

The OAREX logo is positioned in the top right corner of the page. It consists of the word "OAREX" in a bold, white, sans-serif font, followed by a registered trademark symbol (®). The background of the entire page is a dark blue gradient with abstract, flowing shapes in orange, white, and light blue that create a sense of movement and depth.

OAREX[®]

Ad Tech M&A Report
H1, 2021

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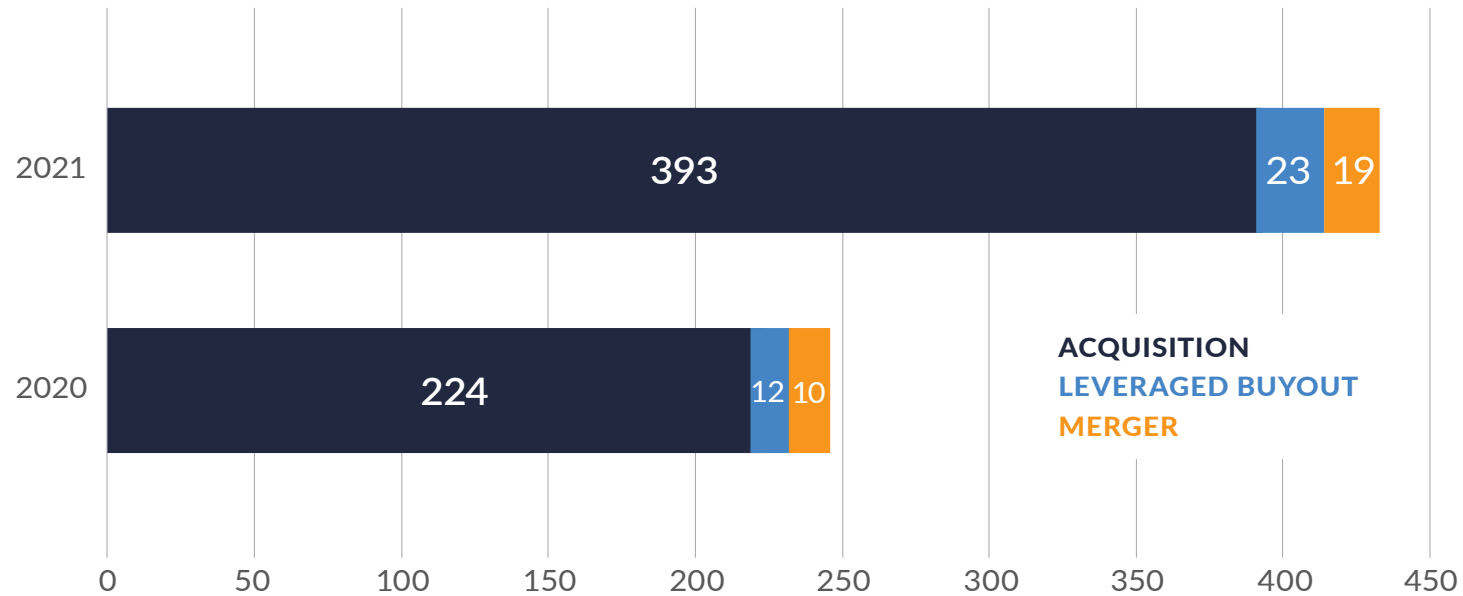
INTRODUCTION

The M&A market is hot. Early in the year, we saw numerous head-turning transactions in digital media and ad tech. According to Luma's Q2 report, deal activity for advertising and marketing technology firms was up 174%. Bryan Park's Q2 M&A Report confirmed the surge in volume, as global M&A activity value grew \$1.5T, a 385.6% increase over Q2, 2020.

crunchbase

This prompted us to mine Crunchbase data for similar transaction data, which is summarized in this report.

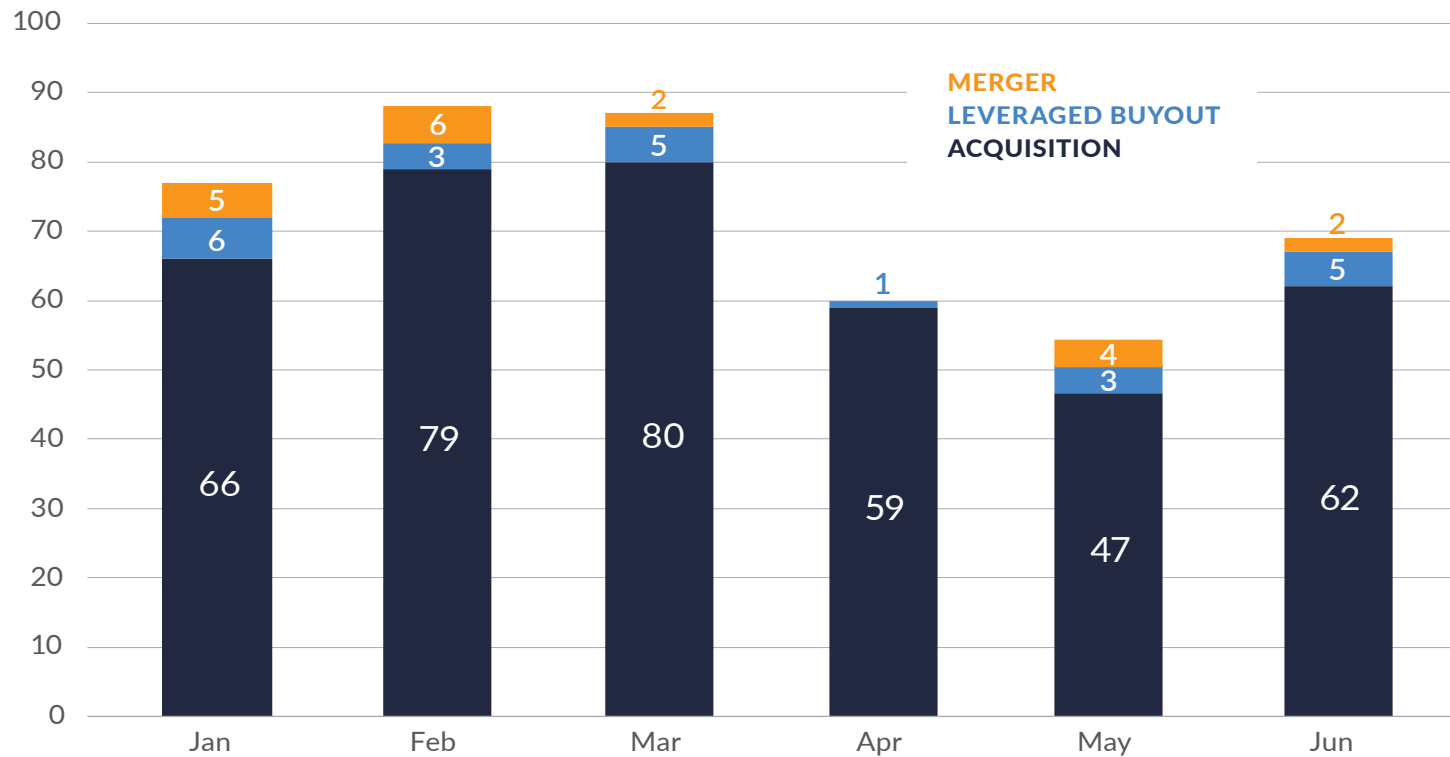
MERGERS, ACQUISITIONS & BUYOUTS: FIRST HALF OF THE YEAR



In the first half of 2021, ad tech mergers, acquisitions and buyouts grew 77% versus the same period last year.

In fact, H1 '21 saw nearly the same amount of activity as all of 2020. With 435 transactions, H1 closed at 91% of 2020's total transactions, falling short by only 43.

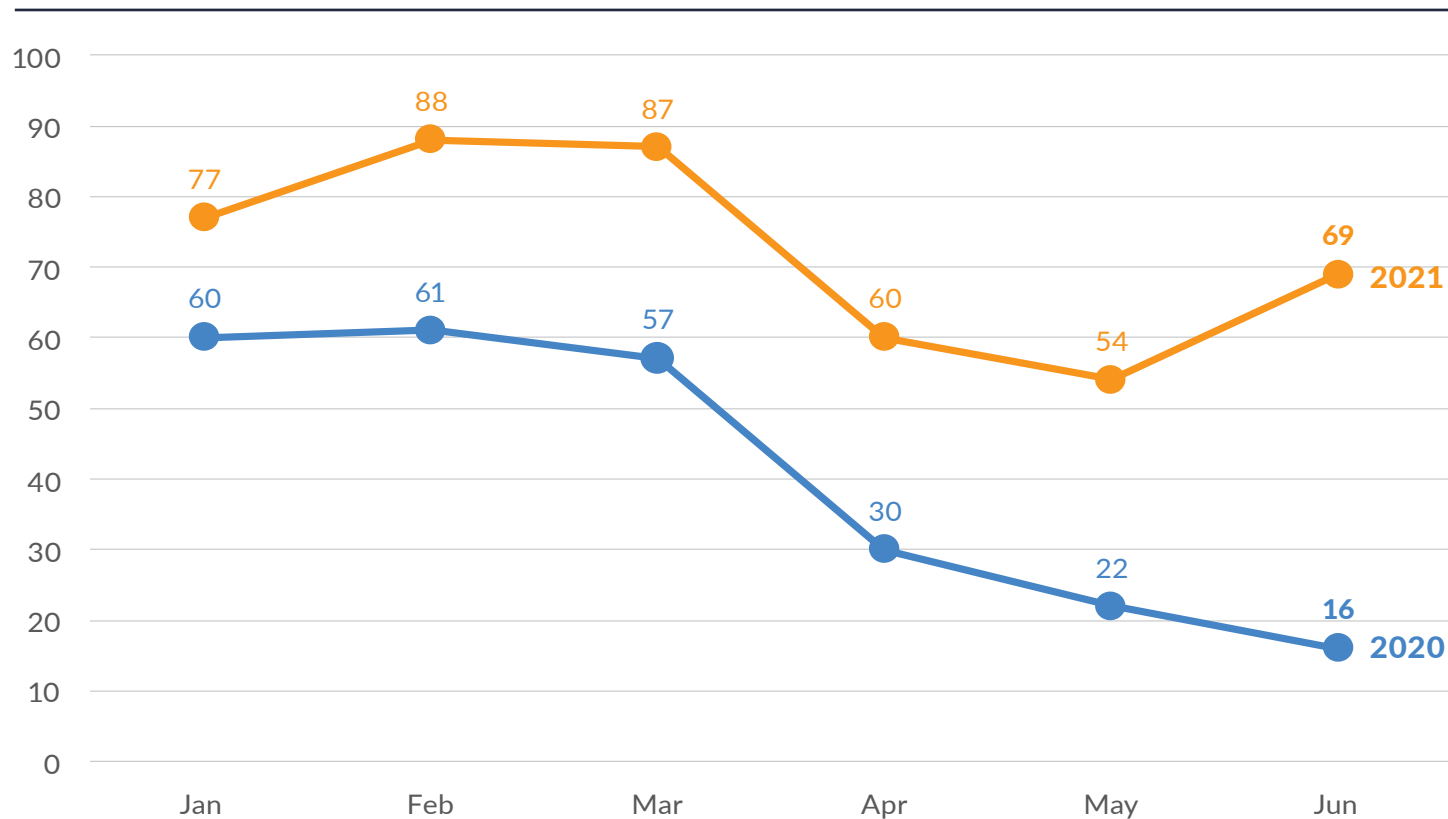
2021 DEAL ACTIVITY BY MONTH



Transactions peaked in February with 88 in total. Activity bottomed in May with 54 transactions, and finished strong in June with 69.

Leveraged buyouts saw the largest growth, nearly doubling versus 2020 (92%). Closely followed by mergers (90%) and then acquisitions (75%).

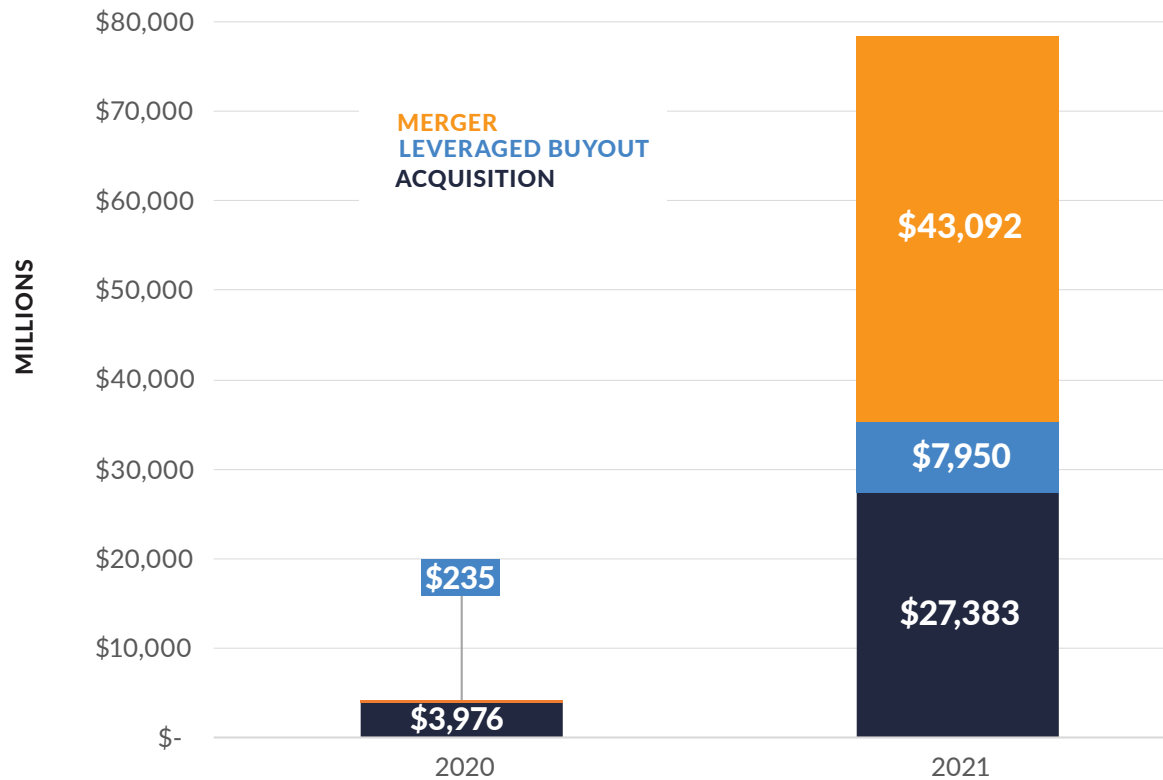
DEAL ACTIVITY BY MONTH - 2021 VS. 2020



As expected, when the world shut down due to the Covid pandemic, transactions came to a crashing halt in April 2020, plummeting by 40%. That trend would continue through the remainder of H1 '20, with transactions continuing to slide in May and June. Down 28% and 43%, respectively, from the prior months.

As a result of the sudden crash, we are unable to establish a baseline for seasonality of mergers, acquisitions and buyouts. That being said, both periods appeared to start off strong so we believe that it may be common for Q1 to have elevated transactions in a given year. This would make sense, as media companies often make 20-30% of their annual revenue in Q4. Flush with cash, a logical step would be vertical or horizontal growth via some type of merger transaction.

DEAL ACTIVITY BY H1 VOLUME – 2021 VS. 2020

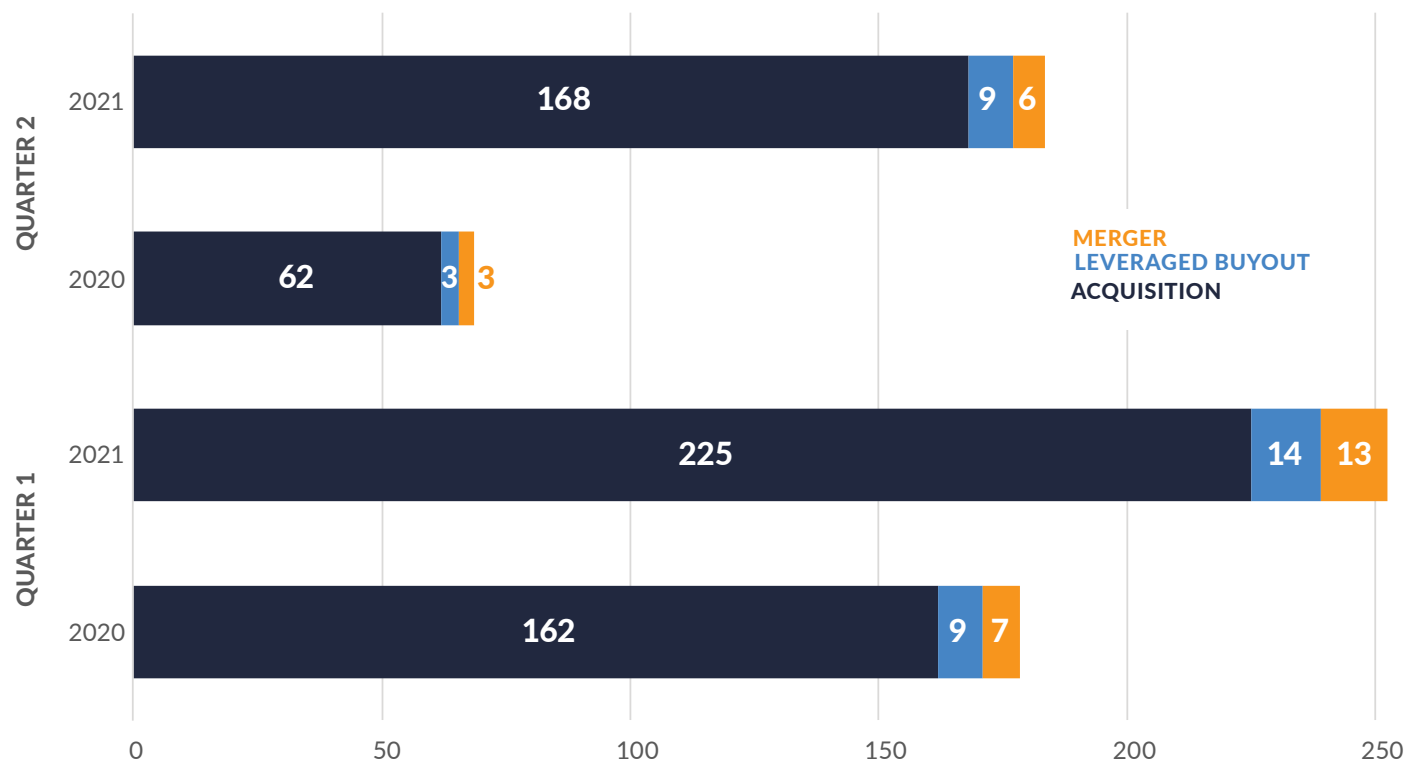


Known price data for all transactions increased 17.6 times in 2021.

Unfortunately, most transactions are private so price data remains largely unknown. Of all activity since January 2020, we found known price data for only 133 (14%) transactions.

That being said, transaction detail has become more commonplace: price data increased in 2021 to 17% (75 deals) vs 12% in 2020.

YOY MERGERS, ACQUISITIONS AND BUYOUTS, BY QUARTER



QoQ ANALYSIS: Q1 in both 2020 and 2021 saw significant transaction activity, with nearly 67% of all H1 transactions occurring in 2020, and 58% in 2021. Q2 2021 accounted for 42%, much higher than 28% in Q2 of 2020. This low figure in Q2 2020 comes as no surprise, as the entire market was reeling from the Covid-19 fallout.

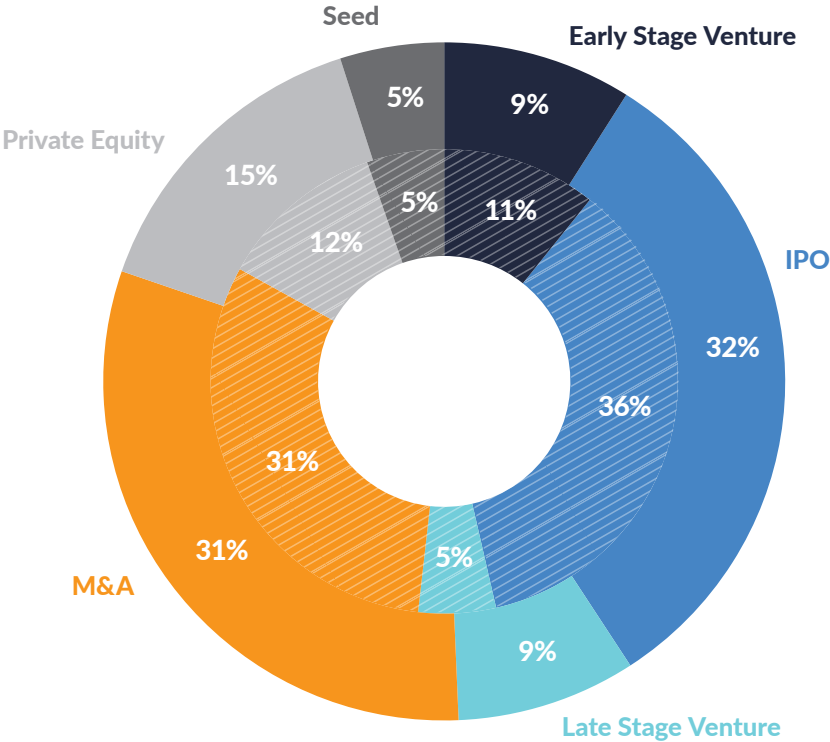
YoY ANALYSIS: Q1 2021 activity rose by 42% YoY. For the most part, Q1 was pretty normal in 2021, up until mid-March when economies shutdown worldwide. Q2 increased 169%, which again comes as no surprise.

OUR THOUGHTS

“ Is this simply staggering growth, a return to normalcy, or both? We believe that a large portion of the data is just a reflection of the economy rebounding due to the reopening. However, it seems unlikely that is the only factor. One major factor is that cash is at an all time high, and businesses are looking to deploy funds into the economy by acquiring or merging with other companies.”

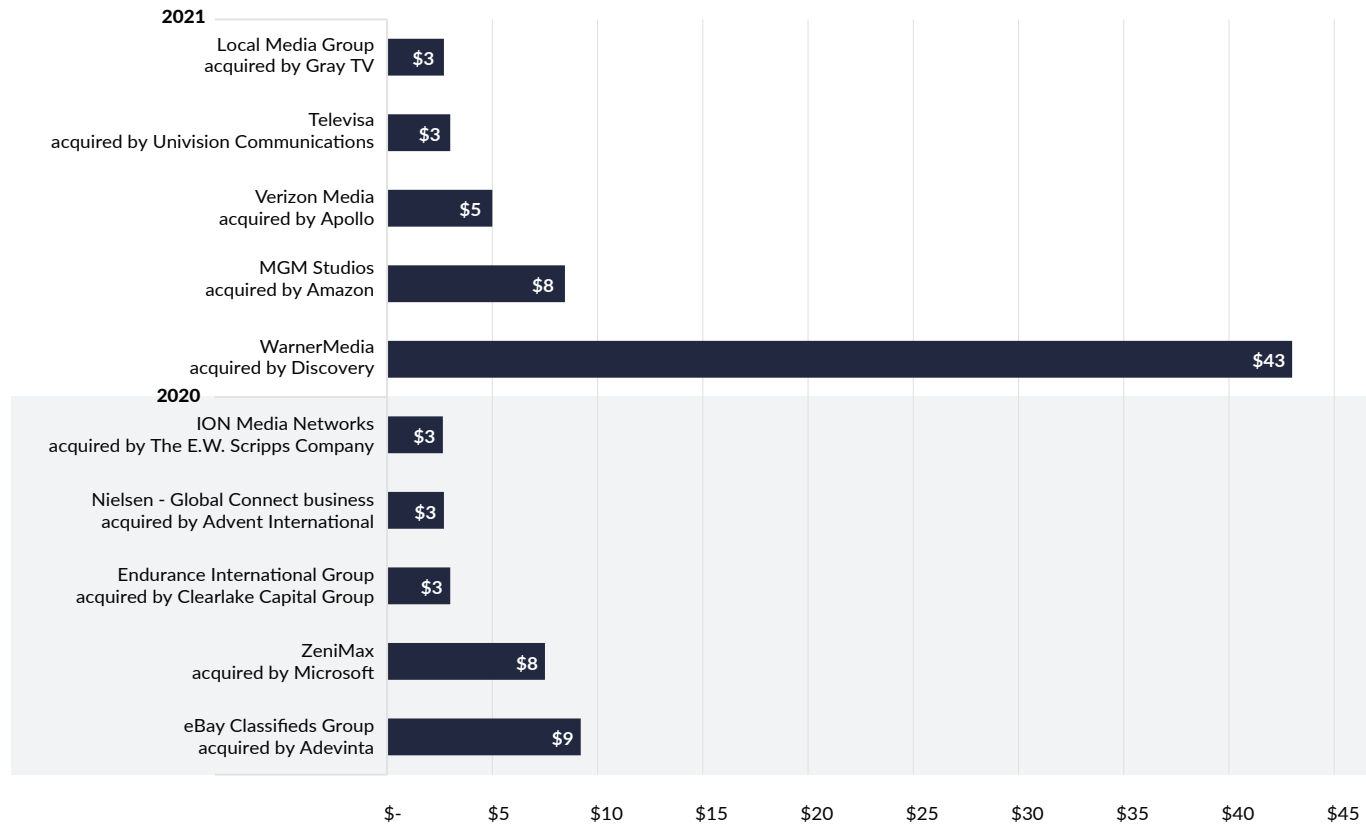
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ACQUIRERS FUNDING STATUS



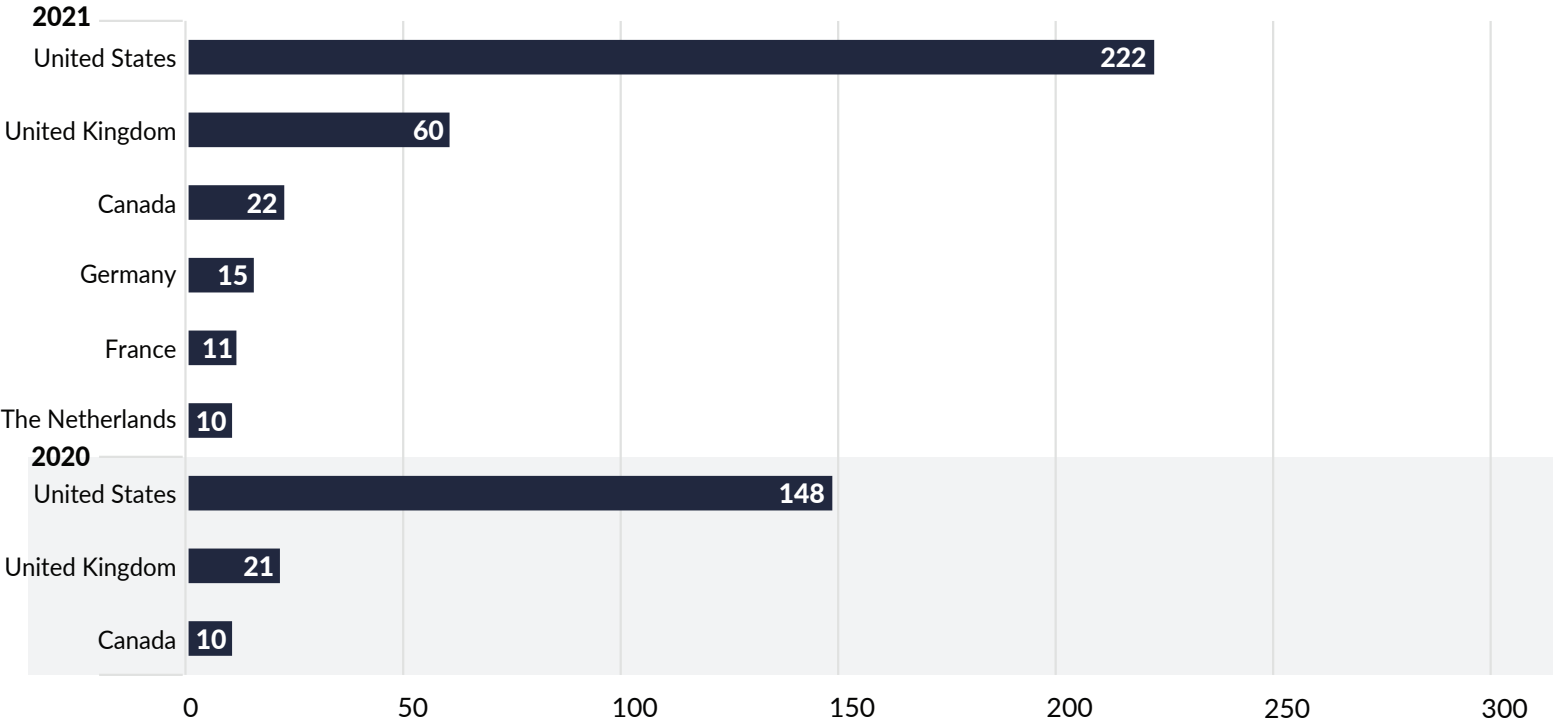
A rising tide lifts all boats. This comes to mind when looking at transaction data for companies with a known funding source. The average growth across all categories was 117%. Late Stage Venture companies showed the most growth when compared to the year prior (217%), although this acquirer status accounted for only 9% of total transactions. Either way, it was the most significant growth versus the prior year. 32% of acquisitions were done with a suitor that raised money in an IPO, in order to acquire the existing target. It's crystal clear from this reported data that IPOs are a huge driver of the M&A market.

NOTABLE TRANSACTIONS



As usual, a handful of transactions accounted for most of the transaction volume. Ironically enough, the Discovery acquisition of Warner Media was \$43B alone, equivalent to the total reported merger value of 2021!

HOME COUNTRY OF SUITOR

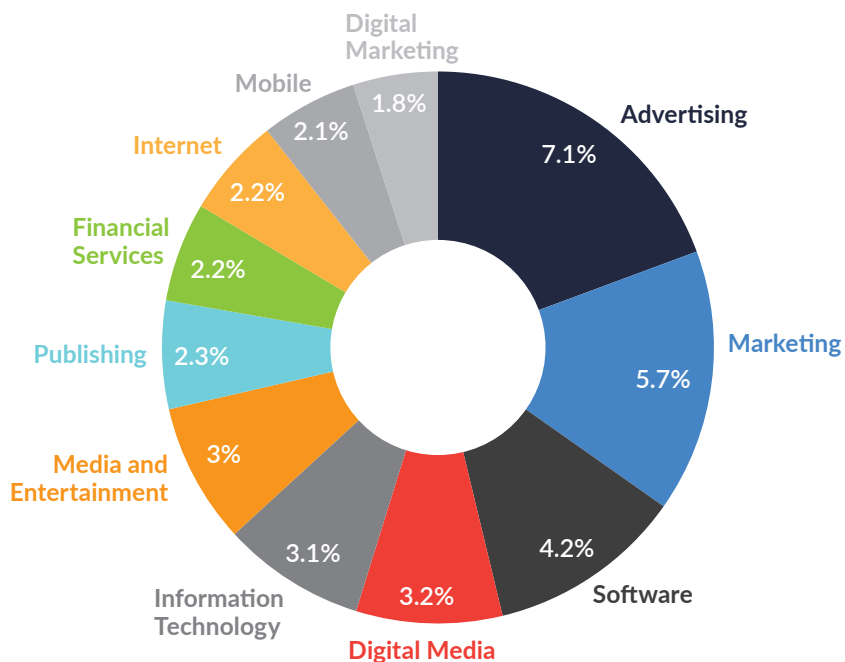


The number of countries with companies that had more than 10 transactions doubled in 2021 (from 3 to 6). Germany, France and the Netherlands all joined the list, alongside the leaders of the pack: the United States, the UK and Canada.

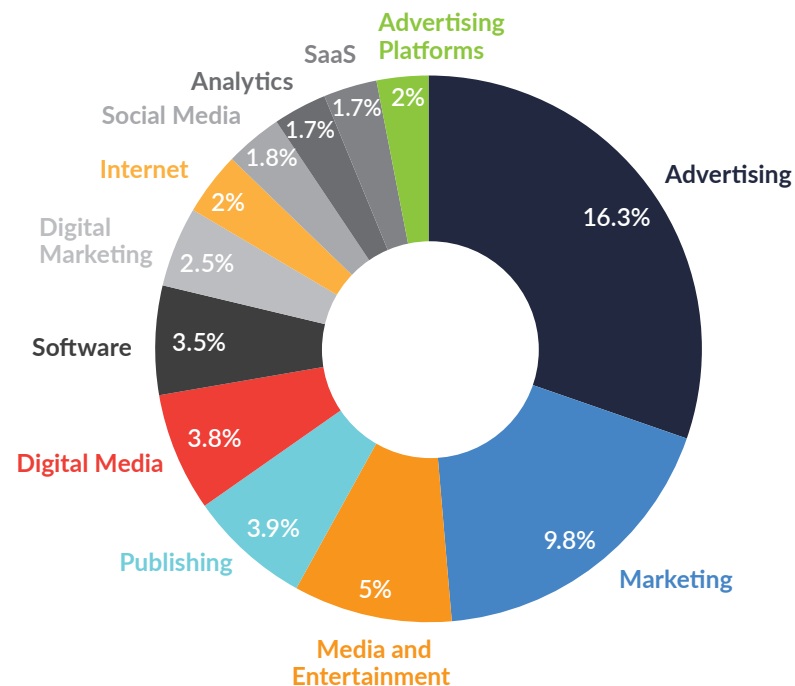
The USA dwarfs all other countries, making up more than 70% of the total transactions in each year (71% in '20 & 78% in '21).

The UK is still second in command but lost market share (down 30% YoY).

TOP 10 ACQUIRER INDUSTRIES



TOP 10 ACQUIREE INDUSTRIES



Financial Services and Digital Media were the only acquiring industries to rise in 2021's Top 10 (both jumping 2 spots each). The number of acquiring companies from those industries grew by 143% and 150% respectively. While their market share shot up by 28% and 31%.

While all of the Top 5 acquiring industries saw declines, publishing was the only one to fall out (getting bumped down to 7th from 4th). Furthermore, the publishing sector saw the slowest growth when compared to other industries. Of all the industries that saw high transaction volume, Digital Marketing made the most strides, jumping 4 spots to 6th overall in 2021.

The absolute number of acquired companies for each industry grew within the Top 10, but the majority gave up significant market share. Publishing suffered the biggest loss at nearly 37%.

While there is movement across the board, the Top 5 industries being acquired remained steady.

CONCLUSION

There you have it. A record breaking year for deal activity; not just in ad tech, but in the economy as a whole. We anticipate the activity to continue at a steady pace given the amount of cash still on the sidelines (despite all the M&A activity already). Eventually, we'll see a slow down as sideline cash gets deployed into the economy, but with more potential government funding programs on the horizon, we don't anticipate a slow down to happen any time soon. Also, historically, the M&A market tends to follow the stock market. Earnings are high, corporations are flush with cash, so consistent with anticipating higher equities, we expect increased M&A activity. Stay tuned!

ABOUT OAREX

For digital media buyers and sellers.

OAREX, the Online Ad Revenue Exchange, is a platform for digital media and advertising businesses to obtain fast funding. As a capital-as-a-service (CaaS) platform, we directly fund and provide liquidity to digital ad buyers and sellers, no matter where they sit on the supply chain.

Digital ads are served in milliseconds, but it takes months to get paid. We are eliminating this endemic pain point in the industry, enabling our clients to scale without the red tape, headache, or dilution associated with traditional capital.

We are proudly backed by East West Bank and Arena Investors with a \$100M financing facility.

DISCLAIMER

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METHODOLOGY: The study is based on data found within Crunchbase.com for the time period in question. The completeness of the data obtained varied from transaction to transaction, and we do not attempt to normalize for this, so if the data analyzed is not representative of the market as a whole, then our results shown here won't be either. Due to limited data, results shown are largely based on the number of transactions that occurred, rather than on a cost basis. So transactions are equally weighted, regardless of size, which may bias our results. We do our best to accurately represent relevant transactional data. Therefore, we filtered to reflect all Acquisition, Merger and Leveraged Buyout data for acquired companies within a relevant industry, as identified by Crunchbase.com. These industries include, but are not limited to, Advertising, Digital Media, Mobile Advertising, Ad Network, Ad Exchange, Advertising Platforms, Media and Entertainment, Outdoor Advertising, Video Advertising, Social Media Advertising and Publishing. As a result, the information herein is limited to acquiree companies within the aforementioned industries and does not control for acquirer companies. The information contained herein is based on secondary data, while we try to make sure it is represented accurately, please take all of it with a grain of salt and do not rely upon it. Nothing in this report is a guarantee or an offer. You hereby hold OAREX harmless for any losses incurred in reliance on this study.