

Market Update

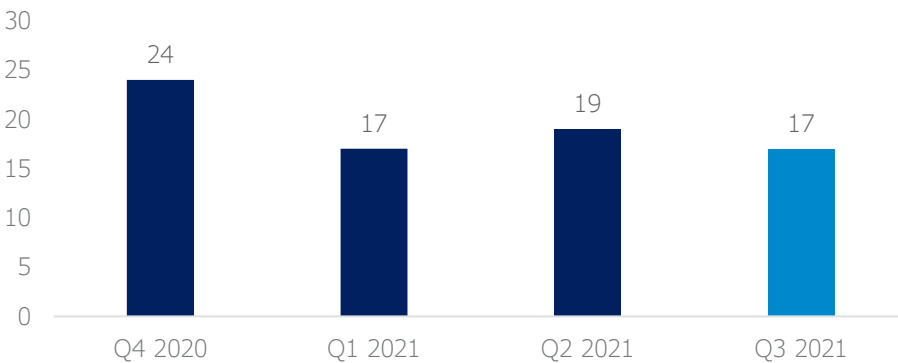
IT Services & Software in Central & Eastern Europe

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

7 Mile Advisors recorded 19 deals in the Q3 of 2021, a 10% decrease compared to Q2 2021. The slight decrease was due to the holiday season across Europe. However, deal 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 Central & Eastern Europe.

of M&A Deals in Central & Eastern Europe:
IT Services & Software



7MA has completed numerous M&A transactions for companies with outsourced operations and / or delivery centers in Central & 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 Central & Eastern Europe.

Sector Coverage Team



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Russian IT Services Company, Softline Group IPO



Softline Group, a Russian IT services company that provides global solutions and services in digital transformation and cybersecurity, has announced its final offer price for its initial public offering at \$7.50 per GDR on the London Stock Exchange in late October of 2021. Based on the offer price, Softline's total market capitalization at the commencement of conditional dealings on the main market of the London Stock Exchange will be approximately \$1.5 billion. The company previously mentioned earlier this year it was planning to raise approximately \$400 million in an initial public offering (IPO) on the London Stock Exchange, with a secondary listing in Moscow.

Announcement Date:
October 27, 2021

Deal Type: IPO

Target HQ: London

SoftwareONE Company acquired HeleCloud, a Cloud Native AWS Partner



SoftwareONE Holding AG, a leading global provider of end-to-end software and cloud technology solutions, acquired HeleCloud, a UK-headquartered, cloud-native Amazon Web Services (AWS) Premier Consulting Partner. With this acquisition, SoftwareONE expands and strengthens its AWS capabilities in the EMEA region, adding a team of skilled AWS experts with significant project delivery and managed service capabilities. HeleCloud is the most certified and independent AWS Premier Consulting Partner and the largest independent AWS-only System Integrator (SI), and Managed Service Provider (MSP) in EMEA with locations in the UK, The Netherlands, and Bulgaria.

Date: September 10, 2021

Deal Type: M&A

Target HQ: UK

Most Notable M&A Sectors in Q3 2020 in Eastern Europe

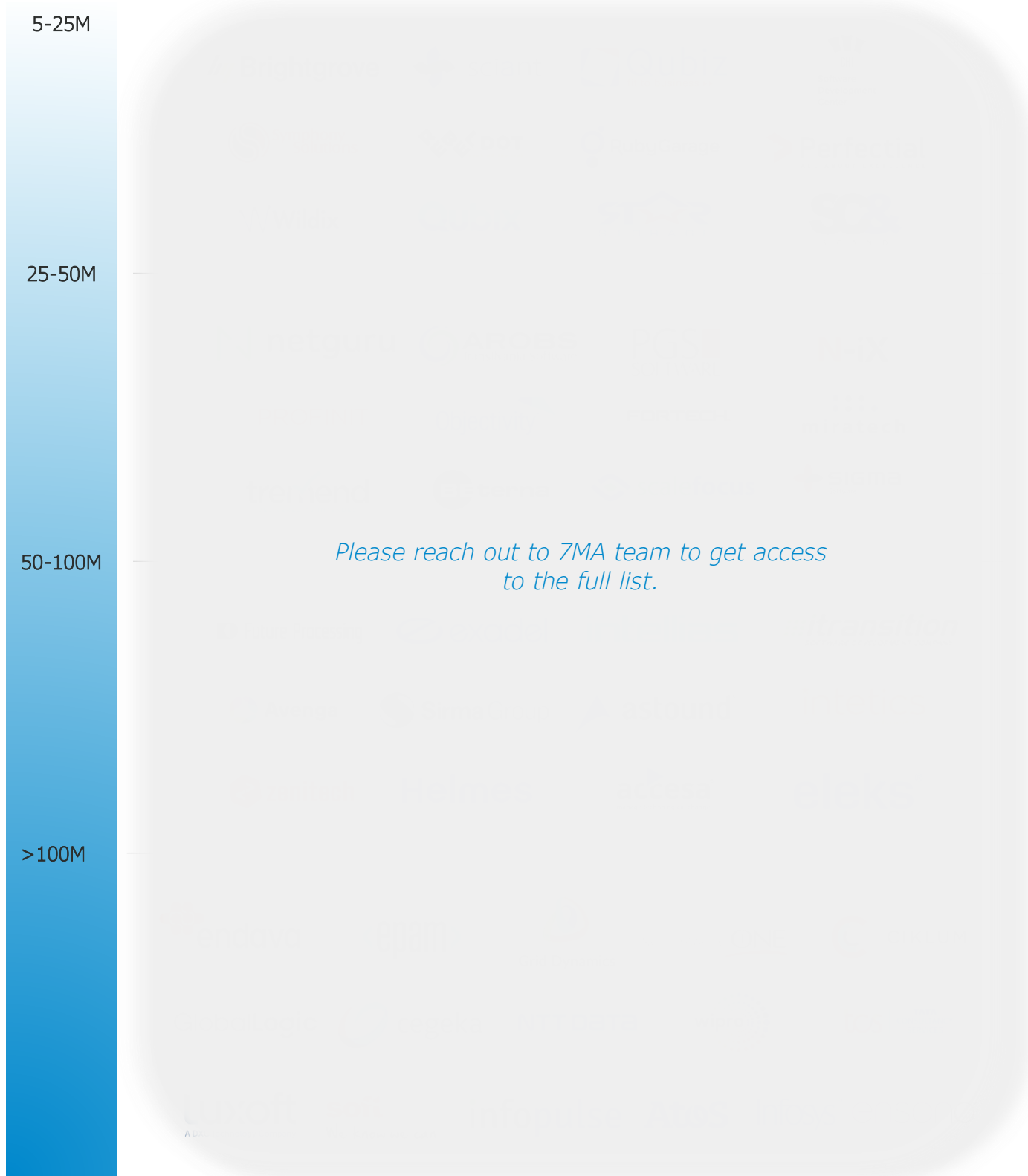
AI / ML

Mobile
Application
Development

Cloud Services

Market Landscape

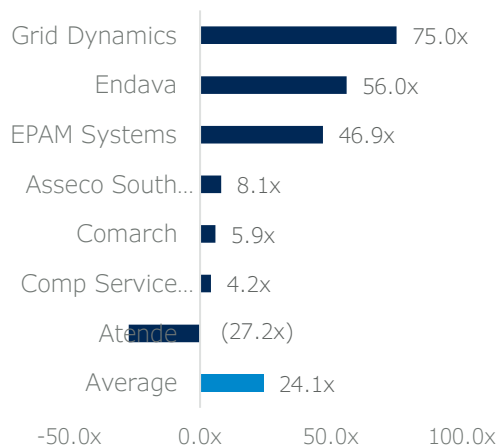
Annual Revenue, USD



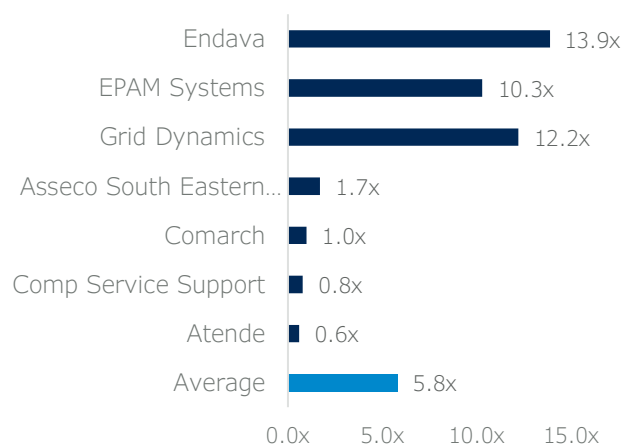
Publicly-traded IT Services & Software Companies – Central & Eastern Europe – Q3 2021

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	31,253	666	3,038	16%	34%	22%	10.3x	46.9x	41,168	76
Endava	8,328	149	600	27%	34%	25%	13.9x	56.0x	8,883	94
Grid Dynamics	1,747	23	143	-6%	41%	16%	12.2x	75.0x	1,551	113
Asseco South Eastern Europe	487	60	288	16%	26%	21%	1.7x	8.1x	3,220	15
Comarch	400	68	410	7%	29%	17%	1.0x	5.9x	6,306	6
Comp Service Support	137	33	234	-1%	29%	14%	0.6x	4.2x	1,220	11
Atende	53	(2)	67	-12%	30%	-3%	0.8x	-27.2x	192	27
Average	6,058	142	683	7%	32%	16%	5.8x	24.1x	8,934	49
Median	487	60	288	7%	30%	17%	1.7x	8.1x	3,220	27

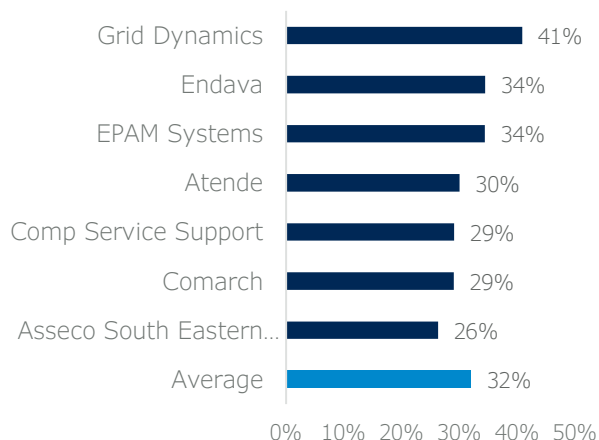
TEV / EBITDA X



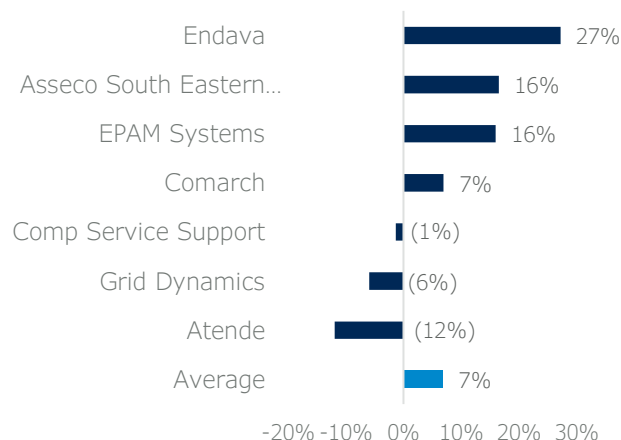
TEV / Rev X















Gross Margin %



Rev Growth YoY



Q3 2021 M&A Transactions

Date	Target	Buyer / Investor	Target Description
July-16, 2021			<ul style="list-style-type: none"> Dept Agency, international digital agency, has entered the Croatian market by acquiring local IT company Blazing Edge. Blazing Edge is a Croatian IT company that provides clear cut web, mobile and IoT development. Blazing Edge has provided services to companies like Indigo Ag, Globalization Partners, and Discovery Channel.
July-20, 2021			<ul style="list-style-type: none"> SoftwareONE Holding AG acquired SE16N, a leading SAP technology service provider and SAP S/4HANA specialist. SE16N provides a range of comprehensive SAP cloud services to help customers maximize the value of their SAP investments.
July-27, 2021			<ul style="list-style-type: none"> EPAM Systems, Inc., a leading global provider of digital platform engineering and development services, has acquired CORE SE, a professional service provider specializing in IT strategy and technology-driven transformations.
August-23, 2021			<ul style="list-style-type: none"> WPP has acquired Satalia, a technology company allocated in the UK and Lithuania. Satalia is a global leader in enterprise AI that builds technologies that help clients transform their business strategies and radically improve operational efficiency. Satalia will join Wunderman Thompson Commerce and strengthen the global ecommerce consultancy's technology proposition.
Sept.-14, 2021			<ul style="list-style-type: none"> Dynatrace (NYSE: DT) has acquired high-speed parsing and query analytics company, SpectX. The acquisition will accelerate the convergence of observability and security for modern hybrid, multi cloud environments.
Sept.-22, 2021			<ul style="list-style-type: none"> K1 Investment Management has acquired a majority stake in translation management software provider (TMS) XTRF. The Poland-based TMS offers a client portal, a vendor portal, and workflow, invoicing, and sales management. XTRF also provides integration with a range of other TMS and translation productivity tools including RWS Trados, Across, Memsource, memoQ, and XTM.

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

