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Private Equity Hits Subscribe

The Money Is Made at 4x, Not 20x: Initiating Thematic Coverage

Private capital has been buying YouTube channels since 2020, and the pitch now circulating online says the play is to buy ten channels at 3-5x earnings, merge them and sell the bundle for 20x. We think the pitch has the economics backwards. In a YouTube roll-up the money is made at the entry price, not the exit, and the risk sits with the host, not the multiple. On our illustrative model of ten channels earning \$1.0M each, bought at 4.0x with 2.0x leverage, cash flow repays the debt within four years and the equity earns a 27.5% IRR on a 9.0x exit, at the low end of recent media deals. The brief's 20x would lift that to 42.6%, but it is not needed: a 5.5x exit still clears a 20% hurdle. What breaks the trade is the audience. If acquired channels shrink by about 10% a year, the equity gain is gone even at 9x. We initiate thematic coverage with a Selective view: the entry arbitrage is real, but only for channels whose audience will outlast the founder.

- **Selective; base-case equity IRR 27.5%.** Table 1 runs three scenarios over a six-year hold. Base (50%): 2% organic growth, a 12% revenue lift from shared sales and dubbing, one lead host lost every two years and a 9.0x exit, for a 4.3x MOIC. Bull (20%): stronger synergies and a 12.0x exit, 8.5x and 43.0%. Bear (30%): views fall 4% a year, a host leaves every year and the bundle sells at 5.0x, for 0.77x. **The probability-weighted IRR is 21.0%, and what separates bull from bear is audience durability, not the exit multiple.**
- **The 20x is the least important number.** In our base case 52% of the equity gain comes from cash flow (debt repaid and cash built), 44% from the multiple rising from 5.0x to 9.0x and 4% from EBITDA growth (Figure 2). No disclosed YouTube roll-up has exited at 20x; media deals priced at 8.0-17.0x EBITDA in Q3-25, and North American buyouts averaged 11.9x on entry in 2024. The closest precedent, Blackstone-backed Candle Media's ~\$3bn purchase of Moonbug in 2021, was followed by an expected 30% fall in Moonbug's earnings and a request to lenders to restructure debt (Figure 6).
- **The host is the collateral.** The playbook the brief describes (more uploads, new presenters, sister channels) is the buyer reducing key-man risk, and it is visible in the deals. Theorist Media launched a fifth channel two months after its sale, and its founder stepped down as host 13 months later; three Donut Media hosts left in 2024 under Recurrent Ventures. Our base case still clears 20% if organic decline is no worse than about 2% a year, or if about one lead host leaves each year.

Selective

Thematic: YouTube channel roll-ups

Data as of 02 Jan 26

Base-case equity IRR: 27.5%

Initiation of thematic coverage

Media & Private Markets

K2 Capital Limited

research@k2-capital.co

YouTube Ad Revenue (FYE Dec)

(\$ bn)	2023A	2024A	2025E
Q1	6.69	8.09	8.93
Q2	7.67	8.66	9.80
Q3	7.95	8.92	10.26
Q4	9.20	10.47	11.83E
FY	31.51	36.15	40.82E

Roll-up Dashboard

Metric	Brief	K2 base
Entry multiple	3-5x	4.0x
Exit multiple	20x	9.0x
Hold (years)	5-7	6
Equity IRR	42.6%*	27.5%
Exit for a 20% IRR	n/a	5.5x
Decline that wipes out gains	n/a	10% p.a.

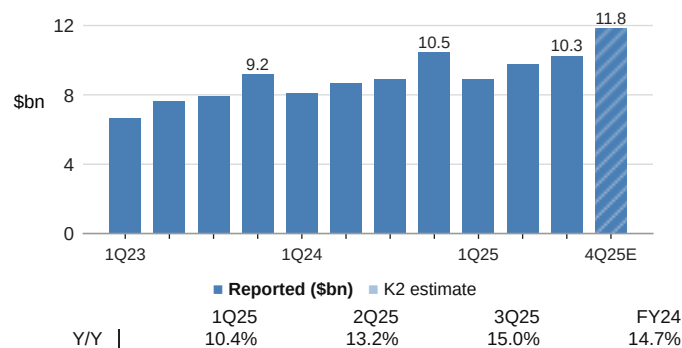
*The brief's 20x exit applied to K2 base-case operations. Media M&A traded at **8.0-17.0x** EBITDA in Q3-25; small channels sell for 1.0-3.0x annual profit on marketplaces.

Sources for: YouTube Ad Revenue: Alphabet filings; 4Q25 is a K2 estimate (Alphabet reports in February 2026). Roll-up Dashboard: Quartermast Advisors, Flippa, K2 Capital model. All data as of 2 January 2026; all other tables are K2 Capital estimates.

See page 9 for analyst certification and important disclosures.

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YouTube Advertising Revenue



Sector Data

YouTube ad revenue, 2024 (\$bn)	36.15
YouTube ad revenue, 9M25 (\$bn)	28.99
Paid to creators, artists, media (4 yrs to Sep-25)	>\$100bn
Creator share of long-form ad revenue	~55%
YouTube share of US TV viewing, Nov-25	12.9%
YouTube share of US TV viewing, Nov-24	10.8%
Fed funds target, 2 Jan 26	3.50-3.75%
Media M&A EV/EBITDA, Q3-25	8.0-17.0x
N. American buyout entry EV/EBITDA, 2024	11.9x
Small-channel sales (x annual profit)	1.0-3.0x
Unsold PE-backed companies (Bain)	~29,000

Key Metrics (Illustrative Roll-up, Base Case)

\$ in millions	Entry	FY28E	FY31E
Financial Estimates			
Revenue	20.0	22.3	22.2
Channel EBITDA	10.0	11.4	11.0
Holdco overhead	(2.0)	(2.2)	(2.4)
Platform EBITDA	8.0	9.2	8.6
Net income	-	4.3	4.4
Free cash flow	-	6.9	7.1
Margins and Growth			
Revenue CAGR from entry	-	3.8%	1.8%
Platform EBITDA margin	40.0%	41.2%	38.7%
Holdco cost / channel EBITDA	20.0%	19.0%	22.1%
Lead hosts lost (cumulative, exp.)	0.0	1.5	3.0
Ratios			
Net debt (cash)	19.0	0.5	(21.3)
Net debt / platform EBITDA	2.4x	0.0x	net cash
Interest cover (EBITDA / interest)	-	11.0x	no debt
Valuation			
EV / platform EBITDA	5.0x	9.0x	9.0x
Equity value	22.6	82.5	97.1
MOIC	1.0x	3.7x	4.3x

Summary Investment Thesis and Valuation

Investment Thesis

YouTube is now the largest single distributor of US television viewing (12.9% in Nov-25) and paid out more than \$100bn over four years, so channels with loyal audiences have become cash-generating small businesses. Private capital buys them because they are cheap: a channel earning \$1.0M a year changes hands for roughly three to five years of profit, against 8-17x for media businesses. The arbitrage is real, but the asset is unusual: much of its value can leave with one presenter. Buyers respond by adding presenters, sister channels and central sales, which is what the brief describes as the channel "slowly becoming something" without its founder. Our view is Selective.

Valuation

On a ten-channel roll-up bought at 4.0x channel EBITDA (5.0x after \$2.0M of holdco overhead) with 2.0x leverage at 10%, our base case returns 4.3x and 27.5% over six years at a 9.0x exit. The probability-weighted IRR across bull (20%), base (50%) and bear (30%) is 21.0%. The exit needed for a 20% IRR is only 5.5x; the annual audience decline that erases the gain at 9x is about 10%. Our view is Selective.

Who Is Buying

Candle Media: acquisitions incl. Moonbug (Blackstone-backed)	~\$4bn
Spotter: equity raised (SoftBank-led, to Feb-22)	\$755M
Recurrent Ventures: raised (Blackstone-led \$300M, May-22)	\$400M
Beast Industries: Series C (Alpha Wave, ~\$5bn value)	\$300M
Electrify: equity raised (MEP, Capital D, 2023)	\$135M
Moonbug: raise to buy Cocomelon, Blippi (Jul-20)	\$120M
Dude Perfect: Highmount Capital (Apr-24)	\$100M

Model	Examples	What is bought
Majority or partial stake	Electrify, Lunar X	Channel equity
Buyout into media group	Recurrent, Candle	Whole channel
Catalogue licensing	Spotter, Jellysmack	Old-video ad revenue
Growth equity	Highmount, Alpha Wave	Minority stake

- **Who the buyers are. (1)** Most of the money arrives through media companies run by former private-equity investors: two of Electrify's three founders came from KKR, and Lunar X's chief executive worked at KKR, Blackstone and General Atlantic. **(2)** Behind them is classic private capital: Capital D invested \$85M in Electrify (Sep-23), Blackstone Tactical Opportunities led Recurrent Ventures' \$300M round (May-22) and Blackstone backed Candle Media with \$1bn of equity (2021). **(3)** Tickets are small: Electrify invests "several hundred thousand dollars to many millions" per channel. **All told, disclosed capital is a few billion dollars, most of it one deal (Candle and Moonbug), against more than \$100bn YouTube paid out over four years.**
- **What the buyers say they do.** Electrify aims to at least triple each channel's revenue and profit through more and better uploads, other platforms, new revenue streams and in-house data tools, typically for around half the channel and a share of profits (Feb-23). Theorist Media said it sold because hiring and research bottlenecks had delayed its third channel by three years. These are the brief's "optimisation" steps, in the buyers' own words (Figure 1).
- **The economics in one line.** A channel earning \$1.0M sold at 4.0x hands its founder four years of profit up front and moves the risk that the audience fades onto the buyer. In our base case the buyer is debt-free by FY29E and recovers the purchase price from cash flow in about five years.

Table 1: Illustrative YouTube Roll-up Returns Methodology

\$ in millions; six-year hold from January 2026; 2.0x debt at 10%

	Bull	Base	Bear	Brief (20x)
Channel EBITDA at entry (10 x \$1.0M)	10.0	10.0	10.0	10.0
Less: holdco overhead	(2.0)	(2.0)	(2.0)	(2.0)
Entry EV at 4.0x channel EBITDA	40.0	40.0	40.0	40.0
Equity invested (after 2.0x debt)	22.6	22.6	22.6	22.6
Organic revenue growth p.a.	+5%	+2%	-4%	+2%
Lead hosts lost p.a. (of ten)	0.25	0.50	1.00	0.50
FY31E Platform EBITDA	13.4	8.6	3.0	8.6
x Exit EV / EBITDA	12.0x	9.0x	5.0x	20.0x
Exit Enterprise Value	160.4	77.4	14.9	171.9
Less exit costs, plus net cash	32.5	19.7	2.5	17.8
Exit Equity Value	192.9	97.1	17.3	189.7
Multiple of invested capital	8.54x	4.30x	0.77x	8.40x
Equity IRR (six-year hold)	43.0%	27.5%	(4.3%)	42.6%
Scenario Probability	20%	50%	30%	n/a
Probability-weighted Equity IRR		21.0%		
Probability-weighted MOIC		4.09x		

Source: K2 Capital estimates. Ten channels with \$2.0M revenue and \$1.0M EBITDA each (50% margin). A lost lead host cuts that channel's revenue by 40% and adds \$0.15M a year of replacement cost. Synergy revenue phases in over three years at a 70% margin. Holdco overhead of \$2.0M grows 4% a year. Acquired intangibles amortised over 15 years; 21% tax; free cash flow repays debt, then accumulates as cash. "Brief (20x)" applies the brief's exit multiple to base-case operations.

Figure 1: Disclosed Creator-Media Transactions

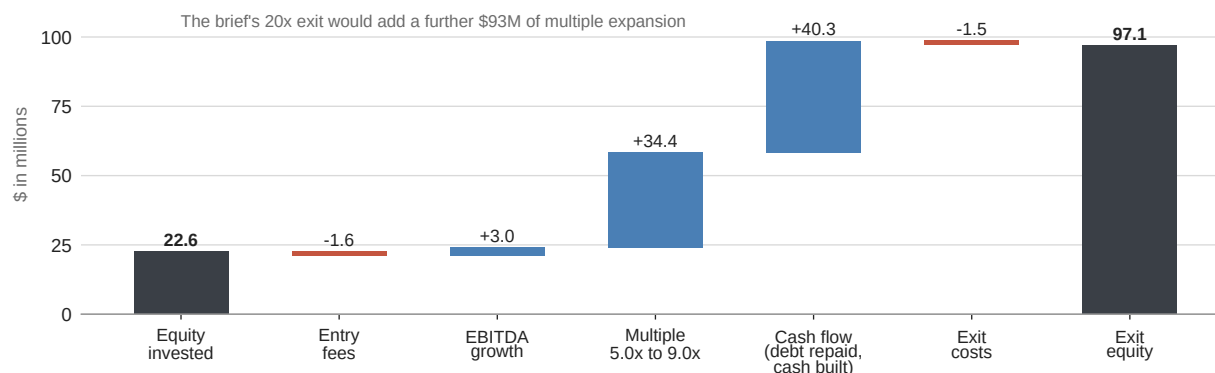
Public information as of 2 January 2026

Date	Channel / asset	Buyer (backer)	Terms	What followed
Jul-20	Cocomelon, Blippi	Moonbug (\$120M raise; Goldman Sachs, Raine)	Undisclosed	Moonbug itself sold to Candle 16 months later
Nov-21	Moonbug	Candle Media (Blackstone, \$1bn equity)	~\$3bn; 2020 revenue \$53.8M	Dec-23: earnings seen -30%; debt talks; 2024 restructuring
Nov-21	Donut Media (5.9M subs)	Recurrent Ventures (Blackstone-led \$300M round, May-22)	Undisclosed	Nov-23 layoffs; three hosts left Jun/Aug-24
Dec-22	Theorist Media (Game, Film, Food Theory)	Lunar X (CEO ex-KKR, Blackstone)	Undisclosed; ~10 suitors	New channel Feb-23; founder stopped hosting Mar-24
Apr-23	Veritasium (majority)	Electrify Video Partners	Undisclosed	Presenters added alongside the founder
Apr-24	Dude Perfect (60M+ subs)	Highmount Capital	>\$100M; 2024E revenue >\$50M	First outside capital; CEO hire, live events
Jan-25	Fern, Simplicissimus	Electrify Video Partners	Undisclosed partnership	Founders retained; documentary push
Mar-25	Beast Industries	Alpha Wave (Series C)	\$300M at ~\$5bn; 2024 loss ~\$60M	Valued on growth, not earnings
n/a	Fireship	Named in Jul-25 commentary	Not confirmed by 2 Jan 26	No disclosure by creator or investor

Source: Bloomberg, Tubefilter, Axios, Kidscreen, TheWrap, Animation Magazine, Fortune, Business Wire, Electrify Video Partners, Micro (via Daily Dot and NetInfluencer), K2 Capital. Moonbug 2020 revenue was £39.6M.

Figure 2: Where the Base-Case Return Comes From

\$ in millions; equity value bridge, January 2026 to exit at end-2031



Source: K2 Capital estimates. Entry multiple measured on platform EBITDA after holdco overhead (\$40.0M / \$8.0M = 5.0x).

Figure 3: Equity IRR by Exit Multiple and Organic Growth

Columns: annual organic revenue growth. Base-case synergies and host attrition; red: below the ~10% cost of debt, amber: below a 20% hurdle

Exit EV / EBITDA	-8%	-4%	-2%	0%	+2%	+4%	+6%
5.0x	-1%	8%	12%	15%	19%	22%	25%
7.0x	3%	12%	16%	20%	24%	27%	30%
9.0x	7%	16%	20%	24%	27%	31%	34%
11.0x	10%	19%	24%	27%	31%	34%	38%
14.0x	14%	24%	28%	32%	35%	39%	42%
17.0x	18%	27%	31%	35%	39%	43%	46%
20.0x (brief)	20%	30%	35%	39%	43%	46%	50%

Source: K2 Capital estimates. At a 9.0x exit, two points of organic growth are worth about 4 points of IRR; two more turns of exit multiple add about 3 points.

The Playbook, Claim by Claim

The brief describes a real strategy, but it gets the two price points wrong and the disclosure rule only half right. Figure 4 tests each claim against what was public on 2 January 2026. The operating playbook (more uploads, new presenters, sister channels, central sponsorship sales) is what the buyers themselves say they do. The prices are where the story overreaches: small channels sell for 1-3x annual profit on marketplaces, so 3-5x is the top of the range, not the middle, and nothing in the disclosed record supports a 20x exit (Figure 5).

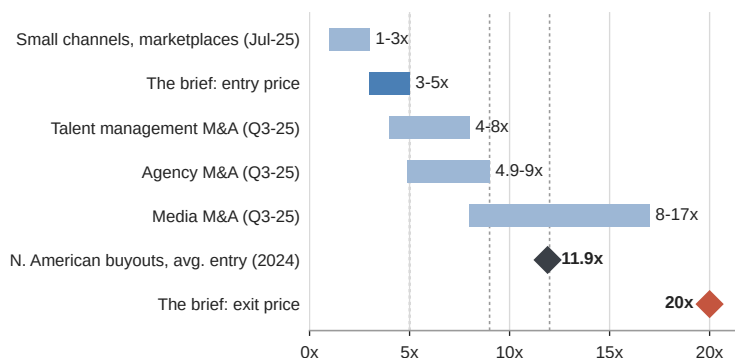
Figure 4: The Brief, Tested

What the brief says	What the record shows (to 2 Jan 26)	K2 verdict
PE is buying your favourite channels and no one is talking about it	Deals since 2020 are documented by Bloomberg, Tubefilter and Axios; the theme went viral in Jul-25 (Micro).	Partly true
A \$1M-a-year channel with five or six staff sells for 3-5x earnings	Marketplaces guide to 12-36x monthly net profit (1.0-3.0x annual; Flippa, Jul-25). Institutional prices are undisclosed.	Top of range
Combine ten channels and sell the bundle for 20x	No disclosed YouTube roll-up exit. Media M&A 8.0-17.0x EBITDA (Q3-25); N. American buyouts 11.9x on entry (2024).	Overstated
Uploads are pushed and content shifts towards the algorithm	Electrify's stated levers: more and better uploads, more platforms, new revenue streams, data tools.	Consistent
New hosts and sister channels reduce key-man risk	Theorist launched a fifth channel two months after its sale; Veritasium added presenters.	Supported
AI pre-approves scripts before filming	No public evidence for the named channels as at 2 Jan 26; buyers cite in-house data tools.	Unverified
Sold to the next buyer five to seven years later	Typical buyout holds run about six years, but exits are slow: ~29,000 unsold PE-backed companies; 2024 distributions 11% of NAV.	Plausible
FTC rules mean the audience never has to be told	No rule requires disclosure of a change in ownership; the 2023 Endorsement Guides do require disclosure of business ties in endorsements.	Mostly true
Disclosed deals include Donut Media, Fireship, Veritasium, Fern and Game Theorists	Four confirmed with dates (Figure 1). Fireship undisclosed as at 2 Jan 26. Buyers are mostly PE-backed media firms.	Four of five

Source: Flippa (Jul-25), Quartermast Advisors (Q3-25), Bain & Company (2025), Federal Trade Commission (Jun-23), Tubefilter, Electrify Video Partners, Daily Dot, K2 Capital.

Figure 5: Where the Brief's Prices Sit

EV / EBITDA, or multiple of annual profit for small channels; dashed lines: K2 bear (5x), base (9x) and bull (12x) exits



Source: Flippa (Jul-25), Quartermast Advisors (Q3-25), Bain & Company / StepStone (2024), K2 Capital.

Why 20x is the wrong anchor. A roll-up earns a higher multiple at exit only if buyers see the combined business as less risky than its parts: diversified, less dependent on any one host, with central sales and data. That supports a step up from 4x towards the 8-12x where agencies, talent managers and the average buyout trade. It does not support 20x, above the top of the 8.0-17.0x range for media deals in Q3-25. The exit market is also slow: Bain counts about 29,000 unsold PE-backed companies, and distributions were 11% of NAV in 2024, the lowest rate in over a decade.

Key-Man Risk: The Asset Can Resign

Every buyer in this market prices the same risk: much of a channel's value can leave with one person. That is why buyers favour long-form, factual and educational channels, whose back catalogues keep earning long after upload (Electrify's stated focus), and why the brief's playbook of extra presenters and sister channels exists at all. Figure 6 sets out what has happened when the risk was tested. Our model's base case loses one lead host every two years across ten channels and still returns 27.5%; it is the steady erosion of views, not the exit multiple, that turns the trade negative (Figure 7).

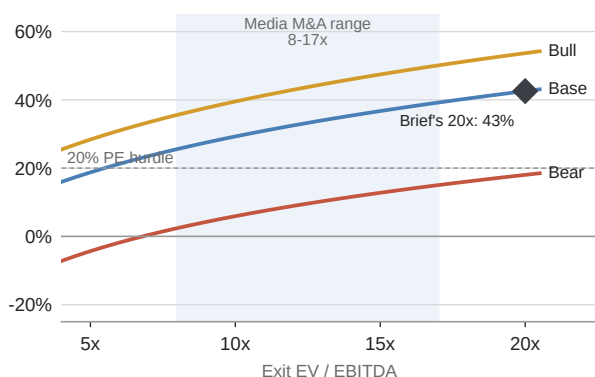
Figure 6: Key-Man and Roll-up Risk in Practice

Case	What happened	Lesson
Theorist Media (Game Theory)	Sold to Lunar X in Dec-22 after about ten approaches over two years. A fifth channel launched in Feb-23 and the English-language libraries were licensed to FilmRise in Dec-23. The founder announced in Jan-24 that he would stop hosting; his final episode aired in Mar-24, and the channels continued without him.	The buyer bought the format and the library, then took the host out of the equation.
Donut Media	Bought by Recurrent Ventures in Nov-21 with 5.9M subscribers. Recurrent raised \$300M led by Blackstone in May-22, then cut staff across its brands (Nov-23, its third CEO in three years). Two hosts left to start their own channel in Jun-24; the editor-in-chief left with the chief content officer to start another in Aug-24.	Talent can leave and compete for the same audience.
Candle Media / Moonbug	Paid ~\$3bn in Nov-21 for a business with 2020 revenue of £39.6M. By Dec-23 Moonbug's earnings were expected to fall 30% and Candle asked lenders to restructure part of ~\$1bn of debt. Its CEO said the financials had "probably not" supported the prices paid.	A growth multiple on a creator asset leaves no room for decay.
Thrasio (Amazon sellers)	Raised \$3.4bn to buy and centralise small Amazon brands, the same buy-small, sell-big model. Filed for Chapter 11 in Feb-24; lenders cut ~\$495M of debt.	Roll-ups fail on growth and leverage, not on paper synergies.
Spotter / Jellysmack	Bought rights to creators' back-catalogue ad revenue, offering about 80% of projected five-year value up front (Dec-22); Spotter had deployed \$350M by Feb-22.	Catalogue buyers price decay explicitly; channel buyers often do not.

Source: Tubefilter, Kidscreen, World Screen, Wikipedia, Business Wire, Axios, TheWrap, Animation Magazine, CNBC, Fortune, K2 Capital.

Figure 7: Equity IRR vs. Exit Multiple

K2 operating scenarios; six-year hold



Source: K2 Capital estimates. Shaded band: media M&A range, Q3-25 (Quartermast Advisors).

The disclosure gap. The brief is mostly right that viewers need not be told. No US rule requires a channel to disclose a change of ownership. But the FTC's Endorsement Guides, revised in June 2023, require clear and conspicuous disclosure of any material connection between an endorser and the brand promoted, and business relationships count. A PE-owned channel that promotes a sister portfolio company, or a sponsor in which its owner has a stake, must say so. As portfolios grow, those cross-promotions become more likely, and so does enforcement risk: the FTC sent nearly 2,000 warning letters and notices of penalty offences between 2017 and 2021.

Investment Thesis, Valuation and Risks

YouTube Channel Roll-ups *(Selective; Base-case Equity IRR: 27.5%)*

Investment Thesis

Channels with loyal audiences are small, cash-generative businesses that change hands at three to five years of profit, because few buyers can underwrite them and founders want liquidity. Private capital, mostly through PE-backed media companies, is buying them for that entry yield. At 4x, a roll-up pays for itself from cash flow in about five years; the 20x exit in the popular narrative is a bonus, not the business model. The risk is audience durability once the founder steps back, which is why buyers add presenters, sister channels and central sales. We favour format-led, evergreen channels over personality-led ones. Our view is Selective.

Valuation

Our illustrative ten-channel roll-up, bought at 4.0x channel EBITDA with 2.0x leverage at 10%, returns 4.3x and 27.5% over six years in our base case (9.0x exit), 43.0% in our bull case (12.0x) and -4.3% in our bear case (5.0x), for a probability-weighted IRR of 21.0%. Our view is Selective.

Risks to Our View

Upside Risks: a disclosed roll-up exit at 12x or more, validating multiple expansion on top of cash yield; further gains in YouTube's share of TV viewing (12.9% in Nov-25 from 10.8% a year earlier), lifting advertising rates; dubbing and multi-platform distribution growing audiences without new production; lower rates cutting financing costs. Downside Risks: faster audience decay after founders step back; changes to YouTube's revenue share or recommendation algorithm; AI-generated video competing for the same watch time; audience or regulatory backlash over undisclosed ownership; a slow exit market that stretches holds beyond seven years.

What Would Make Us Wrong?

We would revisit the view if two or more of the following occur:

1. A YouTube roll-up exits at 15x EBITDA or more, which would make multiple arbitrage, not cash yield, the main source of returns.
2. Acquired channels lose more than 10% of views a year in the 12 months after a founder steps back, our break-even rate at a 9x exit (we would turn Cautious).
3. Private credit for creator assets prices below 8% or above 13%, against the 10% in our model.
4. YouTube changes its roughly 55% long-form revenue share, or regulators require channels to disclose ownership.
5. YouTube advertising growth slows below 5% y/y for two consecutive quarters (3Q25: +15.0%).

Signposts

27-28 Jan 2026: FOMC decision. Early Feb 2026: Alphabet 4Q25 results (YouTube advertising; our estimate \$11.83bn). Monthly: Nielsen's Gauge (YouTube share of TV viewing). Ongoing: fundraising or asset sales at Electrify, Lunar X and Recurrent, and the first disclosed exit of a YouTube roll-up.

Illustrative Roll-up: Summary of Financials

Income Statement - Annual								Scenario Summary				Bull	Base	Bear	Brief
	Entry	FY26E	FY27E	FY28E	FY29E	FY30E	FY31E								
Revenue	20.0	20.8	21.6	22.3	22.3	22.3	22.2	Organic growth p.a.		5%	2%	(4%)	2%		
o/w Synergy revenue	0.0	0.8	1.7	2.5	2.6	2.6	2.7	Synergy revenue lift		20%	12%	5%	12%		
o/w Lost to host departures	0.0	(0.4)	(0.9)	(1.4)	(1.9)	(2.5)	(3.0)	Lead hosts lost p.a.		0.25	0.50	1.00	0.50		
Channel operating costs	(10.0)	(10.2)	(10.5)	(10.7)	(10.7)	(10.7)	(10.7)	FY31E revenue		30.2	22.2	12.5	22.2		
Replacement host costs	0.0	(0.1)	(0.1)	(0.2)	(0.3)	(0.4)	(0.4)	FY31E platform EBITDA		13.4	8.6	3.0	8.6		
Channel EBITDA	10.0	10.5	10.9	11.4	11.3	11.2	11.0	Exit EV / EBITDA		12.0x	9.0x	5.0x	20.0x		
Holdco overhead	(2.0)	(2.0)	(2.1)	(2.2)	(2.2)	(2.3)	(2.4)	Exit equity value		192.9	97.1	17.3	189.7		
Platform EBITDA	8.0	8.5	8.9	9.2	9.0	8.8	8.6	MOIC		8.54x	4.30x	0.77x	8.40x		
D&A (incl. intangibles)	-	(3.0)	(3.0)	(3.0)	(3.0)	(3.0)	(3.0)	Equity IRR		43.0%	27.5%	(4.3%)	42.6%		
EBIT	-	5.5	5.9	6.3	6.1	5.8	5.6	Probability		20%	50%	30%	n/a		
Interest	-	(2.0)	(1.5)	(0.8)	(0.1)	0.0	0.0								
Pre-tax income	-	3.5	4.4	5.4	5.9	5.8	5.6								
Tax	-	(0.7)	(0.9)	(1.1)	(1.2)	(1.2)	(1.2)								
Net income	-	2.8	3.5	4.3	4.7	4.6	4.4								
Balance Sheet & Cash Flow Statement								Entry	FY26E	FY27E	FY28E	FY29E	FY30E	FY31E	
Cash	1.0	1.0	1.0	1.0	6.9	14.2	21.3	Revenue growth	-	4.0%	3.8%	3.6%	(0.2%)	(0.2%)	(0.3%)
Acquired intangibles (net)	40.0	37.3	34.7	32.0	29.3	26.7	24.0	Channel EBITDA margin	50.0%	50.4%	50.7%	50.9%	50.5%	50.1%	49.7%
Total assets	41.0	38.3	35.7	33.0	36.2	40.8	45.3	Platform EBITDA margin	40.0%	40.8%	41.1%	41.2%	40.4%	39.6%	38.7%
Debt	20.0	14.6	8.4	1.5	0.0	0.0	0.0	Holdco / channel EBITDA	20.0%	19.1%	19.0%	19.0%	20.0%	21.0%	22.1%
Shareholders' equity	21.0	23.8	27.3	31.5	36.2	40.8	45.3	Net debt / EBITDA	2.4x	1.6x	0.8x	0.0x	nm	nm	nm
Total liabilities & equity	41.0	38.3	35.7	33.0	36.2	40.8	45.3	Interest cover (x)	-	4.2x	6.1x	11.0x	62.2x	nm	nm
Net debt (cash)	19.0	13.6	7.4	0.5	(6.9)	(14.2)	(21.3)	FCF / platform EBITDA	-	64.2%	69.7%	75.3%	81.3%	82.7%	82.8%
Cash flow from operations	-	5.7	6.5	7.2	7.6	7.6	7.4	Cumulative FCF / equity	-	0.24x	0.51x	0.82x	1.15x	1.47x	1.78x
o/w D&A	-	3.0	3.0	3.0	3.0	3.0	3.0	Hosts lost (cum., exp.)	0.0	0.5	1.0	1.5	2.0	2.5	3.0
Capital expenditure	-	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)	ROE	-	12.4%	13.7%	14.5%	13.8%	12.0%	10.3%
Debt repaid	-	(5.4)	(6.2)	(6.9)	(1.5)	0.0	0.0								
Net change in cash	-	0.0	0.0	0.0	5.9	7.3	7.1								
Free cash flow	-	5.4	6.2	6.9	7.3	7.3	7.1								
Key Assumptions (All Scenarios)								Equity Value Bridge							
										Bull	Base	Bear	Brief		
Channels acquired							10	Equity invested		22.6	22.6	22.6	22.6		
Revenue / EBITDA per channel							\$2.0M / \$1.0M	Entry fees		(1.6)	(1.6)	(1.6)	(1.6)		
Entry multiple (channel EBITDA)							4.0x	EBITDA growth		26.8	3.0	(25.1)	3.0		
Transaction fees / exit costs							4% / 2% of EV	Multiple expansion		93.6	34.4	0.0	128.9		
Debt at entry; interest rate							2.0x EBITDA; 10%	Cash flow (debt repaid, cash built)		54.7	40.3	21.8	40.3		
Holdco overhead							\$2.0M, +4% p.a.	Exit costs		(3.2)	(1.5)	(0.3)	(3.4)		
Revenue lost when a lead host leaves							40% of channel	Exit equity		192.9	97.1	17.3	189.7		
Replacement host cost							\$0.15M p.a. per channel								
Synergy revenue margin; phase-in							70%; three years								
Intangibles amortisation; tax rate							15 years; 21%								
Hold; exit							Six years; end-2031								

Source: K2 Capital estimates.

Note: \$ in millions. Base case unless stated. "Entry" is the pro forma run-rate at close in January 2026; FY26E to FY31E are calendar years. The roll-up is illustrative: ten channels bought for \$40.0M (4.0x channel EBITDA) with \$20.0M of debt at 10%, \$1.0M of opening cash and \$22.6M of equity; transaction fees of \$1.6M are expensed at close. Free cash flow repays debt, then accumulates as cash; no dividends. o/w - out of which. "Brief" applies the brief's 20x exit to base-case operations.

Analyst Certification: The research analysts of K2 Capital Limited responsible for this report certify that (1) the views expressed in this report accurately reflect their personal views about the subject matter and any securities discussed, and (2) no part of their compensation was, is or will be directly or indirectly related to the specific views expressed in this report.

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Thematic views: Positive: we expect the strategy or theme discussed to deliver attractive risk-adjusted returns for investors across most opportunities. Selective: we expect attractive returns only for a subset of opportunities, identified in the report. Cautious: we expect returns below the risks taken for most opportunities. This report covers a private-market theme and does not rate or set a price target for any listed security. Scenario returns are illustrative and based on the methodology and risks described in this report.

Date	View	Base-case IRR
02-Sep-26	Selective (initiation)	27.5%

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Sources and methodology: This report uses information available on or before 2 January 2026. Sources include Alphabet's quarterly results (YouTube advertising revenue, 2023 to 3Q25); YouTube (Made on YouTube, September 2025); Nielsen's Media Distributor Gauge (November 2025); Federal Reserve statements (December 2025); Federal Trade Commission, Guides Concerning the Use of Endorsements and Testimonials in Advertising (June 2023); Bain & Company, Global Private Equity Report 2025; Quartermast Advisors (Q3-25 creator-economy valuations); Flippa (July 2025); company releases from Electrify Video Partners and Recurrent Ventures; and reporting by Bloomberg, Tubefilter, Axios, Kidscreen, World Screen, TheWrap, Animation Magazine, Fortune, CNBC, Business Wire, Daily Dot and NetInfluencer. Transaction terms are as disclosed; most are not. The roll-up model, scenario assumptions and 4Q25 YouTube estimate are K2 Capital's and are subject to change without notice.

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