



Q4 2023

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 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.
- These are the same companies in the OAREX Digital Media Index

[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 Wisesheets. 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 2023

Frequency of Revenue Growth Improved but Overall Performance Remained Flat

While 66% of companies saw positive revenue growth during Q4 2023, up from 53% YoY, median revenue growth held flat at 5%. Making this the 6th consecutive quarter with growth of 5% or less and the longest period of sustained low growth on record.

Meta Improved, Google did Worse than the Industry

Google Network (their Display business) was down 2% YoY in Q4, while Snap was up 5% and Meta was up 25%.

Volatility of Revenue Performance Still Historically Low

At 18% dispersion, Q4 2023 marks the 7th consecutive quarter of consistently low volatility.

Bigger is Still Better

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

Still Some Big Winners

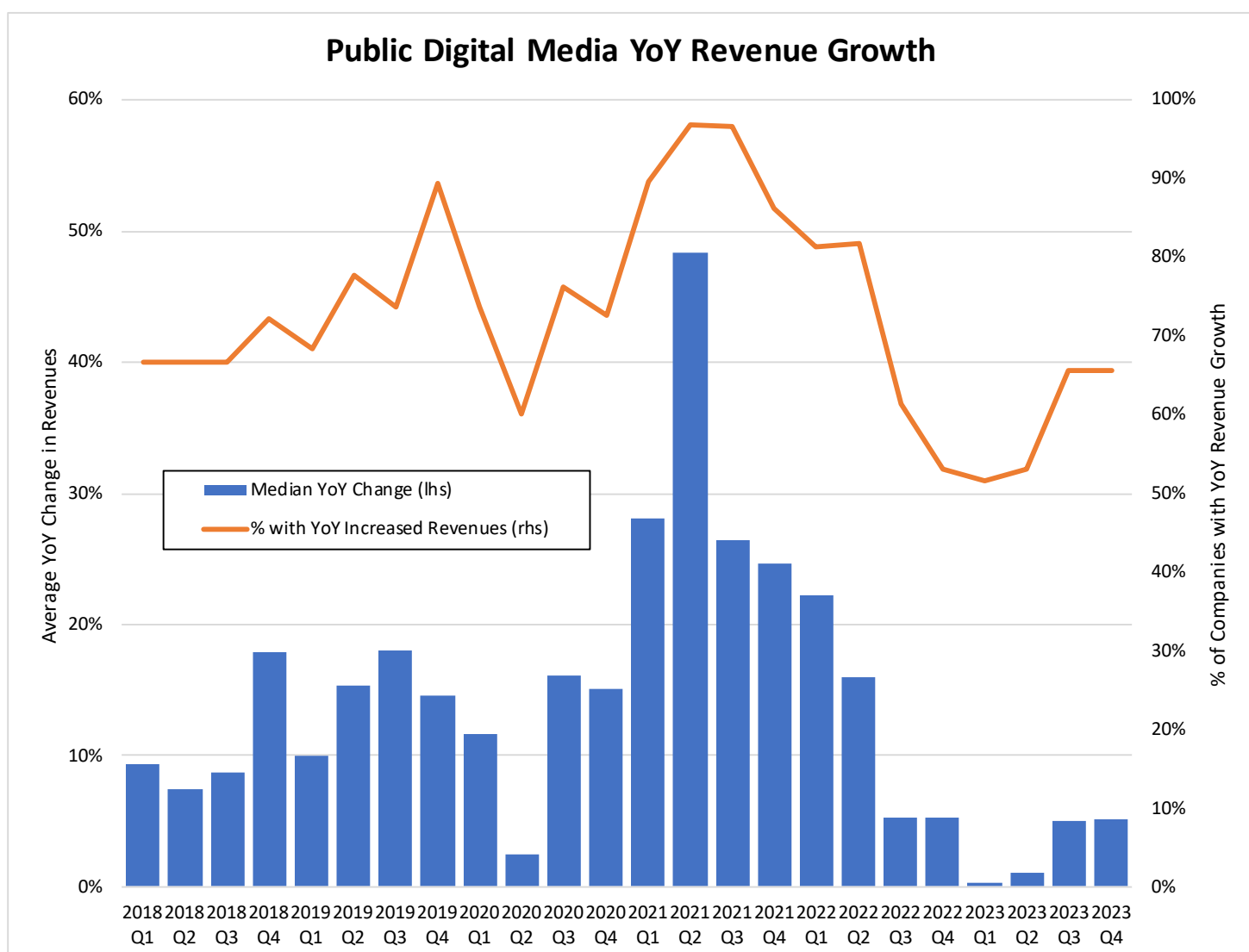
A number of companies still saw large increases. Unity, Applovin, DoubleVerify Hubspot and The Trade Desk experienced YoY growth rates of 20% or more. On the other end of the spectrum, System1 and Tegna both saw decreases over 20%.

DIGITAL MEDIA REVENUES Q4 2023

Revenue Growth Remains Stagnant but Increases in Frequency

The median public digital media company increased year-over-year (YoY) revenues by 5% in Q4, unchanged from Q4 2022. This marks the 6th consecutive quarter with a median YoY revenue growth of 5% or less, the longest prolonged period of low growth and low volatility in our data.

While overall revenue growth remains stagnant, more companies are reporting positive numbers - 66% of the companies analyzed saw increased revenues, the same as Q3 2023 but up from the 53% in Q4 2022.

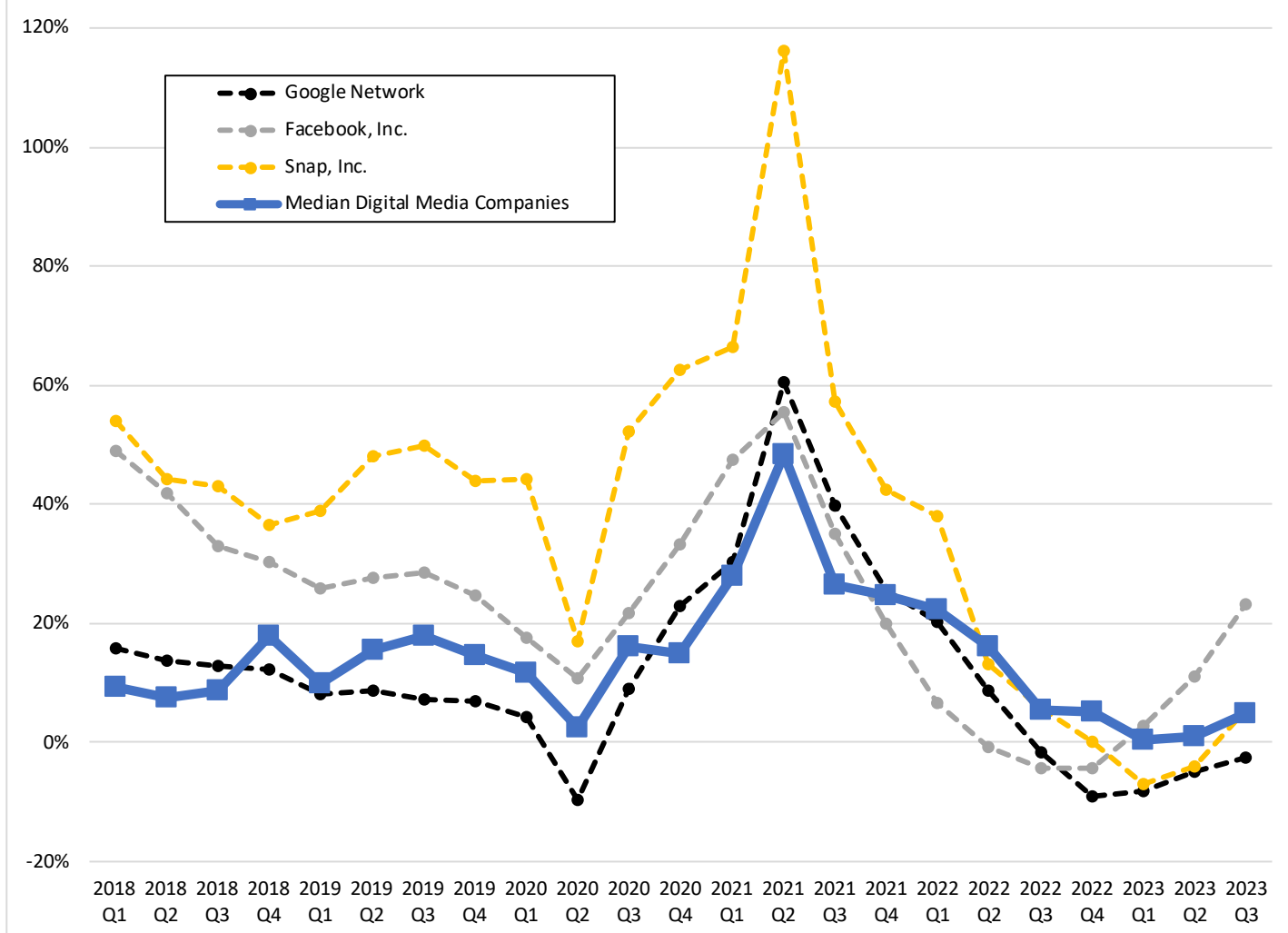


DIGITAL MEDIA COMPARED TO “BIG ADTECH”

Digital Media Sector Outperformed Google but not Facebook

For several quarters now, the AdTech industry has seen overall revenue performance suffer thanks to various economic and industry related challenges. Over that time, the broader AdTech market mostly outperformed larger digital advertising-related companies. While revenue growth was somewhat mixed in Q4, “Big AdTech” appears to be reclaiming the throne. Google Network (Google’s display advertising business) saw a YoY decrease of 2%, while Snap was up 5% and Meta was up 25%.

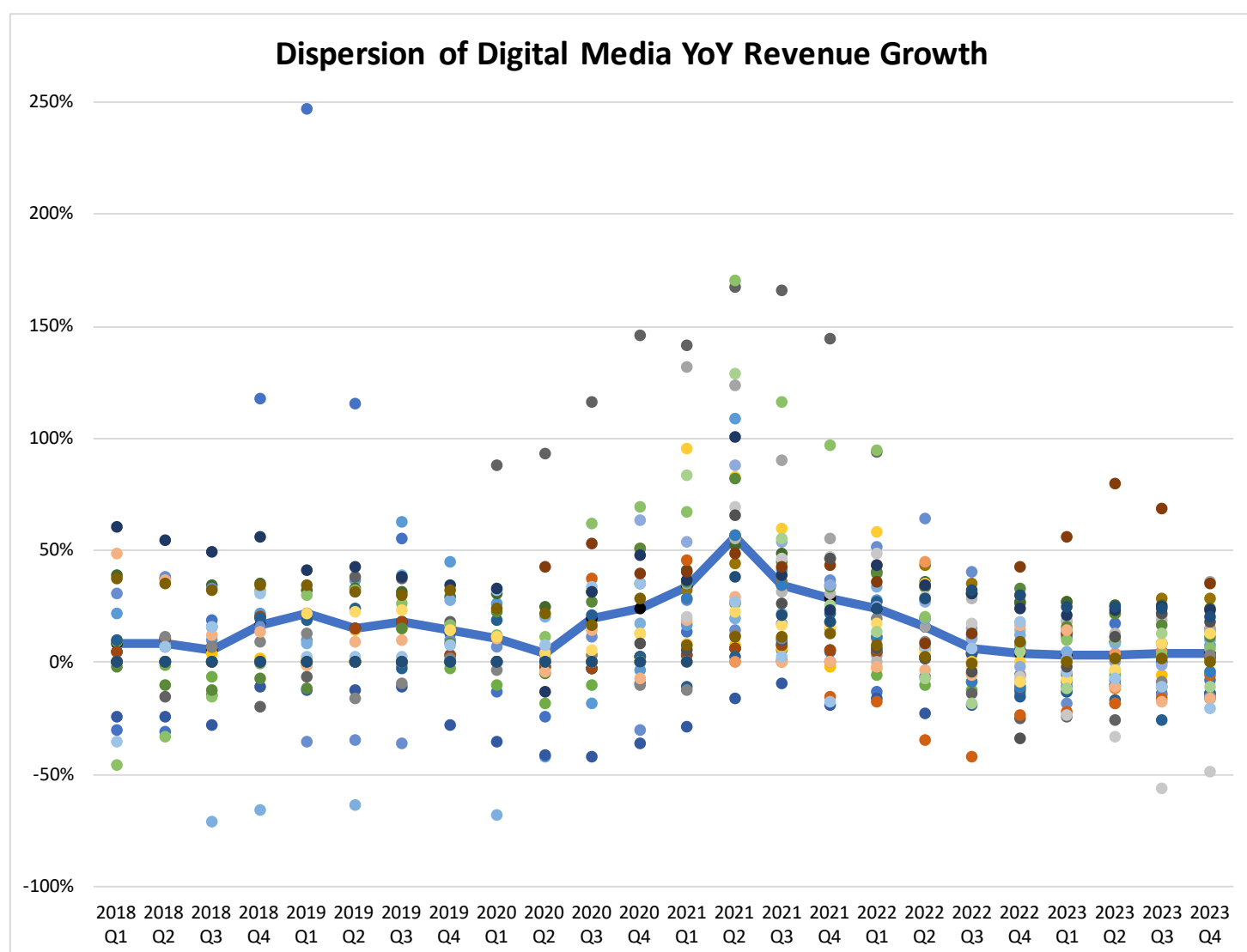
Public Digital Media YoY Growth vs “Big AdTech”



DISPERSION OF REVENUES

Low Volatility Persists with Dispersion Falling Slightly in Q4 2023

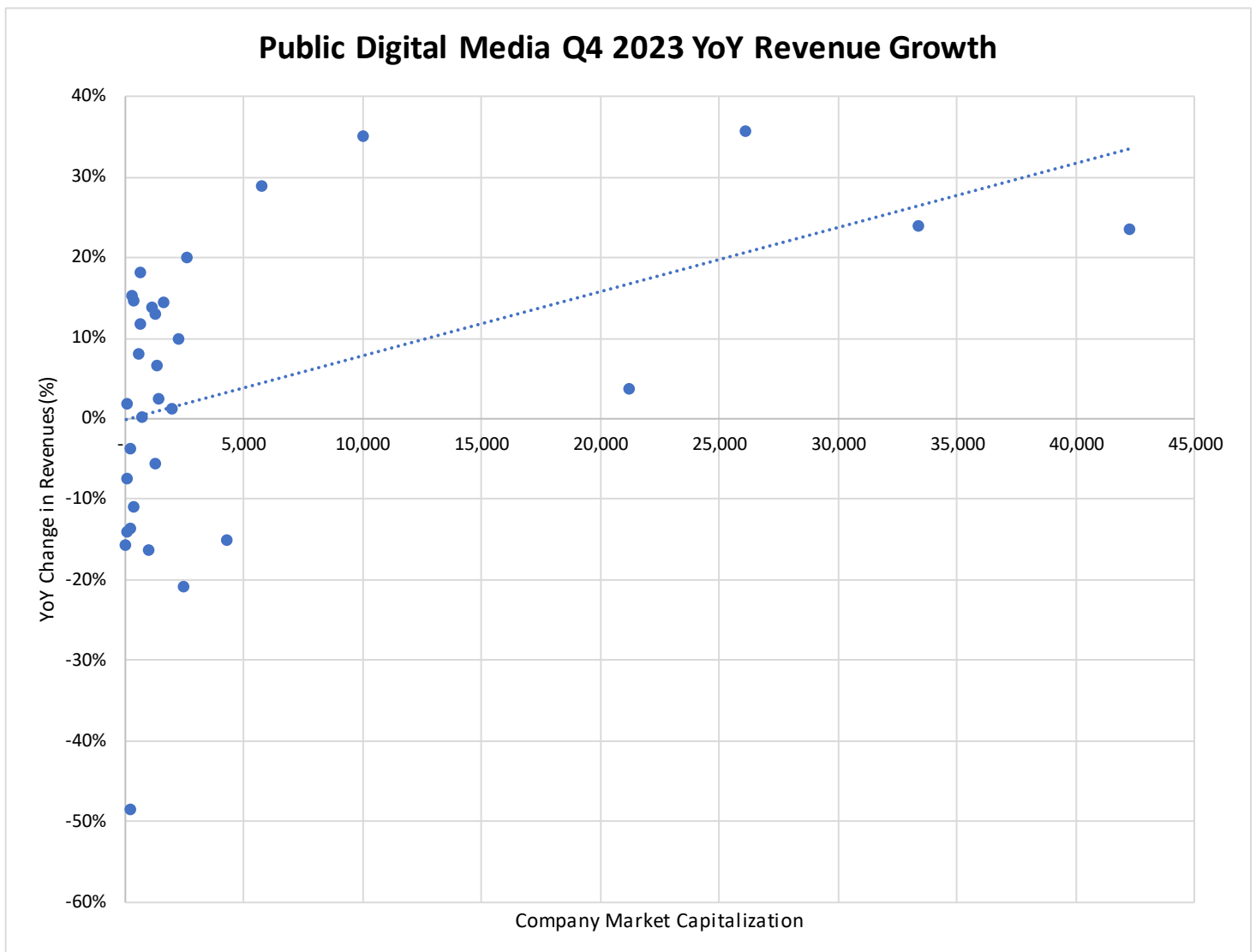
The graph below demonstrates individual companies' results, which are represented by dots, and the median. During the post Covid period there was significant dispersion to the results with some very large increases. However, dispersion has remained consistently low for nearly 2 years, with fewer "big winners" making the results more muted. At 18%, Q4 2023 marks the 7th consecutive quarter of low dispersion.



GROWTH vs SIZE

Correlation Between Size and Performance

With larger companies performing somewhat better than smaller companies, there continues to be a correlation between size and Q4 2023 YoY growth. All but one of the companies with market capitalizations over \$5Bn had growth over 20%.



ADDITIONAL OBSERVATIONS

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

Also, here are some additional observations:

- ❖ With 6 consecutive quarters of low growth, the past 2 years are the worst period over the past 5 years.
- ❖ Standard deviation is a measure of the volatility of the results. Q4 2023 standard deviation of YoY results was 18%, falling slightly from 21% in Q3 2023 and still 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	16%	16%	21%	82%
2022 Q3	31	7%	5%	19%	61%
2022 Q4	32	4%	5%	19%	53%
2023 Q1	31	3%	0%	18%	52%
2023 Q2	32	3%	1%	21%	53%
2023 Q3	32	4%	5%	21%	66%
2023 Q4	32	4%	5%	18%	66%

Appendix A

BREAKDOWN BY COMPANY

Below is a breakdown of individual company performance

Company	04/10/24 Market Cap (\$MM)	2023 Q3 Revenues (\$MM)	YOY Change in Revenues
AcuityAds, Inc.	86	37	-8%
AdTheorent, Inc.	296	60	15%
Applovin Corp.	26,108	953	36%
Brightcove, Inc.	79	50	2%
Cardlytics, Inc.	588	89	8%
Criteo, Inc.	1,948	571	1%
CSG Systems Internationa	1,428	297	3%
Digital Turbine, Inc.	221	140	-14%
DoubleVerify, Inc.	5,701	172	29%
Fluent, Inc.	41	73	-14%
Hubspot, Inc.	33,329	582	24%
IAC/InterActiveCorp.	4,301	1,058	-15%
Innovid, Inc.	355	39	15%
Integral Ad Science, Inc.	1,610	134	14%
IronSource USA, Inc.		-	
Liveramp, Inc.	2,242	174	10%
Magnite, Inc.	1,329	187	7%
Marin Software, Inc.	5	4	-16%
MediaAlpha, Inc.	1,240	117	-6%
NetApp, Inc.	21,174	1,581	4%
Outbrain, Inc.	197	248	-4%
Perion Network Ltd.	634	234	12%
Pubmatic, Inc.	1,146	85	14%
QuinStreet, Inc.	953	123	-16%
System1, Inc.	196	96	-49%
Taboola, Inc.	1,241	420	13%
Tegna, Inc.	2,429	726	-21%
Telaria, Inc.	368	96	-11%
The Trade Desk, Inc.	42,264	606	23%
Unity Technologies, Inc.	9,996	609	35%
Viant, Inc.	604	64	18%
Yext, Inc.	713	101	0%
Zeta Global Corp.	2,617	210	20%
Total	165,440	9,937	5%

Google Inc.	1,955,741,000,000	86,310,000,000	13%
Google Network		8,297,000,000	-2%
Facebook, Inc.	1,317,788,000,000	40,111,000,000	25%
Snap, Inc.	17,958,865,280	1,361,287,000	5%

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