



Q3 2022

DIGITAL MEDIA REVENUES REPORT

PREPARED BY

**OAREX CAPITAL MARKETS,
INC.**

INTRODUCTION & BASIS

OAREX collects payments from hundreds of companies in the digital media ecosystem. Because of this, OAREX can monitor the revenues and earnings of these companies to gain an understanding of 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 share some of the data and findings.

OAREX, the Online Ad Revenue Exchange, operates a digital revenue exchange where media businesses can trade in future revenues for access to immediate capital. Once exchanged, OAREX takes ownership in 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

For this report, we reviewed companies with the following characteristics:

- Publicly traded in the USA with US dollar denominated financial reports.
- Companies from which OAREX has received payments from or have been underwritten by OAREX's credit team (This limits the companies to only those that are involved in the digital media ecosystem).
- Companies where the majority of their revenues come from digital media operations. We **do not** include advertising agencies that have some digital media revenue **and** multiple other business lines.
- "Big AdTech" companies (Google, Meta, Snap, etc.) were excluded.

See Appendix A for the full list of companies reviewed.

How the Data Was Obtained

We use 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, we used the quarter ending closest to June for Q2 results. Also, we did not adjust for mergers or acquisitions, which may affect some results. When available, we did use restated results. Note, as we gain more data, previous periods results may be changed

KEY TAKEAWAYS FROM Q3 2022

Digital media revenues slow significantly

With a median growth of only 5%, Q3 2022 was the worst growth in the past 4 ³/₄ years (the period we looked at) except for the covid influenced quarter of Q2 2020. 63% of the companies had positive revenue growth, which is also much worse than ex-covid history.

“Big AdTech” roughly in line

Google, Meta, and Snap (with Twitter now private) also saw revenues dip, roughly in line with the companies we looked at

Revenue dispersion is down vs recent quarters.

Q2 experienced less dispersion, but with less “big winners,” the results are more muted.

Bigger is better.

The data suggests size and performance are correlated, with YoY growth of larger companies outperforming the smaller ones.

Still some big winners

A number of companies still scored large increases. IAC/Interactive, DoubleVerify, Zeta Global, The Trade Desk, Perion Network, Hubspot and Integral Ad Science all had over 25% growth rates YoY. On the other end of the spectrum, MediaAlpha had a 42% YoY drop

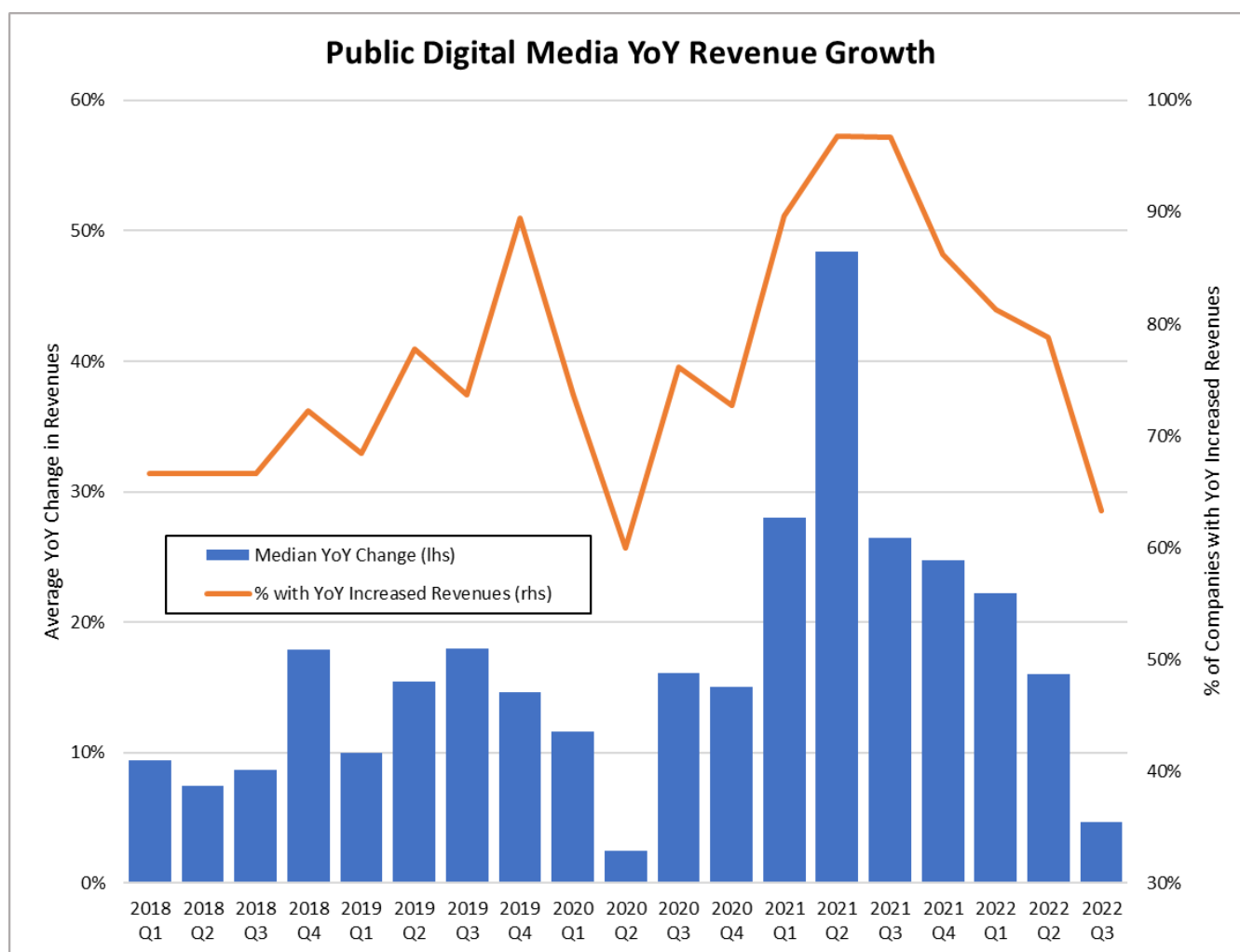
DIGITAL MEDIA REVENUES Q3 2022

Digital Media Revenue Growth Slowed Significantly

The median public digital media company increased year-over-year (YoY) revenues by 5% in Q3, down from 16% in Q2 and aside from Q2 2020, the lowest growth rate of the past 4 ³/₄ years.

This quarter's drop was also the worst drop in growth rates of the past 4 ³/₄ years.

Only 63% of the companies analyzed had increased revenues, which is also the worst result (other than covid Q2 2020).

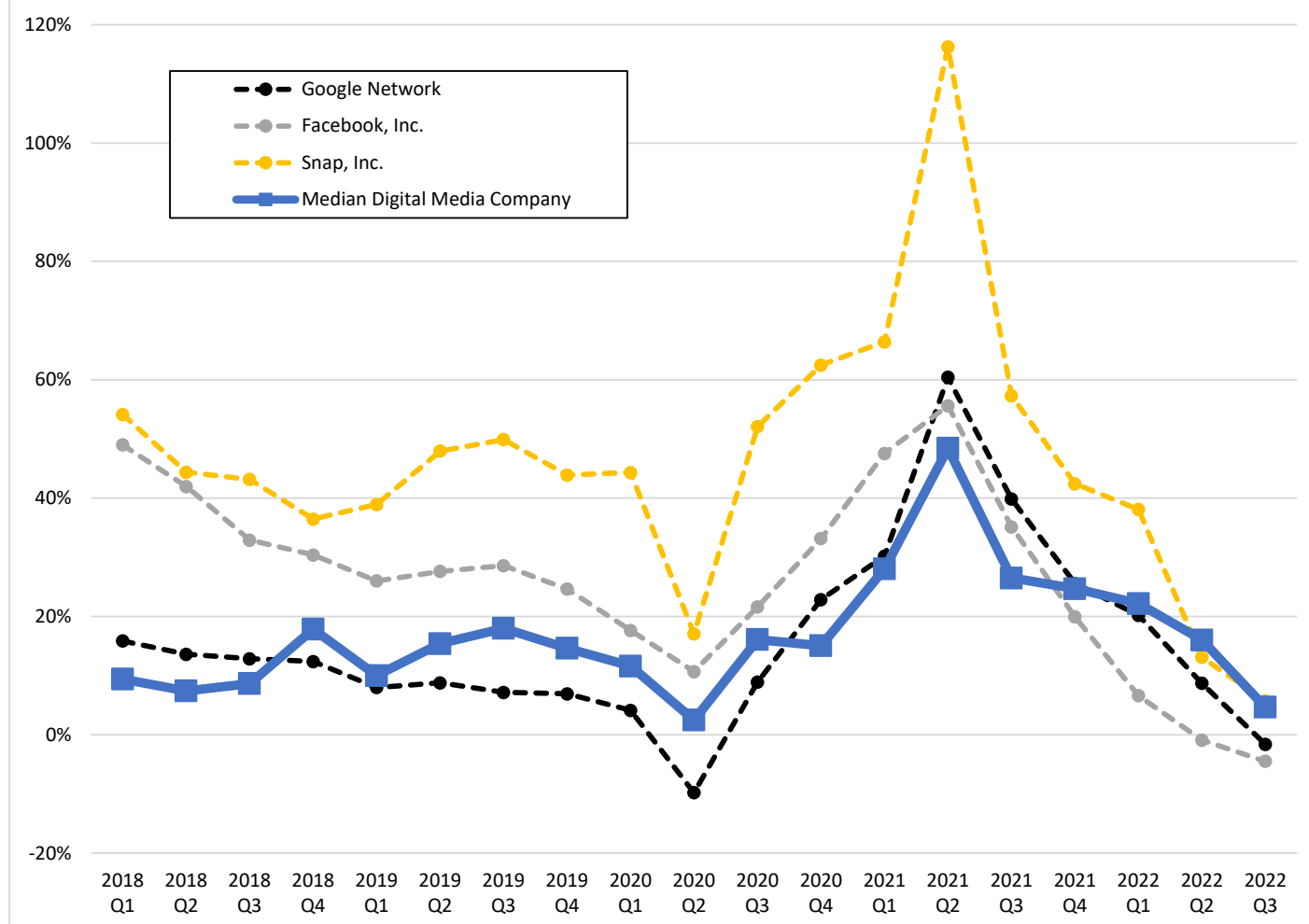


DIGITAL MEDIA COMPARED TO “BIG ADTECH”

Digital Media Sector Outperformed the “Big AdTech” Companies

As discussed widely in the press, many of the large digital advertising related companies are experiencing challenging results in 2022. In Q3 Meta saw YoY revenues decline by 4% and Google Networks (i.e. only the digital display business line at Google) decreased by 2%, Snap increased 6%

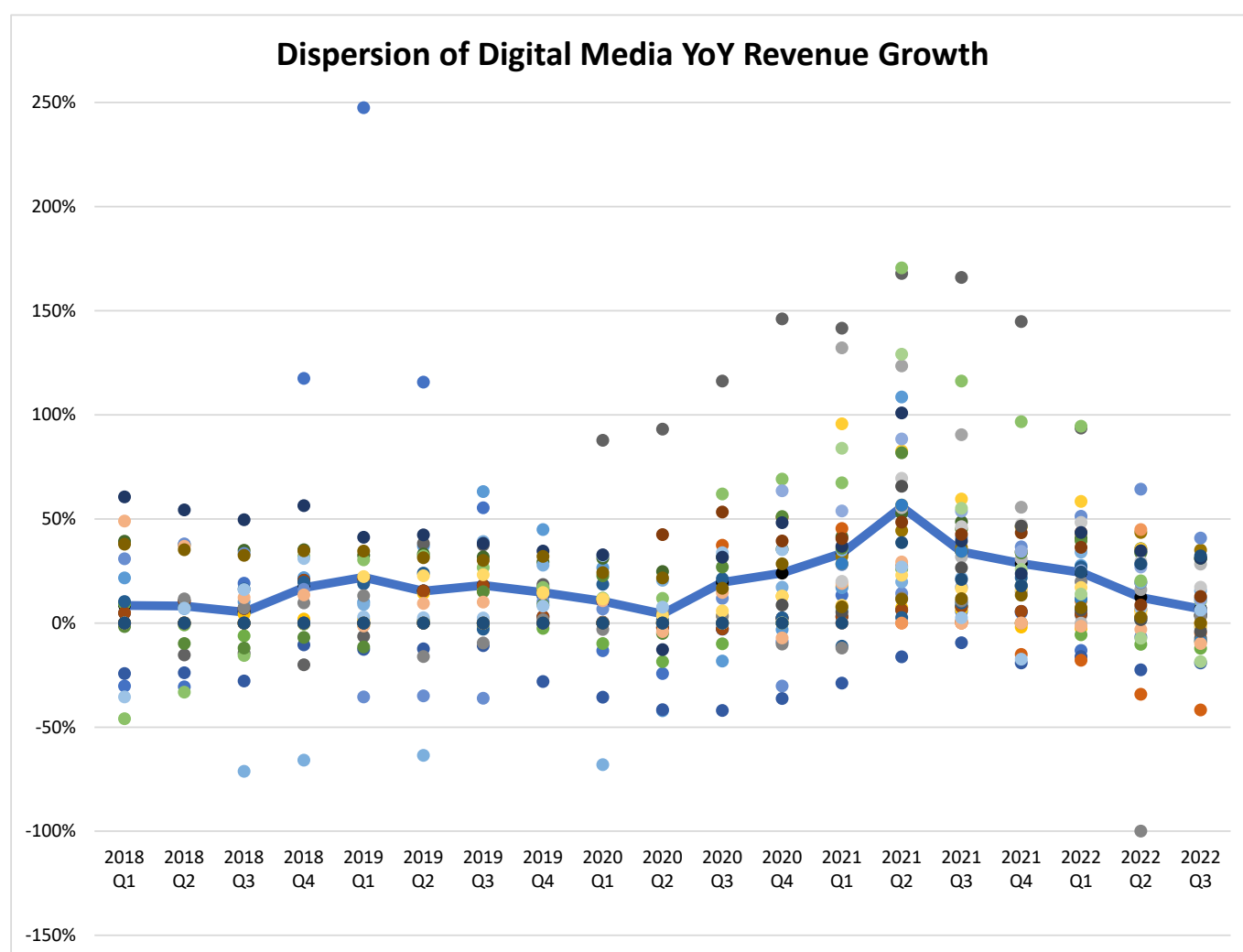
Public Digital Media YoY Growth vs "Big AdTech"



DISPERSION OF REVENUES

Q2 2022 Had Less Dispersion Than Recent Quarters

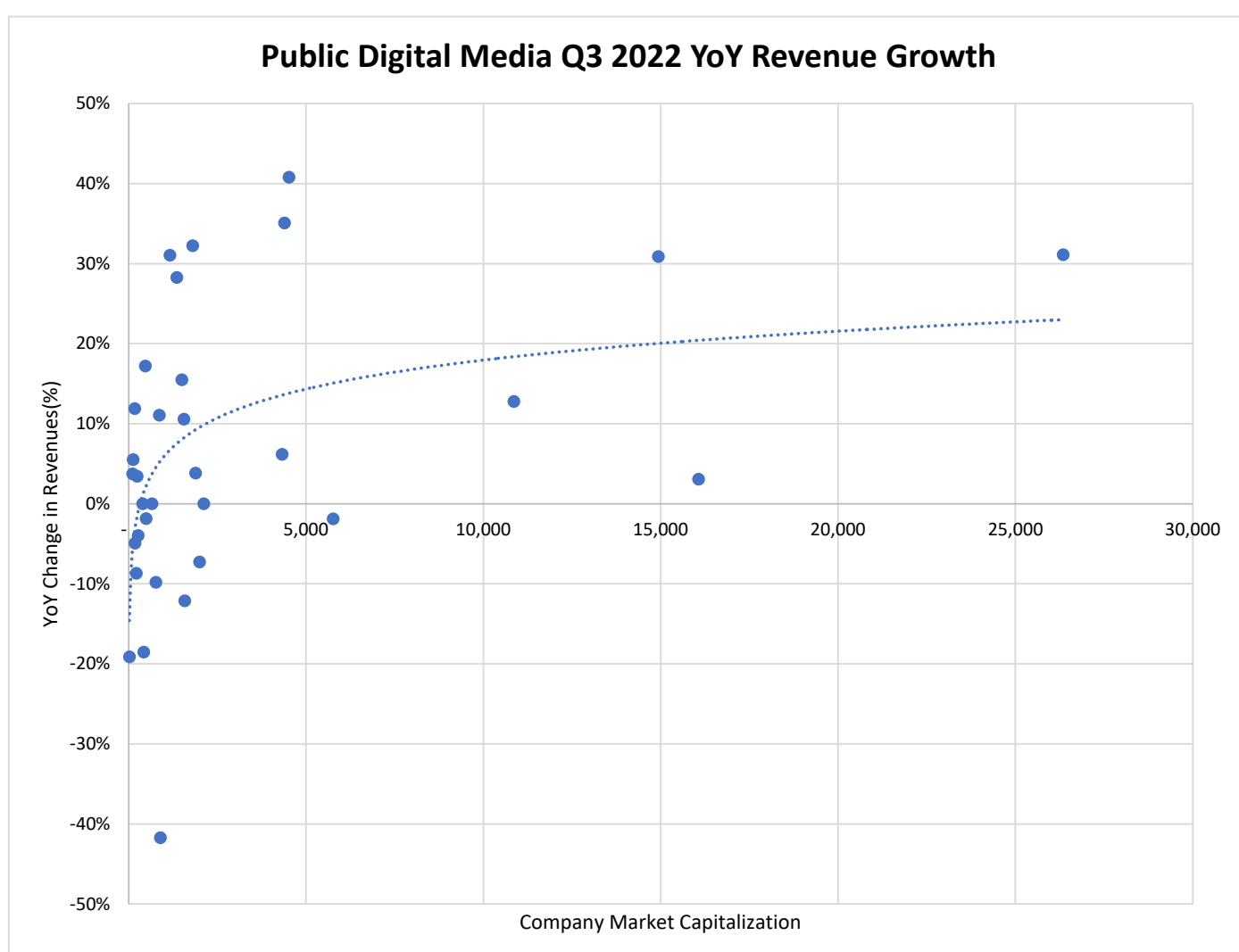
The graph below shows the individual companies' results, represented by dots, and the median. This reveals that during the post covid period, there was more dispersion to the results with some very large increases. However, Q3 experienced less dispersion, but with less "big winners," the results are more muted.



GROWTH vs SIZE

Some Correlation Between Size and Performance

There does appear to be some correlation between size and Q3 2022 YoY growth, with larger companies performing somewhat better than smaller companies. This is mainly driven by the outliers, which are smaller companies that saw revenue decreases.



OTHER OBSERVATIONS

Below shows the data reflected in the previous graphs.

Here are a few interesting observations:

- ❖ Last report we discussed that recent performance could possibly be viewed as a “catch up” to normal growth rather than a real slowdown. With Q3 dropping below 2018 & 2019 growth levels it now appears we are in a real slowdown.
- ❖ Standard deviation is a measure of the volatility of the results. Q3 2022 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%	9%	31%	67%
2018 Q2	18	8%	7%	25%	67%
2018 Q3	18	5%	9%	28%	67%
2018 Q4	18	17%	18%	37%	72%
2019 Q1	19	22%	10%	58%	68%
2019 Q2	19	15%	15%	36%	78%
2019 Q3	19	18%	18%	24%	74%
2019 Q4	19	15%	15%	16%	89%
2020 Q1	19	10%	12%	31%	74%
2020 Q2	20	4%	3%	29%	60%
2020 Q3	21	19%	16%	32%	76%
2020 Q4	22	24%	15%	40%	73%
2021 Q1	29	33%	28%	39%	90%
2021 Q2	31	56%	48%	48%	97%
2021 Q3	31	34%	26%	37%	97%
2021 Q4	30	29%	25%	33%	86%
2022 Q1	32	24%	22%	28%	81%
2022 Q2	33	12%	16%	29%	79%
2022 Q3	31	7%	5%	19%	63%

Appendix A

BREAKDOWN BY COMPANY

Below is a breakdown of individual company performance

Company	11/15/22 Market Cap (\$MM)	2022 Q3 Revenues (\$MM)	YOY Change in Revenues
IAC/InterActiveCorp.	4,611	1,301	41%
DoubleVerify, Inc.	4,445	112	35%
Zeta Global Corp.	1,845	152	32%
The Trade Desk, Inc.	25,795	395	31%
Perion Network Ltd.	1,202	159	31%
Hubspot, Inc.	14,779	444	31%
Integral Ad Science, Inc.	1,357	101	28%
System1, Inc.	435	201	17%
Liveramp, Inc.	1,483	147	15%
Unity Technologies, Inc.	10,756	323	13%
Cardlytics, Inc.	180	73	12%
Pubmatic, Inc.	874	65	11%
Magnite, Inc.	1,527	146	11%
Tegna, Inc.	4,278	803	6%
AcuityAds, Inc.	124	29	6%
CSG Systems International, Inc.	1,909	273	4%
Fluent, Inc.	107	89	4%
Brightcove, Inc.	234	54	3%
NetApp, Inc.	16,202	1,614	3%
Taboola, Inc.	495	333	-2%
Applovin Corp.	5,810	713	-2%
Viant, Inc.	265	49	-4%
AdTheorent, Inc.	190	38	-5%
Digital Turbine, Inc.	2,010	175	-7%
Outbrain, Inc.	220	229	-9%
QuinStreet, Inc.	766	144	-10%
Criteo, Inc.	1,601	447	-12%
Telaria, Inc.	427	71	-19%
Marin Software, Inc.	20	5	-19%
MediaAlpha, Inc.	891	89	-42%
Innovid, Inc.	396	35	
IronSource USA, Inc.	2,117	-	
Yext, Inc.	661	-	
Google Inc.	1,240,654	690,920	6%
Google Network		78,720	-2%
Facebook, Inc.	311,915	277,140	-4%
Snap, Inc.	18,736	11,285	6%

Read This

DISCLAIMER

This study is for informational purposes only, is confidential and may not be reproduced or transferred, in whole or in part, to any other party without the express written consent of OAREX Capital Markets, Inc. The information contained herein does not constitute any sort of guarantee to any person or company about the credit rating of another entity. The information contained herein is for illustrative purposes only and our commentary is based upon certain hypothetical assumptions and events over which we have only partial or no control. The selection of assumptions requires the exercise of judgment and is subject to uncertainty due to the effects that economic or other changes may have on future events. Nothing contained herein should be relied on. Any recipient of this information must conduct and rely on its own evaluation of the projections provided, the credit worthiness of others, trends identified, including with respect to the uncertainty involved. No representation or warranty of any kind is or can be made with respect to the accuracy or completeness of, and no representation or warranty should be inferred from the information herein or the assumptions underlying it. No representation or warranty is or can be made as to any company's future operations or the amount of any future income that may be realized or loss due to good or bad credit situations. The actual results achieved will vary from herein, and variations may be material. Recipients of this information are cautioned not to place reliance on the study. We try to make sure all our numbers are accurate, but take this with a grain of salt and do not rely on these numbers. Nothing in this report is a credit guarantee or an offer. You hereby hold OAREX harmless for any losses you incur in reliance on this study.

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 for more information or visit go.oarex.com to open an account.