



Q1 2023

**OAREX<sup>®</sup>**  
**DIGITAL MEDIA**  
**REVENUES REPORT**

PREPARED BY

OAREX CAPITAL MARKETS, INC.

# INTRODUCTION & BASIS

OAREX, the Online Ad Revenue Exchange, collects payments from hundreds of companies in the digital media ecosystem. Therefore, OAREX can monitor the revenues and earnings of these companies to understand changes and trends within the space. With the recent attention to advertising revenues, given the performance of many of the major players, OAREX conducted a deep dive analysis to evaluate the data and share the findings.

OAREX operates a digital revenue exchange where media businesses can trade future revenues for access to immediate capital. Once exchanged, OAREX takes ownership of the invoice under a Purchase & Sale Agreement with clients and the payors are liable to pay OAREX directly. Thus, OAREX receives payments from companies across the entire digital media and advertising ecosystem, which includes ad networks and exchanges, Supply Side Platforms (SSPs), Demand Side Platforms (DSPs), media buyers, and ad agencies.

## Companies Analyzed

OAREX reviewed companies that met the following qualifications:

- Publicly traded in the USA with US dollar denominated financial reports
- Companies from which OAREX received payments or were underwritten by OAREX's credit team (this limits the companies to those involved in the digital media ecosystem)
- Companies where most of the revenue is from digital media operations (We **do not** include advertising agencies that have some digital media revenue **and** multiple other business lines)
- The "Big AdTech" companies (Google, Meta, Snap, etc.) were excluded
- Companies are the same as those listed within the [OAREX Digital Media Index](#)

*See Appendix A for the full list of companies reviewed*

## How the Data Was Obtained

OAREX uses publicly available data, either directly from the companies' SEC filings or from public sources, including the Wall Street Journal, Yahoo Finance, Google Finance, Marketwatch, and Wiseshets. For companies not on a calendar year cycle, data from the quarter ending closest to December for Q4 results was used. Also, there was no adjustment for mergers or acquisitions, which may affect some results. When available, the report used restated results. Note, as more data becomes available, previous period's results may be updated.

# KEY TAKEAWAYS FROM Q1 2023

## **The worst quarter in the past 5 years**

With a median growth of only 2%, Q1 2023 was the worst quarterly growth period in the past 5 years, with the performance being even worse than Q2 2020 when COVID hit. Only 57% of the companies saw positive revenue growth, which is slightly better than the 53% in Q4 2022.

## **Google did worse than the industry as a whole**

Google Network (the display business), was down 8% YoY in Q1 2023. On the other side, Snap was down 7% while Meta was up 2%.

## **Revenue dispersion was down versus recent quarters**

Like Q4, Q1 had less dispersion of results, with less “big winners,” making the results more muted.

## **Bigger is better**

The data continues to suggest that size and performance are correlated with the YoY growth of larger companies (excluding Google, Meta, Snap) outperforming the smaller companies.

## **There were still some big winners**

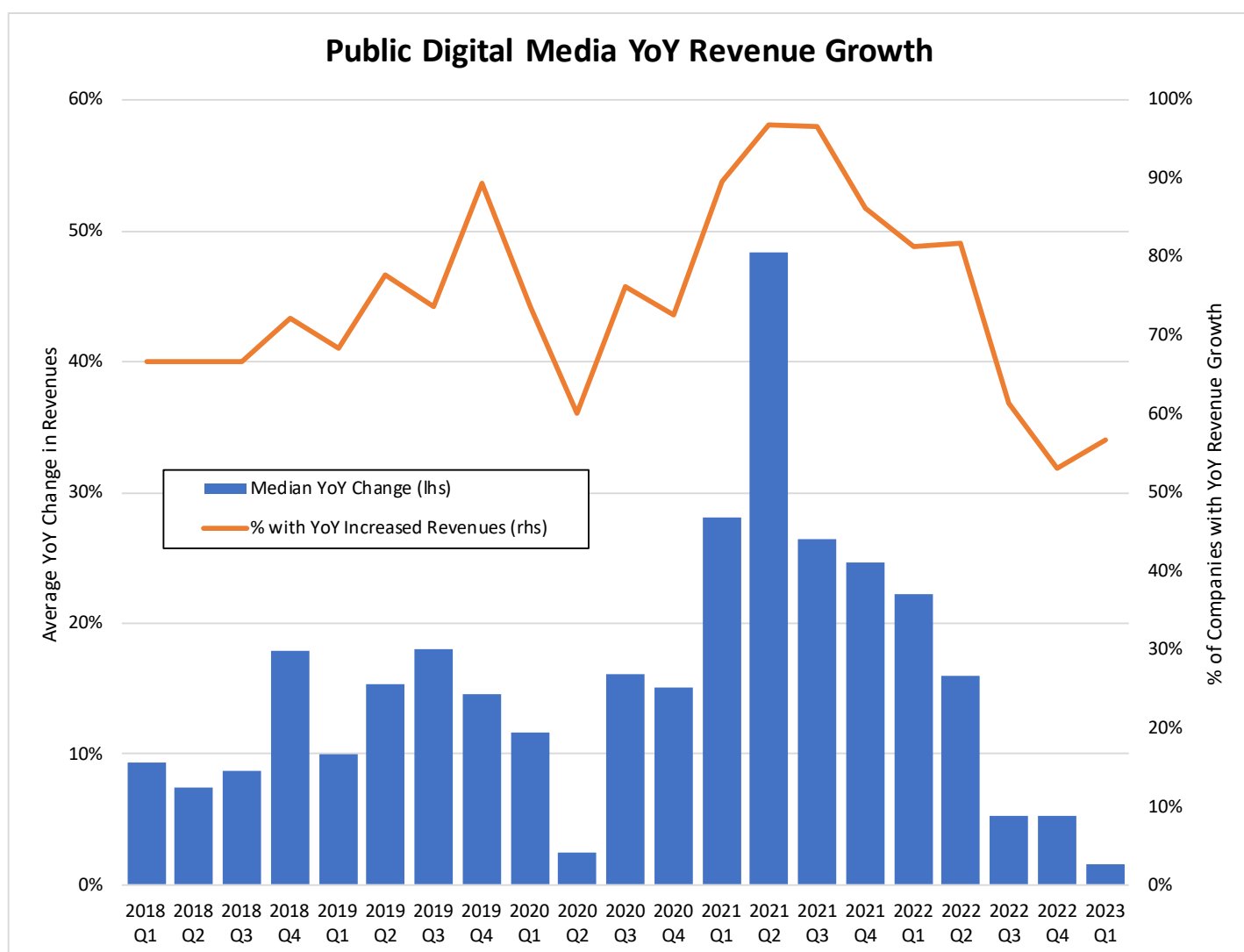
Some companies experienced large increases. These include Unity, AdTheorent, Hubspot, and DoubleVerify, which experienced YoY growth rates of over 25%. On the other end of the spectrum, MediaAlpha saw a 22% YoY drop and Digital Turbine was down by 24%.

# Q1 2023 DIGITAL MEDIA REVENUES

## Digital Media Revenue Growth Slowed Significantly

The median public digital media company increased YoY revenues by 2% in Q1, down slightly from the 5% growth in Q4 2022. Q1 2023 had the lowest growth rate recorded over the past 5 years.

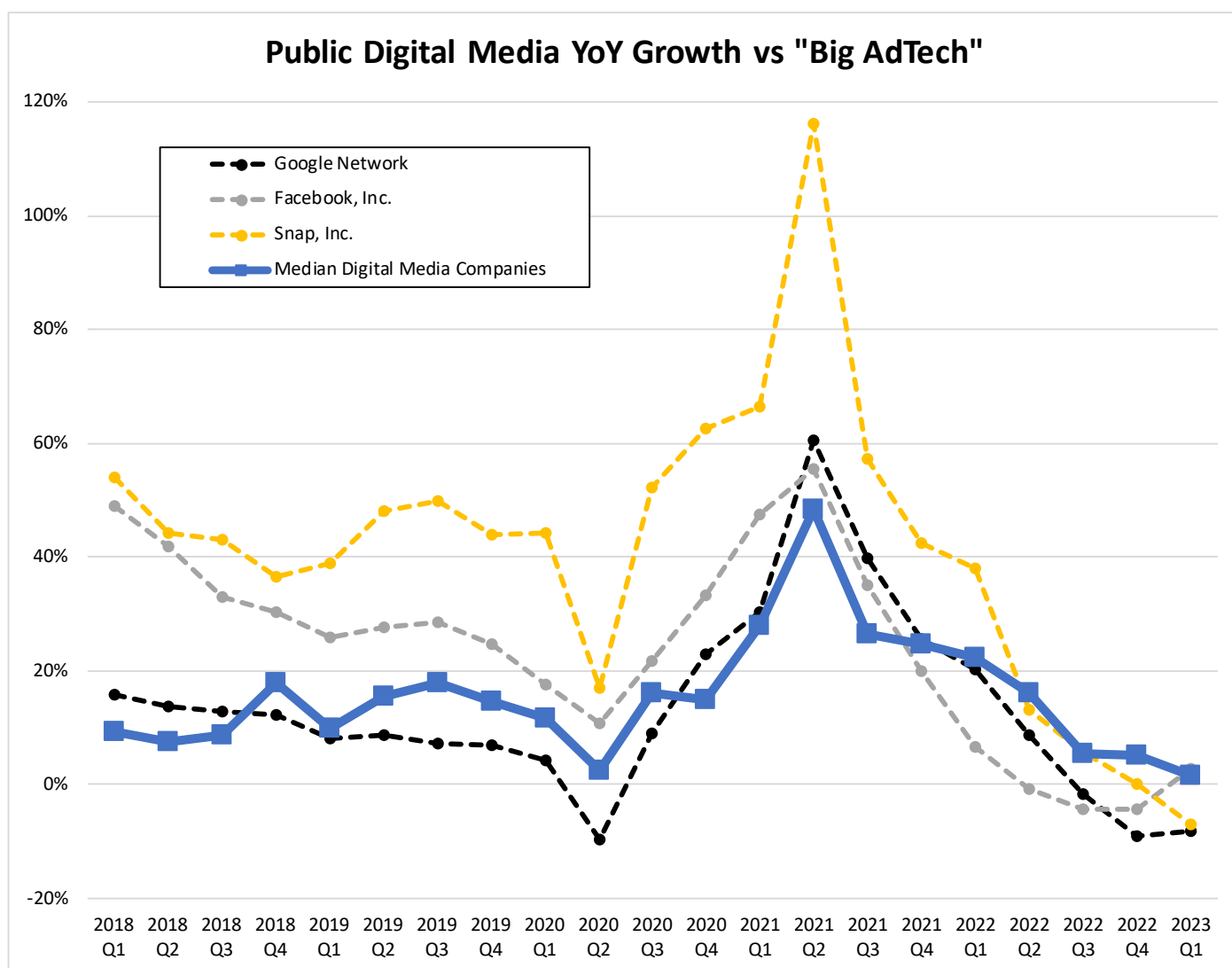
Only 57% of the companies analyzed saw increased revenues, which is slightly better than the 53% that experienced similar growth in Q4 2022.



# DIGITAL MEDIA COMPARED TO BIG ADTECH

## Digital Media Sector Outperformed the "Big AdTech" Companies

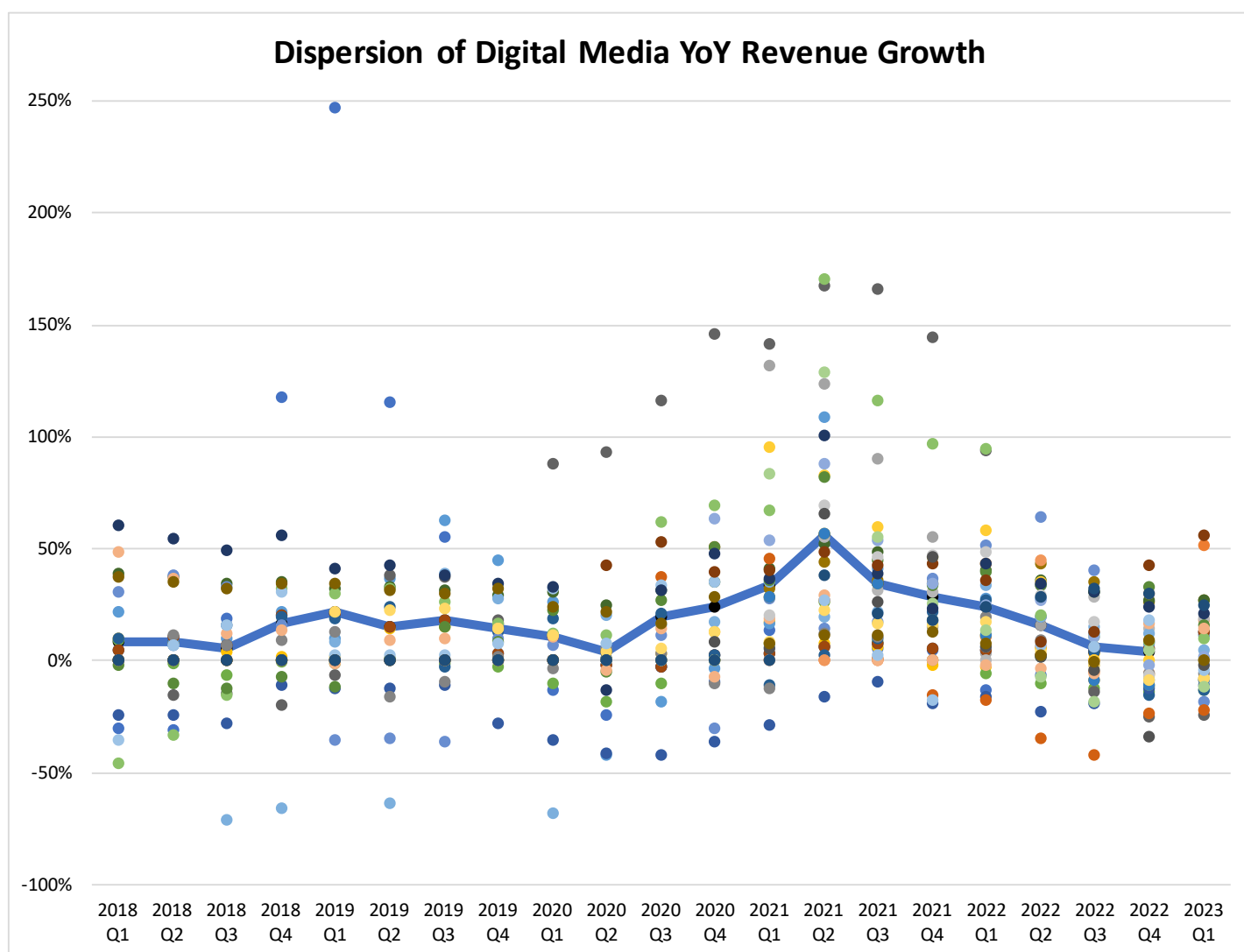
As discussed widely in the press, many of the large digital advertising-related companies recently experienced challenging results. In Q1, Google Network (Google's display advertising business) saw YoY revenues decline by 8%, slightly better than the 9% decline in the prior quarter. Snap was down 7%, and Meta was up 3%.



# DISPERSION OF REVENUES

## Q4 2022 Had Less Dispersion Than Recent Quarters

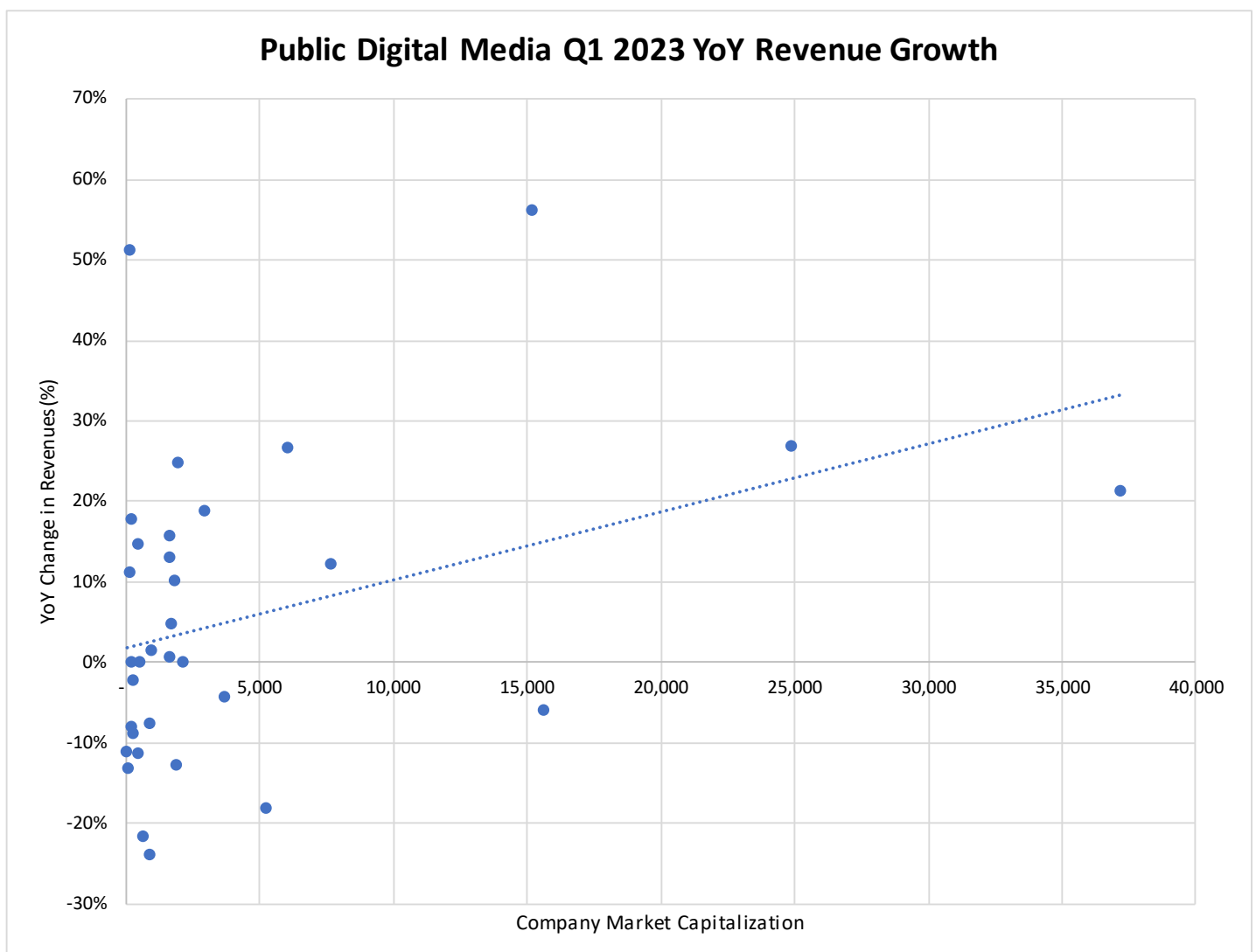
This graph demonstrates individual company results, which are represented by dots and the median. This reveals that during the post-Covid period, there was more dispersion to the results with some very large increases. However, Q4 2022 and Q1 2023 experienced less dispersion but with fewer "big winners," making the results more muted.



# GROWTH VS. SIZE

## Some Correlation Between Size and Performance

With larger companies performing somewhat better than smaller companies, there appears to be a correlation between size and Q1 2023 YoY growth. This is driven mainly by the outliers, which are smaller companies that experienced decreased revenue.



## ADDITIONAL OBSERVATIONS

This table shows a compilation of data reflected in the previous graphs.

*Additional observations include:*

- With three consecutive quarters of low growth, this is the worst period over the past 5 years.
- Standard deviation is a measure of the volatility of the results. Q1 2023 standard deviation of YoY results was only 19%, one of the lowest in this data set and well below the 30-40% results seen in 2020 and 2021.

Quarter	# Companies with YoY Results	Average YoY Change	Median YoY Change	Std Deviation of YoY Change	% with Revenues Increased
2018 Q1	16	8%	<b>9%</b>	31%	67%
2018 Q2	18	8%	<b>7%</b>	25%	67%
2018 Q3	18	5%	<b>9%</b>	28%	67%
2018 Q4	18	17%	<b>18%</b>	37%	72%
2019 Q1	19	22%	<b>10%</b>	58%	68%
2019 Q2	19	15%	<b>15%</b>	36%	78%
2019 Q3	19	18%	<b>18%</b>	24%	74%
2019 Q4	19	15%	<b>15%</b>	16%	89%
2020 Q1	19	10%	<b>12%</b>	31%	74%
2020 Q2	20	4%	<b>3%</b>	29%	60%
2020 Q3	21	19%	<b>16%</b>	32%	76%
2020 Q4	22	24%	<b>15%</b>	40%	73%
2021 Q1	29	33%	<b>28%</b>	39%	90%
2021 Q2	31	56%	<b>48%</b>	48%	97%
2021 Q3	31	34%	<b>26%</b>	37%	97%
2021 Q4	30	29%	<b>25%</b>	33%	86%
2022 Q1	32	24%	<b>22%</b>	28%	81%
2022 Q2	33	16%	<b>16%</b>	21%	82%
2022 Q3	31	7%	<b>5%</b>	19%	61%
2022 Q4	32	4%	<b>5%</b>	19%	53%
2023 Q1	30	6%	<b>2%</b>	19%	57%



## Appendix A

**BREAKDOWN BY COMPANY**

Breakdown of company performance

Company	06/14/23 Market Cap (\$MM)	2023 Q1	
		Revenues (\$MM)	YOY Change in Revenues
Unity Technologies, Inc.	14,531	451	56%
AdTheorent, Inc.	150	52	51%
Hubspot, Inc.	25,396	470	27%
DoubleVerify, Inc.	6,096	134	27%
Zeta Global Corp.	1,953	175	25%
The Trade Desk, Inc.	37,309	491	21%
Integral Ad Science, Inc.	2,975	117	19%
Innovid, Inc.	158	34	18%
Perion Network Ltd.	1,620	210	16%
QuinStreet, Inc.	463	147	15%
CSG Systems International, Inc.	1,617	290	13%
Applovin Corp.	7,797	702	12%
AcuityAds, Inc.	127	40	11%
Magnite, Inc.	1,829	175	10%
Liveramp, Inc.	1,687	158	5%
Pubmatic, Inc.	960	74	2%
Yext, Inc.	1,638	101	1%
Cardlytics, Inc.	208	83	0%
Viant, Inc.	274	55	-2%
Tegna, Inc.	3,662	917	-4%
NetApp, Inc.	15,750	1,526	-6%
Taboola, Inc.	927	371	-8%
Brightcove, Inc.	186	49	-8%
Outbrain, Inc.	248	258	-9%
Marin Software, Inc.	12	5	-11%
Telaria, Inc.	411	108	-11%
Criteo, Inc.	1,911	564	-13%
Fluent, Inc.	57	85	-13%
IAC/InterActiveCorp.	5,215	1,246	-18%
MediaAlpha, Inc.	601	124	-22%
Digital Turbine, Inc.	918	162	-24%
System1, Inc.	516	187	NA
Total (Median)	139,319	9,560	2%
Google Inc.	1,575,794,000,000	76,048,000,000	3%
Google Network		8,475,000,000	-8%
Facebook, Inc.	699,254,239,860	32,165,000,000	3%
Snap, Inc.	16,370,079,180	1,299,735,000	-7%

Read This

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**ABOUT OAREX CAPITAL MARKETS, INC:** OAREX, the Online Ad Revenue Exchange, operates a digital revenue exchange where digital media businesses can exchange future revenue payouts for capital now. Established in 2013, OAREX has become a worldwide leader in financing for digital media businesses. East West Bank's investment in OAREX is a testament to its model and the digital media industry as a whole. Visit [oarex.com](http://oarex.com) for more information or visit [go.oarex.com](http://go.oarex.com) to open an account.

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