

Prepared Remarks of



**Fourth Quarter 2025 Earnings Call
February 25, 2026**

Chris Toth, Vice President Investor Relations

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

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, Co-Founder and CEO

Thank you, Chris, and thanks everyone for joining us. Q4 was a solid quarter for The Trade Desk. When Q4 2025 is compared to Q4 2024, revenue grew approximately 19% year-over-year, when excluding political. On an absolute basis, not adjusting for the irregular nature of political spend, revenue grew 14% Q4 over Q4. This quarter capped off a year in which we grew revenue to record levels, we maintained strong profitability margins as we scaled and continued to invest in innovation that we believe will define the next decade of digital advertising.

I am proud of how our teams executed in 2025, especially against a volatile and uncertain backdrop, all while delivering the industry's most advanced media buying platform.

I want to spend the bulk of today's report talking about three things:

First, the state of the macro environment and the global advertising market.

As you know, we serve most of the world's largest advertisers. Because the vast majority of the S&P 500 are clients, we have a unique vantage point into the global economy, through branding, brand growth, and advertising spend.

2025 was fantastic for tech spend, for travel spend, for pharma spend, and for communications spend. Actually, despite a greater degree of macro uncertainty and most S&P500 companies trying to determine what changes the evolving AI-fueled world and the geopolitical issues mean for them, most categories had a very good year.

One of the clearest themes in our data and from our conversations with clients was a sustained weakness among some large consumer packaged goods companies (CPGs) as well as some

global auto companies. Together, these verticals represent over a quarter of our business. But in these two categories, all global companies have levels of uncertainty we haven't seen for most of the last 15 years. They all had to make tough choices in 2025. Most still have tough choices ahead. I do want to be clear that some have autos and CPGs have done very well in this environment, especially those that have focused on growth, value, objectivity, and impact. But some have had to respond to the impact of those macro pressures and instead just focus on reducing costs. In other cases, some companies have shrunk branding spend and focused on cost cutting instead of focusing on growing. When these companies, are excluded from our year over year comparisons, our business and the open internet is doing much better than the averages alone would suggest.

Beginning in Q2 2025, CPG and auto companies began navigating a mix of category headwinds such as tariff uncertainty and uneven volumes, in addition to persistent inflationary pressures as more consumers deal with cost-of-living challenges. And those trends have continued into the beginning of this year. On their own earnings calls, several global brands have talked about pulling back advertising budgets driven by the month-to-month volatility caused by these macro forces. In the CPG sector, just last week at CAGNY, many of the large global brands spoke about consumer pressure, slower volume recovery, and ongoing input cost volatility, reinforcing what we are seeing in our data.

I highlight the differences in verticals to provide a clearer view of our long-term opportunity and not to misunderstand unique moments of macro headwinds with the long-term prospects of our

business. Without that double click, it is harder to understand why I am so confident in our long-term opportunity.

We estimate that more supply was added to the global market than in 2025 than in any year before. This macro trend is something that we predicted and is a huge validation to our business model. When there is more supply than demand, it is a buyer's market. This puts our clients in an incredibly powerful position. This makes the objectivity we have, by not owning inventory, much more valuable than ever. It has always been one of our greatest strategic assets, but it is even more valuable now than ever.

For the advertisers that prioritize decisioning, by using data to find the most relevant and valuable impression across all channels, they've never had it better. They have more choice than ever. And this, of course, plays to The Trade Desk strengths.

Let me give you a couple of examples of how the supply-demand imbalance has helped us.

One of the world's leading appliance manufacturers recently ran a test between The Trade Desk and the Amazon DSP, focusing on CTV ad performance in one of their most important markets. They found that with The Trade Desk they were able to reach 70% more unique households, because we gave them access to a much wider range of relevant touchpoints with those consumers. With The Trade Desk, they were able to reach those consumers at 30% lower total cost. So significantly better reach, for meaningfully lower cost. And the kicker is that The Trade Desk's platform performed 6 times better in terms of delivering their campaign goals. All of this happened because we provided the client with objective decisioning across the open internet. We

didn't prioritize our own impressions because we don't own any. We were able to help the client find the ad impressions that were most likely to lead to conversions.

And while CPG and auto companies remain challenged starting this year, we are encouraged by how many of those same global brands are talking about more objective decision-making. In my own discussions with many of them, there is growing skepticism of the cheap reach dynamics of walled garden platforms. Increasingly, they realize that cheap reach does not drive growth. Vinny Rinaldi, a VP at Hershey's, and one of the most forward-thinking CPG advertising leaders, addressed this head on.

He's been pointing this problem in our space for years in what he call the "Fallacy of Cheap Reach". But recently, he put a finer point on it when he said:

"For the past 15 years, marketing success was measured by one dominant pursuit: cheap reach. The advertising industry became enamored with scale over substance, equating impressions with effectiveness. This outdated approach creates a false sense of efficiency, masking the true ineffectiveness of these buys. Today, growth is no longer driven by how many people you reach, but by how meaningfully you engage them. Effective reach transcends sheer volume; it's about leveraging creative storytelling to deliver meaningful messages to the right audience, in the right context, at precisely the right time."

I couldn't have written a better description of the difference between The Trade Desk and the open internet, and walled gardens. I'm excited to be working with Vinny and other forward thinking CPG leaders on how to execute on that disparity -- with objective decision-making, new approaches to measurement, and our growing retail data marketplace.

This is a good transition to our second topic today, the innovations we're investing in and why. Of course, we should start with AI.

AI is changing nearly every industry in the world, directly or indirectly. We agree with the view that the advent of AI is an unprecedented generational shift, and we will change the world in ways similar to how we did when the internet itself emerged. This is why we launched Koa in 2018. Let me explain why we expect to continue to invest in AI.

First, almost 100% of our clients are running through Kokai today. We think Kokai is the most advanced AI-fueled buying platform ever pointed at the open internet. Kokai broke advertising into the basic elements of an advertising campaign and enabled every unique function in the valuation process to be enhanced with AI. From identity probabilities, to valuing impressions, to predicting performance, to forecasting spend, to predicting the right clearing price, to detecting auction manipulation or even fraud, to generating creatives, or supply path optimization, or surfacing insights which could once easily be buried in a mountain of data. Kokai and AI enhanced and upgraded nearly every part of Solimar.

Secondly, developing, writing code, and even building is getting easier as enterprise AI tools continue to grow and evolve. Perhaps the most obvious of AI's features is that it is a productivity enhancer. As one example, every engineer at TTD is using AI tools to write and/or test code. We've injected AI tools across the company and productivity is going up.

Third, think of Trade Desk's proprietary AI and The Trade Desk's unique objectivity as an unprecedented power combo. We think our business model is more conducive to, and will benefit more from, AI than any of our competitors. Every scaled competitor we have is, first and

foremost, selling their owned and operated inventory (their O&O). We don't have O&O. We have aligned our interest with buyers and that is even more valuable in the AI-fueled ecosystem.

AI makes it easier to make better decisions for advertisers and match the best ad opportunities.

Valuable data, like advertisers' first party data, is way more valuable in an AI world. Retail data is more valuable in an AI world. The buying platform with the most objectivity and the most trust is the one most likely to create the most scale and win the most market share.

At The Trade Desk, we have built the industry's most advanced, trusted and objective dataset, which is based on factors like these:

- 20 million ad opportunities every second, each with thousands of data variables, and each valued objectively.
- Our clients' valuable first-party data, which they trust us with and that we will never jeopardize.
- The industry's most scaled data marketplace, including most of the world's leading retailers.
- Close integrations with thousands of suppliers and publishers across channels.

In short, we're trying to make millions of complicated decisions every second based on massive data sets. This assignment can obviously be enhanced with AI, that's why we're investing in it and have been for years. But an AI company in the advertising space must have the data and the objectivity to make any sizable, scaled, and sustainable progress. Advertisers are becoming more selective with their data. We predict this will continue. Trust matters more than ever in an AI-fueled world and AI companies without access to scaled, quality data or amazing levels of trust will not last long.

The global digital advertising marketplace is highly complex, with limitless levers and seemingly an infinite number of possible permutations for every campaign. AI will continue to play a growing role in this fast-evolving global advertising market.

Let me put an even finer point on this, there is an emerging narrative that AI will compress software value or disintermediate platforms altogether. That might be true of some SaaS businesses, especially those that deal in generic process or low-grade data. However, for platforms that have earned the trust of their clients and partners, and that have amassed data that is scaled, unique, refined, and actionable, they are in the perfect position to leverage advances in AI to add more value.

To be very clear, the complexity of the global advertising market is not a weakness for The Trade Desk. It is a moat. And it is exactly the kind of environment where agentic AI can add meaningful value, not by replacing platforms, but by enhancing decision-making within them. What used to be exposed through static APIs can now be expressed through systems that can reason, adapt, and optimize toward outcomes.

We're convinced that agentic AI will ultimately accrete the most value to companies that already have deep customer trust, that have scaled, refined and objective datasets, and that prioritize objectivity, not by companies with limited data hoping an AI framework becomes their business model. In that sense, agentic AI is an evolution of outcome-based platforms, not a shortcut around them.

We have spent years building The Trade Desk around trust, objectivity, and measurable outcomes, while maintaining strict controls around data ownership and advertiser control. That foundation is critical for agentic workflows to become more useful and more widely adopted.

This is a great transition point to talk about another innovation that is in early phases that we expect to pay massive returns in the future, – our new product audience unlimited.

Audience Unlimited is one of our biggest innovations ever. This will change the usage and value of the data marketplace for both buyers and sellers. We think agencies, advertisers, data providers, and retailers will all benefit from this innovation, and it is essential in this new AI-fueled world.

There has been a massive underutilization of third-party data and retail data in particular since the advent of programmatic about 20 years ago. I have argued that the data marketplace is anemic for one primary reason – there is no price discovery for data. The cost has been really complicated for marketers, so generally they don't use it. We can see though, that the value is obvious, especially leveraging AI. Using a flat cost structure, Audience Unlimited helps advertisers use a wider range of the most relevant data to any given campaign, for an all-in cost where value and impact is clearly understood. This innovation wasn't possible before advances in AI – particularly agentic AI in this case – which allows us to surface the right data segment at the right moment. Of course, Audience Unlimited is completely optional. Clients can use it or continue to buy third party data a-la-carte. We are already seeing very positive results with early adopters and I'm excited for more advertisers to get access as this year progresses.

Relatedly, in retail media, the spend on our platform that was influenced by retail data reached record levels in 2025. Over the last five years or so, we have launched partnerships with retailers around the world and together we have created the world's largest and richest marketplace of retail data. Combined, we believe the retailers in our data marketplace represent more than half of global retail sales. The vast majority of our retail partners are sending data via UID2, and we are building strong diversification across categories, from big box and grocery to delivery, travel, and many other retail categories.

Cheerios ran a display campaign in the UK recently, using retail data for audience targeting on Kokai. They saw 88% more conversations and 7 times better CPA. Now, Nestle plans to activate retail data across most of their future campaigns, including audio and other channels.

And retail data is just one piece of the puzzle. The Audience Unlimited roll out is part of a much bigger effort to reform measurement and enable our partners to use more agentic as well. We'll be talking more throughout this year about two new innovative frameworks – one is a measurement framework, and the other is an agentic AI framework for our partners. In 2026 you will see us continue to close the gap between media dollars and real business outcomes, like sales, lifetime value, and brand health. We are strengthening the value we are delivering to clients and reinforcing our position in an increasingly agentic world, including with CPGs who are among the most eager to embrace new open internet measurement models. With advanced AI already distributed across Kokai, our ability to deliver more value to our clients through better performance has never been greater.

I want to share one more innovation built on Kokai, and that's Deal Desk. Complexity has brought many advertisers to seek out one-to-one deals as a means of simplifying supply chains,

much like they used to in a non-digital world. But in that process some buyers have inadvertently given up buy-side decisioning power, especially in CTV. They have also given rise to inefficient supply chains or inadvertent oxygen to some bad players that a more efficient supply chain would not allow for. Deals can be a way to leverage size and get a better deal, but measuring the deals outcomes becomes very important. It is easier to do a bad deal than ever, when especially pursuing cheap cost. Historically, roughly 90 percent deal IDs never scaled, either because they were set up poorly, hard to troubleshoot, or simply didn't perform. Deal Desk centralizes the way buyers create, manage, and analyze their deals. It uses AI to forecast how a deal is likely to perform relative to the open market and highlights where things may go off track. Early results are encouraging. So far, deals that are set up and managed through Deal Desk are performing meaningfully better than those managed the legacy way. More suppliers are signing up for Deal Desk every week. Deal Desk is in early stages, but it is rolling out around the world. Most recently, the two biggest SSPs in Germany announced that they are integrating with it.

CTV continues to be a strong driver of our overall growth and remains one of our fastest growing channels. The largest content owners in the world are leaning further into programmatic and decisioned buying. The shift from traditional insertion orders and programmatic guaranteed toward true biddable CTV continues to accelerate, particularly in live sports and premium episodic content.

The last innovation area that I'd like to talk about is simplification, specifically simplification across the platform. The complexity of our ecosystem is a moat for The Trade Desk, but that doesn't mean we have to hand the complexity back to our user.

At The Trade Desk we are making huge efforts to simplify the supply chains, simplify measurement, simplify our UX, and even simplify the way we bill. We won't compromise the power of our platform, or our values on transparency. By simplifying our bills, we will make it easier to compare our results and our products to walled gardens.

For example, the VP of Strategy at a large agency noted that, “Even though a large ecommerce walled garden may trumpet 1% or no fees, at the end of the day the effective CPM that we pay is higher than comparable campaigns on The Trade Desk. We're paying more to get less functional reporting and we are spending a lot more on data than we would have to on a comparable The Trade Desk campaign.”

Our goal is not, nor has ever been, cheap reach – which ultimately slows growth because it's ineffective. As more marketers come to terms with the limitations of cheap reach, they just need simple ways to explain around their organizations, and especially to CEOs and CFOs of their organizations, why expensive impressions are often the best. Efficacy is not a problem for the open internet. Simplicity currently is.

Our efforts in simplification are already working. Ikea, for example, is using Kokai to get a more intelligent perspective on how their ads perform, across all channels. Thanks to Kokai's AI-fueled omnichannel optimization, they saw cost-per-acquisition decrease 17%, while also gaining valuable new insights on the effectiveness of different channel activations at different stages of the customer journey.

Another example, Best Western saw their booking rate double when using Kokai to target live sports opportunities, thanks to an 89% improvement in incremental reach with Kokai.

Of course, in order for our clients to take full advantage of all this innovation, at scale, we need to continue to upgrade how operate.

With over 3500 employees, and serving thousands of brands, what worked for many years, particularly in our go-to-market organization, needed to evolve in order to scale our business from about \$3 billion in revenue to \$10 billion in revenue and beyond.

Over the last year, we have made significant upgrades to how we operate as a company, many of which are relevant to large global advertisers in categories like CPG, but also across all industries.

Even though we have not harvested most of those seeds, we are seeing green shoots and are extremely confident we've made the right moves to scale and improve this business.

We reorganized our go-to-market model around a brand-first, more integrated coverage approach. That means unified teams are now responsible for both business development and spend activation, with clearer accountability for results. We increased the number of advertisers where we have direct relationships, and we eliminated overlapping coverage between advertiser and agency teams. That makes us a more strategic, unified partner for the biggest brands in the world while still advocating and aligning our business closely with our agency partners.

Joint business plans (JBPs) are a good example of how this shows up in the numbers. Exiting 2025, JBPs accounted for well over half of our business, and our JBP pipeline has more than doubled over the past year. For our largest advertisers and their agencies, JBPs create shared goals, clear accountability, and a multi-year innovation roadmap.

As a result of our organizational upgrades, our teams are working with more clarity and data than ever. This allows us to spot opportunities earlier, lean in where we see momentum, and adjust course when needed. It also means that when CPG or auto spends a couple of quarters on its back foot, we can both support those clients through the turbulence while also allocating time and resources toward areas where budgets are growing faster.

Finally, I want to zoom out and provide a little more perspective.

For as long as we've been public, which is around 10 years now, there's been a narrative that our margin or take rate must compress because other platforms offer lower upfront prices for non-decisioned, non-data-driven buying. In reality, those business models deliver less value overall. Their business model is focused on selling O&O. Walled Gardens can more than make up for the lower fee on the supply side, as they mark up and prioritize their owned and operated inventory.

2025 was a year of meaningful change at The Trade Desk. We upgraded our leadership team. We reorganized how we go to market. We sharpened our operating discipline. We shipped the most impactful product release in our history and made important strides in CTV, retail media, and improving the overall supply chain of the open internet. At the same time, we navigated a challenging environment in the CPG and automotive categories, while still delivering strong growth and profitability.

As we enter 2026, our focus is very clear. We will continue to drive performance and innovation through Kokai and our AI roadmap. I don't think there's any company in our industry that's better positioned to take advantage of advances in AI. We will deepen our relationships with the world's largest advertisers and agencies through more rigorous account planning, joint business

plans, and sector-based expertise. We will push forward the structural shifts happening in CTV, retail media, and cleaner supply chains. And we will do all of that while staying true to the principles that have guided us since the beginning: objectivity, better business outcomes and alignment with the interests of advertisers.

Bottom line, AI enhances the power of choice and it is best used by the trusted and the objective. The open internet should get the first dollar, not the last. And the best days of The Trade Desk are ahead of us.

I want to thank our employees, our clients, and our partners for their trust and support throughout 2025. I am as confident as I have ever been in the opportunity in front of us and in our ability to capture it. With that, I will hand it over to Tahnil to walk through the financials, and then we will open up the call for your questions.

Tahnii Davis, Interim Chief Financial Officer, Chief Accounting Officer

Thank you, Jeff, and good afternoon everyone.

Before reviewing our results, I would like to share what I have shared with our team internally about my priorities over the coming months. My focus during this transition is on continuity and clear objectives. I am here to support the ongoing operations and strategic priorities for the overall business. I am incredibly fortunate to work alongside a world-class finance organization and I'm confident our team will continue to support growth at The Trade Desk in the near term and beyond. Now, on to our results.

For the full year 2025, we delivered revenue of \$2.9 billion, representing 18% year-over-year growth. Spend was approximately \$13.4 billion.

In Q4, we delivered revenue of \$847 million, representing 14% year-over-year growth.

Excluding political spend related to last year's U.S. elections, revenue increased approximately 19% year-over-year. Our strong performance in Q4 was driven by strong growth across CTV and audio from a channel perspective, as well as in regions outside of the US.

CTV grew at a faster rate than the overall business throughout 2025, including during Q4 despite lapping strong political CTV spend in the quarter. Video, which includes CTV, represented around 50 percent of our business in Q4 and continues to grow as a percentage of our channel mix. Mobile represented around 30 percent share of the business during the quarter, while

display represented a low double-digit share. Audio represented around 6% of the business and grew year-over-year at a rate higher than any other channel in Q4.

Geographically, the United States represented approximately 84% of our revenue in Q4, and international represented about 16%. Growth across our international business continues to outpace growth in North America. Our strong momentum in both EMEA and APAC is a reflection of the investments we have made in these regions over the last several years.

Among verticals that represent at least 1% of our business in Q4, as Jeff mentioned, CPG and to a lesser extent Auto were our softest verticals, and those trends have continued into Q1. In contrast, we saw particularly strong year-over-year growth in Medical Health, Technology, and Business & Finance. Importantly, this strength reflects not just market dynamics but the diversification work we have been doing across our business. We continue to broaden exposure across verticals, with meaningful growth and new client wins in areas such as pharmaceuticals and telecommunications.

Q4 operating expenses were \$590 million, up 8% from a year ago. Excluding stock-based compensation, Q4 operating expenses were \$478 million, up 15% from a year ago. The Trade Desk generated approximately \$400 million in adjusted EBITDA, or about 47% of revenue.

Q4 income tax expense was \$83 million, driven primarily by our profitability and the impact of stock-based awards.

Q4 net income was \$187 million or \$0.39 per diluted share or about 22% of revenue. Adjusted net income for the quarter was \$284 million or \$0.59 per diluted share. Net cash provided by operating activities was \$312 million and free cash flow was \$282 million in Q4.

We ended the quarter with a strong cash and liquidity position. Our balance sheet had about \$1.3 billion in cash, cash equivalents and short-term investments at the end of the quarter. We had no debt on the balance sheet. DSOs and DPOs were consistent with prior periods. DSOs were approximately 100 days and DPOs were under 85 days.

In Q4, we used \$423 million of cash to repurchase our Class A common stock via our share repurchase program. As you saw in our press release, we announced an additional authorization bringing the total to \$500 million, inclusive of the amount remaining from the existing authorization. Given our strong balance sheet and consistent cash flow generation, we plan to continue opportunistic share repurchases while also offsetting dilution from employee stock issuances.

Turning to our outlook.

Our Q1 guidance reflects a prudent approach in an environment where visibility remains somewhat lower, particularly in the CPG and to a lesser extent Auto verticals. That softness is partially offset by continued strength in Medical Health, Technology, and Business & Finance and in EMEA and APAC.

For the first quarter, we expect revenue to be at least \$678 million representing 10% year-over-year growth. We estimate adjusted EBITDA for Q1 to be approximately \$195 million.

In terms of our operating plan, we intend to continue investing in the business while maintaining strong cost discipline. As in 2025, we expect headcount growth to remain below revenue growth, reflecting our focus on productivity and operating leverage. We plan to be deliberate in prioritizing investments that directly support revenue growth and AI-driven innovation. Taken together, we expect our full-year 2026 adjusted EBITDA margin percentage to be approximately in line with 2025.

In closing, our fundamental view of the profit potential of The Trade Desk has not wavered. We have driven significant leverage over the years, and given the strength of our client relationships, product focus, and organizational actions underway to strengthen our sales and go-to-market execution, we believe our revenue growth rate should improve over time.

We are confident that the decisions we are making today position us well to emerge from this period even stronger and to capture the large and growing digital advertising opportunity.

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