

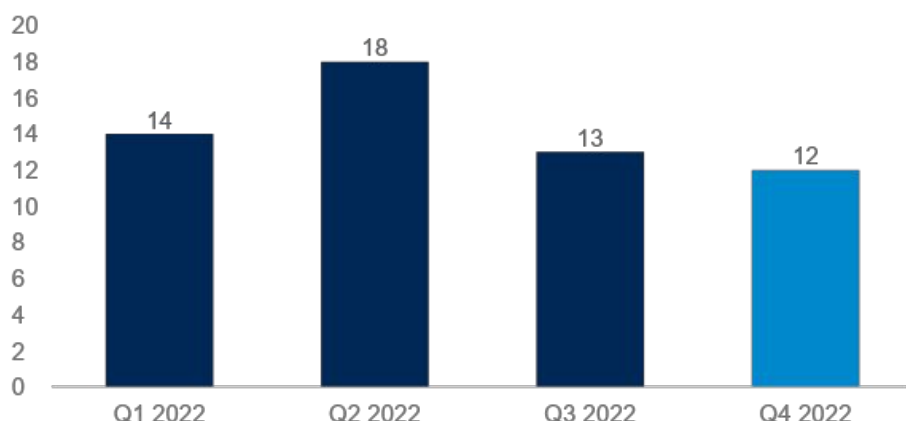
## Market Update IT Services & Software in Central & Eastern Europe

- 1 Market Overview
- 2 Sector Snapshot
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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 2023 given the region's high concentration of IT/Software talent, time zone advantage, and agile delivery methods.

7 Mile recorded 12 deals in the Q3 of 2022, an 7% decrease compared to Q2 2022. 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 operation 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 or Iliia Ulianchuk if you would like to learn more about IT Services & Software across Central & Eastern Europe.

### Sector Coverage Team



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## GlobalLogic Acquires Fortech, a Leading Romania Digital Engineering Company

GlobalLogic®

FORTECH.

GlobalLogic Inc. has acquired Fortech, a leading software engineering services company based in Romania. Headquartered in Cluj-Napoca, Fortech operates out of four cities in Romania to support top-tier clients across a wide range of industries. These achievements and capabilities will help GlobalLogic further expand its customer and talent base, as it aims to address the robust global demand for digital transformation (DX). Additionally, Fortech's seasoned leaders will bring valuable technical and domain experience along with strong relationships across European markets and marquee clients.

**Date:** November 21, 2022

**Deal Type:** M&A

**Target HQ:** Romania

## Exadel Acquires Codete, an IT Consulting and Software Development Company

EXADEL

CODETE

Exadel has acquired Codete, a software development and consulting services firm based in Poland. Codete operates globally in fintech, health tech, e-commerce and retail, advertising and marketing, media and entertainment, travel, and hospitality. The company's clients are mostly tech scale-ups and multinational corporations from the DACH region (Germany, Austria, and Switzerland), Scandinavia, the UK, the US, and the Middle East. This deal will help Exadel further create an engineering base in Poland. Exadel also benefits from Polish expertise in engineering and HR services, and from the expansion in the European market.

**Date:** November 15, 2022

**Deal Type:** Buyout

**Target HQ:** Poland

## Most Notable M&A Sectors in Q4 2022 in Central & Eastern Europe

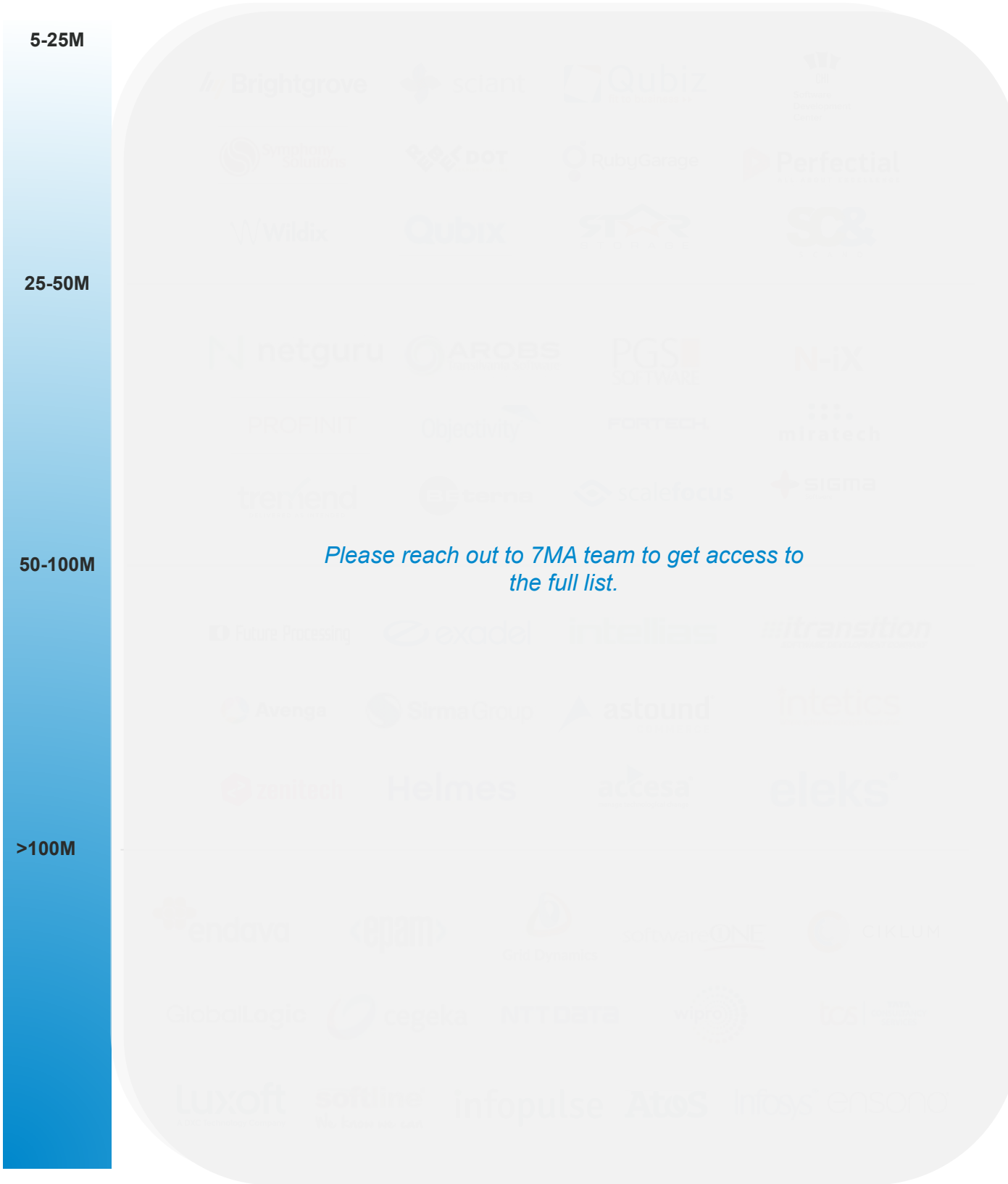
Software  
Development &  
Digital  
Engineering

Data Analytics  
and AI & ML

Digital  
Commerce

# Market Landscape

Annual Revenue, USD

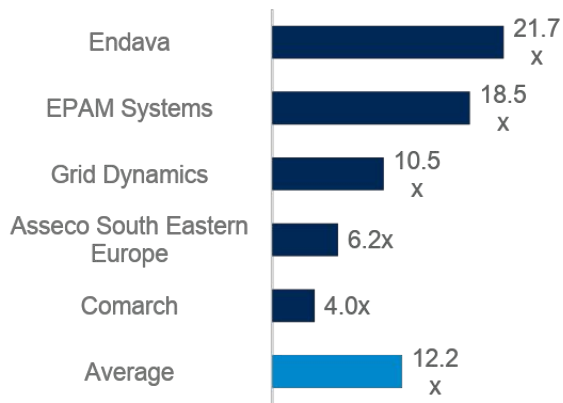


# Public Markets

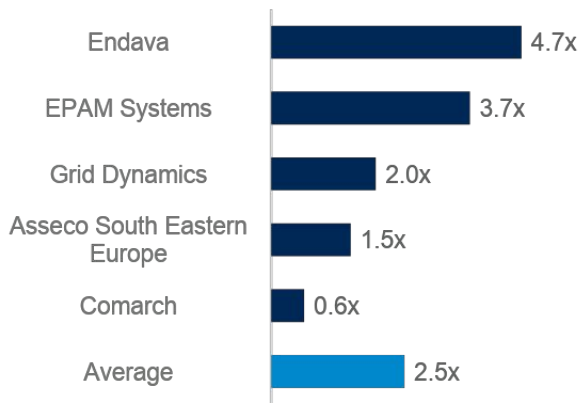
## Publicly-traded IT Services & Software Companies - Central & Eastern Europe – Q4 2022

Companies	LTM		LTM	Rev		TEV / Rev		TEV /	# of	Rev /
	TEV \$m	EBITDA \$m	Rev \$m	Growth YoY	GP %	EBITDA %	X	EBITDA X	FTEs	FTE \$k
EPAM Systems	17,500	945	4,701	39%	32%	20%	3.7x	18.5x	58,000	30
Endava	4,210	194	898	41%	33%	22%	4.7x	21.7x	12,065	35
Grid Dynamics	581	56	296	70%	39%	19%	2.0x	10.5x	3,151	18
Asseco South Eastern Europe	497	80	333	28%	26%	24%	1.5x	6.2x	3,698	13
Comarch	263	66	425	16%	28%	15%	0.6x	4.0x	7,116	4
Average	4,610	268	1,331	39%	32%	20%	2.5x	12.2x	16,806	20
Median	581	80	425	39%	32%	20%	2.0x	10.5x	7,116	18

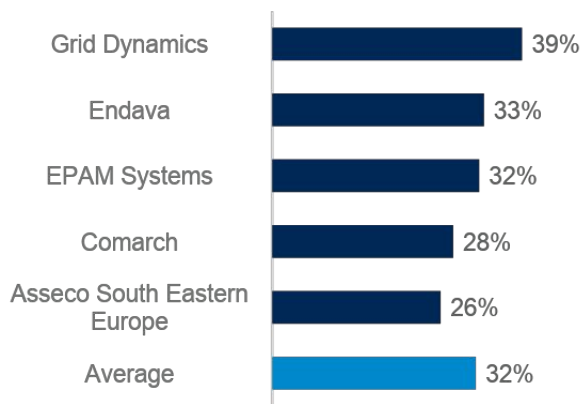
### TEV / EBITDA X



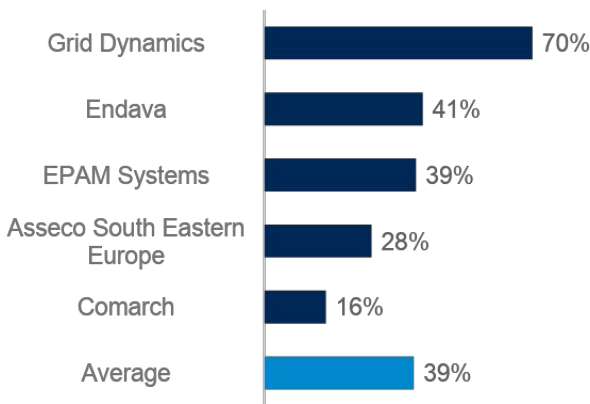
### TEV / Revenue X







### Gross Margin %



### Revenue Growth % YoY



## Q4 2022 M&amp;A Transactions

Date	Target	Buyer / Investor	Target Description
October 18, 2022			Sciانت, a Bulgaria IT and Software Development Company, acquired ReSolutions Shpk, an IT solutions development company. The acquisition resulted from the initial strategic partnership between Sciانت and ReSolutions, which started in July 2021. Sciانت specializes in developing and implementing business management IT solutions and has purchased 100% of the Albanian IT company ReSolutions. The transaction is part of the long-term development strategy of the Bulgarian company.
October 25, 2022			BlackPeak Capital, one of the largest private equity firms in Bulgaria, acquired a stake in Telelink Infra Services. Telelink Bulgaria AD, headquartered in Sofia, is one of the leading Central and Eastern European providers of innovative network infrastructure services and solutions, whose customers are among the leading Telecommunication giants, such as Vodaphone and Deutsche Telekom AG.
November 15, 2022			Hardis Group has acquired Clouidity, the number one Salesforce integrator in Poland, which is also present in the DACH region and the Nordic countries. This new external growth operation is part of its strategy to become the main pure-player Salesforce integrator in France and Europe. All Salesforce integration staff have been brought together in a new structure that will operate under the Clouidity brand.
November 17, 2022			Global digital transformation and cybersecurity solutions provider Noventiq acquired a majority stake in Serbian IT company, Saga Group. The deal will allow bring over 400 expert staff to Noventiq, and to expand expertise from Saga's and its IP customer base worldwide
December 12, 2022			Bittnet Systems acquired a majority stake in Dataware Consulting, a Romanian IT&C company that provides services and solutions for international vendors such as IBM, Fujitsu, and Cisco. Following the transaction, the Bittnet Group will expand its range of IT products and services with new technological capabilities as well as its range of certifications.
December 21, 2022			Sandberg Capital, a Slovak private equity firm which focuses on investing in smaller and middle-sized companies with growth potential, invested EUR 20 million in Serbian IT company Quantox Technology, one of the largest regional software development houses. Sandberg's first direct investment in Serbia, will aim to further strengthen the position of Quantox in the region and accelerate its expansion abroad.

# 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

 	 	<small>Microsoft Business Unit of</small>  	 
 	 <small>GGA Software Services LLC</small> 	 	 

