



**HI, 2022**

# **DIGITAL MEDIA & ADVERTISING PAYMENTS REPORT**

**PREPARED BY**

**OAREX CAPITAL MARKETS,  
INC.**

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# INTRODUCTION & BASIS

In line with the industry-wide push for transparency, we began releasing quarterly payment data in 2018. In 2021 we shifted our pay study report from quarterly reviews to semi-annual. Our half year report includes data on payments OAREX has received from companies across the digital media & advertising ecosystem, including ad networks and exchanges, Supply Side Platforms (SSPs), Demand Side Platforms (DSPs), media buyers and ad agencies (all what we refer to as "debtors" in this report). See the list on page 12 for select H1 2022 debtor data.

## Factors Analyzed in this Report: Timing & Amount

Across the entire eco-system, pain points from payments are felt for two main reasons: late payments or under-payments. That is what we focus on for this semiannual report.

- **Timing of Payment.** This inquiry asks, "How early or late does a debtor pay, relative to their stated net terms under which the invoice should be paid?".
- **Amount of Payment.** This inquiry asks, "How much did the collected amount vary from the amount billed?" . This inquiry takes into consideration any type of advertiser offsets or disputes.

## How We Obtain the Data: First Hand

We get this information first hand because we collect payments from hundreds of different debtors. Those debtors are then liable to pay OAREX directly because we take ownership in the invoice under a Purchase & Sale Agreement with our clients.

## Author Word of Caution on Debtor Data

On page 12, we report historical payment performance for each programmatic debtor in the past year for which we received 6+ receipts. Sometimes there are non-credit issues for late payments so please take the data with a grain of salt and read our full disclaimer at the end of this report. Also, note we often review our data and make changes based on improved information. For example, if we find operational errors outside of the debtor's control which led to late payments, we will remove that data from our set.

June, 2022

## KEY HIGHLIGHTS OF HI 2022 DATA

### ***The trend in early payments has stalled and may be reversing***

Late payments increased over the past 6 months but remain below 2019 & 2020 levels.

### ***Late payments increased***

Late payments increased to 42% of all payments, up from 37% in the second half of 2021. Payments more than 15 days increased to 12% in HI 2022, from 9% in H2 2021. While these appear significant increases, both statistics are fairly in line in previous periods.

How Late	% of All Payments, 6 Months Ended						
	Jun-22	Dec-21	Jun-21	Dec-20	Jun-20	Dec-19	Jun-19
Late 0-5 days	23%	19%	23%	22%	31%	28%	33%
Late 6-15 days	8%	8%	10%	7%	8%	10%	10%
>15 days late	12%	9%	10%	10%	14%	11%	14%
All Late	42%	37%	42%	39%	53%	49%	56%

### ***Underpayments broadly unchanged***

Underpayments rose to 12% of all payments compared to 11% in H2 2021.

How Much Paid	% of All Payments, 6 Months Ended						
	Jun-22	Dec-21	Jun-21	Dec-20	Jun-20	Dec-19	Jun-19
1-10% Underpaid	10%	9%	7%	8%	11%	8%	13%
10-20% Underpaid	1%	1%	2%	2%	2%	2%	2%
>20% Underpaid	1%	1%	2%	1%	3%	2%	3%
All Underpaid	12%	11%	10%	11%	16%	12%	18%

## KEY DEBTOR HIGHLIGHTS

The following programmatic debtors never paid late in the past 6 months (at least 6 payments):

33Across, Inc.  
 Conversant, LLC  
 Google, Inc.  
 Proper Media, LLC  
 Sedo.com, LLC  
 TripleLift, Inc.

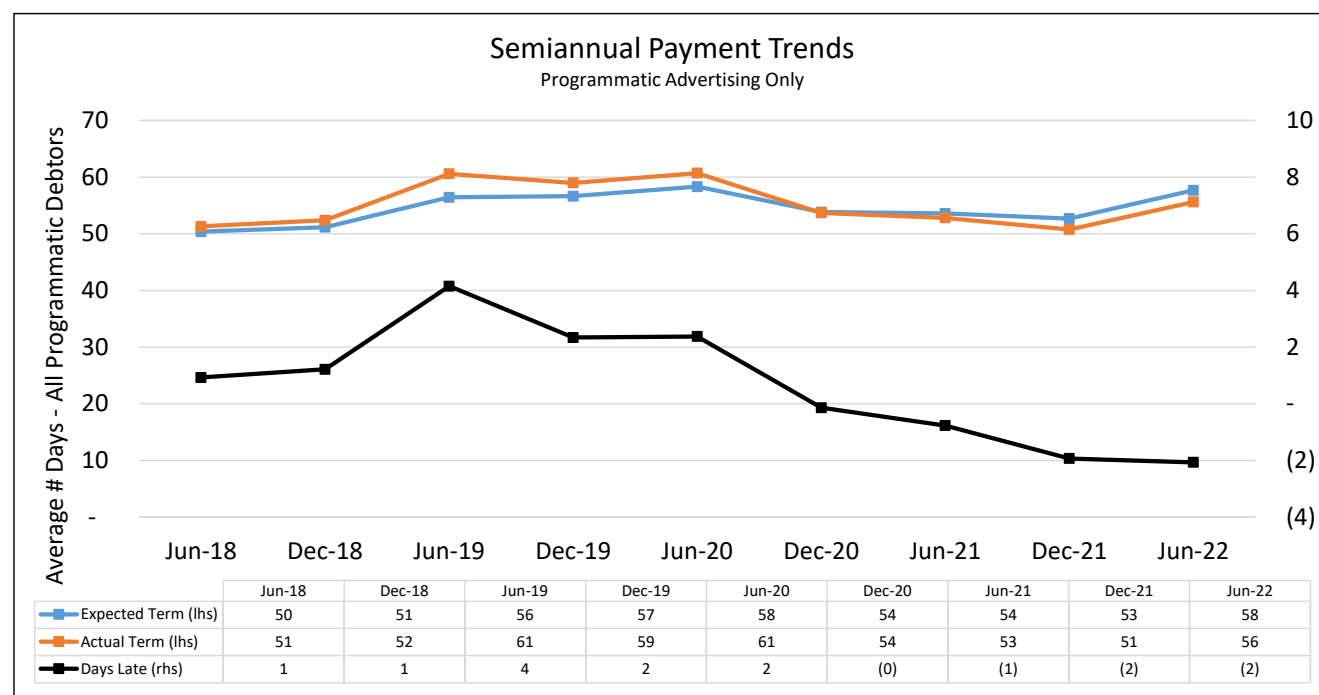
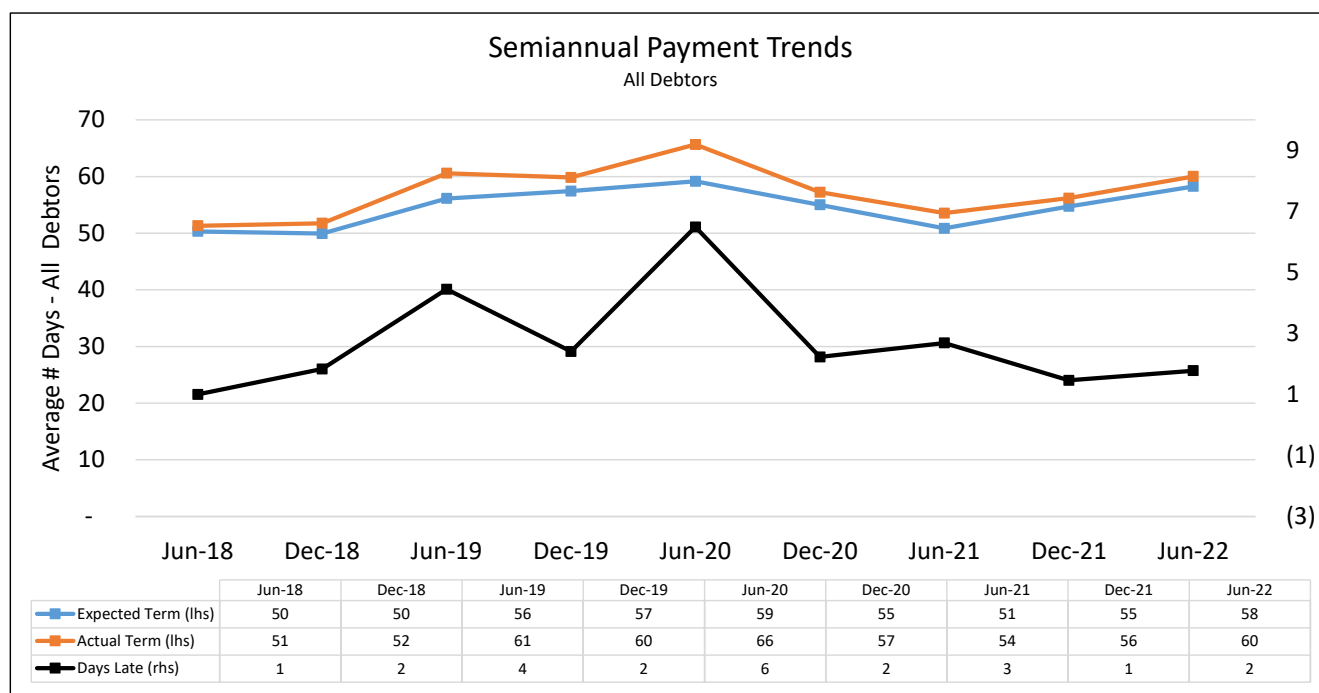
# KEY HIGHLIGHTS OF H1 2022 DATA

## Overall payments remain slightly late

Overall payments were 2 days late compared to 1 day late in H2 2021.

## Programmatic payments continue to be slightly early

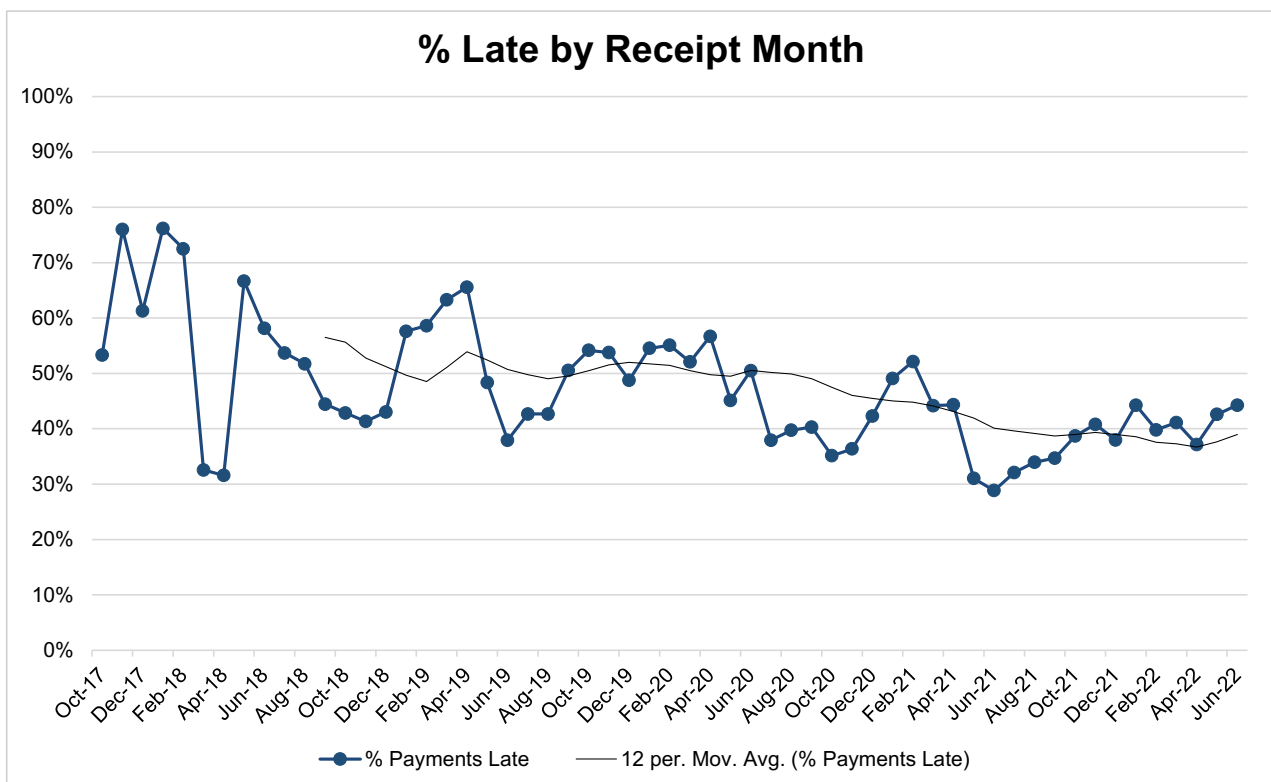
Programmatic payments remained on average 2 days early, with the average payment coming in after 58 days.



## Timing of Payments

# LATE PAYMENTS %, BY MONTH

Payment delays - receipts of invoices beyond the stated net terms - are endemic across the industry, so our analysis focuses heavily on this metric. We compare this timing data across time and debtors, identifying trends in digital media payments including late / early debtors (see the list of debtors on page 12).



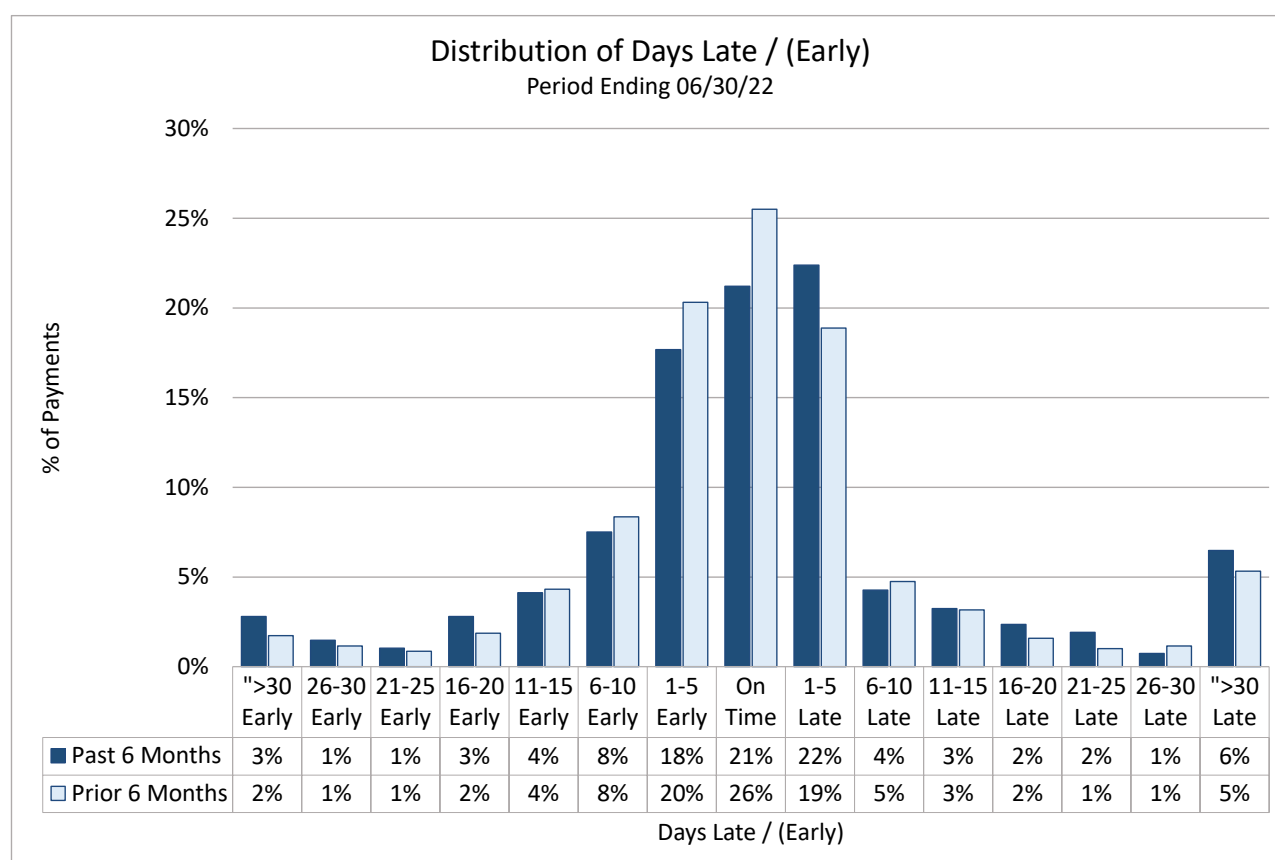
## Quick Analysis & Commentary

- At 44% of all payments, late payments in June reached their highest value since April 2021 but remain below 2018 and 2019 levels.
- Since the bottom in June of 2021, late payments have increased on average by 1.0% per month.

## Timing of Payments

# DISTRIBUTION OF LATE DAYS OVER TIME

The distribution of late payments is important, later payments are more concerning than slightly late payments. Thus, we look at the distribution of payments in buckets and compare this period to the prior 6-month period.



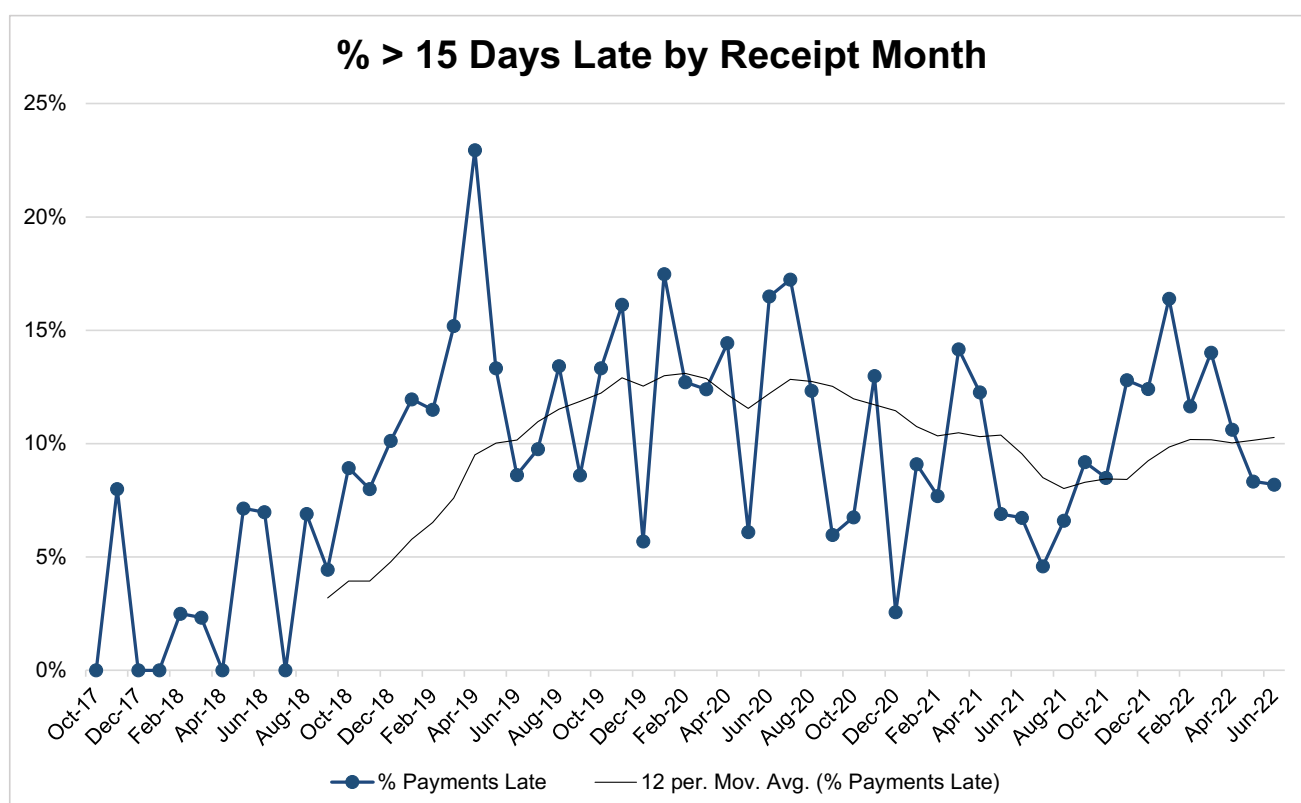
## Quick Analysis & Commentary

- The increase in late payments has been driven primarily by an increase in two buckets specifically: increases in the 1-5 days late bucket (was 19%, now 22%) and the >30 days late bucket (was 5%, now 6%).

## Timing of Payments

# PAYMENTS 15+ DAYS LATE BY MONTH

This is an important metric we focus on. Payment delays less than 2 weeks are fairly common, and likely not indicative of any potential credit concern. However, payments consistently late beyond 15 days tell us two things. First, at the individual debtor level, there might be some cash flow issues. Second, when viewed collectively, it gives us a reading of the industry as a whole.



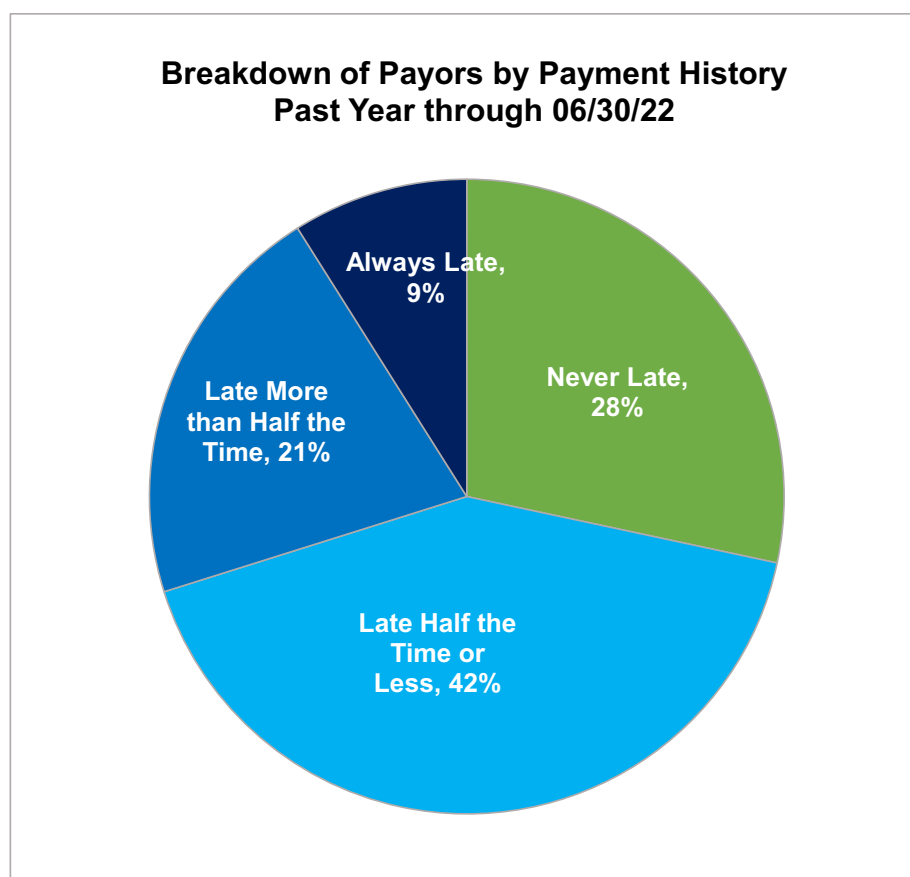
## Quick Analysis & Commentary

- Payments over 15 days late increased in H1 to 12% of all payments, up from 9% in H2 of 2021.
- Although payments >15 days late increased overall when compared to H2 2021, they generally declined over the course of H1 2022. In the beginning of the half, payments >15 days late represented 16% of all payments, by June they fell to 8%.

## Timing of Payments

# TIMING OF PAYMENTS BY DEBTOR

With collection data on over 600 digital media & advertising debtors, we like to analyze what percentage of them pay late, versus on time. Here is a breakdown of the most recent 12 months ending June 30, 2022 (only including debtors with at least 6 payments).



### Quick Analysis & Commentary

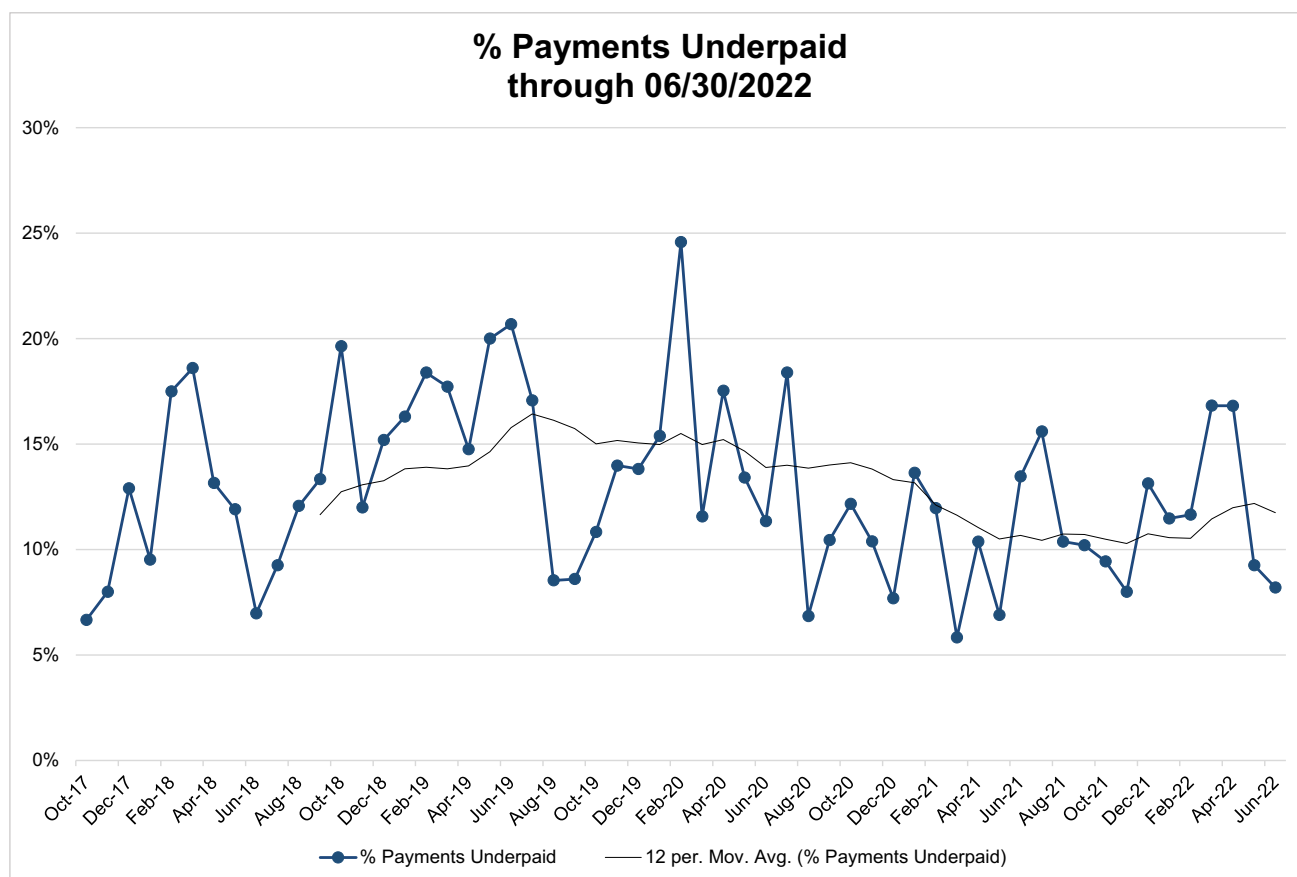
- Collectively, those debtors which *always paid late and paid late more than half the time*, comprise 30% of total payments we received in H1 2022.
- Interestingly, with 28% of the total payments, the number of debtors which *never paid late* was nearly equal to the combined sum outlined above.
- When compared to our previous report, the quality of payors has improved. Those debtors which always paid late decreased (then 17%, now 9%) while those who were never late increased (then 19%, now 28%).



## Amount of Payments

# UNDERPAYMENT PERCENTAGES BY MONTH

Another major issue with payments is that the actual collected amount almost always varies from the stated invoice amount. Underpayments can occur for many reasons, including issues such as disputes and robotic traffic but may also occur due to timing issues.



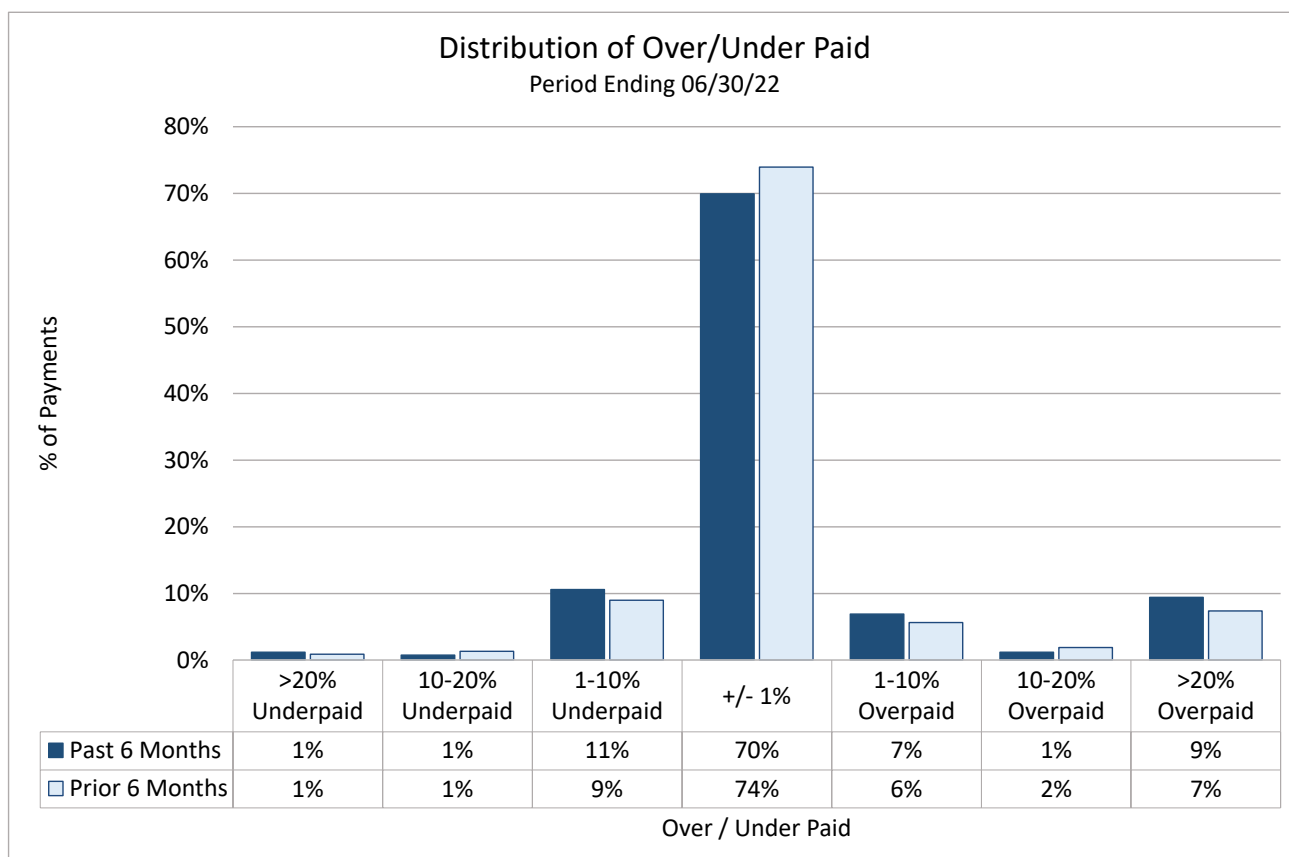
## Quick Analysis & Commentary

- Payment fluctuations between billed amounts and collected amounts still remains highly volatile. However, as a whole, performance has improved compared to 2019 and 2020.
- The average underpayment in HI was 12%, roughly unchanged from H2 2021.

## Amount of Payments

# DISTRIBUTION OF AMOUNT PAID OVER TIME

This shows the percentage amount of all payments that were underpaid according to the billed or invoiced amount, and the distribution by the amount of the negative offset and compares the last 6 months versus the prior 6 months.



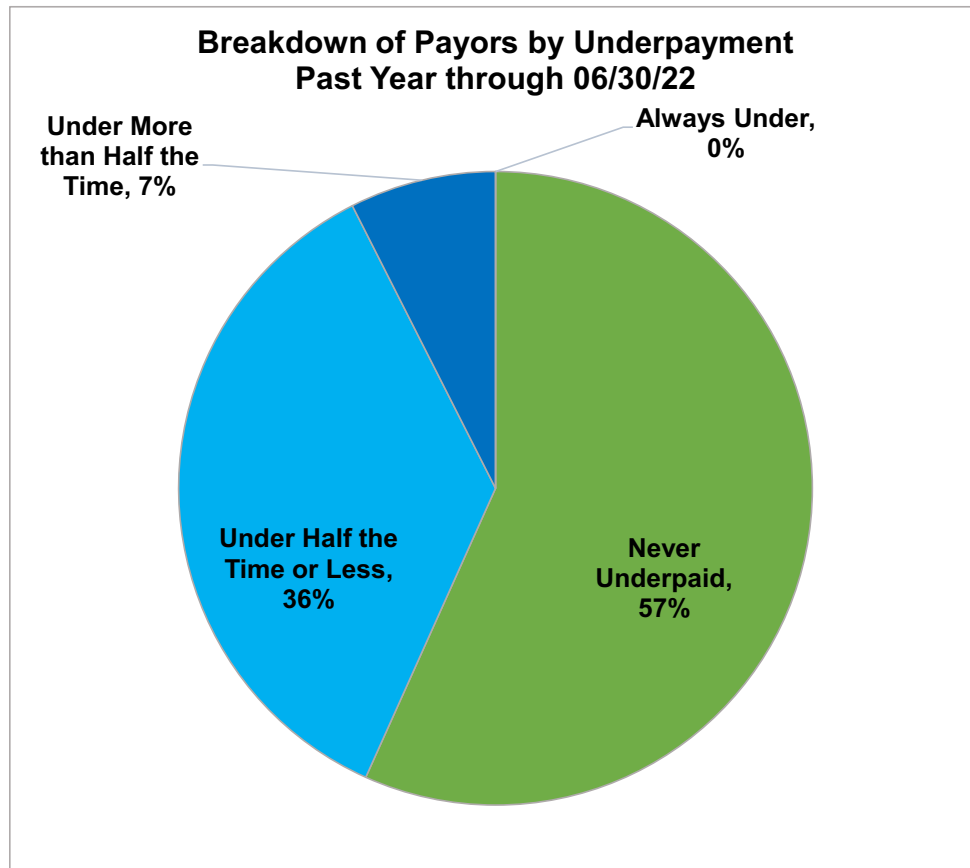
### Quick Analysis & Commentary

- Underpayments remained broadly unchanged since H2 2021. Total underpayments represented only 11% of all payments. Underpayments greater than 20% remained quite low at 1%.

## Amount of Payments

# BREAKDOWN BY DEBTOR

This provides a breakdown of debtor underpayment history for the prior 12 month period.



### Quick Analysis & Commentary

- The metric we'd like to highlight here is the green portion, showing debtors that *never underpaid* (i.e. never negatively offset the invoice when they paid it).
- Only 57% of the debtors never underpaid, meaning almost half of debtors underpay sometimes.
- When compared to H2 2021, the number of debtors that *never underpaid* fell (then 68%, now 57%.) while those that *paid under half the time or less* rose (then 26%, now 36%).

## Appendix A - Payment Performance

**BREAKDOWN BY DEBTOR**

Below is a breakdown of individual debtor performance based on payments received in the past year. Note that, to best represent accurate information, we limit our analysis to debtors with a sufficient sample size (i.e. # of invoices paid). Also, we are only displaying programmatic debtors for client confidentiality reasons.

12 months ending 06/30/2022	% of Payments			Avg. Days vs. Terms		
Payor	Early	On Time	Late	Late / (Early)	Days Early	Days Late
33Across, Inc.	86%	14%	0%	(30.6)	(35.7)	
Adcolony, Inc.	0%	0%	100%	5.2		5.2
AdPushup, Inc.	50%	0%	50%	(5.1)	(12.1)	1.8
Amazon, Inc.	54%	31%	15%	(2.2)	(4.5)	1.0
Apple, Inc.	80%	20%	0%	(17.6)	(22.0)	
Connatix Native Exchange, Inc.	11%	11%	78%	1.1	(6.1)	2.3
Conversant, LLC	83%	17%	0%	(7.8)	(9.4)	
District M, Inc.	0%	0%	100%	4.7		4.7
Ebsco Industries, Inc.	38%	0%	63%	0.6	(5.8)	4.4
EMX Digital, LLC	0%	0%	100%	19.1		19.1
Fyber GmbH	33%	0%	67%	3.8	(6.8)	9.0
Google, Inc.	75%	25%	0%	(1.6)	(2.2)	
GumGum, Inc.	43%	14%	43%	(1.7)	(10.4)	6.3
Index Exchange USA, LLC	26%	32%	42%	(3.6)	(16.2)	1.4
Magnite, Inc.	52%	4%	44%	(2.4)	(6.7)	2.3
Media.net Advertising FZ-LLC	20%	70%	10%	(1.7)	(9.0)	1.0
Mopub, Inc.	0%	20%	80%	0.8		1.0
Nativo, Inc.	57%	14%	29%	(6.5)	(13.1)	3.5
Oath Inc. (Verizon / AOL)	91%	4%	4%	(4.1)	(5.9)	29.0
OpenX Technologies, Inc.	36%	55%	9%	(1.8)	(4.8)	0.0
Playbuzz Ltd.	50%	33%	17%	(2.1)	(4.6)	1.3
Proper Media, LLC	17%	83%	0%	(0.5)	(3.0)	
Publisher First, Inc.	67%	0%	33%	(13.3)	(20.7)	1.3
Pubmatic, Inc.	79%	5%	16%	(1.3)	(3.4)	8.3
Pulsepoint, Inc.	80%	10%	10%	(1.3)	(1.8)	1.0
Sedo.com, LLC	100%	0%	0%	(14.3)	(14.3)	
Sharethrough, Inc.	33%	17%	50%	(4.4)	(17.6)	3.0
Sovrn Holdings, Inc.	4%	0%	96%	1.6	(12.5)	2.2
Teads, Inc.	64%	0%	36%	3.3	(9.3)	25.5
TripleLift, Inc.	100%	0%	0%	(5.1)	(5.1)	
Unruly Group Ltd.	9%	0%	91%	6.2	(13.0)	8.1
Xandr, Inc.	11%	26%	63%	(0.3)	(9.8)	1.2

## Read This

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