



Sector Watch: Latin America - IT Services

April 2022

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Overview

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.

We publish our sectorwatch, a review of M&A and operational trends in the industries we focus.

DASHBOARD

- Summary metrics on the sector.
- Commentary on market momentum by comparing the most recent 12-month performance against the last 3-year averages.

PUBLIC BASKET PERFORMANCE

- Summary valuation and operating metrics for a basket of comparable public companies.

VALUATION COMPARISON

- Graphical, detailed comparison of valuation multiples for the public basket.

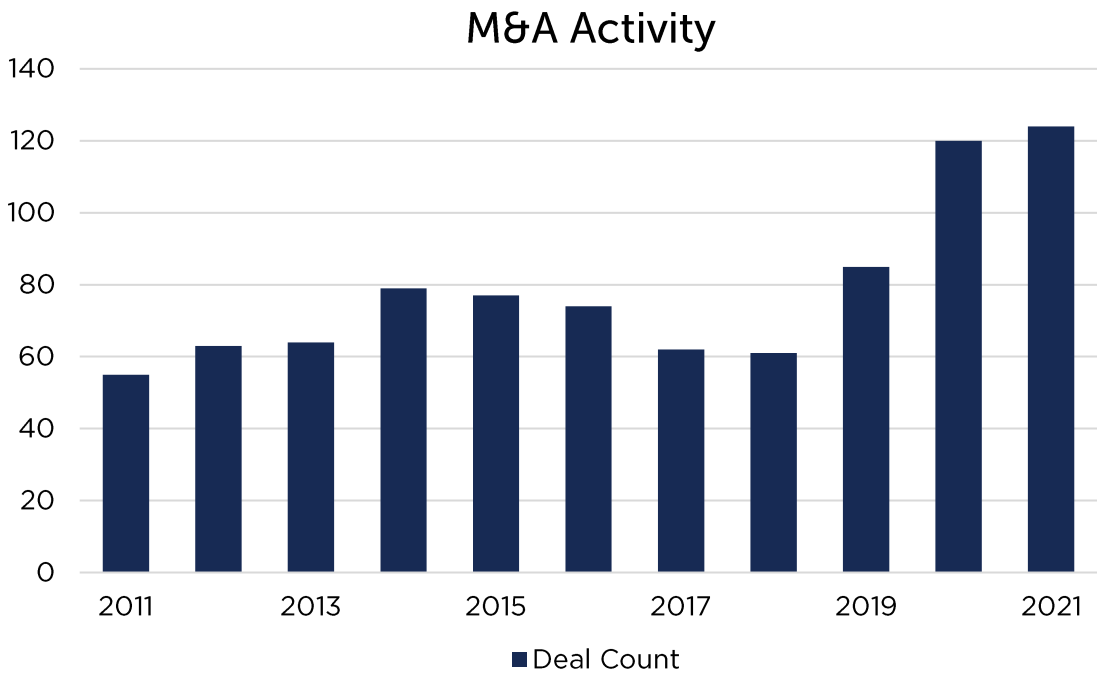
RECENT DEALS

- The most recently announced deals in the sectors.

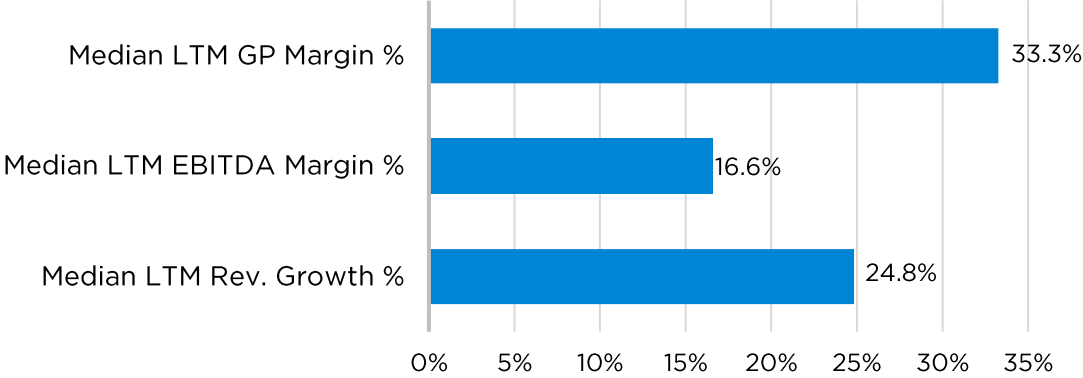
Dashboard

11.9% REVENUE GROWTH MOMENTUM

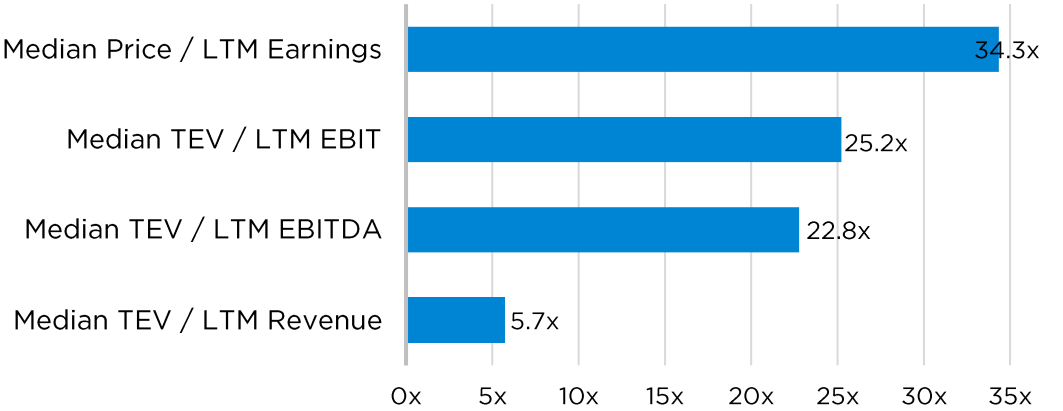
1- year revenue growth compared to revenue growth average for last 3 years - Current revenue growth rate exceeds the average of the last 3 years by this amount, indicating that market momentum is increasing



Operating Metrics



Valuation

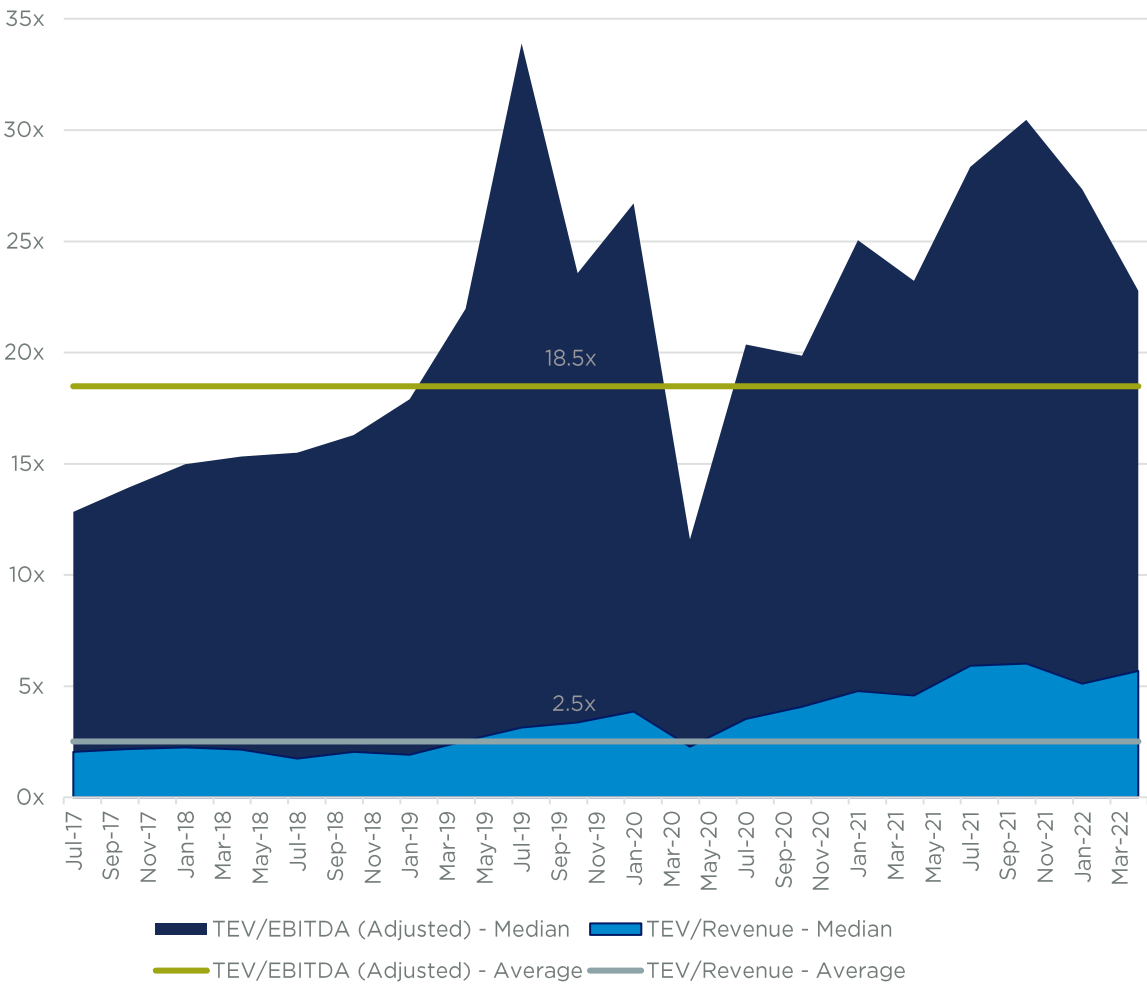


Public Basket

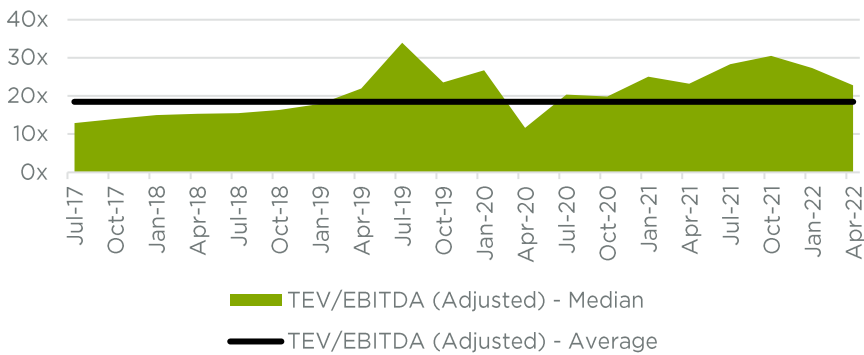
| Company | TEV \$m | LTM EBITDA \$m | LTM Rev \$m | Rev Growth YoY | GP % | EBITDA % | TEV / Rev X | TEV / EBITDA X | # FTEs | Rev / FTE \$k |
|----------------|---------|----------------|-------------|----------------|-------|----------|-------------|----------------|---------|---------------|
| Sonda | 493 | 153 | 1,180 | 15.0% | 17.5% | 12.9% | 0.4x | 3.2x | 13,467 | 88 |
| Indra Sistemas | 2,398 | 401 | 4,008 | 11.4% | 30.5% | 10.0% | 0.6x | 6.0x | 50,539 | 79 |
| Totvs | 4,578 | N/A | 604 | 25.5% | 68.3% | N/A | 7.6x | N/A | 10,000 | 60 |
| Endava | 7,256 | 163 | 758 | 43.9% | 34.2% | 21.5% | 9.6x | 44.6x | 8,883 | 85 |
| Globant | 10,449 | 300 | 1,297 | 59.3% | 38.2% | 23.1% | 8.1x | 34.9x | 19,400 | 67 |
| Accenture | 214,440 | 9,415 | 56,695 | 24.1% | 32.3% | 16.6% | 3.8x | 22.8x | 624,000 | 91 |
| Average | 39,936 | 2,086 | 10,757 | 29.9% | 36.8% | 16.8% | 5.0x | 22.3x | 121,048 | 78 |
| Median | 5,917 | 300 | 1,239 | 24.8% | 33.3% | 16.6% | 5.7x | 22.8x | 16,434 | 82 |

share price as of 01/Apr/22

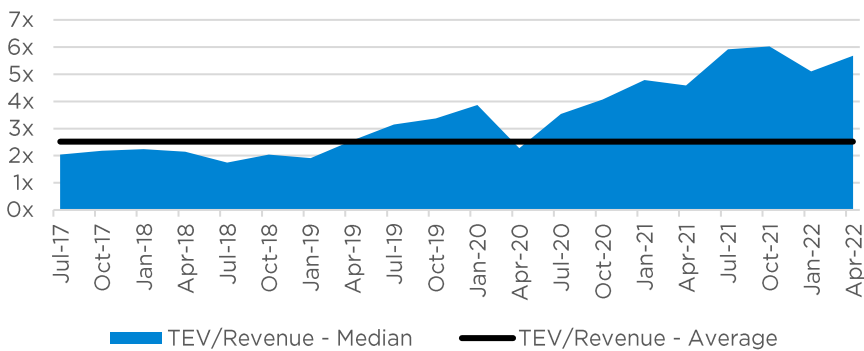
Public Basket



Public EBITDA Multiples over Time

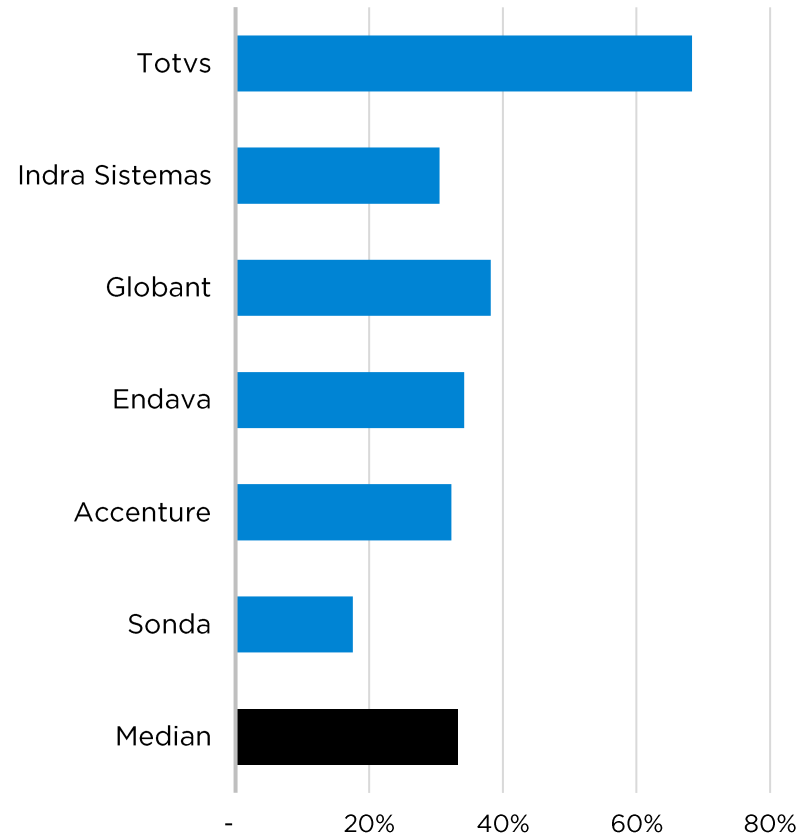


Public Revenue Multiples over Time

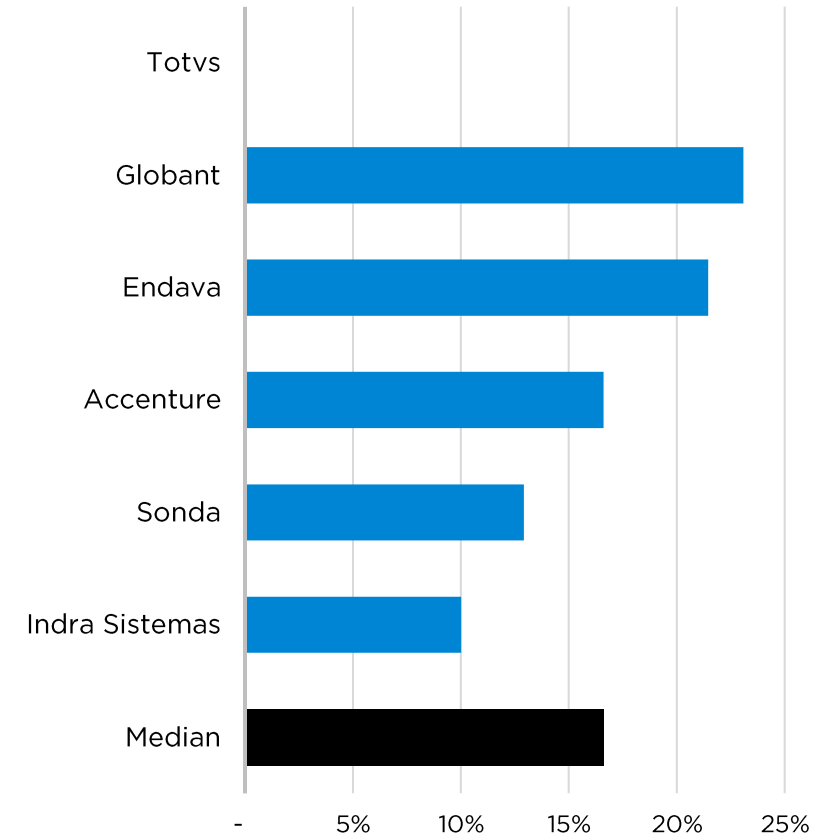


Operational Metrics

LTM Gross Profit Margin %



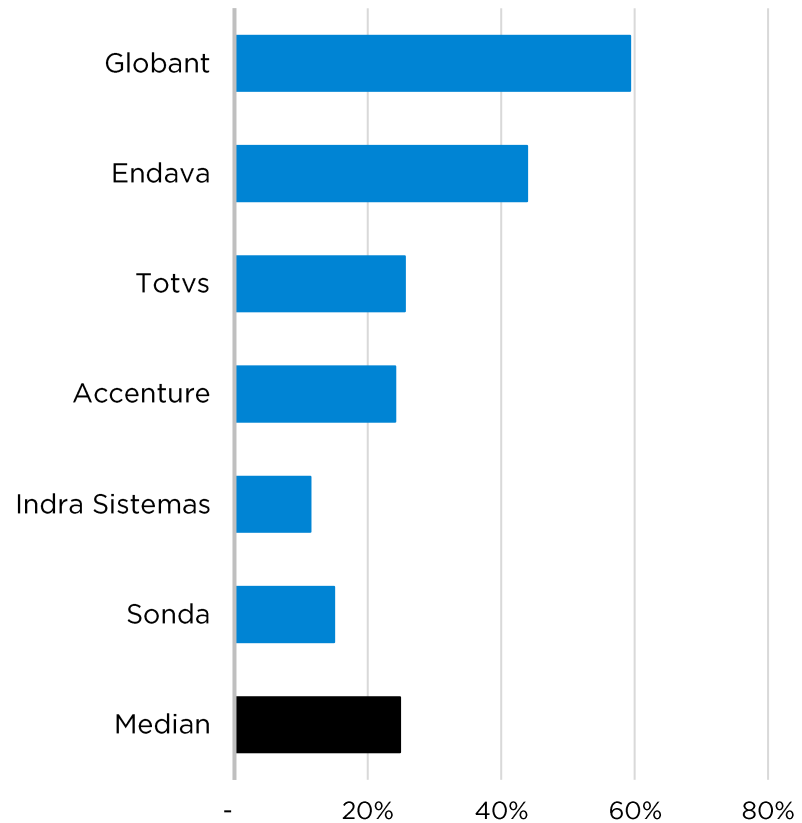
LTM EBITDA %



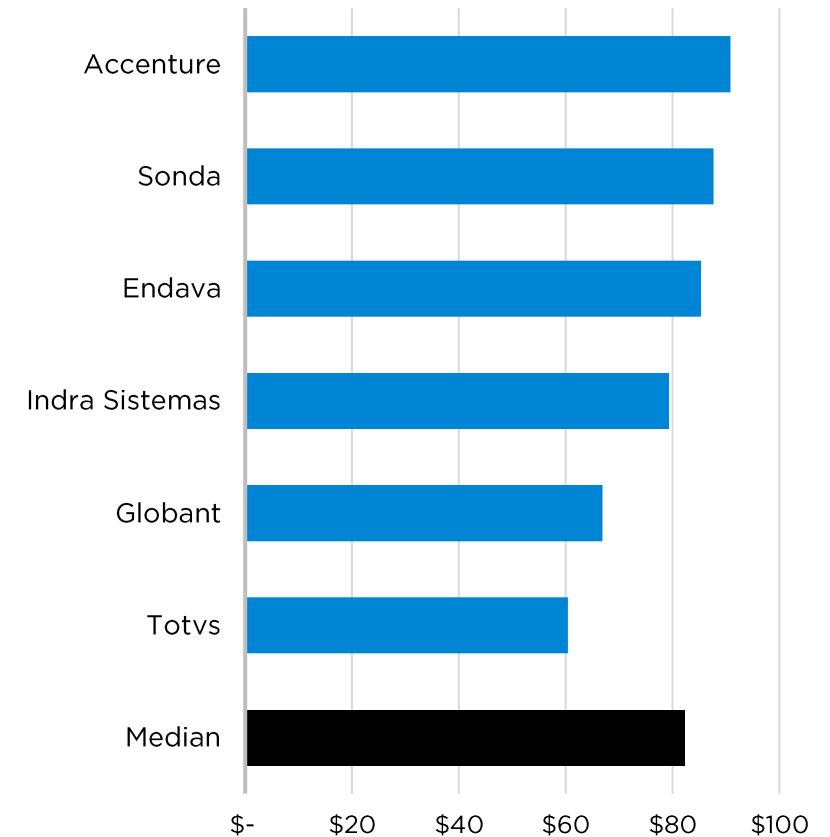
*Totvs EBITDA data is not available.

Operational Metrics

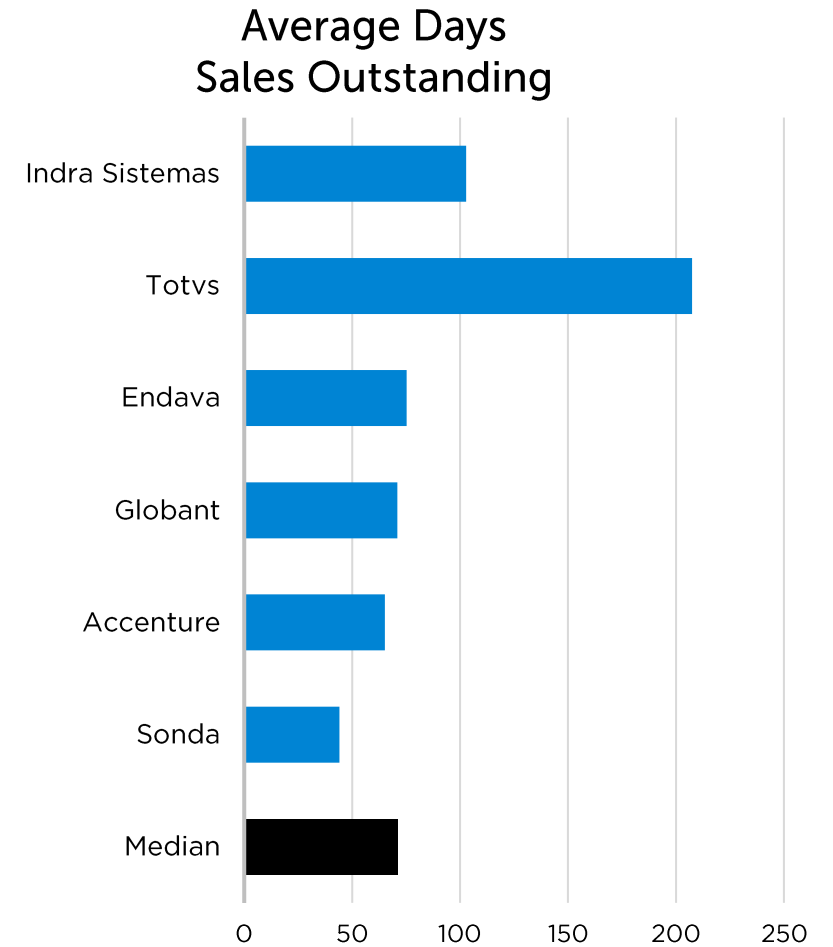
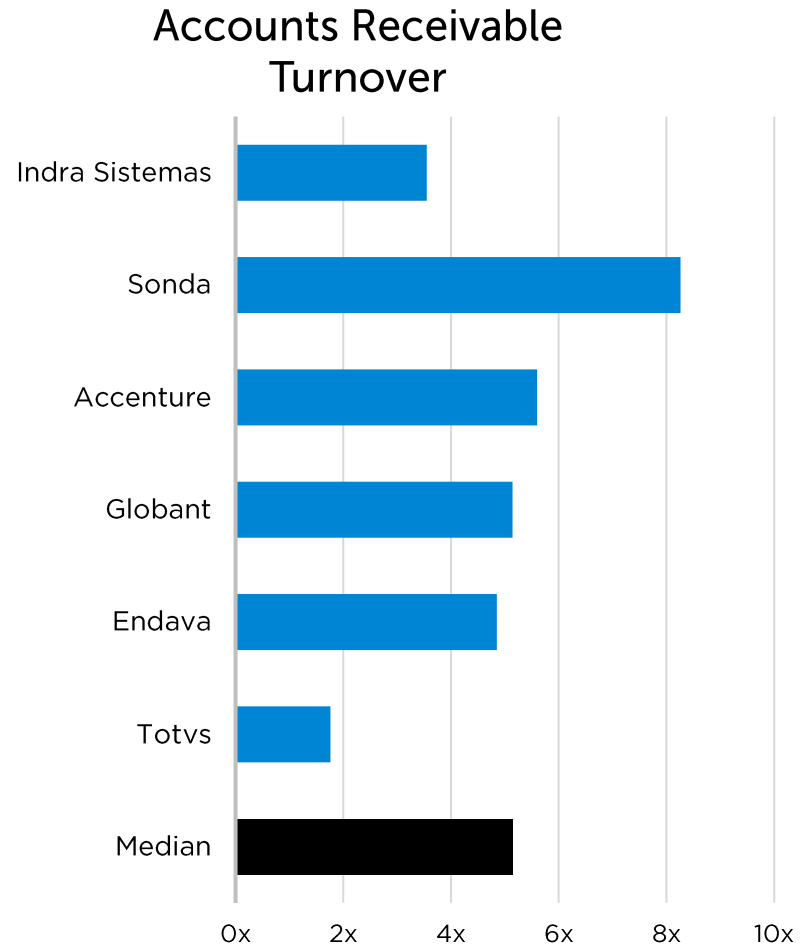
LTM Revenue Growth %



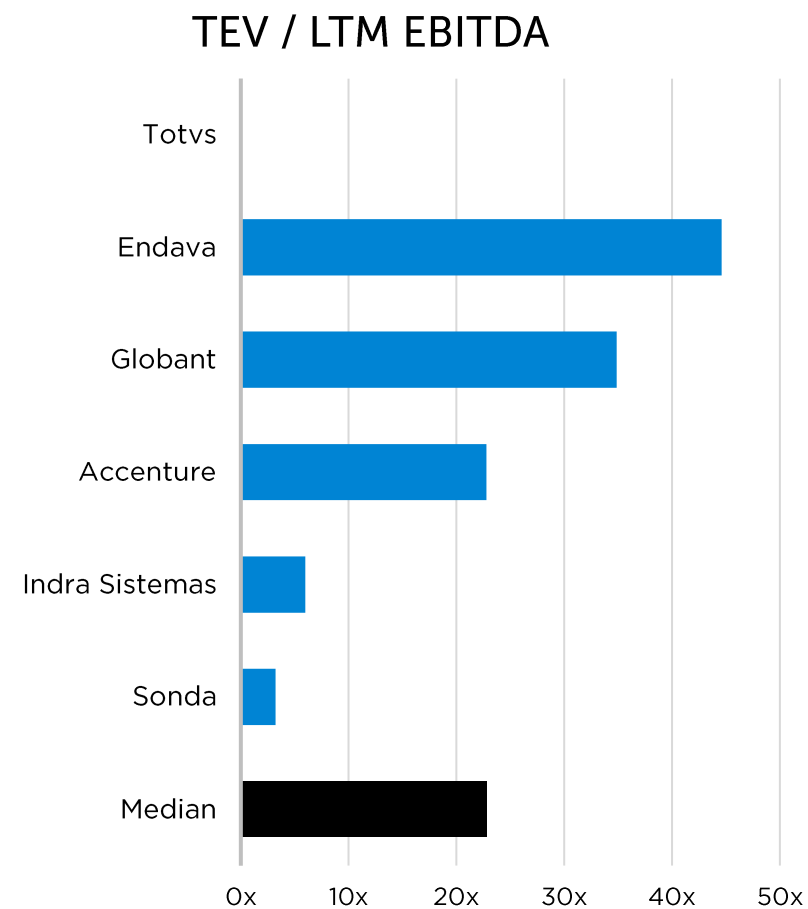
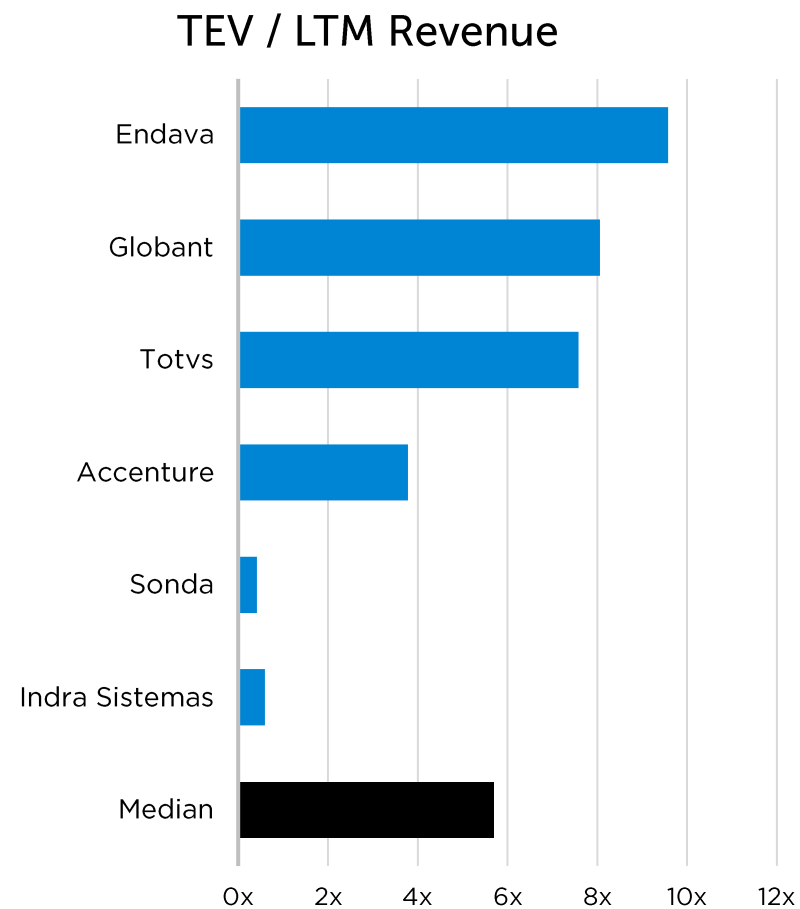
LTM Revenue per Full Time Employee x 000's



Operational Metrics

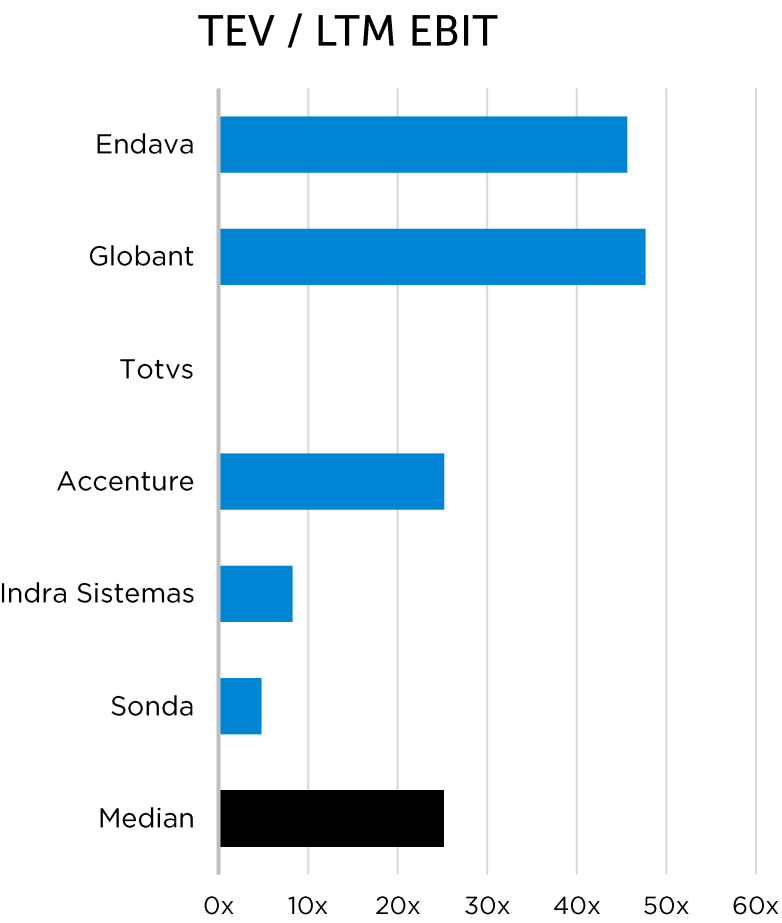


Valuation

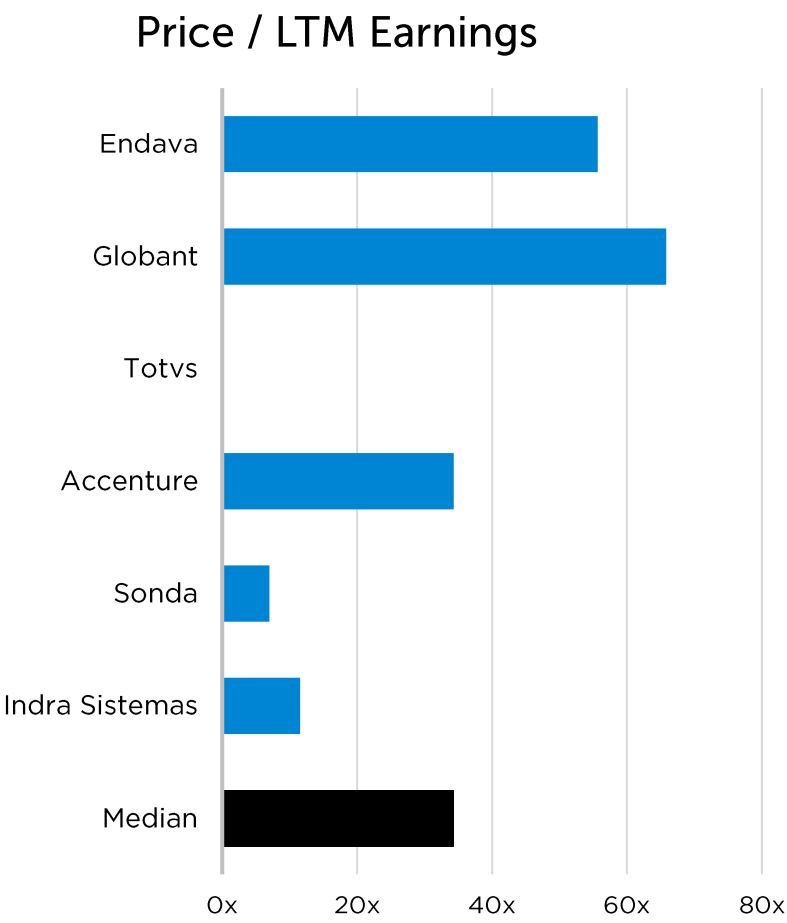


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Valuation



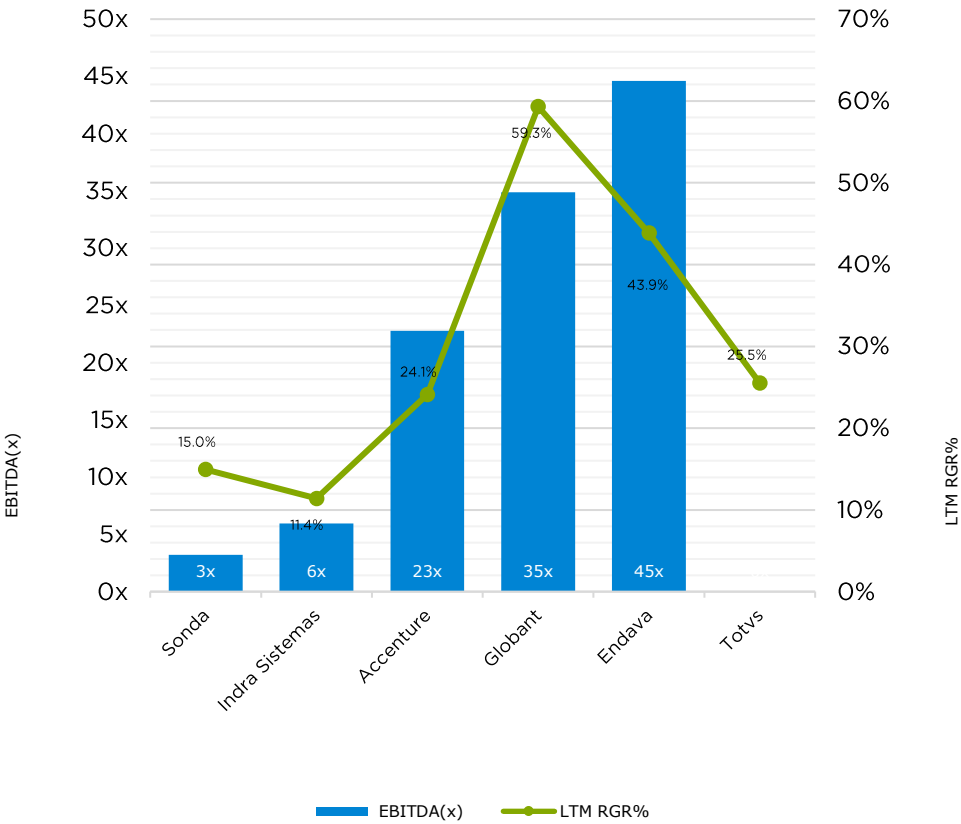
*Totvs EBIT data is not available.



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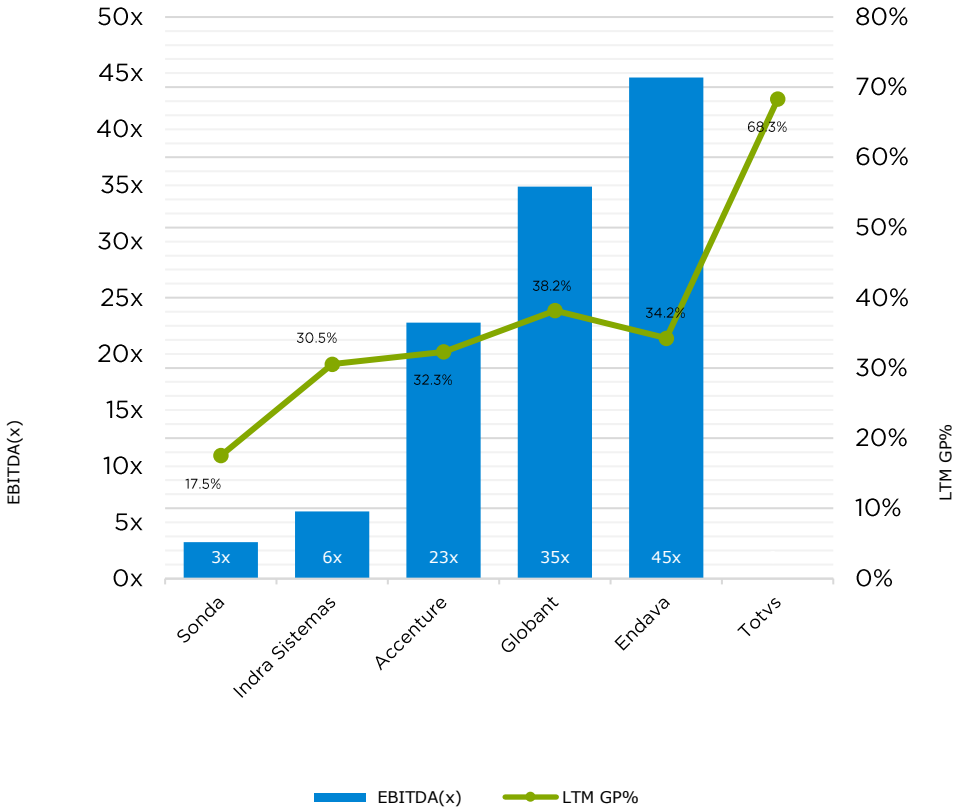
Valuation

Historical Valuation Multiples
versus Revenue Growth Rate



*Totvs EBITDA data is not available.

Historical Valuation Multiples
versus Gross Profit



*Totvs EBITDA data is not available.

Recent Transactions

| Date | Target | Buyer / Investor | Total Transaction Value |
|-----------|---------------------|-------------------------|-------------------------|
| 11-Mar-22 | Wuzu | Mercado Bitcoin | - |
| 03-Mar-22 | Integra CCS | Net2Phone | - |
| 24-Feb-22 | Virtual Mind | Software Mind | - |
| 31-Jan-22 | Dextra Technologies | Deloitte | - |
| 07-Dec-21 | Arkavia Networks | Cerberus Cyber Sentinel | - |
| 07-Dec-21 | BRLink | Ingram Micro | - |
| 06-Dec-21 | NameAction | CentralNic | 1.00 |
| 02-Dec-21 | Gridnet Tecnologia | KMM | - |
| 18-Nov-21 | Poatek | WillowTree | - |
| 11-Nov-21 | Masivian | Route Mobile | 49.04 |
| 15-Oct-21 | Overactive | Perficient | 2.53 |
| 06-Aug-21 | Tatix | Infracommerce | 23.94 |

Appendix

*Public Basket
Contact Information*



Sonda

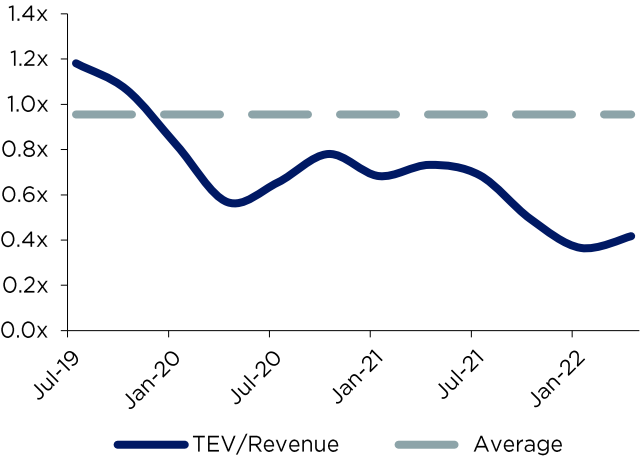
Sonda SA provides information technology solutions and services.

The firm has IT Services, Applications, and Platform segments. The company provides its products and services to banking, education, governance, health, manufacturing, mining, retail, transportation and utility industries. It operates mainly in Argentina, Brazil, Chile, Columbia, Costa Rica, Ecuador, Mexico, Panama, Peru, and Uruguay.

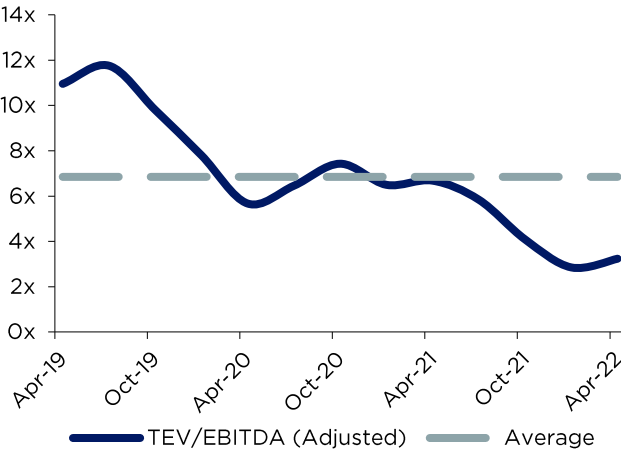
Public Basket

Sonda

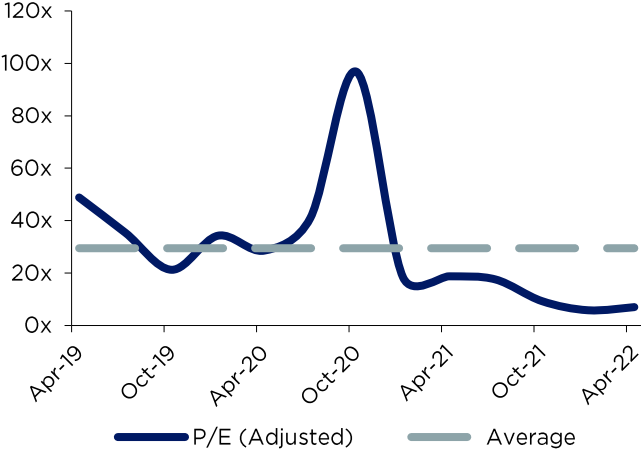
Revenue Multiples - Sonda



EBITDA Multiples - Sonda



P/E Multiples - Sonda



| Company Name | Date | Deal Synopsis |
|-----------------|-----------|--|
| M2M Solutions | 22-Jan-19 | The company was acquired by Sonda (SGO: SONDA) for approximately BRL 13 million on January 22, 2019. |
| CTIS Tecnologia | 13-Mar-14 | The company was acquired by Sonda (SGO: SONDA) for BRL 485 million on March 13, 2014. |

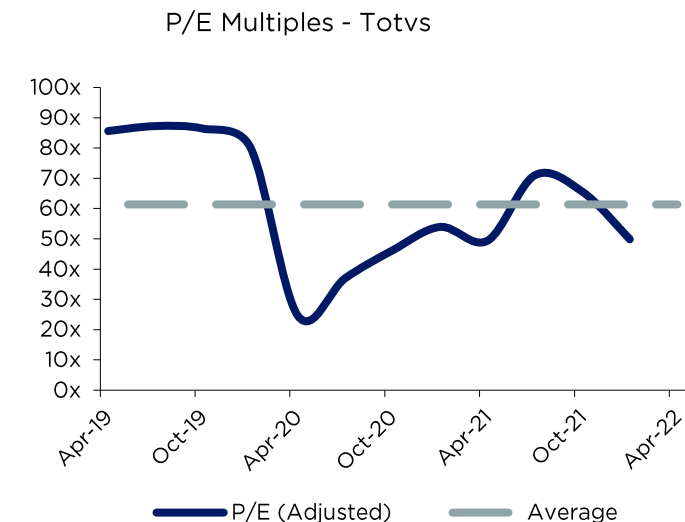
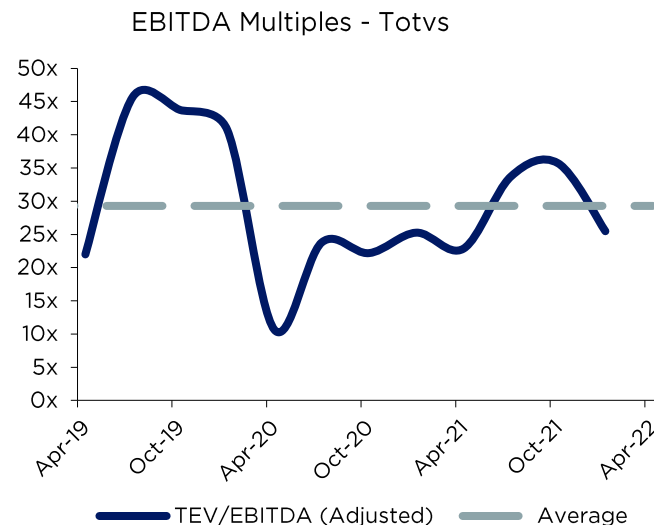
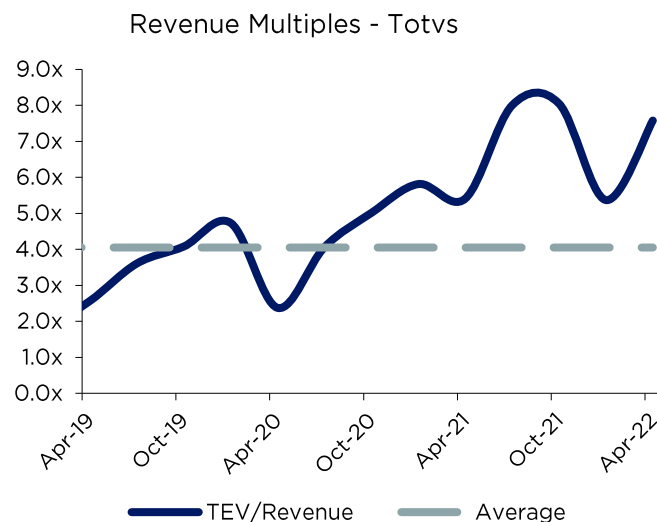
Totvs

Totvs SA is a Brazil-based provider of information technology solutions to small and medium enterprises in the education, government, healthcare, and retail end markets.

Its primary product offerings are enterprise resource planning applications with modules for management, finance, operations, human resources, and client services. Other solutions include integrated management software, collaboration, and productivity platforms, and consulting services. The firm has operations in Brazil, Argentina, Chile, Colombia, Ecuador, Mexico, Paraguay, Peru, and Uruguay.

Public Basket

Totvs



| Company Name | Date | Deal Synopsis |
|-------------------------|-----------|--|
| RD Station | 10-Mar-21 | The company was acquired by Totvs (BSP: TOTS3) for BRL 1.8 billion on March 10, 2021. The acquisition will help the company to enhance the acquirer's business-to-business offer with its SaaS digital marketing solution. |
| Tail Target (São Paulo) | 19-Dec-20 | The company was acquired by Totvs (BSP: TOTS3) for BRL 32 million on December 19, 2020. The company will receive a contingent payout of BRL 20 million upon the completion of goals to be reached in 2021 and 2022, in addition to other conditions. |

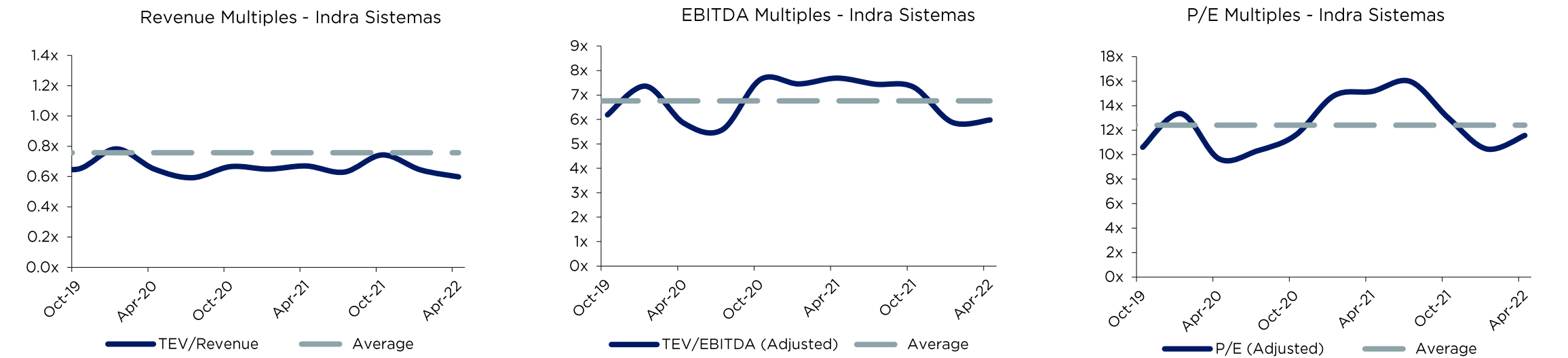
Indra Sistemas

Indra Sistemas is a Spain-based provider of information technology offerings for finance, insurance, public administration, airports, defense, healthcare, media, telecom, security, energy, and infrastructure end markets.

Its product capabilities include analytics, cloud computing, enterprise resource planning, networks and communications, electoral processes, bus technology, subway technology, and sustainability solutions. The firm generates revenue in Europe, Africa, the Middle East, the Americas, and Asia-Pacific.

Public Basket

Indra Sistemas



| Company Name | Date | Deal Synopsis |
|--------------|-----------|---|
| Sateliot | 02-Feb-22 | The company raised EUR 10 million of Series A venture funding from Indra Sistemas and Cellnex Telecom on February 2, 2022. |
| Credimatic | 07-Jan-22 | The company was acquired by Indra Sistemas (XMAD: IDR) for an undisclosed amount on January 17, 2022. The acquisition will enable Minsait Payments to consolidate its leadership in the payment method industry in Latin America, which constitutes one of the pillars of Minsait's growth. |

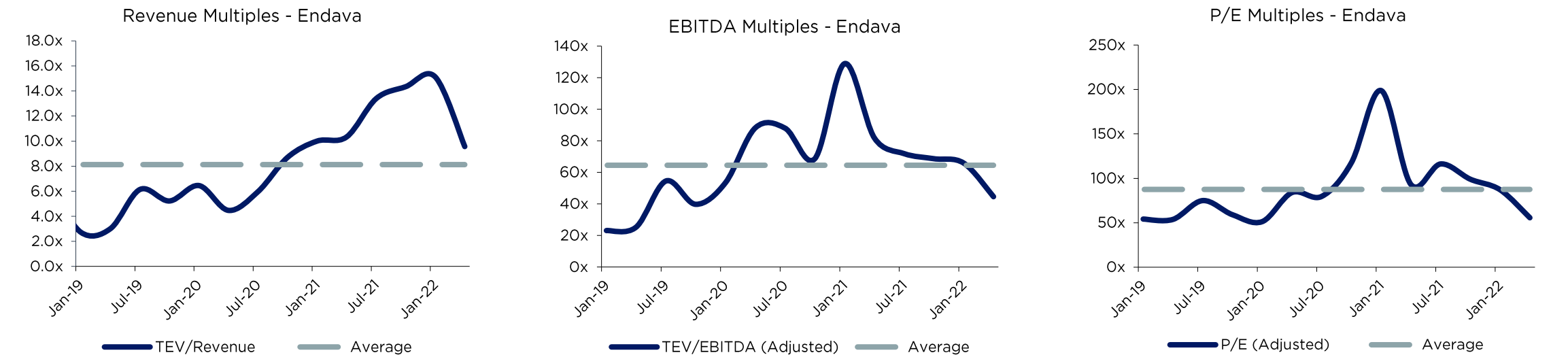
Endava

Endava PLC provides technology solutions.

It offers various services such as Agile Transformation, through which the company identify, define, and implement the mix of process, technology, and culture. It also provides Digital Evolution and Automation, Test Automation and Engineering, Cloud, Architecture, Software Engineering, and others. The company offers its services to various industries such as Finance, Retail and Consumer Goods, Telecommunication, Media, and Technology, Insurance and Healthcare, and others.

Public Basket

Endava



| Company Name | Date | Deal Synopsis |
|----------------|-----------|--|
| Level | 31-Mar-21 | The company was acquired by Endava (NYS: DAVA), a subsidiary of Concise, for GBP 46.23 million on March 31, 2021. The consideration consists of GBP 2.9 million. |
| Five (Croatia) | 04-Mar-21 | The company was acquired by Endava (NYS: DAVA), a subsidiary of Concise, for HRK 250 million on March 4, 2021. With this acquisition, Endava increases its capacity in the ideation, design and delivery of intelligent digital experiences and enhances its capabilities in digital product strategy and performance optimization services. |

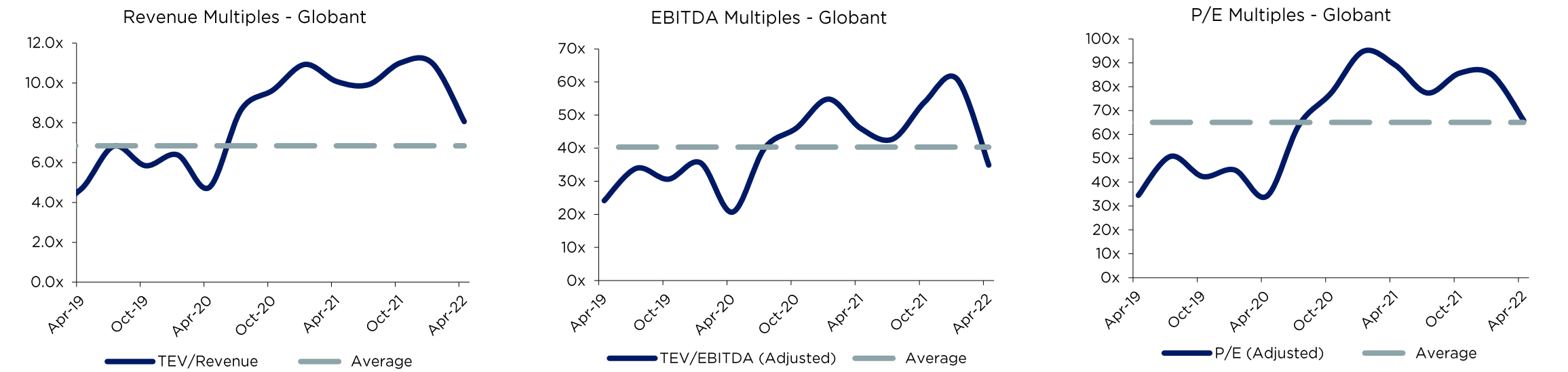
Globant

Globant SA is a software technology developer based in Luxemburg.

It creates platforms which are powered by native digital technology, better known as digital journeys. The digital journey incorporates various software products, mobile apps and sensors that assist its clients in knowing its end user's behavioral pattern. The key aspects of the digital journey are stay relevant, discover and build. The stay relevant helps its clients in staying abreast of the developments in its industry and taking preemptive measures. The discover conceives digital journeys for the users based on consumer behaviors and technologies and the build creates each digital journey leveraging the work of its studios. The company's revenue is primarily generated by its technology services in the United States.

Public Basket

Globant



| Company Name | Date | Deal Synopsis |
|--------------|-----------|---|
| Atix Labs | 05-Oct-21 | The company was acquired by Globant (NYS: GLOB) for an undisclosed amount on October 5, 2021. |
| VU Security | 12-Jul-21 | The company raised \$12 million of Series B venture funding from Telefónica Tech Ventures, Globant and Bridge One on July 12, 2021. IDB Lab., NXTP Ventures and Agregate Partners also participated in the round. The funds will be used to hire developers across Europe and in the U.S. |

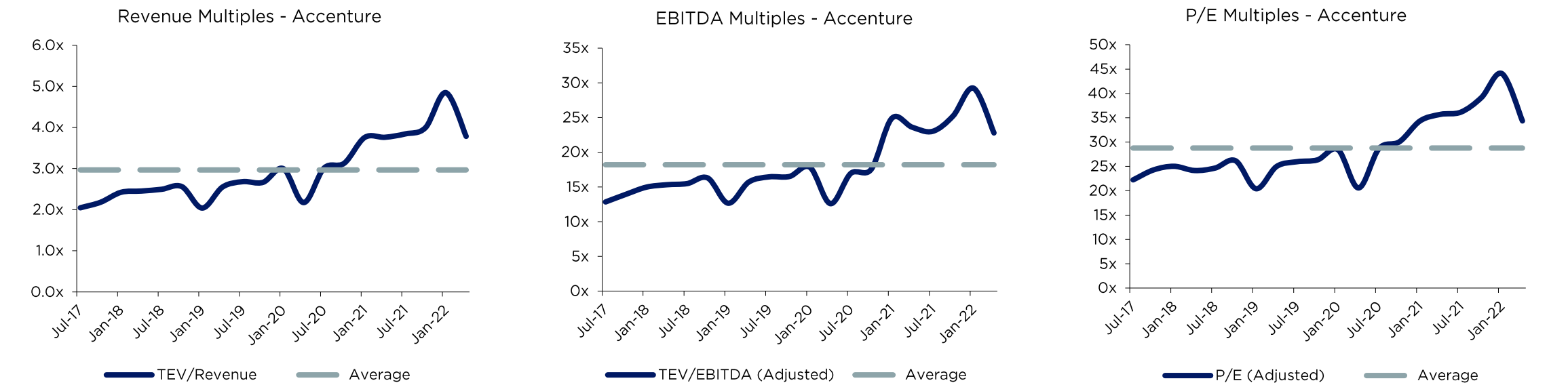
Accenture

Accenture is a leading global IT-services firm that provides consulting, strategy, and technology and operational services.

These services run the gamut from aiding enterprises with digital transformation to procurement services to software system integration. The company provides its IT offerings to a variety of sectors, including communications, media and technology, financial services, health and public services, consumer products, and resources. Accenture employs just under 500,000 people throughout 200 cities in 51 countries.

Public Basket

Accenture



| Company Name | Date | Deal Synopsis |
|--------------------|-----------|--|
| ClearEdge Partners | 09-Nov-21 | The company was acquired by Accenture (NYS: ACN) for an undisclosed amount on November 9, 2021. |
| AppsPro | 03-Nov-21 | The company was acquired by Accenture (NYS: ACN) for an undisclosed amount on November 3, 2021. The acquisition allows Accenture to bolster its robust Oracle Cloud capabilities globally, while delivering additional value to clients in the Middle East on their journeys to the cloud. |

Contact Info

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| | | |
|---|---------------------|-----------------------------------|
| John Cooper, Partner | 704.973.3996 | john@7mileadvisors.com |
| Leroy Davis, Partner | 704.899.5962 | leroy@7mileadvisors.com |
| Tripp Davis, Partner | 704.899.5762 | tripp@7mileadvisors.com |
| Tom Delbrook, Partner | 404.647.0989 | tom@7mileadvisors.com |
| Andy Johnston, Partner | 704.899.5961 | andy@7mileadvisors.com |
| Mark Landry, Partner | 561.972.0609 | mark@7mileadvisors.com |
| Simon Baitler, Executive Managing Director | 310.829.1635 | simon.baitler@7mileadvisors.com |
| Tim Frye, Managing Director | 704.973.3994 | tim@7mileadvisors.com |
| Kristina Sergueeva, Managing Director | 704.899.5149 | kristina@7mileadvisors.com |
| Horacio Yenaropulos, Managing Director | (+) 54.261.4617300 | horacio@7mileadvisors.com |
| Chris Calton, Senior Advisor | 629.236.6119 | chris.calton@7mileadvisors.com |
| Garth Martin, Director | 704.973.3997 | garth.martin@7mileadvisors.com |
| Steve Buffington, Vice President | 704.960.1828 | steve@7mileadvisors.com |
| Ben Garber, Vice President | 412.626.7898 | ben.garber@7mileadvisors.com |
| Nicholas Prendergast, Vice President | 704.973.3995 | nicholas@7mileadvisors.com |
| Sydney Scadden, Vice President | 704.973.3998 | sydney@7mileadvisors.com |
| Ilia Ulianchuk, Vice President | 704.414.8743 | ilia@7mileadvisors.com |
| Ariail Barker, Director, Sales & Marketing | 704.981.2908 | ariail@7mileadvisors.com |
| Ben Bruggeworth, VP, Business Development | 704.365.8859 | ben.bruggeworth@7mileadvisors.com |
| Steve Sypek, VP, Business Development | 704.414.8736 | steve.sypek@7mileadvisors.com |
| Alexis Papa, Senior Analyst, Business Development | 704.414.8732 | lexi.papa@7mileadvisors.com |
| Nic Anderko, Analyst, Business Development | 704.398.3991 | nic.anderko@7mileadvisors.com |
| Kevin Postigo, Associate | 704.912.4903 | kevin.postigo@7mileadvisors.com |
| Conor Smith, Associate | 704.855.2134 | conor.smith@7mileadvisors.com |
| Nic Anderle, Senior Analyst | 704.826.7492 | nic.anderle@7mileadvisors.com |
| Tomas Adduci, Analyst | (+) 54.911.64809643 | tomas@7mileadvisors.com |
| Adam Alderfer, Analyst | 704.644.1917 | adam@7mileadvisors.com |
| Lucas Cerbelli, Analyst | 704.336.0118 | lucas@7mileadvisors.com |
| Tanner Lange, Analyst | 704.672.0611 | tanner.lange@7mileadvisors.com |
| Trent McCauley, Analyst | 704.644.1916 | trent.mccauley@7mileadvisors.com |
| Tyler Ratterree, Analyst | 704.706.9168 | tyler@7mileadvisors.com |
| Alejo Vidal, Analyst | (+) 54.911.41589065 | alejo@7mileadvisors.com |