

## Re-entry Nexxen International: A recovery ahead for advertising

<b>Company:</b>	Nexxen International (NEXN)	<b>Market Cap:</b>	\$343m (\$6.11)
<b>Industry:</b>	Video advertising	<b>Net current assets:</b>	\$65m
<b>Country:</b>	US	<b>Revenue:</b>	\$355m*
<b>Date:</b>	2 <sup>nd</sup> -10 <sup>th</sup> February 2026	<b>Adj. EBITDA:</b>	\$115m*
<b>Dividend:</b>	-	<b>Free cash flow:</b>	\$75m (14%)*
<b>Entry:</b>	\$340m (\$6.06)	<b>Target:</b>	\$500m (+42%)

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

### Why Nexxen International?

- Attractive valuation with 2.4x EV/adj. EBITDA
- Major advertising events, such as Winter Olympics, World Football Cup (in the US) & Midterm Elections
- Given the above average number of sports events, programmatic advertising generally benefits, as seem to be expected now<sup>1</sup>. Nexxen makes 94% of its revenue in programmatic advertising as of Q3 25<sup>2</sup>
- Focus on TV operating system is Nexxen's USP, which can't be copied easily, i.e. they hold unique real estate rights in VIDAA, the world's #2 most popular (7.8% market share as of Q1 2024) and fastest growing TV operating system<sup>3</sup>

<sup>1</sup> <https://digiday.com/marketing/programmatic-is-drawing-more-brands-to-this-years-winter-olympics/>

<sup>2</sup> <https://investors.nexxen.com/news-releases/news-release-details/nexxen-reports-third-quarter-2025-financial-results>

<sup>3</sup> <https://omdia.tech.informa.com/pr/2025/oct/castos-to-exceed-15-million-shipments-set-to-dominate-north-america-tv-os-market>, <https://www.broadbandtvnews.com/2026/01/27/retailers-set-to-take-47-of-north-american-tv-os-market-by-2029-says-omdia/>

- VIDAA might list its shares at some point. Nexxen invested \$60m into VIDAA, which is said to give Nexxen a 6% shareholding (\$1bn valuation)<sup>4</sup>. VIDAA's revenue is currently estimated to range between \$50-100m according to leadIQ<sup>5</sup>
- \$40m share buyback programme<sup>6</sup> is double compared to the prior \$20m programme<sup>7</sup>, although lower than the \$50m programme launched Nov 2024<sup>8</sup>. Without dilution, the \$40m programme is equivalent to >11% yield

## Risks

- CTV CPMs have been under pressure amidst more inventory<sup>9</sup>. Nexxen makes around ¼ of revenue from CTV advertising<sup>10</sup>
- Programmatic advertising is continuing to struggle in Q4 25 according to a company like Future plc<sup>11</sup>
- The Trade Desk, a leading DSP, appears to have shifted some volume away from the SSPs<sup>12</sup>

I have invested in Nexxen twice in the past ([here](#) and back then [Tremor International](#)), hence this note will just focus on what's driving the company today.

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<sup>4</sup> <https://investors.nexxen.com/news-releases/news-release-details/nexxen-renews-and-expands-its-strategic-partnership-vidaa-focus/>

<sup>5</sup> <https://leadIQ.com/c/vidaa/5ee13a9a2fd07506cb676b9d>

<sup>6</sup> <https://investors.nexxen.com/news-releases/news-release-details/nexxen-announces-january-2026-share-repurchase-program-summary>

<sup>7</sup> <https://investors.nexxen.com/news-releases/news-release-details/nexxen-launches-new-20-million-ordinary-share-repurchase-program>

<sup>8</sup> <https://investors.nexxen.com/news-releases/news-release-details/nexxen-reports-third-quarter-2024-financial-results>

<sup>9</sup> <https://digiday.com/marketing/why-theres-a-cpm-slump-in-a-growing-ctv-market/>

<sup>10</sup> <https://investors.nexxen.com/news-releases/news-release-details/nexxen-reports-third-quarter-2025-financial-results>

<sup>11</sup> [https://otp.investis.com/clients/uk/future\\_plc/rns/regulatory-story.aspx?cid=967&newsid=2031755](https://otp.investis.com/clients/uk/future_plc/rns/regulatory-story.aspx?cid=967&newsid=2031755)

<sup>12</sup> <https://investors.nexxen.com/events/event-details/raymond-james-tmt-and-consumer-conference-0>, <https://wsw.com/webcast/rj132/pubm/1604200>, <https://investor.magnite.com/events/event-details/28th-annual-needham-growth-conference>

## Nexxen: Deep value territory

At 2.4x EV/Adj. EBITDA Nexxen's valuation is right at rock bottom (EV = Share price of \$5.9 with 58m shares outstanding and deducting net current assets of \$65m rather than net cash, adj. EBITDA guidance at \$115m). In fact, there was only one moment when the valuation was lower, which was in November 2023 when the share price was as low as \$3.6 with 72m shares outstanding, \$106m net current assets (with \$99m debt deducted) and \$83m adj. EBITDA guidance (=1.85x EV/adj. EBITDA). Back then in 2023, Nexxen suffered losses in the first half of the year amidst the integration of its acquisition of Amobee<sup>13</sup>. The reasons for the low valuation are largely three-fold, in my opinion:

1. CTV CPMs (i.e. the cost per mile or per click/view etc. for connected TV advertising inventory, such as Disney+, Netflix, etc.) are the highest across all vectors, but they are said to be falling amidst supply climbing faster than demand<sup>14</sup>. However, CTV advertising spending is still expected to grow from \$33.35bn in 2025 to \$38bn in 2026 (+14%), and expected to surpass tradition TV advertising spend by 2028 at \$48.89bn according to eMarketer and Adwave<sup>15</sup>. Around ¼ of Nexxen's revenue is from CTV<sup>16</sup>.
2. Many publishers are having a hard time with digital advertising (Reach plc<sup>17</sup>) and programmatic advertising (Future plc<sup>18</sup>), as revenues are contracting. This shows that some parts of the advertising market remain weak. With Nexxen reporting 94% of its revenue from programmatic<sup>19</sup>, the company is exposed to a trend of declining yields for publishers.
3. Competition heats up in the sector, as The Trade Desk, the most important DSP for the open internet (i.e. non-big tech, such as Meta, Amazon, etc.), has at least temporarily shifted volumes away from SSPs like Nexxen (Pubmatic, a competitor of Nexxen, specifically mentioned The Trade Desk in this audio call [here](#), whilst Nexxen mentioned an important, large DSP moving inventory

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<sup>13</sup> <https://investors.nexxen.com/news-releases/news-release-details/tremor-international-reports-results-three-and-six-months-ended>

<sup>14</sup> <https://digiday.com/marketing/why-theres-a-cpm-slump-in-a-growing-ctv-market/>

<sup>15</sup> <https://adwave.com/resources/ctv-advertising-2026-update>

<sup>16</sup> <https://investors.nexxen.com/news-releases/news-release-details/nexxen-reports-third-quarter-2025-financial-results>

<sup>17</sup> <https://tools.eurolandir.com/tools/Pressreleases/GetPressRelease/?ID=7876347&lang=en-GB&companycode=uk-tni&v=r2021>

<sup>18</sup> [https://otp.investis.com/clients/uk/future\\_plc/rns/regulatory-story.aspx?cid=967&newsid=2031755](https://otp.investis.com/clients/uk/future_plc/rns/regulatory-story.aspx?cid=967&newsid=2031755)

<sup>19</sup> <https://investors.nexxen.com/news-releases/news-release-details/nexxen-reports-third-quarter-2025-financial-results>

away from them [here](#)). However, Nexxen also mentioned to diversify away from that DSP and expects the shift in market to be temporary.

I believe that risk 1 & 2 are mitigated this year amidst the high number of main advertising events, such as the Winter Olympics, the FIFA World Cup held in the US, as well as the Midterm Elections, with Trump already amassing a \$483m “war chest”<sup>20</sup>. Risk #3 can partly be mitigated by exiting Nexxen ahead of earnings, if competitors Magnite and Pubmatic report very negative results. The earnings release of Nexxen is in early March<sup>21</sup>, compared to late February for its main competitors like Magnite<sup>22</sup> and Pubmatic<sup>23</sup> and other companies like The Trade Desk. The launch of \$40m share buyback programme<sup>24</sup> already reduces this risk, in my opinion.

Nexxen’s valuation is near its historic bottom

Month	Share price	# of shares (m)	Market cap	EV (Market cap - Net current assets + debt)	FY Adj. EBITDA outlook	EV/Adj. EBITDA
Feb-24	4.5	72	324	218	83	2.63
Feb-26	5.9	58	342	277	115	2.41

Source: <https://investors.nexxen.com/news-releases/news-release-details/tremor-international-reports-results-three-and-nine-months-ended>, <https://investors.nexxen.com/news-releases/news-release-details/nexxen-reports-third-quarter-2025-financial-results>, own modelling

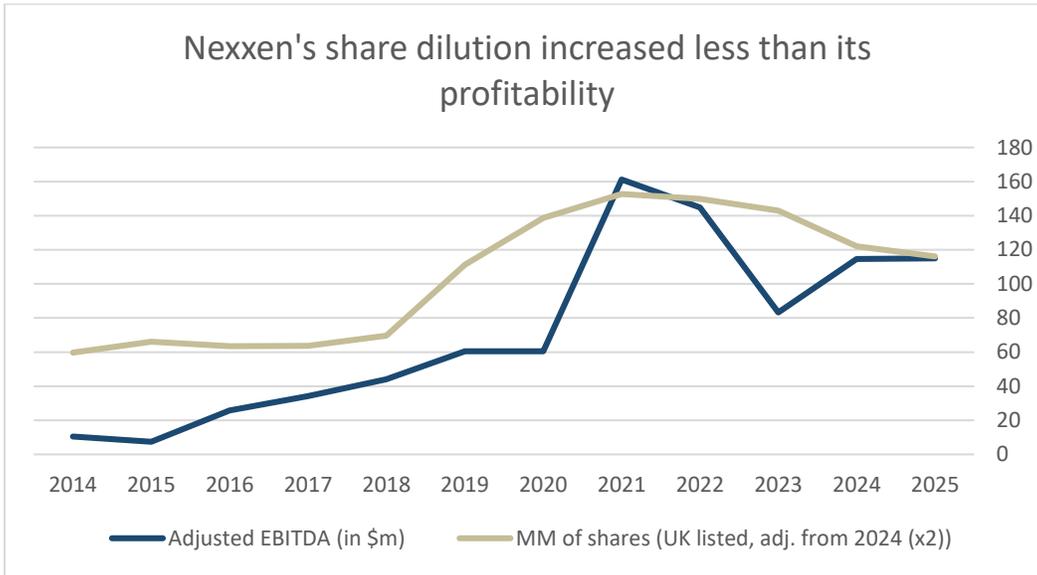
<sup>20</sup> <https://www.bloomberg.com/news/articles/2026-02-02/trump-amasses-483-million-war-chest-to-bolster-midterm-chances>

<sup>21</sup> <https://investors.nexxen.com/events-presentations>

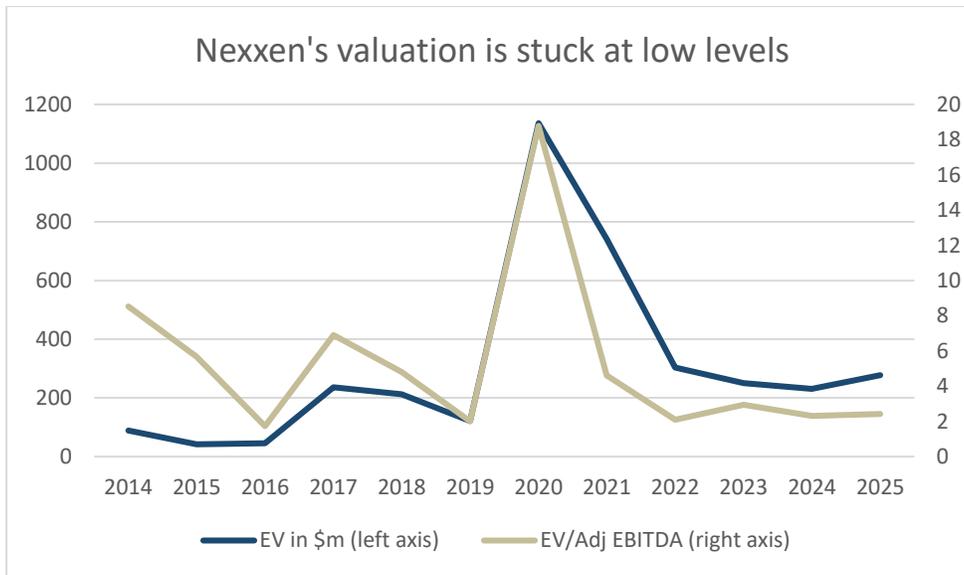
<sup>22</sup> <https://investor.magnite.com/events-and-presentations/upcoming-events>

<sup>23</sup> <https://investors.pubmatic.com/news-events/events-and-presentations>

<sup>24</sup> <https://investors.nexxen.com/news-releases/news-release-details/nexxen-announces-december-2025-share-repurchase-summary-and>



Source: <https://investors.nexxen.com/financial-information/quarterly-results>, own modelling, number of shares halved when main listing was in UK



Source: <https://investors.nexxen.com/financial-information/quarterly-results>, own modelling, market cap as of March each year with respective exchange rates used

## The competitive landscape is heating up

Nexxen is an advertising technology company that is both a supply-side platform (SSP) and demand-side platform (DSP). These platforms are the pipes/plumbers of global advertising spend, i.e. they connect supply and demand of advertising space and advertisers in the media world. An SSP will seek to get the highest CPM for publishers and get access to as much advertising space as possible, whilst a DSP would argue to achieve the lowest CPM for advertisers and offer a wide spectrum of advertising space. The competition is hot with the largest DSPs being Google’s DV360, The Trade Desk, Amazon DSP, Yahoo! Ad Tech DSP and Xandr/Microsoft Invest<sup>25</sup>, the latter will be replaced by an AI chatbot-style ad-buying product by March 2026 with the goal of driving internal advertising spending rather than external<sup>26</sup>. Nexxen, Magnite and Pubmatic are the only listed, non-walled gardens (i.e. non-Big Tech) SSPs. Magnite is the largest amongst the three with nearly half of its revenue from CTV<sup>27</sup>. Pubmatic has been more focused on desktop advertising than Magnite and Nexxen but is also growing strongly in CTV now<sup>28</sup>. Nexxen, like Magnite, is also focusing on CTV with around 1/3 of revenue coming from CTV in 2024<sup>29</sup>. Although Nexxen serves smaller clients compared to Magnite<sup>30</sup>, the free cash flow after dilution is a lot higher for Nexxen than it is for Magnite or Pubmatic. On top of that, Nexxen has access to unique advertising real estate with no competition from the walled gardens or anyone else: VIDAA.

### Valuation comparison of Nexxen, Magnite and Pubmatic (using guidance for FY 2025 and FY 2024)

	Nexxen	Magnite	Pubmatic
Market cap (\$m)	350	1600	300
EV (\$m)	250	1950	170
FCF (dilution deducted)	75	20	15
EV/FCF	3.3	97.5	11.3

Source: Annual reports 2024, Q3 25, cash flow statements, own assumptions

<sup>25</sup> <https://www.playwire.com/blog/top-dsps>, <https://setupad.com/blog/best-demand-side-platforms/>

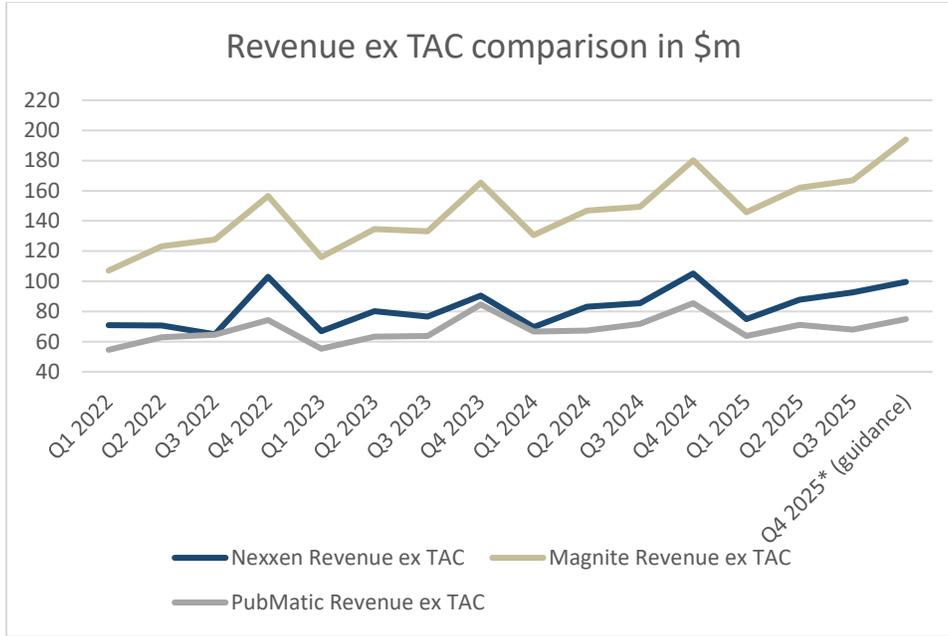
<sup>26</sup> <https://www.adexchanger.com/online-advertising/microsoft-invest-formerly-xandr-dsp-and-formerly-appnexus-before-that-will-just-be-formerly/>

<sup>27</sup> <https://investor.magnite.com/news-releases/news-release-details/magnite-reports-third-quarter-2025-results>

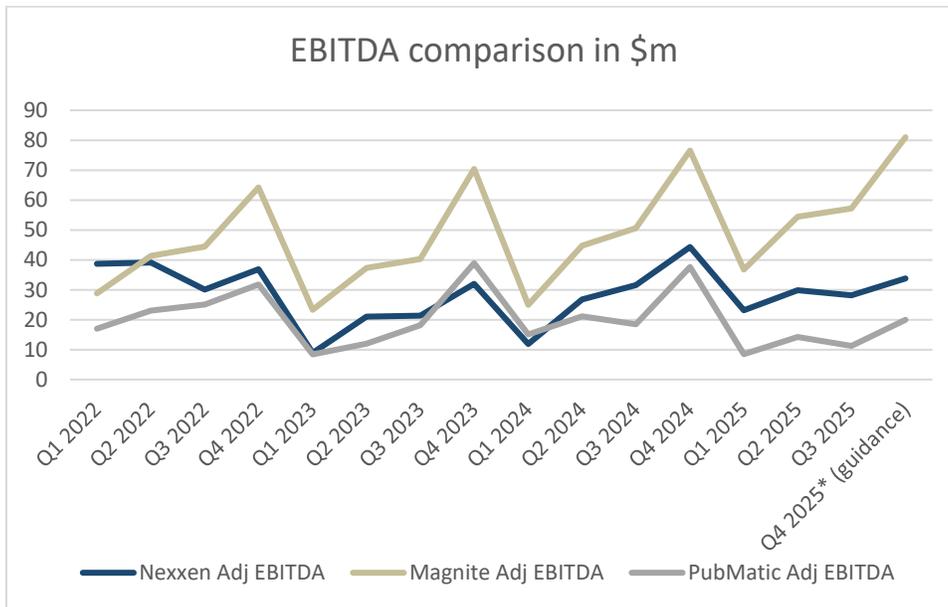
<sup>28</sup> <https://investors.pubmatic.com/news-releases/news-release-details/pubmatic-announces-third-quarter-2025-financial-results>

<sup>29</sup> <https://investors.nexxen.com/news-releases/news-release-details/nexxen-reports-fourth-quarter-and-full-year-2024-financial>

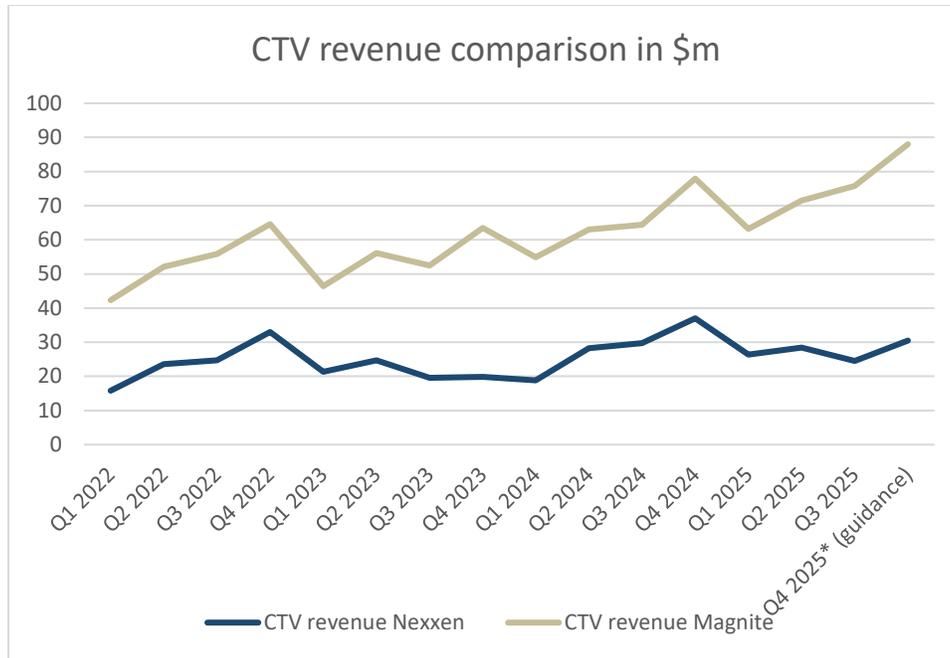
<sup>30</sup> <https://investors.tremorinternational.com/news-releases/news-release-details/nexxen-reports-results-fourth-quarter-and-year-ended-december-31/#:~:text=Management%20believes%20ongoing%20macroeconomic%20headwinds,macroeconomic%20and%20advertising%20demand%20conditions.>



Source: <https://investors.tremorinternational.com/financial-information/quarterly-results>,  
<https://investor.magnite.com/financial-information/quarterly-results>, <https://investors.pubmatic.com/financial-information/quarterly-results>



Source: <https://investors.tremorinternational.com/financial-information/quarterly-results>,  
<https://investor.magnite.com/financial-information/quarterly-results>, <https://investors.pubmatic.com/financial-information/quarterly-results>



Source: <https://investors.tremorinternational.com/financial-information/quarterly-results>,  
<https://investor.magnite.com/financial-information/quarterly-results>, <https://investors.pubmatic.com/financial-information/quarterly-results>

### VIDAA investment

There is of course the fear of AI and Big Tech cutting out these SSP and DSP middlemen. However, Nexxen differentiates itself from the other SSPs by obtaining a 6% stake in TV operating system VIDAA, valued at \$60m with exclusive access to VIDAA’s automatic content recognition (ACR) data in North America until at least 2029<sup>31</sup>. VIDAA was originally the operating system of Hisense, the world’s #2 TV seller after Samsung<sup>32</sup>. The company then expanded and became the operating system of Toshiba, now counting over 30m users<sup>33</sup>. VIDAA is currently valued at around \$1bn<sup>34</sup> with an estimated \$50-100m annual revenue according to leadIQ<sup>35</sup>. Despite Nexxen only having exclusive access rights to North America, where VIDAA

<sup>31</sup> <https://investors.nexxen.com/news-releases/news-release-details/nexxen-renews-and-expands-its-strategic-partnership-vidaa-focus/>

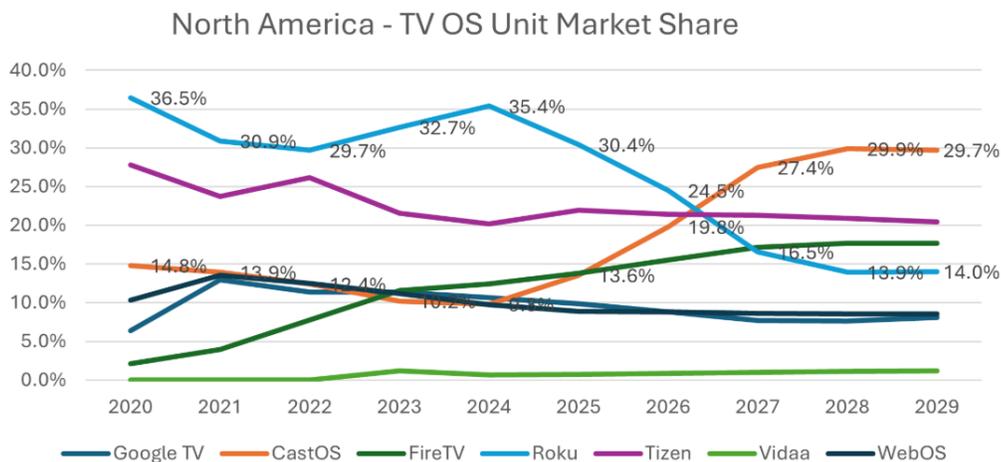
<sup>32</sup> <https://global.hisense.com/about-hisense/newsroom/hisense-tv-retains-global-no2-ranking-in-2024-and-leads-the-100-inch-tv-market-worldwide>

<sup>33</sup> <https://www.hisense-canada.com/en/about-hisense/newsroom/vidaas-unprecedented-commitment-to-long-term-support-guaranteeing-up-to-8-years-of-updates-for-canadian-consumers>

<sup>34</sup> <https://investors.nexxen.com/news-releases/news-release-details/nexxen-renews-and-expands-its-strategic-partnership-vidaa-focus/>

<sup>35</sup> <https://leadiq.com/c/vidaa/5ee13a9a2fd07506cb676b9d>

still has a low single digit % market share (vs. 7.8% globally as of 2024<sup>36</sup>), VIDAA is expected to grow in the US after transitioning to a new platform, V Home OS, reflecting its broader role beyond just TVs, as well as announcing a partnership with Microsoft to integrate Copilot’s generative AI capabilities into the platform<sup>37</sup>. In addition, Hisense is a sponsor for the FIFA World Cup 2026<sup>38</sup>, which could drive sales of Hisense TVs and growth in VIDAA, too. There is a big “but”, however. In the US Hisense has currently 134 TVs on sale online. Of those 134 TVs only 1x TV has the VIDAA OS built in; and this single TV is 132 inches wide (335cm)<sup>39</sup>, i.e. it doesn’t fit in most homes. In comparison, Hisense features Google’s Android TV 1x, Google TV 73x, Amazon’s Fire TV 39x, and Roku TV 12x<sup>40</sup>. Hence, in my eyes, this VIDAA investment is difficult to value. But the fact that management singles out the VIDAA investment as the part to be most excited about in 2026<sup>41</sup>, warrants close monitoring. A potential IPO of VIDAA could turn the \$60m investment with a \$1bn valuation into a multiple when considering the 30m users compared to the 90m users of Roku<sup>42</sup>, which has \$13bn equity valuation as of 10<sup>th</sup> February 2026<sup>43</sup>.



Source: <https://omdia.tech.informa.com/pr/2026/jan/retailers-to-control-47percent-of-north-america-tv-os-share-by-2029-as-advertising-strategies-shift>

<sup>36</sup> <https://www.mediapost.com/publications/article/396751/samsung-smart-tv-os-tops-in-2024-hisense-lg-and.html>

<sup>37</sup> <https://omdia.tech.informa.com/pr/2026/jan/retailers-to-control-47percent-of-north-america-tv-os-share-by-2029-as-advertising-strategies-shift>

<sup>38</sup> <https://uk.hisense.com/sponsorships>

<sup>39</sup> <https://www.hisense-usa.com/product-page/televisions-136-class-microled-display-vidaa-os-136mx>

<sup>40</sup> <https://www.hisense-usa.com/category/televisions>

<sup>41</sup> <https://investors.nexxen.com/events/event-details/raymond-james-tmt-and-consumer-conference-0> towards the end of the audio

<sup>42</sup> <https://www.tvtechnology.com/news/roku-surpasses-90-million-u-s-streaming-households>

<sup>43</sup> <https://www.investing.com/equities/roku-historical-data>

### Nexxen takeover by Affle 3i?

On 9<sup>th</sup> February 2026, Mark Kleinman of Sky News claimed that there is interest in a takeover of Nexxen by Indian peer Affle 3i exploring an offer above \$10/share for Nexxen (>\$500m valuation)<sup>44</sup>. The market reaction, however, was very muted with a +15% pre-market return that dwindled to <+3% into the close<sup>45</sup>. Apart from this tweet from Mark Kleinman, there was no confirmation of such takeover. Mark Kleinman is a city editor and has announced major takeover interest ahead of the market in the past, such as the £5bn potential takeover of supermarket chain Morrisons<sup>46</sup>. Whilst I'm unsure why the market reacted so muted to this news, other than no official statement on this potential takeover, I can imagine it might be related to Nexxen's largest shareholder, Saudi Arabia's wealthiest non-royal family<sup>47</sup>, Mithaq Capital, which owns a near 31% share<sup>48</sup>, hence could block any potential takeover. I'm not sure what to make of it, but given there is such a takeover announcement happening, the current valuation of Nexxen could perhaps be viewed as a floor, all else equal.



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<sup>44</sup> [https://x.com/MarkKleinmanSky/status/2020570694937915570?sort\\_replies=recency](https://x.com/MarkKleinmanSky/status/2020570694937915570?sort_replies=recency)

<sup>45</sup> <https://www.investing.com/equities/tremor-international-adr-historical-data>

<sup>46</sup> <https://news.sky.com/author/mark-kleinman-494>

<sup>47</sup> <https://thecradle.co/articles/wealthiest-non-royal-saudi-family-becomes-biggest-shareholder-in-israeli-tech-company>

<sup>48</sup> <https://www.marketscreener.com/quote/stock/NEXXEN-INTERNATIONAL-LTD-120797082/company/>

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