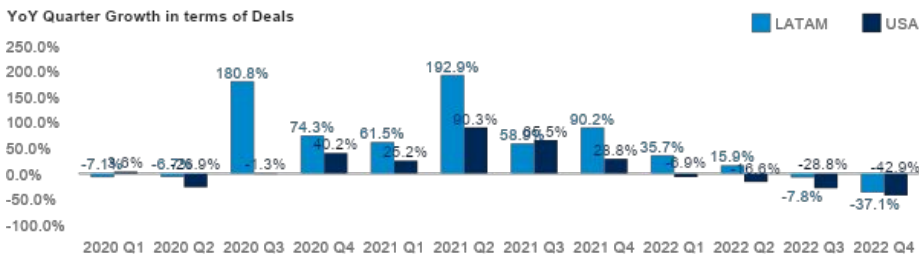


Market Update IT Services & Software in Latin America

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

Despite the macroeconomics concerns, LATAM continues to strongly perform within the IT Services sector. Although it was a difficult year for the market (the S&P index was down 19.4% - the worst since 2008) there were 438 IT Services M&A deals completed in LATAM. This is only slightly down from the previous year (448 deals). LATAM outperformed expectations compared to other regions. The chart below illustrates how the LATAM region (-2.3%) surpassed the US deal output (-24.6%) from a year-over year percentage basis during 2022.

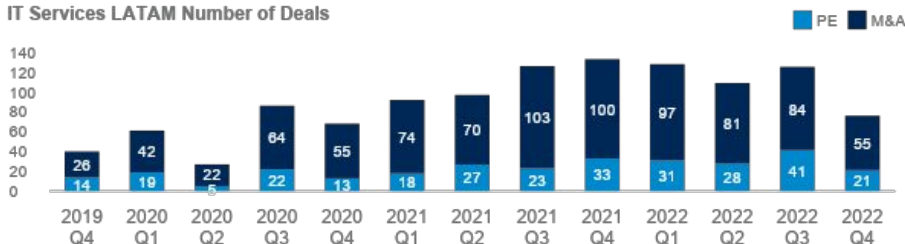


In addition, despite the slight drop in the number of deals transacted, the capital invested in the region increased year-over-year. In 2022, a total of \$17b was invested in the region compared to 2021's \$7b. The most notable difference was identified in the amount of capital raised which was 180.0% higher than the previous year. During Q4, a total of 76 deals were closed, marking the lowest deal volume quarter of the year. Of the 76 deals 73% were comprised of M&A transactions and the remaining 27% were comprised of PE deals.

2022 showed that companies keep innovating their offerings to remain competitive in a growth market. Top university talent continues to seek technology jobs, allowing foreign companies to satisfy their local lack of workforce. Additionally, Fintech investment grew due to the lack of banking and the high level of cash transactions (<50.0%) managed by local customers.

Investors are cautious in their investment thesis and opt for companies in LATAM with attractive product offerings. A driving factor in successful LATAM transactions is a majority concentration of US or Europe-based clients serviced by the LATAM provider (80+% of the client mix). This criterion is driving investors' investment appetite, and this pattern is expected to continue throughout the next year since the region continues to experience political and economic stressors.

IT Services LATAM Number of Deals



During the calendar year 2022, Brazil leads the region in terms of number of deals followed by Chile, Argentina, Colombia, and Mexico.

7MA has completed important M&A transactions for companies with outsourced operations and / or delivery centers in Latin America and has developed unparalleled deal expertise and knowledge of the industry trends, valuation trends, and most active strategic and financial buyers. Please contact Horacio Yenaropulos if you would like to learn more about the landscape in Latin America.

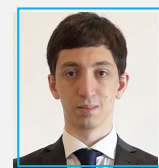
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Deloitte Acquired Makros



Provider of cybersecurity services intended to provide solutions that identify, protect, detect, respond and recover IT assets. The company's service offerings include ethical hacking, risk and compliance, endpoint security, cloud security that enable its customers to choose from range of variety.

The company was acquired by Deloitte Chile for an undisclosed amount on December 5, 2022. This acquisition has led Deloitte Chile to not only leverage cybersecurity and cyber risk services, but also to continuously renew the data analysis, processing, management applications and technology.

Date: Dec 5, 2022
Deal Type: M&A
Target HQ: Chile

Newcon Acquired by Sinqia



Provider of IT services intended to provide various IT management and software development services in Brazil. The company's service offerings include installation of telecom operators, cabling installation, development of high technology to the customers.

The company was acquired by Sinqia (BVMF: SQIA3) for BRL 422.5 million on December 21, 2022. This acquisition enables Sinqia to focus on the segment during Brazil's interest rate-hike cycle, noting that higher borrowing rates make consortiums more attractive.

Date: Dec 21, 2022
Deal Type: M&A
Target HQ: Brazil


Most Active M&A Subsectors in Q4 2022 in Latin America



Business & Productivity Software



Financial Software



Media & Information Services

Market Landscape

Annual Revenue, USD

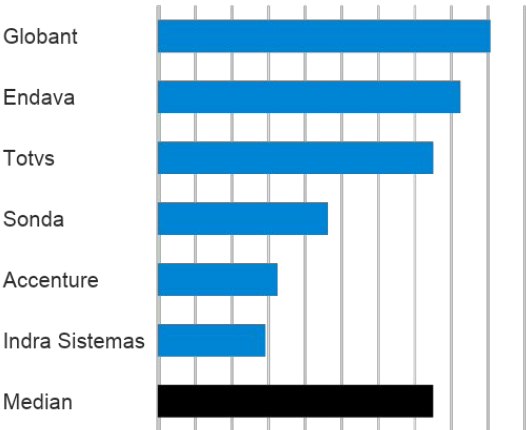


Publicly-traded IT Services & Software Companies – Latin America – Q4 2022

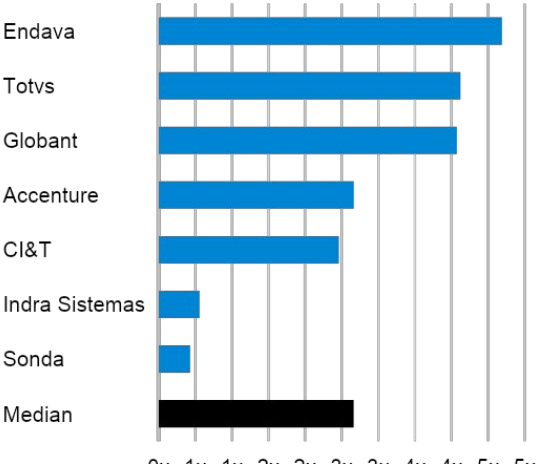
| Company | LTM EBITDA | | LTM Rev \$m | Rev Growth YoY | GP % | EBITDA % | TEV / EBITDA | | # FTEs | Rev / FTE \$k |
|----------------|------------|--------|-------------|----------------|-------|----------|--------------|-------|---------|---------------|
| | TEV \$m | \$m | | | | | X | X | | |
| Accenture | 166,127 | 10,558 | 62,377 | 16.1% | 32.0% | 16.9% | 2.7x | 15.7x | 738,000 | 85 |
| Globant | 6,797 | 243 | 1,669 | 45.2% | 37.8% | 14.5% | 4.1x | 28.0x | 26,500 | 63 |
| Endava | 4,210 | 194 | 898 | 41.1% | 33.1% | 21.6% | 4.7x | 21.7x | 12,065 | 74 |
| Totvs | 3,062 | 232 | 743 | 37.4% | 68.9% | 31.2% | 4.1x | 13.2x | 10,000 | 74 |
| Indra Sistemas | 2,236 | 395 | 4,027 | 14.4% | 29.2% | 9.8% | 0.6x | 5.7x | 55,853 | 72 |
| Sonda | 514 | 141 | 1,205 | 23.0% | 16.8% | 11.7% | 0.4x | 3.6x | 13,428 | 90 |
| CI&T | 952 | 71 | 387 | 62.2% | 34.6% | 18.2% | 2.5x | 13.5x | 6,900 | 56 |
| Average | 26,271 | 1,691 | 10,187 | 34.2% | 36.1% | 17.7% | 2.7x | 14.5x | 123,249 | 73 |
| Median | 3,062 | 232 | 1,205 | 37.4% | 33.1% | 16.9% | 2.7x | 13.5x | 13,428 | 74 |

share price as of 31Dec22

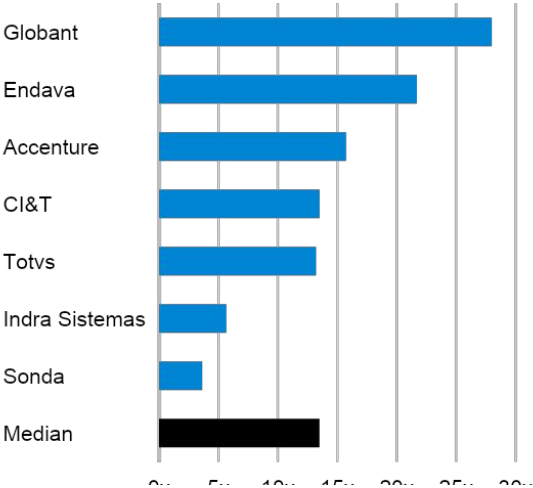
Rev Growth YoY



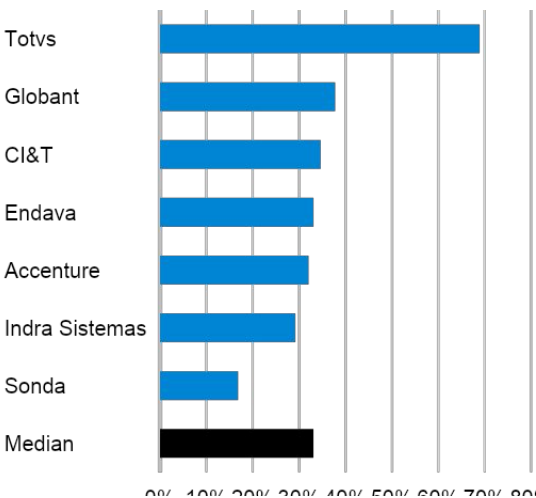
TEV / Rev X



TEV / EBITDA X



Gross Margin %



Q4 2022 M&A Transactions

| Date | Target | Buyer / Investor | Target Description |
|-------|--|--|---|
| 11/23 |  CromiWAF cyber defense |  conversys IT SOLUTIONS | Developer of cyber security solutions intended to mitigate and block attacks. The company specializes in web application firewall protection, CDN, DDoS, HTTP, and HTTPS traffic monitoring, thereby helping customers to prevent threats related to network devices. |
| 11/17 |  INCLUIT empowering your business |  Avenga | Provider of tech consulting services intended for fintech, telco cable and media, intelligent transportation, and healthcare industries. The company offers minimum viable products, creating projects and proof of concept. |
| 11/2 |  whiz |  10Pearls | Developer of digital marketing software intended to focus on business growth. The company's platform provides software development, innovation services, and technology talent under the nearshore modality as well as marketing solutions for brand building and consulting, social media management, and paid advertisement, content marketing, and search engine optimization, and influencer marketing enabling the partners to meet their needs for digital marketing. |
| 11/10 |  ESCON DATA GATE |  SOVOS | Provider of IT services dedicated to the integration of information technology and security solutions. The company offers security, IT infrastructure management, outsourcing, digital transformation as well as assisted administration, helping business enterprises digitally evolve to the next level through new and existing technologies. |
| 10/4 |  Vita |  Telefónica | Provider of technological services and solutions intended to accelerate digital globalization. The company offers connectivity, mobility, collaboration, video, information security, automation, data center and virtualization solutions, enabling companies to be productive anywhere on the earth. |

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







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