

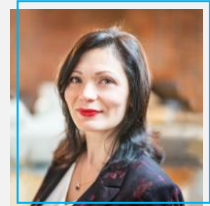
## Market Update IT Services & Software in Central & Eastern Europe

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

The deal activity in Central & Eastern Europe remains active 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 17 deals in the Q1 of 2023, a 70% increase compared to Q4 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.

### Sector Coverage Team



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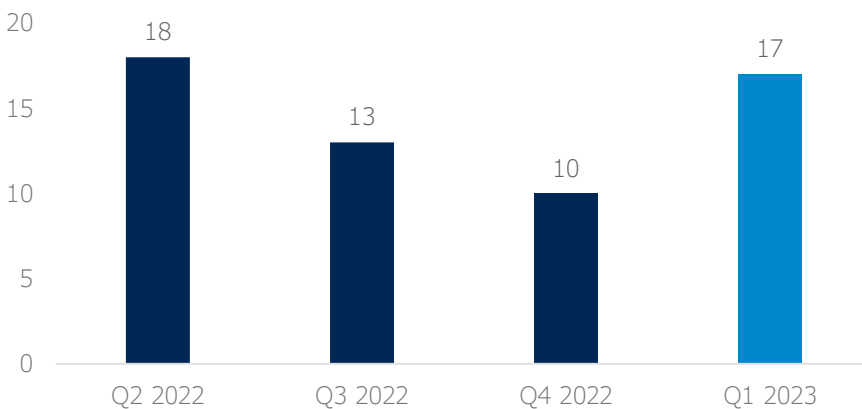


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# of M&A Deals in Central & Eastern Europe



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 Ilia Ulianchuk if you would like to learn more about IT Services & Software across Central & Eastern Europe.

## ARICOMA acquires Sabris to expand its SAP Service Offering





Aricoma Group, a leading ICT services provider in Central and Eastern Europe and part of KKCG group, has completed the acquisition of the dominant part of Sabris company. Sabris is one of the largest SAP consulting services and projects providers in the Czech Republic and Slovakia. Sabris' clients include major retail, logistics, automotive, and food industry players, including Innogy, ŠKODA AUTO, MALL, and Makro. There are 145 experts working in the acquired part of the company. The transaction complements Aricoma's portfolio of enterprise ICT services.

**Date:** February 2, 2023

**Deal Type:** Add on

**Target HQ:** Czech Republic

## Modus Create acquires Romanian software engineering firm Clarisoft





Modus Create, a digital transformation consulting firm, has acquired Clarisoft, a Romanian software engineering company with deep expertise in enterprise custom product development. Adding Clarisoft to the team expands Modus Create's European footprint and strengthens our offerings in enterprise software development, leading cloud platforms, and microservices delivery. Headquartered in Bucharest, Romania, Clarisoft is known for building quality software across enterprise, mid-market, and government clients worldwide, particularly in sectors such as healthcare, automotive, finance, and telecom.

**Date:** January 10, 2023

**Deal Type:** Add on

**Target HQ:** Romania

## Most Notable M&amp;A Sectors in Q1 2023 in Central &amp; Eastern Europe

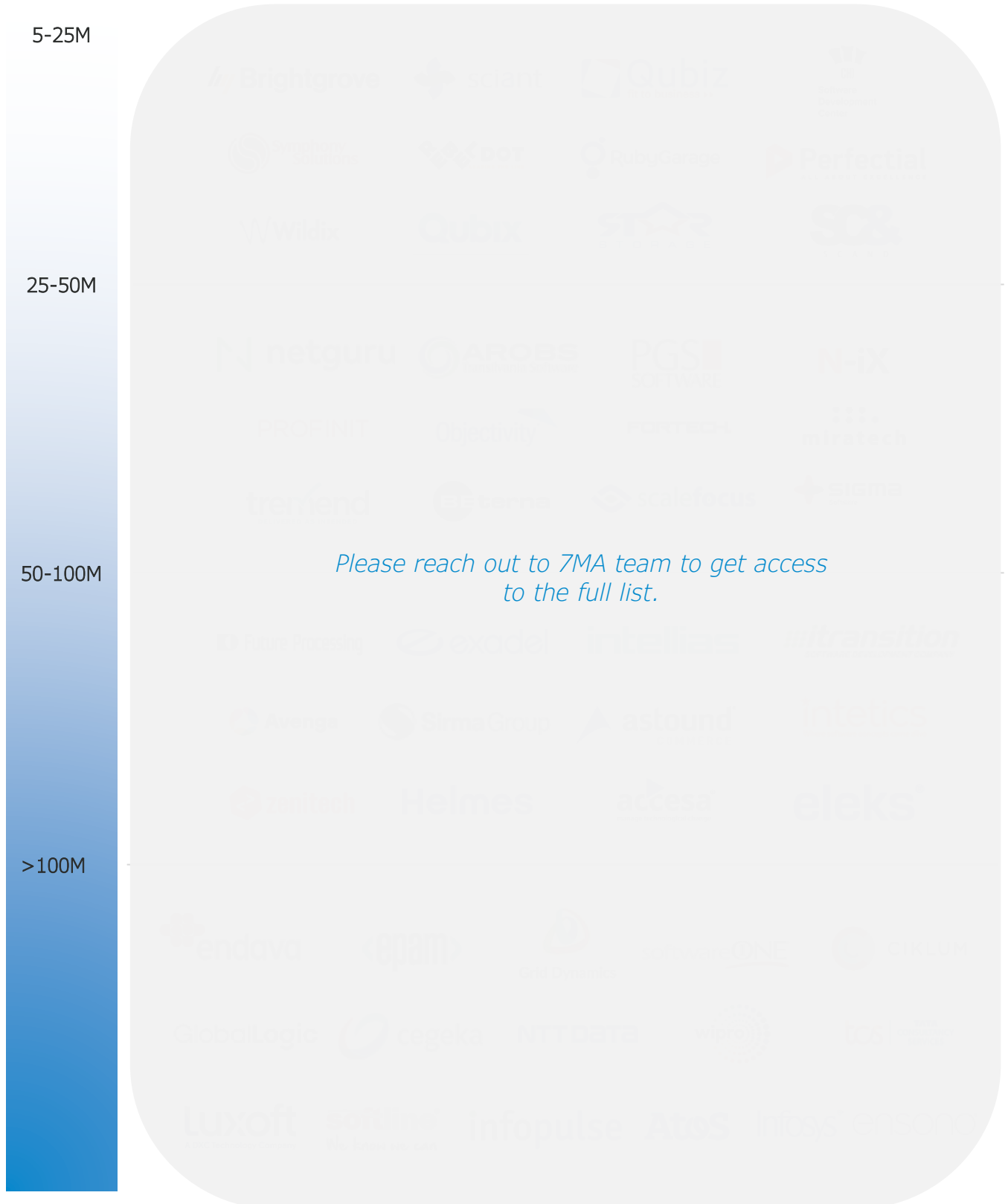
Software  
Development &  
Digital  
Engineering

Data Analytics  
and AI & ML

Digital  
Commerce

# Market Landscape

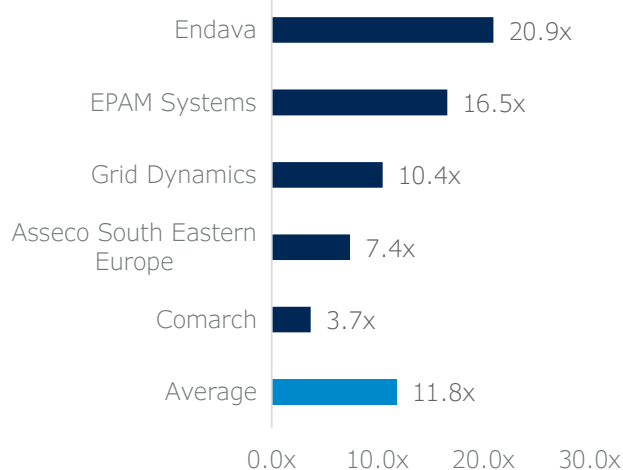
Annual Revenue, USD



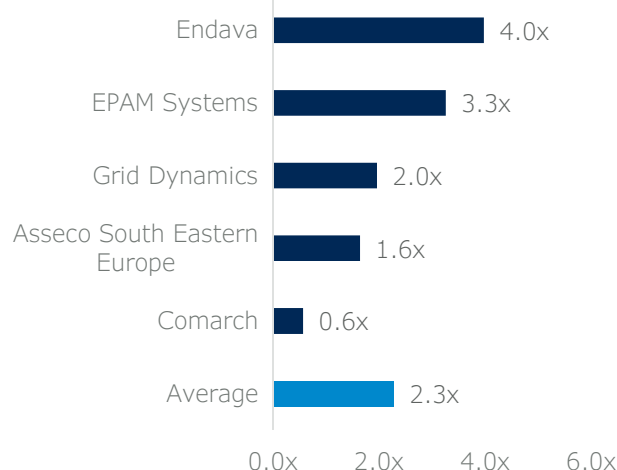
## Publicly-traded IT Services &amp; Software Companies - Central &amp; Eastern Europe – Q1 2023

| Companies                  | LTM          |            | LTM Rev \$m  | Rev Growth YoY | GP %       | EBITDA %   | TEV / Rev X | TEV / EBITDA X | # of FTEs     | Rev / FTE \$k |
|----------------------------|--------------|------------|--------------|----------------|------------|------------|-------------|----------------|---------------|---------------|
|                            | TEV \$m      | EBITDA \$m |              |                |            |            |             |                |               |               |
| EPAM Systems               | 15,699       | 949        | 4,825        | 28%            | 32%        | 20%        | 3.3x        | 16.5x          | 59,300        | 26            |
| Endava                     | 3,681        | 176        | 926          | 36%            | 34%        | 19%        | 4.0x        | 20.9x          | 12,111        | 30            |
| Grid Dynamics              | 609          | 58         | 310          | 47%            | 39%        | 19%        | 2.0x        | 10.4x          | 3,151         | 19            |
| Asseco Southeastern Europe | 575          | 78         | 351          | 37%            | 25%        | 22%        | 1.6x        | 7.4x           | 3,874         | 15            |
| Comarch                    | 241          | 66         | 425          | 16%            | 28%        | 15%        | 0.6x        | 3.7x           | 7,116         | 3             |
| <b>Average</b>             | <b>4,161</b> | <b>265</b> | <b>1,367</b> | <b>33%</b>     | <b>32%</b> | <b>19%</b> | <b>2.3x</b> | <b>11.8x</b>   | <b>17,110</b> | <b>19</b>     |
| <b>Median</b>              | <b>609</b>   | <b>78</b>  | <b>425</b>   | <b>36%</b>     | <b>32%</b> | <b>19%</b> | <b>2.0x</b> | <b>10.4x</b>   | <b>7,116</b>  | <b>19</b>     |

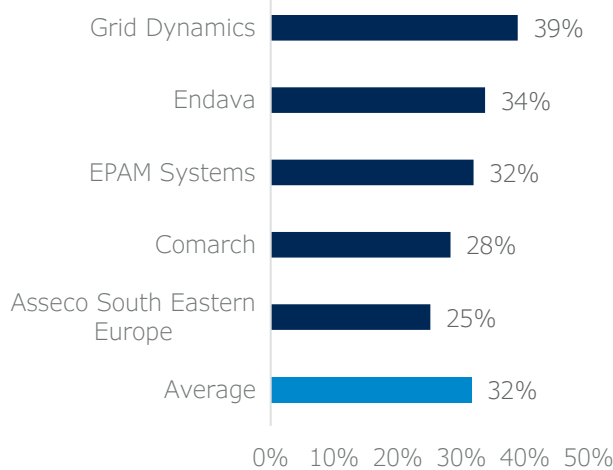
## TEV / EBITDA X



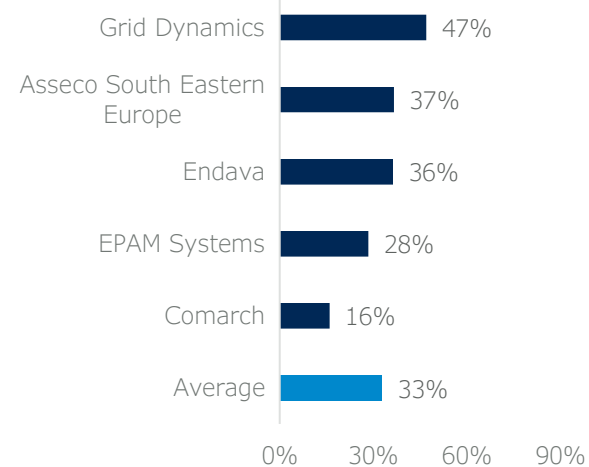
## TEV / Revenue X



## Gross Margin %



## Revenue Growth % YoY



# Notable Deals

## Q1 2023 M&A Transactions

| Date              | Target  | Buyer / Investor  | Target Description   |
|-------------------|---|---|--|
| March 16, 2023    |    |    | Bianor Holding, a Bulgarian software and IT services group, has acquired the local software developers Itido Technologies. This transaction was part of Bianor's strategy to complement organic growth through acquisitions of Bulgarian software companies. As part of the transaction, the founders of Itido will become substantial Bianor shareholders.  |
| March 9, 2023     |    |    | InSoft Partners, a Ukrainian investment fund, has acquired a stake in Forbytes, a software development company. The experience and skills possessed by InSoft Partners will be a significant reinforcement for Forbytes, especially in the area of business development.   |
| February 13, 2023 |  |  | Incrys, Bucharest-based software, and infrastructure company, has acquired Usource, an IT services company. The acquisition is a big milestone in Incrys' ambitious growth plans for 2023 and beyond.  |
| February 2, 2023  |  |  | AROBS Transilvania Software, the largest technology company listed on the Bucharest Stock Exchange, acquired the majority stake, of 94%, in SYDERAL Polska, Poland, specialized in the development of products and technologies for quantum and optical communication, onboard data storage and processing.  |
| January 19, 2023  |  |  | Makronet, which has been serving in the information technology sector since 2000 and one of the largest Microsoft Cloud Service Provider business partners in Turkey, has been acquired by Noventiq, a global solution and service provider in the fields of digital transformation and cyber security.  |
| January 5, 2023   |  |  | Qualitance, the international technology and innovation company founded in Romania becomes part of the ALTEN Group, following the approval of the acquisition transaction by the Romanian Competition Authority. With the ALTEN Group, Qualitance prioritizes its international expansion, with a core strategy that aims at the development of technology partnerships in Central and Eastern Europe. |

# 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

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

