

Market Update

IT Services & Software in Latin America

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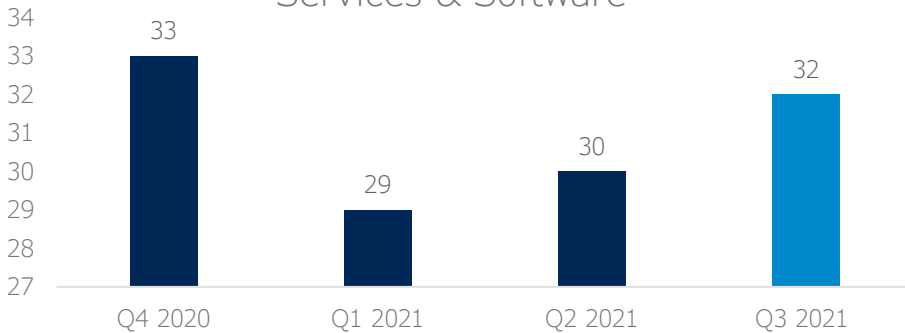
Latin America's technology boom is attracting investor activity at an unprecedented level. The dominating countries in terms of deal count continue to be Brazil and Mexico, followed by Argentina, Colombia, Peru, Chile, and Uruguay.

The region is transitioning from an attractive nearshore hub to an innovation center. Investors see Latin America as a disruptive force in deep tech, FinTech, and AgriTech, as proven by investments in Chilean start-up NotCo, or Mexican unicorn Kavak. Despite the intensive activity in the tech sector, Latin America's total tech market capitalization stands at 3.4% of GDP, signaling to investors that there is more opportunity in the space.

The most active verticals in the tech sector are fintech, big data, and e-commerce. The flourishing tech ecosystem facilitates disruption across many sectors: fintech services such as online payment platforms helped e-commerce companies outgrow the brick-and-mortar retail industry, and AI data capabilities revolutionized the agricultural space by increasing efficiency.

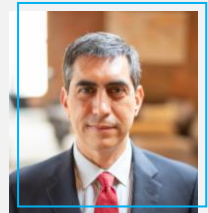
Latin America is well positioned for innovation in agriculture and sustainability, a trend that became increasingly important for institutions across the world. Costa Rica, Chile and 21 regional countries have announced plans to become "net-zero" emitters by 2050.

of M&A Deals in Latin America - IT Services & Software



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, Garth Martin, or Kevin Postigo if you would like to learn more about the landscape in Latin America.

Sector Coverage Team



Horacio Yenaropulos, *Managing Director*
 horacio@7mileadvisors.com
 +54.261.4617300



Garth Martin, *Vice President*
 garth.martin@7mileadvisors.com
 1.704.973.3997



Kevin Postigo, *Analyst*
 kevin@7mileadvisors.com
 1.704.912.4903

Bain Capital Tech Opportunities Invests in Bionexo



Bain Capital Tech Opportunities made a BRL 450 million growth investment in Brazilian company Bionexo, leading to a BRL 1.1 billion valuation. Bionexo offers digital applications for managing healthcare processes and an integrated suite of cloud software and marketplace technology. Through its capabilities, the company improves efficiency for both the hospitals and the suppliers. In addition, the capital will help Bionexo expand its SaaS platforms and pursue new growth opportunities. Bain Capital Tech Opportunities is the growth investment arm of Bain Capital with a focus on disruptive technologies.

Date: October 15
Deal Type: Growth
Target HQ: Brazil

Overactive, IT Consulting Provider, Acquired by Perficient



Perficient, an IT consulting firm with a global reach, acquired Overactive, an IT consulting services provider. Overactive is an Uruguay-based digital native company with more than 700 employees. The company offers services in software engineering, data science, experience design, and mobile services.

Perficient is a publicly traded company with a rich portfolio of services, including information technology, consulting services that focus on digital experience, business optimization, and IT solutions. The acquisition of Overactive helps Perficient strengthen its nearshore services in Latin America and further expand in the region.

Date: October 15
Deal Type: M&A
Target HQ: Uruguay

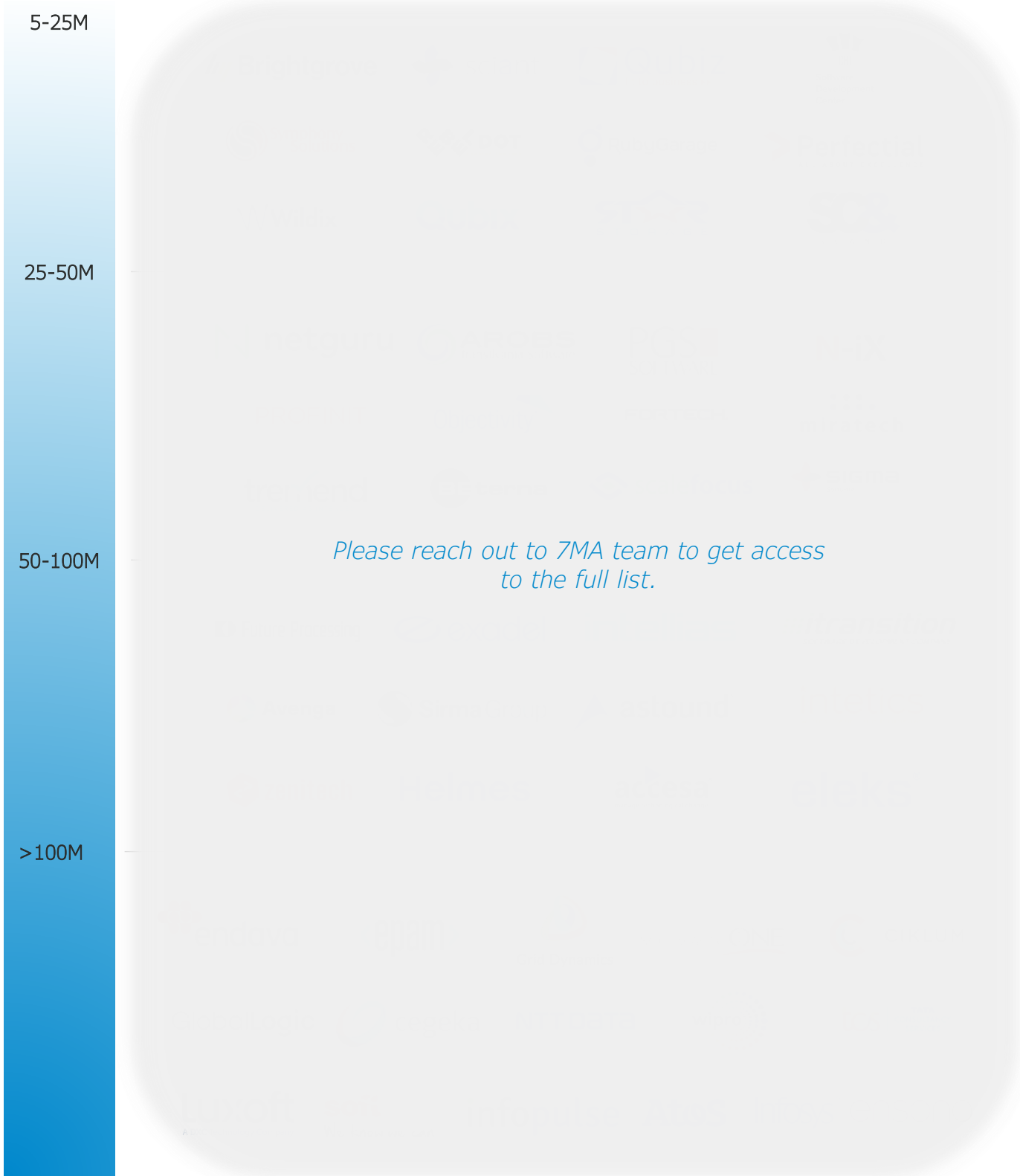
Most Active M&A Subsectors in Q3 2021 in Latin America

IT Consulting &
Outsourcing

Business &
Productivity
Software

Media &
Information
Services

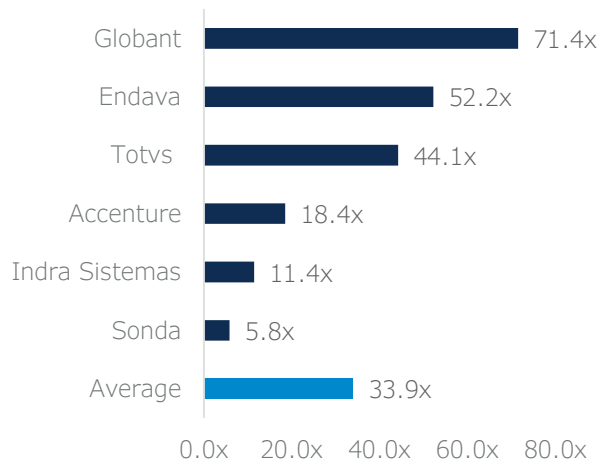
Annual Revenue, USD



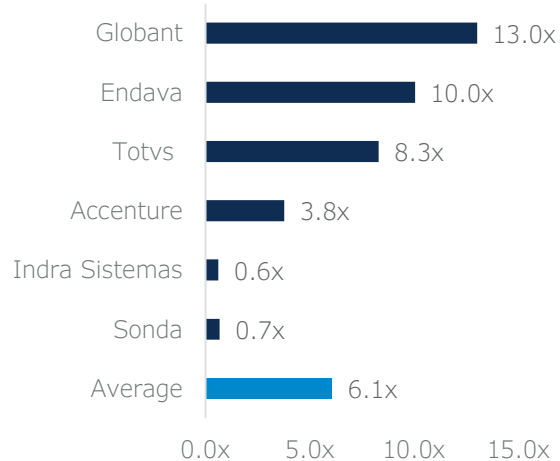
Publicly-traded IT Services & Software Companies – Latin America – Q3 2021

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
Accenture	8,966	172	893	23%	38%	19%	10.0x	52.2x	3,031	296
Endava	6,845	96	526	22%	34%	18%	13.0x	71.4x	7,139	96
Globant	4,168	94	502	14%	71%	19%	8.3x	44.1x	41,168	10
Totvs	180,922	9,817	47,949	3%	32%	20%	3.8x	18.4x	2,056	8,800
Indra Sistemas	2,229	195	3,565	-5%	38%	5%	0.6x	11.4x	6,625	34
Sonda	675	117	994	-8%	17%	12%	0.7x	5.8x	1,200	56
Average	33,967	1,749	9,071	8%	38%	16%	6.1x	33.9x	10,203	1,549
Median	5,506	144	943	8%	36%	19%	6.0x	31.3x	4,828	76

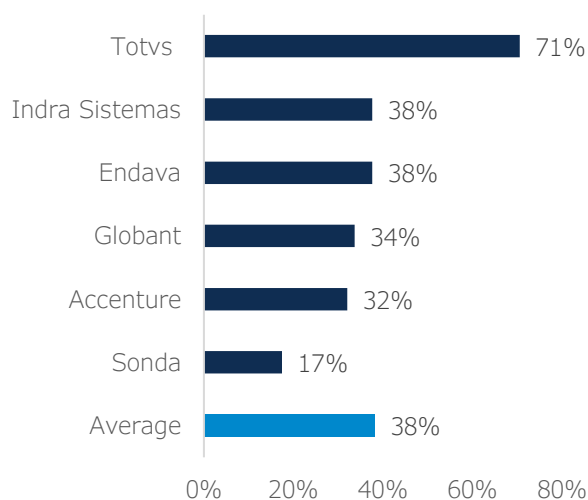
TEV / EBITDA X



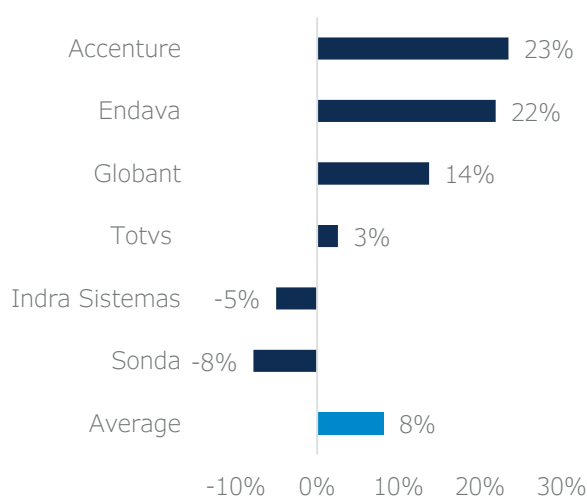
TEV / Rev X













Gross Margin %



Rev Growth YoY



Q3 2021 M&A Transactions

Date	Target	Buyer / Investor	Target Description
Oct-13, 2021			<ul style="list-style-type: none"> • Jüsto, an online supermarket operator based in Mexico, acquired Freshmart, a food delivery service. Freshmart offers groceries delivery services to customers across Peru. The acquisition of Freshmart helps Jüsto expand its addressable market to Peru after the growth fueled by the lockdowns amid the pandemic.
Oct-5, 2021			<ul style="list-style-type: none"> • Globant, a global software technology developer, acquired Atix Labs, a blockchain implementation provider. Atix Labs is a blockchain operator that offers decentralized solutions and development services. The company, headquartered in Argentina, served world-leading clients such as Nestle, Honda, and Unicef. . The acquisition of Atix Labs helps Globant expand its offering in the blockchain market and positions the company strategically amid new opportunities in the blockchain space.
Oct-5, 2021			<ul style="list-style-type: none"> • Indra Sistemas, a Spain-based provider of information technology solutions, acquired Consultoría Organizacional, a consulting services firm based in Colombia. Consultoría Organizacional specializes in SAP solutions that simplify operations and increase efficiency. The company employs 150 professionals and offers services such as talent management, e-commerce, administrative and financial management, staff outsourcing, payroll BPO, and application hosting.
Sep-28, 2021			<ul style="list-style-type: none"> • Advent International and Softbank made US \$225 million in Series B funding in Mexican start-up Merama. Merama is an e-commerce brand builder that invests in businesses across LATAM. The investment comes just five months after Merama raised Series A from Monashees, Valor Capital, Balderton Capital, and MAYA Capital. The new round drives the valuation of Merama to US \$850 million, after the company secures the largest Series B round in Latin America to date.
Sep-20, 2021			<ul style="list-style-type: none"> • LLYC, global communications and public affairs consulting firm, acquired Beso, a Mexican-based creative firm. Beso combines creative content and data analytics through its digital marketing teams and data research. The company, founded in 2021, employs more than 140 people.

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.



508 W. 5th Street,
Suites 140 & 225
Charlotte, NC 28202



+1 (704) 899-5960



www.7mileadvisors.com

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Daxos

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BELATRIX

Globant

