Q3, 2020

DIGITAL MEDIA & ADVERTISING PAYMENTS REPORT

PREPARED BY

OAREX CAPITAL MARKETS, INC.

2519 Detroit Ave. Suite #135
Cleveland, OH 44113 (855)-GO-OAREX

www.OAREX.com
info@oarex.com

September, 2020

INTRODUCTION & BASIS

In line with the industry-wide push for transparency, we began releasing quarterly payment data in May, 2018. Our quarterly 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 full list on page 14 for Q3 2020 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 quarterly 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?". We call this factor the "Net Terms Differential".

Amount of Payment. This inquiry asks, "How much did the collected amount vary from the amount billed 30, 60 or 90 days ago?" . This inquiry takes into consideration any type of advertiser offsets (i.e. robotic traffic, fake installs) or disputes (brand awareness, sequential liability, etc.). Given that a missed payment could crush a digital media firm (especially if they have debt), we focus on this metric as the 2nd core pillar to be analyzed and refer to it as the "Paid Differential".

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. ***All of the data contained in this report is obtained first hand.***

Author Word of Caution on Individual Debtor Data

On page 14, we report historical payment performance for each debtor in Q3 for which we received 6+ receipts. Some of the payment data performance we report on may not represent that there is a true underlying credit concern. Rather, a debtor may consistently pay us late for any number of non-credit reasons. Or a debtor may pay us early, but have underlying credit issues. That said, please take the data with a grain of salt and read our full disclaimer at the end of this report. Also, we further note that ***if you see a debtor listed on those pages, that means they are approved or once were approved for credit internally,*** despite what their pay history performance is in this or other reports.

September, 2020

KEY HIGHLIGHTS OF Q3, 2020 DATA

Some key highlights of the Q3 report worth noting:

The Good

- The number of overall late payments decreased by 26% from Q2 2020, while early payments increased by 31%.
- The percentage of receipts greater than 15 days late fell to 5% in September, reaching a 24 month low.
- After hitting a 14 month high in July, the percentage of payments that were negatively offset (i.e. less than the stated amount) dipped down to 5% in September, reaching a new all-time low.
- Payments are early and overpaid. Since Q2 the number of payments more than 30 days early increased by 200% while the number of overpayments increased by 13.3%.
- Individual debtor pay performance improved -- the percentage of actual debtors (not invoices) that *paid late half the time or less* decreased by 9.6% from the prior study, while those that *never paid late* rose by 28.6%.

The Bad

- Payments more than 30 days late out number payments less than 30 days late by 2-4X (page 6).
- The percentage of late payments more than 30 days late has held relatively steady at 25% (see page 6).
- The longer pay terms implemented in Q1 & Q2 look like they are here to stay. While some partners are looking to reinstate original terms, many are requiring increased revenue shares to pay under faster terms. There is increasing concern on what impact these pay term extensions had on our Q3 data (i.e. skewing actual number of late payments/payors) as well as the effect it will have on margins going forward.

KEY DEBTOR HIGHLIGHTS

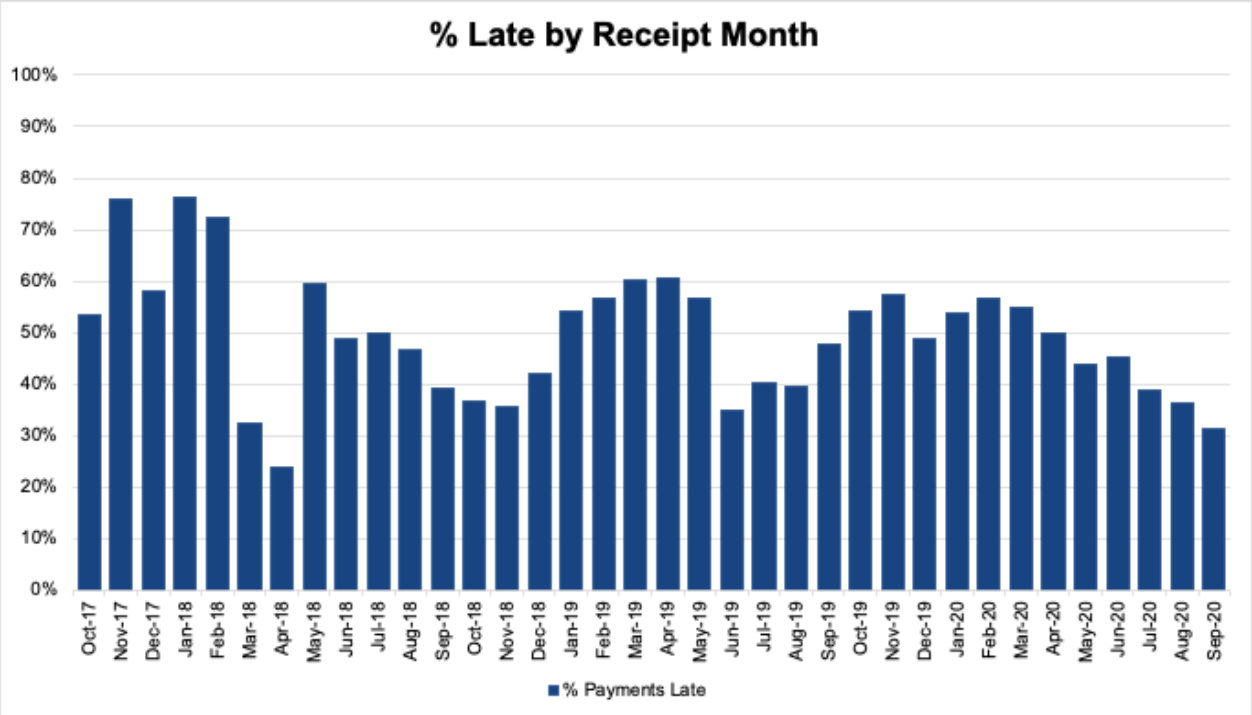
Apple, AppLovin, QuinStreet and Google Play (App Store) paid early 100% of the time. Tapjoy, Conversant, Facebook, Dictionary.com, Oath, Pubmatic, Bonnier Corp, Mopub, Sortable and GumGum all paid early 70% of the time or more. Unity Technologies paid exactly on time 75% of the time (see page 14 for full breakdown by debtor).

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 full list of Q3 debtors on page 14).

Chart: The percentage of all payments we received which were paid late.
Timeframe: Month-by-Month
Metric: Net Terms Differential



Quick Analysis & Commentary

- In September, 31% of all debtors paid us late beyond stated terms. This represents the lowest percentage of late payments since April of 2018 and a 21% decrease YoY.

- When analyzing late paying companies on a quarterly basis, Q3 2020 had the lowest average on record. At 35%, Q3 is 8% lower than the next lowest quarter and 29% lower than the mean.

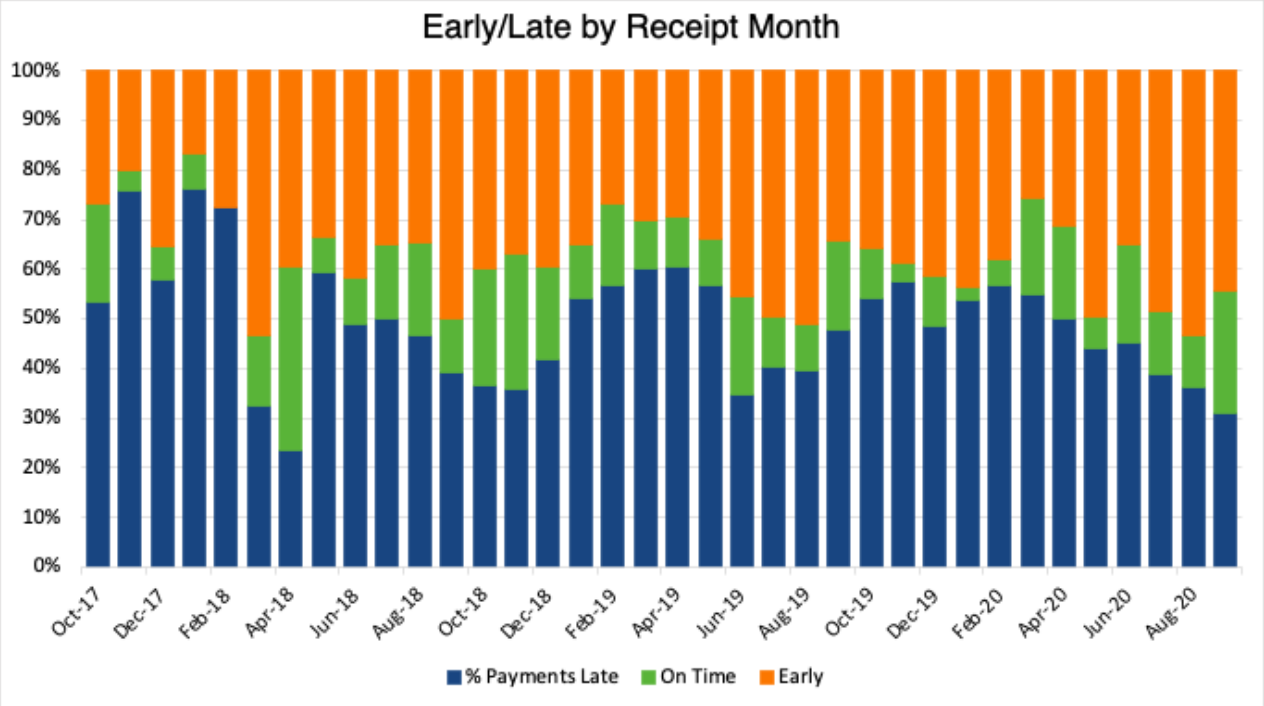
- In Q1 and Q2 we saw a big push to extend pay terms. New pay terms have been more indicative of actual payments, which are often late. This is reflected in the data via the steady decrease in late payments by month and the continued transition from late to on-time or early (see page 5).

Timing of Payments

EARLY VS. LATE VS. ON-TIME PAYMENTS, BY MONTH

Below is the same chart as above, but in direct comparison with the percentage of payments that we received on-time or prior to stated terms, i.e. stated terms are net 60, we collected net 59.

Chart: The percentage of all payments we received that were late, early or on-time.
Timeframe: Month-by-Month
Metric: Net Terms Differential



Quick Analysis & Commentary

- Rule of thumb: the more green and orange you see on this chart, the better.

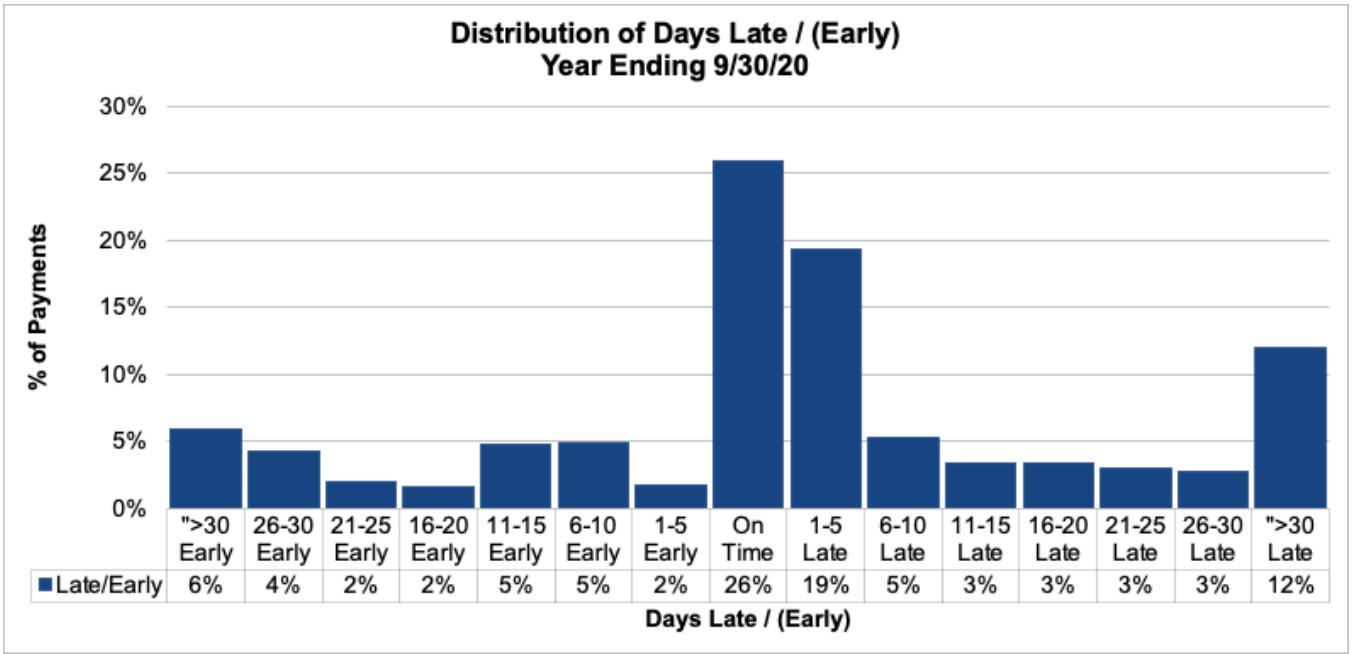
- On average, *early payments* (orange) increased 31% from the previous quarter, while *on-time payments* (green) increased 10% and *late payments* (blue) decreased by 26%.

- On a quarterly basis, *early payments* (49%) reached an all-time high, while *on-time payments* (16%) reached their third highest total and *late payments* (35%) fell to an all-time low.

Timing of Payments

DISTRIBUTION OF LATE DAYS BY MONTH, IN 5-DAY LATE BUCKETS

Chart: This shows the distribution of late payments, in 5-day buckets (i.e. 6-10 days late).
Timeframe: Last 12 months ending 9/30/2020.
Metric: Net Terms Differential
Example: Here you can see the breakdown of the % of all payments that were late or early, in the last 12 months



Quick Analysis & Commentary

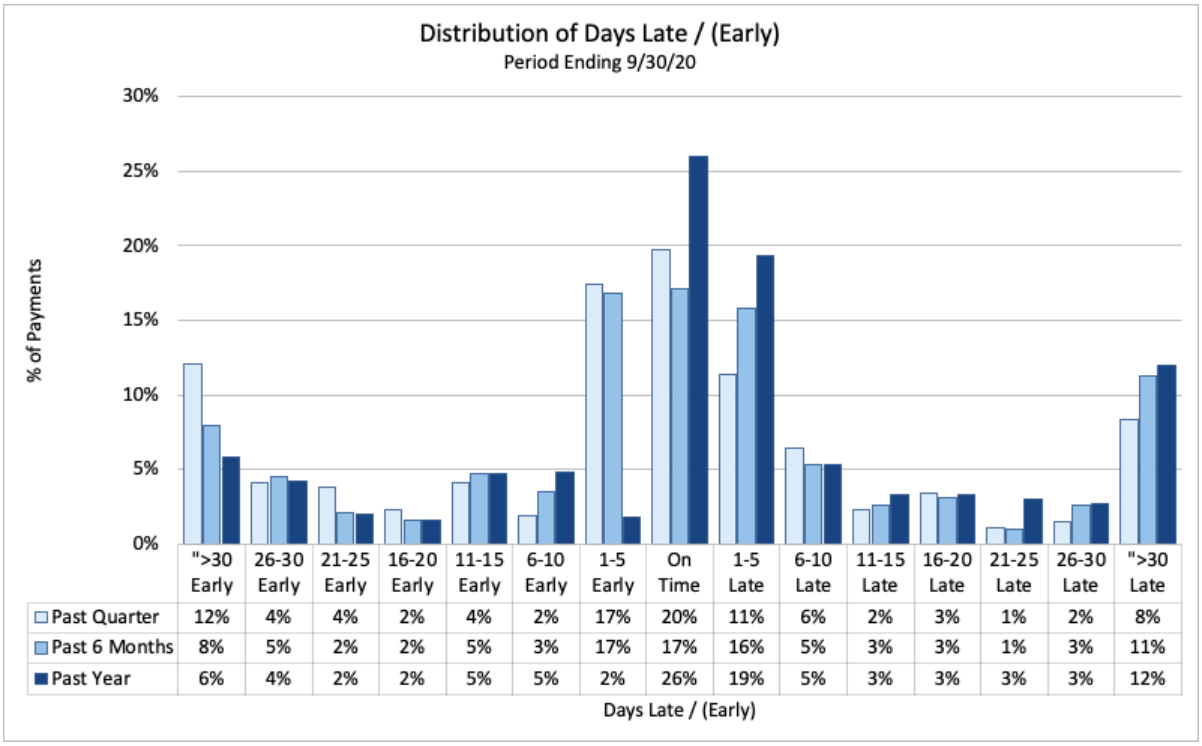
- Increasing slightly (by 1%) since our last pay study, 25% of all *late payments* were paid more than 30 days late. At the same time, on-time payments increased 13%.

- If payments are late, they're late by a lot. Payments that are more than 30 days late outnumber those that aren't by 2-4x, depending on which "late bucket" the payment falls into (excluding *1-5 days late*).

Timing of Payments

LATE DAYS, SHOWN IN 5-DAY BUCKETS, ACROSS TIME

Chart: This shows the same data as the above chart, but also compares the data from the last 12 months against the last 6 months and quarter.
Timeframe: The past 12 months, 6 months and 3 months ending 9/30/2020.
Metric: Net Terms Differential



	">30 Early	26-30 Early	21-25 Early	16-20 Early	11-15 Early	6-10 Early	1-5 Early	On Time	1-5 Late	6-10 Late	11-15 Late	16-20 Late	21-25 Late	26-30 Late	">30 Late
Past Quarter	12%	4%	4%	2%	4%	2%	17%	20%	11%	6%	2%	3%	1%	2%	8%
Past 6 Months	8%	5%	2%	2%	5%	3%	17%	17%	16%	5%	3%	3%	1%	3%	11%
Past Year	6%	4%	2%	2%	5%	5%	2%	26%	19%	5%	3%	3%	3%	3%	12%

Quick Analysis & Commentary

- Note that in the prior 12 months, 12% of all payments were more than 30 days late but in the prior 3 months that number fell to 8% -- a decrease of 33.3%.

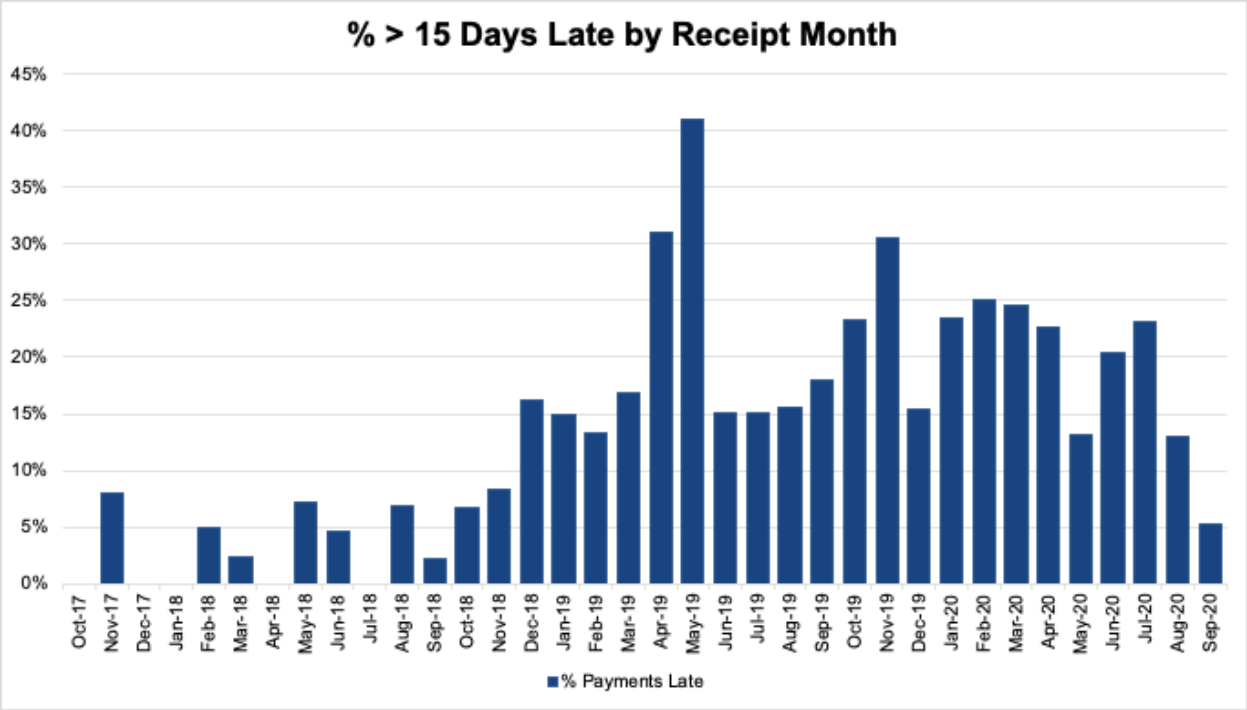
- In comparison to our last pay study, the number of payments more than 30 days early increased dramatically. At 12% of all payments, this represents an increase of 200% YoY.

- Payments paid within 5 days before stated net terms increased 750% during Q3 verse the prior 12 months. While payments within +/- 5 days reverted closer to the 12 month average (falling to 49% since the prior quarter and nearing the 47% mark from the prior 12 months).

Timing of Payments

PAYMENTS 15+ DAYS LATE BY MONTH

This is an important metric we focus on. The reason why is that payment delays less than 2 weeks are common, and really 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 industry as a whole.



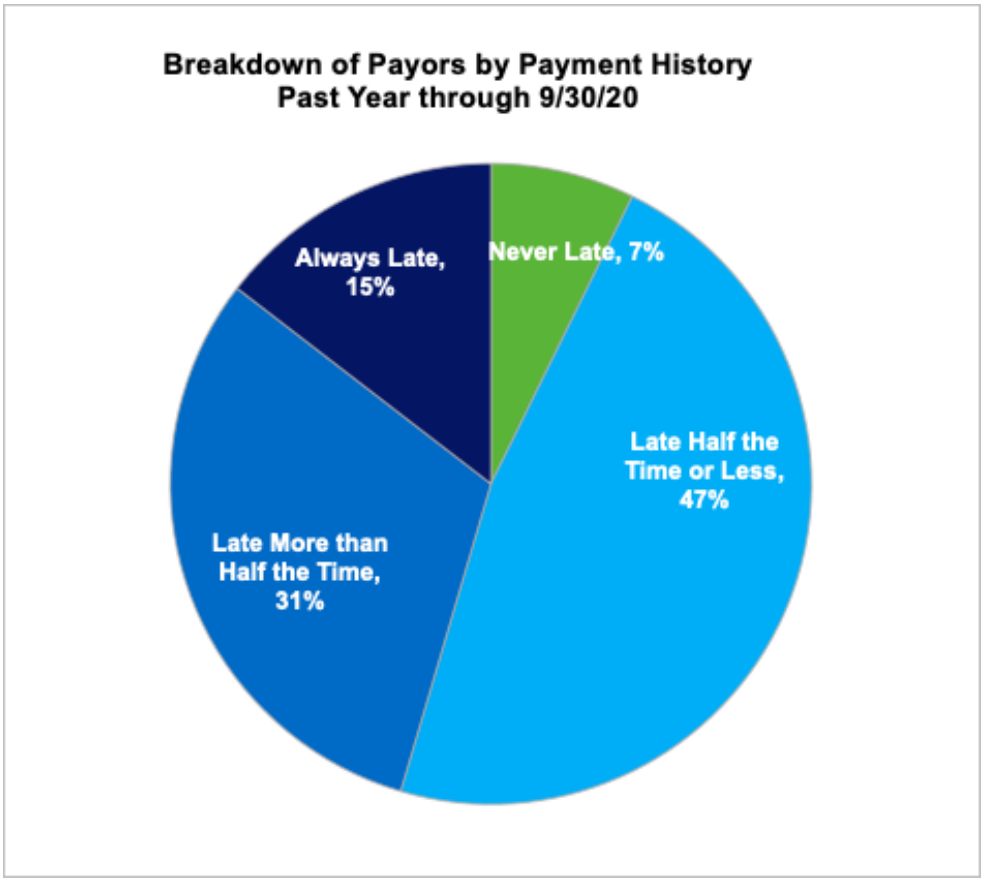
Quick Analysis & Commentary

- The number of payments by more than 15 days late hit their 24 month low at 5%.
- On average, payments more than 15 days late fell by 36.6% in Q3 verse the prior quarter.
- Part of the dramatic reduction in late payments is due to the changing of terms (i.e. see page 4). However we attribute this in part for two other reasons: Proactive tightening of our credit approvals which reduced exposure to several late paying debtors. Secondly, improved responsiveness/pay performance from debtors due to our purchasing power and industry status (i.e. the "OAREX effect").

Timing of Payments

TIMING OF PAYMENTS BY DEBTOR

With collection data on over 300 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 September 30th, 2020.



Quick Analysis & Commentary

- In the past 12 months, the percentage of actual debtors (not invoices) that *paid late half the time or less* was 47%, a decrease of 9.6% from the prior study.

- During that same period debtors that *never paid late* rose by 28.6%, those that *always paid late* increased 7.1% and those that *paid late more than half* the time increased by 6.9%.

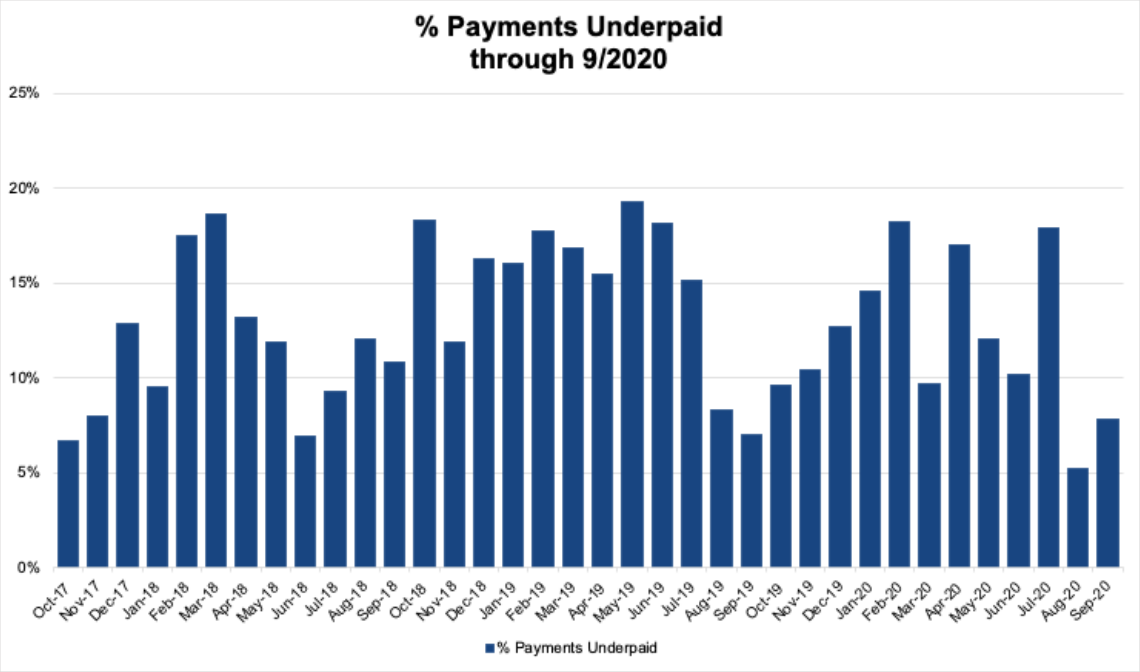
- Although the data is likely skewed due to tightening credit initiatives and the broad extension of pay terms within the industry, it still suggests that the number of debtors who paid late are decreasing and payment performance, as a whole, has improved.

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. Again, we call this the "Paid Differential".

Chart: This shows the percentage amount of all payments that were underpaid according to the billed or invoiced amount.
Timeframe: Month-by-Month
Metric: Paid Differential



Quick Analysis & Commentary

- In July, the percentage of negative offsets (i.e. payments less than the stated amount) hit the 14 month high (18%) but then hit an all-time low in August (5%).

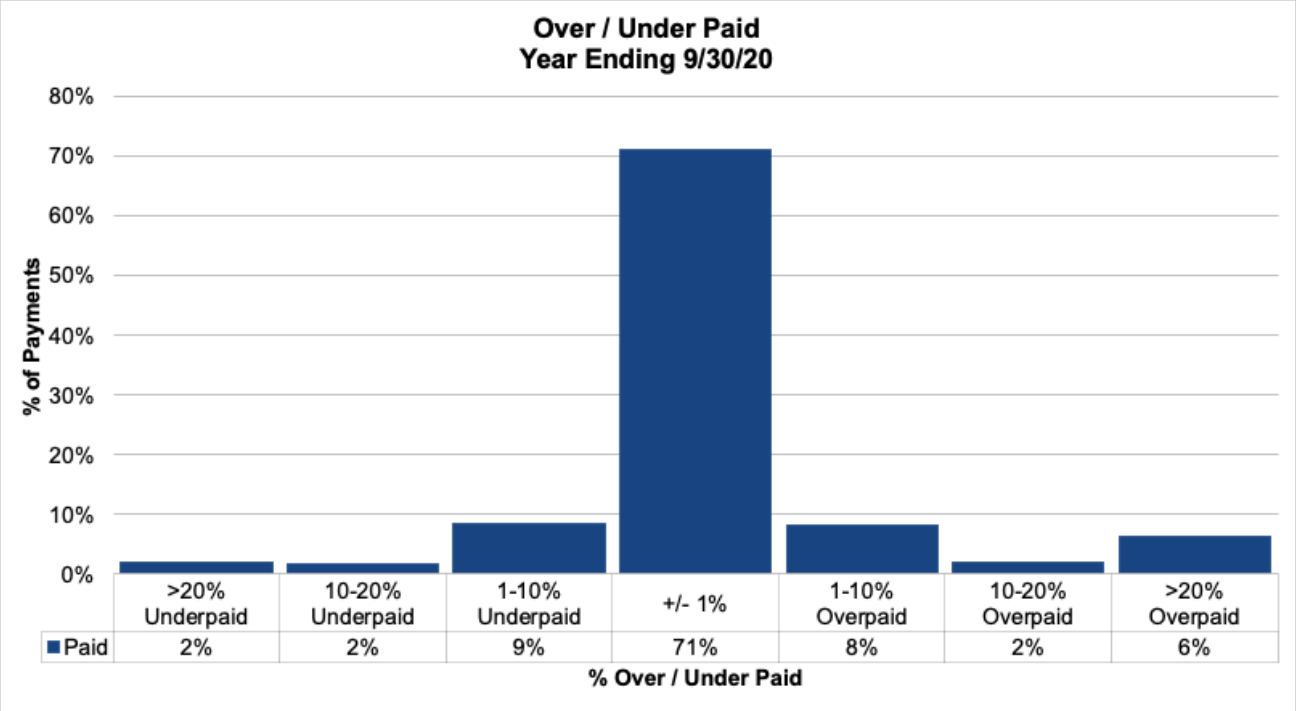
- Payment fluctuations between billed amounts and collected amounts still remain extremely volatile. However, on average, underpayments during Q3 decreased 23% versus the prior quarter and reached a 33 month low.

- As stated in our prior report, we feel this decrease does not accurately represent what the industry is experiencing as a whole and we will continue to closely monitor this going into Q4. With that said, we do expect the data to continue trending positively as there are signs that an economic recovery is underway.

Amount of Payments

DISTRIBUTION OF PAYMENT AMOUNT BY VARIANCE

Chart: 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.
Timeframe: The past 12 months ending 9/30/2020.
Metric: Paid Differential



Quick Analysis & Commentary

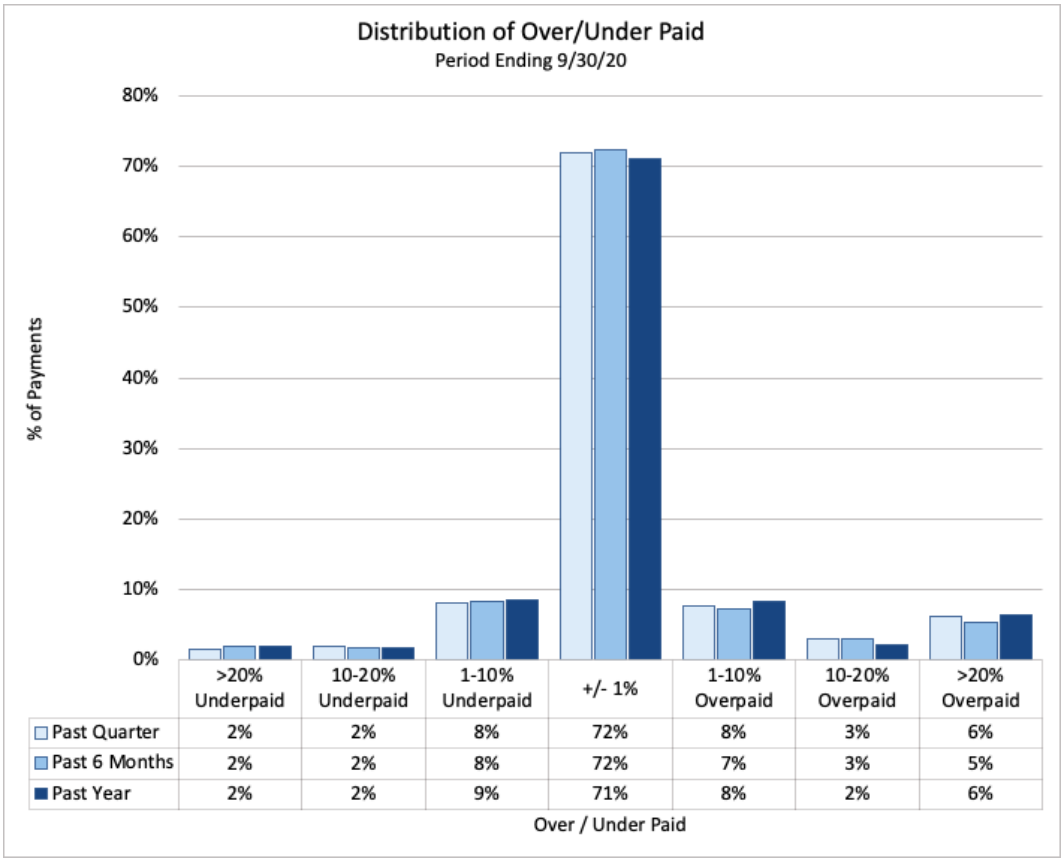
- The data here is consistent with the prior pay study. The amount of overpayments by bucket held constant.

- The amount of underpayments rose slightly, with underpayments of 1-10% accounting for 9% of all payments received (a 9% increase verse the prior study), while overpayments decreased by 9%.

Amount of Payments

VARIATIONS OF AMOUNTS PAID VS. PRIOR PERIODS

Chart: This chart shows the same data as the above chart, but also compares the last 12 months of data across three timeframes.
Timeframe: The past 12, 6 and 3 months ending 9/30/2020.
Metric: Paid Differential



	>20% Underpaid	10-20% Underpaid	1-10% Underpaid	+/- 1%	1-10% Overpaid	10-20% Overpaid	>20% Overpaid
Past Quarter	2%	2%	8%	72%	8%	3%	6%
Past 6 Months	2%	2%	8%	72%	7%	3%	5%
Past Year	2%	2%	9%	71%	8%	2%	6%

Quick Analysis & Commentary

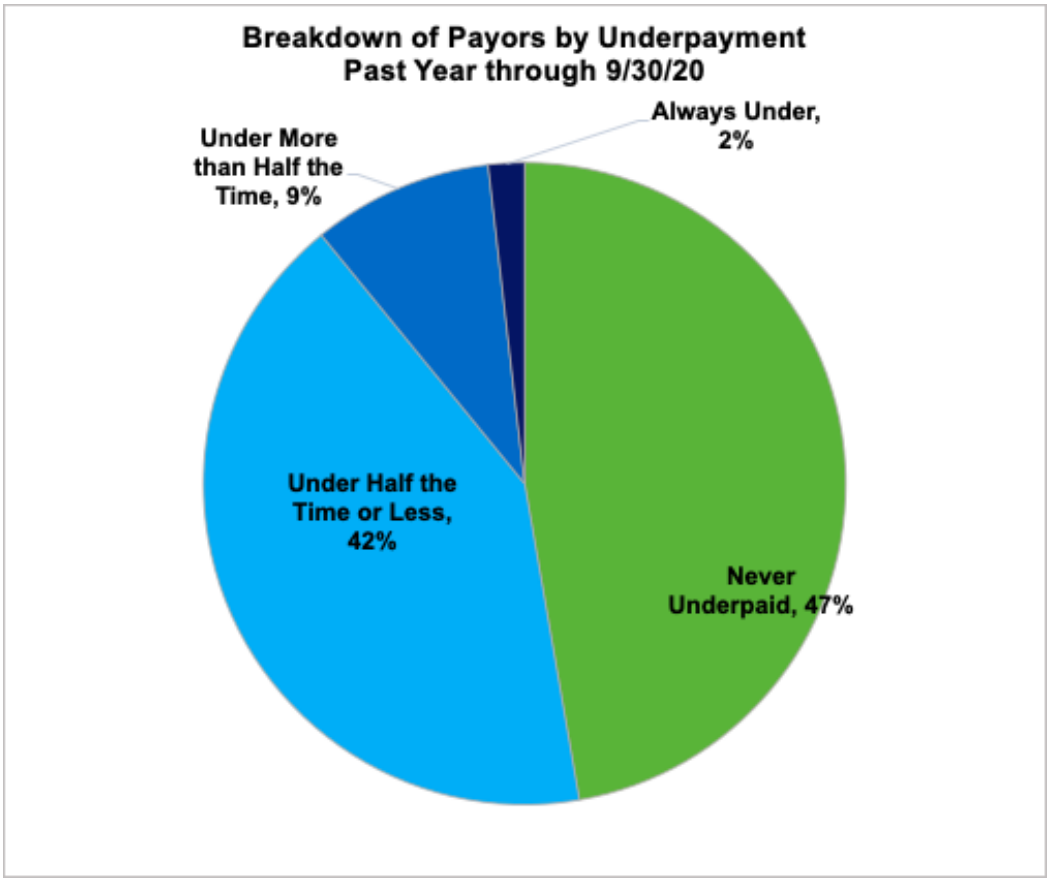
- During Q3, payments that arrived within +/- 1% of the billed amounts fell by 1.4% when compared to the previous quarter, while overpayments as a whole rose 13.3% -- totaling 17%.

- Aside from the spike in overpayments, this metric remained fairly consistent with our findings for Q2.

Amount of Payments

BREAKDOWN BY DEBTOR

Chart: This provides a breakdown of debtor offsets for the prior 12 month period.
Timeframe Prior 12 months ending 9/30/2020.
Metric: Paid Differential



Quick Analysis & Commentary

- The metric we'd like to highlight here is the light green portion, showing debtors that *never underpaid* (i.e. never negatively offset the invoice when they paid it).

- When compared to Q2, the percentage of debtors that *never underpaid* rose to 47% (an increase of 9.3%), while those that *paid under half the time or less* fell to 42% (decreased by 16%).

- Consistent with our previous report, the trend of reduced offsets has continued in Q3.

Appendix A - Payment Performance

BREAKDOWN BY DEBTOR

Below is a breakdown of individual debtor performance based on payments received in Q3 2020. Note that, to best represent accurate information, we limit our analysis to debtors with a sufficient sample size (i.e. # of invoices payed). Visit the link below to see the full list of approved debtors.

12 months ending 9/30/2020	% of Payments			Avg. Days vs. Terms		
Payor	Early	On Time	Late	Late / (Early)	Days Early	Days Late
33Across, Inc.	21%	34%	45%	6.70	-6.83	18.09
Amazon, Inc.	47%	25%	28%	5.13	-3.47	24.03
Apple, Inc.	100%	0%	0%	-28.13	-28.13	
Applovin Corp.	100%	0%	0%	-42.90	-42.90	
Appnexus, Inc.	0%	0%	100%	5.04		5.04
Audioboom Ltd	33%	17%	50%	14.58	-10.50	36.17
Beachfront Media, LLC	38%	25%	38%	-4.06	-22.33	11.50
Bidswitch, Inc.	0%	0%	100%	6.83		6.83
Bonnier Corporation	80%	0%	20%	-37.20	-48.00	6.00
Chartboost, Inc.	0%	0%	100%	15.37		15.37
Codewise Sp. z o.o.	9%	27%	64%	1.91	-3.00	3.43
Connatix Native Exchange, Inc.	27%	0%	73%	-3.66	-25.95	4.59
Conversant, LLC	86%	0%	14%	-4.79	-9.08	21.00
Criteo, Inc.	20%	27%	53%	6.47	-23.00	20.75
Dictionary.com, LLC	80%	0%	20%	-16.00	-48.00	112.00
District M, Inc.	31%	0%	69%	-4.13	-21.91	4.02
Even Financial, Inc.	43%	0%	57%	-1.43	-8.67	4.00
Facebook, Inc.	89%	0%	11%	-30.67	-35.25	6.00
Google Play	100%	0%	0%	-29.92	-29.92	
Google, Inc.	66%	21%	13%	-1.32	-2.30	1.50
GumGum, Inc.	76%	9%	15%	1.66	-1.88	20.34
i-Health Inc.	40%	0%	60%	8.40	-3.00	16.00
Index Exchange USA, LLC	30%	33%	37%	5.77	-6.96	21.26
Inmobi, Inc.	13%	0%	88%	39.38	-3.00	45.43
Katz Media Group, Inc.	9%	36%	55%	3.82	-5.00	7.83
Klaviyo, Inc.	60%	0%	40%	-6.80	-23.33	18.00
Liveramp, Inc.	60%	0%	40%	-4.87	-34.00	38.83
MediaMath, Inc.	8%	0%	92%	13.46	-4.00	15.05
Midmark Corporation	0%	0%	100%	18.80		18.80
Mopub, Inc.	92%	0%	8%	-3.04	-3.38	1.00
Nativo, Inc.	14%	29%	57%	17.50	-2.00	31.13
NetApp, Inc.	43%	0%	57%	12.71	-5.33	26.25
Nexstar Digital, LLC	0%	0%	100%	47.83		47.83
Oath Inc. (Verizon / AOL)	81%	5%	14%	-5.47	-9.92	18.68
Ogury Ltd.	67%	0%	33%	2.31	-4.00	14.93
OpenX Technologies, Inc.	68%	25%	7%	-0.75	-1.74	6.00
Perion Network Ltd.	13%	0%	87%	14.49	-8.00	17.95
Permutive, Inc.	17%	0%	83%	33.17	-14.00	42.60
Playbuzz LTD.	33%	39%	28%	-0.39	-2.00	1.00
Pubmatic, Inc.	79%	4%	18%	1.27	-3.55	22.70
Pulsepoint, Inc.	15%	52%	33%	-0.09	-9.33	3.89
QuinStreet, Inc.	100%	0%	0%	-14.57	-14.57	
RhythmOne, LLC	64%	0%	36%	-7.86	-24.11	20.58
RTK.io, Inc.	33%	0%	67%	-6.08	-25.50	3.63
Rubicon Project, Inc.	59%	33%	8%	-4.64	-8.66	5.63
Sharethrough, Inc.	0%	0%	100%	31.27		31.27
Snapsort, Inc.	77%	15%	8%	-16.25	-21.22	1.00
Sovrn Holdings, Inc.	6%	6%	87%	2.19	-3.00	2.74
Taboola, Inc.	0%	0%	100%	52.60		52.60
Tapjoy, Inc.	91%	0%	9%	-1.61	-3.03	12.64
Teads, Inc.	47%	11%	42%	-5.49	-17.04	6.13
The Motley Fool, LLC	20%	0%	80%	-0.60	-18.00	3.75
Triplelift, Inc.	11%	4%	86%	4.01	-2.56	5.00
Unity Technologies, Inc.	8%	75%	17%	0.04	-1.00	0.75
Zemanta Inc	0%	0%	100%	3.86		3.86

Read This

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