

Prepared Remarks of



First Quarter 2026 Earnings Call
May 7, 2026

Chris Toth, Vice President Investor Relations

Thank you, operator. Hello and good afternoon to everyone. Welcome to The Trade Desk first quarter 2026 earnings conference call. On the call today are CEO and Co-Founder, Jeff Green and our 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 and investor presentation. 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

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

As you've seen from our press release, we delivered a solid quarter once again. This fall we will celebrate our 10-year anniversary as a publicly traded company. Similar to the last ten years, we remain solidly profitable.

The core of our business remains resilient, and I'm proud of our team and their dedication to supporting our clients, especially in what continues to be a dynamic macro environment for large brand advertisers.

We remain as confident as ever in the long-term opportunity for our business and for programmatic advertising as a whole.

The business model we established when we founded the company is the same—in part because it is more proven than ever. Advertising is over a \$1 trillion TAM, and growing.

At end state, we continue to believe most, if not all, of those ad dollars will be data driven. We're convinced that the lion's share of the market will belong to a scaled, objective, and independent platform. By that standard, we are the company in the best position to win. The expanding TAM continues to grow as we predicted, but there are some new areas of growth that have caused the TAM to grow even faster than predicted—like retail media and chatbots and AI search engines. Linear television moving to CTV is still in the early stages alongside the rapid growth of retail media, and over time, the emergence of new, high-intent, search-like opportunities as AI reshapes “legacy” search. We believe these trends are big opportunities for The Trade Desk and reinforce the long-term opportunity for our business.

Today, I've organized our prepared remarks into 3 topics.

- First, the state of the macro environment.
- Second, the state of the global advertising market and our place in it.
- Third, the innovation on our platform and in our company to upgrade and scale our business.

The macro environment has certainly become more complex in 2026.

Geopolitical tensions have increased. Advertisers and agencies are navigating a rapidly evolving landscape. Global economic pressures, wars, and tariffs have created an environment that is harder for some brands and some brand categories to grow.

Still, this environment also creates lots of opportunity for change and upgrade.

The most sophisticated brands in the world are using these moments to get more deliberate and more data-driven. When marketers get more data-driven, The Trade Desk tends to add more value and as a result, grow. Many brands and agencies are using this moment to work with us to upgrade longstanding problems in digital advertising—common examples include bad measurement methodologies and an overreliance on cost cutting.

Outside the U.S. is growing much faster (both in advertising and at The Trade Desk). Our choice to invest in nearly all of the major markets around the world is proving to be wise in moments like this. We are aware of the trends and the opportunity and our positioned well to benefit from this.

Switching gears from the macro-economic environment to the global advertising market. The macro conditions, plus AI innovations, are making the global advertising ecosystem as dynamic and changing as ever. Because at TTD we often set the pace of change, we are in the best position to benefit from this current environment.

In 2025 the advertising ecosystem globally added more supply than perhaps any year previously. It is probably the most lopsided market in advertising history—with multiples more supply than demand. This supply/demand imbalance creates the biggest buyers' market in the history of advertising. Buyers have the option to be selective, but they need to leverage data and great real-time technology to know what they are buying.

Advertisers and premium publishers have often been at odds for most of internet's history, but at this moment both are heavily invested in making the supply chains and market dynamics of the premium open internet successful.

In this buyers' market, some publishers are mistakenly copying the Facebook and YouTube walled-garden business model. For most of them, it has a good couple of years and then hits a scale ceiling. The walled garden strategy only works when a publisher is massive and must have on a media plan.

Most marketers now have a clear definition of the Open Internet that includes media beyond the browser, finally. The best of movies, TV, sports (and all live events), journalism, and music are all the anchor tenants of the open internet.

As a result of this dynamic, the open internet is thriving and evolving very fast. We're convinced that the evolution and changes being made in the Open Internet today will make it soon become

the place where consistently an advertiser's first dollar is spent, not the walled-garden leftovers.

Once the open internet consistently gets the first dollar, most of walled gardens will open up their inventory and join the open internet. I view this as inevitable and I'm optimistic about the changes being made in our space.

Currently, there are a few dozen companies on both the buy-side and the sell-side of media and advertising that define the future. Let's talk about a couple of the sell-side companies. Some of these premium publishers (or content owners) include Spotify, NBCU, Disney and Netflix. These companies are shaping the future and are part of the reason why the open internet is thriving today. They influence the pace and design of open internet.

Disney has one of the largest ad businesses of any publisher in CTV. They have learned in recent years the benefits of biddable, programmatic, low ad-loads, and a close direct relationship with The Trade Desk. The Trade Desk and Disney both have business models that benefit from the supply chains of the open internet getting more efficient. They have made clear that their growth and higher CPMs will come from better data, more relevant ads, and less waste. Biddable and marketplaces are the only way to get the best of all premium inventory, but especially sports inventory. This is a great set up for both of us.

Switching to audio, Spotify is likely to have the largest and arguably the most successful subscription program in the world. They have provided amazing consumer surplus. However, just over 10% of Spotify's revenue has come from ads. They need a variety of ads, scale of ads, and a quality of ads that only a very large open market can provide. I still believe that audio (including Pandora, and others) represent the most on-sale part of the open internet. When I

consider the gap between time spent and ad budgets, I see substantial upside for these companies and The Trade Desk. We've seen these gaps many times before and they always get filled. I'm very bullish on the ad opportunities for Spotify and audio.

NBCU, including Freewheel, is leaning into initiatives that improve supply chains, CTV price discovery, and better signals for advertisers to spend against. NBCU has institutionally embraced that better signals and better auctions will move more dollars to CTV. We exceeded our own spend stretch goal for NBC at the winter Olympics. Providing yet another case study on the power of the open internet at the benefits of decisioning for both buyers and sellers on the most premium content in the world.

Last, but not least on the content side, Netflix continues to model how rolling out an ad experience methodically preserves the user experience and attracts advertisers. We continue to make technological enhancements to our partnership that enables better advertising efficacy. Our partnership with Netflix is a source of optimism for us but also for the open internet. Biddable and premium are inseparably connected.

By this standard, we're also optimistic that the LLMs and AI search engines like ChatGPT, Perplexity, and Gemini will unlock more inventory in the future. Because highly detailed prompts can create a willingness to see even video ads and engagement that is way beyond what "legacy" search and keywords can provide, we're optimistic that overtime the TAM that was once locked up by search will be unlocked by a more premium and more competitive environment.

The walled garden strategy has only worked at scale when advertisers are chasing cheap reach and willing to buy large amounts of user generated content—like Instagram, TikTok, and YouTube. None of those attributes apply to the Chatbots and AI Search engines.

Also, the walled garden playbook only works when grading one's own homework is tolerated by advertisers—which is a good segue to the next trend in the state of the state of advertising and I place this topic between buy-side and sell-side commentaries because it impacts both buyers and sellers.

In the current state of the market, both buyers and sellers agree that measurement is broken. This is such a great set up for the open internet. Because most measurement companies and Media Mix Modelers (aka MMMs) have mostly relied on last-touch and last view attribution models. This tradition is bad for everyone, except for bottom of the funnel walled gardens. I've never seen more discussion in the history of our space about how broken these methods are to measurement. The resolve and commitment for the industry is higher than ever (partially because fixing open internet measurement is required for many AI-backed initiatives to work). The state of measurement is bad for branding. It is bad for premium and all top of the funnel ad inventory, like CTV and Audio. Improving measurement is required to unlock the next phase of growth for open internet and thousands of companies are working on it today.

Now, to discuss the state of the state of the buy-side.

Most of today's leaders in marketing for the biggest brands are looking at this moment as an opportunity to upgrade their entire marketing operation, both tech and people. Both advertisers and publishers have a growing understanding and vision for the open internet.

They are investing in and leveraging AI tools like Koa, using and protecting their own data, and leaning into the objective media buying platform at The Trade Desk to make advertising dollars more effective and better distributed throughout the funnel.

While a small number of brands have responded to the pressures of this moment by focusing on reducing costs, reducing media budgets, and doubling down on cheap reach – there are trends among the most forward thinking CMOs and marketing leaders that are very positive for The Trade Desk. These are the leaders helping to shape the future of advertising.

The best CMOs in the world are focused on the question: How do I grow? Not how do I cut costs? Of course they want to avoid waste, but they know that quality and “cheap” tend to have very little overlap. They also know (often by experience) that cost cutting doesn’t fuel growth. One leader of programmatic at a top 20 brand said it best. He said that his brand has become convinced that the most expensive ads are also often the best value and highest performing. He elaborated, “chasing cheap reach is one of the biggest landmines a CMO or digital marketer can pursue.”

We are also seeing a shift toward more effective creative. Advertising is about connecting and making people feel something. Most of digital advertising history has been about touches (led by bad measurement). That’s changing. Great marketers know that to be remembered in a sea of ads and the battle for attention, you have to create an emotional connection. So when one marketer shared with me that 95% of their social ads are seen for less than 2 seconds, I was not surprised to learn that their focus was on enhancing strong connections with consumers via CTV and Audio.

Another common theme is a strong dialogue across the C-suite. Many CEOs and CFOs know little to nothing about the complex and esoteric world of programmatic advertising. Great CMOs and marketing leaders are consistently thinking about how to share the difficult concepts of programmatic without just spewing three letter acronyms and industry jargon. The strength of great brands can be assessed by how well the dialogue is going with the CMO and the rest of the C-suite.

At the same time, most great marketing leaders have a good relationship with their agencies. Very few global brands can do all their own media buying. They depend on agencies. Most great marketers have JBPs or MSAs directly with their buying platform, but they also have clear models of engagement with their agency partners. The best outcomes happen when, brands, agencies, and DSPs are all aligned and winning together.

Measurement is also top of mind for nearly every marketer I speak to. They realize that measurement and goals have to change. I recently met with one CMO to a top 20 global brand. She opened our meeting by acknowledging that all global marketers (including her team) have been through a lot in the last few years. But she quickly oriented the meeting on leveraging data, making holistic decisions, and thinking about the lifetime value of every customer. I learned a lot from her, but my favorite take-away from the meeting was when she said, “Racing to the bottom of the funnel is racing to the bottom of your business.” That mindset is what is driving the shift toward more data-driven decisioning.

AI is another area where leading marketers are leaning in. They are not avoiding its use and they aren’t simply hyping it in the abstract. They are looking for low hanging fruit on the AI tree

today. That said, they know that there are no quick fixes. AI is a race, but it's a long race. They know that quality data matters more in an AI world than ever before. They know they have to protect it and activate it. An example of this, we announced the first of many partnerships with one of the up-and-coming large agencies, Stagwell. Our partnership is to leverage agentic AI to create, edit, and modify campaigns. After the basics, we'll move to agentic optimizations. Great marketing teams are agile and active. Relatedly, we recently had partnership discussions with a smaller AI first company. While we've been partners for years, we're looking to expand now. They shared a few things with us that I want to share today. One is that TTD is the only company that gives them enough data from their buying to power their future. We're working together to further ensure they are getting all that they need to train their models while protecting the data of brands and consumers. The other thing they reminded us of, a quote from one of the greatest F1 drivers of all time who said, "you cannot overtake 15 cars in sunny weather, but you can when it's raining." Which is a good segue to the next point.

Many marketers are also using this moment of change to gain share. CPGs and to a lesser degree, Autos, have some headwinds. The macro environment is often more difficult for these two categories, but the state of measurement is a headwind for all brand builders. However, the track conditions are the same for everyone. Now is a moment to compete and pull ahead. Whether it is rain or any other unexpected event, there are moments in every race where the standings will change. Between the macro, the state of measurement, and AI—this is one of those moments. And new leaders can emerge. There is also a growing recognition that ads are not fungible. You can't just take any collection of ads from a deal and make it perform. Ads selected at random will lose every time. Programmatic and digital ads tend to cost more. Choosing them wisely is the

only way to win. Buying in bulk or buying cheap fixed-price deals that essentially allow sellers and publishers to offload the leftovers don't earn their keep. Brands that are growing are considering millions of ads a second and selecting the best suited for their brand. They are not outsourcing decisioning to sellers, publishers, or the platform offering the cheapest platform rate.

We are seeing these behaviors translate directly into our business. March was our biggest month on record for JBP signings. We signed 45 JBPs in March alone. For Q1, our total JBP count grew 55% year over year. And excluding renewals, new JBP deal spend grew 40% year over year during the quarter.

To highlight one of these deals, our pharma team recently went head-to-head against Amazon for one of the largest pharmaceutical advertisers in the world. Lured by seemingly low rates, this brand shifted some investment to PG on Amazon last year. Over the past nine months, our team delivered consistent partnership and focused on driving real business outcomes for the client. In Q1, our team won back the business, and signed a JBP for 2026 that will endeavor to increase their spend on our platform by 114% year over year. Stepping back, all of this reinforces a final point: objectivity matters more than ever. In the best buyers' market in history it is important that your DSP doesn't own inventory. At The Trade Desk, our differentiation is that we operate on the open internet and are objective. We don't own media. We don't have conflicting incentives. Our objective position allows our AI models to evaluate every opportunity on its merits across the entire ecosystem and optimize purely for each advertiser's goal.

So, on to our third topic. Innovating and upgrading The Trade Desk.

We will spend a lot more time in the coming quarters talking about our upgrades to the product and the company. But suffice to say, we are extremely focused on improving the inputs that feed our objective, AI-fueled, advertising machine for buyers. Those enhancements include:

1. Improving measurement.
2. Improving data-driven decisioning.
3. Improving data and the price discovery of data itself.
4. Making our supply chain to inventory and data more efficient.

Over the last five years or so, 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 80% of sales from top U.S. retailers. Compare that to Amazon, who represents less than fifteen percent of U.S. retail spend. This is a huge advantage for us.

For example, a leading travel brand recently ran a test to evaluate campaign performance with and without activating our new product Audience Unlimited. The results across all KPIs were fantastic. Audience Unlimited delivered 30% lower CPMs on media, 38% lower data costs, a 75% more efficient CPA, and a 2.7x increase in conversion rate, compared to the control group. Most importantly, Audience Unlimited increased campaign performance, while simultaneously reducing manual effort in the audience selection process.

We are also beginning to unlock on-site retail media. Sponsored listings are among the most powerful and effective advertising formats on the internet and are even more powerful when part of an omnichannel strategy. We've begun integrating with partners like Koddi, and even more

recently Dollar General and we expect more retailers to enable programmatic access to sponsored listings in 2026.

We were also recently chosen by Lyft Ads to power their offsite rider experience – or mobility media as Lyft calls it. This is a good example of how media teams are increasingly turning to The Trade Desk, not just for access, but for the ability to bring together first-party data, measurement, and cross-channel execution. This allows platforms like Lyft to take more relevant ad experiences to their users, even when they're not actively taking a Lyft, while helping advertisers better understand and optimize performance campaigns across channels.

Of course, our objectivity is critical in all of this.

Retail media and Audience Unlimited are both part of a much bigger effort we're undertaking to reform objective measurement. For years, digital advertising has relied too heavily on last-touch or last-click attribution. This often over-credits the lower funnel or retargeting impressions, while under-valuing the awareness and consideration strategies that actually create demand in the first place. You have to plant seeds, water them, and then harvest them. Last-touch ignores how consumers really behave today, especially across channels like connected TV and audio where influence happens well before any final action.

As a result, marketers end up optimizing for what's easiest to measure, not what actually drives brand recognition, loyalty, and incremental growth.

Over the last few months, we have had deeper conversations with our partners and clients around new approaches to measurement and attribution.

As we look ahead, our focus is very clear.

We are committed to continuing to execute for our clients, helping them navigate an increasingly complex environment and deliver measurable outcomes.

We see the premium internet more aligned than ever. Premium advertisers and premium publishers want a more efficient supply chain for the open internet. The Trade Desk is leading this work, but we are far from alone in these efforts.

We will continue to invest in the areas that matter most to the future of the open internet including AI-driven decisioning, retail media, CTV, and identity.

And we will continue to strengthen our platform and our organization so that we can scale with discipline and sustain our leadership position for many years to come.

We recognize that this moment, where the macro is more uncertain and we are evolving parts of our business, requires clarity, accountability, and strong execution.

These are areas where we have a proven track record, and we are committed to continuing to earn the trust of our investors, our partners, and our customers. I've said before that trust is one of the most important assets we have. It's not something we take lightly. And it's something we work to earn every day. Our conviction in the long-term opportunity has not changed. If anything, it has strengthened.

Advertisers are demanding more transparency, more performance, and more control, and we believe we are uniquely positioned to lead that effort, with an objective platform, scaled data, and AI-driven decisioning that helps our clients grow and own their future.

The role of data and AI in advertising is increasing. And the need for objective, outcome-driven platforms has never been greater. We believe all of those trends are working in our favor. And importantly, we believe we are still early in this opportunity. As a result, our best days are ahead of us.

Thank you, and with that, I will hand it over to Tahnil to cover the financials.

Tahnil Davis, Interim Chief Financial Officer, Chief Accounting Officer

Thank you, Jeff, and good afternoon everyone.

Our team remains disciplined and focused on our shared vision for programmatic advertising and the Open Internet. CTV growth remains strong, fueled by the continued shift away from linear TV and expanding decisioned inventory at the world's largest publishers. Advertisers are increasingly using retail data from our marketplace to tie ad spend to real-world sales. Our independence and objectivity continue to be key differentiators, especially in this AI-powered era of advertising, as brands seek trusted, results-driven partners.

The start of 2026 has brought unique challenges, including geopolitical uncertainty that our clients are currently navigating. As we navigate these dynamics in the near term, we remain focused on the long-term opportunity. Few companies are in the fortunate position to operate within a trillion-dollar addressable market, with a strong balance sheet and cash generation, and durable differentiation as an objective, unbiased platform. With this opportunity in mind, we will continue to innovate through disciplined investments in our business, positioning ourselves to create value for advertisers and help our clients grow their businesses.

With that, on to our results. In Q1, we delivered revenue of \$689 million, representing 12% year-over-year growth. We generated \$206 million of adjusted EBITDA during the quarter, representing a 30% margin.

Our growth in Q1 was driven by strong trends across CTV and audio. Video, which includes CTV, represented a low-50s percent of our business in Q1 and continues to grow as a percentage

of our channel mix. Mobile represented a high-20s percentage 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 higher rate than any other channel in Q1.

Geographically, the United States represented approximately 82% of our revenue in Q1, and international represented approximately 18%. Our strong momentum in both EMEA and APAC reflects the investments we have made in these regions over the last several years, as well as momentum in CTV across these markets.

Among verticals that represent at least 1% of our business, we saw particularly strong growth in Medical Health, Automotive, and Events. We continue to see some pressure in the Home & Garden and Food & Drink sectors as CPG brands navigate geopolitical uncertainty, consumer softness, and input cost inflation. Automotive remains an area of strength overall, though we believe this business could be growing faster absent the impact of increased tariffs on the industry.

Q1 operating expenses were \$622 million, up 11% from a year ago. Excluding stock-based compensation, Q1 operating expenses were \$513 million, up 18% from a year ago. During the quarter, we continued to make investments in our team and platform, particularly in areas like platform operations as we optimize our platform infrastructure and implement more AI-powered tools in our platform.

Income tax expense was \$39 million in the first quarter, driven primarily by our profitability and the impact of stock-based awards.

Net income for the quarter was \$40 million or \$0.08 per diluted share or about 6% of revenue.

Adjusted net income for the quarter was \$134 million or \$0.28 per diluted share. Net cash provided by operating activities was \$392 million and free cash flow was \$276 million in Q1.

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.

In Q1, we used \$164 million of cash to repurchase our Class A common stock via our share repurchase program. 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 for the second quarter.

For Q2 we expect revenue to be at least \$750 million. We estimate adjusted EBITDA for Q2 to be approximately \$260 million.

In terms of our operating plan for the remainder of 2026, we continue to 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 continue to expect our full-year 2026 adjusted EBITDA margin percentage to be at least 40%, approximately in line with 2025.

Looking ahead, we remain the leading independent platform in a rapidly growing industry, delivering profitable growth and innovation. With strong execution across key initiatives such as

CTV, retail media, agentic AI, supply path optimization, and growth outside the US, we remain confident in our ability to capitalize on the significant opportunities ahead of us.

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