

Market Update

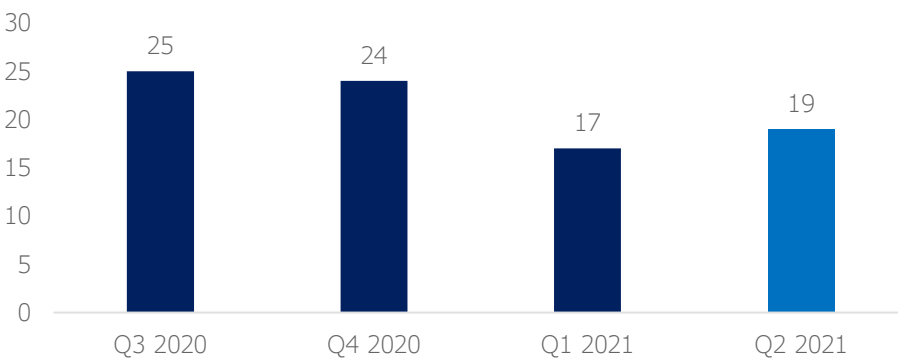
IT Services & Software in Eastern Europe

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The M&A market in Eastern Europe remains hot as buyers continue to show interest in the Eastern European region in efforts to add offshore and nearshore capabilities, as well as to capture the region’s IT expertise. We expect the underlying M&A trends in Eastern Europe to continue given the region’s high concentration of IT/Software talent, time zone advantage, and agile delivery methods.

7 Mile recorded 19 deals in Q2 of 2021, a 12% increase compared to Q1 2021. Deal volumes and valuations remain high as both strategic and financial buyers have been aggressive over the past six months acquiring software development, cloud analytics, and digital commerce service companies across all countries in Eastern Europe.

of M&A Deals in Eastern Europe – IT Services & Software



7MA has completed numerous M&A transactions for companies with outsourced operations and / or delivery centers in Eastern Europe and has developed unparalleled deal expertise and knowledge of the industry trends, valuation trends, and most active strategic and financial buyers. Please contact Kristina Sergueeva, Iliia Ulianchuk, or Nic Anderle if you would like to learn more about IT Services & Software across Eastern Europe.

Sector Coverage Team



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Grid Dynamics Acquires Tacit Knowledge, a Subsidiary of Newgistics



Grid Dynamics



TACIT
KNOWLEDGE

Tacit Knowledge provides digital commerce consultancy services including web development, technology integration, content management, and application support to retail brands. Tacit Knowledge is a global provider of digital commerce solutions, serving customers across the UK, North America, Continental Europe, and Asia. The company serves leading global brands across technology, CPG, financial, and retail markets with Visa, LVMH, and Shimano being among its top clients. This acquisition will enable Grid Dynamics to expand its capabilities and service more customers from nearshore locations. Tacit Knowledge has offices in the U.S., Mexico, Ukraine, and the U.K.

Date: May 19, 2021

Deal Type: M&A

Target HQ: UK

Skyrise.tech Acquires Etteplan



skyrise.tech

Skyrise.tech is a Poland software development company that creates custom software solutions and provides mobile & web app development services. Etteplan is an engineering services company that provides solutions for industrial equipment and plant engineering, software and embedded solutions, and technical documentation solutions to the world's leading companies in the manufacturing industry. Through the acquisition, Etteplan will significantly strengthen its capability to deliver applications and cloud software solutions. The acquisition is a continuation of investments in digitalization and software development that Etteplan has made during the recent years.

Date: May 14, 2021

Deal Type: M&A

Target HQ: Poland

Most Active M&A Subsectors in Q2 2020 in Eastern Europe

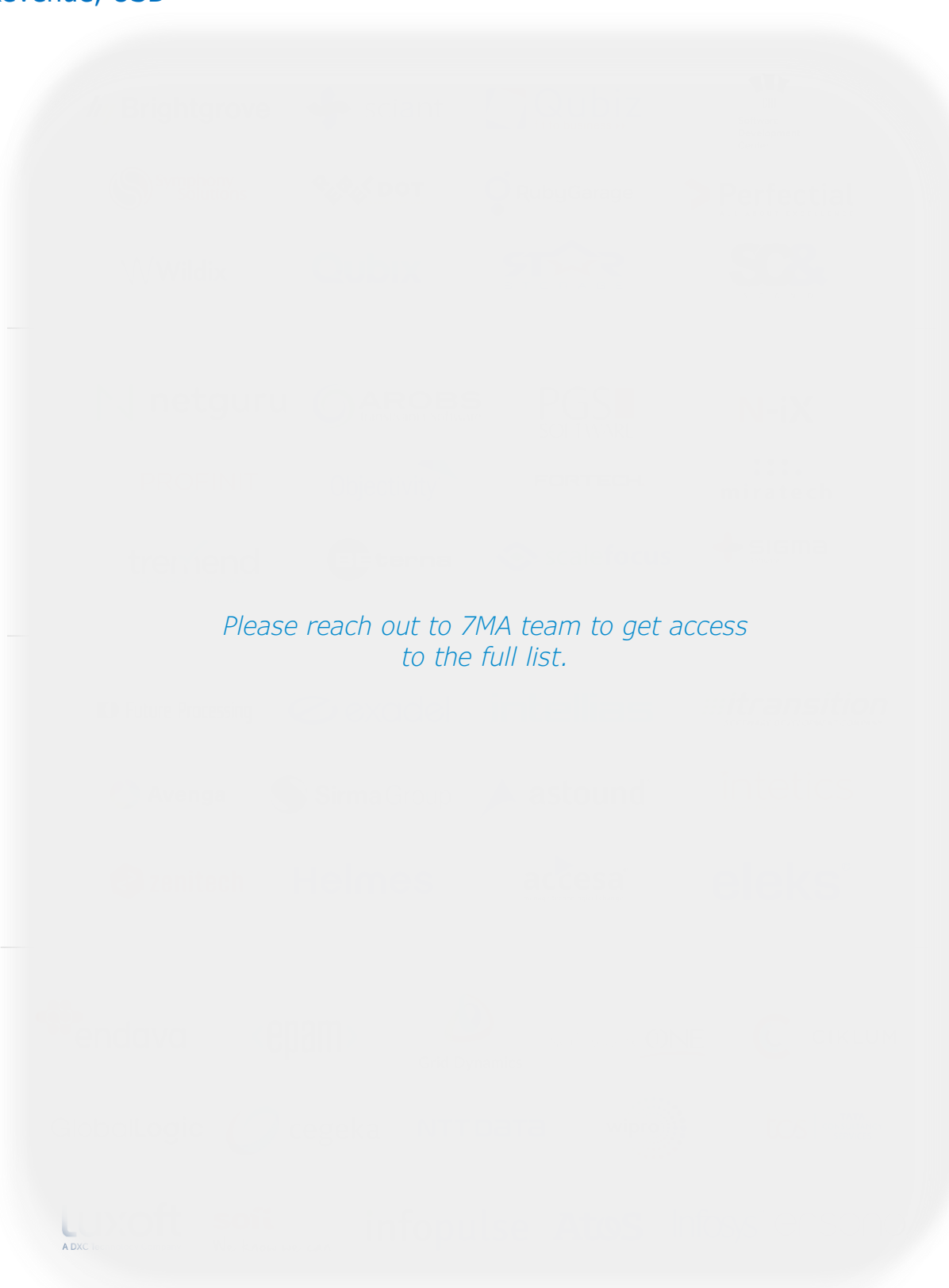
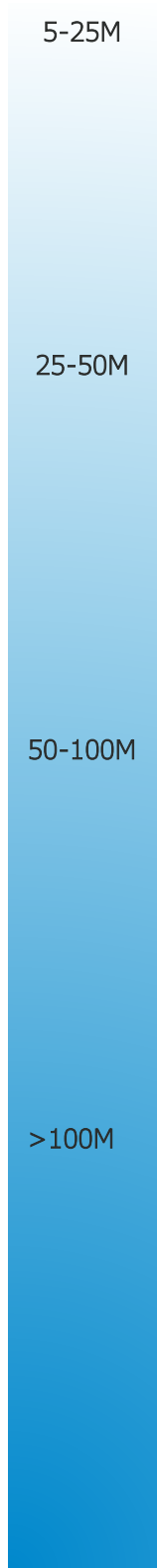
Software
Development

Digital
Commerce

Digital Cloud
Transformation

Market Landscape

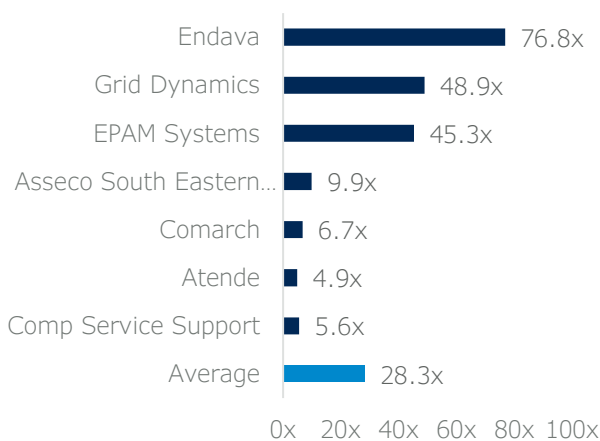
Annual Revenue, USD



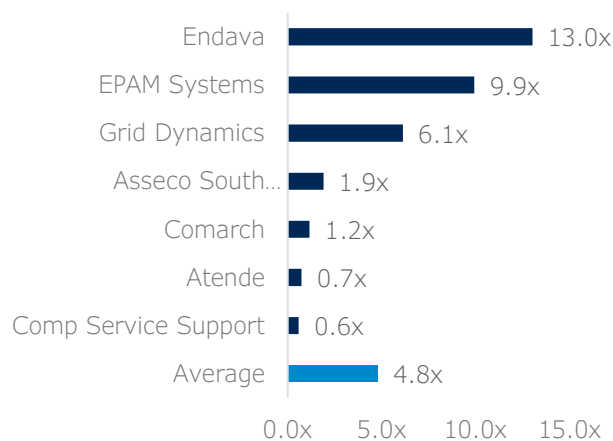
Publicly-traded IT Services & Software Companies - Eastern Europe - Q2 2021

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
EPAM Systems	27,691	612	2,789	16%	34%	22%	9.9x	45.3x	41,168	67
Endava	6,845	89	526	22%	34%	17%	13.0x	76.8x	7,139	96
Grid Dynamics	723	15	118	-6%	40%	13%	6.1x	48.9x	2,056	35
Asseco South Eastern Europe	517	52	271	16%	26%	19%	1.9x	9.9x	3,031	17
Comarch	466	69	399	7%	29%	17%	1.2x	6.7x	6,625	7
Comp Service Support	144	26	194	-1%	27%	13%	0.7x	5.6x	1,200	12
Atende	40	8	67	-12%	30%	12%	0.6x	4.9x	400	10
Average	5,204	124	624	6%	32%	16%	4.8x	28.3x	8,803	35
Median	517	52	271	7%	30%	17%	1.9x	9.9x	3,031	17

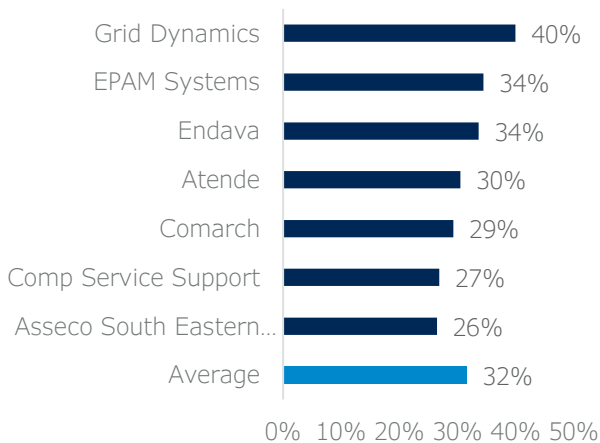
TEV / EBITDA X



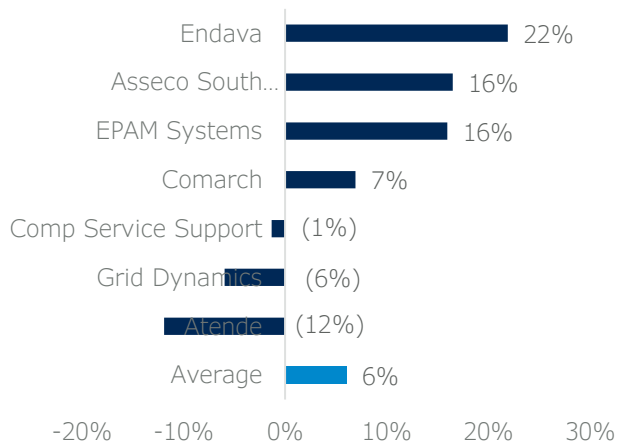
TEV / Rev X



Gross Margin %



Rev Growth YoY



Q2 2021 M&A Transactions

Date	Target	Buyer / Investor	Target Description
June-3, 2021	 UNIFY SQUARE	 UNISYS	<ul style="list-style-type: none"> Unisys Corporation has acquired Unify Square, the leading experience management provider for secure collaboration and communications platforms, for \$152.5 million. Unify Square is headquartered in Washington but has additional offices in Lithuania, the United Kingdom, and Germany.
June-1, 2021	  OmniLogika	 MLOGICA	<ul style="list-style-type: none"> mLogica agreed to acquire MD & Profy and Omni Logika. MD & Profy and Omni Logika specialize in big data products and solutions, as well as analytics applications for telecom, tax, and VAT fraud.
May-29, 2021	 TACIT KNOWLEDGE	 Grid Dynamics	<ul style="list-style-type: none"> Grid Dynamics agreed to acquire Tacit Knowledge, a subsidiary of Newgistics. Tacit Knowledge provides digital commerce consultancy services including web development, technology integration, content management, and application support to retail brands.
May-12, 2021	 OSF DIGITAL	 Delta-v Capital	<ul style="list-style-type: none"> OSF Digital provides global commerce and digital cloud transformation services to emerging and premier brands, and merchants. OSF Digital received a \$43m investment from Delta-v Capital. The Company is based in Canada with offshore offices in Romania, Ukraine, and other locations in Europe.
May-11, 2021	 astound [®] COMMERCE	 salesforce ventures  RLH Equity Partners	<ul style="list-style-type: none"> Riordan Lewis & Haden ("RLH") and Salesforce Ventures agreed to acquire Astound Commerce, a Salesforce partner and provider of digital commerce consultation. The Company is based in the U.S. with offices in Romania and Ukraine.
Apr-14, 2021	 ensono™	 KKR	<ul style="list-style-type: none"> KKR acquired managed IT services provider Ensono from private equity firms Charlesbank Capital and M/C Partners. Ensono is a global IT services company that provides managed hosting and cloud infrastructure services. The Company has an offshore office and delivery resources in Poland.

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

