



H2 2023

OAREX[®]

**DIGITAL MEDIA &
ADVERTISING
PAYMENTS
REPORT**

PREPARED BY

OAREX CAPITAL MARKETS, INC.

(855)-GO-OAREX

www.OAREX.com
info@oarex.com

INTRODUCTION & BASIS

In line with the industry-wide push for transparency, we began releasing quarterly payment data in 2018. In 2021, we shifted our pay study report from quarterly reviews to semi-annual. Now, our half year report includes data on payments OAREX received from companies across the digital media and advertising ecosystem, including ad networks and exchanges, Supply Side Platforms (SSPs), Demand Side Platforms (DSPs), media buyers, and ad agencies (all referred to as "debtors" within this report). Find the list of select H2 2023 debtor data on page 7.

Factors Analyzed in this Report: Timing & Amount

Across the entire ecosystem, pain points from payments are felt for two main reasons: late payments and underpayments -- this is the focus of the semiannual report.

- **Timing of Payments.** This inquiry asks, "How early or late does a debtor pay, relative to their stated net terms under which the invoice should be paid?"
- **Amount of Payments.** This inquiry asks, "How much did the collected amount vary from the amount billed?" It also takes all types of advertiser offsets or disputes into consideration.

Data Source: First-Hand Data

Because we collect payments from hundreds of debtors, the analyzed data was obtained first-hand. OAREX takes ownership in the invoices under a Purchase & Sales Agreement with clients, which means the debtors within the database are liable to pay OAREX directly.

Author Word of Caution on Debtor Data

On page 7, we report historical payment performance for each programmatic debtor over the past 6 months for which we received 6+ receipts. Sometimes there are non-credit issues for late payments, so please take the data with a grain of salt and read the full disclaimer at the end of this report. Also, we often review our data and make changes based on improved information. For example, if we find operational errors outside of the debtor's control which led to late payments, we will remove that data from our set.

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KEY HIGHLIGHTS: H2 2023 DATA

Late payments show signs of easing but remain elevated

Late payments began rising in H1 2022 and continued increasing throughout H1 2023, topping out at 48% of all payments and nearly reaching COVID lockdown highs of 52%. For the first time since H2 2021 late payments shrunk as a percent of all payments, falling 2% down to 46% of all payments. While a decrease here is positive news, it is relatively nominal and overall late payments remain elevated.

Another interesting note is that the percent of payments made more than 15 days late decreased, falling from 12% in H1 to 8% in H2, while the average days late (if late) remained flat at 11 days. Suggesting the frequency of late payments may be increasing.

| How Late | % of All Payments, 6 Months Ended | | | | | | | |
|------------------|-----------------------------------|--------|--------|--------|--------|--------|--------|--------|
| | Dec-23 | Jun-23 | Dec-22 | Jun-22 | Dec-21 | Jun-21 | Dec-20 | Jun-20 |
| All Only | | | | | | | | |
| Late 1-5 Days | 27% | 29% | 25% | 23% | 18% | 22% | 22% | 30% |
| Late 6-15 Days | 11% | 8% | 6% | 7% | 8% | 10% | 7% | 8% |
| >15 Days late | 8% | 12% | 11% | 12% | 10% | 11% | 10% | 14% |
| All Late | 46% | 48% | 42% | 41% | 36% | 43% | 39% | 52% |
| Avg Days if Late | 11 | 11 | 14 | 11 | 17 | 12 | 15 | 12 |

Underpayments continue increasing and significantly

Underpayments rose to 20% of all payments, a 5% increase compared to 15% in H1 2023. Underpayments have exceeded the 16% high seen during COVID and rose to a new all time high. This seems to be driven by an increase in 1-10% underpayments rather than larger underpayments.

| How Much Paid | % of All Payments, 6 Months Ended | | | | | | | |
|-------------------|-----------------------------------|--------|--------|--------|--------|--------|--------|--------|
| | Dec-23 | Jun-23 | Dec-22 | Jun-22 | Dec-21 | Jun-21 | Dec-20 | Jun-20 |
| All Only | | | | | | | | |
| 1-10% Underpaid | 15% | 11% | 10% | 9% | 9% | 7% | 8% | 11% |
| 10-20% Underpaid | 2% | 2% | 2% | 1% | 1% | 2% | 2% | 2% |
| >20% Underpaid | 2% | 2% | 1% | 1% | 1% | 2% | 1% | 3% |
| All Under Paid | 20% | 15% | 13% | 12% | 10% | 10% | 12% | 16% |
| Avg if Under Paid | -4% | -4% | -4% | -4% | -2% | -4% | -3% | -5% |

KEY DEBTOR HIGHLIGHTS

Only the following three programmatic debtors never paid late over the past 6 months (with at least 6 payments), a new all time low:

- Epsilon Data Management
- OpenX Technologies, Inc.
- Pulsepoint, Inc.

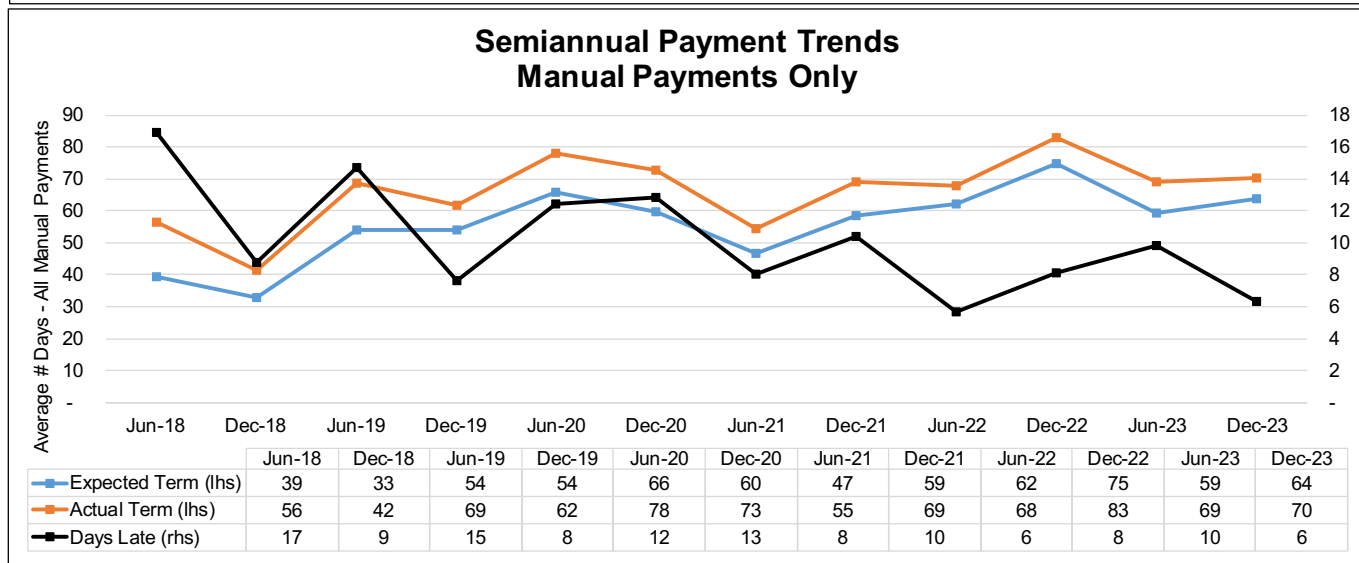
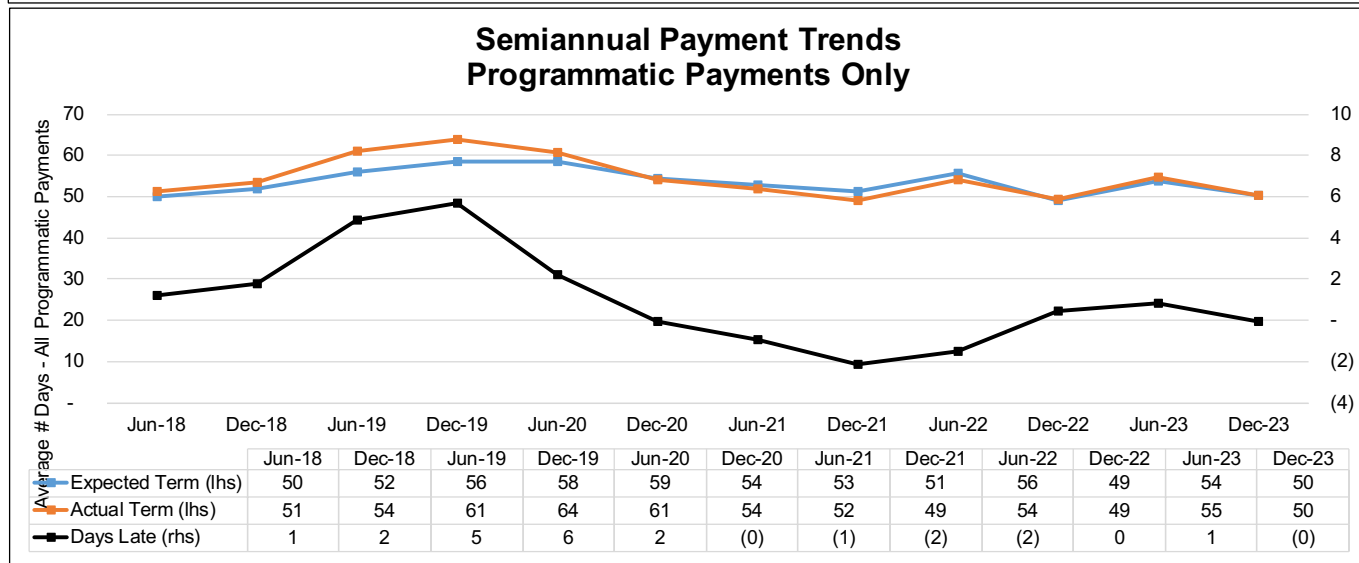
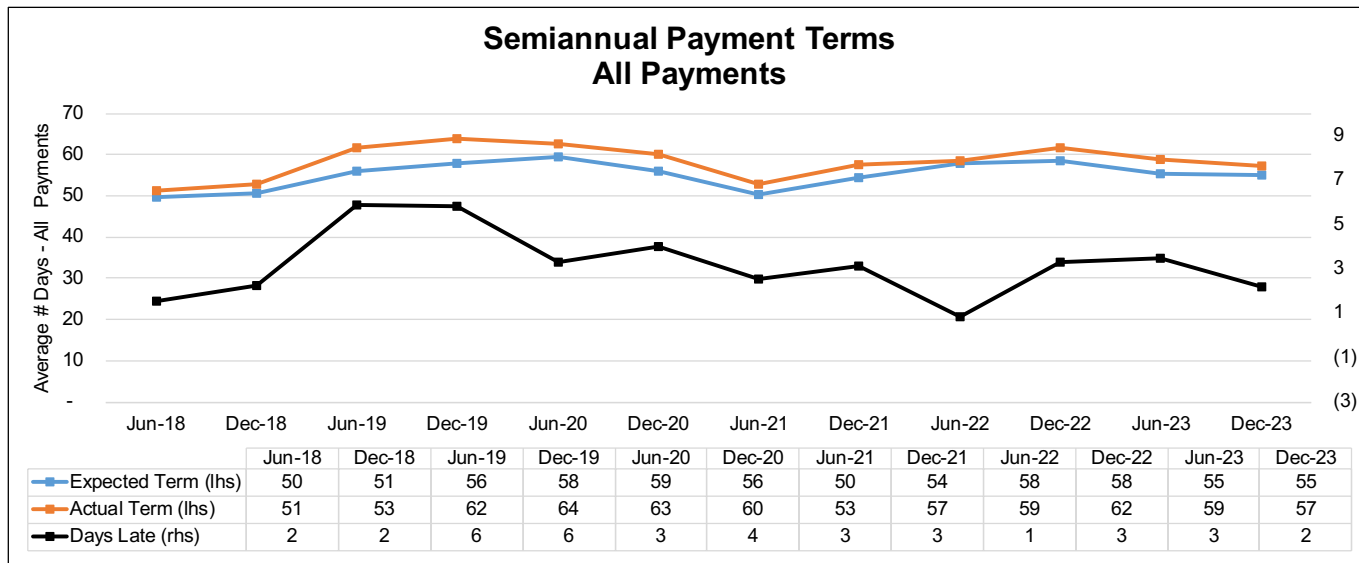
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OVERALL PAYMENT TRENDS

Small Decrease in Average Days Late

Overall, payments were 2 days late compared to 3 days late in H1 2023.

Programmatic payments on average were on time, and manual payments (Brands and Agencies) went from 10 days late to 6 days late.



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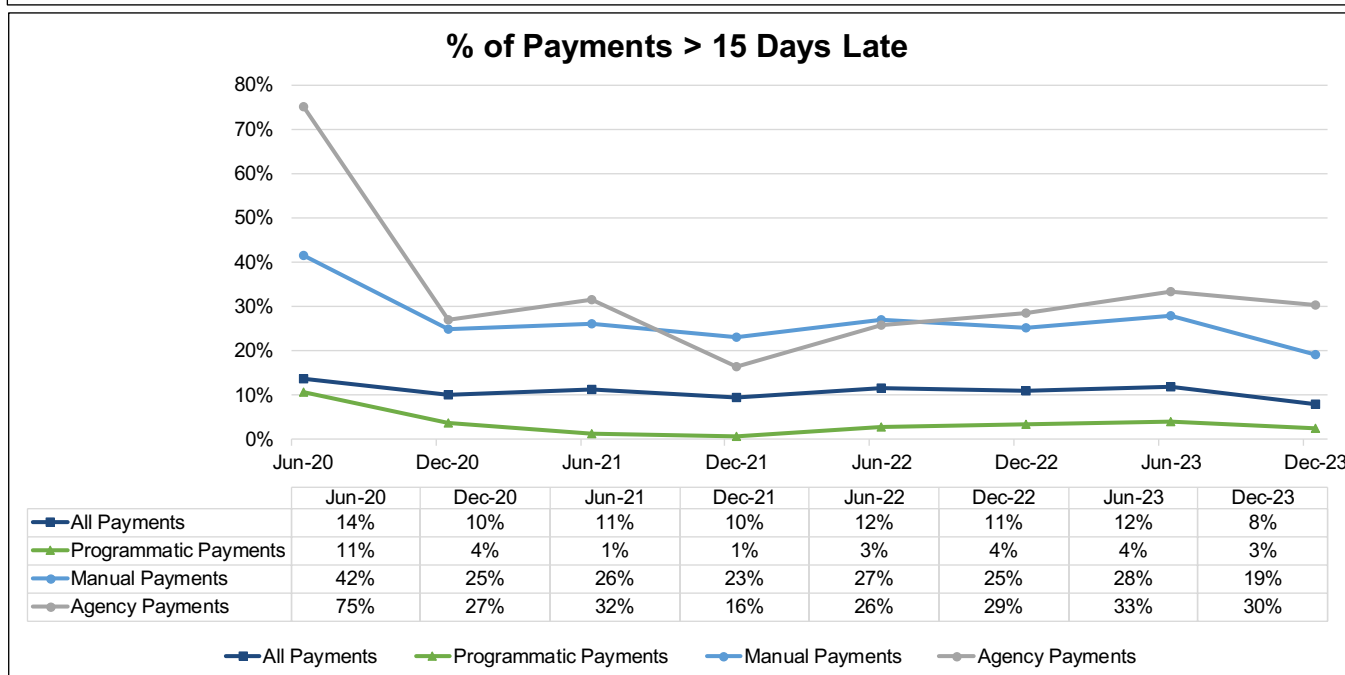
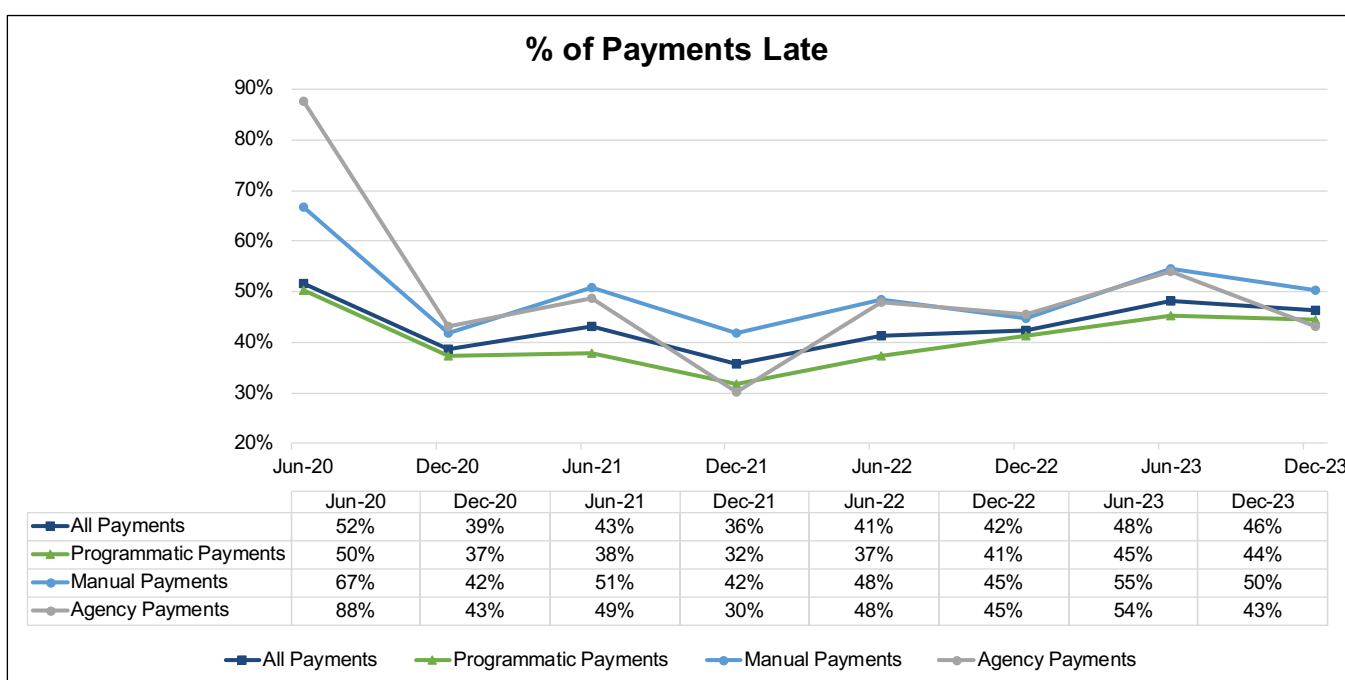
LATE PAYMENTS BY TYPE

Payment timing improves, Manual demand leads the way

In H2 2023, 46% of all payments were late, a small decrease from 48% experienced in H1 2023. H2 2023 data also showed that 8% of all payments were more than 15 days late, which is down from 12% in H1 2023.

Manual (Direct and Agency) payments improve:

- 50% of Manual payments were late, down from 55% in H1 2023
- 19% of all Manual payments were over 15 days late, down from 28% in H1 2023



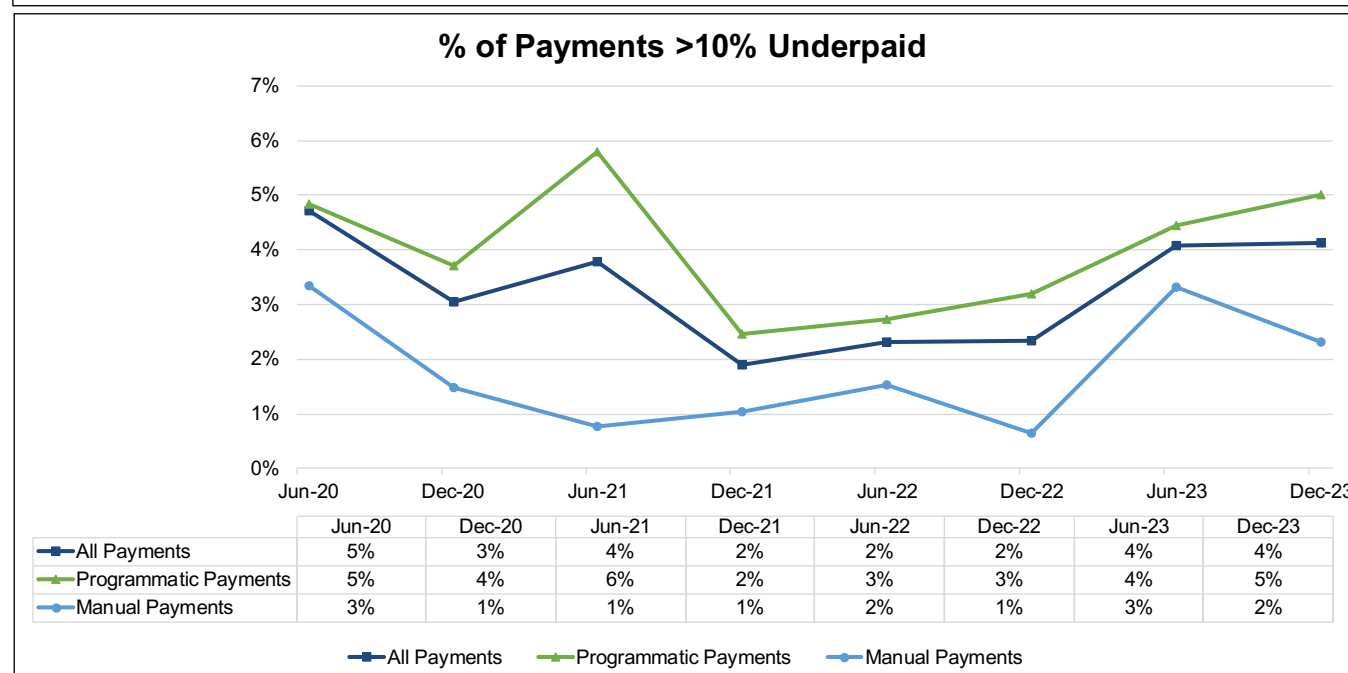
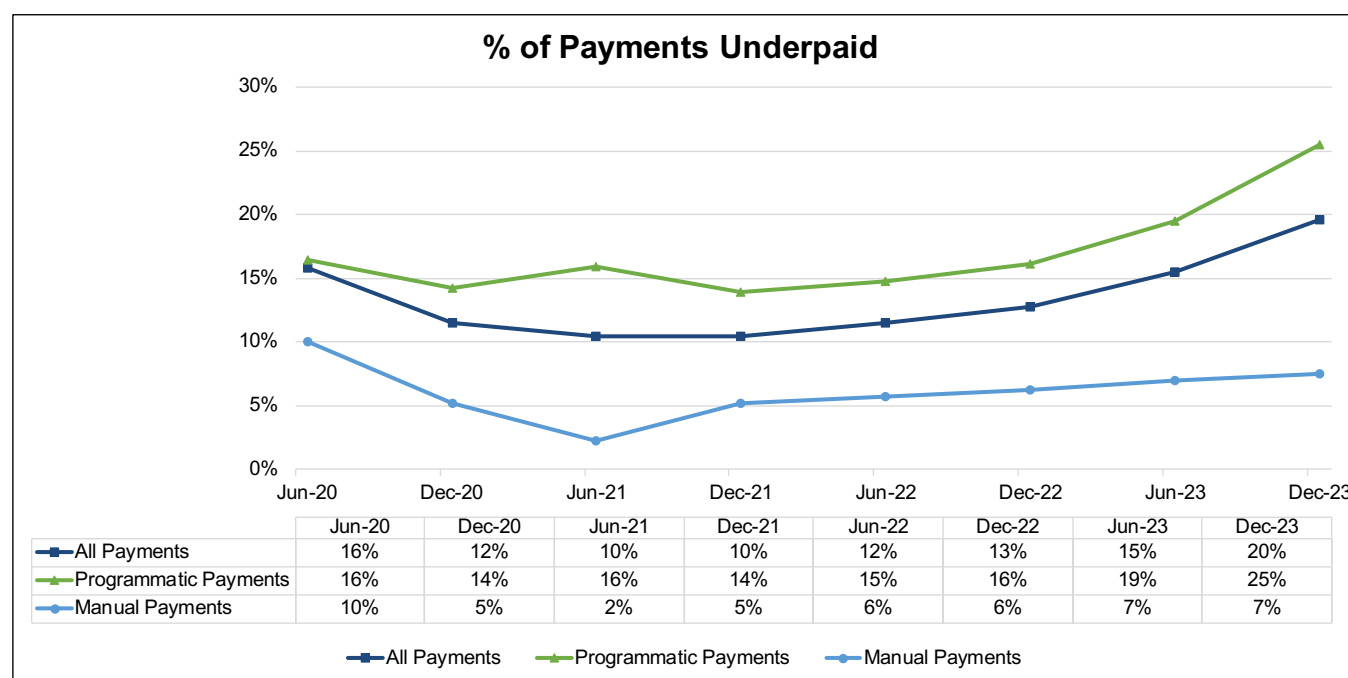
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UNDER PAYMENTS BY TYPE

Underpayments reach a new high, driven by programmatic payments

In H2 2023, 20% of all payments were underpaid, an increase from 15% in H1 2023. This marks two new all-time highs for underpayments: 20% is the highest percent of total underpayments and 5% is the largest increase on record.

Additionally, while total underpayments rose significantly, underpayments greater than 10% remained flat at 4% of all payments. Suggesting frequency, rather than size, of underpayments is driving this increase. Programmatic payments increased to 25% in H2 (up 6% from H1 2023) and were the driving force behind the overall increase in underpayments.



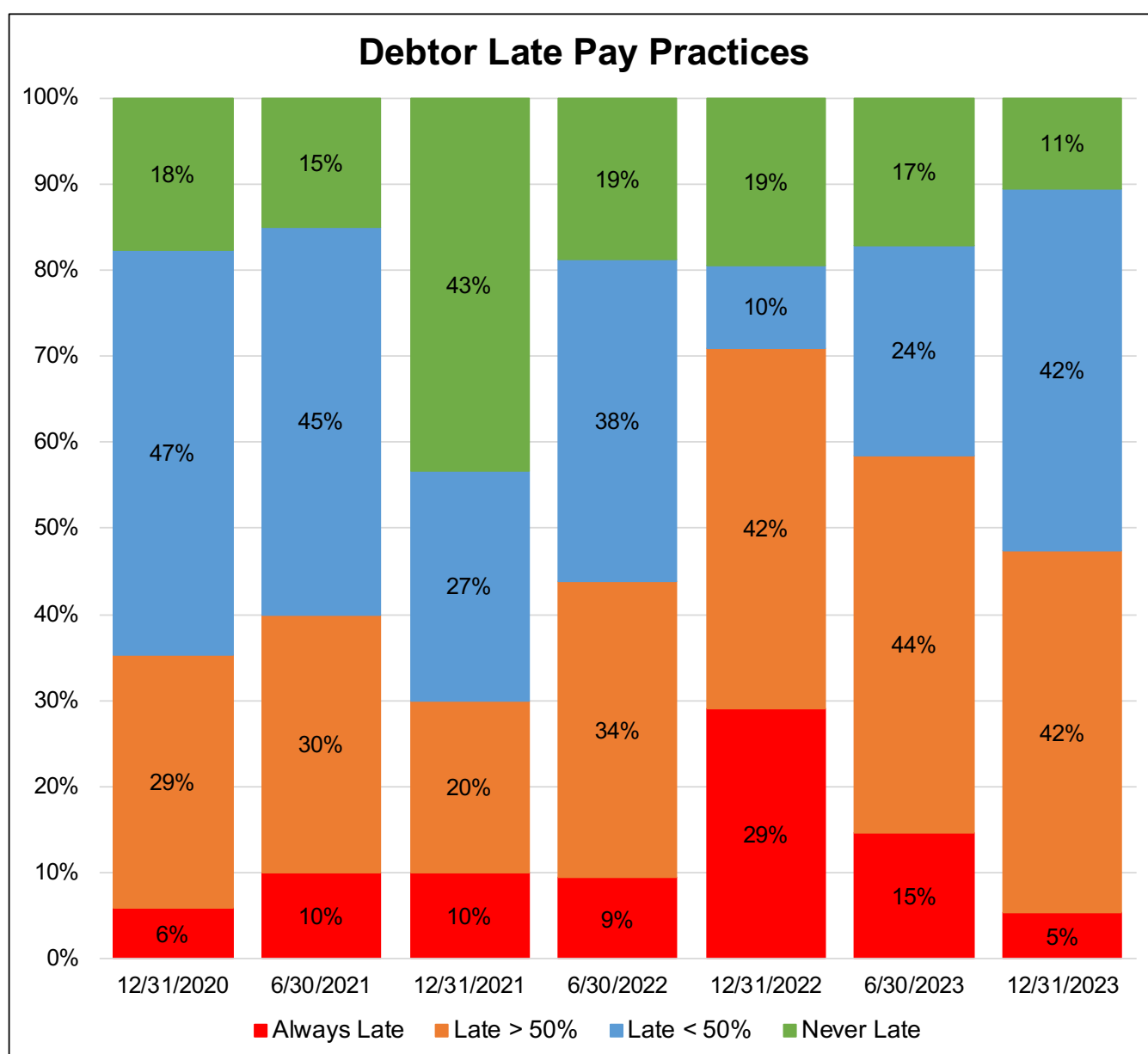
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DEBTOR LATE PAY PRACTICES

With data collected from over 1,200 digital media and advertising debtors, we analyzed the percentage that pay late versus on time. Below is a breakdown of average pay practices over time (only including debtors with at least 6 payments per period).

The result: There was a continued decrease in debtors that always paid on time. The best payors got worse, and the worst payors got better.

Only 11% of payors were always on time, a decrease from 17% in H1 2023 and a new all time low. Offsetting this, was a decrease in those that always paid late -- from 15% to 5% in H2 2023.



Appendix A – Payment Performance

BREAKDOWN BY DEBTOR

Below is a breakdown of individual debtor performance based on payments received in the past year. To best represent accurate information, we limit our analysis to debtors with at least 6 invoices paid in the period. Also, only programmatic debtors are displayed, which is for client confidentiality.

| 6 Months Ending 12/31/2023 | % of Payments | | | Avg. Days vs. Terms | | |
|--------------------------------|---------------|-------|---------|---------------------|----------------|---------------|
| | Payor | Early | On Time | Late | Late / (Early) | Days if Early |
| 33Across, Inc. | 12% | 71% | 18% | 0.2 | (3.0) | 3.0 |
| Adcolony, Inc. | 17% | 0% | 83% | 5.7 | (1.0) | 7.1 |
| Amazon.com, Inc. | 71% | 25% | 4% | (1.2) | (1.7) | 1.0 |
| BuyGoods Inc. | 74% | 5% | 21% | (2.5) | (4.1) | 2.6 |
| Click Sales, Inc. | 11% | 78% | 11% | 0.2 | (0.8) | 2.5 |
| Connatix Native Exchange, Inc. | 0% | 0% | 100% | 4.9 | | 4.9 |
| Edge Solutions Ltd. | 14% | 29% | 57% | 6.1 | (3.0) | 11.5 |
| Epsilon Data Management LLC | 100% | 0% | 0% | (8.8) | (8.8) | |
| Fyber GmbH | 17% | 0% | 83% | 14.5 | (4.0) | 18.2 |
| Gilead Sciences, Inc. | 86% | 0% | 14% | (10.1) | (28.7) | 101.0 |
| Google, Inc. | 79% | 18% | 3% | (2.5) | (3.2) | 0.8 |
| Index Exchange USA, LLC | 17% | 43% | 39% | (0.0) | (3.0) | 1.2 |
| Magnite, Inc. | 17% | 19% | 64% | 2.1 | (1.0) | 3.5 |
| Media.net Advertising FZ-LLC | 95% | 0% | 5% | (1.3) | (2.9) | 29.0 |
| Monet Engine, Inc. | 33% | 10% | 57% | 0.6 | (2.6) | 2.5 |
| Nativo, Inc. | 6% | 19% | 75% | 1.1 | (3.0) | 1.7 |
| Next Millennium Media, Inc. | 14% | 14% | 71% | 2.6 | (5.0) | 4.6 |
| OB Media LLC | 86% | 0% | 14% | (3.7) | (5.3) | 6.0 |
| Ogury Ltd. | 0% | 0% | 100% | 6.0 | | 6.0 |
| Onetag Limited | 38% | 13% | 50% | (9.0) | (26.7) | 2.0 |
| Onfocus SAS | 13% | 25% | 63% | 3.1 | (10.0) | 7.0 |
| OpenX Technologies, Inc. | 57% | 43% | 0% | (1.2) | (2.1) | |
| Perion Network Ltd. | 0% | 0% | 100% | 3.6 | | 3.6 |
| Pro Sportority Ltd. | 67% | 0% | 33% | (5.7) | (13.5) | 10.0 |
| Proper Media, LLC | 17% | 33% | 50% | 0.4 | (3.0) | 1.8 |
| PubMatic, Inc. | 70% | 27% | 3% | (2.1) | (3.1) | 1.2 |
| Pulsepoint, Inc. | 55% | 45% | 0% | (1.1) | (2.0) | |
| Sharethrough, Inc. | 4% | 0% | 96% | 4.4 | (9.0) | 4.9 |
| Sonobi, Inc. | 67% | 17% | 17% | (1.8) | (3.0) | 1.4 |
| Sovrn Holdings, Inc. | 0% | 4% | 96% | 1.6 | | 1.7 |
| System1, Inc. | 57% | 38% | 5% | (4.3) | (7.9) | 5.0 |
| Tapjoy, Inc. | 33% | 17% | 50% | (0.5) | (3.0) | 1.0 |
| Teads, Inc. | 69% | 0% | 31% | (1.7) | (12.7) | 23.0 |
| The MediaGrid Inc. | 11% | 0% | 89% | 3.2 | (3.5) | 4.0 |
| TripleLift, Inc. | 78% | 19% | 4% | (2.1) | (2.7) | 1.0 |
| TypeA Holdings Ltd. | 75% | 17% | 8% | (5.6) | (9.1) | 15.0 |
| Unruly Group Ltd. | 11% | 0% | 89% | 2.6 | (16.5) | 4.9 |
| Vidazoo Ltd. | 30% | 0% | 70% | (1.1) | (13.9) | 4.4 |
| Xandr, Inc. | 0% | 5% | 95% | 2.1 | | 2.2 |
| Zelto Inc. | 0% | 0% | 100% | 2.9 | | 2.9 |

Read This

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