

Market Update

IT Services & Software in Western Europe

During the last quarter of 2022, deal volume in the IT Services & Software sector decreased by 24.8% becoming the least active quarter of the year. Although inflation in Western Europe decreased from 10.0% to 9.2% during the last 2 months of the year as a result of four interest rate hikes made by the European Central Bank (ECB), the high lending costs, Eastern European turmoil, and looming 2023 recession have led to more conservative inorganic growth plans during Q4 2022.

Despite these unique macroeconomic conditions, 2022 became the last decade's second most active M&A year slightly under 2021. This is was majorly due to European's bold increase in M&A spending in North America (\$78b in 2022) and the accelerated rate of capital raised by European Private Equity Groups. The U.K. and Sweden accounted for most of the top 10 biggest European closes in 2022 with Nordic Capital XI leading the charts (\$9b).

M&A Deals in Western Europe - IT Services & Software



7MA has completed numerous M&A transactions for companies with outsourced operations and delivery centers in Western 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 Ilia Ulianchuk if you would like to learn more about IT Services & Software across Western Europe.

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

Sector Coverage Team



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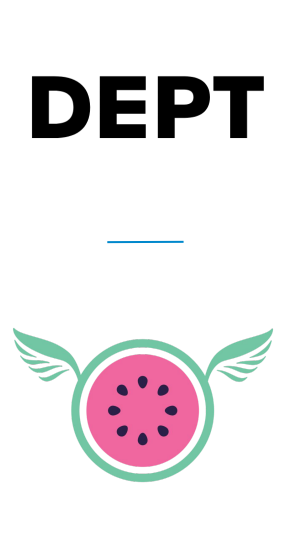


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DEPT Acquired Premier Salesforce Commerce Partner Melon



DEPT, one of the fastest growing Dutch-based digital agencies in the world backed by Carlyle, acquired Melon, a US-based commerce agency. Founded in 2017, Melon delivers leading commerce solutions by maximizing the power of Salesforce. The agency has broad expertise in customer experience, design and digital performance, as well as managed services to support growth strategies, including international expansion and omnichannel initiatives. Melon’s 100+ person team has long-term partnerships with clients including Under Armour, Nike, vineyard vines and Therabody. This acquisition supports Melon’s plans for its next growth stage.

DEPT acquired Melon via its financial sponsor The Carlyle Group, through an LBO for an undisclosed amount.

Date: December 15, 2022
Deal Type: LBO
Buyer HQ: Netherlands
Target HQ: U.S.A

Accenture Acquired Banking Focused IT Services Provider Allgemeines Rechenzentrum



Accenture, an Irish-American professional services company based in Dublin has completed its acquisition of Allgemeines Rechenzentrum GmbH (ARZ), a technology service provider focused on the banking sector in Austria. The acquisition of ARZ’s business capabilities expands Accenture’s cloud-based banking offerings, ranging from core banking services to online banking, as well as regulatory services for clients across Europe. ARZ’s approximately 600 employees have joined Accenture and will continue to work in their existing locations in Vienna and Innsbruck. This acquisition supports Accenture’s vision to develop an innovative cloud-based banking-as-service platform, leveraging technologies from IBM, Microsoft, and SAP.

Date: December 1, 2022
Deal Type: M&A
Buyer HQ: Ireland
Target HQ: Germany

Western Europe Transactions Verticals in Q4 2022



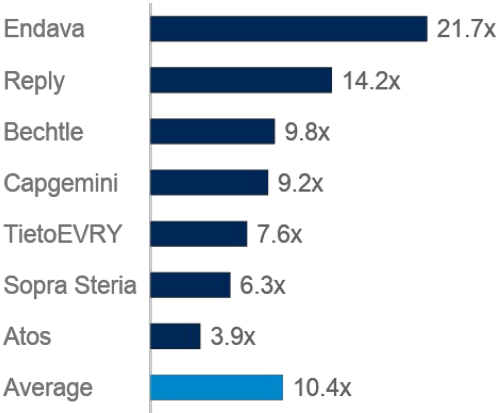
Western Europe Most Active Investors in Q4 2022



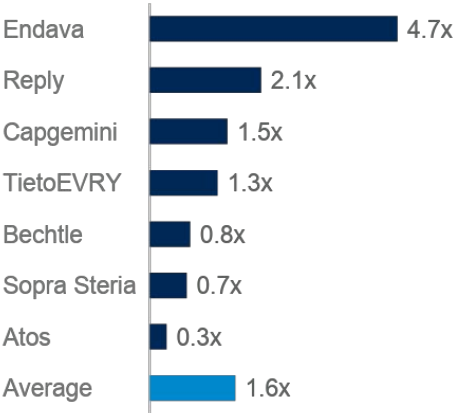
Publicly-traded IT Services & Software Companies - Western Europe – Q4 2022

| 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 |
|--------------|---------|----------------|-------------|----------------|-------|----------|-------------|----------------|-----------|---------------|
| Capgemini | 33,396 | 3,617 | 22,677 | 18.6% | 26.3% | 16.0% | 1.5x | 9.2x | 324,684 | 10 |
| Bechtle | 4,789 | 491 | 6,231 | 19.5% | 17.5% | 7.9% | 0.8x | 9.8x | 13,789 | 35 |
| Endava | 4,210 | 194 | 898 | 41.1% | 33.1% | 21.6% | 4.7x | 21.7x | 12,065 | 35 |
| Atos | 3,981 | 1,014 | 12,363 | 0.0% | 30.3% | 8.2% | 0.3x | 3.9x | 112,000 | 4 |
| Reply | 4,071 | 286 | 1,930 | 24.3% | 16.3% | 14.8% | 2.1x | 14.2x | 12,542 | 32 |
| TietoEVRY | 4,039 | 532 | 3,140 | 3.9% | 22.1% | 17.0% | 1.3x | 7.6x | 24,509 | 16 |
| Sopra Steria | 3,878 | 618 | 5,516 | 10.7% | 27.7% | 11.2% | 0.7x | 6.3x | 48,707 | 8 |
| Average | 8,338 | 965 | 7,536 | 16.9% | 24.8% | 13.8% | 1.6x | 10.4x | 78,328 | 20 |
| Median | 4,071 | 532 | 5,516 | 18.6% | 26.3% | 14.8% | 1.3x | 9.2x | 24,509 | 16 |

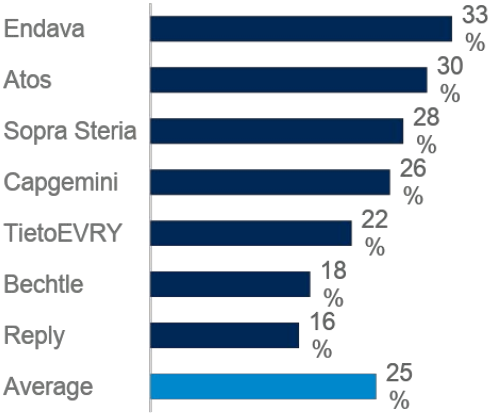
TEV / EBITDA X



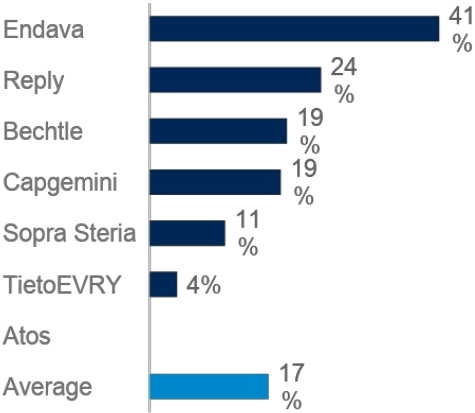
TEV / Rev X



Gross Margin %



Rev Growth YoY



Q3 2022 M&A Transactions

| Dec 15, 2022 |  |  | <ul style="list-style-type: none">Belgian-based consulting specialist in Artificial Intelligence (AI), data engineering and design, and implementation of next-gen data platforms. Dataroots joins the group's Data Intelligence forces, exceeding 800 consultants, active in multiple international locations to further scale its activities. |
|--------------|---|---|--|
| Dec 8, 2022 |  |  | <ul style="list-style-type: none">Netherlands-based data and analytics specialist. 2Foqus recently acquired business intelligence analytics, application integration and data migration firm, FourPoints, which operates as an independent label alongside 2Foqus. |
| XX, 2022 |  |  | <ul style="list-style-type: none">Provider of automation-based cybersecurity services focused on cyber threats. The company offers threat intelligence, cloud monitoring, cloud security, 3rd party risk intelligence and proactive threat hunting, thereby helping clients with automated responses round-the-clock to detect and eliminate cyber threats. |
| XX, 2022 |  |  | <ul style="list-style-type: none">Operator of an IT company intended to serve the fashion, wholesale and logistics industry. The company specializes in providing SAP consulting, omnichannel integration, SAP licenses and project management services and offers a business platform that provides predefined analysis and planning scenarios, thereby helping in fast implementation time, reduced adjustment effort and long-term investment security. |
| Nov 11, 2022 |  |  | <ul style="list-style-type: none">Provider of information technology management and consulting services focused on solving business problems through integrated security and support. The company offers a comprehensive range of services including managed services, disaster recovery planning, security backup support as well as ongoing software and hardware maintenance service. |
| | | | |

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.



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Notable 7 Mile Transactions

Acuant,
an Audax portfolio company
HAS ACQUIRED
Hello Soda

UNION
ACQUIRED BY
Valtech

iC CONSULT GROUP
HAS ACQUIRED
Kapstone LLC

UNIGUEST
HAS ACQUIRED
Planet eStream

INTELLIGENCE PARTNER
ACQUIRED BY
SoftwareONE

UNIGUEST
HAS ACQUIRED
Otrum

iC CONSULT GROUP
HAS ACQUIRED
ICSynergy

eSource Capital
ACQUIRED
Daxos

