



AdTech Industry Update

KPMG Corporate Finance LLC
June 2023 Sector Update



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Roddy leads the Digital Media practice at KPMG CF serving clients specifically in the Digital Media, Advertising Technology, AI, and Marketing Technology sectors with a focus on M&A advisory and private capital raises for middle-market technology companies. Roddy has over 21 years of Technology, Media & Telecom investment banking and has executed over \$32 billion in M&A and public and private capital markets transactions. Previously, Roddy led the Digital Media & Internet practices at Waller Capital and at Oppenheimer & Co. He also formerly led the east coast Internet practice for Jefferies and was a banker at LUMA Partners, Allen & Co., Merrill Lynch and Citicorp.

Roddy received his A.B. from Harvard University, graduating with honors, and earned his MBA from The Wharton School of the University of Pennsylvania.

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Joe is a senior member of the Digital Media practice at KPMG CF in the US serving clients in the Digital Media, Gaming, AI, and Marketing Technology sectors with a focus on M&A advisory, capital formation, and corporate strategy for high growth technology companies. Joe's financial services experiences range from advising executives at Citi Global Markets to advising public technology companies on M&A and capital raising activities as an investment banker at Wells Fargo Securities. Joe also has an extensive operating background at Warner Bros. Entertainment and at two Kleiner Perkins backed technology companies, where he led corporate development.

Joe received his B.A. from The Johns Hopkins University, graduating with honors, and earned his JD and MBA from the University of Virginia's School of Law and Darden School of Business.



KPMG CF: AdTech Sector Update



AdTech: Sector Update

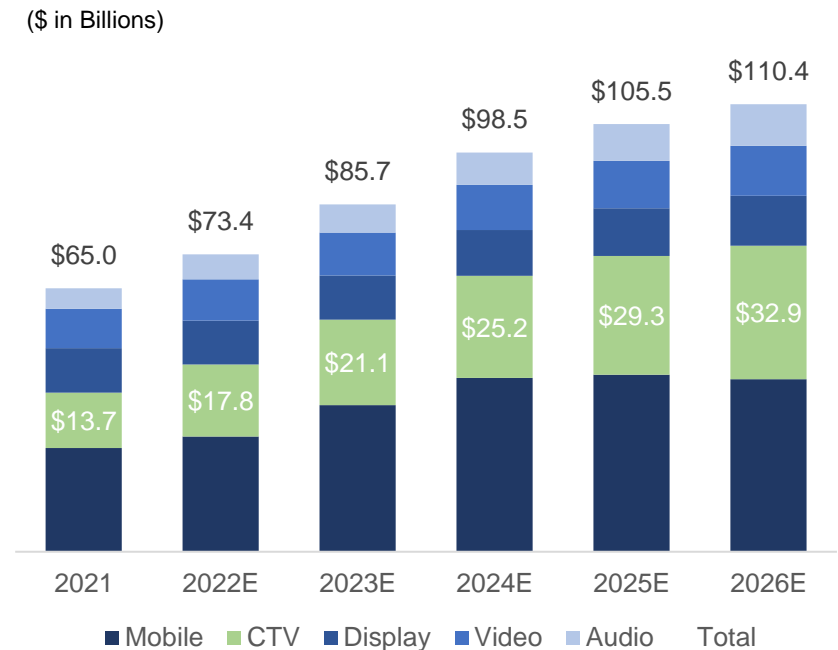
Key Theme: Digital AI Ads

- On April 5, 2023, Andrew Bosworth (CTO of Meta) shared that he expects to ship tools to create ads with AI by the end of 2023. Bosworth described giving advertisers the ability to use multiple images that work best for audiences, increasing the effectiveness of ads and saving time and money. Mark Zuckerberg noted on his April 26, 2023, Q1 2023 earnings call that AI has already improved monetization in both Instagram by 30% and Facebook by 40% QoQ.
- Microsoft has also been testing out advertising within their Bing Chat product since February 2023. In the advertising feature that Bing Chat is testing, conversational responses will include links that may be paid for by sponsors. While the link isn't marked specifically as ads as search results are, once user hovers over the link with a mouse, the word "Ad" appears in the link's pop-up. Bing is also reportedly testing photo and video ads that will appear below a user's chat conversation.
- Advertisers are already experiencing tangible benefits from employing AI into their creative. Drinks conglomerate Diageo is embedding AI with CreativeX's assistance in analyzing and optimizing their creative, which are reduced the price of 1,000 advertisement impressions (CPM) by 50%.

Key Theme: Streaming AVOD Adoption

- Advertising Video On Demand (AVOD) implemented on OTT streaming services' major subscriber bases such as Netflix is another key theme in 2023. Netflix aims to push personalized, programmatic advertising content and formats to the technological limit. Netflix disclosed in their Q1 2023 shareholder letter that their Average Revenue per Membership (ARM), which includes subscription + ads revenue is greater than their standard plan, in the US. Due to this success, Netflix announced upgrading the ads feature to included 1080p, from 720p video quality and two concurrent streams in all 12 of their ad markets, beginning with Canada and Spain.
- "...further subscription fee hikes in a general inflationary environment will force more consumers to tighten belts; we believe prices of most popular services could potentially double. On the other, streaming companies are realizing that higher prices alone are not enough to generate the profits Wall Street demands from cable TV providers..."* – Scott Purdy (Principal, Deal Advisory & Strategy, KPMG),
- "... But then when you think about like from a technology and product experience perspective, what am I excited about there, that's again where I think we have an opportunity to bring the specific characteristics of a premium, fully addressable, fully targetable, fully deterministic ad streaming system to this world...So, there's just a whole amazing line of innovation that we can go after, and we'll be going after for, frankly, for years."* – Gregory K. Peters (Co-CEO, Netflix), Q1 2023 Earnings Call, 4/18/2023

US Ad Market Value By Channel



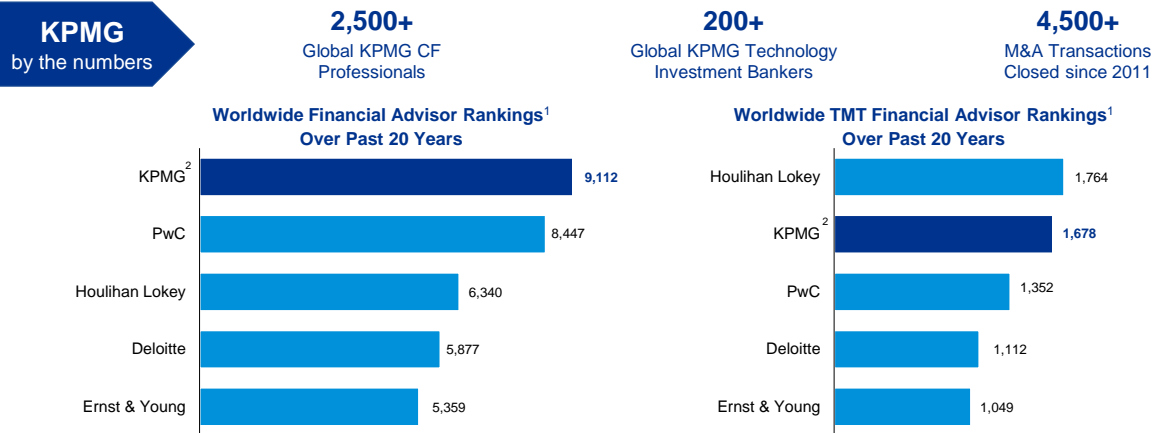


KPMG CF: AdTech Team



KPMG's Global Platform

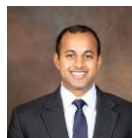
KPMG Corporate Finance Credentials - Most Active Middle-Market Advisor Globally²



Advertising Technology Investment Banking Team



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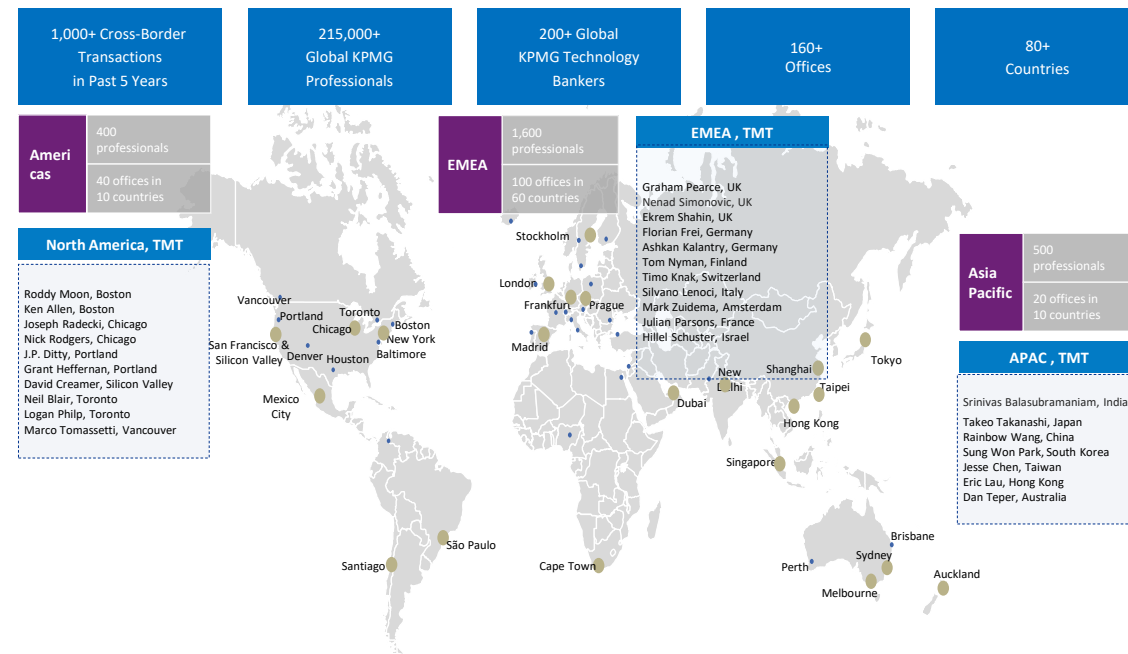


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Global Senior Technology M&A Team²



KPMG Corporate Finance LLC Representative Transactions

| | | | | |
|---------------------------------------------------|---------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------|----------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------|
| <p>ENGINE MEDIA</p> <p>has merged with</p> | <p>PLAYAWAY[®] PRE-LOADED PRODUCTS</p> <p>a subsidiary of</p> <p>has been acquired by</p> | <p>netag</p> <p>has received a majority investment from</p> | <p>smartbox</p> <p>has been acquired by</p> <p>a portfolio company of</p> | <p>Boostability</p> <p>a portfolio company of</p> <p>has received a growth investment from</p> |
| <p>Artlogic</p> <p>Capital raise</p> | <p>[HPS] FLAG</p> <p>have partnered with</p> <p>supported by a majority investment from</p> | <p>X-ID</p> <p>has been acquired by</p> | <p>REACHLOCAL</p> <p>has divested its Japanese operations to</p> | <p>INNOCEAN WORLDWIDE</p> <p>has acquired</p> |

KPMG LLP Thought Leadership

Challenging times

M&A trends in technology, media, and telecom

FTC Recent Focus on Tech: Digital Advertising, Cloud

Increasing scrutiny of technology adoption and use

Harness the power of analytics to drive marketing strategy

Alleviate marketing budget pressure with an integrated approach to measurement

Notes: 1. Refinitiv - Transactions less than \$500M
2. Refers to the global Corporate Finance practices of KPMG International's network of independent member firms



AdTech Landscape Overview



KPMG CF: AdTech Innovators Spotlight

Leading Innovators In the AdTech Ecosystem

| | | | | | |
|------------|--------------|----------------|-----------------------------------|------------|-------------|
| AARKI | amplemarket | anyword | AppSamurai | blisspoint | Broadlume |
| cosmose AI | creativex | Decide | DigiTrends | Dolead | dstillery |
| Feedvisor | fullpath | GrowByData | HOWL | INFLU2 | Influential |
| KNOREX® | MissionWired | OnlineSales.ai | pando logic a Veritone company | PERQ | Quartile |
| remesh | silverpush | smart commerce | strike social | THETALAKE | VIDEOVERSE |



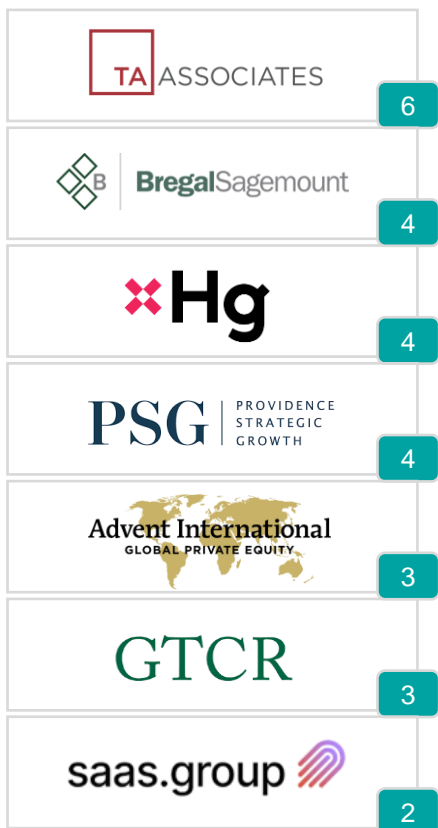
KPMG CF: AdTech Spring 2023 Key Players

Top AdTech Strategic & Private Equity Acquirers (TTM)

Strategic



Private Equity



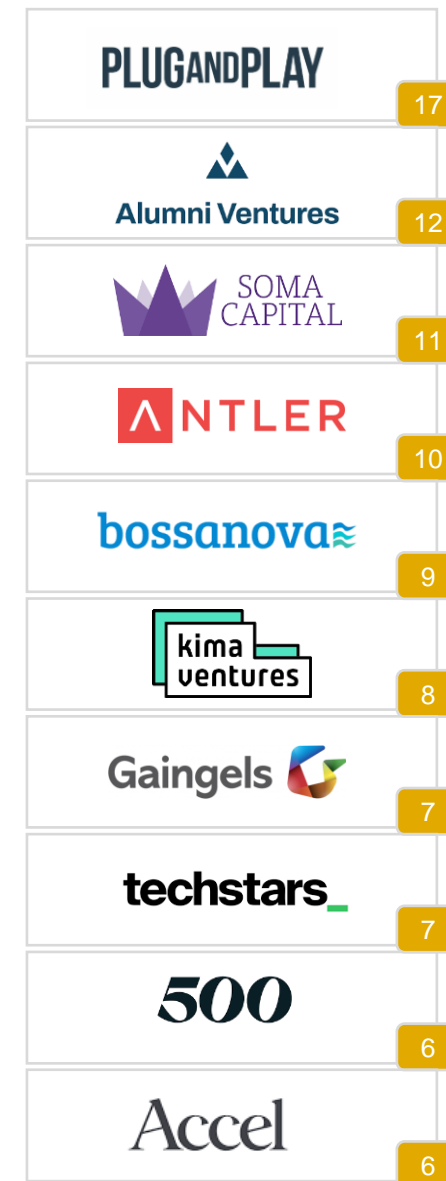
■ Represents number of acquisitions made by the strategic as well as private equity acquirers in Trailing Twelve Months (TTM)

Top Late Stage & Growth Investors (TTM)



■ Represents number of investments made by the Private Equity / Venture Capital Firms in Trailing Twelve Months (TTM)

Top Early-Stage Investors (TTM)



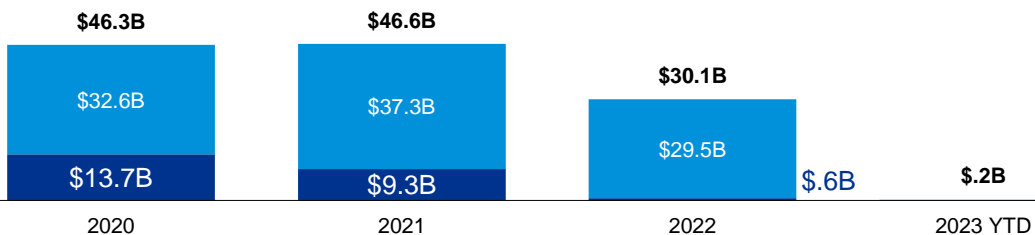
■ Represents number of investments made by the Private Equity / Venture Capital Firms in Trailing Twelve Months (TTM)



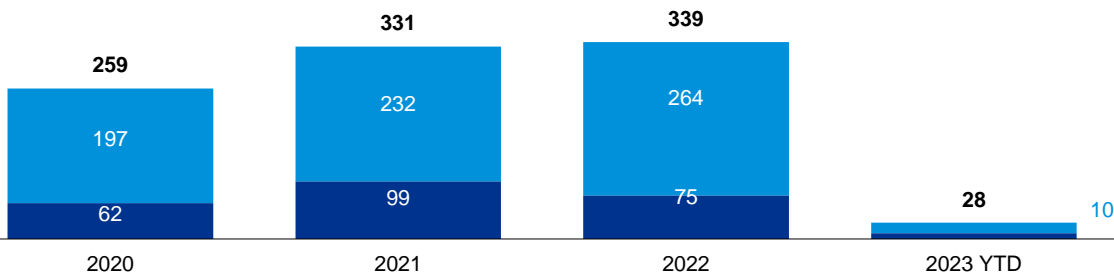
KPMG CF: AdTech Spring 2023 Deal Activity

8) Global Deal Activity: AdTech M&A

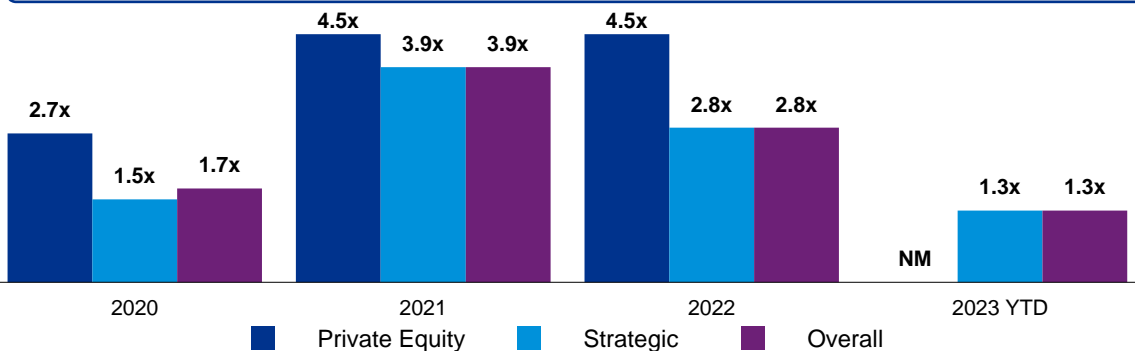
Total Deal Value



Deal Count⁽⁵⁾

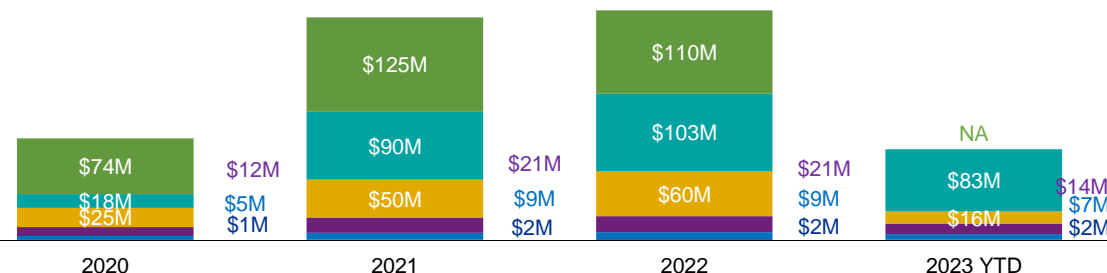


Median EV / Revenue Multiple

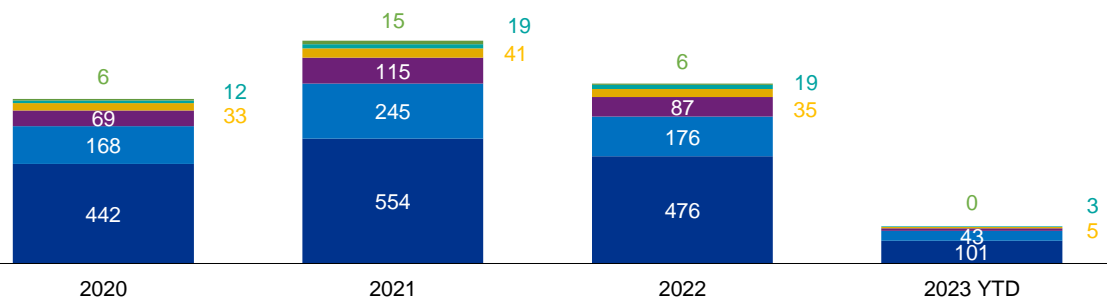


9) Global Deal Activity: AdTech Private Placements

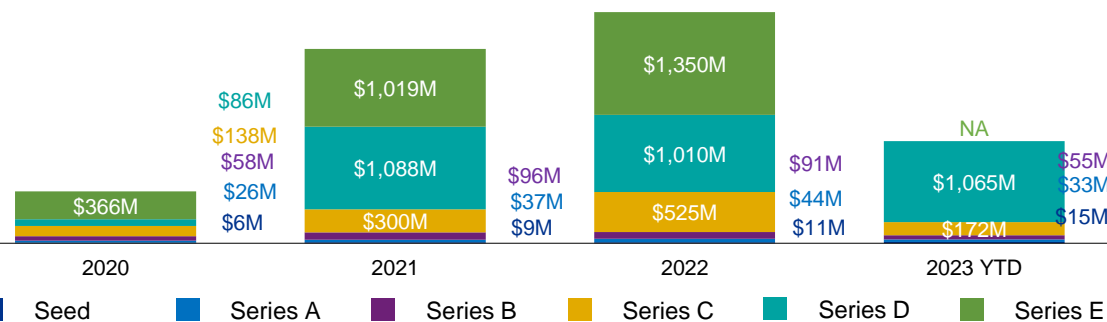
Median Round Size



Deal Counts



Median Post-Valuation



Source: 451 Research, Pitchbook
 Notes:
 1. Includes undisclosed multiples in deal counts
 2. Includes all category deals with multiples data within the time period with 2023 YTD referring to Jan'23-May'23
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KPMG CF: AdTech Valuation Overview

Valuation Overview - Publicly Traded Comparable Companies^{1,2}

\$USD in millions

| AdTech | Country | Market Cap | Enterprise Value | Revenue | Revenue Growth 2022-23 | Gross Margin % | EBITDA % | LTM EV/Revenue | LTM EV/EBITDA | CY 2023 EV/Revenue | CY 2023 EV/EBITDA | CY 2024 EV/Revenue | CY 2024 EV/EBITDA |
|-----------------------|---------|------------|------------------|---------|------------------------|----------------|----------|----------------|---------------|--------------------|-------------------|--------------------|-------------------|
| The Trade Desk, Inc. | U.S. | \$32,665 | \$31,588 | \$1,645 | 21.6% | 81.6% | 9.8% | 19.2x | NM | 16.5x | 42.4x | 13.3x | 33.4x |
| DoubleVerify Holdings | U.S. | \$5,231 | \$5,030 | \$478 | 24.6% | 82.2% | 21.0% | 10.5x | NM | 8.9x | 28.7x | 7.3x | 22.8x |
| Integral Ad Science | U.S. | \$2,703 | \$2,851 | \$425 | 13.3% | 81.0% | 18.4% | 6.7x | 36.3x | 6.2x | 18.9x | 5.3x | 15.8x |
| Zeta Global | U.S. | \$1,877 | \$1,953 | \$622 | 18.6% | 63.3% | (30.9%) | 3.1x | NM | 2.8x | 16.3x | 2.4x | 12.8x |
| Criteo S.A. | France | \$1,804 | \$1,617 | \$1,951 | 8.8% | 40.6% | 4.0% | 0.8x | 20.8x | 1.6x | 5.8x | 1.5x | 5.1x |
| Magnite, Inc. | U.S. | \$1,577 | \$2,100 | \$589 | 8.5% | 36.8% | 15.0% | 3.6x | 23.8x | 3.8x | 11.4x | 3.3x | 9.4x |
| PubMatic, Inc. | U.S. | \$886 | \$738 | \$257 | 3.3% | 63.7% | 18.4% | 2.9x | 15.6x | 2.8x | 9.2x | 2.5x | 7.5x |
| Mean | | \$6,678 | \$6,554 | \$853 | 14.1% | 64.2% | 8.0% | 6.7x | 24.1x | 6.1x | 19.0x | 5.1x | 15.3x |
| Median | | \$2,965 | \$2,978 | \$739 | 13.3% | 63.7% | 15.0% | 3.6x | 22.3x | 3.8x | 16.3x | 3.3x | 12.8x |

Valuation Overview - Recent Precedent M&A Transactions

| Date | Acquirer | Target | Target Country | EV | EV / Revenue | EV / EBITDA | Target Description |
|--------|-------------------------|---------------|----------------|------|--------------|-------------|-----------------------------------------------------------------------|
| May-23 | VO2 Cap | Madington | Sweden | \$2 | - | - | Digital advertising SaaS |
| Apr-23 | PopReach | OpenMoves | USA | \$8 | 1.3x | 5.6x | Performance marketing agency |
| Mar-23 | Digital Media Solutions | GDMgroup Asia | Hong Kong | \$35 | - | - | Online contractor-matching marketplace |
| Mar-23 | Geniee | Zelto | USA | \$70 | - | - | Advertisement revenue optimization SaaS |
| Jan-23 | ClearPier | Cyobel Media | Israel | \$40 | - | - | Performance-based advertising SaaS & services |
| Jan-23 | Tinuiti | Ampush Media | U.S. | \$45 | - | 9.0x | Provides social media marketing, SEO and display advertising services |
| Mean | | | | \$33 | 1.3x | 7.3x | |
| Median | | | | \$38 | 1.3x | 7.3x | |

Valuation Overview - Recent Capital Raise Transactions³

| Date | Lead Investors | Target | Target Country | Round Size | Target Description |
|--------|-------------------------------------|------------|----------------|------------|--------------------------------------------------------------------------------------------------------------|
| May-23 | Redpoint Ventures, Battery Ventures | Insider | U.S. | \$105 | Developer of an online marketing platform intended to optimize marketing spending and target online campaign |
| Mar-23 | Reseda Group | Prizeout | U.S. | \$160 | Operator of an ad-tech company |
| Mar-23 | Savano Capital, Texas Capital Bank | Adwerx | U.S. | \$20 | Developer of a digital marketing platform designed to simplify online advertising |
| Mar-23 | Neuberger Berman | Wunderkind | U.S. | \$76 | Developer of a cloud-based behavioral marketing platform designed to offer programmatic advertisements |
| Jan-23 | Blossom Street Ventures, JMI Equity | SOCi | U.S. | \$120 | Developer of a marketing platform intended for multi-location brands |

Sources: CapitalIQ and 451 Research

Notes:
 1. Market data as of May 24, 2023
 2. The EV/Revenue >20x and EV/EBITDA >50x are considered "NM" ("not meaningful") for publicly traded comparables
 3. Excludes <\$15M round size capital raise transactions

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