



Q2 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, Twitter, 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.

KEY TAKEAWAYS FROM Q2 2022

Digital media revenues slow but remain strong.

While market liquidity has been at all time highs in recent years, revenues experienced parabolic growth. When analyzing Q2 2022 revenues vs pre-covid revenues, the median digital media company saw 19% growth year-over-year (YoY).

“Big AdTech” gets outperformed.

Google, Meta, Snap and Twitter saw revenues dip, but 81% of our sample had YoY revenue growth. Many of them up by double-digit numbers.

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.

Disparate “comps” create perfect storm.

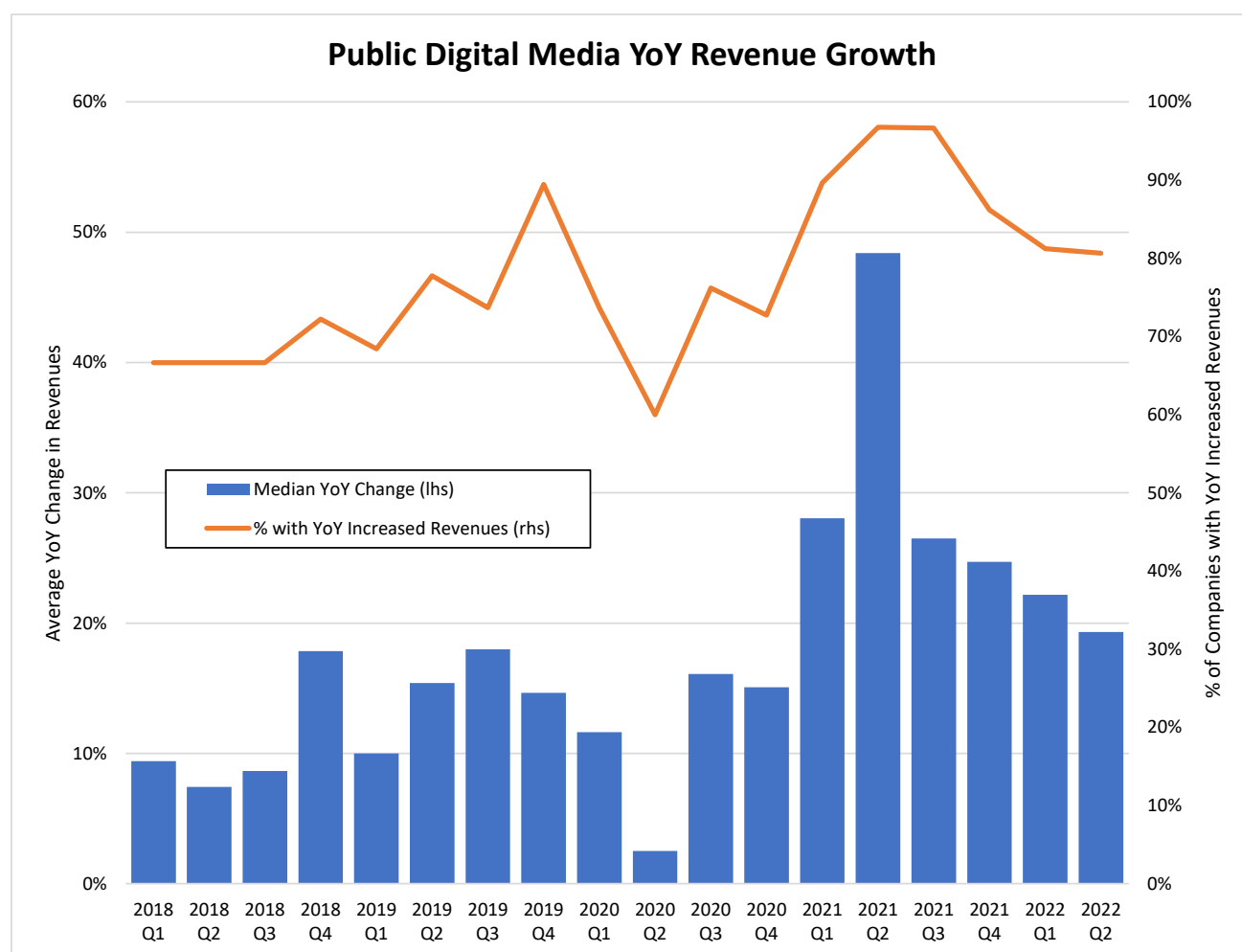
Q2 2020 was a poor quarter for most companies due to Covid. In Q2 2021, economic conditions improved and YoY revenue comparisons were set up for record numbers (implying more of a “catch up” rather than underlying growth). As those conditions began to normalize in Q2 2022, comps suffered due to unreasonable expectations set in the prior year.

DIGITAL MEDIA REVENUES Q2 2022

Digital Media Revenues Continue to Slow but Remain Strong vs Pre-COVID Revenues

The median public digital media company increased year-over-year (YoY) revenues by 19% in Q2, which is lower than post-covid growth, but still better than many of the pre-covid periods. We used the median result rather than a simple average because it is less impacted by individual extreme high and low results.

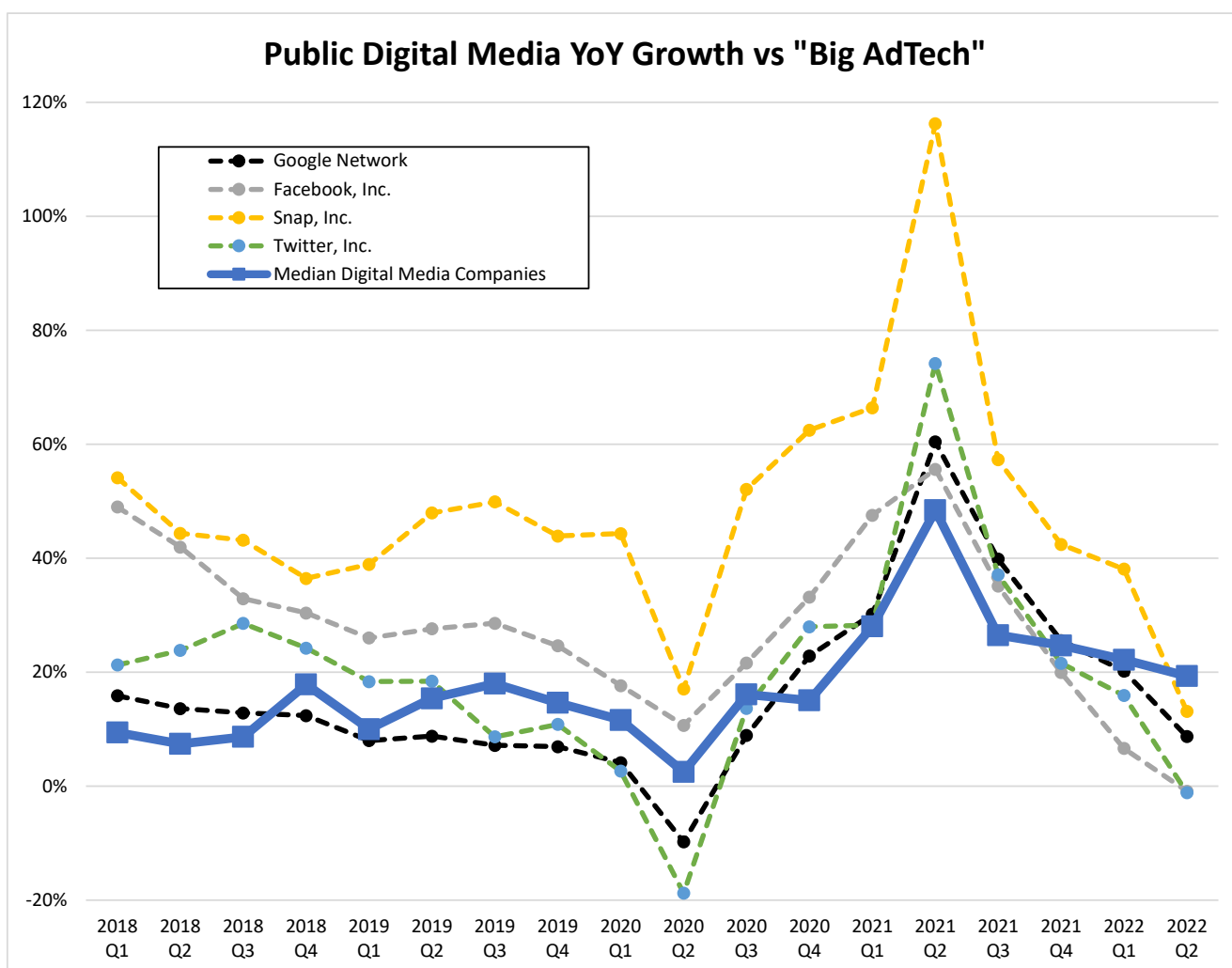
Also, in Q2 2022, 81% of the companies analyzed had increased revenues, which is higher than most quarters prior to 2021.



DIGITAL MEDIA COMPARED TO “BIG ADTECH”

Digital Media Sector Outperformed the “Big AdTech” Companies

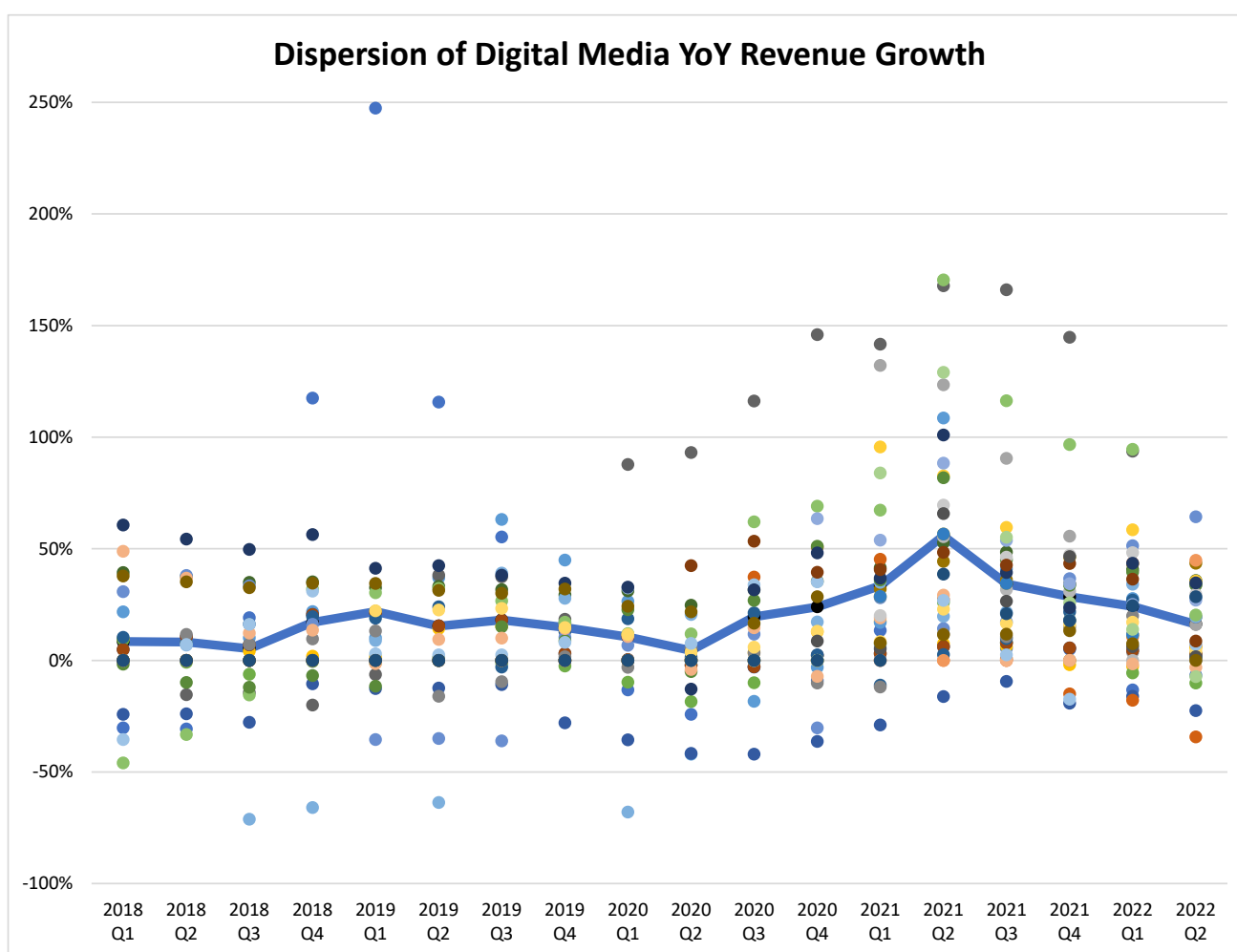
As discussed widely in the press, many of the large digital advertising related companies experienced challenging results in 2022. Meta and Twitter both saw YoY revenues decline by 1%, while Snap and Google Networks (i.e. only the digital display business line at Google) had marginal gains, 13% and 9% respectively. Versus the median digital media company, which was up 19%.



DISPERSION OF REVENUES

Q2 2022 Had Less Dispersion Than Recent Quarters

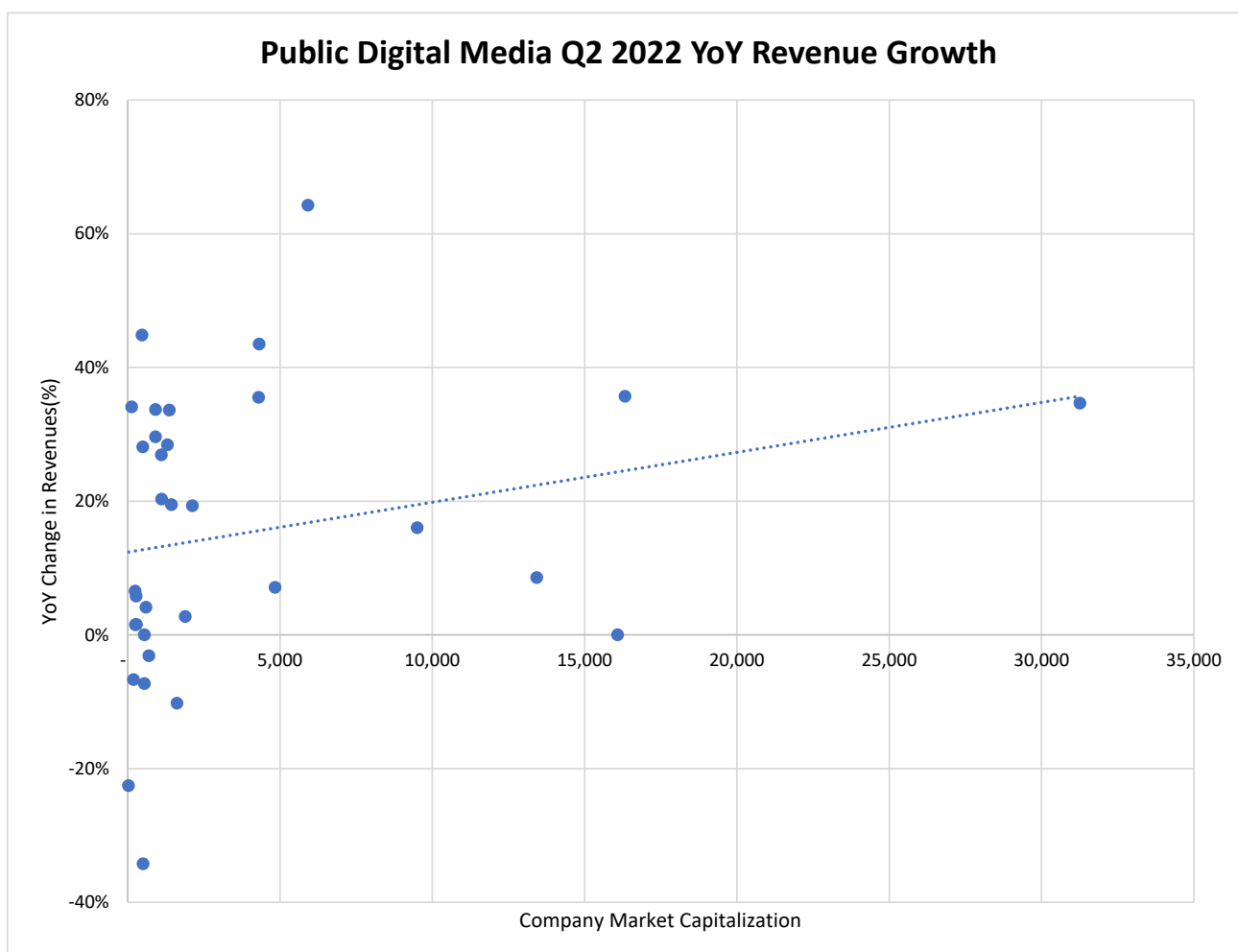
The graph below shows the individual companies' results, represented by dots, and the median. This reveals that during the covid period, there was more dispersion to the results with some very large increases. However, Q2 experienced less dispersion, but with less "big winners," the results are more muted.



GROWTH vs SIZE

Some Correlation Between Size and Performance

There does appear to be some correlation between size and Q2 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:

- ❖ Q2 2020 was a poor quarter for most companies. But for that same reason, Q2 2021 was a great quarter. Q2 2021 can likely be viewed as a “catch up” rather than a result of real growth.
- ❖ Standard deviation is a measure of the volatility of the results. Q2 2022 standard deviation of YoY results was only 21%, one of the lowest in this data set and well below the 30-40% results seen in 2020 and 2021.
- ❖ Average YoY growth in Q2 2022 was 16%. This is lower than the median because the average is being dragged down by companies that experienced a large shrink in revenues.

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	31	16%	19%	21%	81%

Appendix A

BREAKDOWN BY COMPANY

Below is a breakdown of individual company performance

Company	08/22/22 Market Cap (\$MM)	2022 Q2 Revenues (\$MM)	YOY Change in Revenues
AcuityAds, Inc.	189	28	-7%
AdTheorent, Inc.	244	42	7%
Applovin Corp.	9,478	776	16%
Brightcove, Inc.	279	54	6%
Cardlytics, Inc.	499	75	28%
Criteo, Inc.	1,632	495	-10%
CSG Systems International	1,899	262	3%
Digital Turbine, Inc.	2,126	189	19%
DoubleVerify, Inc.	4,323	110	43%
Fluent, Inc.	133	98	34%
Hubspot, Inc.	16,336	422	36%
IAC/InterActiveCorp.	5,937	1,363	64%
Innovid, Inc.	474	33	45%
Integral Ad Science, Inc.	1,367	100	34%
IronSource USA, Inc.	4,298	183	36%
Liveramp, Inc.	1,427	142	19%
Magnite, Inc.	1,123	138	20%
Marin Software, Inc.	28	5	-23%
MediaAlpha, Inc.	506	103	-34%
NetApp, Inc.	16,115	-	
Outbrain, Inc.	249	251	2%
Perion Network Ltd.	913	147	34%
Pubmatic, Inc.	1,101	63	27%
QuinStreet, Inc.	693	147	-3%
System1, Inc.	910	220	30%
Taboola, Inc.	597	343	4%
Tegna, Inc.	4,842	785	7%
Telaria, Inc.	551	76	-7%
The Trade Desk, Inc.	31,141	377	35%
Unity Technologies, Inc.	13,513	297	9%
Viant, Inc.	286	51	2%
Yext, Inc.	545	-	
Zeta Global Corp.	1,301	137	28%

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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.