

OAREX[®]

Digital Media Payments Report

Q4, 2018 - February 1st, 2019

OAREX's Q4 2018 Payment Study Brings Credit Transparency to Digital Media

Digital Media Credit Data

Every three months OAREX releases its Digital Media Payments Report. The Report includes payment data on over 125+ digital media firms. The objective is to shine a light on credit and payment data in the digital media economy.

Overall, there's a big push for transparency in market. This report piggy backs on that. Publishers and intermediaries are demanding more transparency around their trades. And we agree in the market need for it.

We have insight into credit and payment data. So in the interest of transparency, which is win-win by the way, we thought why not release our credit data? You want to sign up with a new demand partner? Do they pay within their stated terms? If not, how often are they late? Do they offset their payment amounts? If so, by how much? Which company is the best paying?

The answers to these questions and more can be found in this report.

By the Numbers Inside

Payment data on 127 digital media firms and advertising companies.

Timing & offset data from 3,175 invoices purchased by OAREX.

Key Findings of Q4 2018

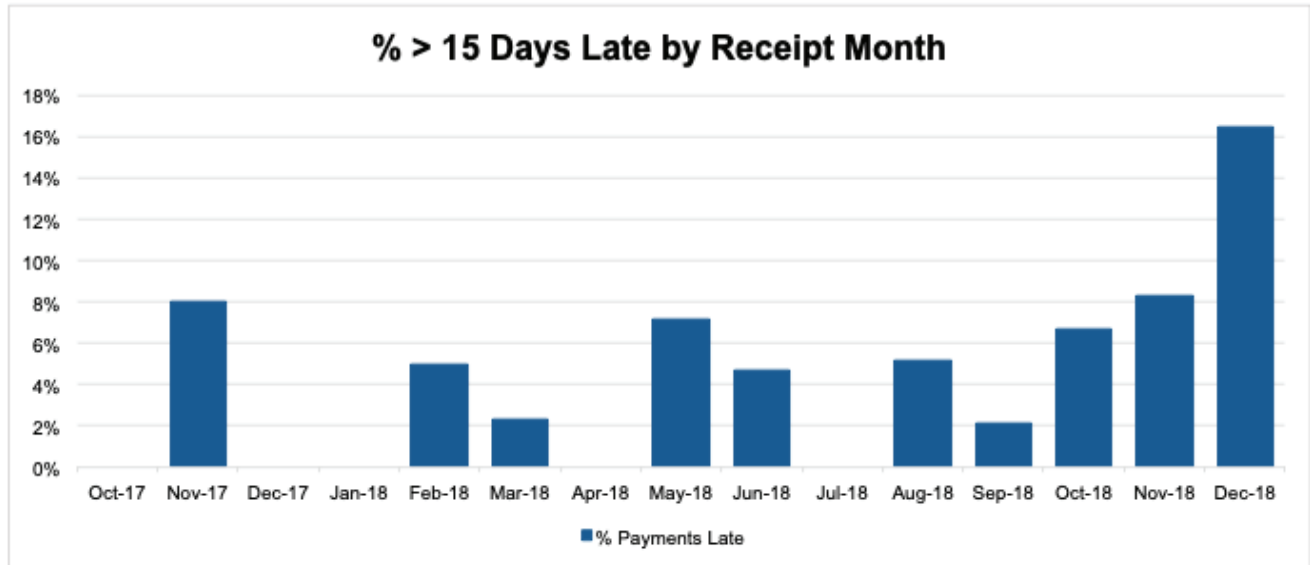
In 2018, 38% of all payments were late.

The % of late payments decreased in Q4 vs. 2018 as a whole (38% v. 45%)

Payments more than 15 days late doubled in December.

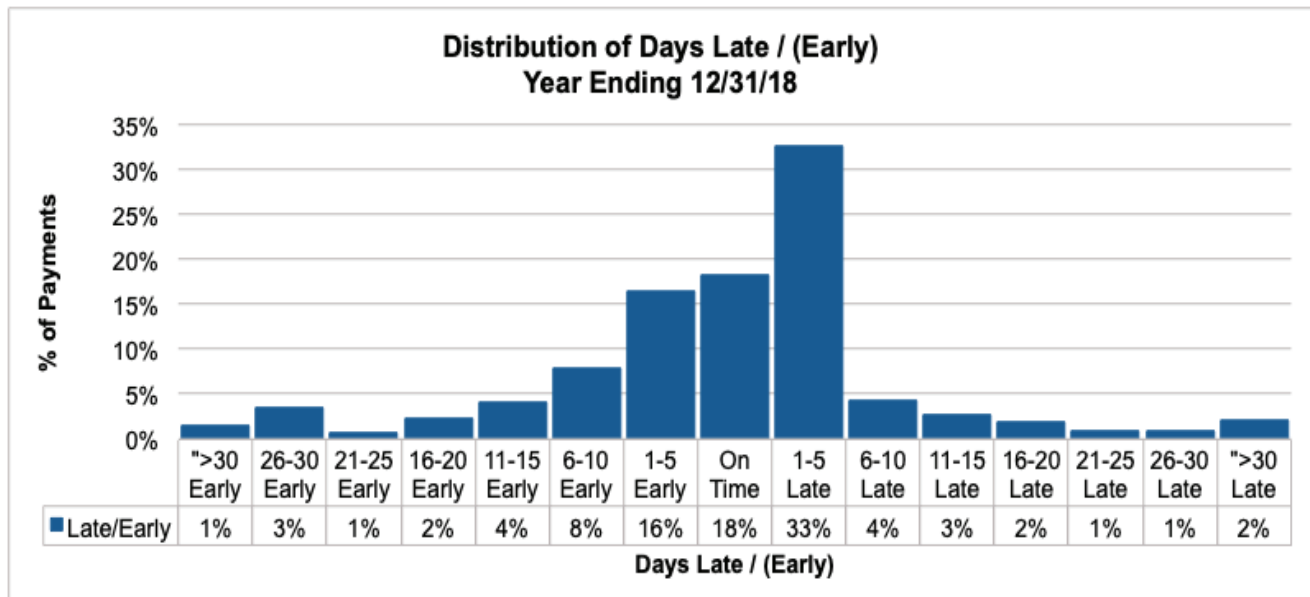
The number of payments received "on time" increased 50%.

Payments more than 2 weeks late doubled (%) in December.



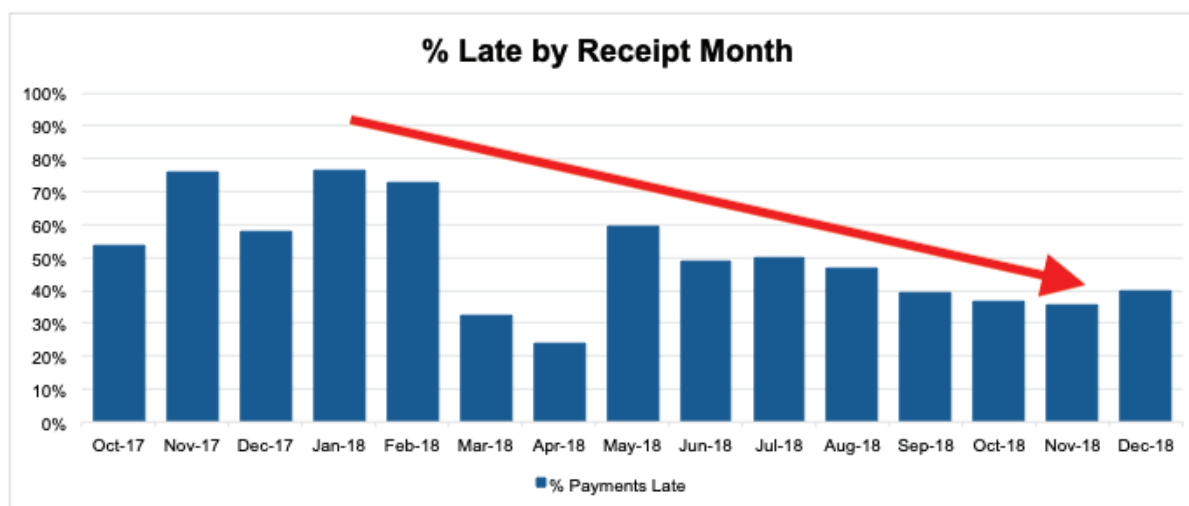
Although the percentage of late payments declined into Q4, the wait days on late payments got worse.

33% of all late payments were paid within 5 days.



Fortunately most payments that come in late arrive within 5 days.

When are payments late?



Throughout 2018, we saw a steady decline in the percent of invoices that pay late. Consistent with prior years, late payments increased in December.

How many payments were late?

Paid	Q4 2018	Past 6 Mo.	Past Year
Early	39%	37%	36%
On Time	24%	16%	18%
Late	38%	47%	45%
Total	100%	100%	100%

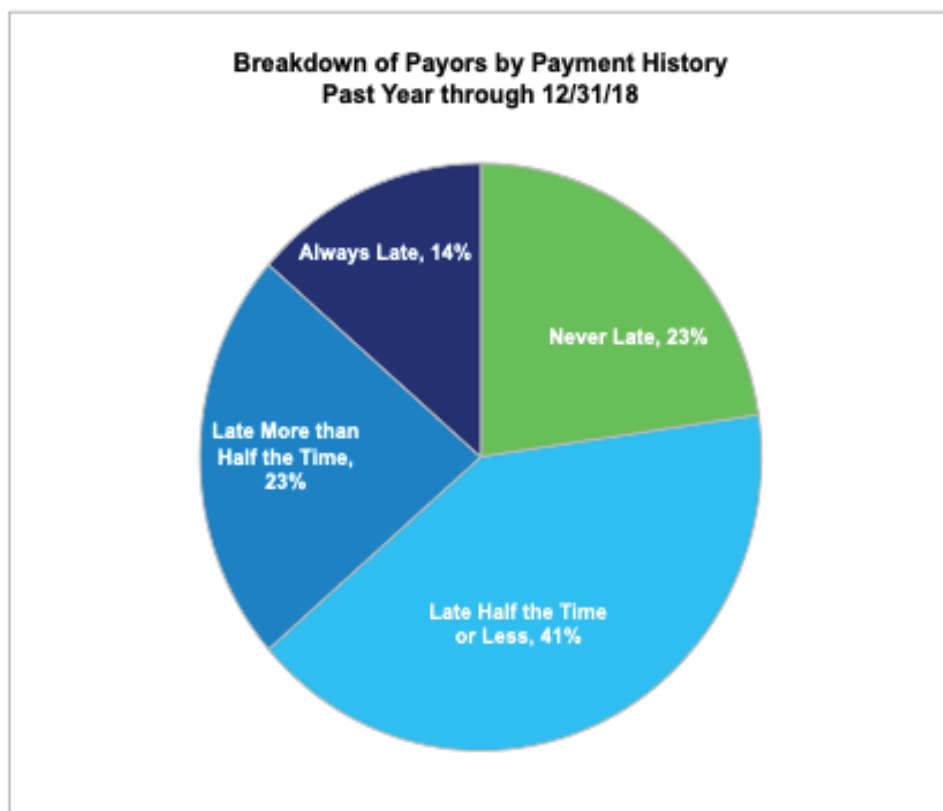
63% of payments received were early or on time. "On Time" payments changed +50% in Q4, vs. prior 6 months. Late payments decreased in Q4, vs. 2018 as a whole (38% vs. 45%)

How late are the late payments?

How Late	Q4 2018		Past 6 Months	
	% of All Payments	% of Late Payments	% of All Payments	% of Late Payments
Late 0-5 days	21%	57%	33%	71%
Late 6-15 days	5%	14%	8%	17%
>15 days late	11%	29%	6%	12%
All Late	38%	100%	47%	100%
Avg Days Late	9.0		7.1	

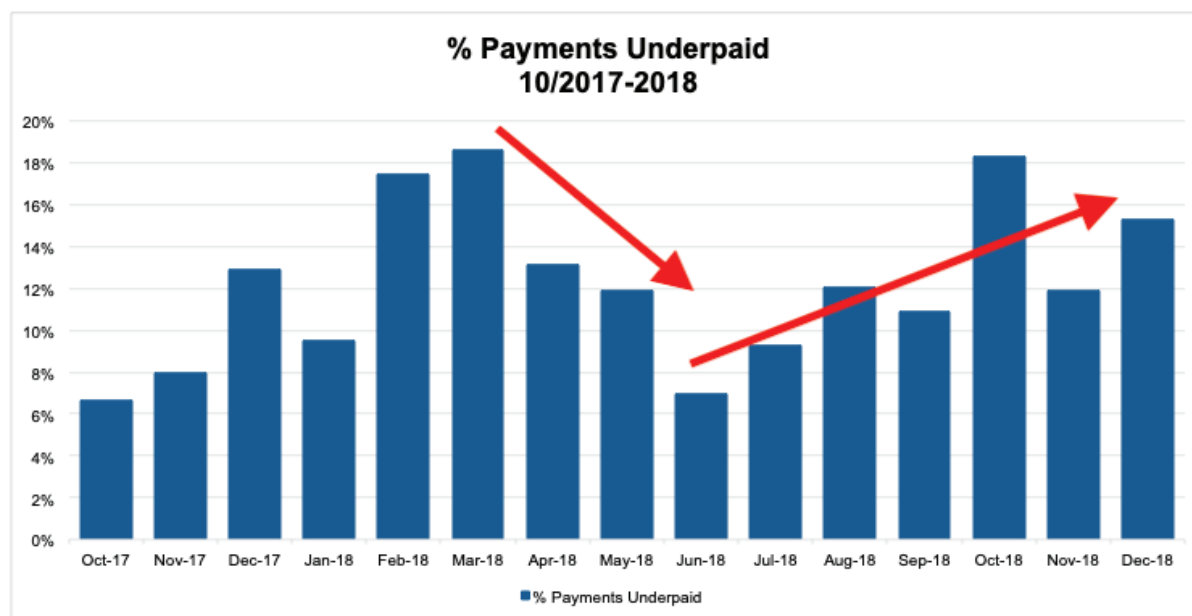
Although the total amount of late payments decreased as a percentage of our portfolio, the late payments got later - 9 days in Q4 vs. 7.1 the prior six months and 6.5 for all of 2018.

Do a lot of companies pay late?



Late payments are endemic in digital media. 73% of all payors paid us late at least once.

When and what % of invoices were underpaid?



The number of invoices underpaid has been trending upward.

Breakdown of Over Payments vs. Under Payments

Paid	Q4 2018	Past 6 Mo.	Past Year
Underpaid	15%	13%	13%
+/- 1%	71%	71%	68%
Overpaid	14%	16%	19%
Total	100%	100%	100%

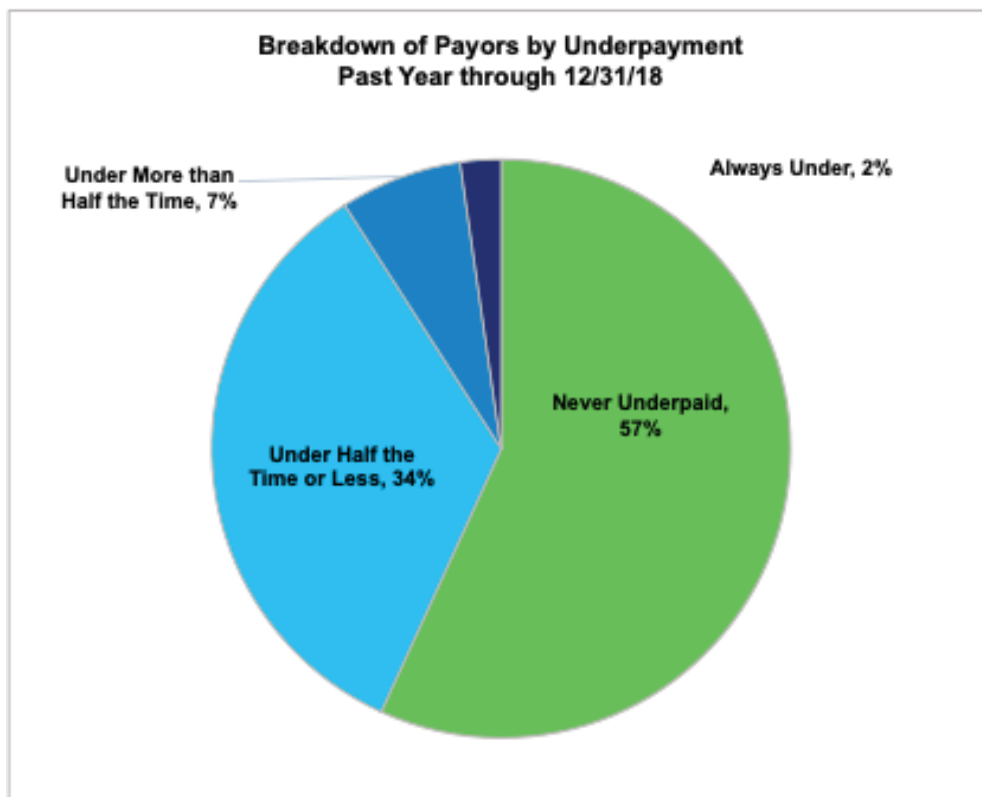
71% of all invoices collected in 2018 were paid within 1% (high or low) of the reported amount, in ad-ex dashboards and customer confirmed amounts.

How over (or under) are payments?

How Much Paid	Q4 2018		Past 6 Months	
	% of All Payments	% of Under Payments	% of All Payments	% of Under Payments
1-10% Underpaid	9%	62%	9%	69%
10-20% Underpaid	3%	21%	2%	18%
<20% Underpaid	3%	18%	2%	14%
All Underpaid	15%	100%	13%	100%
Avg Underpaid	-4.6%		-3.6%	

62% of all under payments were within 10%.

Do a lot of companies under pay?



57% of companies we've collected from have never underpaid.

Historical Payment Data by Company (12/31/2018)

12 Months Ending 12/31/18	% of Payments			Avg. Days vs. Terms		
	Early	On Time	Late	Late / (Early)	Days Early	Days Late
Adcolony, Inc.	6%	0%	94%	7.0	(6.0)	7.8
Advertise.com, Inc.	0%	17%	83%	0.8		0.9
Amazon, Inc.	60%	40%	0%	(0.8)	(1.3)	
Apple, Inc.	100%	0%	0%	(26.4)	(26.4)	
AppNexus, Inc.	0%	0%	100%	3.8		3.8
Audioboom Ltd	71%	29%	0%	(4.3)	(6.0)	
Beachfront Media, LLC	25%	0%	75%	0.8	(46.0)	16.3
Chartboost, Inc.	14%	57%	29%	2.6	(1.0)	9.5
Connatix Native Exchange, Inc.	47%	24%	29%	(12.6)	(28.1)	2.0
Conversant, LLC	83%	0%	17%	(5.2)	(9.3)	15.3
Criteo, Inc.	40%	20%	40%	(1.7)	(7.5)	3.3
District M, Inc.	6%	19%	75%	0.5	(24.3)	2.5
Fyber GmbH	0%	9%	91%	3.3		3.6
Glispa Global GmbH	17%	0%	83%	13.7	(1.0)	16.7
Google Play	50%	50%	0%	(13.8)	(27.5)	
Google, Inc.	65%	25%	10%	(0.2)	(1.8)	9.3
GumGum, Inc.	45%	18%	36%	(4.1)	(11.4)	3.0
Index Exchange USA, LLC	61%	0%	39%	(5.4)	(15.0)	9.6
Lijit Networks, Inc.	0%	0%	100%	2.4		2.4
LockerDome, LLC	33%	0%	67%	1.8	(6.0)	5.8
M&C Saatchi Mobile Ltd.	9%	0%	91%	13.3	(46.0)	19.2
Matomy Media Group, Ltd.	80%	7%	13%	(0.3)	(7.9)	44.8
Mopub, Inc.	56%	11%	33%	(1.0)	(2.6)	1.3
Oath Inc. (Verizon / AOL)	73%	0%	28%	(5.1)	(11.9)	12.8
Ogury Ltd.	100%	0%	0%	(4.3)	(4.3)	
OpenX Technologies, Inc.	31%	50%	19%	(0.3)	(3.0)	3.3
Pulsepoint, Inc.	15%	51%	33%	0.1	(3.5)	1.8
RTK.IO, Inc.	0%	25%	75%	6.8		9.0
Rubicon Project, Inc.	75%	13%	13%	(2.4)	(3.6)	2.0
Sublime Skinz, Inc.	30%	9%	61%	2.1	(2.9)	4.9
Taboola, Inc.	35%	21%	44%	2.6	(3.0)	8.2
Tapjoy, Inc.	100%	0%	0%	(4.6)	(4.6)	
Teads, Inc.	50%	0%	50%	(0.3)	(9.0)	8.5
Team Internet AG	29%	29%	43%	(0.7)	(6.0)	2.3
UnderDog Media, LLC	100%	0%	0%	(7.8)	(7.8)	
Vungle, Inc.	60%	40%	0%	(1.4)	(2.3)	

Some of the latest paying companies are mobile and video platforms, and companies that were acquired by a much larger company. Data shows that payments tend to struggle after a company is acquired. For example, since the AT&T acquisition of AppNexus, their late days got longer (2.8 days late vs. 4 days late in Q4, 2018). This could be because larger companies have more negotiating leverage over smaller digital media firms. Still other media companies that have been acquired almost always pay late or very inconsistently (think OATH/AOL).

The ad tech space has been swept by acquisitions, but the data indicates a negative impact on payments in digital media.

Payment Highlights

Paid early 100% of the time:

- Apple
- TapJoy
- Ogury
- Underdog Media

Paid Early 60%+ of the time:

- Amazon
- Audioboom
- Index Exchange
- Conversant
- Rubicon Project

Why are late payments late?

While we don't know for certain, we suspect most late payments are a result of three things: operational inefficiencies, customer disputes (over robotic traffic offsets, attribution errors, and brand safety measures, etc.), and poor cash flow. Also note that just because a company pays late does not mean we won't fund the invoice. In other words, late payment are not necessarily indicative of credit or cash flow issues.

Access more digital media payment data here:

Full list of 125+ approved debtors: <https://tinyurl.com/oarex-payors>
 Payment database by company: <https://oarex.com/project-rank>

Late payments require more cash on hand to cover any cash shortfalls.

The average late days across all payments is 9 days. Average terms are about 58 days. If payments come in 9 days late every 60 days, a company will be forced to maintain an extra 15-20% cash on hand to cover any shortfalls. This calculation makes very basic assumptions about a client's overhead, but not a stretch to say more cash on hand is needed. OAREX assumes all collection risk (except customer disputes - see above).

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METHODOLOGY: The study is based on selected receivables purchased by OAREX that paid during the time period in question. So as our portfolio of client and obligors changes, so does the set of receivables that we are measuring. We do not attempt to normalize for this, so if our portfolio is not representative of the market as a whole, then our results shown here won't be either. All results shown are based on the number of invoices, not the dollar amount of the invoices. So large invoices have the same weight as small invoices, which may also bias our results. We do our best to accurately track due dates but Demand Partners may change terms from time to time and we can't guarantee we always get the dates correct (if you see something that looks incorrect, let s know). Many Demand Partners produce revenue estimates and don't actually finalize invoice amounts until they are paid. So under/over payment may just be based on estimates versus actuals, not necessarily because of offsets or other reasons. We try to make sure all our numbers are accurate, but take all of this with a grain of salt, do not rely on these numbers/. **ABOUT OAREX CAPITAL MARKETS, INC.** OAREX provides fast flexible funding for digital media companies including viral publishers, app developers/publishers, SSPs, DSPs and advertising networks/exchanges by purchasing their media invoices. OAREX takes all collection risk, and completely removes payment volatility from the equation.

BACKGROUND: OAREX is a firm that funds digital media companies by purchasing invoices. OAREX then collects from the demand partner. These Demand Partners include agencies, DSPs, SSPs, Exchanges, and other ad-tech intermediaries. OAREX uses this collection data for its reports. There are many reasons a company can pay late. If they are part of this report then that means they are approved for purchase by OAREX. If you do not see them on our Approved Debtors list (link above), that is because we don't have data on them, or they're a poor credit. A poor credit means bankruptcy, tax liens, open collections accounts, or pending major lawsuits. 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. For detailed payment data by company visit <https://oarex.com/project-rank>.

**Have payment data you want to submit?
Email info@oarex.com or call 855-GO OAREX**