

ROKU

peacock



CRACKLE

NOW

sling

fubo

pluto

philo

DIRECTV



plex

hbomax



peacock



Netflix



hulu

Digital Video/OTT Update

THE STREAMING WARS CONTINUE

JUNE 2023



Netflix



hulu



Houlihan Lokey

Executive Summary

The shift from pay TV to digital video and over-the-top (OTT) services continues unabated, but the battle for OTT dominance has grown more challenging and complicated.

- While initially waged by media and tech giants vying for subscription video-on-demand (SVOD) leadership, **the streaming wars are now being waged on multiple fronts**, including premium SVOD, ad-supported video-on-demand (AVOD), and free ad-supported streaming television (FAST) offerings.
- **Initial euphoria over SVOD fueled the proliferation of new streaming services**, and growing competition for SVOD dominance has driven massive content spend as the leading platforms competed to add and retain subscribers.
- **The SVOD wars have also been a catalyst for strategic M&A/industry consolidation** that has both reshaped the media landscape and disrupted the pay TV industry.
- But, following years of extraordinary growth and spending, and adulation from Wall Street, **leading streaming platforms have come under pressure. SVOD now faces historic levels of churn due to growing consumer fatigue and belt tightening.**
- **After years of emphasizing subscriber growth “at all costs,” profitability has now come into focus**, causing streamers to re-evaluate content strategies and business models.
- What's next?
 - **Growth in AVOD/FAST and Hybrid models will surpass SVOD over the near term** as leading OTT platforms move to attract and retain users with free and lower-priced services.
 - A great “rebundling” of streaming services is inevitable and has already started in order to address consumer frustration and subscription fatigue.
 - **Live sports will emerge as an important new battleground** among major streamers.
 - As growth in the U.S. markets start to mature, **big platforms will increasingly look abroad for growth.**
 - **Further M&A/consolidation is inevitable** as size matters more than ever in this climate and as leading OTT platforms look to expand IP/content offerings, augment services offerings and business models, and expand reach to global audiences.

Houlihan Lokey's Global OTT Coverage Team



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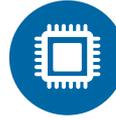
Houlihan Lokey

Houlihan Lokey is a leading global investment bank with expertise in mergers and acquisitions, capital markets, financial restructuring, and financial and valuation advisory.

Our Services

-  Corporate Finance
-  Financial Restructuring
-  Financial and Valuation Advisory

Our Coverage Areas

-  Business Services
-  Consumer, Food, and Retail
-  Energy
-  Financial Services
-  Healthcare
-  Industrials
-  Real Estate, Lodging, and Leisure
-  Technology
-  FinTech
-  Financial Sponsors Coverage
-  Equity Capital Markets
-  Debt Advisory

Key Facts and Figures



36
LOCATIONS
WORLDWIDE

~2,000
FINANCIAL
PROFESSIONALS

300+
MANAGING
DIRECTORS⁽¹⁾

2,000+
CLIENTS SERVED ANNUALLY

\$6B
MARKET
CAPITALIZATION⁽²⁾

\$1.8B
REVENUE⁽³⁾

(1) As of April 2023; excludes corporate MDs.

(2) As of May 2023.

(3) LTM ended March 31, 2023.

Houlihan Lokey

Houlihan Lokey is the trusted advisor to more top decision-makers than any other independent global investment bank.

2022 M&A Advisory Rankings All Global Technology Transactions

	Advisor	Deals
1	Houlihan Lokey	116
2	Goldman Sachs & Co	106
3	Morgan Stanley	79
4	Rothschild & Co	76
5	JP Morgan	75

Source: Refinitiv. Excludes accounting firms and brokers.

2022 M&A Advisory Rankings Global Transactions Under \$1 Billion

	Advisor	Deals
1	Houlihan Lokey	381
2	Rothschild & Co	369
3	JP Morgan	217
4	Lazard	206
5	Goldman Sachs & Co	203

Source: Refinitiv. Excludes accounting firms and brokers.

No. 1

Global M&A Advisor Under \$1 Billion

No. 1

Global M&A Fairness Opinion
Advisor Over the Past 25 Years⁽¹⁾

No. 1

Global Restructuring Advisor

Leading

Capital Markets Advisor

1,500+

Transactions Completed Valued at
More Than \$3.0 Trillion Collectively

1,000+

Annual Valuation Engagements

(1) Source: Refinitiv. Announced or completed transactions.

Our Tech M&A Team Is No. 1 Globally With Unparalleled Reach

Americas

Atlanta
Baltimore
Boston
Chicago
Dallas
Houston
Los Angeles

Miami
Minneapolis
New York
San Francisco
São Paulo
Washington, D.C.

Europe and Middle East

Amsterdam
Antwerp
Dubai
Frankfurt
London
Madrid
Manchester

Milan
Munich
Paris
Stockholm
Tel Aviv
Zurich

Asia-Pacific

Beijing
Fukuoka
Gurugram
Hong Kong SAR
Mumbai

Nagoya
Shanghai
Singapore
Sydney
Tokyo

No. 1

GLOBAL TECH
M&A ADVISOR*

36

LOCATIONS
WORLDWIDE

200+

TECHNOLOGY
BANKERS

40+

TECH MANAGING
DIRECTORS

115+

TECHNOLOGY
DEALS IN CY22

Local Technology team

*Source: Refinitiv. Excludes accounting firms and brokers.

How Houlihan Lokey Can Help

Our firm is extremely well equipped to help our clients navigate uncertain times. We respond quickly to challenging situations and are constantly helping clients analyze, structure, negotiate, and execute the best possible solutions from both strategic and financial perspectives.

What We Offer

<p>1.</p>	 <p>Corporate Finance</p>	<ul style="list-style-type: none"> Mergers and Acquisitions Capital Markets Private Funds Advisory Board Advisory Services 	<p>We are widely recognized as a leading M&A advisor to the mid-cap and have long-standing relationships with capital providers, including commercial banks and other senior credit providers, insurance funds, asset managers, and mezzanine fund investors. Few other investment banks maintain the breadth of relationships and capital markets intelligence that we do.</p>
<p>2.</p>	 <p>Financial Restructuring</p>	<ul style="list-style-type: none"> Company Advisory Special Situations Distressed M&A Liability Management Creditor Advisory 	<p>We have the largest restructuring practice of any global investment bank. Since 1988, we have advised on more than 1,500 restructuring transactions (with aggregate debt claims in excess of \$3.0 trillion). We served as an advisor in 12 of the largest 15 bankruptcies from 2000 to 2022.</p>
<p>3.</p>	 <p>Financial and Valuation Advisory</p>	<ul style="list-style-type: none"> Portfolio Valuation and Fund Advisory Transaction Opinions Corporate Valuation Advisory Services Transaction Advisory Services Real Estate Valuation and Advisory Dispute Resolution Consulting 	<p>Over nearly five decades, we have established ourselves as one of the largest financial and valuation advisory firms. Our transaction expertise and leadership in the field of valuation help inspire confidence in the financial executives, boards of directors, special committees, investors, and business owners we serve.</p>

Why We're Different

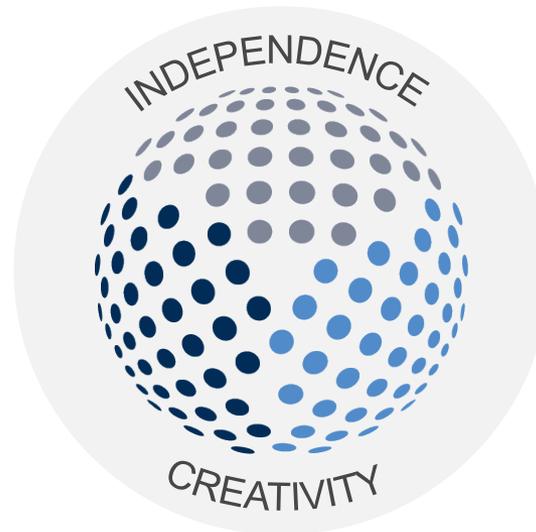
- ✓ **No. 1 for Global Under \$1B and Tech M&A***
- ✓ **Significant Experience With Financing Markets**
- ✓ **Senior-Level Commitment and Dedication**
- ✓ **Deep, Industry-Specific Expertise**
- ✓ **Superior Work Product/Technical Abilities**
- ✓ **Creativity, Imagination, Tenacity, and Positivity**

*Source: Refinitiv. Excludes accounting firms and brokers.

Houlihan Lokey is positioned in the large-cap and middle-market/growth sectors.

Large-Cap Transaction Expertise

- CEO-level relationships with leading tech companies
- Large senior team with unparalleled transaction experience
- Broad network including Fortune 500 relationships
- Highest-quality client service
- M&A advisory and capital-raising expertise



Middle-Market/Growth Sector Focus

- Unique global access to venture, private equity, and strategic investors
- Growth company focus
- Deep sector expertise and domain knowledge
- Extensive capital markets access
- Late-stage private through public company orientation

Houlihan Lokey Global Tech Conference 2023

October 3, 2023 | Lotte New York Palace Hotel

WHAT TO EXPECT AT THE EVENT

- **Panel Discussions From CEOs at High-Growth Companies:** A wide range of speakers will share their insights about navigating current market conditions and positioning their companies for future success across a variety of technology sectors.
- **Featured Speakers:** The conference will feature high-profile speakers and candid panel discussions with distinguished tech thought leaders, discussing a variety of topical themes.
- **Targeted One-on-One Meetings:** Houlihan Lokey will arrange targeted, one-on-one meetings for presenting companies over the course of the conference, advising on prospects, meeting structure, and materials and coordinating any follow-up.
- **Networking Opportunities:** Join an audience of strategic, financial, and institutional investors as well as other capital providers for lunch and end-of-day cocktails.

AGENDA

OCTOBER 2

Evening Pre-Conference
VIP Reception

OCTOBER 3

CONFERENCE:
Panels and 1x1s



Interested in presenting your
company at GTC 2023?
Email GTConference@HL.com

100+

PARTICIPATING COMPANIES

TARGETED

ONE-ON-ONE MEETINGS WITH
INVESTORS AND STRATEGIC
PARTNERS

700+

CONFERENCE ATTENDEES

Extensive History Advising Digital Media Companies

Houlihan Lokey professionals have unparalleled experience advising digital media companies across a wide range of transactions.

 <p>has received senior debt financing from</p>  <p>Exclusive Advisor</p>	 <p>has been acquired by</p>  <p>a portfolio company of</p>  <p>Financial Advisor</p>	 <p>has received a growth investment from</p>  <p>Financial Advisor</p>	 <p>has been merged into</p>  <p>Merger Advisor</p>	 <p>has been acquired by</p>  <p>Sellside Advisor</p>	 <p>a subsidiary of</p>  <p>has acquired</p>  <p>Financial Advisor</p>	 <p>has been acquired by</p>  <p>Sellside Advisor</p>	 <p>has been acquired by</p>  <p>Sellside Advisor</p>
 <p>has sold a majority stake in</p>  <p>to</p>  <p>Sellside Advisor*</p>	 <p>has acquired</p>  <p>supported by the successful placement of a senior secured credit facility</p> <p>Buyside Advisor & Placement Agent</p>	 <p>has successfully placed a senior secured credit facility in support of an acquisition</p> <p>Placement Agent</p>	 <p>has been acquired by</p>  <p>a portfolio company of</p>  <p>Sellside Advisor</p>	 <p>has acquired</p>  <p>Buyside Advisor*</p>	 <p>has merged with PropTech Acquisition Corporation via SPAC combination</p> <p>Advisor to Special Committee</p>	 <p>a subsidiary of</p>  <p>has been acquired by</p>  <p>Sellside Advisor</p>	 <p>has acquired</p>  <p>Buyside Advisor*</p>
 <p>has been acquired by</p>  <p>Sellside Advisor</p>	 <p>has been acquired by</p>  <p>Sellside Advisor</p>	 <p>has been acquired by</p>  <p>Sellside Advisor</p>	 <p>has received a majority investment from</p>  <p>Sellside Advisor*</p>	 <p>has completed a control transaction with</p>  <p>Financial Advisor</p>	 <p>a subsidiary of</p>  <p>has been acquired by</p>  <p>Sellside Advisor</p>	 <p>has been acquired by</p>  <p>Sellside Advisor</p>	 <p>has acquired</p>  <p>Buyside Advisor*</p>
 <p>\$28 million financing led by</p>  <p>Financial Advisor</p>	 <p>a portfolio company of</p>  <p>has been acquired by</p>  <p>Sellside Advisor</p>	 <p>a subsidiary of</p>  <p>has been acquired by</p>  <p>Sellside Advisor</p>	 <p>has been acquired by</p>  <p>Sellside Advisor</p>	 <p>has been acquired by</p>  <p>Sellside Advisor</p>	 <p>has been acquired by</p>  <p>Sellside Advisor</p>	 <p>has been acquired by EV Events Center, LLC a joint venture between Brooklyn Sports & Entertainment and AEG Presents with its regional partner The Bowery Presents</p>  <p>has received financing from</p>  <p>Sellside Advisor</p>	 <p>parent company of</p>  <p>has received financing from</p>  <p>Sellside Advisor</p>

*Selected transactions were executed by Houlihan Lokey professionals while at other firms acquired by Houlihan Lokey or by professionals from a Houlihan Lokey joint venture company. Tombstones included herein represent transactions closed from 2015 forward.

Extensive History Advising Digital Media Companies (cont.)

Houlihan Lokey professionals have unparalleled experience advising digital media companies across a wide range of transactions.

 <p>has been acquired by</p> <p>TouchTunes</p> <p>A portfolio company of</p>  <p>Sellside Advisor</p>	 <p>has been acquired by</p> <p>WIX.com</p> <p>Sellside Advisor*</p>	 <p>has received a strategic investment from</p>  <p>Sellside Advisor*</p>	 <p>has been acquired by</p>  <p>Sellside Advisor*</p>	 <p>Preferred Stock Offering</p> <p>Financial Advisor*</p>	 <p>has been acquired by</p>  <p>Sellside Advisor</p>	 <p>has been acquired by</p>  <p>Sellside Advisor</p>	 <p>has confirmed a Chapter 11 Plan of Reorganization, restructuring approximately \$450 million of debt</p> <p>Second Lien Noteholder Advisor</p>
 <p>has been acquired by</p>  <p>Sellside Advisor</p>	 <p>a portfolio investment of</p>  <p>Valuation Opinion</p>	<p>How2Media Inc, db/a</p>  <p>has received financing from</p>  <p>Financial Advisor*</p>	 <p>has entered into a strategic partnership with</p>  <p>Strategic Partnership Advisor*</p>	 <p>\$70,000,000 Series D Preferred Stock</p> <p>SHAMROCK FINANCIAL ADVISORS</p>  <p>Placement Agent*</p>	 <p>Secured Financing</p> <p>Financial Advisor*</p>	 <p>\$50,000,000 Financing</p>  <p>Financial Advisor*</p>	 <p>has been acquired by</p>  <p>Sellside Advisor*</p>
 <p>\$275,000,000 Series E Preferred Stock</p>  <p>Placement Agent*</p>	 <p>has been acquired by</p>  <p>Financial Advisor*</p>	 <p>has merged its gaming assets and made an investment into</p>  <p>Financial Advisor*</p>	 <p>investment from</p>  <p>Financial Advisor*</p>	 <p>has acquired</p>  <p>Buyside Advisor*</p>	 <p>has been acquired by</p>  <p>Sellside Advisor*</p>	 <p>has been acquired by</p>  <p>Financial Advisor*</p>	 <p>has divested its equity stake in</p>  <p>to</p> <p>ColumbusNova</p> <p>Financial Advisor*</p>
 <p>has been acquired by</p>  <p>Financial Advisor*</p>	 <p>has acquired</p>  <p>Financial Advisor*</p>	 <p>\$23,000,000 Series C Preferred Stock</p>  <p>Financial Advisor*</p>	 <p>Beats Electronics, LLC</p> <p>has licensed certain trademarks and trade names to</p> <p>Daisy, LLC</p> <p>Fairness Opinion</p>	 <p>has raised equity from Wood Creek Capital to acquire</p>  <p>Financial Advisor*</p>	 <p>has divested</p> <p>Rovi Entertainment Store</p> <p>Sellside Advisor*</p>	 <p>has been acquired by</p>  <p>Financial Advisor*</p>	 <p>sold stake in</p>  <p>to</p> <p>Sumitomo Corporation</p> <p>Sellside Advisor*</p>

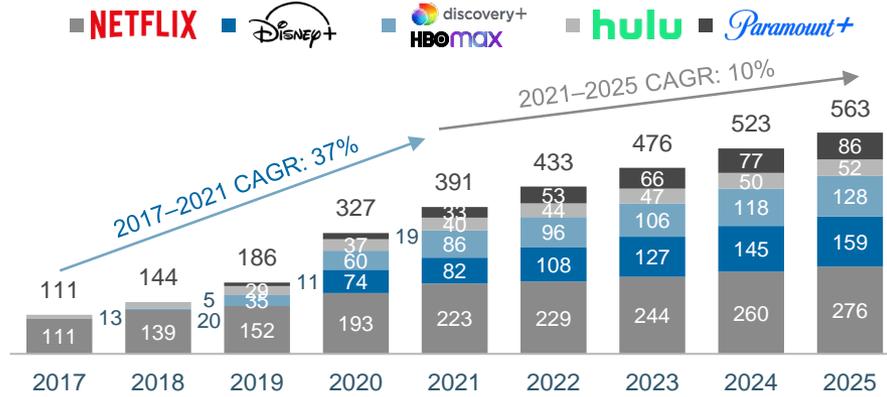
*Selected transactions were executed by Houlihan Lokey professionals while at other firms acquired by Houlihan Lokey or by professionals from a Houlihan Lokey joint venture company. Tombstones included herein represent transactions closed from 2008 forward.

The Streaming Wars Continue, but Things Have Gotten More Complicated and Challenging

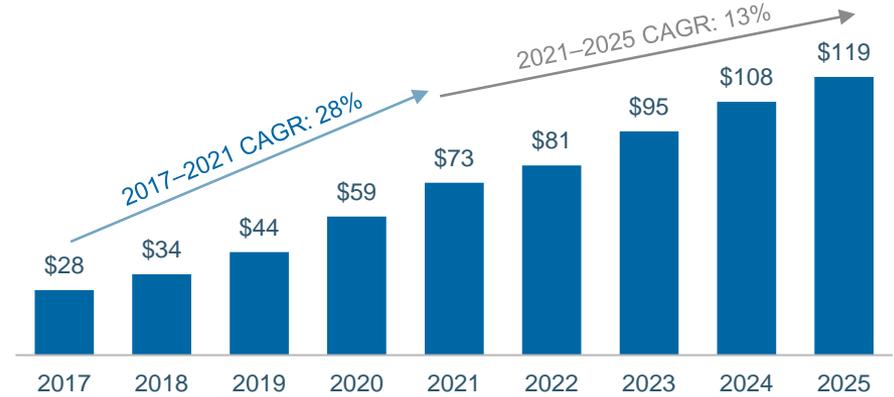
The streaming wars were initially waged by media and tech giants vying for leadership in the premium SVOD space, resulting in an explosive increase in the number of streaming services and the massive growth of SVOD viewers and revenues.

After Years of Extraordinary Growth, SVOD Is Facing Major Headwinds; Outlook for Growth Has Deteriorated

Global Subscriber Count (in Millions)⁽¹⁾



Global SVOD Revenues (\$ in Billions)⁽²⁾



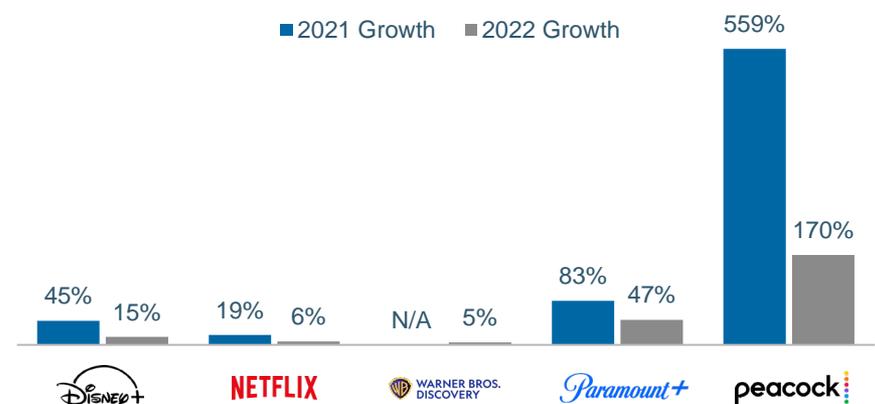
SVOD Subscription Growth Is Slowing in the U.S....

U.S. SVOD Subscriptions (Unique Accounts in Millions)⁽³⁾



...Impacting All Leading Streaming Platforms

Revenue Growth of Selected Platforms⁽⁴⁾

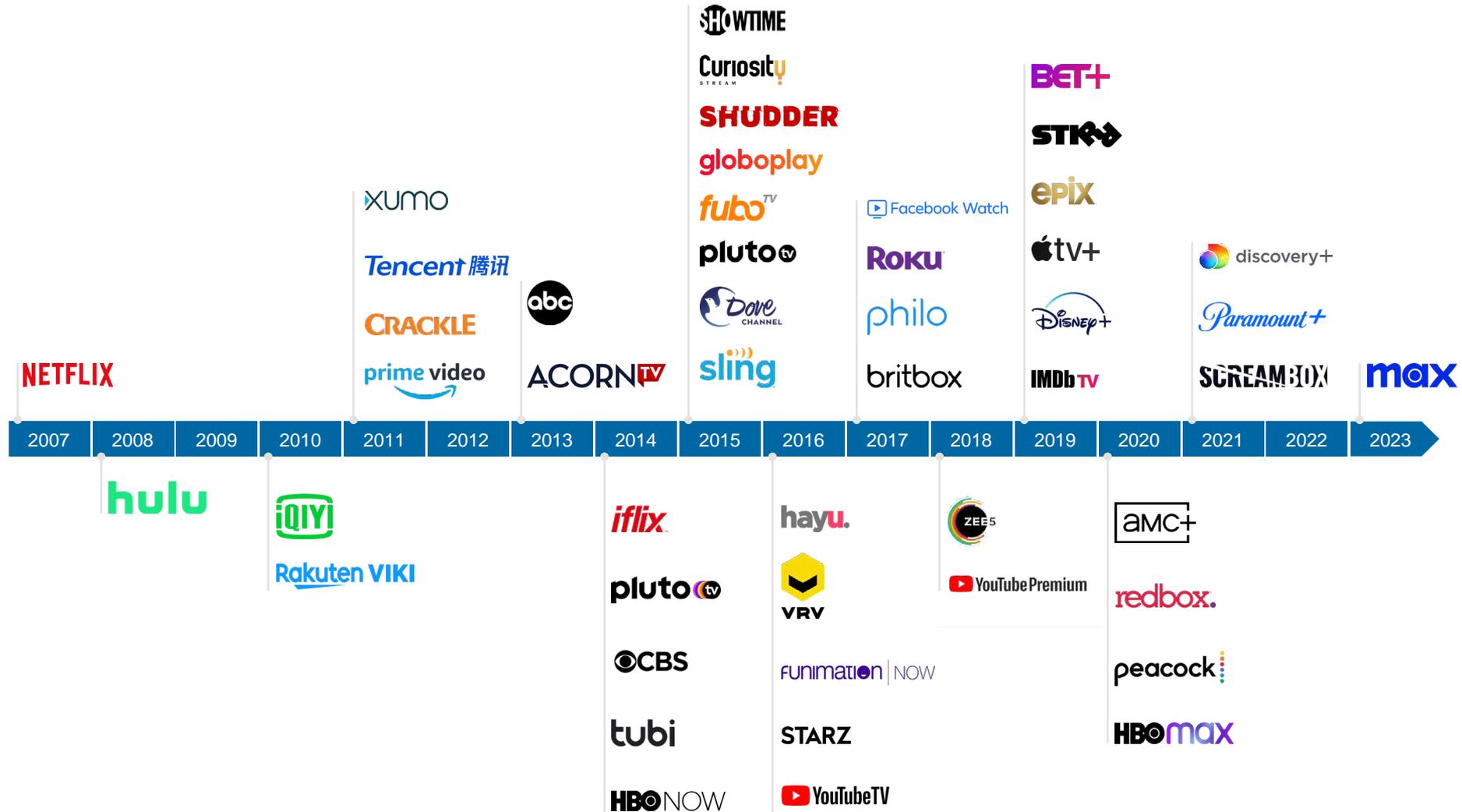


(1) Morgan Stanley, "Media and Entertainment—Has the Streaming Reckoning Arrived?" 2022; Statista; IndieWire.
(2) Statista, April 2023.

(3) MIDiA Research.
(4) Company earnings releases, presentations, and filings.

Initial Euphoria Over SVOD Fueled the Proliferation of New Streaming Services

OTT Platform Launches by Year

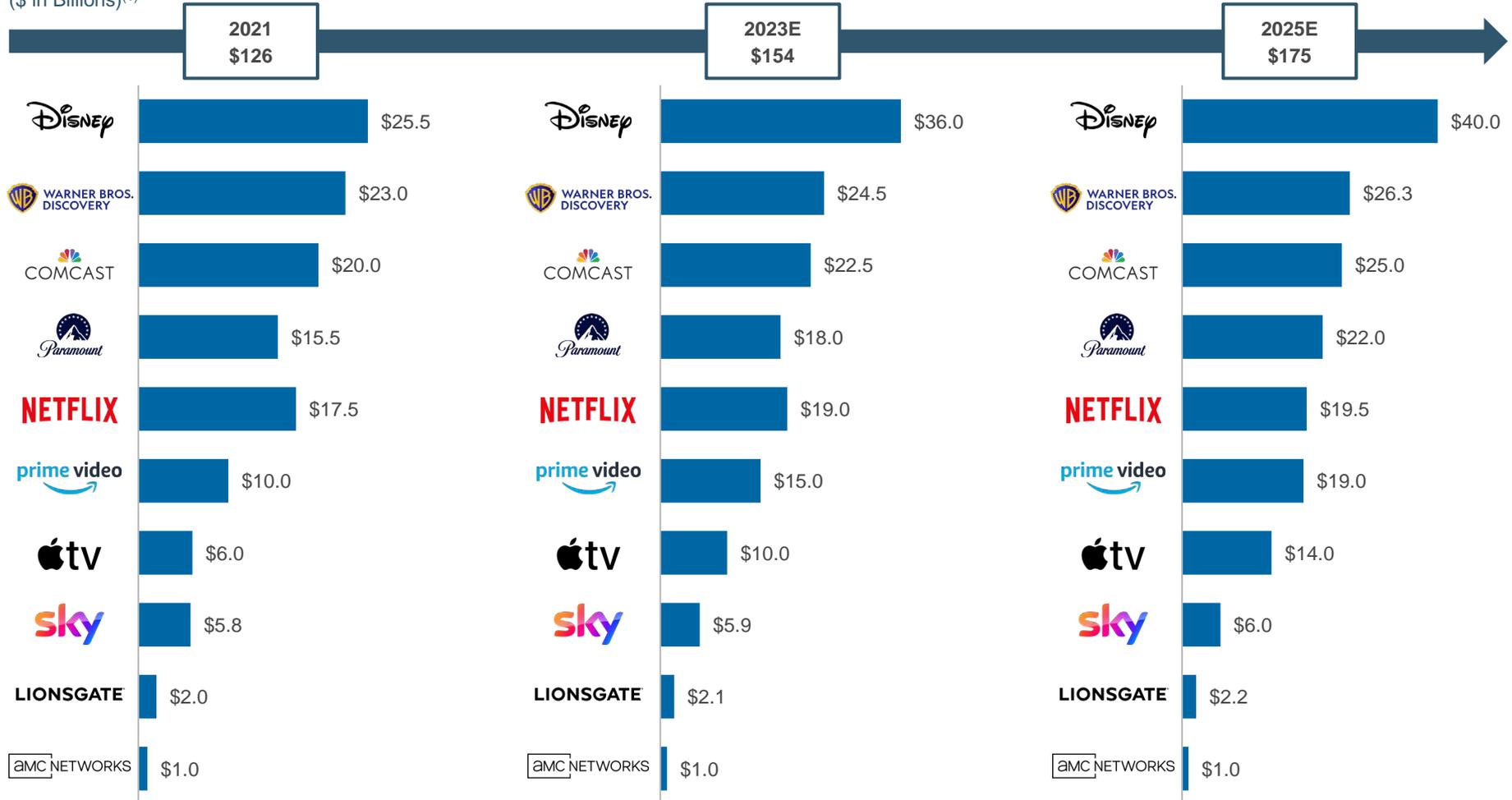


Fierce Competition for SVOD Dominance Has Driven Massive Content Spending...

Competition among the major streaming platforms has been a catalyst for spend, notwithstanding a near-term pullback.

Content Spend for Selected Streamers

(\$ in Billions)⁽¹⁾

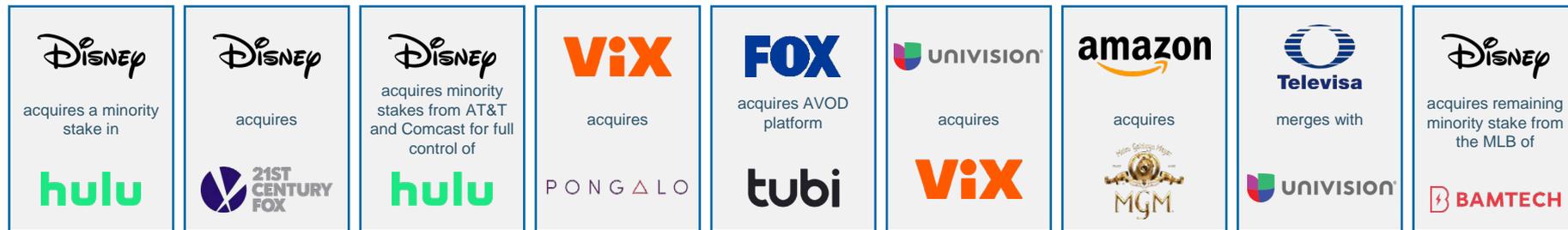


(1) Variety Intelligence Report, Streaming Platform Report.

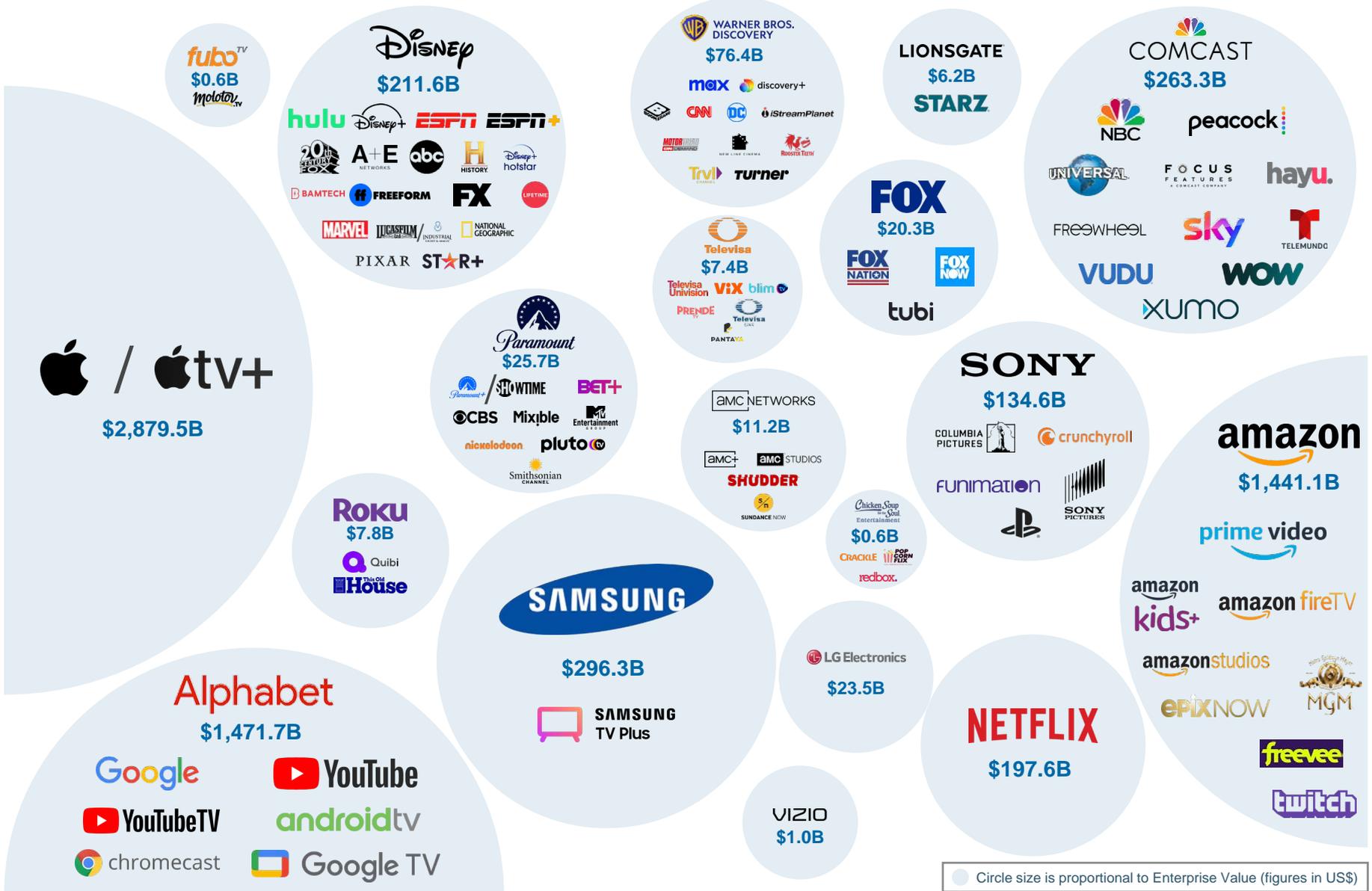
...And Has Been a Catalyst for Strategic M&A and Consolidation...

Media companies have used M&A to aggressively expand offerings, capabilities, and scale.

Selected Transactions



...Which Has Transformed the Media Landscape...



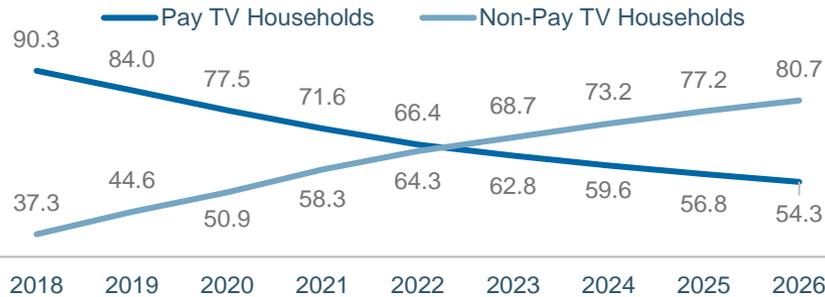
Sources: S&P Global Capital IQ, PitchBook, Mergermarket, company websites, company filings. Market data as of 6/23/2023.

...And Has Disrupted the Pay TV Industry

Further linear TV losses are expected as audiences embrace streaming.

Non-TV Subscriber Households Projected to Surpass Pay TV Subscriber Households in 2023

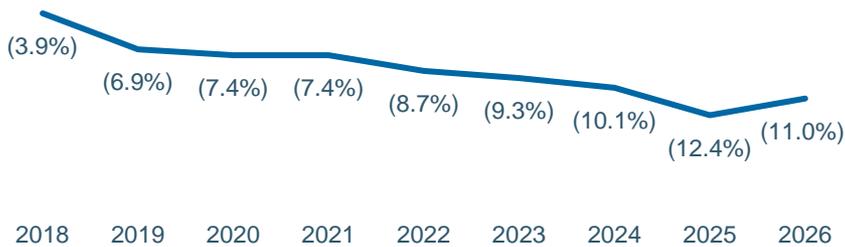
(Pay TV and Non-Pay TV Households, in Millions)⁽¹⁾



Year	2018	2019	2020	2021	2022	2023	2024	2025	2026
Pay TV Subscription Revenue, \$B ⁽²⁾	\$95	\$92	\$92	\$88	\$86	\$84	\$82	\$82	\$82

Pay TV Declines Have Accelerated

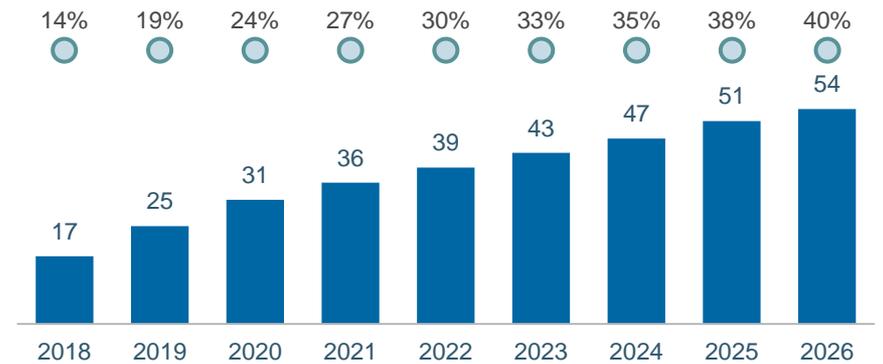
Year-Over-Year Change in Pay TV Subscribers⁽³⁾



Year	2018	2019	2020	2021	2022	2023	2024	2025	2026
Pay TV Net Adds, M ⁽³⁾	(6.2)	(6.3)	(5.8)	(6.3)	(6.1)	(6.1)	(6.7)	(5.2)	(5.2)

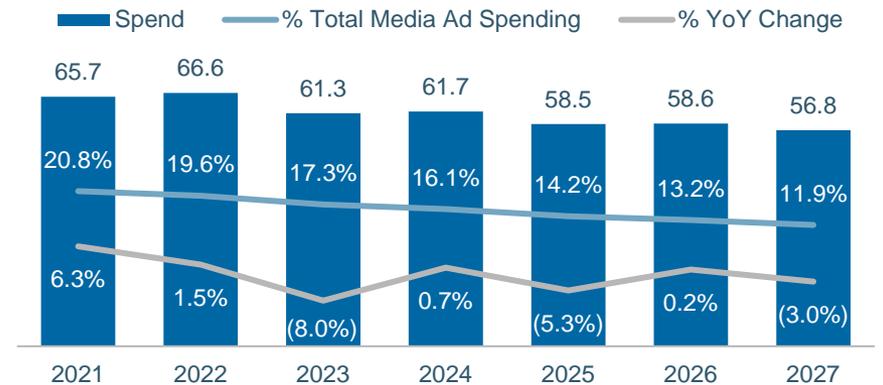
Households Continue to Cut the Cord

U.S. Cord-Cutter Households (in Millions)⁽³⁾



Pay TV Ad Spend Following Suit

U.S. Pay TV Ad Spend (\$ in Billions)⁽¹⁾



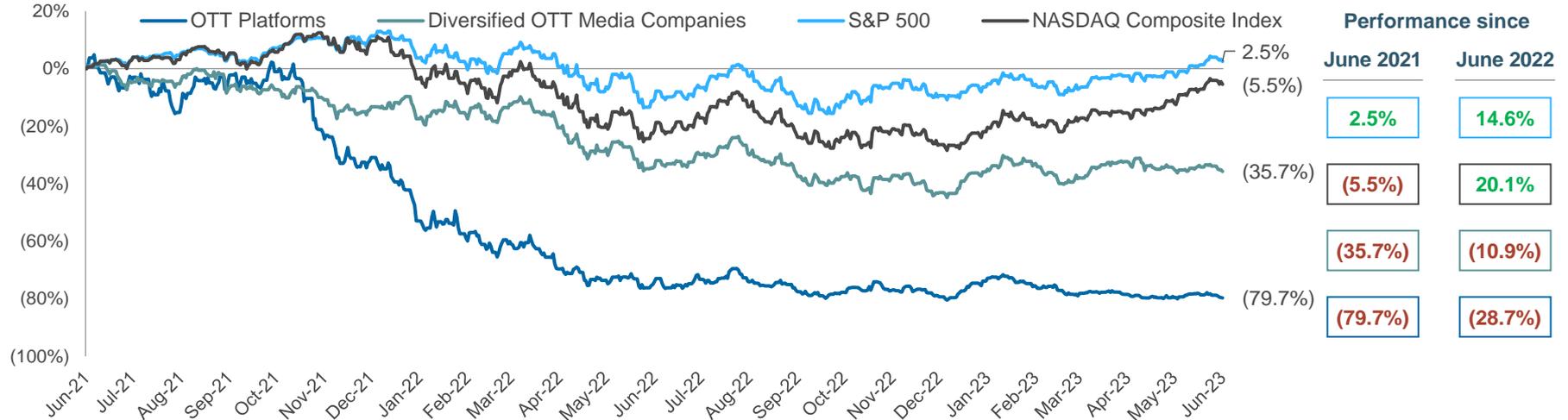
(1) eMarketer.

(2) Morgan Stanley, "Media and Entertainment—Has the Streaming Reckoning Arrived?" 2022.

(3) Wells Fargo, "The Future of Media: Linear Pain, Few Will Gain" 2022.

However, the OTT Industry Has Come Under Pressure as SVOD Faces Headwinds

Relative Stock Performance



- 1 Macro Challenges:** Rising inflation and looming recession are putting pressure on consumer discretionary spending, including SVOD.
- 2 Historic Churn:** Subscriber churn is hitting an all-time high as cost-conscious consumers are fatigued with the growing number of streaming options.
- 3 Revenue and Profitability Misses:** In April 2022, for the first time in over 10 years, Netflix reported a loss of 200,000 subscribers. Russia sanctions further hindered growth expectations. Roku missed expectations on both the top and bottom line in July 2022. Chicken Soup for the Soul reported a bigger loss than expected in August 2022.
- 4 Highly Competitive Landscape:** SVOD competition is fierce, and the market in the U.S. is maturing. The streaming wars have gotten more complicated and are now being fought across multiple fronts: SVOD, AVOD, FAST, and Hybrid.
- 5 Valuation Recovery:** Notwithstanding the numerous macro headwinds facing the sector, in 2023, OTT platforms have gradually regained some of the losses experienced in 2022 as underlying company fundamentals have been stronger than expected (e.g., Netflix added 7.66 million subscribers in Q4 2022 vs. the 4.57 million consensus estimates, and Roku added ~5 million users in Q4 2022).

Selected Companies in OTT Platform Index



Selected Companies in Diversified Media With OTT Offering Index

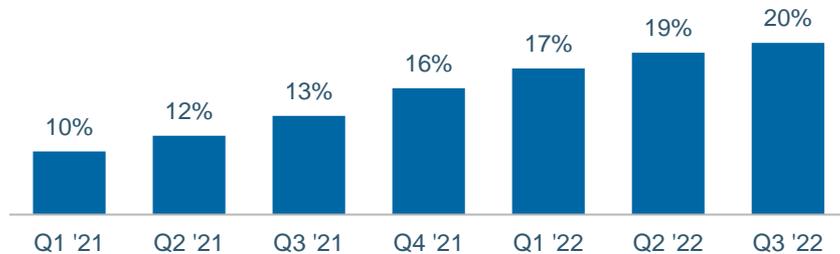


SVOD Faces Historic Levels of Churn Due to Growing Subscriber Fatigue and Belt-Tightening

The abundance of OTT options and increasingly cost-conscious subscribers has resulted in rising churn rates.

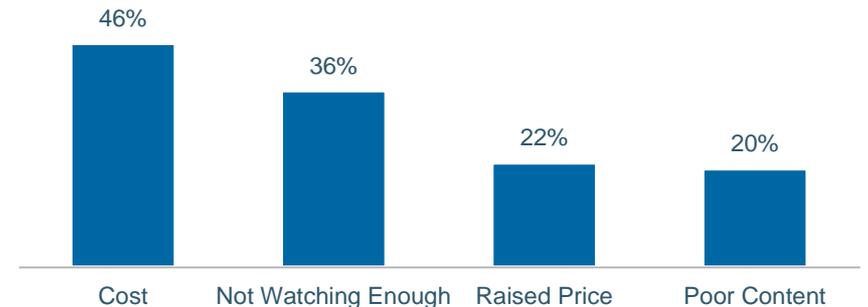
SVOD Churn Hitting All-Time Highs

Share of Premium SVOD Subs Canceling Three-Plus Services Within Past Two Years⁽¹⁾



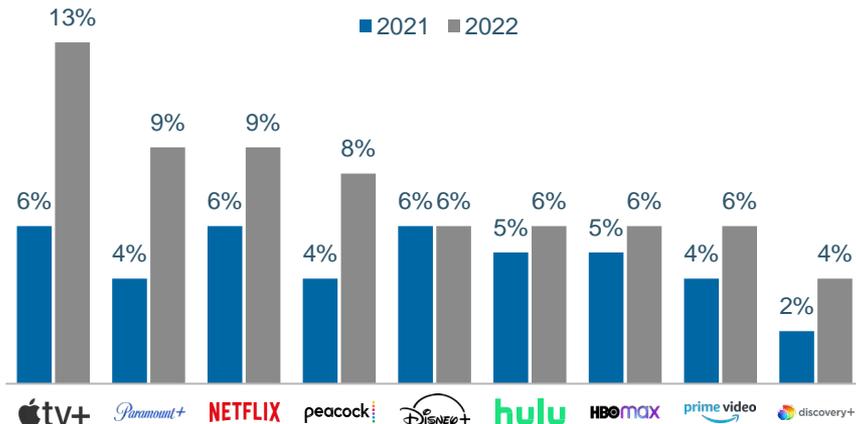
Cost Is Primary Reason for Churn

Based on Survey Data⁽¹⁾



Cancellations Increasing Across All Platforms

Share of Subscriptions Canceled During the Year per Platform⁽¹⁾



Streaming Fatigue and Inflation Are Large Contributors to SVOD Churn

- ~65%** Of people reported cancelling at least one video streaming service in the past year⁽²⁾
- ~47%** Of people feel they are paying too much for streaming services⁽²⁾
- ~52%** Of people will deal with ads to enjoy a lower price point⁽²⁾
- ~3%** Of people who cancelled a streaming plan report going to another paid streaming platform⁽²⁾
- ~25%** Of people cited "too expensive" as the top reason for cancelling⁽²⁾
- ~50%** Reduction in number of streaming services people subscribe to in the past six months⁽³⁾

Consumers are **overwhelmed by the sheer number of services they need to subscribe to** in order to access their desired content. Navigating the **labyrinth of platforms** to find a specific show or movie can be a frustrating experience, and the **cost of multiple streaming subscriptions can quickly add up.**

(1) Variety Intelligence Report 2022.

(2) Blue Label, October 2022.

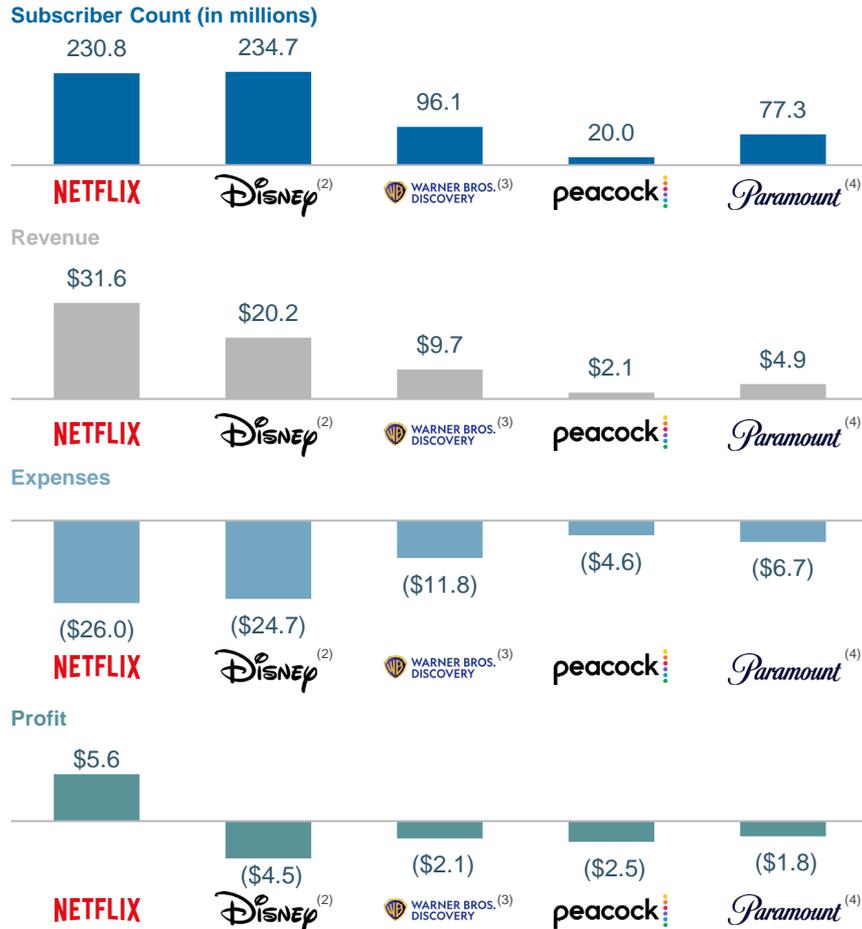
(3) Reviews.org, February 2023.

After Years of Subscriber Growth at All Costs, Profitability Has Come Into Focus

Streaming platforms are increasingly focused on profitability due to slower subscriber growth and broader macro headwinds.

Netflix Is Currently the Only Profitable Major Streaming Platform...

Figures Reflect Calendar Year 2022 Results (\$ in Billions)⁽¹⁾



(1) Company filings and earnings releases.
 (2) Subscribers to Disney bundles are counted as if they subscribed to each platform separately.
 (3) Warner Bros. Discovery figures represent HBO, HBO Max, and Discovery+.

...Leading to Increased Focus on Each Platform's Near- and Long-Term Strategies



"We identified a number of approved investments and foregone revenue...that impacted full year 2022 EBITDA by roughly \$2 billion. Some examples of these business decisions include...substantial investments in direct to HBO Max films for which we did not find sufficient support. This means adjusting the way we invest going forward." – Gunnar Wiedenfels, Senior EVP and CFO, August 2022



"[We need to rationalize] our enviable streaming business and put it on a path to sustained growth and profitability while also reducing expenses to improve margins and returns...I have drilled down into every facet of the streaming business to determine how to achieve both profitability and growth. And so with that goal in mind, we will focus even more on our core brands and franchises, which have consistently delivered higher returns." – Robert Iger, CEO and Director, February 2023



"We're integrating Showtime and Paramount+ to make it Paramount+ with Showtime...And it's a win for Paramount because by being a stronger product, it will be accretive to revenue...[and] on an expense basis. It costs more money to market two brands, two products, two platforms, two organizations...We've quoted a \$700 million number in [synergies]." – Robert Bakish, CEO, March 2023



"We have an excellent business in NBC and our cable networks. We spend quite a bit of money creating content, and so [we are] migrating some of that content as eyeballs move to a more streaming universe...We had a phenomenal year getting to 20 million paid subs...And we see this coming year as the peak year in investment." – Michael Cavanagh, President, January 2023

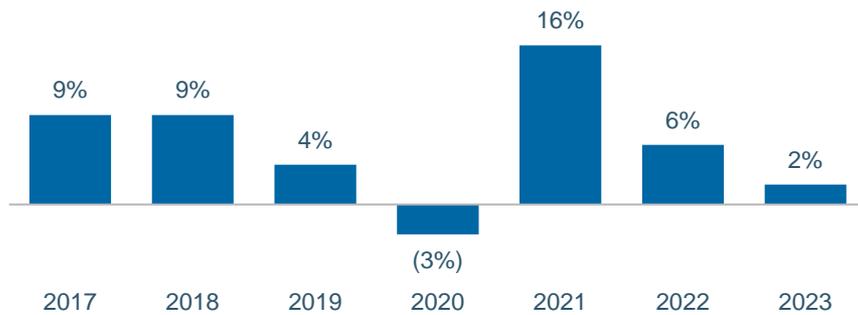
(4) Paramount figures represent Paramount+, Showtime OTT, and all other subscription streaming services.

Streamers Reevaluate Content Strategies

After ramping spend on original and exclusive licensed content to differentiate the platforms, streamers are reconsidering content strategies.

Global Content Spend Growth Decelerating

Year-Over-Year Global Content Spend Growth (%)⁽¹⁾



After Years of Aggressive Expansion, the Pace of Original Content Spend Is Slowing

Original Content Spend (\$ in Billions)⁽²⁾ ■ Spend ● YoY Growth %



As Profitability Comes Into Focus, the Walled Garden May Be Coming Down

Streaming platforms have historically avoided licensing their content to third parties when launching their own platform to grow their subscriber base. However, as profitability becomes more top of mind, many are switching gears to monetize their IP more efficiently.

“Once you decide your streaming ambitions aren’t your ‘north star,’ **why not license as much as possible?** Catalog only has value to streaming services if you can drive meaningful daily time spent where subscribers are getting lost in your service.”



Aug. 2022



“I have drilled down into every facet of the streaming business to determine how to achieve both profitability and growth...This may include greater use of legacy distribution opportunities to **increase revenue and more effectively amortize content investment.**”

Robert Iger, CEO and Director,
Walt Disney Company

Feb. 2023



“[Ozark] was a huge hit for Netflix, but in a year or two, people will not be signing up to watch Ozark...The question now is how does Netflix make additional revenue from the show? It’s probably by finding a new partner for whom Ozark is exceptionally more valuable...Now we’ve reached the point where less flush streamers **will happily pay to air reruns of other streamers’ content.**”

PUCK NEWS

Dec. 2022



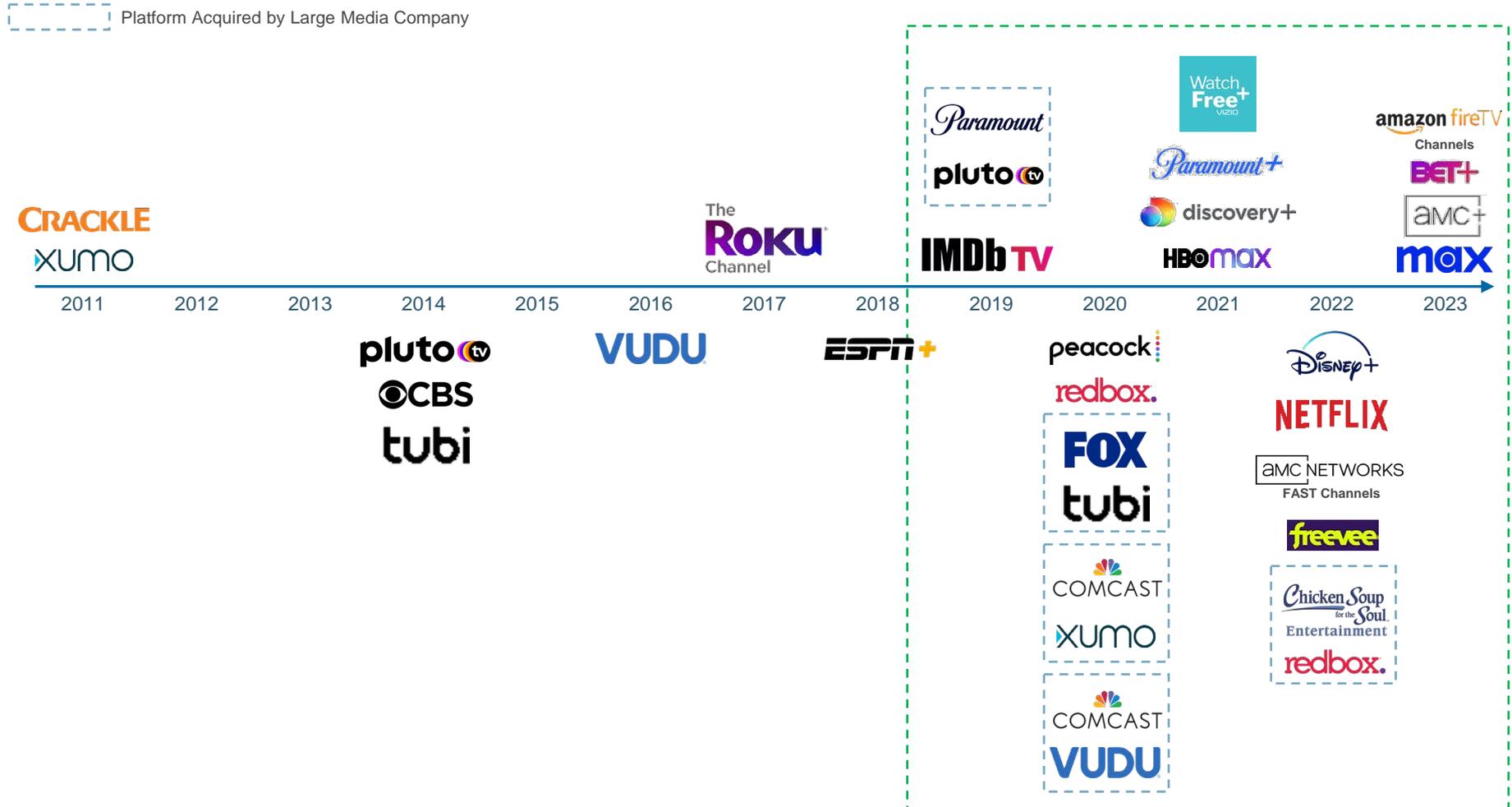
(1) The Hollywood Reporter, April 2022.

(2) S&P Capital IQ, April 2022. Represents spend of Prime Video, Apple TV+, Disney+, Netflix, and HBO Max.

As SVOD Challenges Have Emerged, the Shift to AVOD, FAST, and Hybrid Models Has Accelerated...

Companies have increasingly focused on launching or acquiring AVOD/FAST offerings to diversify revenue streams and to capitalize on growing ad demand.

AVOD/FAST Platform Proliferation—20+ Launches/M&A in Past Five Years⁽¹⁾

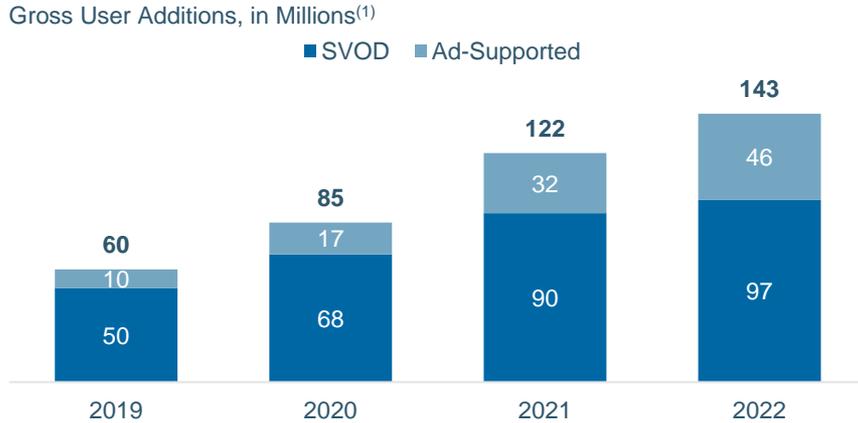


(1) Includes announced offerings in 2023.

...And the Streaming Wars Are Now Being Fought Across Multiple Fronts: SVOD, AVOD, FAST, and Hybrid Models

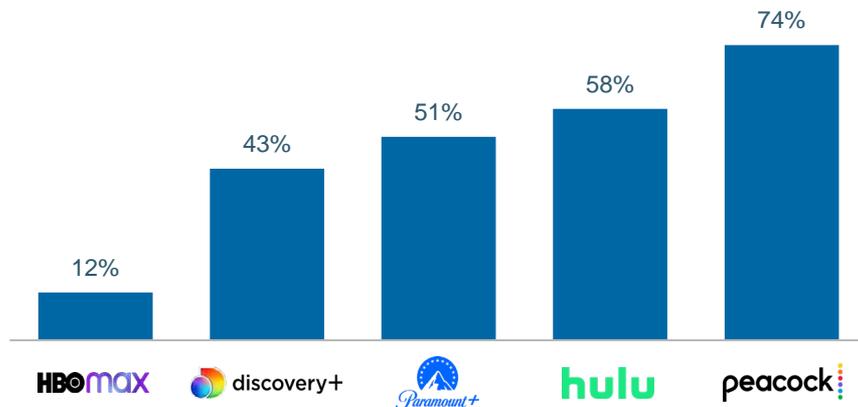
After years of SVOD competition, ad tiers have come into focus as a key growth vector for streamers. Ad tiers help to combat churn in addition to improving the economics/profitability of their streaming services.

SVOD Has Continued to Attract New Users...



Ad Tiers Account for Meaningful Subscriber Bases

Ad-Supported Subscriptions as a Share of Total Subscriptions by Service⁽³⁾

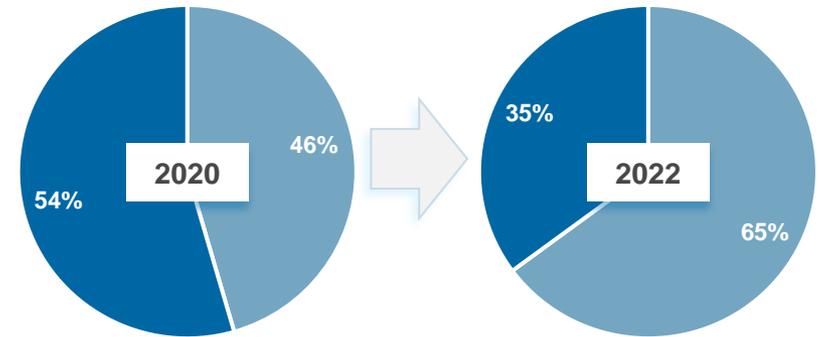


(1) Antenna.
(2) TVision.

(3) Activate Technology & Media Outlook 2023.
(4) Statista, April 2023.

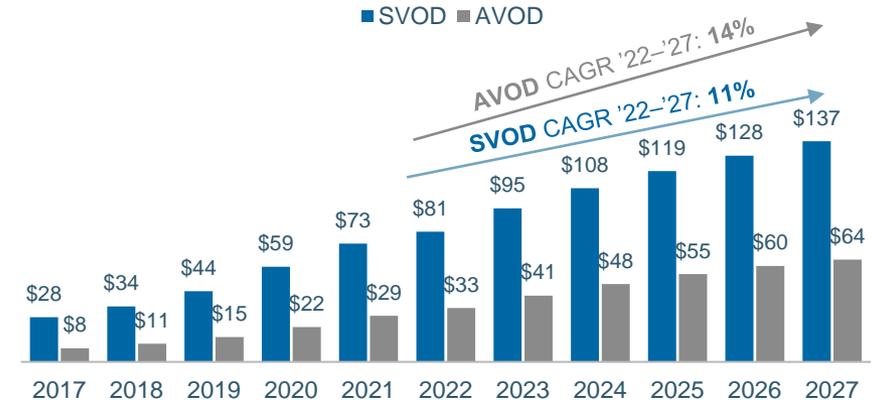
...Yet the Ad-Supported Format Has Gained Share

Distribution of Viewing Time Spent With SVOD and Ad-Supported Formats on CTVs⁽²⁾



AVOD Revenue Growth Outpacing SVOD

Global Revenues (\$ in Billions)⁽⁴⁾

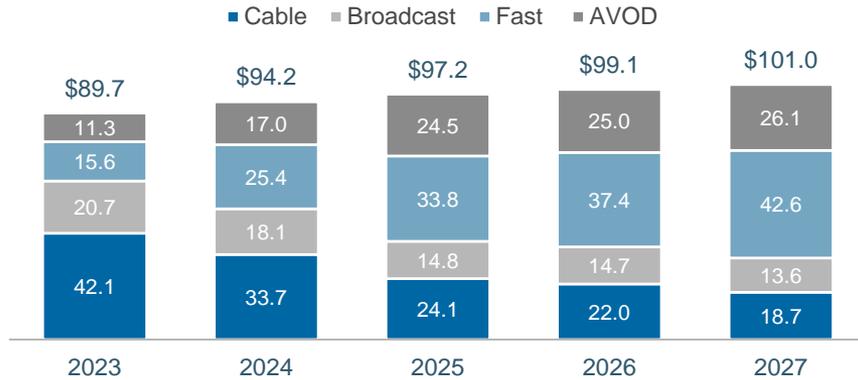


AVOD/FAST Market Rapidly Expanding

As digital ad spend on OTT platforms continues to grow and is expected to overtake traditional TV spend in the near term, ad revenues are expected to become an increasingly important driver of growth for the major platforms.

Global Ad Spend on OTT to Overtake Linear

Global Aggregate Ad Spend (\$ in Billions)⁽¹⁾



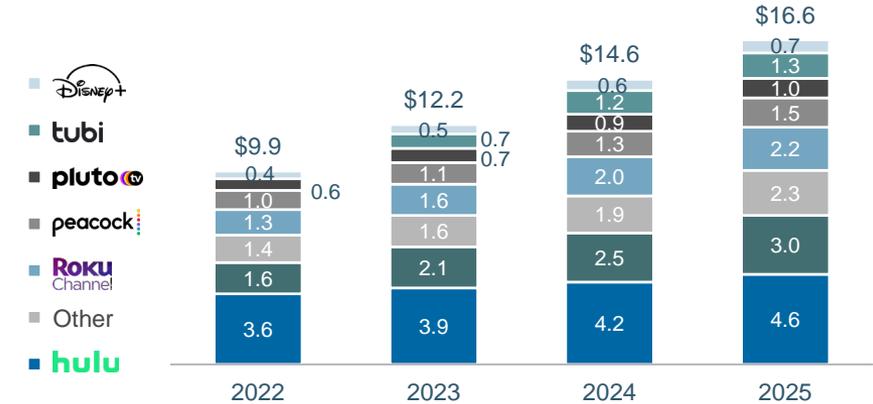
The Number of FAST Channels Has Exploded...

Number of Channels by Platform⁽²⁾

FAST platform	# of Channels	FAST platform	# of Channels
Roku Channel	339	tubi	181
pluto TV	334	redbox.	157
plex	303	freevee	123
xumo	295	peacock	107
SAMSUNG TV Plus	254	STK	52

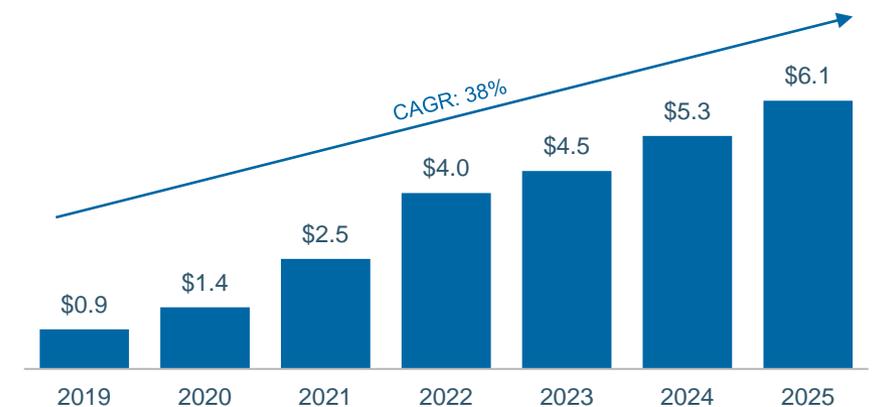
U.S. AVOD/FAST Revenues for Selected Platforms

U.S. Ad Revenue (\$ in Billions)⁽²⁾



...And Advertisers' Dollars Are Following

Annual U.S. FAST Ad Revenue (\$ in Billions)⁽³⁾



(1) TVREV "FAST Are the New Cable, Part 2: Advertising."

(2) Variety Intelligence Report 2022.

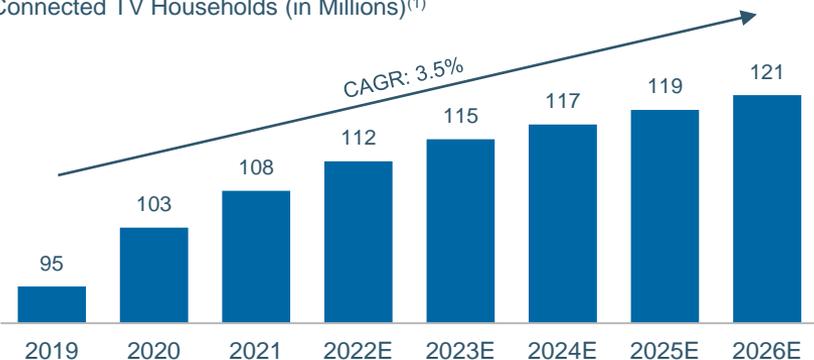
(3) Spiceworks.com.

CTV Will Be a Key Driver of AVOD/FAST Market as Platforms and CTV Viewers Are Highly Appealing to Advertisers

Despite the ubiquity of mobile devices, TVs are still the preferred method of consuming video content.

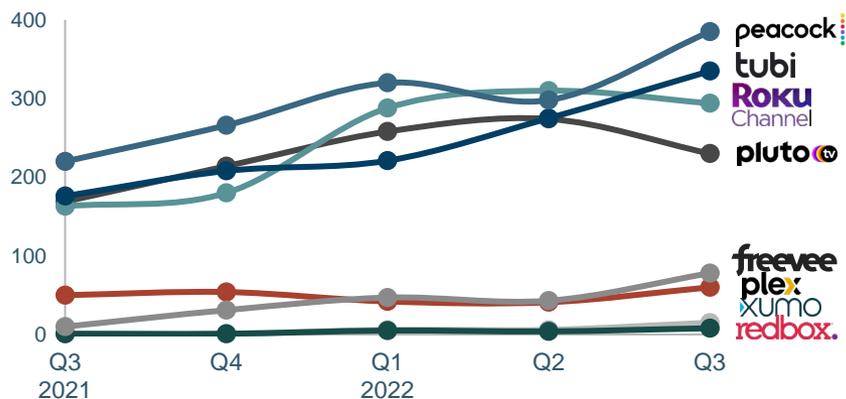
Nearly All U.S. Households Will Have a CTV by 2026

Connected TV Households (in Millions)⁽¹⁾



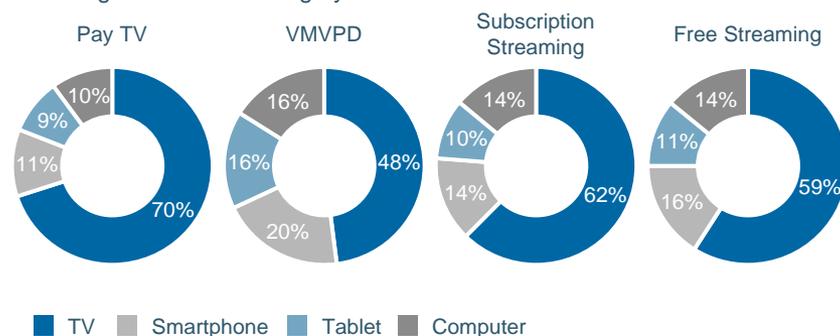
Time Spent on CTV Continues to Rise

Average Minutes Viewed per Quarter⁽³⁾



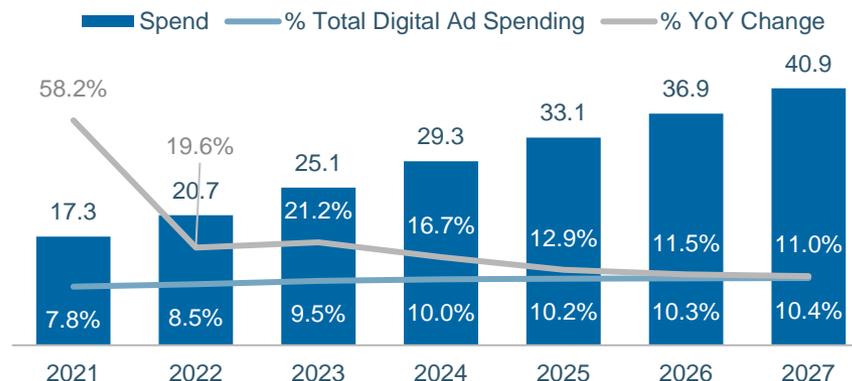
TVs Remain the Preferred Device Across Service Options

Percentage Share of Viewing by Device⁽²⁾



Robust Growth in U.S. CTV Ad Spend

U.S. Connected TV Ad Spend (\$ in Billions)⁽⁴⁾



(1) Activate Technology & Media Outlook 2023.

(2) Variety Intelligence 2023 Media & Tech Trend Tracker.

(3) Variety Intelligence 2023 Outlook.

(4) eMarketer.

What's Next: The Great Rebundling Is Inevitable and Has Started

Media and tech giants are combining and bundling OTT offerings to create the most compelling offering in order to grow market share.



Disney launched its bundle option in November of 2019 whereby you can access Disney+, Hulu, and ESPN+ for \$12.99 with ads and \$19.99 without ads.

Nov. 2019 



In the U.S., Disney will incorporate Hulu content into Disney+ by the end of 2023.

May 2023 



WarnerMedia and Discovery merged in August of 2022. Recent news suggests that they plan to keep Discovery+ as a standalone platform to avoid losing subscribers to the price increase. They still plan to launch a “supersize streaming service” that combines both company’s IP in the near future.

Feb. 2023 



Paramount bundled Paramount+ and Showtime for \$12.99 in September of 2021. In August of 2022, Paramount also announced a partnership with Walmart whereby Walmart+ members will receive a complimentary subscription to Paramount+.

Sept. 2022 



Apple TV offers access to certain platforms such as Paramount+ and AMC+ as “channels” that users can purchase within the Apple TV app. Other third-party apps like Hulu can also be integrated into the Apple TV app.

Nov. 2022 



YouTube is planning to launch an online store for streaming platforms that would allow users to manage their streaming subscriptions in a central location. It also offers HBO Max and other platforms via its VMVPD platform.

Aug. 2022 



Amazon Prime Video offers access to Paramount+, Starz, AMC+, and, most recently, HBO Max and Discovery+ for Prime members at an additional cost. Amazon also features other platforms’ apps on its CTV devices.

Nov. 2022 

Live Sports Emerges as the Next Battleground

Except for Netflix, most major streaming platforms have been adding live sports content to drive subscriber growth and retention. OTT platform content spend on sports rights globally is expected to reach \$8.5 billion in 2023, a 64% increase compared to 2022.⁽¹⁾

  MLS announced a new broadcast deal with Apple under which Apple will pay the league a minimum of \$2.5 billion over the next 10 years.
June 2022 *The Atlantic*

 Apple has [emerged as a potential bidder for future NBA rights] as it has been expanding its ambitions in sports, having acquired rights to MLS and MLB.
May 2023 **Bloomberg**

  Amazon will pay \$1 billion per year for exclusive rights to broadcast Thursday Night Football games for the next 11 years.
Sept. 2022 

 If the NBA carves out a package for another broadcaster, Amazon is a likely frontrunner. [However], Amazon's Thursday night NFL viewership this season was down about 40% from the year before...a potential concern for NBA executives.
May 2023 **Bloomberg**

    ESPN/ESPN+ secured rights to LaLiga games for the next eight years for \$1.4 billion. ESPN also locked down Monday Night Football until 2033.
May 2021 *The Washington Post*

 Disney is the favorite to keep the [NBA] rights. It has the full suite to offer—a broadcast channel in ABC, a cable channel in ESPN, and a streaming service in ESPN+.
May 2023 **Bloomberg**

  WarnerMedia acquired rights to U.S. men's and women's soccer games for eight years for ~\$27 million per year.
Mar. 2022 

  NBA executives want a provider that has a free over-the-air broadcast...Max has yet to prove it can broadcast a major live sporting event.
May 2023 **Bloomberg**

  NFL and Google announce a multi-year agreement to distribute NFL Sunday Ticket to YouTube TV starting with the 2023 NFL season.
Dec. 2022 

  NBC signed exclusive U.S. broadcast and streaming rights deal with England's Premier League from 2022-2027 reportedly worth ~\$2.7B. They also currently stream Sunday Night Football.
Nov. 2021 

 Peacock signed exclusive rights to stream one NFL playoff game in 2023.
May 2023 

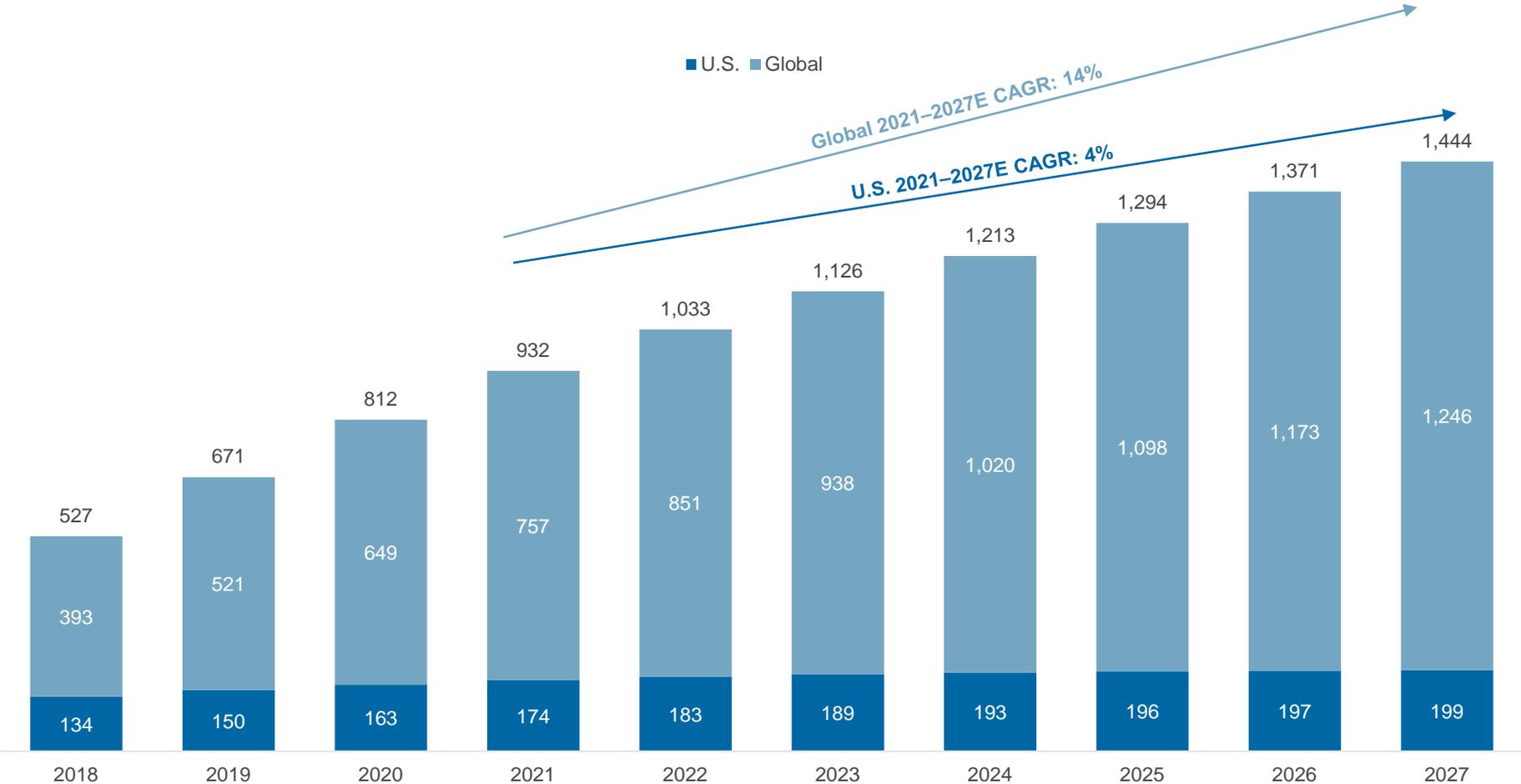
(1) Ampere Analysis, "Streaming Services Will Spend Over \$8Bn on Sports Rights in 2023," Feb. 2023.

Streamers Increasingly Looking Abroad for Growth

As SVOD subscriber growth in the U.S. has started to mature, international markets are expected to be a key driver of growth over the next several years.

Global SVOD Growth to Outpace U.S. in Coming Years

SVOD Users (in Millions)⁽¹⁾



(1) MIDIA Research.

OTT Landscape Is Ripe for Further Consolidation

The vertical is ripe for additional consolidation as leading streaming platforms look to augment IP rights/content offerings, production capabilities, and monetization capabilities (as audiences migrate to AVOD/FAST and hybrid models) and expand global reach/footprint.

Diversified Streaming OTT Platforms



TVOD



SVOD



AVOD



FAST



VMPVD



International



Connected TV



Content Production Companies/Independent Studios



B2B



Short-Form Video



Live Streaming



Conclusions



There has been continued evolution away from pure-play SVOD to free and hybrid models as the industry strives for profitable growth.



Free/ad-supported alternatives will continue to gain momentum with consumers (supported by growth in CTV and digital advertising).



Rebundling of streaming services is necessary (whether via M&A or partnership) as consumers have grown fatigued with the number of streaming services (and the “tyranny of choice”).



Platforms must look for ways to differentiate and engage users to mitigate churn. Sports will become an important new battleground. Could video games be next?



As the U.S. market matures, the large U.S. platforms will increasingly look for growth in international and emerging markets.



As media and tech giants gear up for the next phase of the streaming wars, we expect further consolidation across the OTT landscape as size and scale matter more than ever.

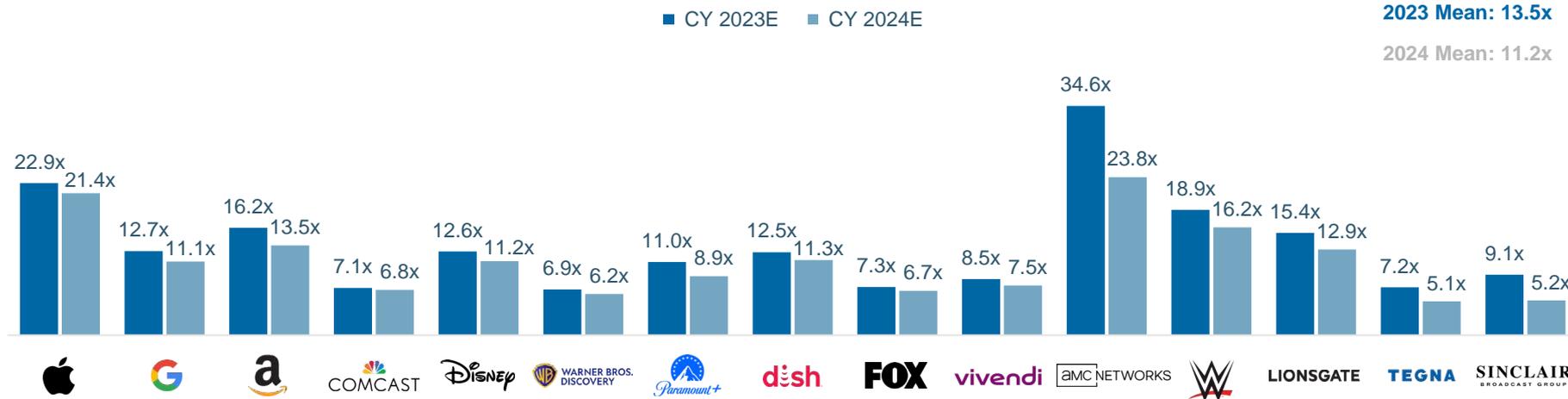
Appendix

Public Company Comparable Trading Metrics

OTT Platforms TEV/Revenue



Diversified Media TEV/EBITDA



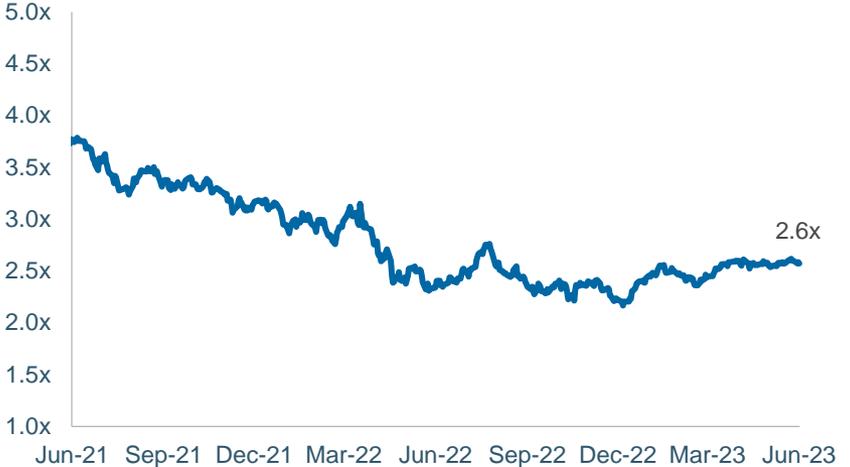
Source: S&P Capital IQ as of 6/23/2023. Note that EV/EBITDA multiples greater than 35 or less than 0 are shown as "NM."

Public Market Trading Multiples Past Two Years

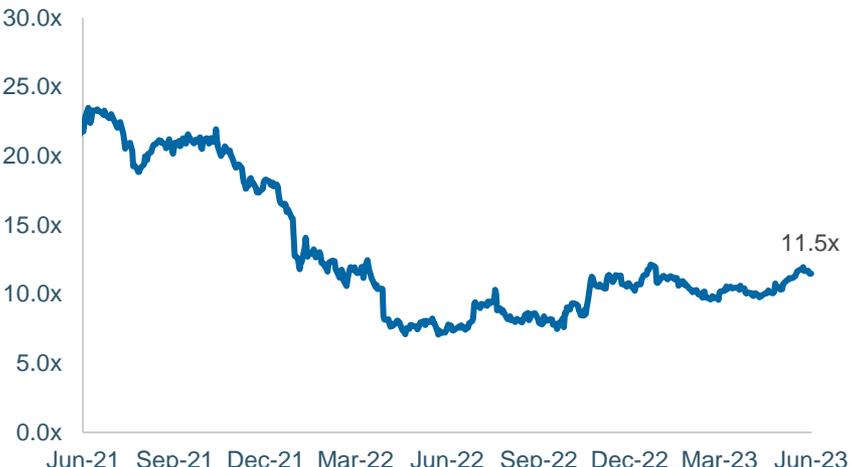
OTT Platforms TEV/NTM Revenue Multiples⁽¹⁾



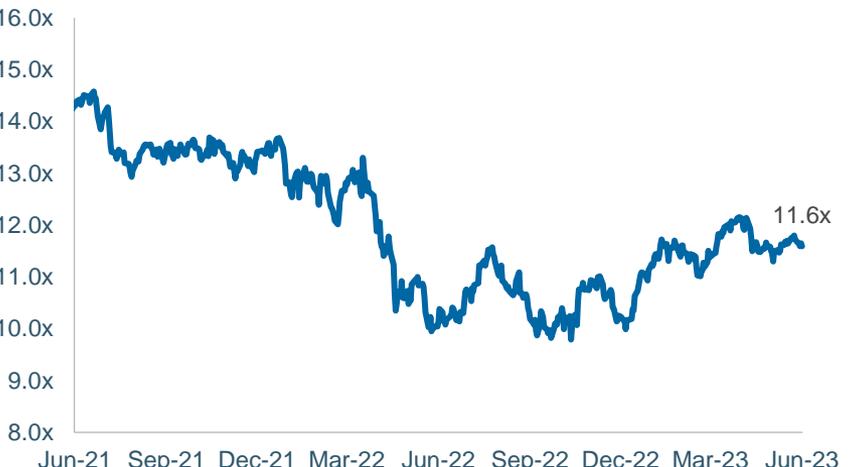
Diversified Media TEV/NTM Revenue Multiples⁽²⁾



OTT Platforms TEV/NTM EBITDA Multiples⁽¹⁾



Diversified Media TEV/NTM EBITDA Multiples⁽²⁾



Source: S&P Capital IQ as of 6/23/2023.

(1) Charts include CNVS, CSSE, CURI, FUBO, GAIA, NFLX, and ROKU. Note that the TEV/NTM EBITDA chart excludes CNVS, CURI, FUBO, and ROKU.

(2) Charts include AAPL, AMZN, AMC, CMCSA, DIS, DISH, FOXA, GOOGL, LGF.A, PARA, SBGI, TGNA, VIV, WBD, and WWE. Note that the TEV/NTM EBITDA chart excludes AMC.

Recent Sector M&A Detail

(\$ in millions)				Target Description	Target TEV	TEV / LTM	
Announced	Target	Acquirer	Revenue			EBITDA	
May-23	Côte Ouest	Mediawan	Provider of distribution and promotion services intended for the audiovisual and entertainment industry. The company specializes in licensing and distribution of films and television series of an extensive catalog that encompasses a wide range of genres, including feature films, documentaries, TV dramas, and animation, catering to the talent and cultural heritage of Africa.	--	--	--	
Apr-23	Reely.ai	VideoVerse	Reely leverages proprietary computer vision technology and artificial intelligence to identify, segment, and rate key events (highlights) in live streaming and stored VOD content. The technology makes it possible for sports teams, content creators, and e-sports organizations to deliver their best plays to social audiences in real time while creating new workflows for content production, brand marketing, and monetization.	--	--	--	
Apr-23	Source Digital (Video Technology Assets)	PadSquad (Star Mountain Capital)	Enable the video content recognition and the real-time delivery of interactive instream video ads.	--	--	--	
Apr-23	Worldwide Wrestling Entertainment (WWE)	Endeavor Group Holdings	Integrated media organization and recognized leader in global entertainment. WWE provides television programming, premium live events, digital media, and publishing platforms. It also offers the WWE Network, which includes all premium live events, scheduled programming, and a massive video-on-demand library and is currently available in more than 180 countries.	\$9,300	7.2x	24.2x	
Mar-23	ROW8	Proxima Media	Operator of a streaming platform designed to provide video-on-demand movies. The company's platform provides a subscription-free OTT movie service featuring both new and catalog titles via distribution deals with all major Hollywood studios.	--	--	--	
Mar-23	Addatimes Media	Surinder Films	Operator of an entertainment platform focused on Bengali content. The company offers streaming services for Bengali web series, short films, movies, and TV series.	--	--	--	
Mar-23	Blockbuster Video Denmark (Danish streaming service)	SF Anytime	Operator of a platform for the digital rental and purchase of films based in Herlev, Denmark. The company offers an online video streaming service that allows customers to buy and rent movies.	--	--	--	
Feb-23	39 Degrees C	New ID	Developer of an online platform and application software designed for video live streams. The company's service allows users to conduct live streams, create online stories for social media, and broadcast them to a wide audience, enabling customers to host streams without expensive recording equipment.	--	--	--	
Nov-22	BAMTech	The Walt Disney Company	BAMTECH LLC designs, develops, and distributes direct-to-consumer live entertainment and video streaming solutions.	\$6,000	--	--	

Recent Sector M&A Detail (cont.)

(\$ in millions)					Target	TEV / LTM	
Announced	Target	Acquirer	Target Description		TEV	Revenue	EBITDA
Oct-22	Pantaya	TelevisaUnivision	Operator of Spanish entertainment and film platform based in Santa Monica, California. The company's platform offers TV series and movies of various genres like documentary, horror, animation, thriller, suspense, crime, and comedy. They had 900,000 subscribers by the end of 2021.		--	--	--
May-22	Redbox Entertainment	Chicken Soup for the Soul	Redbox Entertainment gives consumers access to a large variety of content across digital and physical media. The company offers DVD rentals as well as multiple digital products across a variety of content windows including TVOD and AVOD and is a distributor of original feature films with a growing library of content. It has two business segments: (1) Legacy Business and (2) Digital Business.		\$375	1.3x	--
Feb-22	Wurl	Aplovin	The company's platform links online video producers with pay-TV systems worldwide, transforming the mix of video programming available to viewers while creating advertising inventory and offers videos in tablets, connected TV, over-the-top services, Internet Protocol television (IPTV) systems, video devices, and desktop/web applications.		\$430	--	--
Jan-22	Powr.tv	Bitcentral	Developer of an online video-streaming platform designed to help users create and monetize their own video networks.		--	--	--
Jan-22	Ameba	Genius Brands	Provider of video streaming services intended to serve children.		\$4	--	--
Jan-22	Stream Republic	DVEO	Provider of OTT, IPTV, and broadcasting solutions intended to accelerate the launch of content.		--	--	--
Dec-21	iGEMStv	Liquid Media Group	Operator of an entertainment digital platform intended to help audiences discover what to watch and where to find it.		\$2	--	--
Dec-21	Rumble	Acquisition Corp. VI (SPAC)	Rumble, which was founded as an alternative to YouTube, hosts channels for those kicked off the platform, including Alex Jones and multiple QAnon influencers. As of September 2022, the platform had 78 million monthly users.		\$2,231	NM	NM
Nov-21	Edisn.ai	Fubo-TV	Developer of a fan engagement platform intended to deliver interactive and personalized sports content using an AI-powered play recognition engine to stream live videos in real-time.		--	--	--

Recent Sector Financing Detail

(\$ in millions)									
Announced	Target	Investor	Target Description	Investment Amount	Pre-Money Valuation	Pre-Money / LTM Revenue			
May-23	Yuvod	Palomar Capital, Navesink Capital, Three Angels, Valencian Institute of Finance and Enisa	Developer of a video-on-demand platform designed to create and enjoy self-made television channels. The company offers a user-friendly platform that allows users to sign up and create personalized animated content, blogs, and social media content on travel, lifestyle, sports, and fashion and allows them to create their own programming and enjoy customized content adapted to their taste and preference, anytime, anywhere.	\$4	--	--			
May-23	Wave	Korean Broadcasting System, Seoul Broadcasting System Company, iMBC Company	Developer of an online entertainment broadcasting platform designed to deliver terrestrial real-time telecasting of content. The company's platform engages in providing video-on-demand, web series, movies, and online streaming services with overseas series, local television content, anime, and radio, enabling users to gain access to a wide range of online content on a single platform.	--	--	--			
May-23	Mimo	Cencosud Ventures, LW Ventures	Developer of a B2B live shopping SAAS designed to allow brands to sell products via live streaming on their e-commerce. The company offers a database of live shopping and its own methodology on how brands should broadcast by segment, enabling businesses to increase sales and interact in real-time with their customers	--	--	--			
Apr-23	Mansa	MaC Venture Capital	Operator of a streaming platform intended to provide resources to black storytellers. The company specializes in finding, financing, developing, and distributing untold narratives of many black stories, enabling users to stream content on the platform	\$8	--	--			
Mar-23	ClixTV	Undisclosed	Provider of digital media and entertainment content for video streaming across all media platforms. The company's platform features original shows, promotional videos, and bite-sized video episodes of social media influencers, celebrity athletes, chefs, comedians, eSports commentators, adventurers, and more, enabling viewers to watch, shop, and earn cash rewards redeemable for brand products or for charities they support	\$2	--	--			
Mar-23	Macro Media	BlackRock Alternatives, HarbourView Equity Partners, Goldman Sachs Asset Management	Multi-media platform intended to represent the voice and perspective of persons of color. The company's platform creates and finances films, television, digital content, technologies, and brands that encompass universal themes to which all people can connect and relate, enabling users of the multicultural market to develop theatrical features, premium television, and cinematic digital content.	\$90	--	--			
Mar-23	Qlip	Super Capital VC	Developer of an AI-powered video highlights generator platform designed to share video and audio recordings. The company automatically turns lengthy recordings of live streams and podcasts into visually engaging video highlights, enabling creators to grow their audience across social platforms.	--	--	--			
Mar-23	Wave Media	Life Is Too Short Capital	Operator of production company content intended for OTT platforms. The company creates content that includes films, TV series, and documentaries, providing users with entertaining fictional content.	--	--	--			
Feb-23	Angel Studios	Undisclosed	Provider of a streaming media service offering family-friendly entertainment. The company's film studio platform supports content creators from their crowdfunding platform to create new and interesting shows for viewers, allowing creators to come together with viewers to create high-quality television shows and films for their entertainment.	\$6	--	--			

Recent Sector Financing Detail (cont.)

(\$ in millions)					Investment	Pre-Money	Pre-Money /
Announced	Target	Investor	Target Description		Amount	Valuation	LTM Revenue
Feb-23	ODMedia	Capital A	Provider of content formatting services that connects content owners to platforms to deliver content to viewers on any screen type globally. They offer services covering the entire video content lifecycle.		--	--	--
Feb-23	Atmosphere	S3 Ventures, Sageview Capital, Valor Equity Partners	Streaming platform provides short-form audio-optional TV programming for restaurants, bars, gyms, hotels, doctor offices, and other venues. The platform's content spans more than 50 channels encompassing viral video compilations, extreme sports, lifestyle, ambient nature, and entertainment.		\$65	\$1,000	--
Feb-23	Conviva	Realization Capital Partners	Data analytics platform that collects, cleanses, and computes video viewing metrics and metadata values from consumers' video viewing sessions in real time.		--	--	--
Feb-23	Netshow.me	Hanger8 Capital	Provides solutions for live streaming, on demand, OTT platforms, and production services to bring innovation to companies' content strategy.		--	--	--
Dec-22	Api.video	MMC Ventures, Open Ocean, Blossom Capital, Financière Saint James	The company's platform offers broadcasting for hosting, encoding, and on-demand and streams live video content on all screens, allowing users to personalize and control their video publications to ensure distribution to the right audience.		\$12	--	--
Nov-22	Amagi	General Atlantic	Operator of an end-to-end and on-demand video platform that contains targeted advertising for TV and OTT and helps to launch, manage, distribute, and monetize live, linear, and on-demand channels across cable, OTT, and free ad-supported TV platforms.		\$109	\$1,400	14.0x
Aug-22	PassionFlix	AMC Networks	PassionFlix is a romance-focused streaming service run by Elon Musk's sister Tosca Musk.		\$9	--	--
Aug-22	TVCoins	Hoerner Planning Group, Roumell Asset Management	TVCoins is a free, white-label video streaming platform that delivers live content and video on-demand through an app. The ad-powered platform-as-a-service (PaaS) is fully managed and features a viewer incentive program that rewards viewers for the time they spend watching video.		\$10	--	--
Jul-22	Whatnot	Andreessen Horowitz, Bond Capital, CapitalG, DST Global, Y Combinator	Developer and operator of live stream platform and marketplace designed to trade limited-edition toys and collectibles.		\$260	\$3,900	--

Recent Sector Financing Detail (cont.)

(\$ in millions)								
Announced	Target	Investor	Target Description	Investment Amount	Pre-Money Valuation	Pre-Money / LTM Revenue		
Jun-22	Kidoodle.TV	TriWest Capital Partners	Operator of an online video streaming platform intended to offer on-demand content for kids including TV shows, movies, and educational programming along with parental control options.	\$62	\$403	--		
May-22	Drip (Entertainment Software)	Base10 Partners, Eniac Ventures, Harlem Capital Partners, Jeffrey Zirlin, Kindred Capital, Nicholas Tomaino, Ramnik Arora, Alumni Ventures, Andrew Jones, Brian Long	Developer of a live commerce and streaming platform intended for the collectibles community.	\$23	\$32	--		
Apr-22	Firework	Softbank Vision Fund 2, Aramex Ventures, eGateway Capital, GSR Ventures, IDG Capital, Lightspeed Venture Partners	Operator of a live stream platform that features in-video shopping, lead generation, and live streaming events and allows users to import and edit videos, enabling brands to engage and convert their website visitors.	\$150	--	--		
Apr-22	Videoverse	A91 Partners, Alpha Wave Global, Audacity, Binny Bansal, InnoVen Capital, Stride Ventures	Operator of a video platform that leverages AI in order to facilitate meta-tagging for live sporting events, television shows, and library-based content for various streaming platforms, enabling businesses to monetize their brand and video content online.	\$47	\$600	--		
Mar-22	JoyStream	Alliance DAO, Bitmain, Blockdream Ventures, D1 Ventures, Digital Currency Group, Genblock Capital, Hypersphere Ventures, LD Capital, Newtribe Capital, Polkadotters, Signum Capital	Operator of an online media platform designed to offer decentralized media distribution, curation, discovery, and monetization services by providing rewards in the form of micro-payments to peers for seeding content.	\$6	--	--		
Mar-22	ClixTV	Undisclosed investors	Digital media and entertainment content platform that features original shows and promotional videos all under 2 minutes that showcase social media influencers, celebrity athletes, chefs, comedians, etc. thereby enabling viewers to watch, shop, and earn cash rewards redeemable for brand products or for charities.	\$10	\$54	--		
Mar-22	Amagi	Accel, Avataar Venture Partners, Norwest Venture Partners, Premji Invest	Operator of an end-to-end and on-demand video platform that contains targeted advertising for TV and OTT and helps to launch, manage, distribute, and monetize live, linear, and on-demand channels across cable, OTT, and free ad-supported TV platforms.	\$95	--	--		
Feb-22	Wave Sports + Entertainment	TZP, Crossbeam Venture Partners, GPS Investment Partners	Producer of sports video content with coverage, analysis, and commentary of various sports-related events and topics. The platform is noted to have 110 million+ followers and partners with Snap, TikTok, Facebook, IG, and YouTube.	\$27	--	--		
Feb-22	Heygo	Northzone Ventures, Ascension, Bastian Lehmann, Encomenda Smart Capital, Guillaume Pousaz, Ian Hogarth, JME Venture Capital	Developer of a travel-specific live-streaming platform designed to allow local guides to share the places they know best. The company's software allows users to book a local guide for a particular time period for a virtual tour in over 110 countries and 2,610 locations.	\$20	\$905	--		

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