

DIGITAL MEDIA

PAYMENTS REPORT (Q1 2019)

Key Highlights:

Payments 2 weeks late or more hit all-time highs
(see page 4)

Apple, Conversant, Ogury, Tapjoy and Underdog Media paid
early 100% of the time *(see full list of each company, page 10)*

A/R Best Practices to help avoid doing business with poor-
credit demand partners *(see page 11)*

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ABOUT OUR PAYMENTS REPORT

In September, 2017, we had to underwrite Defy Media invoices for a few new publishers. Since we buy invoices, we underwrite each paying company for credit. After we looked under the hood, we were alarmed with what we saw - lawsuits, late payments and collections. More recently Sizmek has left a lot of SSPs without payment. The SSPs turned around and told publishers they aren't paying. This has had a negative ripple effect across the industry. Our payment report seeks to help digital media companies alleviate these risks.

GOAL: REDUCE CREDIT RISK

The feedback we got from sharing data on Defy Media, and other now defunct networks, was tremendous.

There's a big push for transparency in digital media, so we asked ourselves, why not shed some light on credit data for digital media companies? This quarterly payment report is for the industry. It's to reduce risk across the eco-system.

We hope you find it useful.

SCOPE OF THE DATA

We analyzed over 4,000 invoices purchased from digital media businesses spanning 11 verticals, ending Q1, 2019.

OAREX is actively funding digital media businesses including publishers, apps, game developers, podcasts, SSPs, exchanges, DSPs, agencies, marketers, OTT, ad-tech and mar-tech firms. We do that by purchasing A/R invoices from them.

The number of invoices analyzed in this study is over 4,000. We analyzed the data through the end of Q1, 2019.

Collections data is benchmarked against the net terms each demand partner (payor) says they will pay on. We also benchmark the data against historical data for each payor.

This data is made available for you to track and identify *trends* in digital media payments.

DISCLAIMER: the data is not meant to give you any groundbreaking insights. It's simply our "snapshot" of recent payments across the digital media eco-system. Also please see the full disclaimer on page 16 below.



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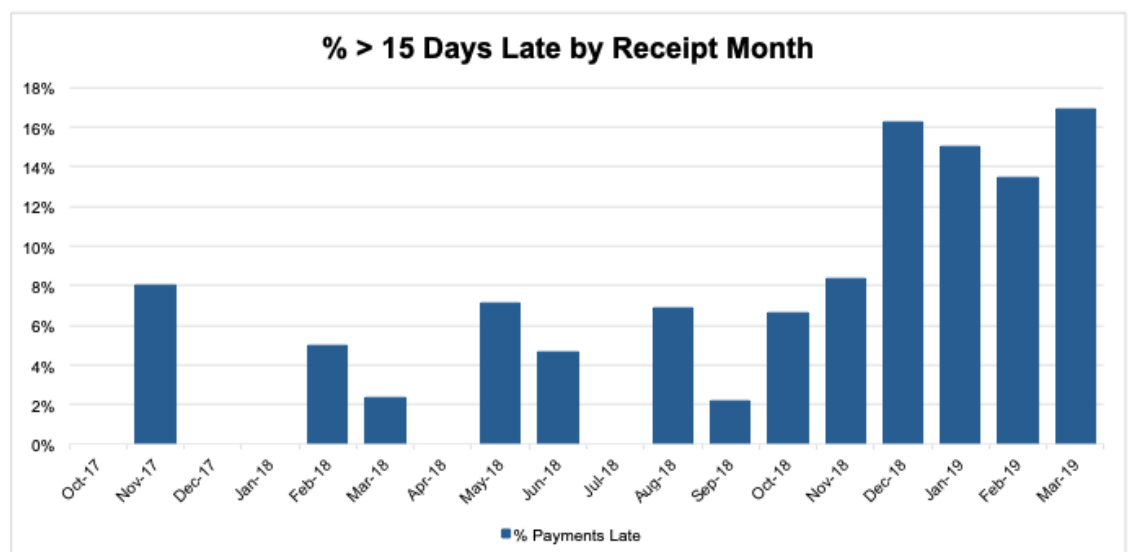
LATE PAYMENTS: 15+ DAYS

Payments more than 2 weeks late hit an all-time high in Q1.

We track the timing of payments. If an ad network says they pay net 60, we check to see if they are actually paying net 60.

In prior payment reports we have noticed that late payments are becoming more frequent. And that the amount of late days is getting longer.

In Q1, payments that were late by more than 15 days reached an all time high.



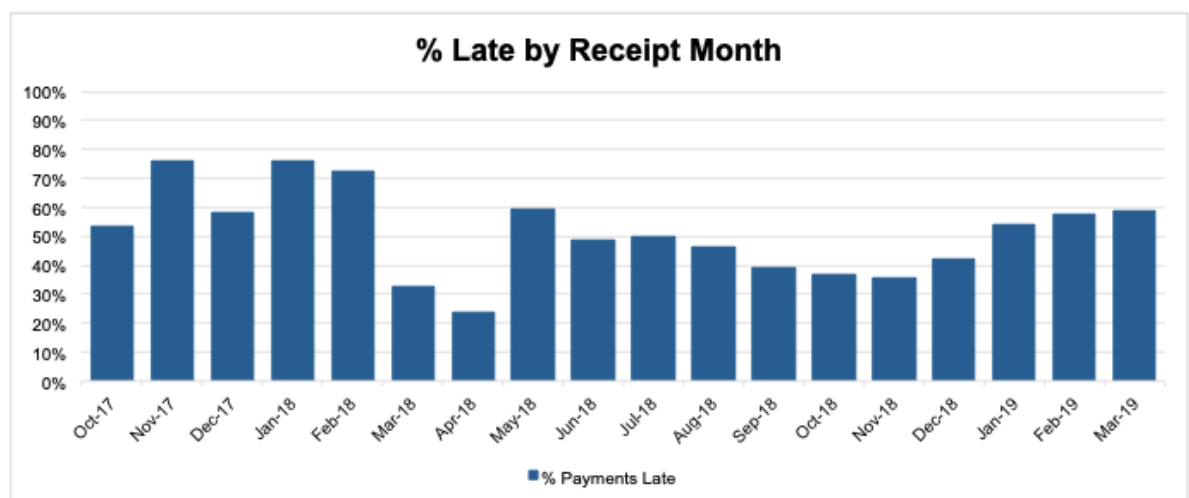
LATE PAYMENTS BY MONTH

Late payments increased slightly in March, reaching their highest since May, 2018.

Overall late payments have been on the steady incline since Q4, 2018. Late payments bottomed out in November, 2018, when 36% of all payments were late.

In March, 59% of all payments received from payors were late.

Q1 was the first time since Q4, 2017 that more than 50% of all payments were received late.

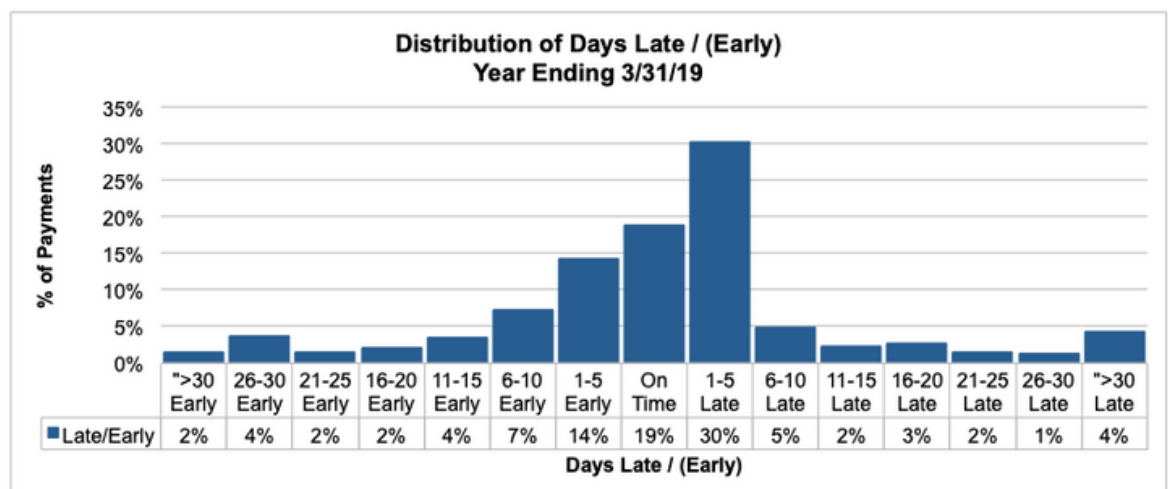


PAYMENTS WITHIN 5 DAYS

63% of payments in Q4 were paid within 5 days - early or late - of the stated net terms.

Consistent with prior payment studies, most payments were received within 5 days of the stated terms. 14% were paid within 5 days before the stated date; 19% came in right on time; and 30% of the payments were received within 5 days after the stated terms.

Although the majority of payments come in within 5 days (early or late), *the late payments are getting worse and worse.*



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KEY TAKEAWAY ON PAYMENT TIMING

WHAT IS THE CURRENT PAYMENTS TREND?

"Data suggests a payment terms remain endemic to the industry and are getting worse"

Late payments remain endemic to the industry. Two trends you should take notice are include, first, that late payments have been on the steady incline. Q1 2019 was the first quarter since Q4 2017 that we saw three consecutive months of late payments, each higher than the last.

Second is that the number of late payments by more than 2 weeks hit an all-time high in our data set (dating back to September, 2017).

The late payors are getting worse. And with recent blow-ups like Sizmek, it's important you know who is on the other side of your SSP partner, and if they're a good credit.

See page 9 below about A/R best practices to protect against future Sizmek-like issues.

PAYMENT AMOUNT DATA

Payment offsets by advertisers have gradually decreased over time across our data set.

Since we began our payment study in May, 2018, offsets have remained steadily on the decline. 68% of all payments in the last year have been paid within 1% (high or low) of the stated invoice amount. In the last quarter, 67% were paid within 1%. In Q1, 17% of all payments were overpaid by more than 1% of the stated invoice amount. Underpayments by more than 1% of the stated amount fell to 16% in Q1.

About Fraud & Credit Offsets

We believe that payment offsets as a result of fraud are not a major issue because of tech providers blocking the fraud. Additionally advertisers have "built in" the cost of fraud, and fraudsters operate at a margin that is acceptable to advertisers. It's simply accepted as a cost of doing business. On the credit front, we have not had any payment offsets as a result of credit losses. It's worth noting this analysis on over/under payments is not a full picture of offsets across the industry because it does not include credit offsets like those experienced from the Sizmek / Defy Media losses

PAYOR PERFORMANCE

49% of payors pay late 50% of the time or less. 26% pay late more than half the time. 3% always pay late.

See the full chart, payor by payor, on the following page.

You can access the full list of approved payors here: tinyurl.com/oarex-payors

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PAYOR PERFORMANCE

3 months ending 3/31/2019				Avg. Days vs. Terms		
Payor	% of Payments			(Early)	Days Early	Days Late
Adcolony, Inc.	7%	0%	93%	5.96	(17.04)	7.80
Amazon, Inc.	40%	20%	40%	2.98	(1.50)	8.96
Apple, Inc.	100%	0%	0%	(26.13)	(26.13)	
AppNexus, Inc.	2%	0%	98%	4.59	(33.44)	5.24
Audioboom Ltd	55%	36%	9%	(2.45)	(5.17)	4.00
Beachfront Media, LLC	13%	0%	88%	15.13	(46.00)	23.86
Chartboost, Inc.	25%	38%	38%	4.22	(0.63)	11.68
Connatix Native Exchange	63%	6%	31%	(16.50)	(27.70)	2.60
Conversant, LLC	100%	0%	0%	(8.86)	(8.86)	
District M, Inc.	8%	10%	82%	0.69	(18.32)	2.64
EMX Digital, LLC	0%	0%	100%	19.86		19.86
Fyber GmbH	9%	0%	91%	1.23	(26.80)	4.03
Google Play	55%	45%	0%	(13.45)	(24.67)	
Google, Inc.	66%	21%	13%	(0.20)	(1.74)	7.22
GumGum, Inc.	39%	9%	52%	(1.09)	(7.22)	3.33
Index Exchange USA, LLC	63%	4%	33%	(5.23)	(15.92)	14.18
Katz Media Group, Inc.	20%	40%	40%	0.20	(3.00)	2.00
Matomy Media Group, Ltd.	80%	10%	10%	2.29	(7.83)	85.50
Mobvista	17%	0%	83%	12.84	(13.14)	18.04
Mopub, Inc.	50%	25%	25%	(0.80)	(2.23)	1.25
Nativo, Inc.	33%	67%	0%	(1.00)	(3.00)	
Oath Inc. (Verizon / AOL)	80%	0%	20%	(3.31)	(10.40)	25.96
Ogury Ltd.	100%	0%	0%	(3.25)	(3.25)	
OpenX Technologies, Inc.	13%	77%	10%	(0.04)	(4.28)	4.99
Pubmatic, Inc.	83%	17%	0%	(7.18)	(8.62)	
Pulsepoint, Inc.	7%	50%	43%	1.66	(3.00)	4.32
RTK.IO, Inc.	11%	11%	78%	5.42	(2.25)	7.29
Rubicon Project, Inc.	83%	8%	8%	(5.19)	(6.43)	2.00
Sublime Skinz, Inc.	50%	11%	39%	(0.18)	(3.27)	3.71
Taboola, Inc.	26%	30%	44%	2.45	(4.77)	8.45
Tapjoy, Inc.	100%	0%	0%	(4.08)	(4.08)	
Team Internet AG	29%	29%	43%	(0.71)	(6.00)	2.33
UnderDog Media, LLC	100%	0%	0%	(6.60)	(6.60)	
Verve Wireless, Inc.	20%	0%	80%	22.70	(1.00)	28.63
Vungle, Inc.	62%	31%	8%	(1.28)	(2.20)	1.00

Full list of approved companies:
tinyurl.com/oarex-payors

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A/R BEST PRACTICES

DEPLOY THESE STRATEGIES TO HELP PROTECT YOU FROM DOING BUSINESS WITH POOR CREDIT DEMAND PARTNERS.

1. **Ask for credit references.** If you're signing up with a new demand partner, ask for credit references to make sure they pay on time.

2. **Look for a sequential liability clause.** In the wake of Sizmek, a lot of publishers were left holding the loss because of sequential liability. With a sequential liability clause, the SSPs are able to pass the loss on to the publisher and take no credit responsibility. If you see a sequential liability clause, *ask that it be removed*. Also, look at your SSPs demand partners and run through this list with those DSPs.

3. **Check Glassdoor.** We've noticed a trend that businesses with have poor management tend to have cash flow issues. Mismanagement is mismanagement, whether with labor or cash.

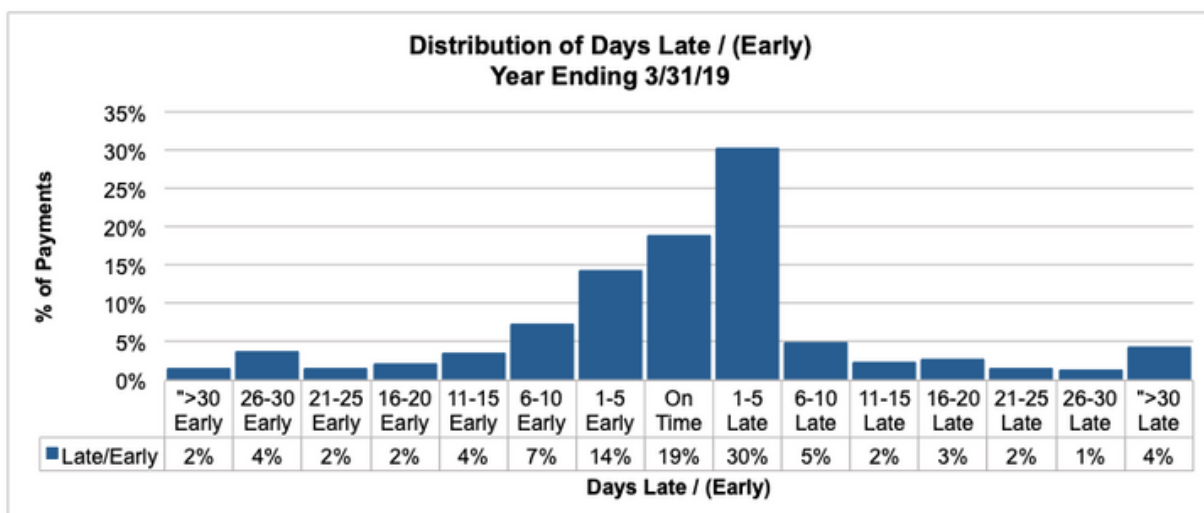
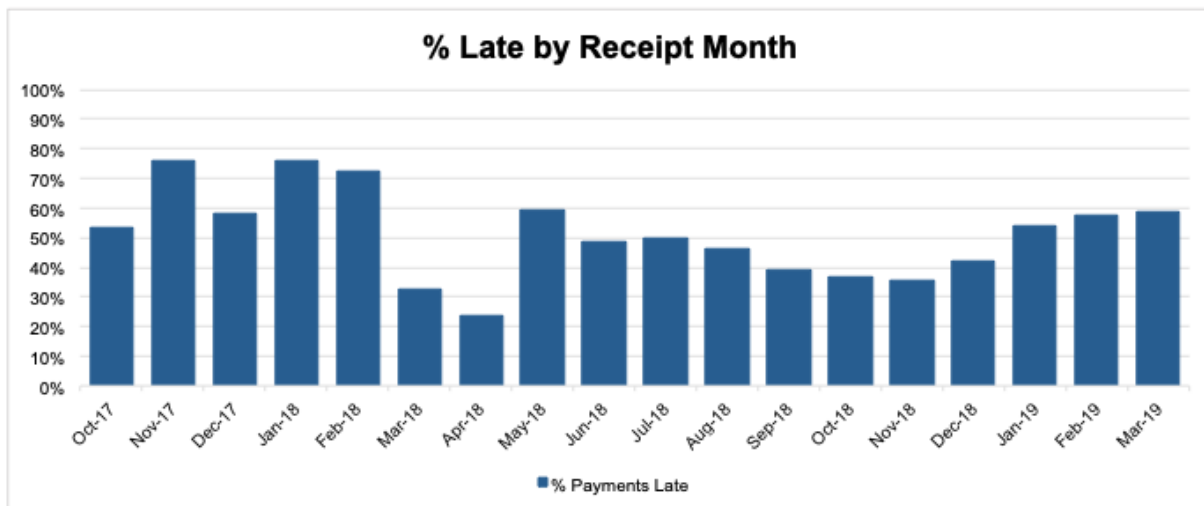
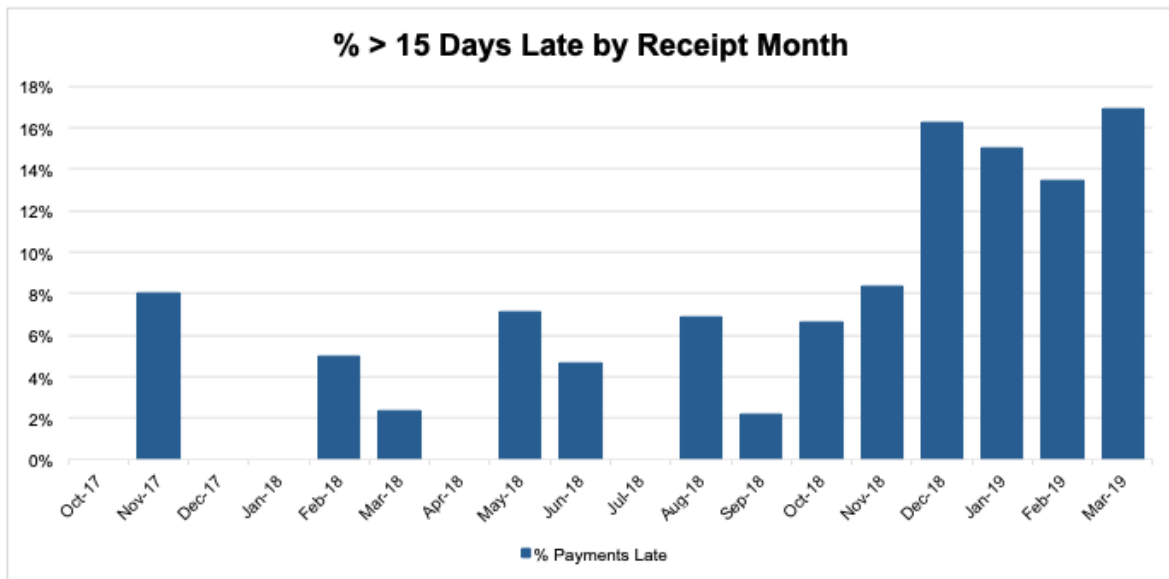
4. **Make sure they have a U.S. presence.** This way you have recourse against them if they don't pay you.

5. **Check Crunchbase** to see how well they're capitalized and if they have capital to pay you.



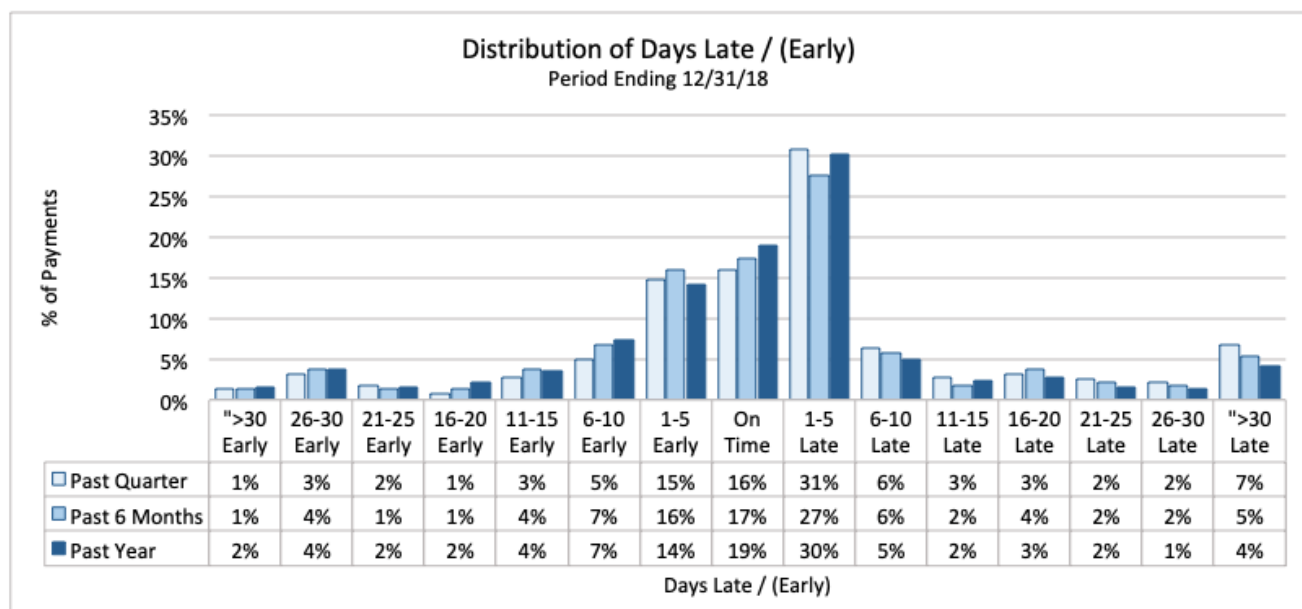
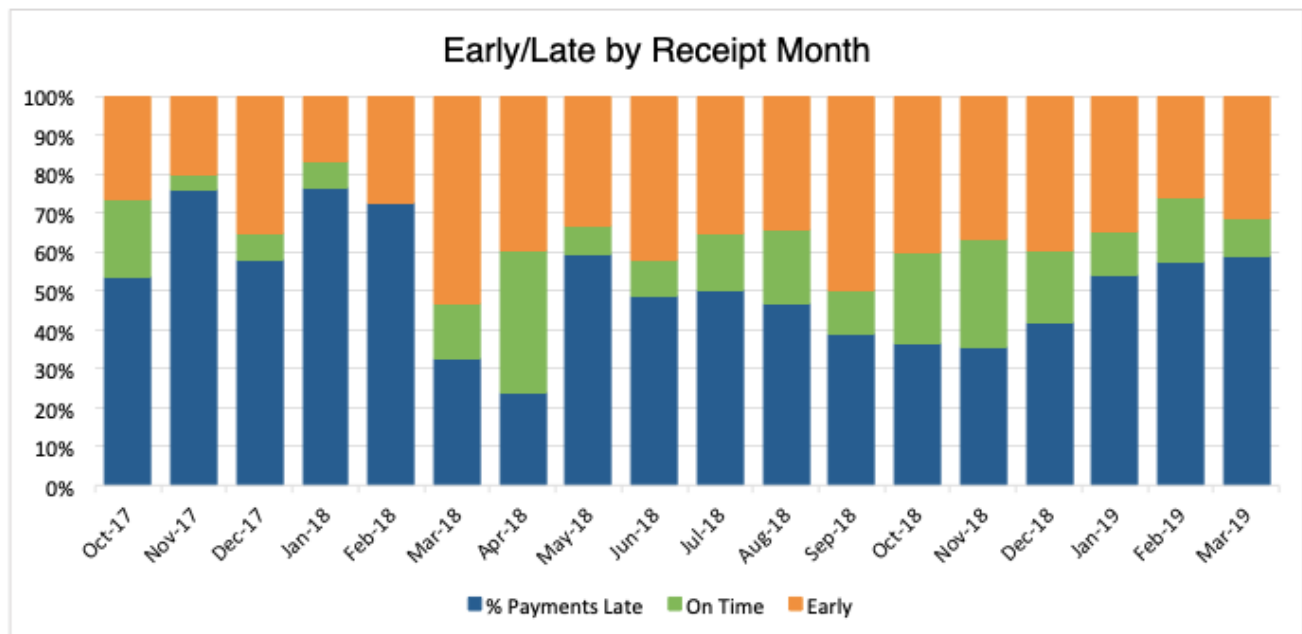
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DATA APPENDIX



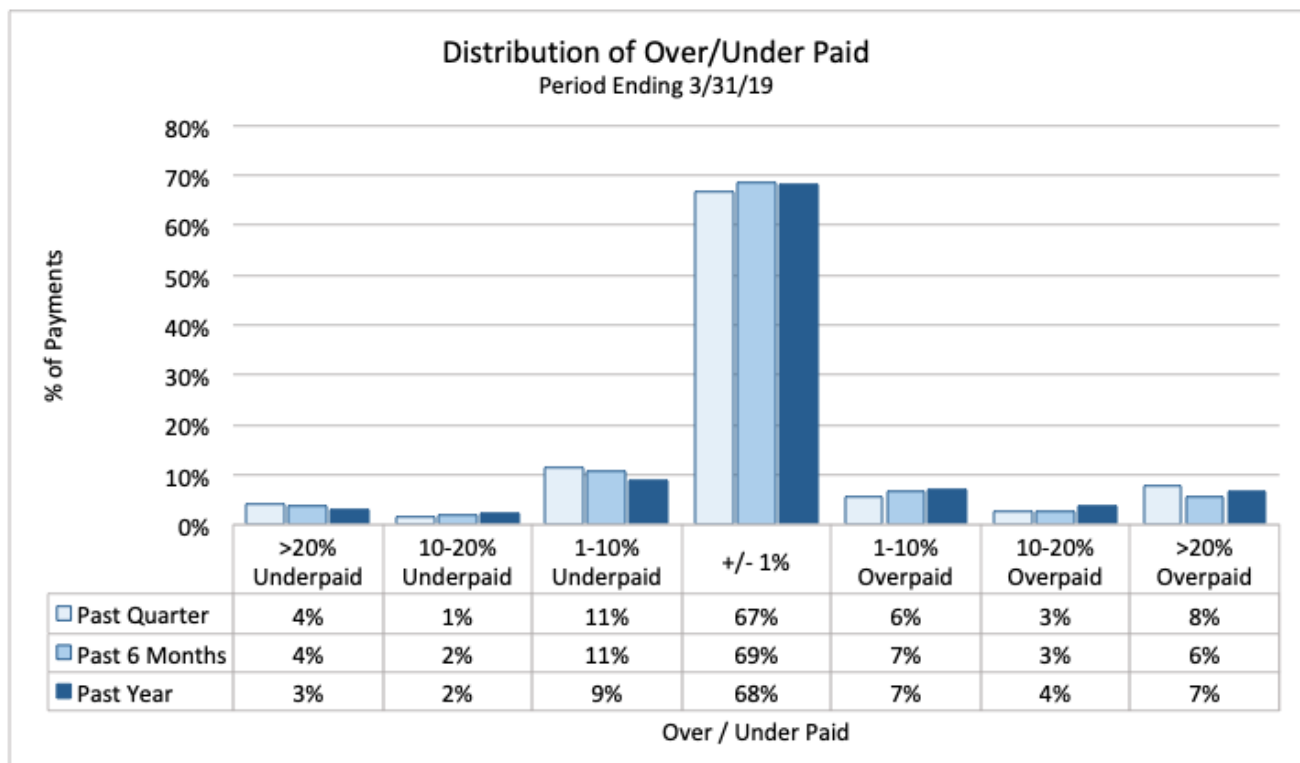
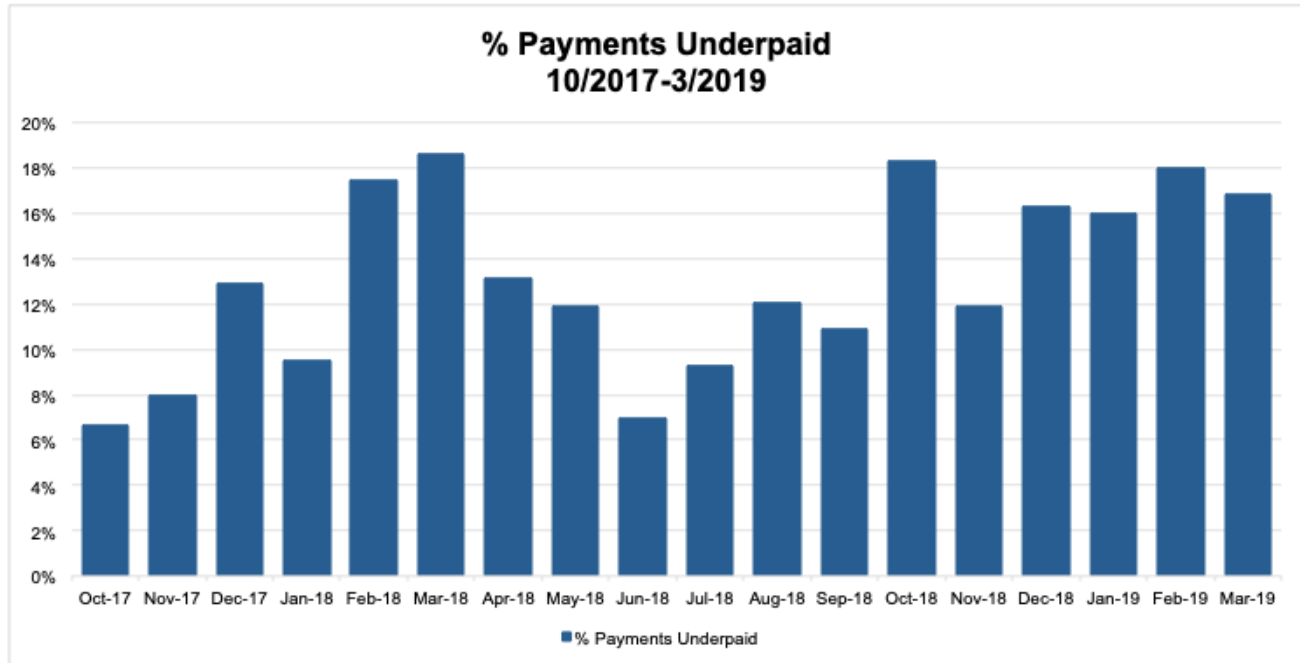
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DATA APPENDIX (CONT.)



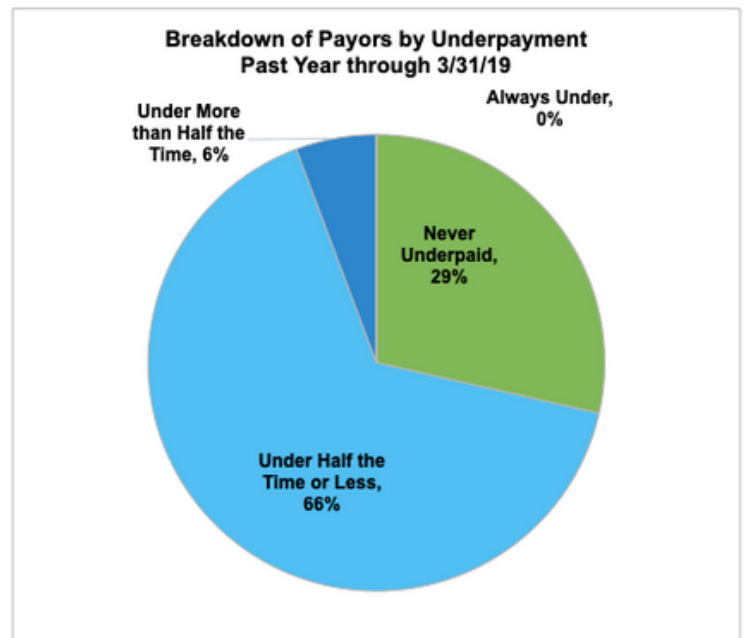
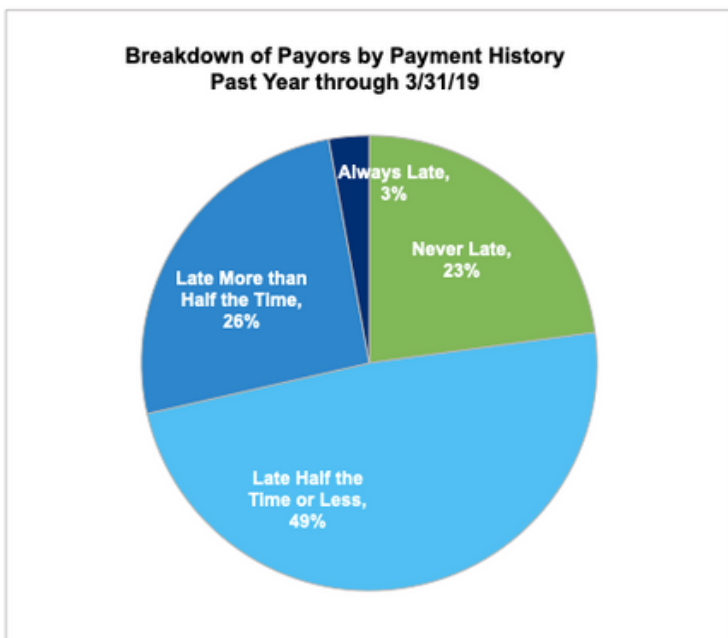
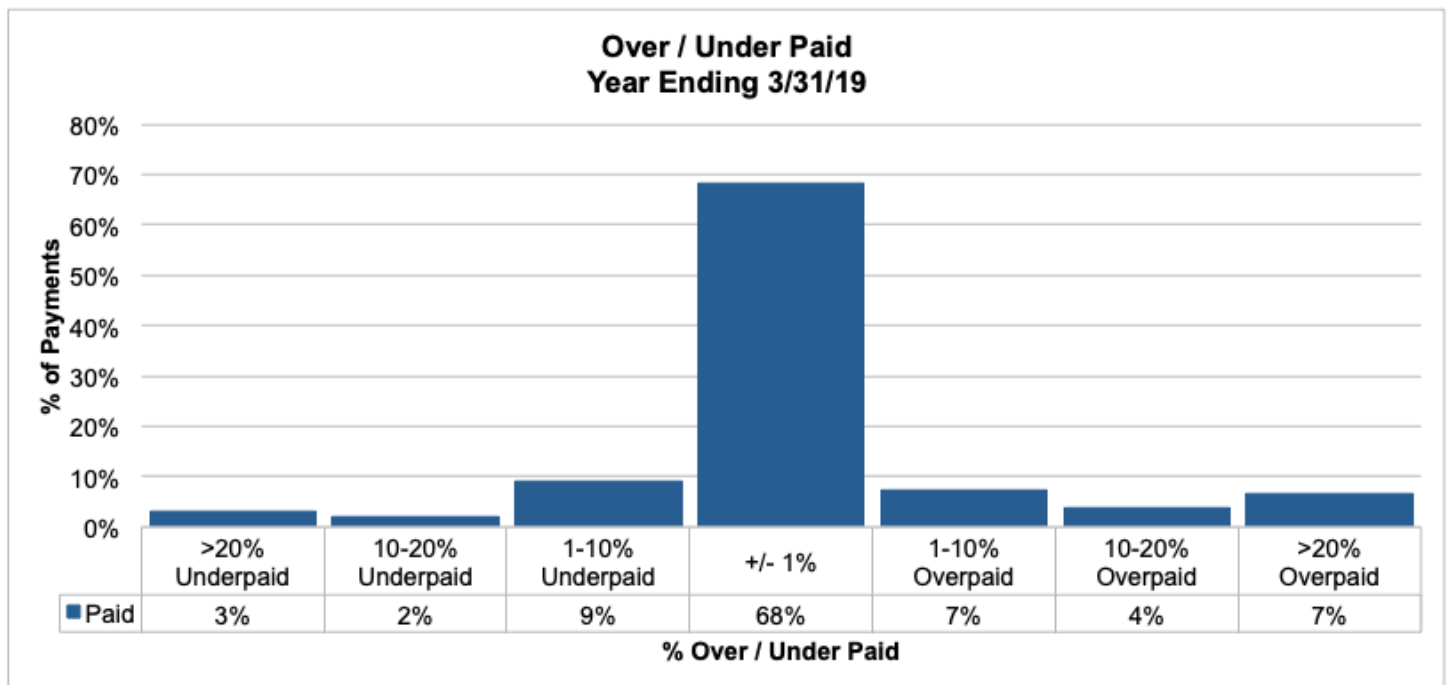
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DATA APPENDIX (CONT.)



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DATA APPENDIX (CONT.)



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DISCLAIMER

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MEMES (JUST FOR FUN)

When you don't know that
a solution like OAREX exists.



When you have to wait 30-90 days
to get paid and can't scale your business.



KNOW THE DIFFERENCE

Ad tech company



If OAREX doesn't
get paid back,
we're **off the hook**.

Other Ad tech company



OAREX takes your
collection risk??

Other firms: give you up
Other firms: let you down
Other firms: run around
Other firms: desert you

OAREX®



Your money.

Investor money.

Lender money.

OAREX money.

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