Magnite Reports First Quarter 2024 Results

05/08/24

Total Revenue Grows 15% & Contribution ex-TAC[(1)] Grows 12% Year-Over-Year

Contribution ex-TAC[(1)] from CTV Grows 18% Year-Over-Year

NEW YORK, May 08, 2024 (GLOBE NEWSWIRE) -- Magnite (NASDAQ: MGNI), the world's largest independent sell-side advertising company, today reported its results of operations for the quarter ended March 31, 2024.

Q1 2024 Highlights:

- Revenue of $149.3 million, up 15% year-over-year
- Contribution ex-TAC[(1)] of $130.6 million, up 12% year-over-year
- Contribution ex-TAC[(1)] attributable to CTV of $54.9 million, up 18% year-over-year, compared to guidance of $49.0 to $51.0 million
- Contribution ex-TAC[(1)] attributable to DV+ of $75.7 million, up 9% year-over year, compared to guidance of $73.0 to $75.0 million
- Net loss of $17.8 million, for a loss per share of $0.13, compared to net loss of $98.7 million in Q1 2023, for a loss per share of $0.73
- Adjusted EBITDA[(1)] of $25.0 million, representing a 19% Adjusted EBITDA margin[(2)], compared to Adjusted EBITDA[(1)] of $23.3 million in Q1 2023
- Non-GAAP earnings per share[(1)] of $0.05, compared to non-GAAP earnings per share[(1)] of $0.04 for Q1 2023
- Operating cash flow[(3)] of $10.3 million

Expectations:

- Total Contribution ex-TAC[(1)] for Q2 2024 to be between $142 million and $146 million
- Contribution ex-TAC[(1)] attributable to CTV for Q2 2024 to be between $59 million and $61 million
- Contribution ex-TAC[(1)] attributable to DV+ for Q2 2024 to be between $83 million and $85 million
- Adjusted EBITDA operating expenses[(4)] for Q2 2024 to be between $101 million and $103 million
- Raising Contribution ex-TAC[(1)] to now grow at least 10% for the full-year 2024, with CTV growing faster than DV+
- Increasing Adjusted EBITDA margin[(2)] expansion for 2024 to 100-150 basis points
- Increasing Adjusted EBITDA[(1)] growth for 2024 to be in the mid-teens, and even higher growth in free cash flow[(5)]
- Total capital expenditures for 2024 to be in the mid to high $40 million range

"We once again beat the high end of our top line guidance in the first quarter, with contribution ex-TAC for CTV significantly exceeding the high end of our guidance range. We finished the quarter with strong CTV upside in live sports, related to March Madness, as well as strong continued growth in ad serving, both contributing to share gains. DV+ also posted strong results with growth of 9%. A positive ad spend environment to start 2024, plus our share gains, have led to a great start to the year, and we remain optimistic this momentum will continue. There is a clear trend to consolidation in our space, and we believe the strongest, technically superior, scaled players that deliver the best monetization, will capture market share gains," said Michael G. Barrett, President and CEO of Magnite.

First quarter 2024 Results Summary

(in millions, except per share amounts and percentages)

	Three Months Ended

	March 31, 2024	March 31, 2023	Change Favorable/ (Unfavorable)
Revenue	$149.3	$130.2	15%
Gross profit	$83.4	$5.3	NM
Contribution ex-TAC[(1)]	$130.6	$116.0	12%
Net loss	($17.8)	($98.7)	82%
Adjusted EBITDA[(1)]	$25.0	$23.3	7%
Adjusted EBITDA margin[(2)]	19%	20%	(1 ppt)
Basic and diluted loss per share	($0.13)	($0.73)	82%
Non-GAAP earnings per share[(1)]	$0.05	$0.04	25%

NM - Not meaningful

Footnotes:

(1) Contribution ex-TAC, Adjusted EBITDA, and non-GAAP earnings per share are non-GAAP financial measures. Please see the discussion in the section called "Non-GAAP Financial Measures" and the reconciliations included at the end of this press release.
(2) Adjusted EBITDA margin is calculated as Adjusted EBITDA divided by Contribution ex-TAC.
(3) Operating cash flow is calculated as Adjusted EBITDA less capital expenditures.
(4) Adjusted EBITDA operating expenses is calculated as Contribution ex-TAC less Adjusted EBITDA.
(5) Free cash flow is defined as operating cash flow (Adjusted EBITDA less capital expenditures) less net interest expense.

First quarter 2024 Results Conference Call and Webcast:

The Company will host a conference call on May 8, 2024 at 1:30 PM (PT) / 4:30 PM (ET) to discuss the results for its first quarter of 2024.

Live conference call

Toll free number:	(844) 875-6911 (for domestic callers)
Direct dial number:	(412) 902-6511 (for international callers)
Passcode:	Ask to join the Magnite conference call
Simultaneous audio webcast:	http://investor.magnite.com under "Events and Presentations"

Conference call replay

Toll free number:	(877) 344-7529 (for domestic callers)
Direct dial number:	(412) 317-0088 (for international callers)
Passcode:	9955946
Webcast link:	http://investor.magnite.com under "Events and Presentations"

About Magnite

We're Magnite (NASDAQ: MGNI), the world's largest independent sell-side advertising company. Publishers use our technology to monetize their content across all screens and formats including CTV, online video, display, and audio. The world's leading agencies and brands trust our platform to access brand-safe, high-quality ad inventory and execute billions of advertising transactions each month. Anchored in bustling New York City, sunny Los Angeles, mile high Denver, historic London, colorful Singapore, and down under in Sydney, Magnite has offices across North America, EMEA, LATAM, and APAC.

Forward-Looking Statements:

This press release and management's prepared remarks during the conference call referred to above include, and management's answers to questions during the conference call may include, 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, or the anticipated benefits thereof; potential synergies from the Company's acquisitions; macroeconomic conditions or concerns related thereto; the growth of ad-supported programmatic connected television ("CTV"); our ability to use and collect data to provide our 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.

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 press release 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, 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 press release and the documents that we reference in this press release 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.

Non-GAAP Financial Measures and Operational Measures:

In addition to our GAAP results, we review certain non-GAAP financial measures 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. These non-GAAP measures include Contribution ex-TAC, Adjusted EBITDA, Non-GAAP Income (Loss), and Non-GAAP Earnings (Loss) per share, each of which is discussed below.

These non-GAAP financial measures are not intended to be considered in isolation from, as substitutes for, or as superior to, the corresponding financial measures prepared in accordance with GAAP. You are encouraged to evaluate these adjustments, and review the reconciliation of these non-GAAP financial measures to their most comparable GAAP measures, and the reasons we consider them appropriate. It is important to note that the particular items we exclude from, or include in, our non-GAAP financial measures may differ from the items excluded from, or included in, similar non-GAAP financial measures used by other companies. See "Reconciliation of Revenue to Gross Profit to Contribution ex-TAC," "Reconciliation of net loss to Adjusted EBITDA," "Reconciliation of net loss to non-GAAP income," and "Reconciliation of GAAP loss per share to non-GAAP earnings per share" included as part of this press release.

We do not provide a reconciliation of our non-GAAP financial expectations for Contribution ex-TAC and Adjusted EBITDA, or a forecast of the most comparable GAAP measures, because the amount and timing of many future charges that impact these measures (such as amortization of future acquired intangible assets, acquisition-related charges, foreign exchange (gain) loss, net, stock-based compensation, impairment charges, provision or benefit for income taxes, and our future revenue mix), which could be material, are variable, uncertain, or out of our control and therefore cannot be reasonably predicted without unreasonable effort, if at all. In addition, we believe such reconciliations or forecasts could imply a degree of precision that might be confusing or misleading to investors.

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. We believe Contribution ex-TAC is a useful measure in assessing the 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.

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 expenses (income), net, and provision (benefit) for income taxes. We also track future expenses on an Adjusted EBITDA basis, and describe them as Adjusted EBITDA operating expenses, which includes total operating expenses. Total operating expenses include cost of revenue. Adjusted EBITDA operating expenses is calculated as Contribution ex-TAC less Adjusted EBITDA. We adjust Adjusted EBITDA operating expenses for the same expense items excluded in Adjusted EBITDA. 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 is also 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:

- 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.
- Adjusted EBITDA does not reflect cash and 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.

Non-GAAP Income (Loss) and Non-GAAP Earnings (Loss) per Share:
We define non-GAAP earnings (loss) per share as non-GAAP income (loss) divided by non-GAAP weighted-average shares outstanding. Non-GAAP income (loss) is equal to net income (loss) excluding stock-based compensation, cash and non-cash based merger, acquisition, and restructuring costs, which consist primarily of professional service fees associated with merger and acquisition activities, cash-based employee termination costs, and other restructuring activities, including facility closures, relocation costs, contract termination costs, and impairment costs of abandoned technology associated with restructuring activities, amortization of acquired intangible assets, gains or losses on extinguishment of debt, non-operational real estate and other expenses or income, foreign currency gains and losses, interest expense associated with Convertible Senior Notes, other debt refinance expenses, and the tax impact of these items. In periods in which we have non-GAAP income, non-GAAP weighted-average shares outstanding used to calculate non-GAAP earnings per share includes the impact of potentially dilutive shares. Potentially dilutive shares consist of stock options, restricted stock units, performance stock units, and potential shares issued under the Employee Stock Purchase Plan, each computed using the treasury stock method, and the impact of shares that would be issuable assuming conversion of all of the Convertible Senior Notes, calculated under the if-converted method. We believe non-GAAP earnings (loss) per share is useful to investors in evaluating our ongoing operational performance and our trends on a per share basis, and also facilitates comparison of our financial results on a per share basis with other companies, many of which present a similar non-GAAP measure. However, a potential limitation of our use of non-GAAP earnings (loss) per share is that other companies may define non-GAAP earnings (loss) per share differently, which may make comparison difficult. This measure may also exclude expenses that may have a material impact on our reported financial results. Non-GAAP earnings (loss) per share is a performance measure and should not be used as a measure of liquidity. Because of these limitations, we also consider the comparable GAAP measure of net income (loss).

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

	March 31, 2024	December 31, 2023
ASSETS		
Current assets:		
Cash and cash equivalents	$ 252,834	$ 326,219
Accounts receivable, net	999,848	1,176,276
Prepaid expenses and other current assets	20,772	20,508
TOTAL CURRENT ASSETS	1,273,454	1,523,003
Property and equipment, net	55,533	47,371
Right-of-use lease asset	64,001	60,549
Internal use software development costs, net	23,117	21,926

Intangible assets, net	43,422	51,011
Goodwill	978,217	978,217
Other assets, non-current	16,325	6,729
TOTAL ASSETS	$ 2,454,069	$ 2,688,806
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued expenses	$ 1,123,407	$ 1,372,176
Lease liabilities, current	19,905	20,402
Debt, current	3,650	3,600
Other current liabilities	7,729	5,957
TOTAL CURRENT LIABILITIES	1,154,691	1,402,135
Debt, non-current, net of debt discount and debt issuance costs	549,077	532,986
Lease liabilities, non-current	53,059	49,665
Deferred tax liability, net	288	680
Other liabilities, non-current	1,577	1,657
TOTAL LIABILITIES	1,758,692	1,987,123
STOCKHOLDERS' EQUITY		
Common stock	2	2
Additional paid-in capital	1,400,181	1,387,715
Accumulated other comprehensive loss	(3,091)	(2,076)
Accumulated deficit	(701,715)	(683,958)
TOTAL STOCKHOLDERS' EQUITY	695,377	701,683
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 2,454,069	$ 2,688,806

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

	Three Months Ended	
	March 31, 2024	**March 31, 2023**
Revenue	$ 149,319	$ 130,150
Expenses [1][2]:		
Cost of revenue	65,902	124,828
Sales and marketing	43,689	53,049
Technology and development	26,891	24,215
General and administrative	26,665	21,088
Merger, acquisition, and restructuring costs	—	7,465
Total expenses	163,147	230,645
Loss from operations	(13,828)	(100,495)
Other (income) expense:		
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)
Loss before income taxes	(25,566)	(99,041)
Benefit for income taxes	(7,809)	(309)
Net loss	$ (17,757)	$ (98,732)
Net loss per share:		
Basic and diluted	$ (0.13)	$ (0.73)
Weighted average shares used to compute loss per share:		
Basic and diluted	139,297	134,667

[1] Stock-based compensation expense included in our expenses was as follows:

	Three Months Ended	
	March 31, 2024	March 31, 2023
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

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

	Three Months Ended	
	March 31, 2024	March 31, 2023
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

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

	Three Months Ended	
	March 31, 2024	March 31, 2023
OPERATING ACTIVITIES:		
Net loss	$ (17,757)	$ (98,732)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	13,567	95,795
Stock-based compensation	20,831	19,287
(Gain) loss on extinguishment of debt	7,387	(8,549)
Gain on disposal of property and equipment	(10)	(26)
Provision for doubtful accounts	134	67
Amortization of debt discount and issuance costs	1,152	1,669
Non-cash lease expense	(546)	34
Deferred income taxes	(7,770)	(404)
Unrealized foreign currency gain, net	(3,910)	(1,463)
Other items, net	—	2,696
Changes in operating assets and liabilities:		
Accounts receivable	175,313	100,142
Prepaid expenses and other assets	(812)	(2,063)
Accounts payable and accrued expenses	(249,742)	(141,068)
Other liabilities	1,752	1,722
Net cash used in operating activities	(60,411)	(30,893)
INVESTING ACTIVITIES:		
Purchases of property and equipment	(5,873)	(4,404)
Capitalized internal use software development costs	(3,379)	(3,063)
Net cash used in investing activities	(9,252)	(7,467)
FINANCING ACTIVITIES:		
Proceeds from issuance of 2024 Term Loan B Facility, net of debt discount	361,350	—
Repayment of 2021 Term Loan B Facility	(351,000)	—
Payment for debt issuance costs	(4,510)	—
Repayment of debt	—	(900)
Repurchase of Convertible Senior Notes	—	(40,828)
Proceeds from exercise of stock options	—	1,486
Repayment of financing lease	—	(208)

Taxes paid related to net share settlement	(8,941)	(9,046)
Payment of indemnification claims holdback	—	(2,313)
Net cash used in financing activities	(3,101)	(51,809)
EFFECT OF EXCHANGE RATE CHANGES ON CASH, CASH EQUIVALENTS AND RESTRICTED CASH	(621)	265
CHANGE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	(73,385)	(89,904)
CASH, CASH EQUIVALENTS AND RESTRICTED CASH — Beginning of period	326,219	326,502
CASH, CASH EQUIVALENTS AND RESTRICTED CASH — End of period	$ 252,834	$ 236,598

RECONCILIATION OF CASH, CASH EQUIVALENTS AND RESTRICTED CASH TO CONSOLIDATED BALANCE SHEETS		
Cash and cash equivalents	$ 252,834	$ 236,550
Restricted cash included in prepaid expenses and other current assets	—	48
Total cash, cash equivalents and restricted cash	$ 252,834	$ 236,598

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

	Three Months Ended	
SUPPLEMENTAL DISCLOSURES OF OTHER CASH FLOW INFORMATION:	March 31, 2024	March 31, 2023
Cash paid for income taxes	$ 729	$ 1,547
Cash paid for interest	$ 7,182	$ 8,987
Capitalized assets financed by accounts payable and accrued expenses and other liabilities	$ 7,272	$ 3,320
Capitalized stock-based compensation	$ 576	$ 569
Operating lease right-of-use assets obtained in exchange for operating lease liabilities	$ 8,255	$ 271

MAGNITE, INC.
RECONCILIATION OF REVENUE TO GROSS PROFIT TO CONTRIBUTION EX-TAC
(In thousands)
(unaudited)

	Three Months Ended	
	March 31, 2024	March 31, 2023
Revenue	$ 149,319	$ 130,150
Less: Cost of revenue	65,902	124,828
Gross Profit	83,417	5,322
Add back: Cost of revenue, excluding TAC	47,136	110,727
Contribution ex-TAC	$ 130,553	$ 116,049

MAGNITE, INC.
RECONCILIATION OF NET LOSS TO ADJUSTED EBITDA
(In thousands)
(unaudited)

	Three Months Ended	
	March 31, 2024	March 31, 2023
Net loss	$ (17,757)	$ (98,732)
Add back (deduct):		
Depreciation and amortization expense, excluding amortization of acquired intangible assets	5,978	9,366
Amortization of acquired intangibles	7,589	86,429
Stock-based compensation expense	20,831	19,287
Merger, acquisition, and restructuring costs, excluding stock-based compensation expense	—	7,322
Non-operational real estate and other expense, net	24	116
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 debt refinancing expense	3,140	—
Benefit for income taxes	(7,809)	(309)
Adjusted EBITDA	$ 25,026	$ 23,338

MAGNITE, INC.
RECONCILIATION OF NET LOSS TO NON-GAAP INCOME
(In thousands)
(unaudited)

	Three Months Ended	
	March 31, 2024	**March 31, 2023**
Net loss	$ (17,757)	$ (98,732)
Add back (deduct):		
Merger, acquisition, and restructuring costs, including amortization of acquired intangibles and excluding stock-based compensation expense	7,589	93,751
Stock-based compensation expense	20,831	19,287
Non-operational real estate and other expense, net	24	116
Foreign exchange (gain) loss, net	(2,315)	233
Interest expense, Convertible Senior Notes	421	1,665
(Gain) loss on extinguishment of debt	7,387	(8,549)
Other debt refinancing expense	3,140	—
Tax effect of Non-GAAP adjustments [1]	(11,336)	(2,020)
Non-GAAP income	$ 7,984	$ 5,751

(1) Non-GAAP income includes the estimated tax impact from the reconciling items between net loss and non-GAAP income.

MAGNITE, INC.
RECONCILIATION OF GAAP LOSS PER SHARE TO NON-GAAP EARNINGS PER SHARE
(In thousands, except per share amounts)
(unaudited)

	Three Months Ended	
	March 31, 2024	**March 31, 2023**
GAAP loss per share [1]:		
Basic and diluted	$ (0.13)	$ (0.73)
Non-GAAP income [2]	$ 7,984	$ 5,751
Non-GAAP earnings per share	$ 0.05	$ 0.04
Weighted-average shares used to compute basic earnings (loss) per share	139,297	134,667
Dilutive effect of weighted-average common stock options, RSUs, and PSUs	4,371	3,615
Dilutive effect of weighted-average ESPP shares	65	17
Dilutive effect of weighted-average Convertible Senior Notes	3,210	6,026
Non-GAAP weighted-average shares outstanding [3]	146,943	144,325

[1] Calculated as net income (loss) divided by basic and diluted weighted-average shares used to compute earnings (loss) per share as included in the condensed consolidated statement of operations.

[2] Refer to reconciliation of net loss to non-GAAP income.

[3] Non-GAAP earnings per share is computed using the same weighted-average number of shares that are used to compute GAAP earnings (loss) per share in periods where there is both a non-GAAP loss and a GAAP net loss.

MAGNITE, INC.
CONTRIBUTION EX-TAC BY CHANNEL

(In thousands)
(unaudited)

	Contribution ex-TAC			
	Three Months Ended			
	March 31, 2024		March 31, 2023	
Channel:				
CTV	$ 54,894	42%	$ 46,412	40%
Mobile	53,299	41%	46,897	40%
Desktop	22,360	17%	22,740	20%
Total	$ 130,553	100%	$ 116,049	100%