



Q4 2022

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. There, 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 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, OAREX reviewed companies that met these qualifications:

- Publicly traded in the USA with US dollar denominated financial reports.
- Companies from which OAREX received payments from or were underwritten by OAREX's credit team (this limits the companies to only 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.

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 Wisheets. 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 is available, previous periods results may be updated.

KEY TAKEAWAYS FROM Q4 2022

Digital media revenues slow significantly

With a median growth of only 5%, Q4 2022 was the worst Q4 growth period, and the third worst overall, in the past 5 years. Only 60% of the companies saw positive revenue growth, which is worse than ex-Covid history.

“Big AdTech” did Worse than the Rest

Google, Meta, and Snap (with Twitter now private) also saw revenues dip, roughly in line with the companies that were reviewed.

Revenue dispersion is down vs recent quarters.

Q4 experienced less dispersion, but with less “big winners,” making the results more muted.

Bigger is better.

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

Still some big winners

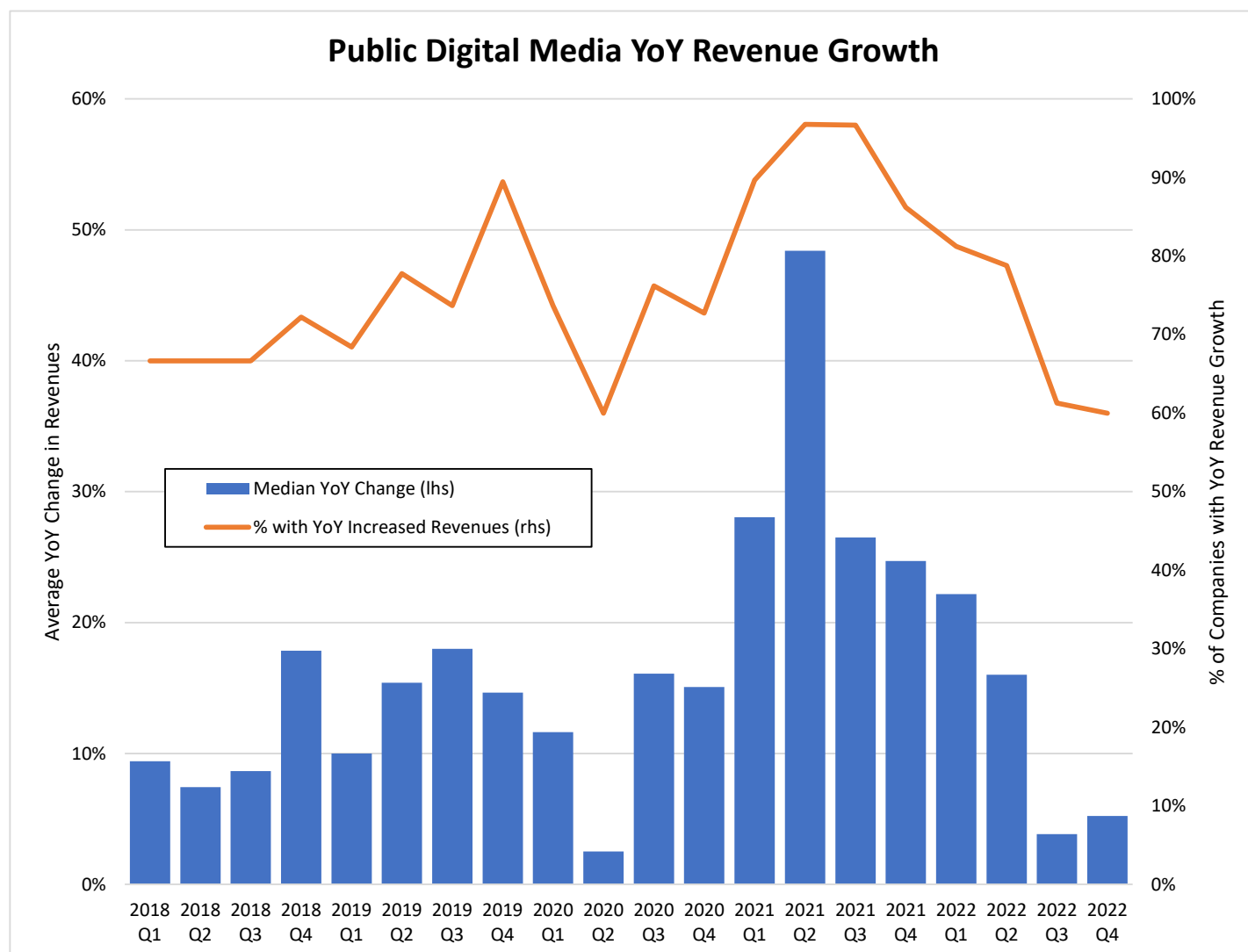
A number of companies still saw large increases. Unity, Perion, Zeta Global, Innovid, Hubspot and DoubleVerify experienced YoY growth rates of over 25%. On the other end of the spectrum, MediaAlpha saw a 23% YoY drop and Viant was down by 34%.

DIGITAL MEDIA REVENUES Q4 2022

Digital Media Revenue Growth Slowed Significantly

The median public digital media company increased year-over-year (YoY) revenues by 5% in Q4, up slightly from the 4% growth in Q3 2022, which was the third lowest growth rate within the past 5 years.

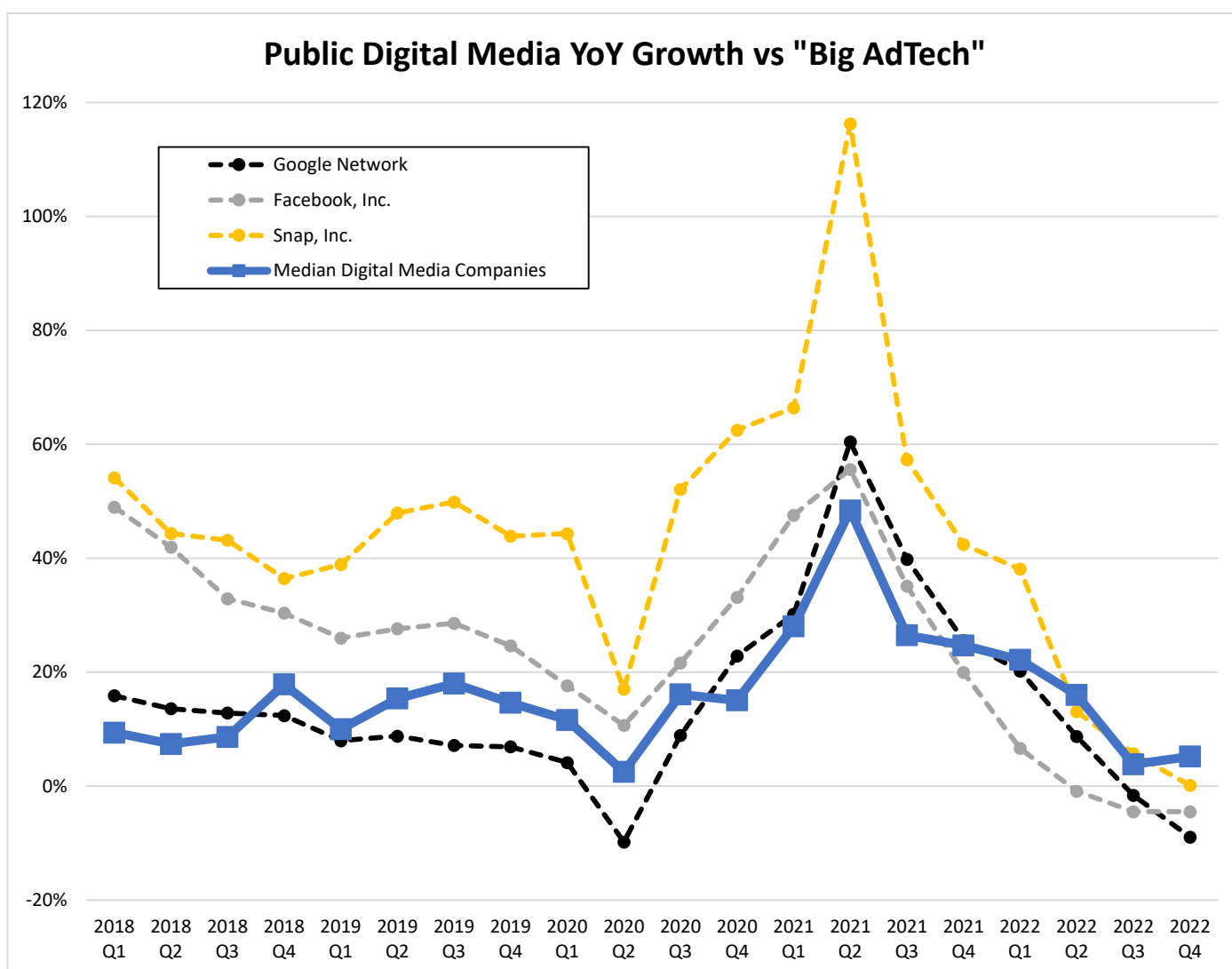
Only 60% of the companies analyzed saw increased revenues, which is tied with Q2 2020 for the worst results within the past 5 years



DIGITAL MEDIA COMPARED TO “BIG ADTECH”

Digital Media Sector Outperformed the “Big AdTech” Companies

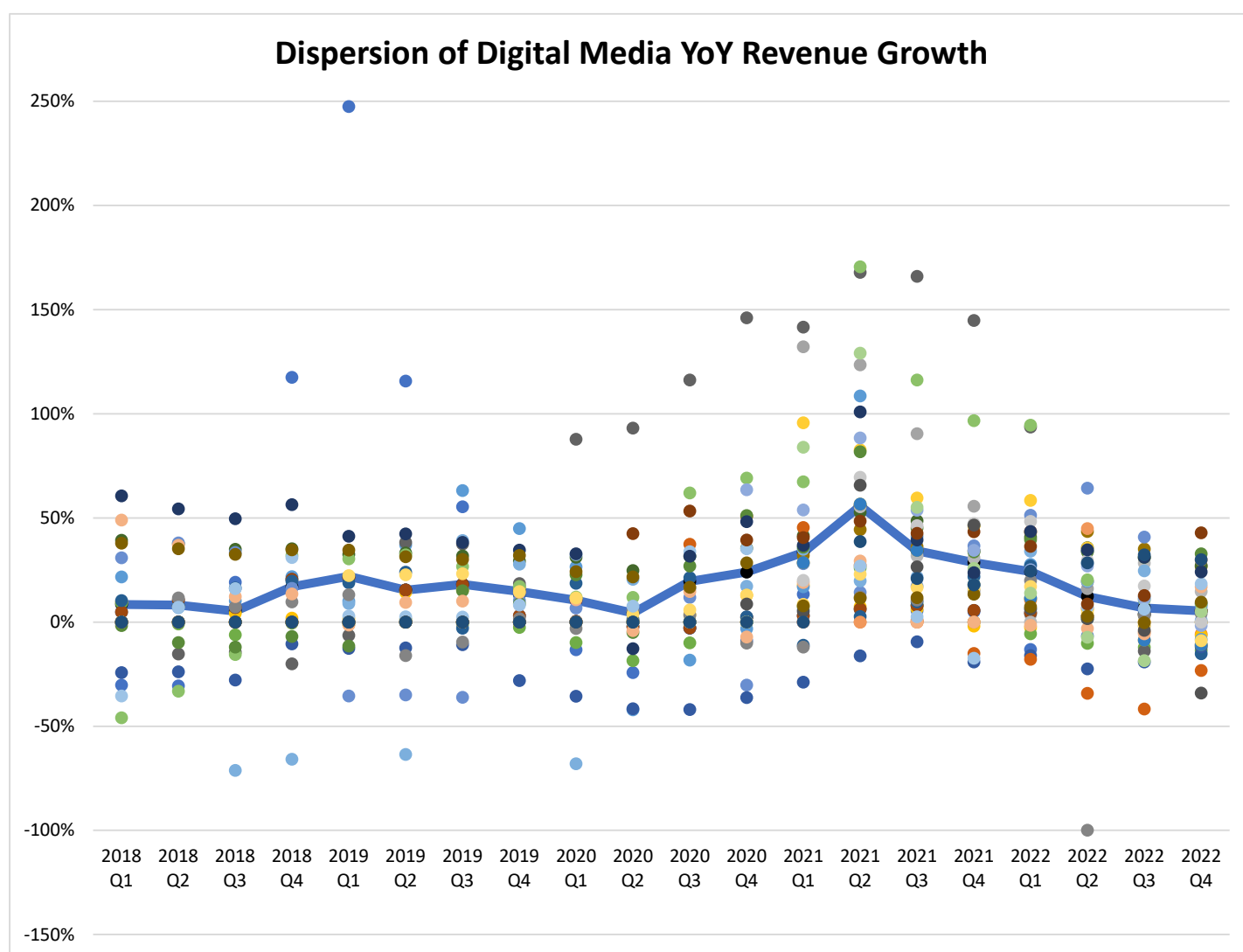
As discussed widely in the press, many of the large digital advertising-related companies experienced challenging results in 2022. In Q4, Meta saw YoY revenues decline by 4% and Google Networks (e.g., only the digital display business line at Google) decreased by 9%, and Snap remained unchanged.



DISPERSION OF REVENUES

Q4 2022 Had Less Dispersion Than Recent Quarters

The graph below demonstrated individual companies' 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 experienced less dispersion, but with fewer "big winners" making the results more muted.

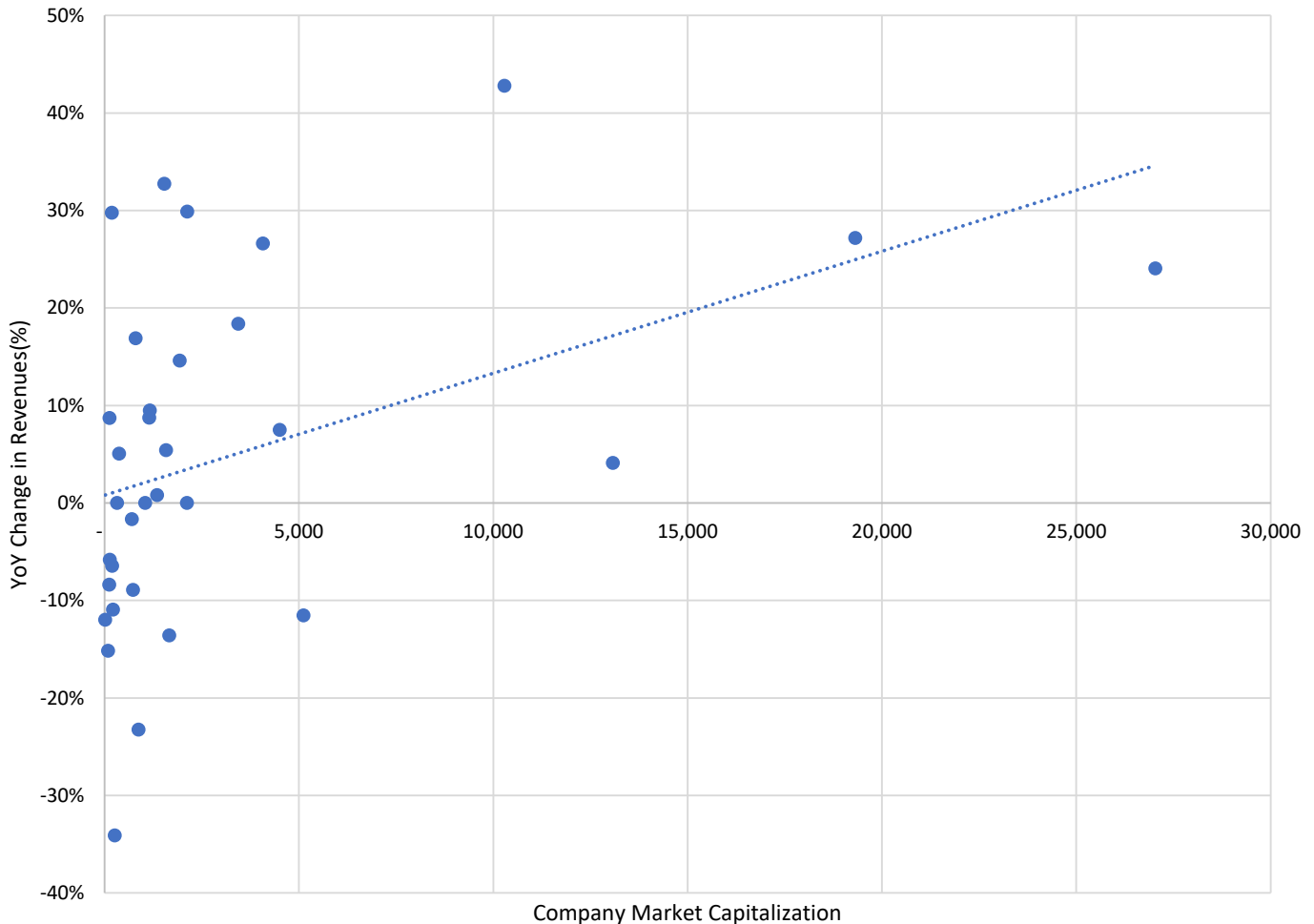


GROWTH vs SIZE

Some Correlation Between Size and Performance

With larger companies performing somewhat better than smaller companies, there does appear to be a correlation between size and Q4 2022 YoY growth. This is mainly driven by the outliers, which are smaller companies that experienced decreased revenue.

Public Digital Media Q4 2022 YoY Revenue Growth



ADDITIONAL OBSERVATIONS

The below data shows a compilation of data reflected in the previous graphs.

Also, here are some additional observations:

- ❖ With Q4 maintaining low growth levels from Q3, which are substantially below 2018 and 2019 growth levels, it is certain that this is a real slowdown.
- ❖ Standard deviation is a measure of the volatility of the results. Q4 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%	4%	19%	61%
2022 Q4	30	5%	5%	18%	60%

Appendix A

BREAKDOWN BY COMPANY

Below is a breakdown of individual company performance

Company	03/16/23 Market Cap (\$MM)	2022 Q4	
		Revenues (\$MM)	YOY Change in Revenues
Unity Technologies, Inc.	10,287	451	43%
Perion Network Ltd.	1,537	210	33%
Zeta Global Corp.	2,124	175	30%
Innovid, Inc.	187	34	30%
Hubspot, Inc.	19,316	470	27%
DoubleVerify, Inc.	4,072	134	27%
The Trade Desk, Inc.	27,038	491	24%
Tegna, Inc.	3,440	917	18%
QuinStreet, Inc.	796	147	17%
Integral Ad Science, Inc.	1,929	117	15%
Yext, Inc.	1,165	101	9%
Magnite, Inc.	1,147	175	9%
AcuityAds, Inc.	126	40	9%
IAC/InterActiveCorp.	4,507	1,246	8%
CSG Systems International, Inc.	1,579	290	5%
Telaria, Inc.	376	108	5%
NetApp, Inc.	13,074	1,680	4%
Liveramp, Inc.	1,351	142	1%
Pubmatic, Inc.	700	74	-2%
AdTheorent, Inc.	137	52	-6%
Brightcove, Inc.	195	49	-6%
Cardlytics, Inc.	122	83	-8%
Taboola, Inc.	729	371	-9%
Outbrain, Inc.	219	258	-11%
Applovin Corp.	5,115	702	-12%
Marin Software, Inc.	16	5	-12%
Criteo, Inc.	1,661	564	-14%
Fluent, Inc.	91	85	-15%
MediaAlpha, Inc.	873	124	-23%
Viant, Inc.	257	55	-34%
Digital Turbine, Inc.	1,042	-	Not Available
System1, Inc.	320	-	Not Available
Total	107,645	9,348	5%

Google Inc.	1,221,016,000,000	76,048,000,000	1%
Google Network		8,475,000,000	-9%
Facebook, Inc.	485,860,736,000	32,165,000,000	-4%
Snap, Inc.	19,205,313,575	1,299,735,000	0%

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.