

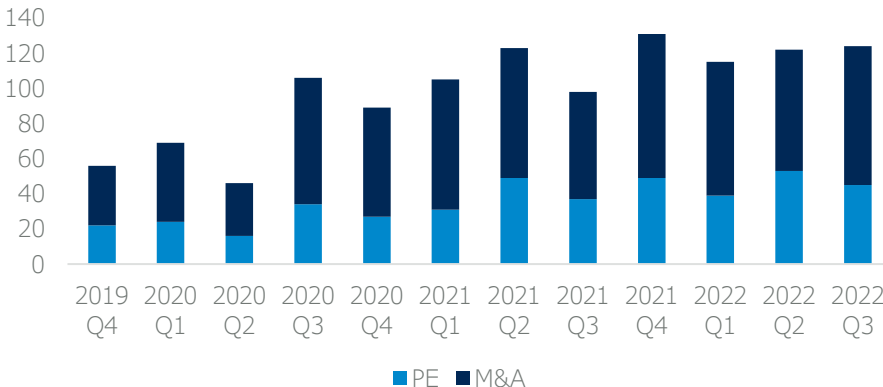
## Market Update IT Services & Software in Latin America

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

Despite political concerns and the stock market downturn, the capital invested into the Latam economy are at historical levels. Venture Capital deals account for 70% of the transactions, followed by 20% from M&A and 10% from Private Equity. Internet penetration in Latam has surpassed that of China and India, and investors believe it will continue growing in the coming years. Despite market turbulence, top university talent continues to seek technology jobs, allowing foreign companies to satisfy their local lack of workforce. These 'tech hubs' and the regions' attractive policies for the IT Services sector, create a captivating scenario for companies despite the discrepancies in the market. Moreover, the provided workforce allows companies to reduce costs and to maintain competitiveness in the market.

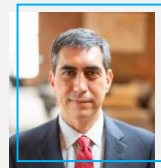
The high volume of transactions and the levels of investment in the IT Services and Technology sector continue increasing its presence in the Latam market. M&A transactions remain constant in Q3 (50 deals) compared to Q2 (49 deals), and the industries' leading these trends are Financial Services and TMT. The increase in Fintech investment is due to the lack of banking and the high level of cash transactions (<50%) managed by the customers. Also, it became an attractive alternative for banks to diversify their portfolio and penetrate new regions with high growth potential. Brazil and Mexico are leaders in the fintech space and receive funding from investors outside the region. The conflicts in Europe, plus the high cost of the market, create an opportunity for Latam companies to become centers of business.

Brazil remains the region with more deals, followed by Chile, Argentina, and Mexico. The transactions in Q3 were made in verticals like Fintech, TMT, SaaS, Artificial Intelligence, e-commerce, Mobile, and IoT. Investors believe M&A activity will keep going at this pace, and countries like Uruguay, Argentina, and Chile will become active players in the next quarter.



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 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



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



**Lucas Cerbelli**, *Analyst*  
lucas@7mileadvisors.com



**Tomas Adduci**, *Analyst*  
tomas@7mileadvisors.com  
+54.261.4617313



**Julian Chousa**, *BD Analyst*  
julian@7mileadvisors.com

## Perficient Acquired Inflection Point



Developer and provider of software consulting and product development services intended to specialize in web solutions, mobile applications and software integration. The company's services include expert consulting, development, testing and support services to build web, mobile and standalone platforms for top businesses across industries.

The company was acquired by Perficient (NAS: PRFT) for an undisclosed amount on September 7, 2022. The acquisition strengthens Perficient's nearshore delivery capabilities and capacity with enhanced agile software design, development, testing and support for customers, accelerating innovation and time to market.

**Date:** Sept 7, 2022

**Deal Type:** M&A

**Target HQ:** Mexico

## Semantix Acquired by Innova Capital



Semantix Inc is a fully integrated data software platform. It develops solutions in the Data Driven model, for organizations that need to be one step ahead using the latest technology.

Innova Capital is a private equity investment firm that focuses on high-growth innovative companies in Latin America and the United States. The firm was founded in 2012 and is based in São Paulo, Brazil.

**Date:** Aug 3, 2022

**Deal Type:** M&A

**Target HQ:** Brazil

## Most Active M&amp;A Subsectors in Q3 2022 in Latin America



Business &  
Productivity  
Software

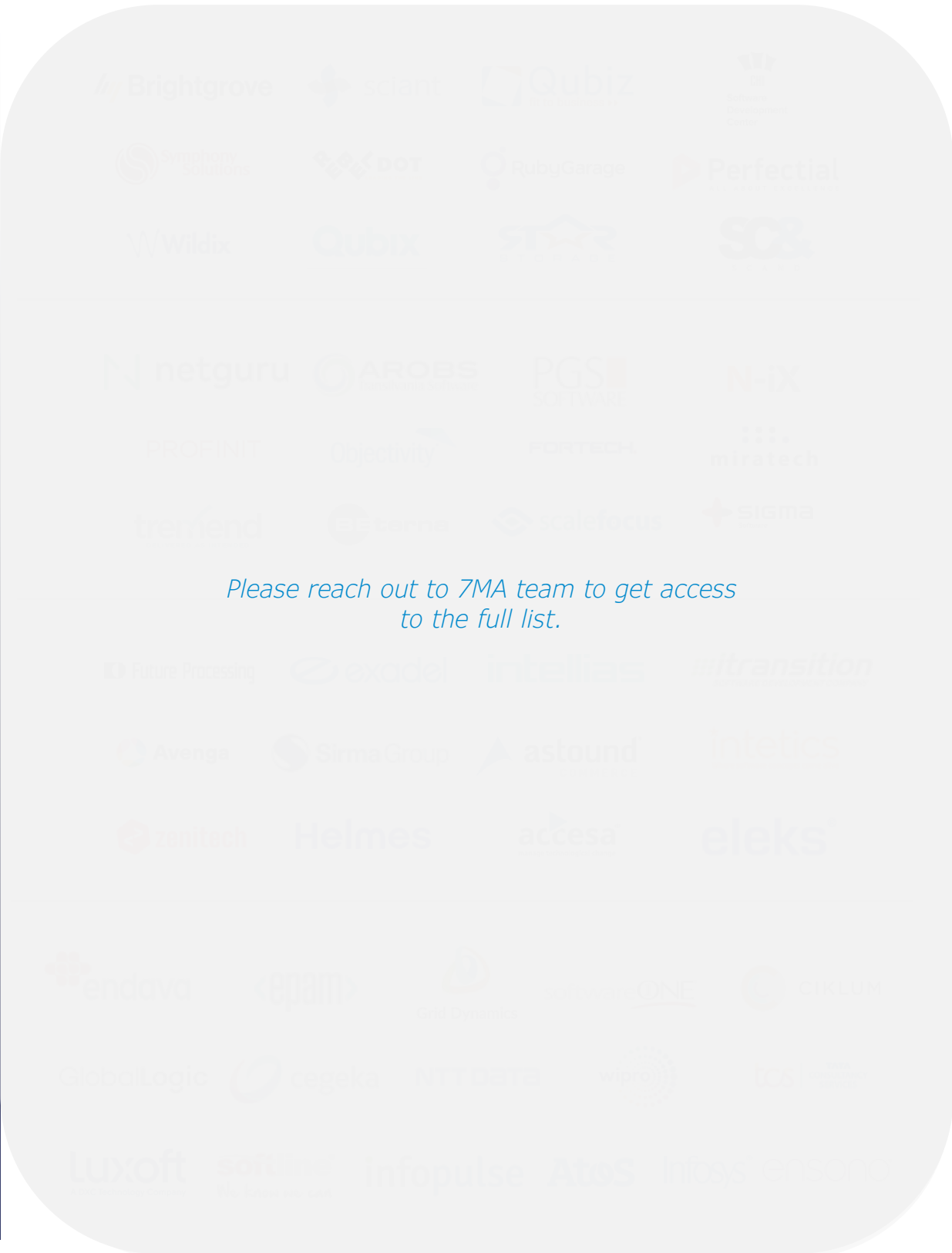
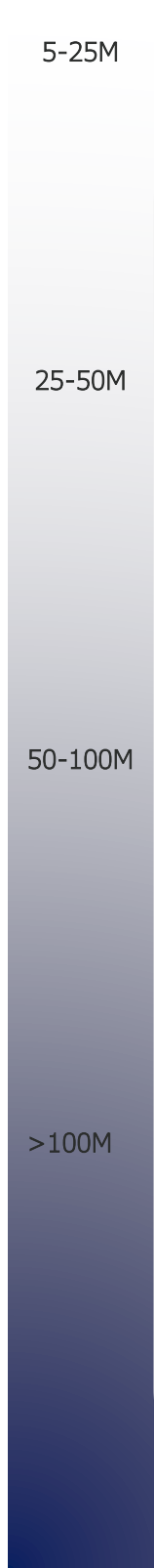


Financial Software



Media &  
Information  
Services

Annual Revenue, USD

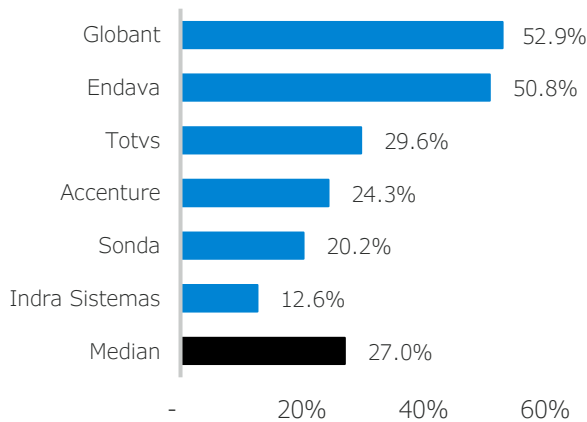


## Publicly-traded IT Services & Software Companies – Latin America – Q3 2022

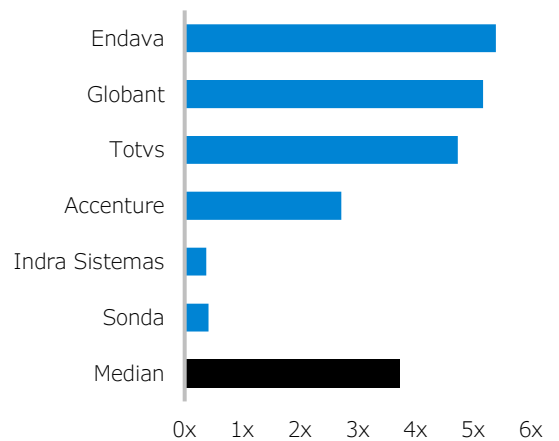
Company	TEV \$m	LTM EBITDA \$m	LTM Rev \$m	Rev Growth YoY	GP %	EBITDA %	TEV / Rev X	TEV / EBITDA X	# FTEs	Rev / FTE \$k
Accenture	161,756	9,960	59,590	24.3%	32.3%	16.7%	2.7x	16.2x	710,000	84
Globant	8,029	287	1,552	52.9%	38.0%	18.5%	5.2x	28.0x	25,900	60
Endava	4,476	193	830	50.8%	33.8%	23.3%	5.4x	23.2x	11,853	70
Totvs	3,119	182	659	29.6%	67.6%	27.6%	4.7x	17.1x	10,000	66
Indra Sistemas	1,520	409	4,029	12.6%	35.8%	10.1%	0.4x	3.7x	53,287	76
Sonda	494	145	1,193	20.2%	17.1%	12.1%	0.4x	3.4x	13,486	88
<b>Average</b>	29,899	1,863	11,309	31.7%	37.4%	18.1%	3.1x	15.3x	137,421	74
<b>Median</b>	3,798	240	1,373	27.0%	34.8%	17.6%	3.7x	16.7x	19,693	73

share price as of 30Sep22

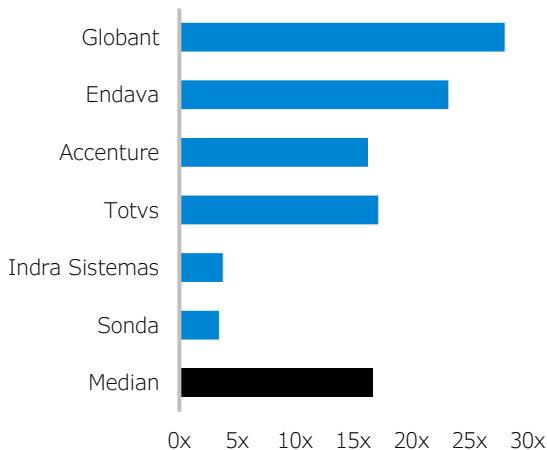
### Rev Growth YoY



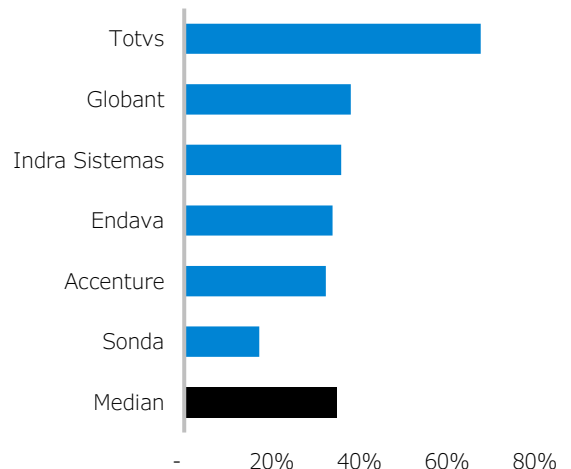
### TEV / Rev X



### TEV / EBITDA X



### Gross Margin %



## Q2 2022 M&amp;A Transactions

Date	Target	Buyer / Investor	Target Description
8/22			Developer of a lending platform designed to offer easy, reliable, and transparent credit. The company's platform offers credit models that are focused on the overall performance rather than considering only the owner's personal credit history, enabling clients to obtain accessible credit to grow their business.
6/7			Developer of an online grocery shopping platform designed to buy and sell agricultural products. The company's platform offers a variety of food products that can be bought and sold directly with no middlemen thereby facilitating price transparency and reducing barriers to trade, enabling restaurants to source agricultural produce ingredients directly from farmers with no intermediaries.
9/7			Lumen Technologies, provider of communications and information technology services intended to support business continuity and growth. The company was acquired by Stonepeak Infrastructure Partners and AustralianSuper through a \$2.7 billion LBO.
7/1			Provider of specialized technological services intended for retail companies. The company offers specialized consulting services in the different areas of retail such as points of sale, means of payment, treasury, stock control, replacement, integration, logistics, eCommerce and B2B, ensuring clients technological solutions to solve various business problems.
7/26			Provider of technology consultancy services based in Sao Paulo, Brazil. The company offers hybrid as well as cloud usage management, operational back office, software development, project office and related IoT-based solutions, thereby helping clients in the management of costs associated with technology integrations.

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).



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



+1 (704) 899-5960



[www.7mileadvisors.com](http://www.7mileadvisors.com)

## Notable 7 Mile Transactions

---



  We accelerate businesses.

---

  
a portfolio company of  

---



---



---



---



