

Exit Nexxen International: Iran war justifies reallocation of capital

Company:	Nexxen International (NEXN)	Market Cap:	\$413m (\$7.43)
Industry:	Video advertising	Net current assets:	\$65m
Country:	US	Revenue:	\$355m*
Exit date:	17 th February 2026	Adj. EBITDA:	\$115m*
Dividend:	-	Free cash flow:	\$75m (14%)*
Entry:	\$340m (\$6.06)	Exit:	\$333m (\$5.94, -2%)

*estimated based on guided \$355m revenue (ex-TAC) and \$115m adjusted EBITDA (2/3 pass through to FCF)

Why exit Nexxen International?

- Attacks on Israel are the most intense, perhaps in history, which could impact Nexxen's operations
- Expectation that Iran war lasts longer than the market currently expects could harm advertising spending
- Higher competition in CTV advertising, more supply coming to market¹

CTV ad supply risk and war risk

I exited Nexxen very early within two weeks of buying shares, as I struggled with the impact on guidance of companies like Criteo², the negative market reaction³, the higher supply on CTV advertising⁴, potentially putting margins at risk, and a strengthening Yen (as Yen is my base currency now, unhedged)⁵. In hindsight, the reasons for exiting Nexxen were wrong, as Nexxen and its direct competitors, Pubmatic and Magnite,

¹ Q4 25 earnings results of Criteo and others like Perion Networks indicated that

² <https://criteo.investorroom.com/2026-02-11-CRITEO-REPORTS-FOURTH-QUARTER-2025-RESULTS>

³ Criteo shares fell by over 10% in the days after results were published on 11th March 2026 due to weak guidance, despite strong numbers

⁴ Criteo and other companies like Perion Networks highlighted weakness in display and growth in CTV in their Q4 2025 results

⁵ <https://www.reuters.com/world/asia-pacific/dollar-holds-gains-thin-trading-markets-await-fed-minutes-us-gdp-2026-02-17/>

performed well and shown strong results and good guidance for the year⁶. I use the insights of earnings from competitors to make decisions on whether a turnaround is in sight or valuations continue to decline. In this case, I acted prematurely on Criteo's earnings. However, this still enabled me to be better positioned for the Iran war by entering oil and gas related names at attractive valuations. I remain of the view that the FIFA World Cup in the US will lead to very strong advertising spending over that period, and once oil prices start coming down, Nexxen is ideally positioned to benefit from this, which could lead to a re-entry of the position.



⁶ <https://investors.nexxen.com/news-releases/news-release-details/nexxen-reports-fourth-quarter-and-full-year-2025-financial>, <https://investor.magnite.com/news-releases/news-release-details/magnite-reports-fourth-quarter-and-full-year-2025-results>, <https://investors.pubmatic.com/news-releases/news-release-details/pubmatic-announces-fourth-quarter-and-fiscal-year-ended-2025>

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