Sector Watch:
Latin America - IT Services

April 2022
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4 Sector Dashboard
5 Public Basket Overview
6 Public Basket Performance
8 Operational Metrics
11 Valuation Comparison
14 Recent Deals
15 Appendix

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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.

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**M&A Activity**

- Chart showing deal count from 2011 to 2021.
  - 2011: 60
  - 2013: 80
  - 2015: 100
  - 2017: 120
  - 2019: 140
  - 2021: 140

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**Operating Metrics**

- Median LTM GP Margin %: 33.3%
- Median LTM EBITDA Margin %: 16.6%
- Median LTM Rev. Growth %: 24.8%

**Valuation**

- Median Price / LTM Earnings: 34.3x
- Median TEV / LTM EBIT: 25.2x
- Median TEV / LTM EBITDA: 22.8x
- Median TEV / LTM Revenue: 5.7x
## Public Basket

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

*share price as of 01/Apr/22*
Operational Metrics

LTM Gross Profit Margin %

- Totvs
- Indra Sistemas
- Globant
- Endava
- Accenture
- Sonda
- Median

LTM EBITDA %

- Totvs
- Globant
- Endava
- Accenture
- Sonda
- Indra Sistemas
- Median

*Totvs EBITDA data is not available.
Operational Metrics

LTM Revenue Growth %

- Globant
- Endava
- Totvs
- Accenture
- Indra Sistemas
- Sonda
- Median

LTM Revenue per Full Time Employee x 000’s

- Accenture
- Sonda
- Endava
- Indra Sistemas
- Globant
- Totvs
- Median
Valuation

**TEV / LTM Revenue**
- Endava
- Globant
- Totvs
- Accenture
- Sonda
- Indra Sistemas
- Median

**TEV / LTM EBITDA**
- Totvs
- Endava
- Globant
- Accenture
- Indra Sistemas
- Sonda
- Median

*Totvs EBITDA data is not available.*
Valuation

**TEV / LTM EBIT**

- **Endava**
- **Globant**
- **Totvs**
- **Accenture**
- **Indra Sistemas**
- **Sonda**
- **Median**

**Price / LTM Earnings**

- **Endava**
- **Globant**
- **Totvs**
- **Accenture**
- **Sonda**
- **Indra Sistemas**
- **Median**

*Totvs EBIT data is not available.*
Valuation

Historical Valuation Multiples versus Revenue Growth Rate

Historical Valuation Multiples versus Gross Profit

*Totvs EBITDA data is not available.
## Recent Transactions

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

Public Basket
Contact Information
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.
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 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.
<table>
<thead>
<tr>
<th>Company Name</th>
<th>Date</th>
<th>Deal Synopsis</th>
</tr>
</thead>
<tbody>
<tr>
<td>RD Station</td>
<td>10-Mar-21</td>
<td>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.</td>
</tr>
<tr>
<td>Tail Target (São Paulo)</td>
<td>19-Dec-20</td>
<td>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.</td>
</tr>
</tbody>
</table>
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.
## Deal Synopsis

<table>
<thead>
<tr>
<th>Company Name</th>
<th>Date</th>
<th>Deal Synopsis</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sateliot</td>
<td>02-Feb-22</td>
<td>The company raised EUR 10 million of Series A venture funding from Indra Sistemas and Cellnex Telecom on February 2, 2022.</td>
</tr>
<tr>
<td>Credimatic</td>
<td>07-Jan-22</td>
<td>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.</td>
</tr>
</tbody>
</table>
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.
<table>
<thead>
<tr>
<th>Company Name</th>
<th>Date</th>
<th>Deal Synopsis</th>
</tr>
</thead>
<tbody>
<tr>
<td>Levvel</td>
<td>31-Mar-21</td>
<td>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.</td>
</tr>
<tr>
<td>Five (Croatia)</td>
<td>04-Mar-21</td>
<td>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.</td>
</tr>
</tbody>
</table>
Public Basket

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.
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 Agrega Partners also participated in the round. The funds will be used to hire developers across Europe and in the U.S.
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.
<table>
<thead>
<tr>
<th>Company Name</th>
<th>Date</th>
<th>Deal Synopsis</th>
</tr>
</thead>
<tbody>
<tr>
<td>ClearEdge Partners</td>
<td>09-Nov-21</td>
<td>The company was acquired by Accenture (NYS: ACN) for an undisclosed amount on November 9, 2021.</td>
</tr>
<tr>
<td>AppsPro</td>
<td>03-Nov-21</td>
<td>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.</td>
</tr>
</tbody>
</table>
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 Baltier, Executive Managing Director  310.829.1635  simon.baltier@7mileadvisors.com
Tim Frye, Managing Director  704.973.3994  tim@7mileadvisors.com
Kristina Sergueeva, Managing Director  704.899.5149  kristina@7mileadvisors.com
Horacio Yenaropoulos, 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  412.626.7839  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 Ulanchuk, 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  alexis.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