

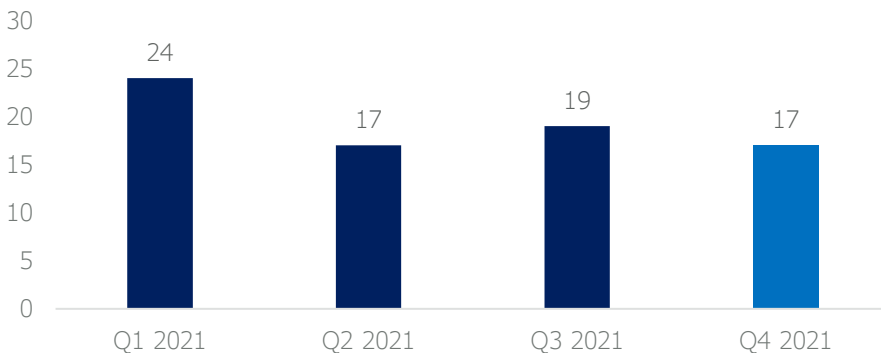
## Market Update IT Services & Software in Central & Eastern Europe

- 1 Market Overview
- 2 Sector Snapshot
- 3 Public Markets
- 4 Notable Deals

The deal activity in Central & Eastern Europe remains strong as buyers continue to show interest in this 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 in the start of 2022 given the region's high concentration of IT/Software talent, time zone advantage, and agile delivery methods.

7 Mile recorded 17 deals in the Q4 of 2021, a 11% decrease compared to Q3 2021. 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



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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## Publicis Group acquires Central European Software Engineering Firm, Tremend



Publicis Groupe has acquired Tremend, one of the fastest-growing and largest independent software engineering companies in Central and Eastern Europe. Tremend currently reaches 60 million of its clients' end users with its proven technology and will serve as the newest global delivery center for Publicis Sapient. Based in Bucharest, Romania, Tremend was founded in 2005, serves a large and diverse client base, and has over 16 years of experience in product engineering with 650 software engineers. Tremend will serve as the newest global delivery center for the group's Publicis Sapient solution hub.

**Date:** January 6, 2022

**Deal Type:** M&A

**Target HQ:** Romania

## Cognizant Acquires Devbridge, Expands Product Engineering Capabilities



Cognizant has completed its acquisition of Devbridge, a privately-held software consultancy and product development company headquartered in Chicago. Devbridge's cross-functional team of software product engineering professionals uses collaborative techniques and proprietary tools to deliver product design and development, service design, software engineering maturity, data strategy, and legacy modernization for their clients. The acquisition expands Cognizant's software product engineering capabilities and global delivery footprint by adding more than 600 engineers, designers and product managers in Lithuania, Poland, United States, United Kingdom, and Canada.

**Date:** December 9, 2021

**Deal Type:** M&A

**Target HQ:** USA

## Most Notable M&amp;A Sectors in Q4 2020 in Eastern Europe

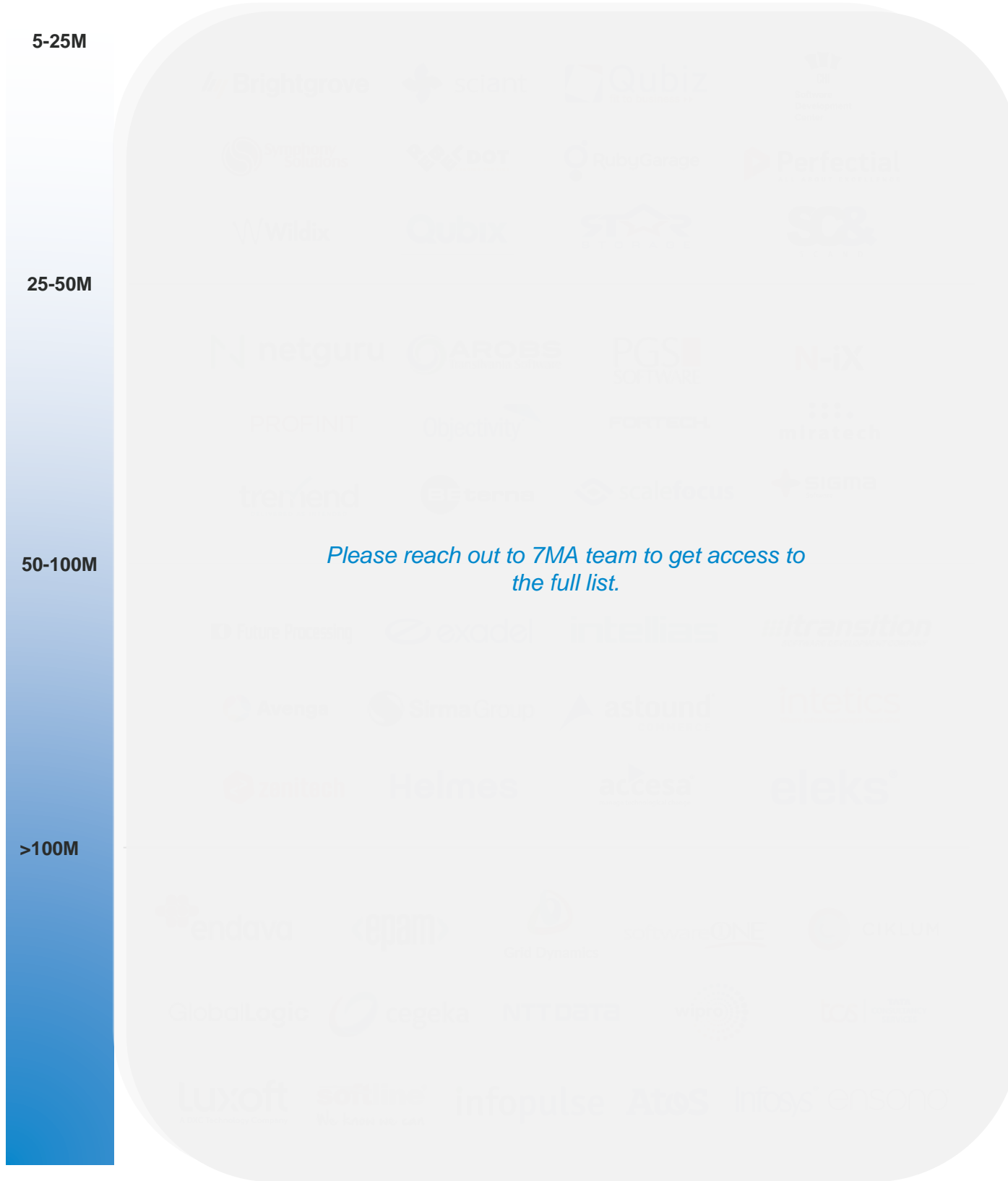
Data Analytics,  
AI / ML

Software  
Development &  
Digital  
Engineering

Digital  
Commerce

# Market Landscape

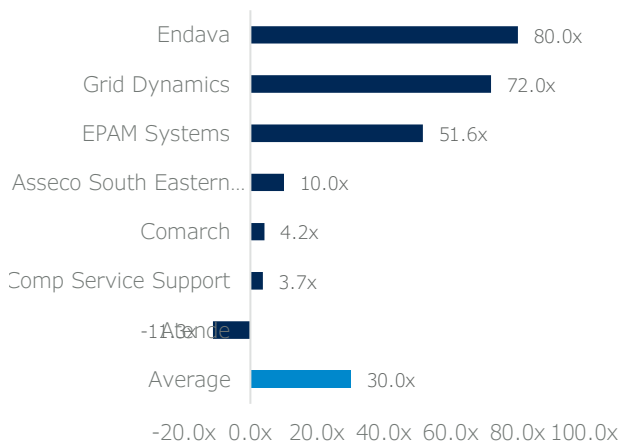
## Annual Revenue, USD



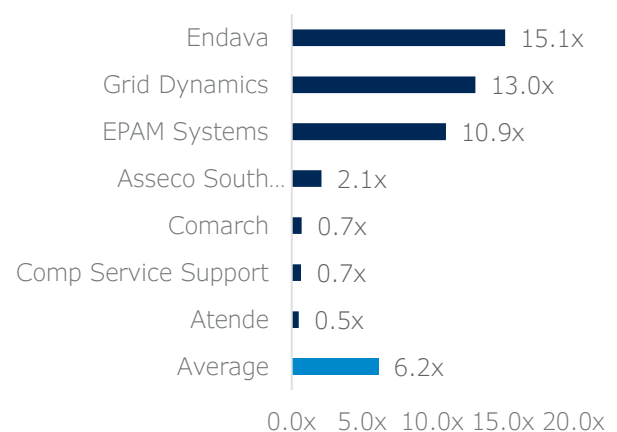
## Publicly-traded IT Services &amp; Software Companies – Central &amp; Eastern Europe – Q4 2021

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	36,873	714	3,374	16%	34%	21%	10.9x	51.6x	41,168	90
Endava	10,321	129	682	27%	35%	19%	15.1x	80.0x	9,616	107
Grid Dynamics	2,278	32	175	-6%	42%	18%	13.0x	72.0x	2,884	79
Asseco South Eastern Europe	629	63	296	16%	27%	21%	2.1x	10.0x	3,220	20
Comarch	298	72	416	7%	30%	17%	0.7x	4.2x	6,670	4
Comp Service Support	117	32	235	-1%	28%	14%	0.5x	3.7x	1,220	10
Atende	43	(4)	63	-12%	29%	-6%	0.7x	-11.3x	192	22
<b>Average</b>	<b>7,223</b>	<b>148</b>	<b>749</b>	<b>7%</b>	<b>32%</b>	<b>15%</b>	<b>6.2x</b>	<b>30.0x</b>	<b>9,281</b>	<b>47</b>
<b>Median</b>	<b>629</b>	<b>63</b>	<b>296</b>	<b>7%</b>	<b>30%</b>	<b>18%</b>	<b>2.1x</b>	<b>10.0x</b>	<b>3,220</b>	<b>22</b>

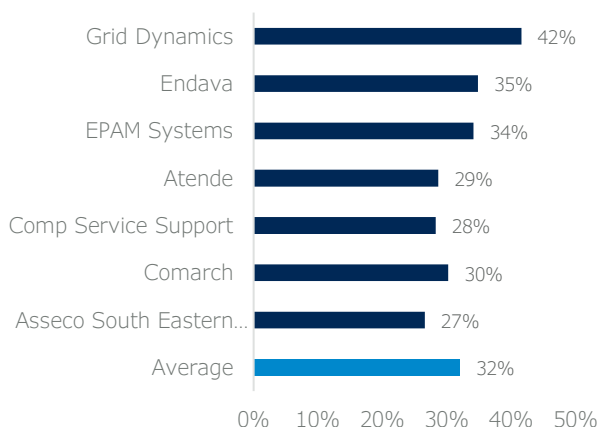
## TEV / EBITDA X



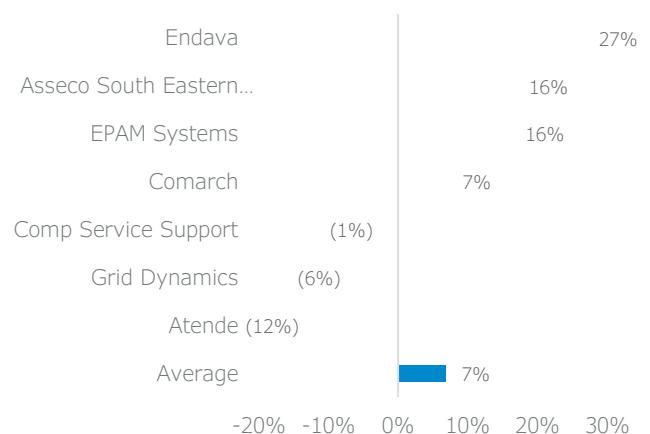
## TEV / Rev X



## Gross Margin %



## Rev Growth YoY



## Q3 2021 M&amp;A Transactions

Date	Target	Buyer / Investor	Target Description
October 5, 2021			<ul style="list-style-type: none"> <li>Xebia, a global IT consulting firm, closed its largest acquisition with the purchase of PGS Software, a Polish software house and cloud expert with more than 800 professionals. Founded in 2005, PGS Software is one of the largest Polish-origin IT companies with total revenue over €35 million. Since its inception, the company has delivered over 2,800 projects for clients like Trust Payments, Giacom and Omio. The addition of PGS Software complements Xebia's technology suite, with a focus on cloud services.</li> </ul>
October 8, 2021		 	<ul style="list-style-type: none"> <li>Cloudera, the enterprise data cloud company with an engineering support Hungary office, announced the completion of its previously announced agreement to be acquired by affiliates of Clayton, Dubilier &amp; Rice ("CD&amp;R") and KKR in an all cash transaction valued at approximately \$5.3 billion.</li> </ul>
October 27, 2021			<ul style="list-style-type: none"> <li>3Pillar Global, an international developer of cutting-edge digital products with a Romania delivery center, has entered into a definitive agreement to receive a strategic growth investment from an affiliate of H.I.G. Capital. With over 2,000 team members working out of 13 delivery centers across three continents, 3Pillar is a recognized global leader in the digital transformation sector.</li> </ul>
November 9, 2021			<ul style="list-style-type: none"> <li>EPAM Systems, Inc., a leading digital transformation services and product engineering company, has acquired Emakina Group, a multi-award-winning digital agency headquartered in Belgium with 1,100+ employees and a strong presence across Central and Western Europe, the Middle East, Asia, Africa, and North America. The acquisition will enhance EPAM's digital experience practice.</li> </ul>
November 16, 2021			<ul style="list-style-type: none"> <li>Sirma Group Holding, one of the largest software groups in Bulgaria, has entered into a definitive agreement to acquire SciANT, a fast-growing, vertically-focused IT solutions provider based in Sofia, Bulgaria. The acquisition is in alignment with the growth and development strategy of Sirma Group Holding, and is expected to facilitate the group's entry into new vertical markets and geographies.</li> </ul>
December 9, 2021			<ul style="list-style-type: none"> <li>Cognizant acquired Devbridge, a software consultancy and product development company headquartered in Chicago. Devbridge's cross-functional team of software product engineering professionals uses collaborative techniques and proprietary tools to deliver product design and development, service design, software engineering maturity, data strategy, and legacy modernization for their clients.</li> </ul>

# About 7 Mile Advisors

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](http://www.7mileadvisors.com).



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## Notable 7 Mile Transactions