

Market Update

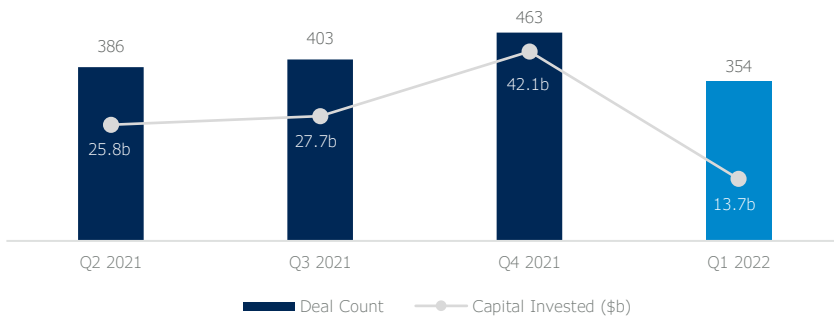
Digital Marketing & E-commerce

- 1 Market Overview
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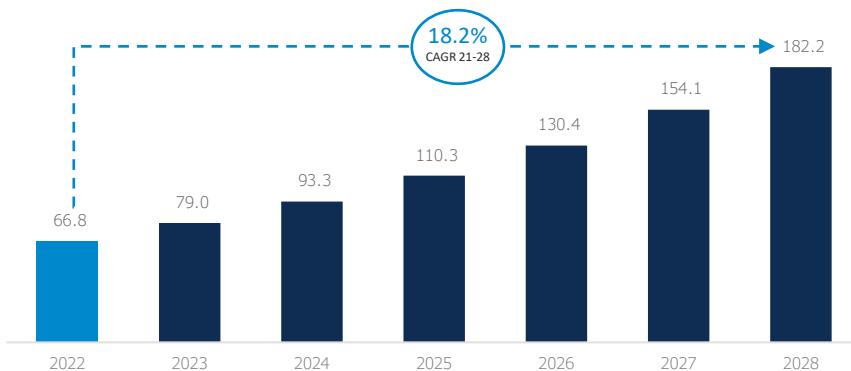
The 2022 Digital Marketing & E-commerce first quarter opened the year with a YoY Q1 drop of 23.6% in deal count. The quarter also started with a significant drop of 67.4% in capital raised which correlates to the global rise in interest rates to fight against inflationary pressures. Additionally, the Russian-Ukrainian war has canceled or postponed transactions that had geographical and client exposure, outsourcing capabilities, or political/economical involvement in the region.

Digitalization is strong and E-commerce remains a top priority to the business strategies of large local and global retailers pushing for a seamless omnichannel experience for its customers. AI, Data Analytics, Customer Experience, and Automation are key verticals exploited to maximize return.

of M&A Deals in Digital Marketing & E-Commerce

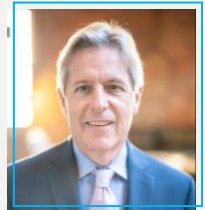


Global Digital Marketing Market Value (\$B)



7MA has completed numerous M&A transactions for companies with digital marketing and E-commerce service providers. 7MA has developed unparalleled deal expertise and knowledge of the industry trends, valuation trends, and most active strategic and financial buyers. Please get in touch with Mark Landry, Sydney Scadden, or Lucas Cerbelli if you would like to learn more about Digital Marketing & E-commerce.

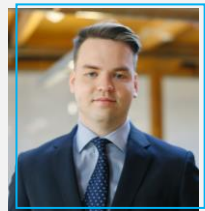
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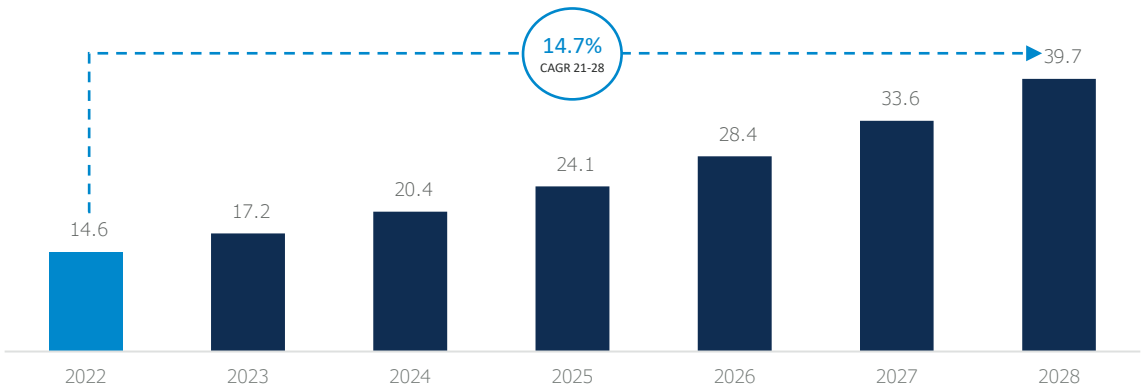


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Digital Marketing & E-Commerce in 2022 – A Snapshot

Trending back to a pre-pandemic level of restrictions, consumer comfort with in-store shopping is rising as online sales growth stabilizes after a period of pandemic driven acceleration. Retailers must reassess consumers’ shifting shopping priorities and behaviors to determine the path forward. This has caused store closures to be down 65% compared with this time last year. Smart retailers are using the disruption caused by the pandemic as an opportunity to rescale their physical locations, trimming square footage that may no longer be needed. Since E-commerce has become the largest single “store”, the goal is to increase the number of sales per square foot through digital platforms. Digital marketing and digital agencies are direct beneficiaries of this omni-channel transition top consumer products retailers are undergoing due to the need to advertise products, retain customers, and penetrate or expand to new accessible markets. Digital Marketing in 2022 will be characterized by the use of the Metaverse as a marketing tool, the continued use and improvement of SEO’s, the importance of experience as a new social currency, and the need of marketers to become more strategic after machine learning, AI, and Automation have become dominating tools in the industry.

Global E-Commerce Market Value (\$T)



Notable Digital Marketing & E-Commerce Acquirers in Q1 2022 (M&A and PE)



Most Active M&A Subsectors in Digital Marketing & E-commerce

Digital Commerce

SaaS

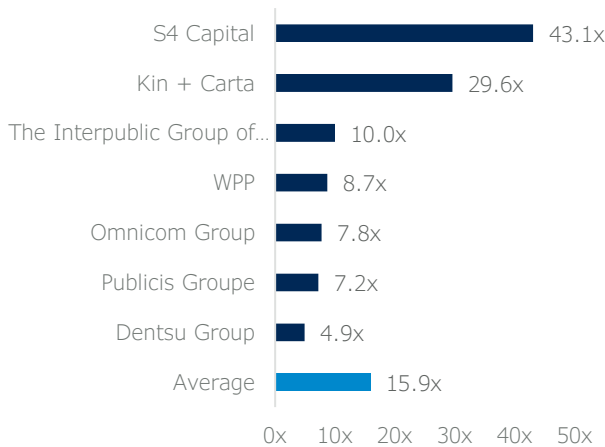
AdTech

Marketing Tech

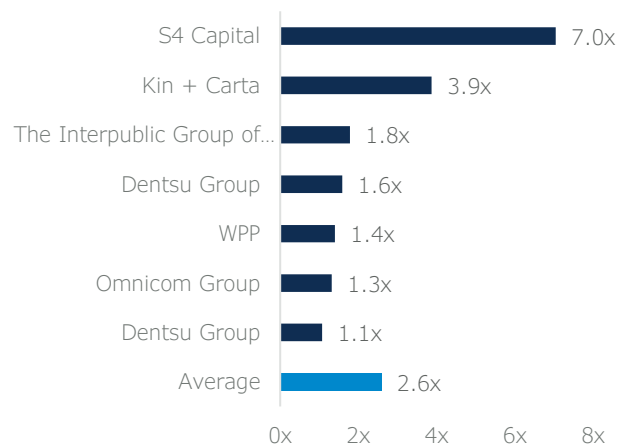
Publicly-traded Digital Marketing & E-commerce Companies – Q1 2022

| Companies | TEV \$m | LTM EBITDA \$m | LTM Rev \$m | Rev Growth YoY | GP % | EBITDA % | TEV / Rev X | TEV / EBITDA X | # of FTEs | Rev / FTE \$k |
|------------------------------------|---------------|----------------|--------------|----------------|------------|------------|-------------|----------------|---------------|---------------|
| WPP | 23,532 | 2,711 | 16,878 | -9% | 17% | 16% | 1.4x | 8.7x | 104,808 | 22 |
| Publicis Groupe | 20,795 | 2,874 | 13,116 | -2% | 29% | 22% | 1.6x | 7.2x | 82,592 | 25 |
| Omnicom Group | 18,698 | 2,411 | 14,191 | -12% | 20% | 17% | 1.3x | 7.8x | 71,700 | 26 |
| The Interpublic Group of Companies | 17,555 | 1,757 | 9,859 | -11% | 19% | 18% | 1.8x | 10.0x | 55,600 | 32 |
| Dentsu Group | 10,322 | 2,109 | 9,650 | -10% | 90% | 22% | 1.1x | 4.9x | 64,832 | 16 |
| S4 Capital | 4,546 | 106 | 646 | 59% | 85% | 16% | 7.0x | 43.1x | 3,247 | 140 |
| Kin + Carta | 741 | 25 | 192 | 13% | 46% | 13% | 3.9x | 29.6x | 1,423 | 52 |
| Average | 13,741 | 1,713 | 9,219 | 4% | 44% | 18% | 2.6x | 15.9x | 54,886 | 45 |
| Median | 17,555 | 2,109 | 9,859 | -9% | 29% | 17% | 1.6x | 8.7x | 64,832 | 26 |

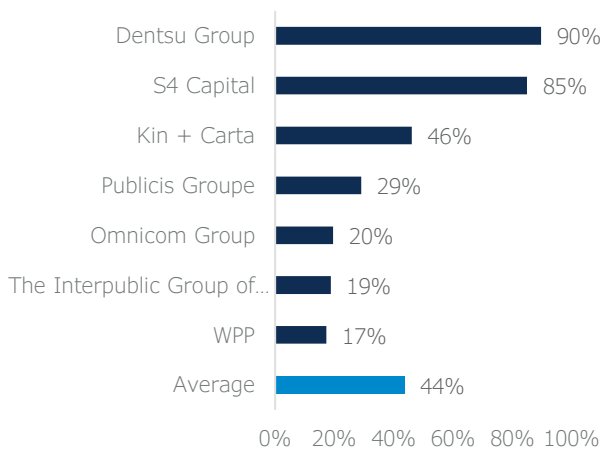
TEV / EBITDA X



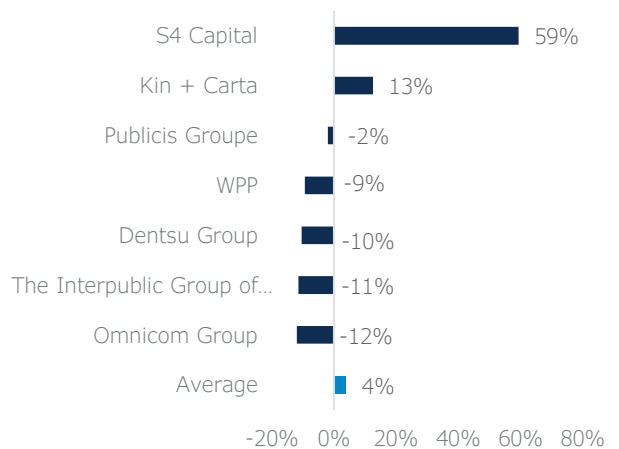
TEV / Rev X






Gross Margin %



Rev Growth YoY



Q1 2022 M&A Transactions

| Date | Target | Buyer / Investor | Target Description |
|----------------|---|---|---|
| March 20, 2022 |  WORKWAVE |  | <ul style="list-style-type: none"> Developer of cloud-based field service and fleet management software intended to help organizations transform their business. The company offers a range of services including marketing automation, lead generation, GPS tracking and monitoring, lead acquisition, intelligent route planning, and disaster recovery, enabling field service and last-mile transportation companies to increase their revenue and profit. |
| Feb 23, 2022 |  bloomreach |  | <ul style="list-style-type: none"> Developer of a cloud-based software intended to assist companies to increase their web traffic from organic or natural search results. The company's platform offers a suite of products including AI-driven search and merchandising, a headless content management system (CMS), and a customer data platform (CDP) and marketing automation solutions, enabling brands to deliver better commerce experiences through personalized products and content across all digital touchpoints. |
| Feb 22, 2022 |  |  | <ul style="list-style-type: none"> Provider of E-commerce solutions intended to serve companies across the United States. The company's services include hybrid, SAP commerce cloud, omnichannel, design and build as well as integrate, optimize and support commerce solutions, thereby enhancing the organization's digital presence and driving transformation and innovation. |
| Jan 27, 2022 |  |  | <ul style="list-style-type: none"> Provider of digital marketing consulting services intended to offer customized brand-building marketing programs that yield measurable insights. The company provides search engine optimization, paid search management, social media marketing, website application development, and email marketing, therefore enabling clients to maximize their digital marketing ROI and compete and win in the online space. |
| Jan 14, 2022 |  |  | <ul style="list-style-type: none"> Operator of an eCommerce and digital marketing agency intended to help companies bridge the digital gap to outgrow, outperform and outsell the competition. The company's eCommerce services include managed services, eCommerce business plan, consulting and advisory services, eCommerce site development as well as e-marketing services, enabling clients to transform their eCommerce potential into business results using creativity, agility, quality of execution and technological expertise |

7MA provides Investment Banking & Advisory Services to the Business Services and Technology Industries globally. We advise on M&A and private capital transactions and provide market assessments and benchmarking. As a close-knit team with a long history together and a laser focus on our target markets, we help our clients sell their companies, raise capital, grow through acquisitions, and evaluate new markets. All securities transactions are executed by 7M Securities, LLC, member FINRA / SIPC. For more information, including research on the M&A markets, visit www.7mileadvisors.com.



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Notable 7 Mile Transactions

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Absolunet.

valtech.

7MA

DEMANDGEN

BDO

7MA

UV | We accelerate businesses.

argano
a portfolio company of
TRINITY HUNT

7MA

ZILKER TECHNOLOGY

EY

7MA

SD Something Digital

genpact

7MA

TAMBOURINE

Atlantic Street Capital

