Prepared Remarks of

theTradeDesk®

Third Quarter 2025 Earnings Call
November 6, 2025

Chris Toth, Vice President Investor Relations

Thank you, operator. Hello and good afternoon to everyone. Welcome to The Trade Desk third quarter 2025 earnings conference call. On the call today are CEO and Co-Founder, Jeff Green and Chief Financial Officer, Alex Kayyal.

A copy of our earnings press release is available on our website in the Investor Relations section at thetradedesk.com. Please note that, aside from historical information, today's discussion and our responses during the Q&A may include forward-looking statements. These statements are subject to risks and uncertainties and reflect our views and assumptions as of the date such statements are made.

Actual results may vary significantly, and we expressly disclaim any obligations to update the forward-looking statements made today. If any of our beliefs or assumptions prove incorrect, actual financial results could differ materially from our projections or those implied by these forward-looking statements. For a detailed discussion of risks, please refer to the risk factors mentioned in our press release and our most recent SEC filings.

In addition to our GAAP financial results, we present supplemental non-GAAP financial data. A reconciliation of the GAAP to non-GAAP measures is available in our earnings press release. We believe that presenting these non-GAAP measures alongside our GAAP results offers a more comprehensive view of the company's operational performance. With that, I'll now turn the call over to CEO and Co-Founder, Jeff Green. Jeff?

Jeff Green, Founder and CEO

Thanks, Chris and good afternoon, everyone. Thank you for joining us today.

As you've seen from our press release, we again posted strong growth in the third quarter. Revenue grew approximately 18% compared with Q3 of last year. When excluding political spend, compared to last year's Q3, our revenue grew by 22%.

CTV remains our largest and fastest-growing channel, continuing to grow at a faster rate than our overall business. The shift to biddable CTV is accelerating, and we expect decisioned CTV will become the default buying model in the years ahead. The advantages of decisioned buying compared to traditional programmatic guaranteed or insertion order models are so significant in terms of flexibility, control, and performance, that the choice for advertisers is becoming increasingly obvious. Retail media continues to scale rapidly as well. We are seeing strong adoption across verticals, as more shopper marketing budgets flow into programmatic, and more retailers turn to us as their trusted partner.

To begin, let's take a step back and provide some context about the state of our industry. So far, 2025 has been a year of innovation and change for our industry and our company. The change in landscape has created amazing upgrades to our business and our industry. Compared to last year, our TAM has grown significantly including expansion from CTV and AI Chatbots and growth in Premium Content, the supply chain is much more efficient, and our products have been enhanced with AI across the board. The Trade Desk is adding more value than ever before.

But the changes of 2025 are much more interesting and significant when you consider how they will change the trajectory and opportunity for the open internet for the next several years. A reminder: the Open Internet is the portion of the internet where price discovery and competition exist. On the open internet every transaction is arm's length. Walled garden's are built around owned and operated inventory, instead of third party inventory. Price discovery comes when the buyer and seller are different entities. Of course, premium content is largely created by those who focus on content excellence, so the open internet is where the most loved content and the most premium content live.

Because the Open Internet has continued to win more and more consumer time in places like premium TV, movies, music consumption in places like Spotify, live sports, and journalism—we continue to see a growing desire for the Open Internet to get the first dollar of any media plan and also to get the lion share of any media plan. Because advertising is about helping consumers feel something about a product, service, or opportunity—using great video and audio ads are essential to most brand building, customer loyalty efforts, and all performance efforts—including performance TV.

I contend that supply has always been greater than demand in digital advertising. Because it is so much easier to create more supply than it is to create a bigger marketing budget—the supply growth continues. This imbalance has grown steadily, and as a result, the market continues to strengthen for buyers. It's a buyers market.

All of this ripens the opportunity for The Trade Desk and the Open Internet. In order for the Open Internet to grow faster than closed ecosystems that are mostly filled with user generated content and without price discovery—the efficiency of competitive supply chains and the benefits of competition, in time, must work for the market, and not against it. This shift has happened in 2025.

To this end, AI is accelerating the improved effectiveness of the Open Internet. Of course, every significant AI innovation and AI product needs quality data. The most valuable data to an advertiser is their own conversion and customer data. We will win long-term because we've built a business where buyers can own their future—which requires them to own, protect, and use their own data.

AI is fast-tracking progress for companies that are eager to put their data to work and can leverage automation intelligently. Big brands are increasingly (and rightfully) leery of walled gardens as the AI-fueled future materializes. Advertiser and agency data is more valuable in this AI world than ever. It's also less defensible in the hands of our big tech competitors who are ridden with conflict of interest and have insatiable appetites to own advertisers' data.

AI is accelerating the path to the open internet having vastly superior price discovery and fungibility. A world with better price discovery and better open internet supply chains for the quality content will decrease the value of user generated content destinations and other similar apps and sites that are full of ads and unsafe content. Premium content and deliberate data-driven targeted buying is the only way for the biggest brands and advertisers to remain competitive.

Nearly every big tech player in advertising (Amazon, Apple, Google, Facebook) is primarily focused on expanding and monetizing their owned and operated inventory. Google is clearly focused on search, their AI chatbot Gemini, and YouTube. Amazon's primary advertising efforts are focused on growing sponsored listings and then secondarily on prime video—both are putting Amazon owned and operated inventory first. Facebook continues to focus on monetizing Instagram and Facebook as destinations. TikTok the same. None of these companies are focused on monetizing the Open Internet. This was helpfully made public throughout the DOJ v Google Anti-Trust trial when they revealed numbers that Google normally doesn't report on. Exhibits and industry experts estimated that in 2019, the open internet and owned and operated inventory on YouTube were equally split in share of wallet on DV360. However, between 2019 and today, roughly all of the incremental dollars and growth from DV360 has gone to YouTube. YouTube spend increased by about 800% while Google's buying of the open internet stayed essentially flat during the same period of time. During that time, The Trade Desk seems to have surpassed Google in the amount bought on the Open Internet, according to others.

The industry is evolving at a rapid pace. However, no one is driving that change with more force or focus than The Trade Desk. With that backdrop, I want to focus today on three key areas of progress. First, let's walk through the foundational improvements and upgrades we've made across the company over the past year.

Since March, we've welcomed a new COO, a new CFO, and a new CRO, who we just announced last week and began this week. Our COO, Vivek Kundra, has already driven operational progress and continues to improve our operations. Under his leadership, we've brought greater structure, discipline, and clarity to how we operate, streamlining our go-to-market organization, improving coordination across regions and teams, and instilling stronger operating cadences that enhance accountability and performance.

While we've always been data-driven in running campaigns and servicing our customers, we're building a more data-driven culture that emphasizes measurable outcomes for our employees and consistent execution.

These changes are helping us scale more predictably and efficiently, while fostering a culture of ownership and operational excellence that will serve us well in the years ahead.

Many of our largest clients are among the world's leading advertisers – and they operate at global scale, often through multiple agencies. To manage that complexity, we have put new systems in place, so we can execute account plans with thoroughness and rigor. This rigor helps every part of our business, from our engineers who can identify key innovation opportunities as they ship product every week, all the way to our commercial services teams who can help our clients take advantage of key opportunities as they emerge. Let me give you one example. One of the most influential data analytics companies in the world recently ran a competitive test between The Trade Desk and a major walled garden which offered to run campaigns with zero fees. But because we're objective, data-driven, and focused on measurable outcomes, we won the opportunity securing about $20 million more in incremental spend through the end of 2025.

Last year, we spoke about investing more resources to pursue closer relationships with the biggest brands. We've seen incredible results from this effort – JBPs continue to grow significantly faster than non-JBP accounts. Importantly, we've grown our relationships with top brands while simultaneously creating more growth and stickiness for the agencies.

I'm confident that with Anders Mortensen coming aboard as our new Chief Revenue Officer, we will continue to improve effectiveness of our go-to-market organization. I'm thrilled that he's joined the team. In fact, this week, he's become the latest executive to join our ranks from the likes of Google, Amazon and Meta in recent quarters, across all parts of our business.

Anders will help us scale our sales effectiveness. At Google he was one of two executives who ran their ad business from a sales perspective. Anders oversaw their mid-market ad business, covering more than 5000 advertisers and their agencies, and successfully grew that business at a pace that significantly exceeded broad market growth. Anders will help us continue to grow within our established client base, and he will also help us expand to a broader range of advertisers and agencies around the world.

The second area I'd like to highlight is the innovation we're delivering in our platform.

This year has really been the year of innovation for us. We've launched some of the most market-changing products that we ever have. And as you know, we have a track record of changing this industry with new product innovations. Prior to this year, over and over again we've done things that people have told us we couldn't pull off.

As a few examples, we weren't even one of the first 10 companies to get funding as a DSP, but we did it anyway. We launched bid factors which proved to be a better system of targeting that was more expressive and enabled so many businesses to be built on our platform. That system also laid the foundation for an AI powered platform. Also, nearly a decade ago, we were the first to move the 3rd party data market usage to a percentage of spend. We created the largest cookie pool for the open internet when our Unified ID efforts were successful. Then Google changed the game with their war on cookies, and then we launched UID2. Now UID2 is the primary identity currency of ads for the open internet around the world. It's ubiquitous. This is similar for things like global placement ID and transaction ID. These are metadata standards for the open internet that have become standards because of our innovations and insistence. We've also enabled an entire ecosystem of innovation. Without our APIs and log-level reporting, there are entire categories of companies that wouldn't be viable. None of the walled gardens enable businesses like this. In 2018, we launched Koa. Our early focus on AI and machine learning has positioned us to upgrade our platform as the rise of AI tools has made upgrading our platform easier than any other DSP.

At TTD, we are very focused, and we have a clear north star. This is a race to create the best performing ads and the best competitive supply chain digital advertising has ever seen and thereby win the trust and investment of the biggest advertisers in the world.

Today, nearly all of our clients have tried Kokai with nearly 85% using Kokai as their default experience. When we build a new iteration of our platform, our primary goal is to deliver more value to our customers by increasing their performance. By this standard, Kokai is the best upgrade we have ever made to our product, relative to all previous versions and certainly relative to Solimar. Campaigns that have switched to Kokai are seeing impressive results. Since its launch, Kokai has delivered on average, 26% better cost per acquisition, 58% better cost per unique reach, and a 94% better click through rate compared to Solimar. These are incredible performance improvements on top of what was already considered the most performant DSP in the world.

Kokai has a number of features in it that are game changers for our clients and for the open internet. We've used the industry's most advanced AI to enhance our system with an architecture we call distributed AI. We break down every function and create separate AI models for each of them—from valuing impressions, to managing identity, to choosing supply paths, to predicting a price required to clear, and to forecast the performance and reach of a campaign before a single dollar is even spent. This allows us to parallelize all AI efforts and enables checks and balances between these disparate functions. It cannot be overstated how much AI has changed and will change our business and the Open Internet.

This year we've launched and grown several products that are solely focused on substantially upgrading supply chains so that buyers get more for their money.

OpenPath is an integration between TTD and a direct source of inventory. OpenPath plugs into auctions we trust. It is a collection of clean pipes or connections directly into inventory. We have grown OpenPath by many hundreds of percentage points this year, which means our clients are getting a clearer view of exactly what they are buying, and publishers have a clearer sense of what advertisers are willing to pay when they describe their inventory in a transparent and accurate way.

OpenAds is an auction that we developed and sometimes host as an option for publishers. We then bid into a fair auction and even enable other buyers or DSPs to do so too. The market needs a healthy auction and some sell-side players have continually weakened the integrity of the auction, so we're developing and using an open-source auction that raises that bar. We just launched it and we're already working to integrate with more than 20 of the biggest publishers on the web. We expect this to dramatically improve the supply chains of mobile in-app ads and browser-based ads, which of course can use the help in an AI scraping world.

PubDesk is improving the supply chain by publishing data for the sell side. Resellers, Sellers and Publishers can log into the platform and see what we paid the supply chain, what signals we value, and adjust their sites and inventory to get more. This is largely fueled by the Sincera team and data that we acquired earlier in the year.

Deal Desk is a better way to manage one-to-one deals. Not only does it facilitate the buy, but using AI it predicts how a deal will perform relative to the Open Market. This product enables them to do deals, but also gives them unprecedented data and tools to avoid bad deals. It is important to note that this product will be foundational to a healthy forward market that can replace the outdated upfronts. So far, deals on Deal Desk are performing about 35% better than those running on Solimar, which is more similar to the way they run everywhere else in the programmatic ecosystem.

Digital advertising supply far exceeds demand. It always has and, frankly, it always will. That dynamic makes digital advertising a true buyer's market, where advertisers have unprecedented choice. At the same time, because Google has historically made it almost impossible for most

SSPs to do true yield management, many tech players on the sell side of advertising have been incentivized to duplicate their ad inventory, obfuscate it, or sometimes even misrepresent it.

As advertisers increasingly gravitate to the premium advertising opportunities that are consistent with their brand, they want better tools to be able to distinguish premium ad environments and ensure that their ads are not being placed on recipe sites with 20 different ads popping up competing for users attention. I don't have anything against recipe sites, but I've found recently that this example reminds people how much room there is to create better ad experiences.

Key to this is the auction. A clean, credible auction ensures that advertisers can understand exactly what they are buying and value it appropriately. Many of the largest premium publishers run their own auctions – such as Disney with its DRAX platform. OpenPath connects directly into many of these premium publisher auctions. And companies like Disney do this because they want to ensure that their premium inventory can be correctly assessed and valued.

A healthy auction is not an inherently sell-side or buy-side consideration. It sits in between – as the referee between the buy side and the sell side. And in order to have a healthy marketplace, both sides have to trust the auction. In order to establish that trust we started with the open-sourced version of the PreBid auction. Then we innovated and made it better to ensure it contains some key elements such as Transaction ID, and a Sincera signature to better reduce duplication and detect obfuscation by sellers. We will open-source key elements of OpenAds, and we will expose its mechanics for review.

Just like recent innovations such as UID2, or OpenPath, or Ventura, our intent here is to incentivize a more transparent, competitive marketplace for all.

In Q4 we announced three additional product features and upgrades that will be some of the most significant contributors to our growth for years to come. The first is a system upgrade and the other two are product launches.

We have overhauled our data marketplace. We have reviewed the mechanics, incentives, and market dynamics over our third-party data marketplace and made significant upgrades. The result is a more competitive, AI-driven marketplace with more data, more data segments and more reward for those with quality data.

Second, we're introducing Trading Modes, this is a bit like driving modes in a car where the user can decide how they would like to engage with the system. Would they prefer to have control, where they have more decisions, a greater burden of work. Or would they prefer to simply optimize to performance and lean on the machine. In both cases we're introducing agentic AI as a co-pilot to ensure optimal campaign performance. But its role and engagement will differ based on the trading modes. This new feature will accelerate the adoption of agentic AI in our platform.

And third, in Q4 we introduced a new product called Audience Unlimited. This enables our users to use third-party data for a single fee. And that single fee will make it easier for them to layer on much more data and improve the efficacy of their campaigns.

The third area that I'd like to cover is the momentum we're seeing in our business as we close out 2025 and prepare for 2026.

Since our last earnings call, I've spent much of my time on the road. I hosted 11 trader town-halls with programmatic traders at our top agencies and brands in various cities around the world. I've met with dozens of major client CMOs and many of the world's leading publishers.

What is clear across all of these communities is the confidence that everyone has in the potential of the open internet.

We maintain that the independent and objective DSPs will have the majority of Open Internet spend at end state. Today, all of our biggest competitors are conflicted, so it is ours for the taking. There are so many places where we are seeing progress – Here are just a few of them:

Our research shows the average consumer now spends two thirds of their digital time on the Open Internet even though most budgets today still go to Facebook, Google, TikTok. This imbalance will correct, over time.

Outside the US our business is growing significantly faster than the US. Given that 60+% of the TAM is outside this US, this is movement in the right direction of capturing the TAM.

Audio has become one of our fastest-growing channels as consumers spend an average of three hours a day listening to their favorite music and podcasts. Bayer recently added Spotify to their omnichannel campaigns on Kokai and saw 15% growth in their incremental reach.

Adoption of Kokai is driving significant performance improvements for our clients. SpecSavers in the UK saw a 43% reduction in the cost of securing customer appointments using Kokai, while also cutting the conversion time by almost 50%. Danone saw conversion rates go up by a third for their Actimel yogurt product leveraging the retail data marketplace and omnichannel strengths of Kokai.

Spend under JBPs are growing significantly faster.

OpenPath has grown by many multiples in this year. Publishers like Hearst are seeing a 4X improvement in ad fill rate and 23% revenue increase when integrating OpenPath.

We're seeing enthusiastic interest in OpenAds. We just launched OpenAds and we already have 20 publishers committed to integrating.

On the supply side, SSPs such as PubMatic are integrating with Deal Desk using a new price discovery provisioning API that helps sellers better understand how buyers value deals and identify how sellers can increase the quality of their inventory.

The injection of AI into our supply path optimization is finding better paths to publishers with double digit percentages of efficiency.

To bring this to a close, I just want to reiterate that we are building our business for the long-term. The upgrades we've made to our company over the past year put us in the best possible position to execute on the opportunities that are right in front of us today, and to continue to scale and lead the open internet in the years ahead. I want to share a few of the principles that we've had for a very long time that continue to be critical to us continuing to lead the open internet.

First, we will always only represent the buyside of digital advertising. Everything we do that interacts with the supply side, such as OpenPath and OpenAds, is intended to drive better signal and a more transparent marketplace for our advertiser and agency clients. But we are hopeful that they also drive efficiencies that benefit the entire ecosystem.

Second, the digital advertising market will inevitably bend toward efficiency. Every market does, over time. It's just a question of how fast we get there. There are still some in our industry who will say things like "why shouldn't I be allowed to duplicate or hide aspects of what I'm selling." Over time, though, the survivors and the thrivers will be those who figure out how to win in a fair fight. We will always be advocating and advancing a fair fight wherever we can.

And last, the open internet offers compelling value in contrast to walled gardens. The open internet is where most consumers spend most of their time. It is where they engage with the internet's most premium content. Advertising on the open internet is not the same as advertising in a walled garden. On the open internet an advertiser gets to select ad impressions across all opportunities with objectivity and efficacy. That's not possible in a walled garden or using a walled garden DSP. For most marketers, these are two very different value propositions.

The work we do in any of these areas is not easy, let alone all of them. But that's our mission. We know that transparency, objectivity, and innovation drive performance for us. But more than that, we know they are essential for our clients.

And we're just getting started. I've never been more excited about the road ahead.

With that, I'll hand it over to Alex to walk you through the financials.

Alex Kayyal, Chief Financial Officer

Thank you, Jeff, and good afternoon everyone.

I'm honored to be speaking to you today as our CFO. It's been an incredible few months, working closely with our leadership team and our world class finance organization. I have even more confidence in our business today with the outstanding team that we have in place, and I'm grateful that they have made my transition so smooth.

When I first met The Trade Desk 13 years ago, the company was generating less than $10 million in annual revenue. Over that time I've been grateful to serve on our Board of Directors over two distinct periods. As I reflect on the journey over all those years, what strikes me most is how much opportunity still lies ahead, which is exactly why I chose to step into this role. My priorities as CFO are clear: help grow The Trade Desk's share of the $1 trillion dollar advertising TAM as more dollars shift to programmatic, identify and prioritize the right investments to expand our leadership position, convert that growth into durable long-term free cash flow through disciplined operating leverage, and lastly ensure our business remains tightly aligned with agencies and advertisers over the long-term.

I am bringing a growth mindset to my role as CFO here. Our focus on profitable growth means that we can invest to ensure we are always innovating and delivering premium value to our clients. As our TAM expands, and given the AI opportunity, I am working with our team to take a fresh look at every aspect of the business so we can make the right investments and further accelerate our flywheel. That includes evaluating how our innovation investments fuel growth, how we go to market, how we structure incentives in the organization and how our products and features are being adopted and creating value. We are already leading the way here with all the product innovations we have announced in the last quarter.

The Trade Desk is uniquely positioned, with a large and growing addressable market, a differentiated market position anchored in objectivity for advertisers, strong secular tailwinds, the best technology in ad tech and a business model built to deliver highly profitable growth. I believe the power of the open internet, combined with the foundational improvements the company has made throughout 2025 across leadership, operations and engineering have strengthened our position for the long-term. Across the company, and as you've heard from Jeff, we see significant opportunities to drive outsized growth, and we are committed to doubling down on those areas.

With that, let's go through the numbers. In Q3, we delivered revenue of $739 million, representing 18 percent year-over-year growth. Excluding political spend related to last year's U.S. elections, revenue increased approximately 22% year-over-year. Our strong performance in Q3 reflects our continued capture of incremental advertiser wallet share among large global brands during this period.

With the strong top-line performance in Q3, The Trade Desk generated approximately $317 million in adjusted EBITDA, or about 43% of revenue.

CTV has been consistently growing at a faster rate than the overall business, which was the case again in the third quarter. Video, which includes CTV, represented around 50 percent of our business in Q3 and continues to grow as a percentage of our channel mix. Mobile represented a low-30s percentage share of the business during the quarter, while display represented a low double-digit share and audio represented around 5%. Over time, I expect CTV and audio will grow as a percentage of mix, fueled by the premium, authenticated nature of these channels. With supply significantly outstripping demand in our industry, our clients can be very deliberate in which ad impressions they select, which means those authenticated audiences become more attractive, especially on an objective buying platform like The Trade Desk.

Geographically, North America represented about 87% of our business in Q3, and international represented about 13%. Our strong momentum in both EMEA and APAC is reflection of the investments we have made in these regions over the last several years. Our growth across our international business continues to outpace our growth in North America.

Among verticals that represent at least 1% of our business, we saw particularly strong growth in Medical Health, Automotive, and the Technology sector. We have been making a concerted effort to continue to diversify our business across a larger number of verticals, and we are seeing major client wins in verticals such as Insurance, Financial Services and Telco for example.

Q3 operating expenses, excluding stock-based compensation, were $457 million, up 17% from a year ago. During the quarter, we continued to make investments in our team and platform, particularly in areas like platform operations.

Income tax expense was $64 million in the third quarter, driven primarily by our profitability and stock-based awards.

Adjusted net income for the quarter was $221 million or $0.45 per diluted share. Net cash provided by operating activities was $225 million and free cash flow was $155 million in Q3. DSOs exiting the quarter were 92 days, up 3 days from a year ago. DPOs were 77 days, up 3 days from a year ago.

We ended the quarter with a strong cash and liquidity position. Our balance sheet had about $1.4 billion in cash, cash equivalents and short-term investments at the end of the quarter. We had no debt on the balance sheet.

In Q3, we used $310 million of cash to repurchase our Class A common stock via our share repurchase program. Going back to our first authorization in 2023, the company has repurchased nearly $2 billion through our repurchase program, effectively offsetting dilution and reducing shares outstanding over that time. In October, we deployed the remaining amount from our January authorization and the Board of Directors subsequently approved a new authorization of $500 million. We have a strong balance sheet and we will continue to evaluate opportunistic repurchases as a part of our capital allocation strategy.

For Q4 we expect revenue to be at least $840 million. Excluding the benefit of U.S. political ad spend in Q4 of 2024, our estimated growth rate in Q4 of this year would be approximately 18.5% on a year-over-year basis. We estimate adjusted EBITDA for Q4 to be approximately $375 million.

As we look toward 2026, we remain well-positioned to grow our share of the advertising TAM, generate significant profitability and cash flow, and deepen the value we're delivering to advertisers. The Trade Desk sits squarely at the forefront of CTV transformation, a powerful application of AI, the expansion of retail media, and the proliferation of programmatic buying internationally. With these structural growth drivers and our focus on operational rigor at scale, we believe we've never been better positioned to capture the massive opportunity ahead across the open internet and advertising more broadly.

I look forward to engaging more with our customers, partners and our shareholders in the months and years ahead. I'm also more confident than ever that we have the right team in place to capitalize on this moment.

That concludes our prepared remarks. Operator, please open up the call for questions.