022	
		Three Months Ended			
		Three Months Ended			
		Three Months Ended			
		March 31, 2024			
		March 31, 2024			
		March 31, 2024			
Expected term (in years)					
Expected term (in years)					
Expected term (in years)	Expected term (in years)		5.0		5.0
Risk-free interest rate	Risk-free interest rate	3.99	%	1.63	%
Risk-free interest rate					
Risk-free interest rate					
Expected volatility					
Expected volatility					
Expected volatility	Expected volatility	84	%	79	%
Dividend yield	Dividend yield	—	%	—	%
Dividend yield					
Dividend yield					

Restricted Stock Units

A summary of restricted stock unit ("RSU") activity for the nine three months ended September 30, 2023 March 31, 2024 is as follows:

	Number of Shares	Weighted- Average Grant Date Fair Value
	(in thousands)	

Restricted stock units outstanding at December 31, 2022		10,000	$ 15.06		
	Number of Shares			Number of Shares	Weighted-Average Grant Date Fair Value
	(in thousands)				
Restricted stock units outstanding at December 31, 2023					
Restricted stock units outstanding at December 31, 2023					
Restricted stock units outstanding at December 31, 2023					
Granted	Granted	7,244	$ 10.81		
Canceled	Canceled	(1,300)	$ 13.44		
Vested and released	Vested and released	(3,853)	$ 14.33		
Restricted stock units outstanding at September 30, 2023		12,091	$ 12.92		
Restricted stock units outstanding and unvested at March 31, 2024					

The weighted-average grant date fair value per share of restricted stock units granted during the nine three months ended September 30, 2023 March 31, 2024 was $10.81. $9.20. The intrinsic value of restricted stock units that vested during the nine three months ended September 30, 2023 March 31, 2024 was $44.5 million $23.2 million. At September 30, 2023 March 31, 2024, the intrinsic value of unvested restricted stock units was $91.2 million $167.1 million. At September 30, 2023 March 31, 2024, the Company had unrecognized stock-based compensation expense relating to unvested restricted stock units of approximately $135.3 million $161.2 million, which is expected to be recognized over a weighted-average period of 2.8 3.0 years.

Performance Stock Units

The Company has granted grants performance stock units ("PSU") to select executive employees that vest based on share price metrics tied to total shareholder return relative ("TSR") to a peer group, over subject to a three-year period. The grant date fair value for such PSUs was estimated using a Monte-Carlo simulation model that incorporates option-pricing inputs covering the period from the grant date through the end of the performance period. time-based service component. Between 0% and 150% of the performance stock units will vest at the end of the performance period, which is generally on the third anniversary of the respective PSU grant date.

The During the three months ended March 31, 2024, the Company has additionally granted PSUs with an aggregate target of 486,431 shares, assuming a performance measurement of 100%. The amount of shares that will ultimately vest will be determined based on the

Table of Contents

Company's TSR relative to the Company's CEO which are subject to both time-based and performance-based vesting conditions. The PSUs consist TSRs of a peer group for the three equal tranches (each, a "Performance Tranche") year-period beginning January 1, 2024, as well as certain interim measurements based on achievement relative TSR for the one-year and two-year periods beginning on January 1, 2024.

A summary of a share price condition if PSU activity for the Company achieves share price targets of $60.00, $80.00, and $100.00, respectively, over 60 consecutive trading days during a performance period commencing on August 26, 2022 and ending on August 26, 2026. three months ended March 31, 2024 is as follows:

	Number of Shares	Weighted-Average Grant Date Fair Value
	(in thousands)	
Outstanding at December 31, 2023	967	$ 18.17
Granted	486	$ 11.76
Outstanding at March 31, 2024	1,453	$ 16.03

The grant date fair value for such the PSUs was estimated using a Monte-Carlo simulation model that incorporates option-pricing inputs covering the period from the grant date through the end of the performance period. To the extent any of the performance-based requirements are met, the Company's CEO must also provide continued service to the Company through at least August 26, 2024 to receive any shares of common stock underlying the grant and through August 26, 2026 to receive all of the shares of common stock underlying the performance units that have satisfied the applicable performance-based requirement.

Stock-based compensation expense for PSUs is based on the grant date fair value and the number of shares assuming a performance measurement of 100%. The compensation expense will not be reversed if the performance metrics are not met.

A summary of performance stock units activity for the nine months ended September 30, 2023 is as follows:

	Number of Shares	Weighted-Average Grant Date Fair Value
	(in thousands)	
Outstanding at December 31, 2022	639	$ 19.02
Granted	474	$ 13.32
Vested	(138)	$ 6.15
Forfeited	(8)	$ 6.15
Outstanding at September 30, 2023	967	$ 18.17

The grant date fair value for the PSUs was estimated using a Monte-Carlo simulation model. The weighted-average input assumptions used by the Company were as follows:

		Nine Months Ended	
		September 30, 2023	September 30, 2022
Expected term (in years)		3.0	3.0
		Three Months Ended	
		Three Months Ended	
		Three Months Ended	
		March 31, 2024	
		March 31, 2024	
		March 31, 2024	
Performance period (in years)			
Performance period (in years)			
Performance period (in years)			
Risk-free interest rate			
Risk-free interest rate			
Risk-free interest rate	Risk-free interest rate	4.19 %	1.39 %
Expected volatility of Magnite	Expected volatility of Magnite	94 %	84 %
Expected volatility of Magnite			
Expected volatility of Magnite			
Expected volatility of selected peer companies			
Expected volatility of selected peer companies			
Expected volatility of selected peer companies	Expected volatility of selected peer companies	64 %	63 %
Expected correlation coefficients of Magnite	Expected correlation coefficients of Magnite	0.62	0.56
Expected correlation coefficients of Magnite			
Expected correlation coefficients of Magnite			
Expected correlation coefficients of selected peer companies			
Expected correlation coefficients of selected peer companies			
Expected correlation coefficients of selected peer companies	Expected correlation coefficients of selected peer companies	0.54	0.52

Dividend yield	Dividend yield	— %		— %	
Dividend yield					
Dividend yield					

The intrinsic value of performance stock units that vested during the nine months ended September 30, 2023 was $1.2 million. At September 30, 2023 March 31, 2024, the intrinsic value of unvested performance stock units based on expected achievement levels was $1.5 million $13.3 million. As of September 30, 2023 March 31, 2024, the Company had unrecognized stock-based compensation expense relating to outstanding PSUs of approximately $9.4 million $12.0 million, which will be recognized over a weighted-average period of 2.4 2.2 years.

Stock-Based Compensation Expense

Total stock-based compensation expense recorded in the condensed consolidated statements of operations was as follows:

		Three Months Ended		Nine Months Ended	
		September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
		(in thousands)		(in thousands)	
		Three Months Ended			
		Three Months Ended			
		Three Months Ended			
		March 31, 2024			
		March 31, 2024			
		March 31, 2024			
		(in thousands)			
		(in thousands)			
		(in thousands)			
Cost of revenue					
Cost of revenue					
Cost of revenue	Cost of revenue	$ 446	$ 424	$ 1,373	$ 1,191
Sales and marketing	Sales and marketing	6,371	5,491	20,869	16,257
Sales and marketing					
Sales and marketing					
Technology and development					
Technology and development					
Technology and development	Technology and development	4,999	6,576	15,918	16,645
General and administrative	General and administrative	5,652	4,911	17,159	14,096
General and administrative					
General and administrative					
Merger, acquisition, and restructuring costs					
Merger, acquisition, and restructuring costs					
Merger, acquisition, and restructuring costs	Merger, acquisition, and restructuring costs	—	—	143	2,004
Total stock-based compensation expense	Total stock-based compensation expense	$ 17,468	$ 17,402	$ 55,462	$ 50,193
Total stock-based compensation expense					
Total stock-based compensation expense					

On January 1, 2023 As of March 31, 2024, pursuant to the evergreen provision in the Company's 2014 Equity Incentive Plan, the Company increased the an aggregate number of 16,787,890 shares of common stock that may be issued pursuant to stock awards by 6,700,286 shares. On June 14, 2023, the Company's stockholders approved remained available for future grants under the Magnite, Inc. Amended and Restated 2014 Equity Incentive Plan (the "Amended and Restated 2014 Equity Incentive Plan").

As of March 31, 2024, which, among other things, increased the aggregate maximum number of Company has reserved 4,730,838 shares of its common stock that may be issued pursuant to stock awards by 8,056,129, removed the prior evergreen provision, and extended the plan through April 2033. As of September 30, 2023, an aggregate of 23,056,794 shares remained available for future grants issuance under the Company's Amended and Restated 2014 Equity Incentive Plan.

On January 1, 2023, pursuant to the evergreen provision in the Company's 2014 Employee Stock Purchase Plan, the Company increased the aggregate number of shares of common stock that may be issued pursuant to the Company's 2014 Employee Stock Purchase Plan by 1,340,057 shares. On June 14, 2023, the Company's stockholders approved the Magnite, Inc. Amended and Restated 2014 Employee Stock Purchase Plan (the "Amended and Restated 2014 Employee Stock Purchase Plan"), which, among other things, removed the evergreen provision and extended the plan through June 2033. As of September 30, 2023, the Company has reserved 4,968,034 shares of its common stock for issuance under the Company's Amended and Restated 2014 Employee Stock Purchase Plan ("ESPP").

Note 10—Income Taxes

In determining quarterly provisions for income taxes, the Company uses the annual estimated effective tax rate applied to the actual year-to-date income. The Company's annual estimated effective tax rate differs from the statutory rate primarily as a result of state taxes, foreign taxes, deductible stock option expenses, nondeductible executive compensation, and changes in the Company's valuation allowance.

Table of Contents

The Company recorded an income tax benefit of $1.0 million and $0.6 million $7.8 million for the three and nine months ended September 30, 2023 March 31, 2024, respectively, and an income tax benefit of $0.4 million and $2.5 million $0.3 million for the three and nine months ended September 30, 2022, respectively. March 31, 2023. The tax benefit for the three and nine months ended September 30, 2023 and September 30, 2022 are March 31, 2024 was primarily the result of the Company's ability to recognize deferred tax assets ("DTAs") subject to the domestic valuation allowance, Base Erosion and Anti-Abuse Tax ("BEAT"), and the foreign income tax provision. The tax benefit for the three months ended March 31, 2023 was primarily the result of the Company's ability to recognize DTAs subject to the domestic valuation allowance and the foreign income tax provision. The Company continues to maintain a partial valuation allowance for the domestic DTAs.

On August 16, 2022, President Biden signed the Inflation Reduction Act of 2022 (the "IRA") into law. The IRA includes a new corporate alternative minimum tax (the "Corporate AMT") of 15% on the adjusted financial statement income (the "AFSI") of corporations with average AFSI exceeding $1.0 billion over a three-year period. The Corporate AMT is effective for tax years beginning after December 31, 2022 and is not expected to impact the Company. Additionally, the IRA imposes an excise tax of 1% on the fair market value of net stock repurchases made after December 31, 2022. The Company has not repurchased shares during the nine months ended September 30, 2023.

Due to uncertainty as to the realization of benefits from the Company's domestic and certain international DTAs, including net operating loss carryforwards and research and development tax credits, the Company has a partial valuation allowance reserved against such assets. The Company intends to continue to maintain a partial valuation allowance on the DTAs until there is sufficient evidence to support the reversal of all or some additional portion of these allowances.

Due to the net operating loss carryforwards, all of the Company's United States federal and a majority of its state returns are open to examination by the Internal Revenue Service and state jurisdictions for all years since inception. For the Netherlands, Malaysia, India, Sweden, and the United Kingdom, all tax years remain open for examination by the local country tax authorities, for France, only 2020 2021 and forward are open, for Singapore, only 2019 and forward are open for examination, for Australia, Brazil, Germany, and New Zealand, 2018 2019 and forward are open for examination, for Canada, 2017 Italy, and Malaysia, 2018 and forward are open for examination, and for Japan, and Italy 2016 2017 and forward remain open for examination.

Pursuant to Section 382 of the Internal Revenue Code, the Company and Telaria, Inc. both underwent ownership changes for tax purposes (i.e. a more than 50% change in stock ownership in aggregated 5% shareholders) on April 1, 2020 due to the merger with Telaria Merger. Inc. As a result, the use of our the Company's total domestic NOL carryforwards and tax credits generated prior to the ownership change will be subject to annual use limitations under Section 382 and Section 383 of the Code and comparable state income tax laws. The Company believes that the ownership change will not impact our its ability to utilize substantially all of our its NOLs and state research and development carryforward tax credits to the extent it will generate taxable income that can be offset by such losses. The Company reasonably expects its pre-2021 federal research and development carryforward tax credits will not be recovered prior to expiration.

There was no material change to the Company's unrecognized tax benefits in the nine three months ended September 30, 2023 March 31, 2024 and the Company does not expect to have any material changes to unrecognized tax benefits through the end of the fiscal year.

Note 11—Lease Obligations

Operating lease expense associated with leases included in the lease liability was $5.7 million and right of use ("ROU") asset on the condensed consolidated balance sheets were $5.9 million and $5.9 million $6.5 million for the three months ended September 30, 2023 March 31, 2024 and 2022, 2023, respectively, and $18.8 million and $17.0 million, for the nine months ended September 30, 2023 and 2022, respectively. For lease expenses not included in the Company's ROU asset and lease liability balances, the Company recognized short term lease expense of $0.1 million and $0.3 million and variable lease expense of was $0.9 million and $0.7 million during each of the three months ended September 30, 2023 March 31, 2024 and 2022, respectively. The Company recognized short term lease expense of $0.4 million and $0.9 million and variable lease expense of $2.7 million and $1.9 million during the nine months ended September 30, 2023 and 2022, respectively. 2023.

The Company also received rental income of $1.3 million and $1.3 million for real estate leases for which it subleases the property to third parties during the three months ended September 30, 2023 March 31, 2024 and 2022, respectively, and $4.0 million and $3.9 million during the nine months ended September 30, 2023 and 2022, 2023, respectively.

As of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, a weighted average discount rate of 6.19% 6.21% and 6.11% 6.19%, respectively, has been applied to the remaining lease payments to calculate the lease liabilities included within the condensed consolidated balance sheet. The lease terms of the Company's operating leases generally range from one year to ten years, and the weighted average remaining lease term of leases included in the lease liability is 5.3 5.0 years and 5.6 5.2 years as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively.

The maturity of the Company's lease liabilities associated with leases included in the lease liability and ROU asset were as follows as of September 30, 2023 March 31, 2024 (in thousands):

Fiscal Year	**Fiscal Year**		
Remaining 2023		$	6,576
2024			23,534
Remaining 2024			
Remaining 2024			
Remaining 2024			
2025	2025		15,232
2026	2026		12,217
2027	2027		7,664
2028			
Thereafter	Thereafter		22,152
Total lease payments (undiscounted)	Total lease payments (undiscounted)		87,375
Less: imputed interest	Less: imputed interest		(12,437)
Lease liabilities—total (discounted)	Lease liabilities—total (discounted)	$	74,938

Table of Contents

Note 12—Commitments and Contingencies

Commitments

The Company has commitments under non-cancelable operating leases for facilities, certain equipment, and its managed data center facilities (Note 11).

As of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, the Company had $5.2 million and $5.3 million, respectively, of letters of credit associated with office leases available for borrowing, on which there were no outstanding borrowings as of either date.

In the normal course of business, the Company enters into non-cancelable contractual obligations with various parties, primarily related to software services agreements and data center providers. As of September 30, 2023 March 31, 2024, the Company's outstanding non-cancelable contractual obligations with a remaining term of one year or longer consist of the following (in thousands):

Fiscal Year	Fiscal Year		
Remaining 2023		$	21,268
2024			66,454
Remaining 2024			
Remaining 2024			
Remaining 2024			
2025	2025		23,667
2026			
2027			
2028			
Total	Total	$	111,389
Total			

Total	

The amounts above include commitments under a cloud-managed services agreement, under which the Company has a non-cancelable minimum spend commitment from July 2023 2024 to June 2025 of $57.6 million in each twelve-month period (i.e. July 2023 to June 2024 and July 2024 to June 2025). The minimum spend commitment reflected above approximates the manner in which the Company expects to fulfill the obligations. obligation.

Guarantees and Indemnification

The Company's agreements with sellers, buyers, and other third parties typically obligate the Company to provide indemnity and defense for losses resulting from claims of intellectual property infringement, damages to property or persons, business losses, or other liabilities. Generally, these indemnity and defense obligations relate to the Company's own business operations, obligations, and acts or omissions. However, under some circumstances, the Company agrees to indemnify and defend contract counterparties against losses resulting from their own business operations, obligations, and acts or omissions, or the business operations, obligations, and acts or omissions of third parties. For example, because the Company's business interposes the Company between buyers and sellers in various ways, buyers often require the Company to indemnify them against acts and omissions of sellers, and sellers often require the Company to indemnify them against acts and omissions of buyers. In addition, the Company's agreements with sellers, buyers, and other third parties typically include provisions limiting the Company's liability to the counterparty, and the counterparty's liability to the Company. These limits sometimes do not apply to certain liabilities, including indemnity obligations. These indemnity and limitation of liability provisions generally survive termination or expiration of the agreements in which they appear. The Company has also entered into indemnification agreements with its directors, executive officers, and certain other officers that will require the Company, among other things, to indemnify them against certain liabilities that may arise by reason of their status or service as directors, officers, or employees. No material demands have been made upon the Company to provide indemnification under such agreements and there are no claims that the Company is aware of that could have a material effect on the Company's condensed consolidated financial statements.

Litigation

The Company and its subsidiaries may from time to time be parties to legal or regulatory proceedings, lawsuits and other claims incident to their business activities and to the Company's status as a public company. Such matters may include, among other things, assertions of contract breach or intellectual property infringement, claims for indemnity arising in the course of the Company's business, regulatory investigations, audits by taxing authorities, or enforcement proceedings, and claims by persons whose employment has been terminated. Such matters are subject to many uncertainties, and outcomes are not predictable with assurance. Consequently, management is unable to ascertain the ultimate aggregate amount of monetary liability, amounts which may be covered by insurance or recoverable from third parties, or the financial impact with respect to such matters as of September 30, 2023 March 31, 2024. However, based on management's knowledge as of September 30, 2023 March 31, 2024, management believes that the final resolution of these matters known at such date, individually and in the aggregate, will not have a material adverse effect upon the Company's condensed consolidated financial position, results of operations or cash flows.

[Table of Contents](#)

Employment Contracts

The Company has entered into severance agreements with certain employees and officers. The Company may be required to pay severance and accelerate the vesting of certain equity awards in the event of involuntary terminations.

Note 13—Debt

Long term debt as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023 consisted of the following:

	September 30, 2023	December 31, 2022
	(in thousands)	
Convertible Senior Notes	$ 275,067	$ 400,000
Less: Unamortized debt issuance cost	(3,878)	(7,355)
Net	271,189	392,645
Term Loan B Facility	351,900	354,600
Less: Unamortized discount and debt issuance cost	(17,880)	(20,888)
Net	334,020	333,712
Less: Current portion	(3,600)	(3,600)
Total non-current debt	$ 601,609	$ 722,757

	March 31, 2024	December 31, 2023
	(in thousands)	

Convertible Senior Notes	$	205,067	$	205,067
Less: Unamortized debt issuance cost		(2,304)		(2,598)
Net carrying value of Convertible Senior Notes		202,763		202,469
Term Loan B Facility*		365,000		351,000
Less: Unamortized discount and debt issuance cost		(15,036)		(16,883)
Net carrying value of Term Loan B Facility*		349,964		334,117
Balance Sheet Presentation:				
Debt, current		3,650		3,600
Debt, non-current, net of debt discount and debt issuance costs		549,077	$	532,986
Total debt	$	552,727	$	536,586

* Term Loan B Facility as of March 31, 2024 and December 31, 2023 reflect the balances under the 2024 Term Loan B Facility and the 2021 Term Loan B Facility, respectively.

Maturities of the principal amount of the Company's long-term debt as of September 30, 2023 March 31, 2024 are as follows (in thousands):

Fiscal Year	**Fiscal Year**		
Remaining 2023			900
2024			3,600
Remaining 2024			
Remaining 2024			
Remaining 2024			
2025	2025		3,600
2026	2026		278,667
2027	2027		3,600
2028			
Thereafter	Thereafter		336,600
Total	Total	$	626,967

Amortization of the debt discount and debt issuance cost and the discount associated with our indebtedness totaled $1.4 million and $4.5 million for the three and nine months ended September 30, 2023, respectively, and $1.6 million and $4.8 million for the three and nine months ended September 30, 2022, respectively. Amortization of debt issuance costs is computed using the effective interest method and is included in interest expense. expense in the condensed consolidated statement of operations. Amortization of the debt discount and debt issuance cost associated with the Company's indebtedness totaled $1.0 million for the three months ended March 31, 2024 and $1.6 million for the three months ended March 31, 2023. In addition, amortization of deferred financing costs was $0.1 million and $0.3 million for the three and nine months ended September 30, 2023, respectively, March 31, 2024 and $0.1 million and $0.3 million for the three and nine months ended September 30, 2022, respectively. March 31, 2023. Deferred financing costs are included in prepaid expenses and other current assets and other assets, non-current assets.

Convertible Senior Notes and Capped Call Transactions

In March 2021, the Company issued $400.0 million aggregate principal amount of 0.25% convertible senior notes in a private placement, including $50.0 million aggregate principal amount of such notes pursuant to the exercise in full of the over-allotment options of the initial purchasers (collectively, the "Convertible Senior Notes"). The Convertible Senior Notes will mature on March 15, 2026, unless earlier repurchased, redeemed or converted. The total net proceeds from the offering, after deducting debt issuance costs, paid by the Company, were approximately $388.6 million. The Company used approximately $39.0 million of the net proceeds from the offering to pay for the Capped Call Transactions (as described below).

The Convertible Senior Notes are senior, unsecured obligations and are (i) equal in right of payment with the existing and future senior, unsecured indebtedness; (ii) senior in right of payment to any of the Company's future indebtedness that is expressly subordinated to the Convertible Senior Notes; (iii) effectively subordinated to the Company's existing and future secured

Table of Contents

indebtedness, to the extent of the value of the collateral securing that indebtedness, including amounts outstanding under our the Loan Agreement or our the new Credit Agreement (see section below); and (iv) structurally subordinated to all existing and future indebtedness and other liabilities, including trade payables, and (to the extent we are the Company is not a holder thereof) preferred equity, if any, of the Company's subsidiaries that do not guarantee the Convertible Senior Notes.

The Convertible Senior Notes accrue interest at 0.25% per annum payable semi-annually in arrears on March 15 and September 15 of each year, beginning on September 15, 2021. The Convertible Senior Notes will mature on March 15, 2026 unless they are redeemed, repurchased or converted prior to such date. The Convertible Senior Notes are convertible at the option of holders only during certain periods and upon satisfaction of certain conditions.

Holders have the right to convert their notes (or any portion of a note in an authorized denomination), in the following circumstances: (i) during any calendar quarter commencing after the calendar quarter ending on June 30, 2021, if the last reported sale price per share of the Company's common stock exceeds 130% of the conversion price for each of at least 20 trading days during the 30 consecutive trading days ending on, and including, the last trading day of the immediately preceding calendar quarter; (ii) during the five consecutive business days immediately after any ten consecutive trading day period (such ten consecutive trading day period, the "measurement period") in which the trading price per $1,000 principal amount of notes for each trading day of the measurement period was less than 98% of the product of the last reported sale price per share of the Company's common stock on such trading day and the conversion rate on such trading day; (iii) upon the occurrence of certain corporate events or distributions on the Company's common stock; (iv) if the Company calls such Convertible Senior Notes for redemption; and (v) on or after September 15, 2025, until the close of business on the second scheduled trading day immediately before the maturity date, holders of the Convertible Senior Notes may, at their option, convert all or a portion of their Convertible Senior Notes regardless of the foregoing conditions at any time from, and including, September 15, 2025 until the close of business on the second scheduled trading day immediately before the maturity date.

Upon conversion, the Convertible Senior Notes may be settled in shares of the Company's common stock, cash or a combination of cash and shares of the Company's common stock, at the Company's election. All conversions with a conversion date that occurs on or after September 15, 2025 will be settled using the same settlement method, and the Company will send notice of such settlement method to noteholders no later than the open of business on September 15, 2025.

The Company may not redeem the Convertible Senior Notes at their option at any time before March 20, 2024. Subject to the terms of the indenture agreement, the Company has the right, at its election, to redeem all, or any portion (subject to the partial redemption limitation) in an authorized denomination, of the Convertible Senior Notes, at any time, and from time to time, on a redemption date on or after March 20, 2024 and on or before the 40th scheduled trading day immediately before the maturity date, for cash, but only if the "last reported sale price," as defined under the Offering Memorandum, per share of common stock exceeds 130% of the "conversion price" on (i) each of at least 20 trading days, during the 30 consecutive trading days ending on, and including, the trading day immediately before the date the Company sends the related redemption notice; and (ii) the trading day immediately before the date we send the Company sends such notice. In addition, calling any note for redemption will constitute a "make-whole fundamental change" (as defined below) with respect to that note, in which case the conversion rate applicable to the conversion of that note will be increased in certain circumstances if it is converted after it is called for redemption. If the Company elects to redeem less than all of the outstanding notes, then the redemption will not constitute a make-whole fundamental change with respect to the notes not called for redemption, and holders of the notes not called for redemption will not be entitled to an increased conversion rate for such notes as described above on account of the redemption, except to the limited extent described further below. No sinking fund is provided for the Convertible Senior Notes, which means that the Company is not required to redeem or retire the Convertible Senior Notes periodically.

If a fundamental change occurs, then each noteholder will have the right to require the Company to repurchase its notes (or any portion thereof in an authorized denomination) for cash on a date (the "fundamental change repurchase date") of the Company's choosing, which must be a business day that is no more than 45, nor less than 20, business days after the date the Company distributes the related fundamental change notice.

If an event of default, other than a reporting default remedied by special interest as defined in the indenture agreement, occurs with respect to the Company or any guarantor, then the principal amount of, and all accrued and unpaid interest on, all of the notes then outstanding will immediately become due and payable without any further action or notice by any person. If an event of default (other than a reporting event of default described above with respect to the Company or any guarantor and not solely with respect to a significant subsidiary of the Company's or a guarantor, other than the Company or such guarantor) occurs and is continuing, then, the trustee, by notice to the Company, or noteholders of at least 25% of the aggregate principal amount of notes then outstanding, by written notice to the Company and the trustee, may declare the principal amount of, and all accrued and unpaid interest on, all of the notes then outstanding to become due and payable immediately.

The Convertible Senior Notes have an initial conversion rate of 15.6539 shares of common stock per $1,000 principal amount of the Convertible Senior Notes, which will be subject to customary anti-dilution adjustments in certain circumstances.

In connection with the pricing of the Convertible Senior Notes, the Company entered into privately negotiated capped call transactions with various financial institutions (the "Capped Call Transactions"). The Capped Call Transactions were entered into

Table of Contents

with third party broker-dealers to limit the potential dilution that would occur if the Company has to settle the conversion value in excess of the principal in shares. This exposure will be covered (i.e., the Company will receive as many shares as are required to be issued between the conversion price of $63.8818 and the maximum price of $91.2600). Any shares required to be issued by the Company over this amount would have net earnings per share dilution impact. By entering into the Capped Call Transactions, the Company expects to reduce the potential dilution to its common stock (or, in the event the conversion is settled in cash, to reduce its cash payment obligation) in the event that at the time of conversion its stock price exceeds the conversion price under the Convertible Senior Notes. The Company paid $39.0 million for the Capped Call Transactions, which was recorded as additional paid-in capital, using a portion of the gross proceeds from the sale of the Convertible Senior Notes. The cost of the Capped Call Transactions is not expected to be tax deductible as the Company did not elect to integrate the capped call into the Convertible Senior Notes for tax purposes. The cost of the Capped Call Transaction was recorded as a reduction of the Company's additional paid-in capital in the accompanying condensed consolidated financial statements.

The Company incurred debt issuance costs of $11.4 million in March 2021. The Convertible Senior Notes are presented net of issuance costs on the Company's condensed consolidated balance sheets. The debt issuance costs are amortized on an effective interest basis over the term of the Convertible Senior Notes and are included in interest expense and amortization of debt discount in the accompanying condensed consolidated statements of operations.

During the three and nine months ended September 30, 2023 March 31, 2023, the Company repurchased its Convertible Senior Notes in the open market with cash on hand for $29.8 million and $104.8 million, respectively. $40.8 million. The Company recognized a gain on extinguishment of debt of $4.2 million and $18.1 million $8.5 million related to the repurchase of $34.5 million and $124.9 million $50.3 million of principal balance of Convertible Senior Notes and $0.5 million and $2.0 million, $0.9 million of unamortized debt issuance costs associated with the extinguished debt during the three and nine months ended September 30, 2023, respectively. March 31, 2023. The gain on extinguishment is included in other (income) expense in the Company's condensed consolidated statement of operations.

The following table sets forth interest expense related to the Convertible Senior Notes for the three and nine months ended September 30, 2023 March 31, 2024 and 2022 2023 (in thousands, except interest rates):

Three Months Ended

		Three Months Ended			
		Three Months Ended			
		March 31, 2024			
		March 31, 2024			
		March 31, 2024			
		Three Months Ended		Nine Months Ended	
Contractual interest expense					
		September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
Contractual interest expense					
Contractual interest expense	Contractual interest expense	$ 189	$ 250	$ 642	$ 750
Amortization of debt issuance costs	Amortization of debt issuance costs	434	572	1,470	1,716
Amortization of debt issuance costs					
Amortization of debt issuance costs					
Total interest expense					
Total interest expense					
Total interest expense	Total interest expense	$ 623	$ 822	$ 2,112	$ 2,466
Effective interest rate	Effective interest rate	0.82 %	0.82 %	0.82 %	0.82 %
Effective interest rate					
Effective interest rate					

Amortization expense for the Company's debt issuance costs related to the Convertible Senior Notes for the fiscal years 2023 2024 through 2026 is as follows (in thousands):

Fiscal Year	Fiscal Year	Debt Issuance Costs	Fiscal Year	Debt Issuance Costs
Remaining 2023		394		
2024		1,573		
Remaining 2024				
2025	2025	1,573		
2026	2026	338		
Total	Total	$3,878		
Total				
Total				

2021 and 2024 Credit Agreement Agreements

On April 30, 2021, the Company entered into a credit agreement (the "Credit "2021 Credit Agreement") with Goldman Sachs Bank USA as administrative agent and collateral agent, and other lender parties thereto. The 2021 Credit Agreement provides provided for a $360.0 million seven-year senior secured term loan facility ("2021 Term Loan B Facility"), which matures had a maturity in April 2028, and a $52.5 $65.0 million senior secured revolving credit facility (the "Revolving (as amended in June 2021, the "2021 Revolving Credit Facility"), which matures had a maturity in December 2025. As part of the Term Loan B Facility, In June 2023, the Company received $325 million in proceeds, net of discounts and fees, which were used to finance amended the SpotX Acquisition and related transactions, and for general corporate purposes. Loans, if any, under the Revolving Credit Facility are expected to be used for general corporate purposes. The obligations under the 2021 Credit Agreement are (the "Amended 2021 Credit Agreement") to transition away from a variable interest rate based on the Eurodollar Rate towards a similar variable interest rate based on Adjusted Term SOFR, as defined in the Amended 2021 Credit Agreement, which is based on the secured by substantially all of the assets of the Company and those of its subsidiaries that are guarantors under the Credit Agreement. overnight financing rate (“SOFR”).

Amounts outstanding under the Amended 2021 Credit Agreement accrue accrued interest at a rate equal to either, (1) for the 2021 Term Loan B Facility, at the Company’s election, the Eurodollar Rate (as defined in the Credit Agreement) Adjusted Term SOFR plus a margin of 5.00% per annum, or ABR (as defined in the Amended 2021 Credit Agreement) plus a margin of 4.00%, and (2) for the 2021 Revolving Credit Facility, at the Company’s election, the Eurodollar Rate Adjusted Term SOFR plus a margin of 4.25% to 4.75%, or ABR plus a margin of 3.25% to 3.75%, in each case, depending on the Company’s first lien net leverage ratio. In June 2023, On February 6, 2024, the Company amended its entered into a credit agreement (the “2024 Credit Agreement”) with Morgan Stanley Senior Funding, Inc. as the Company term loan administrative agent and Citibank, N.A. as the Company's revolving facility administrative agent and collateral agent, and other lender parties thereto. The 2024 Credit Agreement includes a $365.0 million seven-year senior secured term loan facility (the "2024 Term Loan B Facility"), whose loans will mature in February 2031 and a $175.0 million five-year senior secured revolving credit facility (the "2024 Revolving Credit Facility"), which matures in February 2029. The Company primarily used the proceeds from the 2024 Term Loan B Facility to transition away from repay in full all outstanding amounts owed under the Company's Amended 2021 Credit Agreement. Accordingly, the Amended 2021 Credit Agreement was terminated and replaced in its entirely. The obligations under the 2024 Credit Agreement are secured by substantially all of the assets of the Company.

Amounts outstanding under the 2024 Credit Agreement accrue interest at a variable interest rate based on equal to either, (1) for the Eurodollar Rate towards a similar variable interest rate based on Adjusted 2024 Term Loan B Facility, at the Company’s election, Term SOFR as (as defined in the amendment 2024 Credit Agreement) plus a margin of 4.50% per annum, or ABR (as defined in the 2024 Credit Agreement) plus a margin of 3.50%, and (2) for the 2024 Revolving Credit Facility, at the Company’s election, Term SOFR plus a margin of 3.50% to the Credit Agreement, which is based 4.00%, or ABR plus a margin of 2.50% to 3.00%, in each case, depending on the Secured Overnight Financing Rate ("SOFR") Company’s First Lien Net Leverage Ratio (as defined in the 2024 Credit Agreement). As of September 30, 2023 March 31, 2024, the contractual interest rate related to the Term Loan B Facility was 10.53% 9.79%. In addition to having to pay contractual interest on the 2024 Term Loan B Facility, the Company is also required to pay certain other fees, primarily to the lenders under the 2024 Revolving Credit Facility, in order to maintain their revolving facility commitments.

The covenants of the 2024 Credit Agreement include customary negative covenants that, among other things, restrict the Company’s ability to incur additional indebtedness, grant liens and make certain acquisitions, investments, asset dispositions and restricted payments. In addition, the 2024 Credit Agreement contains a springing financial covenant that is tested on the last day of any fiscal quarter only if utilization of the 2024 Revolving Credit Facility exceeds 35% of the total revolving commitments, that requires whereby the Company is required to maintain a first lien net leverage ratio not greater than First Lien Net Leverage Ratio below 3.25 to 1.00. As of September 30, 2023 March 31, 2024, no amounts were outstanding under the 2024 Revolving Credit Facility and the Company was in compliance with its debt covenants. At March 31, 2024, amounts available under the 2024 Revolving Credit Facility were $169.8 million, net of letters of credit outstanding in the amount of $5.2 million.

The 2024 Credit Agreement includes customary events of default, and customary rights and remedies upon the occurrence of any event of default thereunder, including rights to accelerate the loans, terminate the commitments thereunder and realize upon the collateral securing the obligations under the 2024 Credit Agreement. The 2024 Credit Agreement calls for customary scheduled loan amortization payments of 0.25% of the initial principal balance payable quarterly (i.e. 1% in aggregate per year) as well as a provision that requires the Company to prepay the 2024 Term Loan B Facility based on an annual calculation of cumulative free cash flow ("Excess Cash Flow") generated as defined by the company as defined within the terms of the 2024 Credit Agreement. The Company was not required to make any such mandatory prepayment required by the Excess Cash Flow provision for the period ended September 30, 2023. In addition, the Term Loan B Facility will mature in the event that any portion of the Convertible Senior Notes remains outstanding 91 days prior to the maturity date of the Convertible Senior Notes.

On June 28, 2021, the Company entered into an Incremental Assumption Agreement (the "Incremental Agreement") to the Credit Agreement. Pursuant to the terms of the Incremental Agreement, the Company’s existing revolving credit facility under the Credit Agreement was increased by $12.5 million (the "Incremental Revolver"), and the letter of credit sublimit under the Credit Agreement was increased by $5.0 million. The Incremental Revolver bears the same interest rate as the existing revolving credit facility and has the same maturity date as the existing revolving credit facility. No other terms of the Credit Agreement were amended. As a result, amounts available under the Revolving Credit Facility were $65.0 million. At September 30, 2023, amounts available under the Revolving Credit Facility were $59.8 million, net of letters of credit outstanding in the amount of $5.2 million March 31, 2024.

The following table summarizes the amount outstanding under the Company's 2024 Term Loan B Facility and 2021 Term Loan B Facility at September 30, 2023 March 31, 2024 and December 31, 2022: December 31, 2023, respectively:

	September 30, 2023	December 31, 2022
	(in thousands)	
Term Loan B Facility	$ 351,900	$ 354,600

	March 31, 2024	
	March 31, 2024	
	March 31, 2024	
	(in thousands)	
	(in thousands)	
	(in thousands)	
Term Loan B Facility*		
Unamortized debt discounts		
Unamortized debt discounts		

Unamortized debt discounts	Unamortized debt discounts		(6,983)		(8,158)
Unamortized debt issuance costs	Unamortized debt issuance costs		(10,897)		(12,730)
Debt, net of debt issuance costs		$	334,020	$	333,712

Unamortized debt issuance costs

Unamortized debt issuance costs

Debt, net of debt discount and debt issuance costs

Debt, net of debt discount and debt issuance costs

Debt, net of debt discount and debt issuance costs

* Term Loan B Facility as of March 31, 2024 and December 31, 2023 reflect the balances under the 2024 Term Loan B Facility and the 2021 Term Loan B Facility, respectively.

* Term Loan B Facility as of March 31, 2024 and December 31, 2023 reflect the balances under the 2024 Term Loan B Facility and the 2021 Term Loan B Facility, respectively.

* Term Loan B Facility as of March 31, 2024 and December 31, 2023 reflect the balances under the 2024 Term Loan B Facility and the 2021 Term Loan B Facility, respectively.

As part of the debt refinance on February 6, 2024, where lenders under the 2021 Credit Agreement continued to be lenders under the 2024 Credit Agreement, certain of their loans and revolving facility commitments were deemed to have been modified ("Modified Loans" and "Modified Commitments," respectively). The Company incurred continued to defer debt discount costs of $3.7 million and debt issuance costs of $27.7 $5.7 million in April 2021, of which $10.8 million were associated with debt discount netted against the proceeds and $16.9 million were associated with other deferred financing costs associated with the Term Loan B Facility. Debt outstanding under the Term Loan B Facility are presented net of issuance costs on the Company's condensed consolidated balance sheets. The debt issuance costs are amortized on an effective interest basis from Modified Loans over the term of the new 2024 Term Loan B Facility. The Company continued to defer financing costs as of February 6, 2024 of $0.6 million from Modified Commitments over the term of the new 2024 Revolver Facility.

For lenders of the 2021 Credit Agreement that did not continue to participate in the 2024 Credit Agreement, their pro-rata portion of the unamortized debt discount of $2.8 million, unamortized debt issuance cost of $4.3 million, and unamortized deferred financing costs of $0.3 million were deemed to be extinguished. The resulting loss on extinguishment of debt is included in other (income) expense in the Company's condensed consolidated statement of operations.

The Company paid $7.7 million in third-party fees related to the closing of the 2024 Credit Agreement. Third-party fees attributed to new lenders of $2.4 million were capitalized as part of the debt issuance cost and will be amortized over the term of the

Table of Contents

2024 Term Loan B Facility and are while third-party fees attributed to Modified Loans of $3.1 million were included in interest expense general and amortization administrative expenses in the Company's condensed consolidated statement of operations for the three months ended March 31, 2024. In addition, third-party fees of $2.1 million attributed to new revolving lenders and Modified Commitments were capitalized as part of deferred financing costs and will be amortized over the term of the 2024 Revolving Facility. The Company also capitalized additional debt discount in costs of $3.7 million associated with the accompanying condensed consolidated statements closing of operations. the 2024 Term Loan B Facility, which will be amortized over the term of the 2024 Term Loan B Facility.

The following table sets forth interest expense related to the 2024 Term Loan B Facility and the 2021 Term Loan B Facility for the three and nine months ended September 30, 2023 March 31, 2024 and 2022 related to the 2021 Term Loan B Facility for the three months ended March 31, 2023 (in thousands, except interest rates):

		Three Months Ended		Nine Months Ended	
		Three Months Ended			
		Three Months Ended			
		March 31, 2024			
		March 31, 2024			
		March 31, 2024			
Contractual interest expense					
		September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
Contractual interest expense					
Contractual interest expense	Contractual interest expense	$ 9,372	$ 6,052	$ 26,799	$ 16,472
Amortization of debt discount	Amortization of debt discount	391	394	1,175	1,186
Amortization of debt discount					
Amortization of debt discount					
Amortization of debt issuance costs					

Amortization of debt issuance costs					
Amortization of debt issuance costs	Amortization of debt issuance costs	610	616	1,833	1,852
Total interest expense	Total interest expense	$ 10,373	$ 7,062	$ 29,807	$ 19,510
Total interest expense					
Total interest expense					
Effective interest rate	Effective interest rate	11.76 %	7.93 %	11.24 %	7.28 %
Effective interest rate					
Effective interest rate					

Amortization expense for the 2024 Term Loan B Facility debt discount and debt issuance costs for fiscal years 2023 2024 through 2028 and thereafter is as follows (in thousands):

Fiscal Year	Fiscal Year	Debt Discount	Debt Issuance Costs	Fiscal Year	Debt Discount	Debt Issuance Costs
Remaining 2023		$ 389	$ 608			
2024		1,548	2,416			
Remaining 2024						
2025	2025	1,532	2,391			
2026	2026	1,516	2,366			
2027	2027	1,500	2,341			
2028						
Thereafter	Thereafter	498	775			
Total	Total	$6,983	$10,897			

[Table of Contents](#)

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

This Quarterly Report on Form 10-Q and related statements by the Company contain forward-looking statements, including statements based upon or relating to our expectations, assumptions, estimates, and projections. In some cases, you can identify forward-looking statements by terms such as "may," "might," "will," "objective," "intend," "should," "could," "can," "would," "expect," "believe," "design," "anticipate," "estimate," "predict," "potential," "plan" or the negative of these terms, and similar expressions. Forward-looking statements may include, but are not limited to, statements concerning the Company's guidance or expectations with respect to future financial performance; acquisitions by the Company, including the acquisition of SpotX, Inc. ("SpotX," and such acquisition the "SpotX Acquisition"), the acquisition of SpringServe, LLC ("SpringServe," and such acquisition the "SpringServe Acquisition"), and the merger with Telaria, Inc. ("Telaria," and such merger the "Telaria Merger"), or the anticipated benefits thereof; statements concerning potential synergies from the Company's acquisitions; statements concerning macroeconomic conditions or concerns related thereto; our anticipated financial performance; key strategic objectives; industry the growth rates for of ad-supported programmatic connected television ("CTV"); our ability to use and the shift in video consumption from linear TV collect data to CTV; anticipated benefits of new offerings, including the introduction of provide our new Magnite Streaming platform and our ClearLine solution; the success of the consolidation of our two CTV platforms; the effects of our cost reduction initiatives; offerings; scope and duration of client relationships; the fees we may charge in the future; our anticipated financial performance; key strategic objectives; anticipated benefits of new offerings; business mix; sales growth; benefits from supply path optimization; the development of identity solutions; client utilization of our offerings; our competitive differentiation; our market share and leadership position in the industry; market conditions, trends, and opportunities; certain statements regarding future operational performance measures; and other statements that are not historical facts. These statements are not guarantees of future performance; they reflect our current views with respect to future events and are based on assumptions and estimates and subject to known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from expectations or results projected or implied by forward-looking statements.

Risks that our business faces include, but are not limited to, the following:

- *our ability to realize the anticipated benefits of the SpotX Acquisition, SpringServe Acquisition, and other acquisitions;*
- *the impact of macroeconomic challenges on the overall demand for advertising and the advertising marketplace, including as a result of global conflict, global pandemics and the responses to such pandemics by governments, inflation, supply chain issues, labor strikes, capital market disruptions and instability of financial institutions, the occurrence of a recession, or concerns relating to the foregoing;*
- *CTV spend on our platform may grow more slowly than we expect if industry growth rates for ad supported CTV are not accurate, if CTV sellers fail to adopt programmatic advertising solutions or if we are unable to maintain or increase access to CTV advertising inventory;*

- *we may be unsuccessful in our supply path optimization efforts with buyers;*
- *our ability to introduce new offerings and bring them to market in a timely manner and potential responses or reactions of clients, vendors, and competitors to the announcement of new products and offerings;*
- *uncertainty of our estimates and expectations associated with new offerings, including our SpringServe ad server, ClearLine product, and our developing identity solutions;*
- *potential negative impacts associated with the integration of our CTV platforms and the introduction of Magnite Streaming;*
- *we must increase the scale and efficiency of our technology infrastructure to support our growth and recent developments in artificial intelligence and machine learning may accelerate or exacerbate potential risks related to technological developments;*
- *the emergence of header bidding has increased competition from other demand sources and may cause infrastructure strain and added costs;*
- *our access to mobile inventory may be limited by third-party technology or lack of direct relationships with mobile sellers;*
- *we may experience lower take rates, which may not be offset by increases in ad spend;*
- *the impact of requests for discounts, fee concessions, rebates, refunds or favorable payment terms;*
- *our business may be subject to sales and use tax, advertising and other taxes;*
- *failure by us or our clients to meet advertising and inventory content standards;*

- *the freedom of buyers and sellers to direct their spending and inventory to competing sources of inventory and demand, and to establish direct relationships and integrations without the use of our platform;*
- *our reliance on large aggregators of advertising inventory, and the concentration of CTV among a small number of large sellers that enjoy significant negotiating leverage with respect to take rates and other terms;*
- *our ability to provide value to both buyers and sellers of advertising without being perceived as favoring one over the other or being perceived as competing with them through our service offerings;*
- *our reliance on large sources of advertising demand, including demand side platforms ("DSPs") that may have or develop high-risk credit profiles or fail to pay invoices when due;*
- *our sales efforts may require significant time and expense and may not yield the results we seek;*
- *we may be exposed to claims from clients for breach of contract;*
- *the effects of seasonal trends on our results of operations;*
- *we operate in an intensely competitive market that includes companies that have greater financial, technical and marketing resources than we do;*
- *the effects of consolidation in the ad tech industry or among our publisher clients;*
- *our ability to differentiate our offerings and compete effectively to combat commodification and disintermediation;*
- *potential limitations on our ability to collect or use data as a result of consumer tools, regulatory restrictions and technological limitations;*
- *the development and use of new identity solutions as a substitute for third-party cookies and other identifiers may disrupt the programmatic ecosystem, require additional investment and resources, and cause the performance of our platform to decline;*
- *the industry may not adopt or may be slow to adopt the use of first-party publisher segments as an alternative to third-party cookies;*
- *the impact of antitrust regulations or enforcement actions targeting the digital advertising ecosystem;*
- *our ability to comply with, and the effect on our business of, evolving legal standards and regulations, particularly concerning data protection and privacy;*
- *errors or failures in the operation of our solution, interruptions in our access to network infrastructure or data, and breaches of our computer systems;*
- *our ability to ensure a high level of brand safety for our clients and to detect "bot" traffic and other fraudulent or malicious activity;*
- *our ability to attract and retain qualified employees and key personnel;*
- *costs associated with enforcing our intellectual property rights or defending intellectual property infringement;*
- *our ability to comply with the terms of our financing arrangements;*
- *restrictions in our Credit Agreement may limit our ability to make strategic investments, respond to changing market conditions, or otherwise operate our business;*
- *increases in our debt leverage may put us at greater risk of defaulting on our debt obligations, subject us to additional operating restrictions and make it more difficult to obtain future financing on favorable terms;*
- *conversion of our Convertible Senior Notes would dilute the ownership interest of existing stockholders;*
- *the Capped Call Transactions subject us to counterparty risk and may affect the value of the Convertible Senior Notes and our common stock;*
- *the conditional conversion feature of the Convertible Senior Notes, if triggered, may adversely affect our financial condition and operating result;*

- *failure to successfully execute our international growth plans;*
- *failure to maintain an effective system of internal control over financial reporting, which could adversely affect investor confidence;*
- *the use of our net operating losses and tax credit carryforwards may be subject to certain limitations;*
- *our ability to raise additional capital if needed;*
- *volatility in the price of our common stock;*
- *the impact of our repurchase program on our stock price and cash reserves;*

- *competition for investors and the impact of negative analyst or investor research reports; and*
- *provisions of our charter documents and Delaware law may inhibit a potential acquisition of the company and limit the ability of stockholders to cause changes in company management.*

We discuss many of these risks and additional factors that could cause actual results to differ materially from those anticipated by our forward-looking statements under the headings "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations," and elsewhere in this report and in other filings we have made and will make from time to time with the Securities and Exchange Commission, or SEC, including our Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023 and subsequent filings. These forward-looking statements represent our estimates and assumptions only as of the date of the report in which they are included. Unless required by federal securities laws, we assume no obligation to update any of these forward-looking statements, or to update the reasons actual results could differ materially from those anticipated, to reflect circumstances or events that occur after the statements are made. Without limiting the foregoing, any guidance we may provide will generally be given only in connection with quarterly and annual earnings announcements, without interim updates, and we may appear at industry conferences or make other public statements without disclosing material nonpublic information in our possession. Given these uncertainties, investors should not place undue reliance on these forward-looking statements.

Investors should read this Quarterly Report on Form 10-Q and the documents that we reference in this report and have filed or will file with the SEC completely and with the understanding that our actual future results may be materially different from what we expect. We qualify all of our forward-looking statements by these cautionary statements.

The following discussion should be read in conjunction with our unaudited condensed consolidated financial statements and notes thereto appearing elsewhere in this Quarterly Report on Form 10-Q.

Table of Contents

Overview

Magnite, Inc., ("we," or "us"), provides technology solutions to automate the purchase and sale of digital advertising inventory.

On April 1, 2020, we completed a stock-for-stock merger with Telaria, Inc. ("Telaria" and such merger the "Telaria Merger"), a leading provider of connected television ("CTV") technology, and on April 30, 2021, we completed the acquisition of SpotX, Inc. ("SpotX" and such acquisition the "SpotX Acquisition"), a leading platform shaping CTV and video advertising globally. On July 1, 2021, we acquired SpringServe, LLC ("SpringServe"), a leading ad serving platform for CTV. SpringServe's ad serving technology manages multiple aspects of video advertising, including for CTV publishers, across both programmatic and direct-sold inventory, including forecasting, routing, customized ad experiences and ad formats, and advanced podding logic.

Following these acquisitions, we We believe that we are the world's largest independent omni-channel sell-side advertising platform ("SSP"), offering a single partner for transacting globally across all channels, formats and auction types, and the largest independent programmatic CTV marketplace, making it easier for buyers to reach CTV audiences at scale from industry-leading streaming content providers, broadcasters, platforms and device manufacturers.

Our platform features applications and services for sellers of digital advertising inventory, or publishers, that own and operate CTV channels, applications, websites and other digital media properties, to manage and monetize their inventory; applications and services for buyers, including advertisers, agencies, agency trading desks, and demand side platforms ("DSPs"), to buy digital advertising inventory; and a transparent, independent marketplace that brings buyers and sellers together and facilitates intelligent decision making and automated transaction execution at scale. Our clients include many of the world's leading buyers and sellers of digital advertising inventory. Our platform processes trillions of ad requests per month, allowing buyers access to a global, scaled, independent alternative to "walled gardens," who both own and sell inventory and maintain control on the demand side.

Our streaming SSP platform and ad server offers CTV sellers a holistic solution for workflow, yield management and monetization, across both programmatic and direct-sold video inventory. We provide sellers with a full suite of tools for sellers to control their advertising business and protect the consumer viewing experience. experience and brand safety expectations, while increasing revenue opportunities, including forecasting tools, customized ad experiences and ad formats, and advanced podding logic. These tools are particularly important to CTV sellers who need to ensure provide a TV-like viewing and advertising experience for consumers. For instance, our "ad-pod" ad-pod feature provides publishers with a tool analogous to commercial breaks in traditional linear television so that they can request and manage several ads at once from different demand sources. Using this tool, publishers can establish business rules such as competitive separation of advertisers to ensure so that competing brand ads do not appear during the same commercial break. Other tools we offer include audio normalization tools to control for the volume of an ad relative to content, frequency capping to avoid exposing viewers to repetitive ad placements, and creative review so that a publisher can review and approve the ad units being served to its properties. In addition, through the integration of our SSP and ad server we are able to offer a holistic work flow and yield management solution that dynamically allocates between direct-sold and programmatic inventory to drive value.

Buyers leverage our platform to manage their advertising spend and reach their target audiences on brand-safe premium inventory, simplify order management and campaign tracking, obtain actionable insights into audiences for their advertising, and access impression-level purchasing from thousands of sellers. We believe that our scale, platform features, and omni-channel offering makes us an essential partner for buyers.

We operate our business on a worldwide basis, with an established operating presence in North America, Australia and Europe, and a developing presence in Asia and South America. Our non-U.S. subsidiaries and operations perform primarily sales, marketing, and service functions.

How We Generate Revenue

Digital advertising inventory is created when consumers access sellers' content. Sellers provide digital advertising inventory to our platform in the form of advertising requests, or ad requests. When we receive ad requests from sellers, we send bid requests to buyers, which enable buyers to bid on sellers' digital advertising inventory. Winning bids can create advertising, or paid impressions, for the seller to present to the consumer. The price that buyers pay for each thousand paid impressions purchased is measured in units referred to as CPM, or cost per thousand, and the total volume of spending between buyers and sellers on our platform is referred to as advertising spend.

We generate revenue from the use of our platform for the purchase and sale of digital advertising inventory. Generally, our revenue is based on a percentage of the ad spend that runs through our platform, although for certain clients or transaction types we may receive a fixed CPM for each impression sold, and for advertising campaigns that are transacted through insertion orders, we earn revenue based on the full amount of ad spend that runs through our platform. We also generate revenue from our SpringServe

ad server and Demand Manager header-bidding product, where fees are generally based on the number Table of impressions processed. In addition, we may receive certain fixed monthly fees for the use of our platforms or products. Contents

Industry and Business Trends, Opportunities and Challenges

Continued Shift Toward Digital Advertising and Automation of Buying and Selling

Consumers are rapidly shifting their viewing habits towards digital mediums and expect to be able to consume content seamlessly across multiple devices, including computers, tablets, smartphones, and CTVs whenever and wherever they want. As digital content consumption continues to proliferate, we believe the percentage of advertising dollars spent through digital channels will continue to grow.

Automation of Buying and Selling

Due to the size and complexity of the digital advertising ecosystem and purchasing process, manual processes cannot effectively manage digital advertising inventory at scale. In addition, both buyers and sellers are demanding more transparency, better controls and more relevant insights from their advertising inventory purchases and sales. This has created a need for software solutions, known as programmatic advertising, that automate the process for planning, buying, selling and measuring digital advertising across screens. Programmatic advertising allows buyers and sellers to transact on an impression-by-impression basis through the use of real-time bidding technology, and allows for the use of advanced data and identity solutions to better target ad campaigns. Programmatic transactions include open auctions, where multiple buyers bid against each other in a real-time auction for the right to purchase a publisher's inventory, as well as reserve auctions, where publishers establish direct deals or private marketplaces with select buyers. Programmatic is the dominant method of transacting for desktop, CTV, These reserve auctions may be “guaranteed,” where a buyer has negotiated a pre-established price and mobile inventory. volume with a seller.

Convergence of TV and Digital

CTV viewership is growing rapidly and the pace of adoption is accelerating the transition of linear television to CTV programming. As the number of CTV channels continues to proliferate, we believe that ad-supported models or hybrid models that rely on a combination of subscription fees and advertising revenue will continue to gain traction. In turn, we believe brand advertisers looking to engage with streaming viewers will continue to shift their budgets from linear to CTV. Furthermore, as the CTV market continues to mature, we believe that a greater percentage of CTV advertising inventory will be sold programmatically, and through biddable environments rather than programmatic guaranteed, similar to trends that occurred in desktop and mobile. As such, we expect

We have made and plan to continue to make significant investments in technology, sales and support related to our CTV to growth initiatives, and believe CTV will be a significant driver of our revenue growth for the foreseeable future. Consistent with this growth objective, in 2023 we introduced our Magnite Streaming platform, which merges leading technology from our legacy Magnite CTV and SpotX CTV platforms. We believe the combination of our Magnite Streaming platform with our ad server, which we acquired in 2021, is highly strategic as it allows us to offer publishers an independent full-stack solution to the walled gardens, which can be leveraged across their entire video advertising business.

The percentage of our revenue and Contribution ex-TAC (as defined in section "Key Operating and Financial Performance Metrics") attributable to CTV has increased significantly in recent years. Because CTV is largely transacted through reserve auctions, these types of auctions have become a more significant portion of the transactions on our platform. In addition, as newer entrants to programmatic advertising, the largest publishers and broadcasters have tended to transact almost exclusively through reserve auctions and have lower overall take rates. These publishers have continued to increase their focus and investment in programmatic CTV, and in recent periods have grown as a percentage of our CTV business. Accordingly, the increase in share among these publishers on our platform has driven a decrease in our aggregate CTV take rates.

Identity Solutions

A number of participants in the advertising technology ecosystem have taken or are expected to take action to eliminate or restrict the use of third-party cookies and other primary identifiers that have historically been used to deliver targeted advertisements. We For instance, Google previously announced plans to fully deprecate third-party cookies by the end of 2024. Recently, Google has announced that this timing will be delayed until at least 2025, but has not provided a specific timeline. While we generally support third-party cookie deprecation in favor of more transparent identity solutions, these efforts could lead to significant uncertainty and instability in the short term as the industry adjusts to a new targeting paradigm, as well as a decrease in CPMs and a shift of advertising spend to large walled gardens that have access to large amounts of first party data.

Despite these potential near-term challenges, in the longer term we believe that the elimination of third-party cookies has the potential to shift the programmatic ecosystem from an identity model powered by buyers that are able to aggregate and target audiences through cookies to one enabled by sellers that have direct relationships with consumers and are therefore better positioned to obtain user data and consent for implementing first party identifiers. In CTV, this identity model already largely exists with publishers more tightly controlling access to identifiers and user data, while offering proprietary first party data segments for reaching desired audiences. We believe that our scale and expertise in CTV position us well to take a leadership position in advancing this shift to a first party identity model and creating additional value opportunities for our clients. Accordingly, we have invested and intend to further invest in the development and enhancement of industry leading identity and audience solutions.

In June 2023 we announced Magnite Access, a suite

Table of products designed to help publishers manage their data assets to generate more revenue. The Magnite Access suite leverages new, custom-built technologies as well as products from recent acquisitions including Nth Party, Ltd. ("Nth Party"), a developer of cryptographic software for secure audience data sharing and analysis, in

December 2021, and Carbon (AI) Limited ("Carbon"), a platform that enables publishers to measure, manage, and monetize audience segments, in February 2022. Though portions of Magnite Access are already available to our clients, others are in testing and are expected to reach wider availability this year. Contents

We support industry privacy initiatives and believe that the next generation of identity solutions need to be open and ubiquitous, with consumer privacy, transparency and control at the core. We further believe that these solutions will ultimately lead to greater trust and consumer confidence in digital advertising, which will be positive for the advertising ecosystem in the long term. In the short term, however, these changes could create some variability in our revenue across certain buyers or sellers, depending on the timing of changes and developed solutions.

Supply Path Optimization

Supply Path Optimization ("SPO") refers to efforts by buyers to consolidate the number of vendors with which they work to find the most effective and cost-efficient paths to procure media. SPO is important to buyers because it can increase the proportion of their advertising ultimately spent on working media, with the goal of increasing return on their advertising spend, and can help them gain efficiencies by reducing the number of vendors with which they work in a complex ecosystem. In furtherance of these goals, in April 2023 we announced the launch of ClearLine, a self-service solution that provides agencies direct access to premium advertising on our platform. This solution helps agencies maximize the spend going towards working media, makes it easier for sellers and agencies to securely share data, improves workflow for campaigns traditionally transacted manually, and helps publishers generate more revenue and develop new sources of unique demand. We believe we are well positioned to benefit from SPO in the long run as a result of our transparency, our broad and unique inventory supply across all channels and formats, including CTV, buyer tools, such as traffic shaping and ClearLine that reduce the cost of working with us, and our brand safety measures.

Header Bidding and Data Processing

Header bidding is a programmatic technique by which sellers offer inventory to multiple ad exchanges and supply side platforms, such as our platform, simultaneously. Header bidding has been rapidly adopted in recent years in the desktop and mobile channels and has experienced modest adoption in CTV. The adoption of header bidding has created a number of challenges and technical complexities for both sellers and buyers, which require sophisticated tools to manage. We have invested in technology solutions, such as Demand Manager, to help desktop and mobile publishers manage their header-bidding inventory.

In addition, header bidding has led to a significant increase in the number of ad impressions to be processed and analyzed through our platform as well as by DSPs, which can lead to increased costs if not properly addressed. We have invested continuously work to increase the operational efficiency of our platform, so as to enable buyers and sellers to achieve their campaign and monetization objectives in technology solutions, such a cost-effective manner. Our solution is self-improving as Demand Manager, we process more volume and accumulate more data, which in turn helps make our machine-learning algorithms more intelligent. We believe these cost savings make our platform more attractive to help desktop and mobile publishers manage their header-bidding inventory. buyers, which in turn improves revenue opportunities for sellers.

While header-bidding technologies have not been largely adopted by CTV sellers, such solutions or similar solutions geared towards increasing demand competition have become more prevalent. We have addressed this, in part, through our SpringServe ad server, which offers sellers a unified programmatic demand solution for CTV that leverages our existing programmatic SSP capabilities as well as connecting connects with third party programmatic demand sources.

Privacy Regulation

Our business is highly susceptible to existing and emerging privacy regulations and oversight concerning the collection, use and sharing of data. Data protection authorities in the United States and around the world have focused on the advertising technology ecosystem. Because we, and our clients, rely upon large volumes of such data, it is essential that we monitor developments in this area domestically and globally, and engage in responsible privacy practices.

We do not collect information that can be used directly to identify a real person, such as name, address, or phone number, and we take steps to avoid collecting and storing such information. Instead, we rely on pseudonymous forms of data such as IP addresses, general geo-location information, and persistent identifiers about Internet users and do not attempt to associate this data with other data that can be used to identify real people. Increasingly, this type of information is considered "personal" across various jurisdictions and is therefore governed by consumer privacy laws and may be the subject of future legislation or regulation.

There are also a number of specific laws and regulations governing the collection and use of certain types of consumer data relevant to our business. For example, the Children's Online Privacy Protection Act ("COPPA"), imposes restrictions on the collection and use of data about users of child-directed websites.

In the European Economic Area ("EEA") member states and the United Kingdom (“UK”), the use and transfer of personal data is governed by the General Data Protection Regulation and the UK General Data Protection Regulation (the "GDPR" and "UK GDPR"). The GDPR and UK GDPR set out significant potential liabilities for certain data protection violations and establish significant regulatory requirements resulting in a greater compliance burden for us in the course of delivering our solution in the EEA and UK.

In addition to the GDPR and UK GDPR, a number of recent privacy regulations will or have already come into effect in the United States. California was the first state to enact an omnibus consumer privacy law in 2018, the California Consumer Privacy Act ("CCPA"), which became effective January 1, 2020. This law imposes substantial obligations on businesses that handle the personal information of California residents. The obligations imposed require us to maintain ongoing significant resources for compliance purposes. In addition, amendments to the CCPA, along with broad-based consumer privacy laws in Connecticut, Colorado, Virginia, and Utah, will all take effect by the end of 2023 and impose obligations that are similar to the CCPA. These new laws will cause us to incur additional compliance costs and impose additional restrictions on us and on our industry partners. In addition, other privacy bills have been introduced at both the state and federal level and certain international territories are imposing new or expanded privacy obligations. In the coming years, we expect further consumer privacy regulation worldwide.

Additionally, our compliance with our privacy policies and our general consumer privacy practices are also subject to review by the Federal Trade Commission, which may bring enforcement actions to challenge allegedly unfair and deceptive trade practices, including the violation of privacy policies and representations therein. Certain State Attorneys General may also bring enforcement actions based on comparable state laws or federal laws that permit state-level enforcement. Outside of the United States, our privacy and data practices are subject to regulation by data protection authorities and other regulators in the countries in which we do business.

Beyond laws and regulations, we are members of self-regulatory bodies that impose additional requirements related to the collection, use, and disclosure of consumer data, including the Internet Advertising Bureau ("IAB"), the Digital Advertising

Alliance, the Network Advertising Initiative, and the Europe Interactive Digital Advertising Alliance. Under the requirements of these self-regulatory bodies, in addition to other compliance obligations, we provide consumers with notice via our privacy policy about our use of cookies and other technologies to collect consumer data, and of our collection and use of consumer data to deliver personalized advertisements. We allow consumers to opt-out from the use of data we collect for purposes of behavioral advertising through a mechanism on our website, linked through our privacy policy as well as through portals maintained by some of these self-regulatory bodies.

We support privacy initiatives and believe they will be beneficial to consumers' confidence in advertising technology, which will ultimately be positive for the advertising ecosystem in the long term. However, until prevailing compliance practices standardize, the impact of worldwide privacy regulations on our business and, consequently, our revenue could be negatively impacted.

For additional information regarding regulatory risks to our business, see "Item 1A. Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2022.

Trends in Our Business

As CTV viewership is growing rapidly and the pace of adoption is accelerating the shift of advertising budgets from linear television to CTV, we believe we have strategically positioned ourselves to take advantage of this trend, and that CTV will be our biggest growth driver in future periods.

The SpotX Acquisition resulted in a significant increase in our revenue and Contribution ex-TAC (as defined in section "Key Operating and Financial Performance Metrics"), in particular in CTV and online video. Following the transaction, the percentage of our revenue attributable to CTV increased significantly, and because CTV is largely transacted through reserve auctions, these types of auctions have become a more significant portion of the transactions on our platform. In addition, as newer entrants to programmatic advertising, the largest publishers and broadcasters have tended to transact almost exclusively through reserve auctions and have lower overall take rates. These publishers have continued to increase their focus and investment in programmatic CTV, and in recent periods have grown as a percentage of our CTV business. Accordingly, the increase in share among these publishers on our platform has driven a decrease in our aggregate CTV take rates. The SpotX Acquisition also resulted in an increase in related operating expenses, primarily associated with costs for personnel, data center and hosting costs, facilities, payments to sellers for revenue reported on a gross basis, and other ancillary costs to support the business. We have been able to offset some of these increases through cost saving activities and the achievement of acquisition synergies. As part of our integration efforts, we recently introduced our unified CTV platform, Magnite Steaming, which merges leading technology from the legacy Magnite CTV and SpotX CTV platforms. We completed the migration to our unified platform early in the third quarter of 2023.

The SpringServe Acquisition expanded our video and CTV offering to include ad server functionality in addition to our programmatic SSP capabilities. The SpringServe ad server manages multiple aspects of video advertising for both programmatic transactions and inventory sold directly by the publisher and, combined with our SSP, provides publishers a holistic yield management solution that works across the publisher's entire video advertising business to drive value. This is of particular importance for CTV publishers, who still sell a large percentage of their inventory through their direct sales team. We believe the acquisition of SpringServe is highly strategic as it allows us to offer publishers an independent full-stack solution to the walled gardens, which can be leveraged across their entire video advertising business.

During the three months ended March 31, 2023, we announced a reduction of our global workforce by approximately 6%. The reduction in force was primarily associated with the elimination of duplicative technology roles resulting from the integration of our CTV platforms and represent cost synergies related to our acquisition.

Macroeconomic Developments

Our business has been negatively impacted as a result of macroeconomic challenges, such as inflation, high interest rates, global conflict, capital market disruptions and instability of financial institutions, the risk of a recession, labor strikes, and other macroeconomic factors, which have generally negatively impacted ad budgets, and in turn has have led to slower ad spend growth through our platform. Any worsening of macroeconomic conditions in future periods would likely have a negative effect on our financial results, the magnitude of which is difficult to predict. In addition, continued inflation could result in an increase in our cost base relative to our revenue.

Refer to Item 1A. "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023 for additional information related to risks associated with macroeconomic challenges.

Table of Contents

Components of Our Results of Operations

We report our financial results as one operating segment. Our consolidated operating results are regularly reviewed by our chief operating decision maker, principally to make decisions about how we allocate our resources and to measure our consolidated operating performance.

Revenue

We generate revenue from the use of our platform for the purchase and sale of digital advertising inventory. Generally, our revenue is based on a percentage of the ad spend that runs through our platform, although for certain clients, services, or transaction types, we may receive a fixed CPM for each impression sold, and for advertising campaigns that are transacted through insertion orders, we earn revenue based on the full amount of ad spend that runs through our platform. We also generate revenue from our ad server and Demand Manager header-bidding product, where fees are either based on the number of impressions processed or a percent of ad spend. In addition, we may receive certain fixed monthly fees for the use of our platform or products. We recognize revenue upon the fulfillment of our contractual obligations in connection with a completed transaction, subject to satisfying all other revenue recognition criteria. For the majority of transactions executed through our platform, we act as an agent on behalf of the publisher that is monetizing its inventory, and revenue is recognized net of any advertising inventory costs that we remit to sellers. With respect to certain revenue streams for managed advertising campaigns that are transacted through insertion orders, we report revenue on a gross basis, based primarily on our determination that the Company acts as the primary obligor in the delivery of advertising campaigns for our buyer clients with respect to such transactions.

For the three and nine months ended September 30, 2023, March 31, 2024 and 2023, our revenue reported on a gross basis was 18% 19% and 18%, respectively, 17% of total revenue and for the three and nine months ended September 30, 2022, our revenue reported on a gross basis was 20% and 18%, respectively, of total revenue. respective periods. Any mix shift that causes an increase in the relative percentage of our revenue accounted for on a gross basis would result in a higher revenue contribution and an associated decrease in our gross margin percentage (with no underlying impact on gross profit or Contribution ex-TAC, as defined in section "Key Operating and Financial Performance Metrics"). Our revenue recognition policies are discussed in more detail in our audited consolidated financial statements and notes thereto for the year ended December 31, 2022 December 31, 2023 included in our Annual Report on Form 10-K and in Note 3 of the accompanying Notes to the Condensed Consolidated Financial Statements.

Expenses

We classify our expenses into the following categories:

Cost of Revenue. Our cost of revenue primarily consists primarily of cloud hosting, data center, and bandwidth costs, ad protection verification costs, depreciation and maintenance expense of hardware supporting our revenue-producing platform, amortization of software costs for the development of our revenue-producing platform, amortization expense associated with acquired developed technologies, personnel costs, and facilities-related personnel costs. In addition, for revenue booked on a gross basis, cost of revenue includes traffic acquisition costs. Personnel costs included in cost of revenue include salaries, bonuses, and stock-based compensation, and are primarily attributable to personnel in our network operations group who support our platform. We capitalize costs associated with software that is developed or obtained for internal use and amortize the costs associated with our revenue-producing platform in cost of revenue over their estimated useful lives. We amortize acquired developed technologies over their estimated useful lives.

Sales and Marketing. Our sales and marketing expenses consist primarily consists of personnel costs, including salaries, bonuses, and stock-based compensation, as well as marketing expenses such as brand marketing, travel expenses, trade shows and marketing materials, professional services, and amortization expense associated with client relationships, backlog, and non-compete agreements from our business acquisitions, and to a lesser extent, professional services, facilities-related costs, and depreciation and amortization. expense. Our sales and support organization focuses on increasing the adoption of our solution by existing and new buyers and sellers and supports ongoing client relationships. We amortize acquired intangibles associated with client relationships and backlog from our business acquisitions over their estimated useful lives.

Technology and Development. Our technology and development expenses consist primarily consists of personnel costs, including salaries, bonuses, and stock-based compensation, as well as outsourced resources professional services associated with the ongoing development and maintenance of our solution, third-party software license costs, facilities-related costs, and depreciation and amortization and to a lesser extent, facilities-related costs. expense. These expenses include costs incurred in the development, implementation, and maintenance of internal use software, including platform and related infrastructure. Technology and development costs are expensed as incurred, except to the extent that such costs are associated with internal use software development that qualifies for capitalization, which are then recorded as internal use software development costs, net, on our condensed consolidated balance sheets. We amortize internal use software development costs that relate to our revenue-producing activities on our platform to cost of revenue and amortize other internal use software development costs to technology and development costs or general and administrative expenses, depending on the nature of the related project. We amortize acquired intangibles associated with technology and development functions from our business acquisitions over their estimated useful lives.

General and Administrative. Our general and administrative expenses consist primarily consists of personnel costs, including salaries, bonuses, and stock-based compensation, associated with our executive, finance, legal, human resources, compliance, and other administrative personnel, as well as accounting and legal professional services fees, facilities-related costs, and depreciation

and amortization, expense, bad debt expense, and other corporate-related expenses. General and administrative expenses also include amortization

Table of internal use software development costs and acquired intangible assets from our business acquisitions over their estimated useful lives that relate to general and administrative functions. Contents

Merger, Acquisition, and Restructuring Costs. Our merger, acquisition, and restructuring costs consist primarily consists of professional service fees associated with the merger and acquisition activities, cash-based employee termination costs, related stock-based compensation charges, and other restructuring activities, including facility closures, relocation costs, contract termination costs, and impairment costs of abandoned technology associated with restructuring activities.

Other (Income) Expense

Interest (Income) Expense, Net. Interest expense primarily consists of interest expense associated with our 2024 Term Loan B Facility (defined below), 2021 Term Loan B Facility (defined below) and Convertible Senior Notes (defined below), and their related amortization of debt issuance costs and debt discount. Interest income primarily consists of interest earned on our cash equivalents.

Other Income. Other income consists primarily of rental income from commercial office space we hold under lease and have sublet to other tenants.

Foreign Currency Exchange (Gain) Loss, Net. Foreign currency exchange (gain) loss, net consists primarily of gains and losses on foreign currency transactions and remeasurement of monetary assets and liabilities on our balance sheet denominated in foreign currencies. Foreign currency monetary assets and liabilities consist primarily consists of cash and cash equivalents, accounts receivable, accounts payable, and various intercompany balances held between our subsidiaries. Our primary foreign currency exposures are currencies other than the U.S. Dollar, principally the Australian Dollar, British Pound, Canadian Dollar, Euro, Japanese Yen, and New Zealand Dollar.

Gain (Gain) Loss on Extinguishment of Debt. Gain or loss on extinguishment of debt consists of gains or losses associated with the repurchases of Convertible Senior Notes at a discount or premium respectively, including unamortized issuance costs, accrued interest expense, and commissions gains or losses associated with the extinguished debt. refinancing of our debt facilities, including the extinguishment of unamortized debt discount, debt issuance costs, and deferred financing costs.

Other Income. Other income primarily consists of rental income from commercial office space we hold under lease and have sublet to other tenants.

Provision (Benefit) for Income Taxes

We are subject to income taxes in the U.S. (federal and state) and numerous foreign jurisdictions. Tax laws, regulations, administrative practices, principles, and interpretations in various jurisdictions may be subject to significant change, with or without notice, due to economic, political, and other conditions, and significant judgment is required in evaluating and estimating our provision and accruals for these taxes. There are many transactions that occur during the ordinary course of business for which the ultimate tax determination is uncertain. Our effective tax rates could be affected by numerous factors, such as changes in our business operations, acquisitions, investments, entry into new businesses and geographies, intercompany transactions, the relative amount of our foreign earnings, including earnings being lower than anticipated in jurisdictions where we have lower statutory rates and higher than anticipated in jurisdictions where we have higher statutory rates, losses incurred in jurisdictions for which we are not able to realize related income tax benefits, the applicability of special tax regimes, changes in foreign currency exchange rates, changes in our stock price, changes in our deferred tax assets ("DTAs") and liabilities and their valuation, changes in the laws, regulations, administrative practices, principles, and interpretations related to tax, including changes to the global tax framework, competition, and other laws and accounting rules in various jurisdictions.

Table of Contents

Results of Operations

The following table sets forth our condensed consolidated results of operations:

		Three Months Ended			Nine Months Ended		
		September 30, 2023	September 30, 2022	Change %	September 30, 2023	September 30, 2022	Change %
		(in thousands)			(in thousands)		
		Three Months Ended					
		Three Months Ended					
		Three Months Ended					
		March 31, 2024					
		March 31, 2024					
		March 31, 2024					
		(in thousands)					
		(in thousands)					
		(in thousands)					
Revenue							
Revenue							
Revenue	Revenue	$ 150,085	$ 145,815	3 %	$ 432,778	$ 401,670	8 %
Expenses (1)(2):	Expenses (1)(2):						
Expenses (1)(2):							
Expenses (1)(2):							
Cost of revenue							
Cost of revenue							
Cost of revenue	Cost of revenue	84,878	71,753	18 %	339,881	196,150	73 %
Sales and marketing	Sales and marketing	38,227	49,848	(23) %	136,407	151,675	(10) %
Sales and marketing							
Sales and marketing							
Technology and development							

Technology and development									
Technology and development	Technology and development	23,537	25,134	(6)	%	71,135	71,214	—	%
General and administrative	General and administrative	21,286	20,235	5	%	68,023	59,405	15	%
General and administrative									
General and administrative									
Merger, acquisition, and restructuring costs									
Merger, acquisition, and restructuring costs									
Merger, acquisition, and restructuring costs	Merger, acquisition, and restructuring costs	—	—	—	%	7,465	7,468	—	%
Total expenses	Total expenses	167,928	166,970	1	%	622,911	485,912	28	%
Total expenses									
Total expenses									
Loss from operations	Loss from operations	(17,843)	(21,155)	(16)	%	(190,133)	(84,242)	126	%
Other expense, net		601	3,671	(84)	%	578	12,240	(95)	%
Loss from operations									
Loss from operations									
Other (income) expense, net									
Other (income) expense, net									
Other (income) expense, net									
Loss before income taxes									
Loss before income taxes									
Loss before income taxes	Loss before income taxes	(18,444)	(24,826)	(26)	%	(190,711)	(96,482)	98	%
Benefit for income taxes	Benefit for income taxes	(967)	(435)	122	%	(613)	(2,544)	(76)	%
Benefit for income taxes									
Benefit for income taxes									
Net loss	Net loss	$ (17,477)	$ (24,391)	(28)	%	$ (190,098)	$ (93,938)	102	%
Net loss									
Net loss									

NM - Not meaningful

(1) Stock-based compensation expense included in our expenses was as follows:

	Three Months Ended	
	March 31, 2024	March 31, 2023
	(in thousands)	
Cost of revenue	$ 500	$ 468
Sales and marketing	8,236	7,405
Technology and development	5,416	5,446
General and administrative	6,679	5,825
Merger, acquisition, and restructuring costs	—	143
Total stock-based compensation expense	$ 20,831	$ 19,287

REFINITIV

(2) Depreciation and amortization expense included in our expenses was as follows:

	Three Months Ended	
	March 31, 2024	March 31, 2023
	(in thousands)	
Cost of revenue	$ 10,716	$ 80,391
Sales and marketing	2,610	15,044
Technology and development	147	205
General and administrative	94	155
Total depreciation and amortization expense	$ 13,567	$ 95,795

(1) Stock-based compensation expense included in our expenses was as follows:

	Three Months Ended		Nine Months Ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
	(in thousands)		(in thousands)	
Cost of revenue	$ 446	$ 424	$ 1,373	$ 1,191
Sales and marketing	6,371	5,491	20,869	16,257
Technology and development	4,999	6,576	15,918	16,645
General and administrative	5,652	4,911	17,159	14,096
Merger, acquisition, and restructuring costs	—	—	143	2,004
Total stock-based compensation expense	$ 17,468	$ 17,402	$ 55,462	$ 50,193

Table of Contents

(2) Depreciation and amortization expense included in our expenses was as follows:

	Three Months Ended		Nine Months Ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
	(in thousands)		(in thousands)	
Cost of revenue	$ 36,328	$ 27,455	$ 198,055	$ 80,639
Sales and marketing	2,620	18,759	24,956	56,815
Technology and development	199	240	591	697
General and administrative	119	161	398	490
Total depreciation and amortization expense	$ 39,266	$ 46,615	$ 224,000	$ 138,641

The following table sets forth our condensed consolidated results of operations for the specified periods as a percentage of our revenue for those periods presented:

		Three Months Ended		Nine Months Ended	
		September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
		Three Months Ended			
		Three Months Ended			
		Three Months Ended			
		March 31, 2024			
		March 31, 2024			
		March 31, 2024			
Revenue					
Revenue					
Revenue	Revenue	100 %	100 %	100 %	100 %

Cost of revenue	Cost of revenue	57	49	79	49
Cost of revenue					
Cost of revenue					
Sales and marketing					
Sales and marketing					
Sales and marketing	Sales and marketing	25	34	32	38
Technology and development	Technology and development	16	17	16	18
Technology and development					
Technology and development					
General and administrative					
General and administrative					
General and administrative	General and administrative	14	14	16	15
Merger, acquisition, and restructuring costs	Merger, acquisition, and restructuring costs	—	—	2	2
Merger, acquisition, and restructuring costs					
Merger, acquisition, and restructuring costs					
Total expenses					
Total expenses					
Total expenses	Total expenses	112	115	144	121
Loss from operations	Loss from operations	(12)	(15)	(44)	(21)
Loss from operations					
Loss from operations					
Other (income) expense, net					
Other (income) expense, net					
Other (income) expense, net	Other (income) expense, net	—	3	—	3
Loss before income taxes	Loss before income taxes	(12)	(17)	(44)	(24)
Loss before income taxes					
Loss before income taxes					
Benefit for income taxes					
Benefit for income taxes					
Benefit for income taxes	Benefit for income taxes	(1)	—	—	(1)
Net loss	Net loss	(12) %	(17) %	(44) %	(23) %
Net loss					
Net loss					

Note: Percentages may not sum due to rounding.

Note: Percentages may not sum due to rounding.

Note: Percentages may not sum due to rounding.

Comparison of the Three and Nine Months Ended September 30, 2023 March 31, 2024 and 2022 2023

Revenue

Revenue increased $4.3 million $19.2 million, or 3% 15%, for the three months ended September 30, 2023 March 31, 2024 compared to the prior year period. Our revenue growth was primarily driven primarily by growth in CTV and mobile. Revenue from CTV and mobile which increased by $10.3 million, or 22%. This increase was partially offset by a decline in revenue from CTV of $3.8 million, or 5% and desktop of $2.2 million, or 8%.

Revenue increased $31.1 million, or 8%, for the nine months ended September 30, 2023 compared to the prior year period. Our revenue growth was driven primarily by mobile, which increased by $29.4 million $13.5 million, or 23%, and CTV, which increased by $11.0 million $5.8 million, or 6%. These increases were partially offset by a decline in revenue from desktop of $9.3 million 12%, or 11%. respectively.

Our revenue is largely a function of the number of advertising transactions and the price, or CPM, at which the inventory is sold, which results in total advertising spend on our platform, and, with respect to our revenue reported on a net basis, the take rate we charge for our services. Because pricing and take rate vary across publisher, channel, and transaction type, our revenue is subject to changes in publisher-specific take rates, and shifts in the mix of advertising spend on our platform among publishers and transaction types. For instance, managed services tend to have higher take rates while reserve auctions tend to have lower take rates. For the remainder of 2023, full-year 2024, we believe our revenue will increase compared to the prior year period primarily from increases in mobile partially offset by decreases in CTV.

Our business is dependent in part on the overall health of the advertising market. Our revenue and we expect CTV will be our biggest growth has been tempered, and may be negatively impacted in the future, by reductions in revenue resulting from the impact of macroeconomic challenges. If economic conditions were to deteriorate further, we would likely experience a negative impact on our future revenue trends, and the magnitude of these impacts is difficult to predict depending on their scope and duration. Refer to Item 1A. "Risk Factors" in our Annual Report on Form 10-K driver for the year ended December 31, 2022 for additional information related to these risks and the impact they may have on our business. remainder of 2024.

Cost of Revenue

Cost of revenue increased $13.1 million decreased $58.9 million, or 18% 47%, for the three months ended September 30, 2023 March 31, 2024 compared to the prior year period primarily due to an increase a decrease of $8.9 million $69.7 million in depreciation and amortization. This increase amortization, which was primarily driven by incremental amortization of $7.9 million due to the acceleration of the remaining lives of certain acquired intangible assets and capitalized software from the integration of our legacy CTV platforms into Magnite Streaming, which began during the fourth quarter of 2022 and was completed early becoming fully amortized in the third quarter of 2023. Compared to the prior year period, costs of revenue also included an increase of $5.8 million in cloud hosting, data center, and bandwidth expenses, which This decrease was partially offset by a decrease of $1.2 million in traffic acquisition costs associated with revenue recognized on a gross basis.

Cost of revenue increased $143.7 million, or 73%, for the nine months ended September 30, 2023, compared to the prior year period, primarily due to an increase of $117.4 million in depreciation and amortization. This increase was driven by incremental amortization of $114.3 million due to the same reasons above. Compared to the prior year period, cost of revenue also included increases of $22.3 million $5.6 million in cloud hosting, data center, and bandwidth expenses and $5.2 million $4.7 million in traffic acquisition costs, associated with primarily due to revenue recognized on a gross basis. growth.

We expect cost of revenue to decrease through the remainder of 2023 2024 compared to 2022 2023 in absolute dollars primarily due to certain acquired intangible assets becoming fully amortized in 2023 and due to the completion change in estimated useful life of our network hardware assets. On January 1, 2024, we extended the accelerated amortizationestimated useful lives of our network hardware assets from three years to five years, which was due to actual and expected longer refresh cycles for these assets. Based on the related asset balance as of December 31, 2023 and those placed in service during the three months ended March 31, 2024, the effect of this change is estimated to reduce depreciation expense as discussed above. by $11.4 million for the full year ending December 31, 2024 when compared to what depreciation expense would have been based on the original expected useful lives of three years.

Cost of revenue may fluctuate from quarter to quarter and period to period, on an absolute dollar basis and as a percentage of revenue, depending on revenue levels and the volume of transactions we process supporting those revenues, and the timing and amounts of depreciation and amortization of equipment and software.

Sales and Marketing

Sales and marketing expenses decreased $11.6 million $9.4 million, or 23% 18%, for the three months ended September 30, 2023 March 31, 2024 compared to the prior year period primarily due to a decrease of $16.1 million $12.4 million in depreciation and amortization, related to which was primarily driven by

[Table of Contents](#)

certain acquired intangible assets becoming fully amortized in 2022 and in April 2023, which 2023. This decrease was partially offset by an increase increases of $4.0 million $1.9 million of personnel related to personnel expensesand $1.7 million of event and travel-related expenses.

Sales and marketing expenses decreased $15.3 million, or 10%, for the nine months ended September 30, 2023 compared to the prior year period, primarily due to a decrease of $31.9 million in depreciation and amortization due to the same reason above, which was partially offset by an increase of $13.2 million related to personnel expenses and an increase of $1.2 million related to travel and entertainment and marketing events.

We expect sales and marketing expenses to decrease increase through the remainder of 2023 2024 compared to 2022 2023 in absolute dollars primarily due to decreases in amortization of acquired intangible assets. We expect these decreases to be partially offset by increases in personnel related expenses and increases partially offset by decreases in travel and entertainment expenses compared amortization related to the prior year period. previously acquired intangible assets.

Sales and marketing expenses may fluctuate quarter to quarter and period to period, on an absolute dollar basis and as a percentage of revenue, based on revenue levels, the timing of our investments and seasonality in our industry and business.

Technology and Development

Technology and development expenses decreased $1.6 million increased $2.7 million, or 6% 11%, for the three months ended September 30, 2023 March 31, 2024 compared to the prior year period primarily due to a decrease increases of $1.9 million in personnel $1.3 million of event and travel-related expenses and $1.1 million of software license expenses.

Technology and development expenses decreased $0.1 million, or 0%, for the nine months ended September 30, 2023 compared to the prior year period.

We expect technology and development expenses to remain relatively flat increase through the remainder of 2023 2024 compared to 2022 2023 in absolute dollars. dollars due to increases in personnel related expenses and software license expenses.

The timing and amount of our capitalized development and enhancement projects may affect the amount of development costs expensed in any given period. As a percentage of revenue, technology and development expense may fluctuate from quarter to quarter and period to period based on revenue levels, the timing and amounts of technology and development efforts, the timing and the rate of the amortization of capitalized projects and the timing and amounts of future capitalized internal use software development costs.

General and Administrative

General and administrative expenses increased $1.1 million $5.6 million, or 5% 26%, for the three months ended September 30, 2023 compared to the prior year period.

General and administrative expenses increased $8.6 million, or 15%, for the nine months ended September 30, 2023, March 31, 2024 compared to the prior year period primarily due to an increase increases of $4.8 million $3.1 million in bad debt expense. Bad debt expense was primarily a result of a buyer defaulting on payment obligations expenses associated with refinancing our 2021 Credit Agreement (defined below) and subsequently filing for bankruptcy during the second quarter of 2023, resulting $2.2 million in bad debt expense of $4.5 million. Compared to the prior year period, personnel expenses.

We expect general and administrative expenses also included an to increase the remainder of $3.7 million 2024 compared to 2023 in absolute dollars primarily due to increases in personnel costs. related expenses.

General and administrative expenses may fluctuate from quarter to quarter and period to period based on the timing and amounts of expenditures in our general and administrative functions as they vary in scope and scale over periods. Such fluctuations may not be directly proportional to changes in revenue.

Merger, Acquisition, and Restructuring Costs

Merger, acquisition, and restructuring costs remained relatively flat during decreased $7.5 million, or 100% for the nine three months ended September 30, 2023 March 31, 2024 compared to the prior year period. There were no costs incurred for the three months ended March 31, 2024. Merger, acquisition, and restructuring costs incurred during the nine three months ended September 30, 2023 March 31, 2023 included $3.4 million of severance related expenses, $2.2 million of facilities related loss contracts, and $1.4 million of exit costs, all due to restructuring activities as a result of consolidating our legacy CTV and SpotX CTV platforms following the acquisition of SpotX, Acquisition. Merger, acquisition, and restructuring costs during the nine months ended September 30, 2022 included $3.3 million of impairment costs of abandoned technology and $3.2 million of severance related expenses, both related to restructuring activities from the SpotX Acquisition. Inc.

Other (Income) Expense, Net

	Three Months Ended		Nine Months Ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
	(in thousands)		(in thousands)	
Interest expense, net	$ 7,574	$ 7,016	$ 24,269	$ 21,273
Foreign exchange gain, net	(1,471)	(1,976)	(1,542)	(5,042)
Gain on debt extinguishment	(4,156)	—	(18,132)	—
Other income	(1,346)	(1,369)	(4,017)	(3,991)
Total other expense, net	$ 601	$ 3,671	$ 578	$ 12,240

	Three Months Ended	
	March 31, 2024	March 31, 2023
	(in thousands)	
Interest expense, net	$ 7,958	$ 8,175
Foreign exchange (gain) loss, net	(2,315)	233
(Gain) loss on extinguishment of debt	7,387	(8,549)
Other income	(1,292)	(1,313)
Total other (income) expense, net	$ 11,738	$ (1,454)

Interest expense, net increased $0.6 million decreased $0.2 million for the three months ended September 30, 2023 March 31, 2024 compared to the prior year period, primarily due to increased interest expense of $3.2 million as a result of increased interest rates on our Term Loan B Facility, partially offset by an increase in interest income of $2.6 million generated from cash equivalents. period.

Interest expense, Foreign exchange (gain) loss, net increased $3.0 million $2.5 million for the nine three months ended September 30, 2023 March 31, 2024 compared to the prior year period, primarily due to increased interest expense of $10.0 million, partially offset by an increase in interest income of $7.0 million, both for the reasons described above.

Foreign exchange gain, net decreased $0.5 million and $3.5 million for the three and nine months ended September 30, 2023 compared to the prior year periods, respectively, due to movements in foreign currency exchange rates and the amount of foreign currency-denominated cash, receivables, and payables, which were impacted by our billings to buyers, payments to sellers, and intercompany balances.

Gain

Table of Contents

The loss on extinguishment of debt of $7.4 million for the three months ended March 31, 2024, was due to the refinancing of our 2021 Credit Agreement (defined below). The gain on extinguishment increased $4.2 million and $18.1 million of debt of $8.5 million during the three and nine months ended September 30, 2023 compared March 31, 2023 was due to the prior year periods, respectively, due to repurchase of portions of our Convertible Senior Notes repurchases. (defined below).

Provision (Benefit) for Income Taxes

We recorded an income tax benefit of $1.0 million and $0.6 million $7.8 million for the three and nine months ended September 30, 2023, respectively, March 31, 2024 and an income tax benefit of $0.4 million and $2.5 million $0.3 million for the three and nine months ended September 30, 2022, respectively. March 31, 2023. The tax benefit for the three and nine months ended September 30, 2023 March 31, 2024 was primarily the result of the Company's ability to recognize DTAs subject to the domestic valuation allowance, Base Erosion and September 30, 2022 are Anti-Abuse Tax (BEAT), and the foreign income tax provision. The tax benefit for the three months ended March 31, 2023 was primarily the result of the Company's ability to recognize DTAs subject to the domestic valuation allowance and the foreign income tax provision. We continue to maintain a partial valuation allowance for our domestic DTAs.

Key Operating and Financial Performance Metrics

In addition to our GAAP results, we review non-GAAP financial measures, including Contribution ex-TAC and Adjusted EBITDA, to help us evaluate our business on a consistent basis, measure our performance, identify trends affecting our business, establish budgets, measure the effectiveness of investments in our technology and development and sales and marketing, and assess our operational efficiencies. Our non-GAAP financial measures are discussed below. Revenue and net income (loss) are discussed above under the headings "Components of Our Results of Operations" and "Results of Operations."

		Three Months Ended			Nine Months Ended		
		September 30, 2023	September 30, 2022	Change Favorable/ (Unfavorable)	September 30, 2023	September 30, 2022	Change Favorable/ (Unfavorable)
		(in thousands)			(in thousands)		
		Three Months Ended					
		Three Months Ended					
		Three Months Ended					
		March 31, 2024					
		March 31, 2024					
		March 31, 2024					
		(in thousands)					
		(in thousands)					
		(in thousands)					
Financial Measures and non-GAAP Financial Measures:							
Financial Measures and non-GAAP Financial Measures:							
Financial Measures and non-GAAP Financial Measures:	Financial Measures and non-GAAP Financial Measures:						
Revenue	Revenue	$ 150,085	$ 145,815	3%	$ 432,778	$ 401,670	8%
Revenue							
Revenue							
Gross profit							
Gross profit							
Gross profit	Gross profit	65,207	74,062	(12)%	92,897	205,520	(55)%
Contribution ex-TAC	Contribution ex-TAC	133,136	127,650	4%	383,867	357,998	7%
Contribution ex-TAC							

Contribution ex-TAC							
Net loss							
Net loss							
Net loss	Net loss	(17,477)	(24,391)	28%	(190,098)	(93,938)	(102)%
Adjusted EBITDA	Adjusted EBITDA	40,289	44,400	(9)%	100,958	114,562	(12)%
Adjusted EBITDA							
Adjusted EBITDA							

Contribution ex-TAC

Contribution ex-TAC is calculated as gross profit plus cost of revenue excluding traffic acquisition cost ("TAC"). Traffic acquisition cost, a component of cost of revenue, represents what we must pay sellers for the sale of advertising inventory through our platform for revenue reported on a gross basis. Contribution ex-TAC is a non-GAAP financial measure that is most comparable to gross profit. Our management believes Contribution ex-TAC is a useful measure in assessing the our performance of Magnite and facilitates a consistent comparison against our core business without considering the impact of traffic acquisition costs related to revenue reported on a gross basis.

Our use of Contribution ex-TAC has limitations as an analytical tool and you should not consider it in isolation or as a substitute for analysis of our financial results as reported under GAAP. A potential limitation of this non-GAAP financial measure is that other companies, including companies in our industry which have similar business arrangements, may define Contribution ex-TAC differently, which may make comparisons difficult. Because of these and other limitations, you should consider our non-GAAP measures only as supplemental to GAAP-based financial performance measures, including revenue, gross profit, net income (loss) and cash flows.

Table of Contents

The following table presents the calculation of gross profit and reconciliation of gross profit to Contribution ex-TAC for the three and nine months ended September 30, 2023 March 31, 2024 and 2022: 2023:

		Three Months Ended			Nine Months Ended		
		September 30, 2023	September 30, 2022	Change %	September 30, 2023	September 30, 2022	Change %
		(in thousands)			(in thousands)		
		(in thousands)					
		(in thousands)					
		(in thousands)					
Revenue							
Revenue							
Revenue	Revenue	$ 150,085	$ 145,815	3 %	$ 432,778	$ 401,670	8 %
Less: Cost of revenue	Less: Cost of revenue	84,878	71,753	18 %	339,881	196,150	73 %
Gross Profit		65,207	74,062	(12) %	92,897	205,520	(55) %
Less: Cost of revenue							
Less: Cost of revenue							
Gross profit							
Gross profit							
Gross profit							
Add back: Cost of revenue, excluding TAC							
Add back: Cost of revenue, excluding TAC							
Add back: Cost of revenue, excluding TAC	Add back: Cost of revenue, excluding TAC	67,929	53,588	27 %	290,970	152,478	91 %
Contribution ex-TAC	Contribution ex-TAC	$ 133,136	$ 127,650	4 %	$ 383,867	$ 357,998	7 %

Contribution ex-TAC

Contribution ex-TAC

We track the breakdown of Contribution ex-TAC across channels to better understand how our clients are transacting on our platform, which informs decisions as to business strategy and the allocation of resources and capital. The following table presents Contribution ex-TAC by channel:

	Contribution ex-TAC					
	Three Months Ended			Nine Months Ended		
	September 30, 2023	September 30, 2022	Change %	September 30, 2023	September 30, 2022	Change %
	(in thousands)			(in thousands)		
	Contribution ex-TAC					
	Contribution ex-TAC					
	Contribution ex-TAC					
	Three Months Ended					
	March 31, 2024					
	March 31, 2024					
	March 31, 2024					
	(in thousands)					
	(in thousands)					
	(in thousands)					
Channel:						
Channel:						
Channel: Channel:						
CTV CTV	$ 52,468	$ 55,761	(6) %	$ 154,964	$ 150,180	3 %
CTV						
CTV						
Mobile						
Mobile						
Mobile Mobile	54,971	44,734	23 %	155,260	126,999	22 %
Desktop Desktop	25,697	27,155	(5) %	73,643	80,819	(9) %
Desktop						
Desktop						
Total Total	$ 133,136	$ 127,650	4 %	$ 383,867	$ 357,998	7 %
Total						
Total						

Contribution ex-TAC increased $5.5 million $14.5 million, or 4% 12%, for the three months ended September 30, 2023 March 31, 2024 compared to the three months ended September 30, 2022 March 31, 2023. The increase in Contribution ex-TAC was primarily due to the growth in mobile. This was partially offset by a decline in our CTV and desktop businesses. drivers described above for revenue.

For the remainder of 2024, we expect Contribution ex-TAC increased $25.9 million, or 7%, for the nine months ended September 30, 2023 to increase compared to the nine months ended September 30, 2022. The increase prior year period and we expect CTV will be our biggest growth driver in Contribution ex-TAC was primarily due to growth in mobile and CTV. This was partially offset by a decline in our desktop business. 2024.

Adjusted EBITDA

We define Adjusted EBITDA as net income (loss) adjusted to exclude stock-based compensation expense, depreciation and amortization, amortization of acquired intangible assets, impairment charges, interest income or expense, and other cash and non-cash based income or expenses that we do not consider indicative of our core operating performance, including, but not limited to foreign exchange gains and losses, acquisition and related items, gains or losses on extinguishment of debt, other debt refinancing expenses, non-operational real estate and other expense expenses (income), net, and provision (benefit) for income taxes. We believe Adjusted EBITDA is useful to investors in evaluating our performance for the following reasons:

- Adjusted EBITDA is widely used by investors and securities analysts to measure a company's performance without regard to items such as those we exclude in calculating this measure, which can vary substantially from company to company depending upon their financing, capital structures, and the method by which assets were acquired.

- Our management uses Adjusted EBITDA in conjunction with GAAP financial measures for planning purposes, including the preparation of our annual operating budget, as a measure of performance and the effectiveness of our business strategies, and in communications with our board of directors concerning our performance. Adjusted EBITDA may is also be used as a metric for determining payment of cash incentive compensation.
- Adjusted EBITDA provides a measure of consistency and comparability with our past performance that many investors find useful, facilitates period-to-period comparisons of operations, and also facilitates comparisons with other peer companies, many of which use similar non-GAAP financial measures to supplement their GAAP results.

Although Adjusted EBITDA is frequently used by investors and securities analysts in their evaluations of companies, Adjusted EBITDA has limitations as an analytical tool, and should not be considered in isolation or as a substitute for analysis of our results of operations as reported under GAAP. These limitations include:

Table of Contents

- Stock-based compensation is a non-cash charge and will remain an element of our long-term incentive compensation package, although we exclude it as an expense when evaluating our ongoing operating performance for a particular period.
- Depreciation and amortization are non-cash charges, and the assets being depreciated or amortized will often have to be replaced in the future, but Adjusted EBITDA does not reflect any cash requirements for these replacements.
- Impairment charges are non-cash charges related to goodwill, intangible assets and/or long-lived assets.
- Adjusted EBITDA does not reflect certain cash and non-cash charges related to acquisition and related items, such as amortization of acquired intangible assets, merger, acquisition, or restructuring related severance costs, and changes in the fair value of contingent consideration.
- Adjusted EBITDA does not reflect cash and non-cash charges and changes in, or cash requirements for, acquisition and related items, such as certain transaction expenses expenses.
- Adjusted EBITDA does not reflect cash and expenses associated with earn-out amounts. non-cash charges related to certain financing transactions such as gains or losses on extinguishment of debt or other debt refinancing expenses.
- Adjusted EBITDA does not reflect changes in our working capital needs, capital expenditures, non-operational real estate expenses or income, or contractual commitments.
- Adjusted EBITDA does not reflect cash requirements for income taxes and the cash impact of other income or expense.
- Other companies may calculate Adjusted EBITDA differently than we do, limiting its usefulness as a comparative measure.

Our Adjusted EBITDA is influenced by fluctuations in our revenue, cost of revenue, and the timing and amounts of the cost of our operations. Adjusted EBITDA should not be considered as an alternative to net income (loss), income (loss) from operations, or any other measure of financial performance calculated and presented in accordance with GAAP.

The following table presents a reconciliation of net loss, the most comparable GAAP measure, to Adjusted EBITDA for the three and nine months ended September 30, 2023 March 31, 2024 and 2022 2023 (in thousands):

		Three Months Ended		Nine Months Ended	
		September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
Net loss	Net loss	$ (17,477)	$ (24,391)	$ (190,098)	$ (93,938)
Net loss					
Net loss					
Add back (deduct):					
Add back (deduct):					
Add back (deduct):	Add back (deduct):				
Depreciation and amortization expense, excluding amortization of acquired intangible assets	Depreciation and amortization expense, excluding amortization of acquired intangible assets	9,507	8,548	29,132	23,293

Depreciation and amortization expense, excluding amortization of acquired intangible assets					
Depreciation and amortization expense, excluding amortization of acquired intangible assets					
Amortization of acquired intangibles					
Amortization of acquired intangibles					
Amortization of acquired intangibles	Amortization of acquired intangibles	29,759	38,067	194,868	115,348
Stock-based compensation expense	Stock-based compensation expense	17,468	17,402	55,462	50,193
Stock-based compensation expense					
Stock-based compensation expense					
Merger, acquisition, and restructuring costs, excluding stock-based compensation expense					
Merger, acquisition, and restructuring costs, excluding stock-based compensation expense					
Merger, acquisition, and restructuring costs, excluding stock-based compensation expense	Merger, acquisition, and restructuring costs, excluding stock-based compensation expense	—	—	7,322	5,464
Non-operational real estate and other expense, net	Non-operational real estate and other expense, net	52	169	290	515
Non-operational real estate and other expense, net					
Non-operational real estate and other expense, net					
Interest expense, net	Interest expense, net	7,574	7,016	24,269	21,273
Foreign exchange gain, net		(1,471)	(1,976)	(1,542)	(5,042)
Interest expense, net					
Interest expense, net					
Foreign exchange (gain) loss, net					
Foreign exchange (gain) loss, net					
Foreign exchange (gain) loss, net					
Gain on extinguishment of debt		(4,156)	—	(18,132)	—
(Gain) loss on extinguishment of debt					
(Gain) loss on extinguishment of debt					
(Gain) loss on extinguishment of debt					
Other debt refinancing expense					
Other debt refinancing expense					
Other debt refinancing expense					
Benefit for income taxes					
Benefit for income taxes					
Benefit for income taxes	Benefit for income taxes	(967)	(435)	(613)	(2,544)

Adjusted EBITDA	Adjusted EBITDA	$ 40,289	$ 44,400	$ 100,958	$ 114,562
Adjusted EBITDA					
Adjusted EBITDA					

Adjusted EBITDA decreased increased by $4.1 million $1.7 million during the three months ended September 30, 2023 March 31, 2024 compared to the prior year period, primarily due to increases in cloud hosting, data center, and bandwidth costs, and personnel expenses, which exceeded revenue exceeding increases in revenue year-over-year. Refer to discussion in section "Comparison of the Three and Nine Months Ended September 30, 2023 and 2022."

Adjusted EBITDA decreased by $13.6 million during the nine months ended September 30, 2023 compared to the prior year period, primarily due to operating expenses, such as increases in cloud hosting, data center, and bandwidth costs, traffic acquisition costs, event and travel-related expenses, and personnel expenses, traffic and acquisitions costs, and bad debt expense, which exceeded increases in revenue year-over-year. Refer to discussion are discussed in section "Comparison of the Three and Nine Months Ended September 30, 2023 March 31, 2024 and 2022. 2023."

Table of Contents

Liquidity and Capital Resources

Liquidity

As of September 30, 2023 March 31, 2024, we had cash and cash equivalents of $310.5 million $252.8 million, of which $38.3 million $40.3 million was held in foreign currency denominated cash accounts, and an aggregate gross principal amount of $627.0 million $570.1 million of indebtedness outstanding under our 2024 Term Loan B Facility (as defined below) and our Convertible Senior Notes (as defined below). In addition, we are were party to a $65.0 million $175.0 million 2024 Revolving Credit Facility (as defined below), of which approximately $5.2 million is was assigned to outstanding but undrawn letters of credit. See "Capital Resources" below for further information about our outstanding debt.

Our principal cash requirements for the twelve-month period following this report primarily consist consists of personnel costs, contractual payment obligations, including office leases, data center costs and cloud hosting costs, capital expenditures, payment of interest and required principal payments on our Convertible Senior Notes and our 2024 Term Loan B Facility, cash outlays for income taxes, and cash requirements to fund working capital. In the longer term, we would expect to have similar cash requirements, with increases in absolute dollars associated with the continued growth of our business and expansion of operations. See "Contractual Obligations and Known Future Cash Requirements" for a further discussion of our known material contractual obligations.

Our working capital needs and cash conversion cycle, which is influenced by seasonality and by the mix of terms among our buyers and sellers and which may be negatively impacted as a result of pandemics, inflationary, recessionary and other macroeconomic challenges, can have large fluctuations due to the timing of receipts from buyers and timing of disbursements to sellers. In addition, in the event a buyer defaults on payment, we may still be required to pay sellers for the inventory purchased. Our capital expenditure investments tend to be higher in the second half of the year. The impacts from changes in working capital and capital expenditures can significantly impact our cash flows and therefore, our liquidity during any period presented.

We have historically relied upon cash and cash equivalents, cash generated from operations, borrowings under credit facilities and issuance of debt for our liquidity needs. Our ability to meet our cash requirements depends on, among other things, our operating performance, competitive developments, and financial market conditions, all of which are significantly affected by business, financial, economic, political, global health-related and other factors, many of which we may not be able to control or influence.

We believe our existing cash and cash equivalents, cash generated from operating activities, and amounts available to borrow under our 2024 Revolving Credit Facility will be sufficient to meet our working capital liquidity requirements for at least the next twelve months from the issuance of our financial statements. However, there are multiple factors that could impact our cash balances in the future, including the factors described above with respect to working capital and cash conversion cycles, as well as the duration and severity of events beyond our control, macroeconomic factors, and macroeconomic other factors set forth in Part I, Item 1A: "Risk Factors" of our Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023.

Capital Resources

In March 2021, we sold convertible senior notes ("Convertible Senior Notes") for gross proceeds of $400.0 million. The Convertible Senior Notes are senior, unsecured obligations with interest payable semi-annually in cash at a rate of 0.25% per annum in arrears on March 15 and September 15. The Convertible Senior Notes will mature on March 15, 2026, unless earlier converted, redeemed, or repurchased. The initial conversion rate is 15.6539 shares per $1,000 principal amount of notes, which represents an initial conversion price of approximately $63.88 per share of the Company’s common stock and is subject to adjustment as described in the Offering Memorandum. At September 30, 2023 March 31, 2024, the balance of the Convertible Senior Notes was $271.2 million $202.8 million, net of unamortized debt issuance costs of $3.9 million $2.3 million. Accrued interest for the Convertible Senior Notes at September 30, 2023 March 31, 2024 was immaterial.

In conjunction with the issuance of the Convertible Senior Notes, we entered into capped call transactions to reduce the Company's exposure to additional cash payments above principal balances in the event of a cash conversion of the Convertible Senior Notes. The Company may owe additional cash or shares to the holders of the Convertible Senior Notes upon early conversion if our stock price exceeds $91.260 per share, which is subject to certain adjustments. Although the Company’s incremental exposure to the additional cash payment above the principal amount of the Convertible Senior Notes is reduced by the capped calls, conversion of the Convertible Senior Notes by the holders may cause dilution to the ownership interests of existing stockholders. See Note 13 "Debt" in the notes to unaudited condensed consolidated financial statements included in this Quarterly Report for more information regarding terms and conditions of the Convertible Senior Notes and the capped call transactions.

On April 30, 2021 February 6, 2024, and in conjunction with the SpotX Acquisition, we entered into a credit agreement (the "Credit Agreement" “2024 Credit Agreement”) with Goldman Sachs Bank USA Morgan Stanley Senior Funding, Inc. as our term loan administrative agent and Citibank, N.A. as our revolving facility administrative agent and collateral agent, and other lending lender parties thereto thereto. The 2024 Credit Agreement provided for a $360.0 million $365.0 million seven-year senior secured term loan facility (" (the "2024 Term Loan B Facility") and a $52.5 million $175.0 million five-year senior secured revolving credit facility (the "Revolving "2024 Revolving Credit Facility"), which was subsequently increased to $65.0 million in June 2021. Amounts outstanding under. The proceeds from the Credit Agreement accrue interest at a rate equal to either, (1) for the 2024 Term Loan B Facility at the Company’s election, the Eurodollar Rate (as defined in the Credit Agreement) plus a margin of 5.00% per annum, or ABR (as defined in the Credit Agreement) plus a margin of 4.00%, and (2) for the Revolving Credit Facility, at the Company’s election, the Eurodollar Rate plus a margin of 4.25% to 4.75%, or ABR plus a margin of 3.25% to 3.75%, in each case, depending on the Company’s first lien net leverage ratio. As part of the Term Loan B Facility, the Company received $325 million in proceeds, net of discounts and fees, which were used, among other things, to finance terminate and to repay in full the SpotX Acquisition and related transactions and for general corporate purposes. In June 2023, outstanding facilities under the Company amended its 2021 Credit Agreement to transition away from a variable interest rate based on the Eurodollar Rate towards a similar variable interest rate based on Adjusted Term SOFR, as defined in the amendment to the Credit Agreement, which is based on the Secured Overnight Financing Rate ("SOFR"). Agreement. At September 30, 2023 March 31, 2024, amounts available under the 2024 Revolving Credit Facility were $59.8 million $169.8 million, net of letters of credit outstanding in the amount of $5.2 million. Accrued interest for the 2024 Term Loan B Facility at September 30, 2023 March 31, 2024 was $0.9 million $3.3 million.

In February 2023, our On August 4, 2023, the Board of Directors approved a repurchase plan (the “February 2023 Repurchase Plan”), pursuant to which the Company was authorized to repurchase common stock or Convertible Senior Notes, with an aggregate market value of up to $75.0 million, through February 16, 2025. The repurchase program allowed the Company to repurchase its common stock or Convertible Senior Notes using open market stock purchases, privately negotiated transactions, block trades or other means in accordance with U.S. securities laws. The February 2023 Repurchase Plan was completed during the second quarter of 2023. On August 4, 2023, our Board of Directors approved a new repurchase plan (the "August 2023 Repurchase Plan"), pursuant to which the Company is we were authorized to repurchase common stock or Convertible Senior Notes, with an aggregate market value of up to $100.0 million, through August 4, 2025. As of September 30, 2023 December 31, 2023, $70.2 million remains $9.5 million remained available under the August 2023

Table of Contents

Repurchase Plan. Subsequently, on February 1, 2024, the Board of Directors approved a new repurchase plan (the "February 2024 Repurchase Plan"), which fully replaced the August 2023 Repurchase Plan, pursuant to which we are authorized to repurchase common stock or Convertible Senior Notes, with an aggregate market value of up to $125.0 million, through February 1, 2026.

In the future, we may attempt to raise additional capital through the sale of equity securities or through equity-linked or debt financing arrangements. If we raise additional funds by issuing equity or equity-linked securities, the ownership of our existing stockholders may be diluted. If we raise additional financing by incurring indebtedness, we will be subject to increased fixed payment obligations and could also be subject to financial maintenance covenants, or restrictive covenants, such as limitations on our ability to incur additional debt, and other operating restrictions that could adversely impact our ability to conduct our business. Any future indebtedness we incur may result in terms that could be unfavorable to equity investors.

An inability to raise additional capital could adversely affect our ability to achieve our business objectives. In addition, if our operating performance during the next twelve months is below our expectations, our liquidity and ability to operate our business could be adversely affected.

Our cash and cash equivalents balance is affected by our results of operations, the timing of capital expenditures which are typically greater in the second half of the year, and by changes in our working capital, particularly changes in accounts receivable and accounts payable. The timing of cash receipts from buyers and payments to sellers can significantly impact our cash flows from operating activities and our liquidity for, and within, any period presented. Our collection and payment cycle can vary from period to period depending upon various circumstances, including seasonality, and may be negatively impacted by certain macroeconomic challenges, such as capital market disruptions and instability of financial institutions.

Cash Flows

The following table summarizes our cash flows for the periods presented:

	Nine Months Ended	
	September 30, 2023	September 30, 2022
	(in thousands)	
Cash flows provided by operating activities	$125,282	$103,845

	Three Months Ended		Three Months Ended
	March 31, 2024	March 31, 2024	March 31, 2023
	(in thousands)		(in thousands)
Cash flows used in operating activities			

Cash flows used in investing activities	Cash flows used in investing activities	(25,339)	(49,936)
Cash flows used in financing activities	Cash flows used in financing activities	(115,681)	(28,321)
Effects of exchange rate changes on cash, cash equivalents and restricted cash	Effects of exchange rate changes on cash, cash equivalents and restricted cash	(209)	(2,484)
Change in cash, cash equivalents and restricted cash	Change in cash, cash equivalents and restricted cash	$ (15,947)	$ 23,104

Operating Activities

Our cash flows from operating activities are primarily driven by revenue from transactions of advertising on generated by our platform, business, offset by the cash costs of operations, and are significantly influenced by the timing of and fluctuations in receipts from buyers and related payments to sellers. Our future cash flows will be diminished if we cannot increase our revenue levels and manage costs appropriately.

For the nine three months ended September 30, 2023 March 31, 2024, net cash provided by used in operating activities was $125.3 million $60.4 million compared to net cash provided by used in operating activities of $103.8 million $30.9 million for the nine three months ended September 30, 2022 March 31, 2023. Our operating activities included our net loss of $190.1 million $17.8 million and $93.9 million $98.7 million for the nine three months ended September 30, 2023 March 31, 2024 and 2022, 2023, respectively, which were offset by non-cash adjustments of $268.0 million $30.8 million and $191.3 million $109.1 million, respectively. Net changes in our working capital resulted in $47.4 million $73.5 million and $6.5 million $41.3 million of cash provided by used in operating activities for the nine three months ended September 30, 2023 March 31, 2024 and September 30, 2022 March 31, 2023, respectively. The net changes in working capital for both periods presented are primarily due to the timing of cash receipts from buyers and the timing of payments to sellers.

We believe that cash flows from operations will continue to fluctuate, but in general will increase over time as our business continues to grow.

Investing Activities

Our primary investing activities have primarily consisted of acquisitions of businesses, purchases of property and equipment, and capital expenditures in support of creating and enhancing our technology infrastructure, and investments in, and maturities of, available-for-sale securities. infrastructure. Purchases of property and equipment and investments in internal use software development may vary from period-to-period due to the timing of the expansion of our operations, changes to headcount, and the cycles of our internal use software development. We anticipate investment in internal use software development and purchases of property and equipment to decrease in 2023 compared to 2022. Historically, a majority of our purchases in property and equipment have occurred in the latter half of the year in preparation for the peak volumes of the fourth quarter and early in the first quarter of the following year; however, in 2023, we expect these investments to occur more evenly throughout the year.

During the nine three months ended September 30, 2023 March 31, 2024 and 2022, 2023, our investing activities used net cash of $25.3 million $9.3 million and $49.9 million $7.5 million, respectively. During the nine three months ended September 30, 2023 March 31, 2024 and 2022, 2023, we used cash for purchases of property and equipment of $17.1 million $5.9 million and $18.0 million $4.4 million, respectively, and used cash for investments in our internally developed software of $8.2 million $3.4 million and $11.2 million $3.1 million, respectively. The nine months ended September 30, 2022 included net cash used of $20.8 million to acquire Carbon.

We believe that anticipate cash flows used in our investing activities will generally increase through the remainder of 2024 compared to 2023 in order to support our overall growth, in particular with respect to investments in property and equipment and internally developed software. In addition, our cash flows from investing activities may fluctuate depending on future acquisition activity.

Table of Contents

Financing Activities

Our financing activities have primarily consisted of our debt refinancing activities, Convertible Senior Notes transactions, repayment of amounts borrowed under our 2021 Term Loan B Facility, and transactions related to our equity plans, and stock and convertible note purchases under the repurchase plans.

For the nine three months ended September 30, 2023 March 31, 2024 and 2022, 2023, net cash used by in financing activities was $115.7 million $3.1 million and $28.3 million $51.8 million, respectively. Cash outflows from financing activities for the nine three months ended September 30, 2023 March 31, 2024 primarily included $104.8 million $351.0 million of payments related to repurchasing paying off our Convertible Senior Notes, $9.7 million 2021 Term Loan B Facility, $8.9 million for taxes paid related to net share settlement of stock-based awards, $2.7 million and a $4.5 million of repayments payments related to debt issuance costs for our 2024 Term Loan B Facility and a 2024 Revolver Facility. The outflows were partially offset by cash proceeds of $361.4 million from the issuance of our 2024 Term Loan B Facility, net of debt discount.

Cash outflows from financing activities for the three months ended March 31, 2023 primarily included $40.8 million of payments related to repurchases of our Convertible Senior Notes, $9.0 million for taxes paid related to net share settlement of stock-based awards, $2.3 million for payment of our indemnification claims holdback. holdback related to historical acquisitions, and $0.9 million for repayment of our 2021 Term Loan B. The outflows were partially offset by cash proceeds from stock options exercised of $2.2 million and cash proceeds from issuance of common stock from the employee stock purchase plan of $1.9 million $1.5 million.

Cash outflows from financing activities for the nine months ended September 30, 2022 primarily included $15.7 million of payments related to share repurchases, $11.9 million for taxes paid related to net share settlement of stock-based awards, and $2.7 million for repayments related to our Term Loan B Facility. The outflows were offset by cash proceeds from issuance of common stock from the employee stock purchase plan of $2.1 million and cash proceeds from stock options exercised of $1.8 million. In general, our cash flows from financing activities may fluctuate depending on future financing and refinancing activity.

Off-Balance Sheet Arrangements

We do not have any relationships with other entities or financial partnerships, such as entities often referred to as structured finance or special purpose entities that have been established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes. We did not have any other off-balance sheet arrangements at September 30, 2023 March 31, 2024 other than the short-term operating leases and the indemnification agreements described below and commitments mentioned in Note 12 - 12— "Commitments Contingencies." Contingencies" to our condensed consolidated financial statements included in this Quarterly Report on Form 10-Q.

Contractual Obligations and Known Future Cash Requirements

As of September 30, 2023 March 31, 2024, our principal commitments consist of obligations under our Convertible Senior Notes, 2024 Term Loan B Facility, 2024 Revolving Credit Facility, leases for our various office facilities, including our corporate headquarters in New York, New York and office offices in Los Angeles, California, and operating lease agreements, including data centers, and cloud hosting services that expire at various times through 2033. In certain cases, the terms of the lease agreements provide for rental payments on a graduated basis.

The following table summarizes our future lease obligations, payments of principal and interest under our debt agreements, sublease income, and other future payments due under non-cancelable agreements at September 30, 2023 March 31, 2024 (in thousands):

	Remaining 2023	2024	2025	2026	2027	Thereafter	Total
Lease liabilities associated with leases included Right of Use Asset as of September 30, 2023	$ 6,576	$ 23,534	$ 15,232	$ 12,217	$ 7,664	$ 22,152	$ 87,375
Convertible Senior Notes	—	—	—	275,067	—	—	275,067
Interest, Convertible Senior Notes	—	688	688	344	—	—	1,720
Term Loan B Facility (1)	900	3,600	3,600	3,600	3,600	336,600	351,900
Interest, Term Loan B Facility (2)	10,401	37,439	36,952	36,567	36,183	11,908	169,450
Operating sublease income	(1,226)	(4,819)	(1,751)	(260)	—	—	(8,056)
Other non-cancelable obligations	21,268	66,454	23,667	—	—	—	111,389
Total	$ 37,919	$ 126,896	$ 78,388	$ 327,535	$ 47,447	$ 370,660	$ 988,845

(1) Includes only scheduled amortization of payments and excludes currently unknown prepayment amounts that may be required, per terms of the Credit Agreement, after the end of each fiscal year.

(2) Interest payments are based on an assumed rate of 10.53%, which was the rate as of September 30, 2023 for the associated Term Loan B Facility.

	Remaining 2024	2025	2026	2027	2028	Thereafter	Total
Lease liabilities associated with leases included Right of Use Asset as of March 31, 2024	$ 18,596	$ 18,265	$ 15,178	$ 10,119	$ 7,839	$ 14,358	$ 84,355
Convertible Senior Notes	—	—	205,067	—	—	—	205,067
Interest, Convertible Senior Notes	256	513	256	—	—	—	1,025
2024 Term Loan B Facility (1)	2,737	3,650	3,650	3,650	3,650	347,663	365,000
Interest, 2024 Term Loan B Facility (2)	27,216	35,808	35,446	35,084	34,817	71,780	240,151

Contractual fees related to the 2024 Term Loan B Facility and the 2024 Revolving Credit Facility (3)	656	939	939	939	939	309	4,721
Other non-cancelable obligations	44,596	21,990	346	241	241	—	67,414
Total	$ 94,057	$ 81,165	$ 260,882	$ 50,033	$ 47,486	$ 434,110	$ 967,733

(1) Includes only customary scheduled loan amortization payments and excludes currently unknown prepayment amounts that may be required, per terms of the 2024 Credit Agreement, after the end of each fiscal year.

(2) Interest payments are based on an assumed rate of 9.79%, which was the rate as of March 31, 2024 for the associated 2024 Term Loan B Facility.

(3) Includes estimated fees based on current available amounts under our 2024 Revolving Credit Facility and using the current commitment rate as of March 31, 2024, fees based on outstanding but undrawn letters of credit as of March 31, 2024, and fees owed to our administrative agents for both facilities under the 2024 Credit Agreement.

Payments associated with our Convertible Senior Notes, 2024 Term Loan B, and 2024 Revolving Credit Facility are based on contractual terms and intended timing of repayments of long-term debt and associated interest and do not assume conversion prior to the maturity date.

required fees.

Other non-cancelable obligations include agreements in the normal course of business and purchase considerations that extend beyond a year as of September 30, 2023 March 31, 2024. The amounts above include commitments under a cloud-managed services agreement, under which the Company

Table of Contents

has a non-cancelable minimum spend commitment from July 2023 2024 to June 2025 based on actual spend, as defined in the agreement, with the third-party provider from July 2022 to June 2023 of $57.6 million for each twelve-month period (i.e. July 2023 to June 2024 and July 2024 to June 2025). The minimum spend commitment reflected above approximates the manner in which we expect to fulfill the obligation.

In the ordinary course of business, we enter into agreements with sellers, buyers, and other third parties pursuant to which we agree to indemnify buyers, sellers, vendors, lessors, business partners, lenders, stockholders, and other parties with respect to certain matters, including, but not limited to, losses resulting from claims of intellectual property infringement, damages to property or persons, business losses, or other liabilities. Generally, these indemnity and defense obligations relate to our own business operations, obligations, and acts or omissions. However, under some circumstances, we agree to indemnify and defend contract counterparties against losses resulting from their own business operations, obligations, and acts or omissions, or the business operations, obligations, and acts or omissions of third parties. These indemnity provisions generally survive termination or expiration of the agreements in which they appear. In addition, we have entered into indemnification agreements with our directors, executive officers and certain other officers that will require us, among other things, to indemnify them against certain liabilities that may arise by reason of their status or service as directors, officers, or employees. No demands for indemnification have been made as of September 30, 2023 March 31, 2024.

Critical Accounting Policies and Estimates

Our condensed consolidated financial statements are prepared in accordance with GAAP. The preparation of these condensed consolidated financial statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, expenses, and related disclosures. We evaluate our estimates and assumptions on an ongoing basis. Our estimates are based on historical experience and various other assumptions that we believe to be reasonable under the circumstances. Our actual results could differ from these estimates.

We believe that the following assumptions and estimates have the greatest potential impact on our condensed consolidated financial statements: (i) the determination of revenue recognition as net versus gross in our revenue arrangements and (ii) the determination of amounts to capitalize and the estimated useful lives of internal-use software development costs, (iii) the recoverability of intangible assets and goodwill and the determination of the estimated useful lives of intangible assets, (iv) assumptions used in the valuation models to determine the fair value of stock options, awards with market and performance conditions, and stock-based compensation expense, (v) the assumptions used in the valuation of acquired assets and liabilities in business combinations, and (vi) income taxes, including the realization of tax assets and estimates of tax liabilities. Besides the adoption of new accounting pronouncements, as included within "Note 1—Organization and Summary of Significant Accounting Policies" to the condensed consolidated financial statements in this report, there costs. There have been no significant changes in our accounting policies or estimates from those disclosed in our audited consolidated financial statements and notes thereto for the year ended December 31, 2022 December 31, 2023 included in our Annual Report on Form 10-K.

Recently Issued Accounting Pronouncements

For information regarding recent accounting pronouncements, refer to Note 1 "Organization —"Organization and Summary of Significant Accounting Policies" to our condensed consolidated financial statements included in this Quarterly Report on Form 10-Q.

Item 3. Quantitative and Qualitative Disclosure About Market Risk

We have operations both in the United States and internationally, and we are exposed to market risks in the ordinary course of our business. These risks include primarily interest rate, foreign exchange, and inflation risks. The risks below may be further exacerbated by the effects of certain global macroeconomic challenges and market conditions.

Interest Rate Fluctuation Risk

Our cash and cash equivalents consist of cash and money market funds, but may from time to time also include commercial paper, with original maturities of three months or less. Our investments may consist of repurchase agreements, U.S. government agency debt, and U.S. treasury debt. The primary objective of our investment activities is to preserve the value of our cash without significantly increasing risk. Because our cash, cash equivalents, and investments have a short maturity, our portfolio's fair value is relatively insensitive to interest rate changes, however, interest income earned will vary as interest rates change.

We do not have economic interest rate expense exposure on our Convertible Senior Notes due to their fixed interest rate nature. The amount paid upon redemption or maturity, before considering any potential additional amount owed due to increases in our underlying share price above the conversion price, is not based on changes in any interest rate index or underlying market interest rate. rates. It is fixed at 100% of the principal amount of the Convertible Senior Notes plus unpaid interest. Since the Convertible

Senior Notes bear a fixed interest rate, we are not exposed to interest rate risk on those notes, however, the fair value of those notes will change as market interest rates change.

We have a Our 2024 Term Loan B Facility under the Credit Agreement which bears a floating rate of interest that resets periodically, subject to a 0.75% 0% floor on that floating rate, according to the terms of the agreement (the "SOFR Floor"). Our financial results have been exposed to changes in the underlying base interest rate on that debt because the underlying base interest rate has now reset resets above the floor on such underlying interest rate. The fair value of the 2024 Term Loan B Facility may fluctuate when the underlying base interest rate fluctuates below the floor or when the rate of return demanded by our loan investors changes relative to when the loans were issued. As of September 30, 2023 March 31, 2024, the Company had no outstanding borrowings under the 2024 Revolving Credit Facility. Should the company borrow under the 2024

[Table of Contents](#)

Revolving Credit Facility at any point in the future, any associated borrowings would have a floating underlying base rate of interest that would expose the Company to interest rate risk.

We do not believe that an increase or decrease in interest rates of 100 basis points would have a material effect on our operating results or financial condition. The annualized impact to interest expense for each 100 basis points increase above the SOFR Floor on our 2024 Term Loan B Facility is approximately $3.5 million $3.7 million. The actual impact to our financial results of the same increase in interest rates is expected to be lower than $3.5 million depending on the timing and magnitude of such rate changes relative to our SOFR Floor, and will be partially offset by higher interest income earned on our cash and cash equivalent balances over the same period. In future periods, we will continue to evaluate our investment opportunities and policy relative to our overall objectives.

With regard to all debt currently outstanding, the company Company is potentially exposed to refinancing risk in the future, should the Company seek to refinance existing its debt or raise new debt in the future. debt. As such, the type, cost, and terms of any new debt potentially raised in the future may differ from that of our existing debt agreements.

Foreign Currency Exchange Risk

As a U.S. based company that does business around the globe, we have foreign currency risks related to our revenue and expenses denominated in currencies other than the U.S. Dollar, principally the Australian Dollar, British Pound, Canadian Dollar, Euro, Japanese Yen, and New Zealand Dollar. Foreign exchange rate volatility is influenced by many factors that we cannot forecast with reliable accuracy. In the event our non-U.S. Dollar denominated revenue and expenses increase, or the volatility of the foreign currencies that we transact in increases, our operating results may be more greatly affected by fluctuations in the exchange rates of those foreign currencies. In addition, we have experienced and will continue to experience fluctuations in our net income (loss) as a result of transaction gains and losses related to translating certain cash balances, trade accounts receivable and payable balances and intercompany balances that are denominated in currencies other than the U.S. Dollar. The effect of an immediate 10% adverse change in foreign exchange rates on foreign currency-denominated monetary assets and liabilities at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, including intercompany balances, would result in a foreign currency loss of approximately $6.9 million $9.0 million and $10.5 million $9.5 million, respectively. At this time we do not, but we may in the future, enter into derivatives or other financial instruments in an attempt to hedge our foreign currency exchange risk.

Inflation Risk

We do not believe that cost inflation has had a material effect on our business, financial condition, or results of operations. If our costs were to become subject to significant inflationary pressures, we might not be able to fully offset such higher costs through price increases. Our inability or failure to do so could harm our business, financial condition, and results of operations. This risk of cost inflation is distinct from the risk that inflation throughout the broader economy could lead to reduced ad spend and indirectly harm our business, financial condition, and results of operations. For a discussion of the indirect results of inflation on our business, see "Macroeconomic Developments."

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures as defined in Rule 13a-15(e) under the Exchange Act. Our disclosure controls and procedures are designed to provide reasonable assurance of achieving their objectives of ensuring that information we are required to disclose in the reports we file or submit under the Exchange Act is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosures, and is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms. There is no assurance that our disclosure controls and procedures will operate effectively under all circumstances. Based upon the evaluation described above, our Chief Executive Officer and Chief Financial Officer concluded that, as of September 30, 2023 March 31, 2024, our disclosure controls and procedures were effective at the reasonable assurance level.

Changes in Internal Control over Financial Reporting

There have been no changes in our internal control over financial reporting that occurred during the three months ended September 30, 2023 March 31, 2024 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Inherent Limitations on Effectiveness of Controls

Management recognizes that a control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints and that management is required to apply its judgment in evaluating the benefits of possible controls and procedures relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud or error, if any, have been detected. These inherent

Table of Contents

limitations include the realities that judgments in decision making can be faulty, and that breakdowns can occur because of a simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the controls. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions; over time, controls may become inadequate because of changes in conditions, or the degree of compliance with policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

We and our subsidiaries may from time to time be parties to legal or regulatory proceedings, lawsuits and other claims incident to our business activities and to our status as a public company. Such routine matters may include, among other things, assertions of contract breach or intellectual property infringement, claims for indemnity arising in the course of our business, regulatory investigations, audits by taxing authorities, or enforcement proceedings, and claims by persons whose employment has been terminated. Such matters are subject to many uncertainties, and outcomes are not predictable with assurance. Consequently, we are unable to ascertain the ultimate aggregate amount of monetary liability, amounts which may be covered by insurance or recoverable from third parties, or the financial impact with respect to such matters as of September 30, 2023 March 31, 2024. However, based on our knowledge as of September 30, 2023 March 31, 2024, we believe that the final resolution of such matters pending at the time of this report, individually and in the aggregate, will not have a material adverse effect upon our condensed consolidated financial position, results of operations or cash flows.

Refer to Note 12—"Commitments and Contingencies" to our condensed consolidated financial statements included in this Quarterly Report on Form 10-Q for additional information related to legal proceedings.

Item 1A. Risk Factors

Investing in our common stock involves a high degree of risk. We describe risks associated with our business below and in Part I, Item 1A: "Risk Factors" of our Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023 (the "Risk Factors"). Each of the risks described in our Risk Factors may be relevant to decisions regarding an investment in or ownership of our stock. The occurrence of any such risks could have a significant adverse effect on our reputation, business, financial condition, revenue, results of operations, growth, or ability to accomplish our strategic objectives, and could cause the trading price of our common stock to decline. You should carefully consider such risks and the other information contained in this report, including our condensed consolidated financial statements and related notes and Management's Discussion and Analysis of Financial Condition and Results of Operations, before making investment decisions related to our common stock.

There are no additional material changes to the Risk Factors of which we are currently aware; but our Risk Factors cannot anticipate and fully address all possible risks of investing in our common stock, the risks of investing in our common stock may change over time, and additional risks and uncertainties that we are not aware of, or that we do not consider to be material, may emerge. In addition, the economic impact of macroeconomic challenges, such as inflation, global conflict, capital market disruptions and the instability of financial institutions, the risk of a recession, and other macroeconomic factors may amplify many of the risks described in our risk factors. Accordingly, you are advised to consider additional sources of information and exercise your own judgment in addition to the information we provide.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

(a) Recent Sales of Unregistered Securities

None (except as previously disclosed).

(b) Use of Proceeds

Not Applicable.

(c) Purchases of Equity Securities by the Company and Affiliated Purchasers

The Company did not repurchase any shares

Table of common Contents

Common stock repurchases during the quarter ended September 30, 2023. March 31, 2024 were as follows (in thousands, except per share amounts):

Period	Total Number of Shares Purchased	Average Price per Share
January 1 - January 31, 2024		
Equity withholding(1)	3	$ 9.25
February 1 - February 29, 2024		
Equity withholding(1)	899	$ 9.72
March 1 - March 31, 2024		
Equity withholding(1)	14	$ 12.20
	916	

(1) Upon vesting of most restricted stock units or stock awards, we are required to deposit minimum statutory employee withholding taxes on behalf of the holders of the vested awards. As reimbursement for these tax deposits, we have the option to withhold from shares otherwise issuable upon vesting a portion of those shares with a fair market value equal to the amount of the deposits we paid. Withholding of shares in this manner is accounted for as a repurchase of common stock.

Item 5. Other Information

Trading Plans

In the third first quarter of 2023, 2024, the following trading plans were adopted or terminated by our Section 16 officers or directors:

Officer Name	Officer Title	Date Plan Adopted/Terminated	Duration of Plan		Shares to be Purchased or Sold		Intended to Satisfy Rule 10b5-1(c)?	
Paul Caine James Rossman	Director	Adopted September 7, 2023 March 8, 2024	June 10, 2024 - March 7, 2025	December 11, 2023 - June 28, 2024		Sell up to 50,000, 224,936, subject to certain conditions		Yes
Katheryn Evans	Chief Operating Officer	Adopted March 14, 2024	June 13, 2024 - March 14, 2025		Sell up to 49,888, subject to certain conditions		Yes	
Aaron Saltz	Chief Legal Officer	Adopted March 15, 2024	June 14, 2024 - March 14, 2025		Sell up to 51,521, subject to certain conditions		Yes	

Table of Contents

Item 6. Exhibits

Number	Description
10.1	Credit Agreement, dated as of February 6, 2024, by and among Magnite, Inc., Morgan Stanley Senior Funding, Inc. as term loan administrative agent and Citibank, N.A. as revolving facility administrative agent and collateral agent, and other lender parties thereto(incorporated by reference to Exhibit 10.28 of the Registrant's Annual Report on Form 10-K filed with the Commission on February 28, 2024).
31.1*	Certification of Principal Executive Officer Pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of Principal Financial Officer Pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32*(1)	Certification of the Principal Executive Officer and Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.ins *	Instance Document- the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document
101.sch *	XBRL Taxonomy Schema Linkbase Document
101.cal *	XBRL Taxonomy Calculation Linkbase Document
101.def *	XBRL Taxonomy Definition Linkbase Document
101.lab *	XBRL Taxonomy Label Linkbase Document
101.pre *	XBRL Taxonomy Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

* Filed herewith

(1) The information in this exhibit is furnished and deemed not filed with the Securities and Exchange Commission for purposes of section 18 of the Exchange Act of 1934, as amended (the "Exchange Act"), and is not to be incorporated by reference into any filing of Magnite, Inc. under the Securities Act of 1933, as amended (the "Securities Act"), or the Exchange Act, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

Table of Contents

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

MAGNITE, INC. (Registrant)

/s/ David Day

David Day

Chief Financial Officer

(Principal Financial Officer and Duly Authorized Officer)

Date November 8, 2023 May 8, 2024

Exhibit 31.1

Certification of Principal Executive Officer
pursuant to
Exchange Act Rules 13a-14(a) and 15d-14(a),
as adopted pursuant to
Section 302 of the Sarbanes-Oxley Act of 2002

I, Michael Barrett, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Magnite, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Signature: /s/ Michael Barrett

Michael Barrett
President and Chief Executive Officer
(Principal Executive Officer)

Date November 8, 2023 May 8, 2024

Exhibit 31.2

Certification of Principal Financial Officer
pursuant to
Exchange Act Rules 13a-14(a) and 15d-14(a),
as adopted pursuant to
Section 302 of the Sarbanes-Oxley Act of 2002

I, David Day, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Magnite, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Signature: /s/ David Day

David Day
Chief Financial Officer
(Principal Financial Officer)

Date November 8, 2023 May 8, 2024

Exhibit 32

CERTIFICATIONS OF PRINCIPAL EXECUTIVE OFFICER AND PRINCIPAL FINANCIAL OFFICER PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350), Michael Barrett, President and Chief Executive Officer (Principal Executive Officer) of Magnite, Inc. (the "Company"), and David Day, Chief Financial Officer (Principal Financial Officer) of the Company, each hereby certifies that, to the best of his knowledge:

1. Our Quarterly Report on Form 10-Q for the quarter ended September 30, 2023 March 31, 2024, to which this certification is attached as Exhibit 32 (the "Report"), fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date November 8, 2023 May 8, 2024

/s/ Michael Barrett

Michael Barrett
President and Chief Executive Officer
(Principal Executive Officer)

/s/ David Day

David Day
Chief Financial Officer
(Principal Financial Officer)

The foregoing certifications are being furnished pursuant to 13 U.S.C. Section 1350. They are not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and are not to be incorporated by reference into any filing of the Company, regardless of any general incorporation language in such filing.

DISCLAIMER

THE INFORMATION CONTAINED IN THE REFINITIV CORPORATE DISCLOSURES DELTA REPORT™ IS A COMPARISON OF TWO FINANCIALS PERIODIC REPORTS. THERE MAY BE MATERIAL ERRORS, OMISSIONS, OR INACCURACIES IN THE REPORT INCLUDING THE TEXT AND THE COMPARISON DATA AND TABLES. IN NO WAY DOES REFINITIV OR THE APPLICABLE COMPANY ASSUME ANY RESPONSIBILITY FOR ANY INVESTMENT OR OTHER DECISIONS MADE BASED UPON THE INFORMATION PROVIDED IN THIS REPORT. USERS ARE ADVISED TO REVIEW THE APPLICABLE COMPANY'S ACTUAL SEC FILINGS BEFORE MAKING ANY INVESTMENT OR OTHER DECISIONS.