

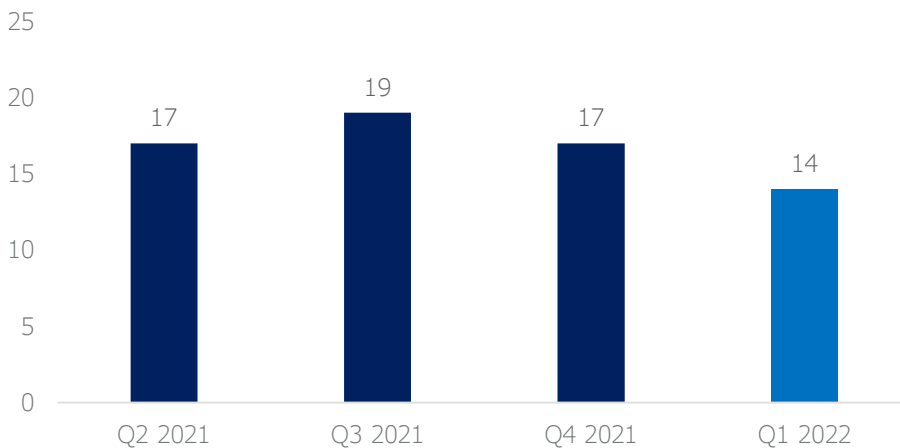
Market Update IT Services & Software in Central & Eastern Europe

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

The deal activity in Central & Eastern Europe remains steady 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 believe the underlying M&A trends in Central & Eastern Europe, specifically in Poland, Romania, Bulgaria, and Hungary, will continue throughout 2022 given the region's high concentration of IT/Software talent, time zone advantage, and agile delivery methods.

7 Mile recorded 14 deals in Q1 of 2022, an 18% decrease compared to Q4 2021. However, deal valuations remain high as both strategic and financial buyers have been aggressive over the past six months in 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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HCL Acquires Hungarian Data Engineering Services Company Starschema

HCL

HCL Technologies, a leading global technology company, acquired Starschema, a leading provider of data engineering services, based in Budapest, Hungary. Starschema provides consulting, technology, and managed services in data engineering to Global 2000 companies in the U.S. and Europe. The strategic acquisition will bolster HCL's capability in digital engineering driven by data engineering and increase its presence in Central and Eastern Europe. In addition, HCL will strengthen its position in data engineering, which is an integral part of the company's digital engineering capabilities and next-generation offerings. 7 Mile Advisors acted as an M&A advisor to Starschema on this transaction.

Date: January 14, 2022

Deal Type: M&A

Target HQ: Hungary

Starschema's Advisor



EPAM Acquires ENGINIETY, Enhancing Digital Commerce Technology Capabilities

<epam>
 | | | | | | | |
 E N G I N I E T Y

EPAM, a global provider of digital transformation services, has acquired Enginiety, a Poland headquartered eCommerce company. ENGINIETY specialists help evaluate, select, and implement eCommerce solutions to create a consistent, flexible, and future-oriented system architecture. The Company provides a full range of services in the field of e-commerce and specializes in SAP commerce cloud solutions. The transaction will allow EPAM to expand its portfolio of comprehensive proposals for the creation and development of eCommerce platforms for global adaptive organizations.

Date: January 25, 2022

Deal Type: M&A

Target HQ: Poland

Most Notable M&A Sectors in Q1 2022 in Eastern Europe

Data Analytics,
AI / ML

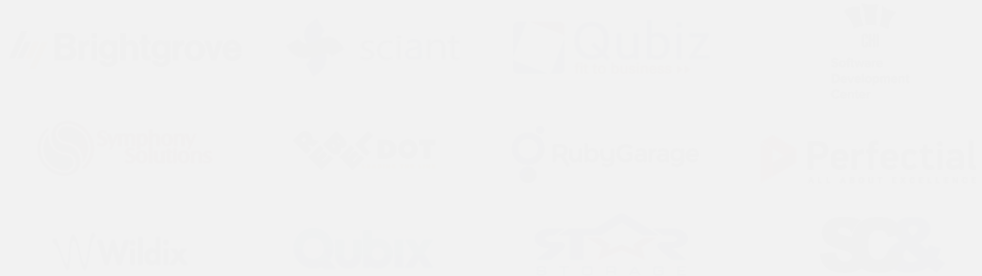
Software
Development &
Digital
Engineering

Digital
Commerce

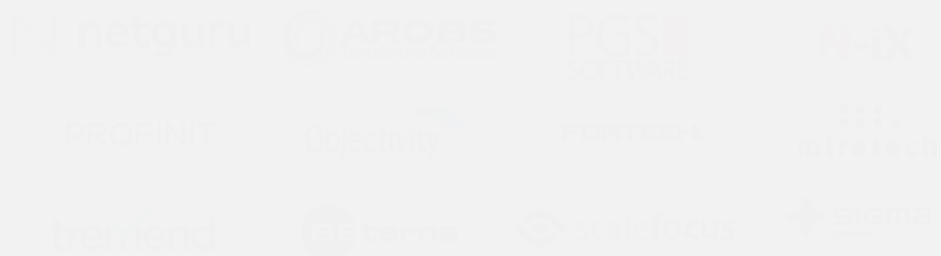
Market Landscape

Annual Revenue, USD

5-25M

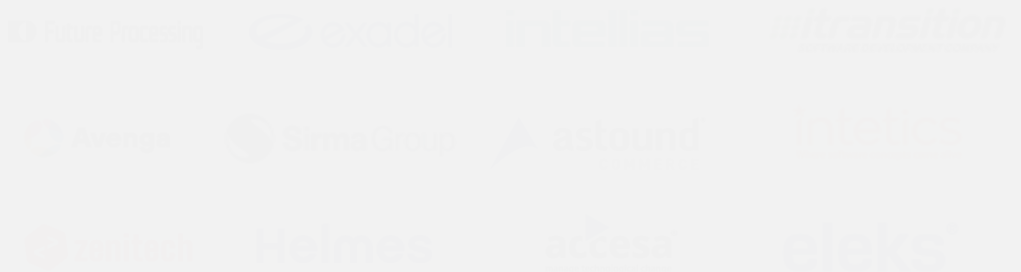


25-50M

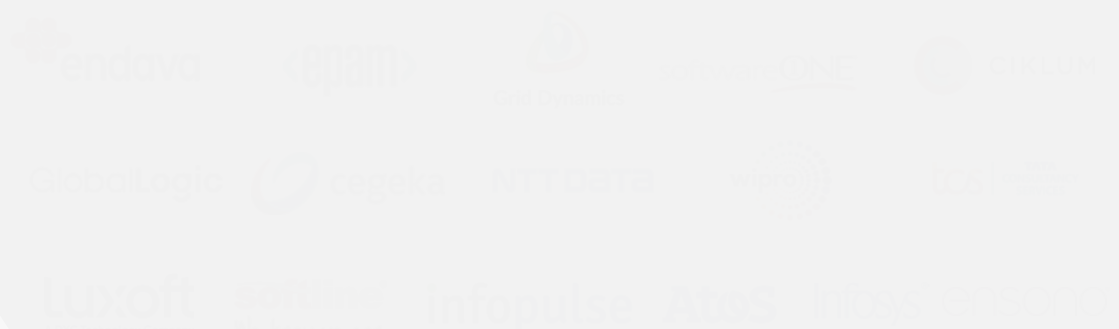


50-100M

Please reach out to 7MA team to get access to the full list.



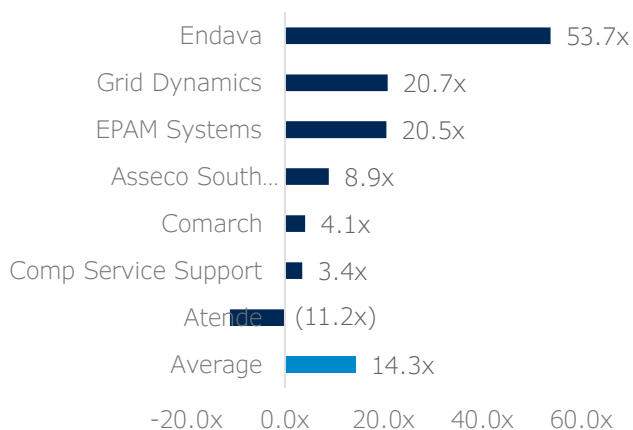
>100M



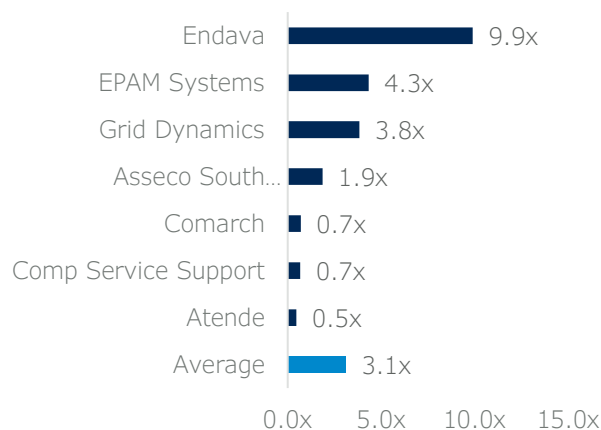
Publicly-traded IT Services & Software Companies – Central & Eastern Europe – Q1 2022

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
EPAM Systems	16,266	794	3,758	41%	34%	21%	4.3x	20.5x	58,000	28
Endava	7,497	140	758	27%	34%	18%	9.9x	53.7x	10,391	72
Grid Dynamics	810	39	211	90%	42%	18%	3.8x	20.7x	2,884	28
Asseco South Eastern Europe	555	63	296	-	27%	21%	1.9x	8.9x	3,220	17
Comarch	292	72	416	7%	30%	17%	0.7x	4.1x	6,670	4
Comp Service Support	109	32	235	-1%	28%	13%	0.5x	3.4x	1,220	9
Atende	43	(4)	63	-12%	29%	-6%	0.7x	-11.2x	192	22
Average	3,653	162	820	25%	32%	15%	3.1x	14.3x	11,797	26
Median	555	63	296	17%	30%	18%	1.9x	8.9x	3,220	22

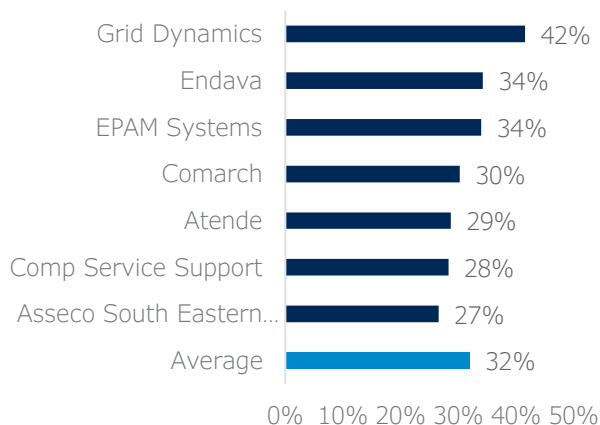
TEV / EBITDA X



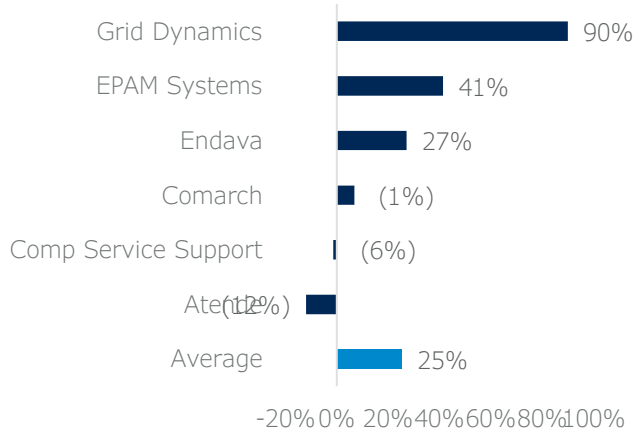
TEV / Rev X















Gross Margin %



Rev Growth YoY



Q1 2022 M&A Transactions

Date	Target	Buyer / Investor	Target Description
January 18, 2022	 ctco COM TEC CO IT LTD	 Tech Mahindra	Tech Mahindra has acquired European IT firm Com Tec Co IT Ltd. ("CTC") for €310 million, including earnouts and synergy-linked payouts. CTC is an IT solutions and services provider catering to the insurance and financial services industries, with development centers in Latvia and Belarus. The acquisition will help Tech Mahindra expand its offerings to high-end digital engineering services for some of the largest insurance, re-insurance, and financial services organizations globally and scale its nearshore delivery presence.
January 25, 2022	 SoftClub	 softline [®]	Softline, the global IT and digital transformation provider, in line with its three-dimensional growth strategy, announced the signing of an agreement to become the majority shareholder in SoftClub. SoftClub is headquartered in Belarus and is a specialist in the rapidly-growing industry of financial technology, and the largest developer of integrated solutions for banks, e-commerce, and stock exchanges in Central and Eastern Europe.
February 8, 2022	 predica.	 softwareONE	SoftwareONE Holding AG acquired Poland headquartered Predica, a leading European provider of Microsoft Azure cloud migration, application modernization and managed services. The acquisition significantly expands SoftwareONE's Cloud Services platform, adding a portfolio of value-added services, strong technical talent as well as high-quality delivery capabilities to serve enterprise customers in key European regions and globally.
February 21, 2022	 Chmurowisko	 Software Mind	Software Mind, a leading Polish software house has acquired a majority stake of Chmurowisko, a Poland based specialist cloud company that provides consulting and development services for cloud environments, migration of resources to the cloud along with the training, design, implementation and security of forward-thinking cloud solutions. Overall, the transaction will allow Software Mind to expand its existing offer with specialized cloud competences.
March 15, 2022	 ekobit	 span	Span, a global IT company based in Croatia, acquired Ekobit Software Company. Ekobit is one of the leading software development companies in Croatia. By acquiring Ekobit, which primarily delivers its services to West European customers, Span is able to expand its operations, especially in the DACH region. Within Span Group, Ekobit continues to operate with the existing Management as an independent business entity.
March 21, 2022	 Software Nation	 DataArt	DataArt, a global software engineering firm, acquired Sebia's Software Nation as part of its expansion strategy. The acquisition will support DataArt's plans to geographically diversify its business and enhance its global reach, the Belgrade office will leverage existing infrastructure and Software Nation's local workforce, a significant benefit, as DataArt develops its presence in Belgrade's labor market. Furthermore, the new location will help meet the region's rising demand for software development and digital transformation services.

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

 <hr/>	 <hr/>	<p>Microsoft Business Unit of</p> <hr/>	 <hr/>
 <hr/>	 <p>GGA Software Services LLC</p> <hr/>	 <hr/>	 <hr/>

