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LiveRamp Holdings, Inc. (RAMP)

Acquisition of Habu Inc by LiveRamp Holdings, Inc Call

CORPORATE PARTICIPANTS

Andrew M. Borst

Vice President-Investor Relations, LiveRamp Holdings, Inc.

Scott E. Howe

Chief Executive Officer, President & Director, LiveRamp Holdings, Inc.

Lauren Russi Dillard

Executive Vice President & Chief Financial Officer, LiveRamp Holdings, Inc.

OTHER PARTICIPANTS

Shyam Patil

Analyst, Susquehanna Financial Group LLLP

Brian Fitzgerald

Analyst, Wells Fargo Securities LLC

Mark Zgutowicz

Analyst, The Benchmark Co. LLC

Christopher Quintero

Analyst, Morgan Stanley & Co. LLC

Jason Michael Kreyer

Analyst, Craig-Hallum Capital Group LLC

Nicholas Zangler

Analyst, Stephens, Inc.

MANAGEMENT DISCUSSION SECTION

Operator: Good afternoon, ladies and gentlemen, and welcome to LiveRamp's Conference Call to Discuss Its Acquisition of Habu.

All lines have been placed on mute to prevent any background noise. After the speakers' remarks, there will be a question-and-answer session. [Operator Instructions] Thank you. As a reminder, this conference call is being recorded.

I would now like to turn the call over to your host, Drew Borst, Vice President of Investor Relations. Drew, you may begin.

Andrew M. Borst

Vice President-Investor Relations, LiveRamp Holdings, Inc.

Thank you, operator.

Good afternoon and welcome. Thank you for joining our call to discuss our acquisition of Habu. With me today are Scott Howe, our CEO, and Lauren Dillard, our CFO.

Today's call may contain forward-looking statements that are subject to risks and uncertainties that could cause actual results to differ materially. For a detailed description of these risks, please read the Risk Factors section of our public filings and press release. A copy of our press release and financial schedules, including any reconciliation to non-GAAP financial measures, is available at LiveRamp.com.

Also, during the call today, we'll be referring to the slide deck posted on our Investor Relations website.

With that, I'll turn the call over to Scott.

Scott E. Howe

Chief Executive Officer, President & Director, LiveRamp Holdings, Inc.

Thank you, Drew, and thanks to everyone for joining us on short notice.

I'm thrilled to share that LiveRamp has entered into a definitive agreement to acquire Habu, a privately-held software company that provides clean room technology that makes sharing siloed data across organizations safe, simple, scalable and smart. The acquisition will add critical product capabilities and functionality that will make our industry-leading data collaboration platform even stronger, unlocking significant benefits for customers, driving faster top line growth for our company, and creating long-term value for our shareholders. Companies are swimming in data. And even the most sophisticated companies find it challenging to leverage the full value of that data.

Today, data still operates largely in silos, is difficult to leverage internally, and even more so with external partners. The combination of LiveRamp and Habu solves these structural challenges by connecting data and making it interoperable across all clouds, walled gardens and clean room environments, all while maintaining privacy and governance protocols. Data collaboration is second nature to us, it's what we do. But I recognize the term may have less meaning to the uninitiated that do not live in our world day-in and day-out, so let me level-set and explain what we mean by data collaboration and why we think it's so critical.

Data collaboration is a brand marketer sharing safely and securely consented first-party data about their customers with business partners and digital publishers so they can deliver addressable, measurable and personalized experiences to their customers. Personalized marketing is the Holy Grail for brands because it drives better KPIs from higher customer satisfaction to higher customer lifetime value and, ultimately, higher sales and profits. It has quickly become table stakes for marketers. Consumers have come to expect personalized marketing from the brands they love. Brands not doing personalized marketing or doing it poorly are likely losing share to competitors who are doing it effectively. Data collaboration has never been more essential for personalized marketing given the ongoing changes in the marketing landscape. For example, the customer journey is only getting more complicated and fragmented as the number of online and offline customer touchpoints multiply, creating more and more data.

Slide 8 in our presentation depicts an illustrative customer journey for Nike to demonstrate all the intricacies and complexities of the typical customer journey. Third-party cookie deprecation and signal loss is eliminating the common connector for digital advertising. We believe data collaboration will be the most effective antidote to cookie deprecation, which is precisely why we're laser-focused on providing customers the best platform for data collaboration. And consumer data privacy regulations are proliferating. 16 US states have now enacted comprehensive data privacy laws and more, more are pending. The implication is clear: adopt privacy-friendly consumer data policies and embrace the era of consumer authenticated marketing.

Today, the most common and skilled application of personalized marketing is through retail and commerce media networks, and we continue to see strong demand from this and similar marketing use cases. We also continue to see growth in new industry verticals like automotive, travel and financial services, and also longer-term expansion to new use cases outside of marketing, such as supply chain optimization and inventory management. Against this backdrop, we think the growth in data collaboration is at a true inflection point, making now the ideal time to accelerate our data collaboration efforts with the acquisition of Habu.

Habu is a near-perfect complement to the LiveRamp data collaboration platform. Our two companies share the common goal of creating a scaled network for secure data collaboration. But we have approached the market from two different yet complementary directions. LiveRamp's strength is working directly with large sophisticated brands. In contrast, Habu focused on walled gardens and premium publishers and complementary cloud partners such as Azure and Databricks. Together, we immediately have greater scale and ecosystem coverage which will result in a more powerful and defensible data collaboration network. Additionally, we have tremendous cross-selling opportunities that will further accelerate the scaling of our network.

Effective data collaboration that delivers true personalized marketing requires a number of capabilities and more than many may realize. We have detailed these capabilities on slide 10, of our presentation. LiveRamp has the majority of these capabilities, but combining with Habu will round out our product with three critical enhancements. First, streamlined and simplified cross-cloud collaboration by seamlessly connecting data across clouds, warehouses and clean rooms while reducing complexity and IT infrastructure constraints. Habu expands our existing coverage. We play at the cloud storage and warehouse layer, whereas Habu is directly plugged in to the cloud clean rooms. This interoperability removes a significant barrier that has inhibited data collaboration amongst various partners who store data in different clouds and warehouses. Simply put, this combination allows us to enable collaboration with any customer, no matter their technical setup. Decentralized data can now be leveraged more freely and easily while remaining secure. This is key to accelerating the collaboration flywheel.

Second, a first-of-its-kind single view of measurement across any walled garden, programmatic channel or media partner, including media networks and all major CTV and TV platforms. Habu enhances our ability to measure walled gardens, which is critical given that walled gardens account for nearly three-quarters of non-search digital advertising. This single view of measurement is incredibly powerful for brands looking to compare audience measurement and return on ad spend across platforms.

Third and perhaps most importantly, Habu provides an exceptional user experience with an easy-to-use self-service interface. Habu's unique architecture allows customers to create a clean room with a click of the button, accelerating the time to value. This benefits all customers but especially non-technical customers, SMBs and international customers that often have less technology support and expertise.

To make all of this more tangible, we have several customer case studies on slide 13 in our presentation, but allow me to briefly share one now. LiveRamp and Habu share a common customer that is a global cosmetics brand that is looking to unlock beauty intelligence and optimize its revenue globally. Today, LiveRamp provides this customer with identity and activation capabilities so this brand can use its first-party data to build audience segments for targeted advertising and then activate those campaigns across various publishers. Habu, meanwhile, helps this customer performed walled garden measurement with publishers such as YouTube and Amazon Marketing Cloud. Together, this customer will now be able to seamlessly build audience segments, activate and measure in a connected way globally. The brand will unlock the ability to build new audiences, optimize media spending, and ultimately increase their customer lifetime value across 80 different markets. This is just one example of the power of this strategic combination, but we expect many more like it. Our customers care about scale and simplicity, and this combination delivers more of both to everyone in the ecosystem.

In addition to the strong strategic fit and client benefits, there were two other critical considerations as we evaluated Habu. Cultural fit, while our business relies on exceptional product, behind every world-class product sits an amazing team. Matt Kilmartin and Mike Moreau, the Co-Founders of Habu, are gifted technologists with established skills to grow and mentor exceptional talent. Prior to Habu, Matt and Mike were on the founding team of Krux, which was the leading data management platform of its era that was ultimately acquired by Salesforce in 2016. They have assembled an incredible leadership team: Roopak, Jessica, Matt, Ted and Frederick. Our

companies share an unrelenting focus on customers and the common goal of making data collaboration safe, easy and scalable.

On behalf of all of my colleagues at LiveRamp, I would like to welcome Matt, Mike and the incredibly talented Habu team to our company. Together, we can accomplish amazing things.

Financial acceleration. Any acquisition we pursue must accelerate our financial performance and prove to be a good use of shareholder capital. We measure this in years, not quarters. This acquisition will accelerate our progress to Rule of 40, initially through higher revenue growth and ultimately also through higher profitability. We forecast a return on invested capital well above our cost of capital.

Lauren will provide more financial details in her remarks, so let me end by thanking you again for joining us. We hope you share in our excitement of today's announcement and look forward to updating you on our continued progress. Here's what I know to be true. This, this is a great acquisition for LiveRamp, but also for the entire industry and the clients we collectively serve.

I will now turn the call over to Lauren to talk through the deal specifics and financial implications.

Lauren Russi Dillard

Executive Vice President & Chief Financial Officer, LiveRamp Holdings, Inc.

Thanks, Scott, and good afternoon, everyone.

My comments today will cover two topics: first, the financial terms of the transaction; and second, our preliminary third quarter results.

Starting with the transaction. LiveRamp will acquire Habu for approximately \$200 million, subject to customary adjustments consisting of approximately \$170 million in cash and the remaining consideration in LiveRamp's stock. The stock portion relates to unvested stock awards and holdback agreements with certain key employees that will vest in future periods. In addition, approximately \$16 million of restricted stock unit awards will be extended at closing to continuing employees for retention and incentive purposes. Given its size, the acquisition is not subject to HSR review and we expect it to close later this quarter.

The acquisition of Habu is highly complementary and we expect to realize revenue synergies from four areas. First, greater cross-sell and upsell. The combined capabilities will unlock several powerful and new cloud and walled garden clean room use cases for our existing customers. In addition, it will provide the opportunity to extend LiveRamp's core identity and activation products across a rapidly scaling collaboration network, driving additional usage of the LiveRamp platform. Second, new customer acquisition. Offering a simple cross-cloud user interface and enhanced self-service capabilities will enable LiveRamp to better address a broader set of customers, including non-technical customers in the mid-market cohort and international customers. We've discussed these requirements in the past and believe this deal will significantly accelerate our product road map in this area. Third, global expansion. Habu's Network of walled garden and premium publishers span more than 200 markets globally, which will accelerate LiveRamp's international expansion efforts.

And finally, new use cases across the enterprise. Frictionless cross-cloud capabilities will enable new data collaboration use cases outside of marketing, such as supply chain optimization and inventory management. Habu has a few very compelling early use cases here that we're excited to build upon.

Next, let me provide some more specifics on the deal. First, since we will only own Habu for a portion of the fiscal fourth quarter, we do not expect a meaningful impact to revenue or non-GAAP operating income. That said, we do expect a moderate impact to GAAP operating income in Q4 as a result of stock-based comp, intangible asset amortization and onetime transaction fees. We will provide additional details when we report Q3 earnings in a few weeks. Second, as we look out to fiscal 2025, we expect Habu, inclusive of revenue synergies, to deliver approximately \$18 million in revenue. In FY 2026, once fully integrated and synergized, we expect this combination to produce strong underlying revenue growth, contributing several percentage points to LiveRamp's total revenue growth and accelerating our progress towards Rule of 40. Third, we expect Habu to be neutral to non-GAAP operating income in FY 2025 and accretive in FY 2026 as the full weight of the cost and revenue synergies are realized.

Before I move into the preliminary results, let me briefly comment on our buyback. All year, we've been targeting share repurchases of between \$60 million and \$80 million in fiscal 2024, and this transaction does not change that. While we're not providing FY 2025 guidance today, we believe that we have ample cash and annual free cash flow production to support ongoing opportunistic share repurchases. Pro forma for the acquisition, we expect our Q4 cash balance to be approximately \$250 million and our free cash flow is currently run rating at approximately \$100 million annually.

Moving now to the second topic, let me comment on our preliminary Q3 financial results. We're pleased to share that we had another strong quarter with preliminary revenue and operating income results that significantly exceeded our previous guidance. In addition, the positive momentum in sales productivity and forward sales continued in Q3, giving us increasing confidence as we look ahead to fiscal 2025. Preliminary Q3 revenue of \$174 million increased by approximately 10% and was \$9 million ahead of our guidance. The upside was driven by both Subscription as well as Marketplace & Other. Operating income of \$15 million was above our guidance of \$8 million, and non-GAAP operating income of \$36 million was above our guidance of \$29 million. We will provide additional details about our Q3 results and performance as well as an updated view on the remainder of fiscal 2024 when we report our complete Q3 results on February 8.

With that, let me conclude with a few final thoughts. This transaction is highly strategic and complements our existing data collaboration platform by adding three critical capabilities: broader cross-cloud interoperability; walled garden analytics to provide a single view of measurement across all publishers; and an easy-to-use UI with self-service capabilities that lend themselves to less technical users. These capabilities, when combined with our core identity, connectivity and data access capabilities, will tip the network and accelerate the collaboration flywheel for our customers. The deal will accelerate both our revenue growth and Rule of 40 progress. Incremental revenue growth will come from cross-selling existing customers and attracting new logos for marketing, as well as broader enterprise use cases. This incremental revenue growth underpins a strong long-term return for our shareholders. And finally, we are just so pleased to announce this deal on the heels of another strong quarter, with our quarterly results exceeding our expectations for a third consecutive quarter.

With that, we're thrilled to welcome the Habu team to LiveRamp and look forward to realizing our shared vision of accelerating data collaboration by making it safe, simple and scalable. Thanks again for joining us today.

Operator, we will now open the call to a few questions.

QUESTION AND ANSWER SECTION

Operator: [Operator Instructions] Your first question comes from the line of Jason Kreyer from Craig-Hallum. Please, go ahead. Your line is open.

Jason, your line is open.

Our next question comes from the line of Shyam Patil from Susquehanna. Please, go ahead. Your line is open.

Shyam Patil

Analyst, Susquehanna Financial Group LLLP



Hey, guys. Congrats on the quarter and the acquisition. I had a couple of questions. First one, on the acquisition, can you guys talk a little bit more about how Habu is going to be integrated and if this changes your go-to-market strategy or process? And then also, maybe can you comment on whether this was competitive or not? It seems like, maybe based on the valuation, it was.

And then, I guess maybe, Lauren, for you. In terms of the December quarter results, again, very nice, above expectations. You guys have had a number of these now in a row. Could you maybe just talk about what drove the upside there and just any kind of commentary about how we might think about trends going forward as well? Thank you.

Scott E. Howe

Chief Executive Officer, President & Director, LiveRamp Holdings, Inc.



Hey, Shyam. It's Scott. I'll handle the first two. And on the integration question, I will tell you, as you know as well as me, at acquisition, the end point isn't the day you announce, it's what happens afterwards. So, we spend a lot of time when we're doing due diligence thinking about what happens next. And there, there's nothing but good news.

From a product perspective, the way that Habu is architected, it's really a lightweight application that floats on top of our data collaboration platform. So, while over time, there will certainly be some integration work to be done, we can actually go-to-market and have a really compelling joint offering from day one.

And on a go-to-market motion, on a sales motion perspective, if you think about the challenge that Habu was probably going to face in the next year or so, they built an incredible product and they had a really good sales team but they didn't yet have a sizable sales team. And so, there is an opportunity here to join hands and very quickly get in front of not only all of our joint clients, we have a few of those, but a whole bunch of new clients and cross-sell and upsell. When you couple that with things like what's going on with Google cookie deprecation and the fact that Habu is a lighter weight implementation, there's an opportunity here for us to go win a handful of new clients.

We have the next big industry meeting that is the IAB Annual Leadership Meeting at the end of this month. And I expect that over the course of those few days the team from Habu and our team will meet with literally hundreds of potential clients and prospects. The final thing that I'll say is while IAB is the next big industry event, the last big industry event was in Las Vegas last week, the Consumer Electronics Show. And over the course of a couple days there, I met with dozens of our clients and prospects. And at two occasions, those clients said something along the lines of, hey, we love your capabilities but we also work with Habu and, boy, they make things really

easy to work, really easy to set up. You guys should think about collaborating. And all I could do is kind of smile inwardly and think about the fact that that collaboration is far further down the path than any of our clients would have imagined. So, I'm really excited about this. I think it's just a really perfect match.

Now, you also had a question. Your second question was, was this a competitive process? The answer is, absolutely, it was. And I think the fact that it got so much attention is an endorsement of what we've seen, which is data collaboration is real. It's growing fast. There are a lot of clean rooms. There are a lot of walled gardens that want to facilitate data collaboration. There's an incredible opportunity for us right now. And by marrying together our two respective companies, I think we are really well-positioned to take advantage of that opportunity.

Lauren Russi Dillard

Executive Vice President & Chief Financial Officer, LiveRamp Holdings, Inc.

A

Thanks. And, Shyam, this is Lauren. Let me jump in on your last question. We don't intend to provide specifics on the quarter today, but I would just underscore what I mentioned in my prepared remarks, which is we're very pleased with our results in Q3. The revenue outperformance was driven by both Subscription and Marketplace & Other, and does reflect the continued strong sales execution we've spoken about now for a few quarters, as well as a stronger than expected digital ad environment. Both things, we believe, bode well for the future. We will certainly share more in a few weeks on our upcoming earnings call.

Shyam Patil

Analyst, Susquehanna Financial Group LLLP

Q

Thanks, guys. Congrats again.

Scott E. Howe

Chief Executive Officer, President & Director, LiveRamp Holdings, Inc.

A

Thank you.

Operator: Your next question comes from the line of Brian Fitzgerald from Wells Fargo. Please, go ahead. Your line is open.

Brian Fitzgerald

Analyst, Wells Fargo Securities LLC

Q

Thank you. Scott, it sounds like the plan is to maintain Habu as a distinct product, at least for a while. Could you talk about the timeline for integrating some of Habu's functionality around walled gardens and across clean room, maybe also the ease of use advantages, and bringing that to bear for your existing data collaboration customers?

And then, from a financial perspective, Lauren, could you give us a sense for how fast Habu has been growing? And maybe if you give a snapshot update of how large your data collaboration business is today so we can get a sense of where you are on a combined basis from a scale and growth perspective?

Scott E. Howe

Chief Executive Officer, President & Director, LiveRamp Holdings, Inc.

A

Yeah. So, Ryan (sic) [Brian], first off, in terms of the product integration, because they built that application and because both of us are focused on collaboration, the benefits to clients will occur almost immediately. We can immediately start to work together, combine our respective products, and our clients won't feel any integration pains whatsoever. Now, that said, over time, we will work to further integrate.

I mentioned in my prepared remarks, the last thing that you want to do when you're doing an integration is make every decision upfront. We're going to bring over the team and, as a group, they're going to report to our Chief Revenue Officer, Vihan Sharma, and we're going to have a lot of planning sessions and make sure that we do everything right. There are some things that we know we can move really fast on, such as getting in front of clients and doing some of the lightweight integrations. And there are some things that we'll probably have some discussions and make sure that we do the right way, and we'll figure that those out over time. But this is a really talented team and injecting their talent into our existing LiveRamp culture, which is also industry leader, a category creator and a really strong team. I think this is a one plus one equals more than three.

Lauren Russi Dillard

Executive Vice President & Chief Financial Officer, LiveRamp Holdings, Inc.

A

Thanks. And hey, Brian, with respect to your question on growth, as we mentioned in the prepared remarks, we expect the deal to generate roughly \$18 million in revenue in FY 2025, which represents roughly a 100% growth year-on-year.

And the second question you asked was about the size of the combined collaboration business. And as we've explained in the past, we now go-to-market with a single platform that bundles collaboration with other capabilities like identity and activation, which makes it difficult for us to report our revenue on these terms. That said, just rough ballpark, we would tell you that the combined business will represent roughly a quarter to a third of our total subscription business, just depending on how you allocate the bundled price across components.

Brian Fitzgerald

Analyst, Wells Fargo Securities LLC

Q

Got it. Thank you. Very helpful.

Operator: Your next question comes from the line of Mark Zgutowicz from The Benchmark. Please, go ahead. Your line is open.

Mark Zgutowicz

Analyst, The Benchmark Co. LLC

Q

Hi. Thanks very much and congrats on the acquisition. Scott, I'm just curious if you think about Habu and how it's sort of better rounding out your data collaboration platform/ And if there are other sort of product capabilities that you need to move quickly on in front of cookie deprecation or you're pretty well set now in terms of full go-to-market both pre and post-cookie deprecation?

And then, Lauren, you mentioned, I think if I heard you correctly, several points of revenue accretion with Habu beyond FY 2025. Just curious, what are the primary drivers of that? Is it walled garden? Is it SMB? Anything specific there that's going to add that much accretion with the acquisition? Thanks.

Scott E. Howe

Chief Executive Officer, President & Director, LiveRamp Holdings, Inc.

A

Mark, on your first question, I would tell you, I really like the combined assets and our product stack on a pro forma basis. I think what's missing, quite frankly, will be our ability to get out and evangelize the combination to the entire industry. I think there's an opportunity to win smaller clients than LiveRamp has historically serviced effectively, extend into international markets, extend into new industry verticals. And also longer-term, really successfully prove that we could extend to new use cases outside of just marketing and advertising. To me, that's

all about sales evangelization. And if there is a piece that we may need someday, this is one that will draw an opinion on in the coming months and years, is as we extended into some of these new areas – it could be supply chain, it could be health care, it could be government, who knows – will we need new capabilities in our sellers, industry expertise from biz dev and sales? I'm not sure that's a product issue. I think it's entirely our people, how we grow the organization in that respect.

Lauren Russi Dillard

Executive Vice President & Chief Financial Officer, LiveRamp Holdings, Inc.

A

And, Mark, with respect to revenue synergies, I'm really glad you asked this question because I think they become really interesting in FY 2026. And from an assumption standpoint, we've assumed that the majority of these synergies come from being able to cross-sell our existing customer base, some of these incremental use cases and specifically the walled garden clean room access use case as well as the cloud clean room use case. In my prepared remarks, we also talked about other sources of synergies, whether it be international growth, new logo expansion, expanding beyond marketing. To the extent that any of these kind of gain momentum in the next 12 to 18 months, that would really represent upside to our initial projections.

Mark Zgutowicz

Analyst, The Benchmark Co. LLC

Q

Excellent. Thanks, Scott and Lauren. Very helpful.

Operator: Your next question comes from the line of Elizabeth Porter from Morgan Stanley. Please, go ahead. Your line is open.

Christopher Quintero

Analyst, Morgan Stanley & Co. LLC

Q

Hey, this is Chris Quintero on for Elizabeth. I want to ask around the partnerships with the cloud providers like AWS and Snowflake. It seems like Habu has a strong relationship with them. So, just curious what this means for those partnerships on a go-forward basis. Does this accelerate the strategy and contribution there?

And then, maybe for Lauren, what does the Habu pricing model look like? Is it also a subscription fee based on volume? And is there any sense you can give on the magnitude of what the revenue uplift from cross-selling Habu could potentially look like?

Scott E. Howe

Chief Executive Officer, President & Director, LiveRamp Holdings, Inc.

A

Yeah. On your first question, Christian, and what I think about the opportunity with the different cloud providers, the answer is an emphatic yes followed by some exclamation points. For the last two years, we've pursued our own cloud strategy, and it's generated a lot of momentum for us. Well, I would say that Habu is really well-positioned with a couple of the cloud providers you mentioned certainly, but also a few more. I mean, they have a great relationship with Databricks. They're also quite integrated with Azure. And so, it takes our nascent efforts and turbo charges them. And I can imagine that a year from now, we are going to be talking about faster growth across all of the major cloud providers.

Lauren Russi Dillard

Executive Vice President & Chief Financial Officer, LiveRamp Holdings, Inc.

A

Thanks. And, Chris with respect to pricing and Habu's go-to-market, today, Habu goes to market with a single product and has a very simple SaaS pricing model where customers pay a fixed price per clean room for each partner they're collaborating with and each country they're activating. So, to make that real, for example, if a brand is using a clean room with Disney in the US and in the UK, they would pay for two units. If they add another country or another partner, then the unit price would increase accordingly. We intend to maintain this pricing structure for a period of time and eventually evolve it to more closely aligned with ours as we integrate Habu into our clean room product and into our bundled platform.

Christopher Quintero

Analyst, Morgan Stanley & Co. LLC

Q

Excellent. Thank you so much.

Operator: [Operator Instructions] Your next question comes from the line of Jason Kreyer from Craig-Hallum. Please, go ahead. Your line is open.

Jason Michael Kreyer

Analyst, Craig-Hallum Capital Group LLC

Q

Okay. Can you hear me this time?

Scott E. Howe

Chief Executive Officer, President & Director, LiveRamp Holdings, Inc.

A

We can, Jason.

Lauren Russi Dillard

Executive Vice President & Chief Financial Officer, LiveRamp Holdings, Inc.

A

Yes, we can. Hi, Jason.

Jason Michael Kreyer

Analyst, Craig-Hallum Capital Group LLC

Q

Wonderful. Thank you. Sorry about that earlier. Anyways, congrats on this, seems like a great deal. I wanted to actually ask about the measurement capabilities and curious how you think about the cross-sell opportunities as you take kind of the Habu measurement capabilities across your existing customer base and how you'd frame that relative to other opportunities you see on the cross-sell front?

Scott E. Howe

Chief Executive Officer, President & Director, LiveRamp Holdings, Inc.

A

Yeah. But I'll tell you, increasingly, our clients don't really distinguish between data ingestion, data activation, or measurement. They want all of those things. And so, our belief is that from both the international like where we can activate and also what we can measure, this gives us a more robust story and set of capabilities to bring to every client. And so, whilst I talked about this could be a real accelerant to winning new clients for us given their more self-serve functionality. We also think that there is an outstanding cross-sell and upsell opportunity with virtually every client across the collective portfolio.

Lauren Russi Dillard

Executive Vice President & Chief Financial Officer, LiveRamp Holdings, Inc.

A

Yeah. And just maybe to provide a little bit of additional color on that, I think Scott, in his prepared remarks, just mentioned how prominent the walled gardens are for our customers. I mean, many of them sit on every single one of our customers' media plans. And the ability to more granularly measure the efficacy of their spend on these environments, I think, is a really, really powerful use case for our customers, especially as more and more spend continues to shift to those platforms.

Jason Michael Kreyer

Analyst, Craig-Hallum Capital Group LLC

Q

Thank you. And then, one more. The last couple of quarters, we've talked about cookie deprecation and LiveRamp's capability of kind of facilitating marketers beyond the cookie. I'm curious now with the integration of Habu, how that improves your route to market to help people in a cookie-less future?

Scott E. Howe

Chief Executive Officer, President & Director, LiveRamp Holdings, Inc.

A

Yeah, it's interesting. If you look at Google PAIR, Publisher Advertiser Identity Reconciliation, this is what's going to replace targeting on individual cookies. They started it on January 4 when they deprecated the first 1% control group of crumb cookies. Well, from the get-go, Google had announced three launch partners for this effort. Habu and LiveRamp are two of those three. I will also say, and I don't want to get too far in front of myself here, we're starting to see our first case studies. And we will publish those in the coming days, but the results are almost too spectacular to believe. We just did one for a major travel provider and we saw well in excess of double-digit lift when they targeted authenticated users relative to targeting those same users using cookies. So, Google is excited about those results. The client is excited about those results. Publishers feel really good about it. And we think it's a really nice opportunity for us because, together, we can go out and essentially evangelize this and teach everybody how to survive in a post-cookie world.

Jason Michael Kreyer

Analyst, Craig-Hallum Capital Group LLC

Q

Well, we look hear – look forward to hearing more about those case studies. So, thank you, guys.

Lauren Russi Dillard

Executive Vice President & Chief Financial Officer, LiveRamp Holdings, Inc.

A

Thanks, Jason.

Operator: Your next question comes from the line of Nick Zangler from Stephens. Please, go ahead. Your line is open.

Nicholas Zangler

Analyst, Stephens, Inc.

Q

Hey, guys. Congratulations. Just a quick one for me. Just given the complementary nature of the Habu platform, I'm wondering how often you would find yourself competing for new customers with Habu just in this data collaboration space? And then, therefore then, does this acquisition unlock maybe a cohort of customer types for which you think would have been unobtainable, I guess, on an organic basis?

Scott E. Howe

Chief Executive Officer, President & Director, LiveRamp Holdings, Inc.

A

Yeah, I think so. First off, in terms of how often do we see each other, I think it was increasingly. And what's interesting is I don't necessarily think it was actually all that competitive most of the time, but rather what we'd find is we'd go in to a major client and we'd be working with one division of that client. We'd find out that Habu was working with another division of that client. And so often, with the top few thousand marketers in the world, their biggest challenge for data collaboration is just collaborating within their own walls, marrying together data from different divisions. And so, together, I think we activate more nodes of the network. Collectively, when you add up our clients and our publishers, everyone gets more value because, all of a sudden, we've increased the connections that each player can have with every other one.

In addition, I do think that they had some success in areas where, quite frankly, we weren't built to succeed. And you've heard us talk on our calls over the last couple years about churn that we've had. And we've talked about, it's always with smaller clients, so that's really a lot of smaller platform clients. Where we haven't had success though, in addition to that, is smaller direct brand clients. We haven't been successful winning them. Our close to serve is too high because our technology is too complex for them to use. So, this potentially gives us additional access in markets and with clients that we wouldn't have been effective on. And again, that increases the size of the network, and everyone in the network thus generates more value.

Nicholas Zangler

Analyst, Stephens, Inc.



Great. Thanks so much, guys. Appreciate it.

Operator: We have no further questions in our queue at this time. I will now turn the call over to Lauren Dillard, Chief Financial Officer, for closing remarks.

Lauren Russi Dillard

Executive Vice President & Chief Financial Officer, LiveRamp Holdings, Inc.

Thanks so much.

And before wrapping up, I just wanted to quickly correct a misstatement from my prepared remarks. At pro forma for the acquisition, we expect our Q4 cash balance to be approximately \$350 million, not the \$250 million I mentioned earlier.

So, with that, again, we thank you for joining us today. We hope that you share our excitement for this deal. And look forward to speaking with you all in a few weeks when we report our full Q3. Have a good evening.

Operator: This concludes today's conference call. Thank you for your participation and you may now connect.

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