

M&A AND VENTURE CAPITAL IN URUGUAY



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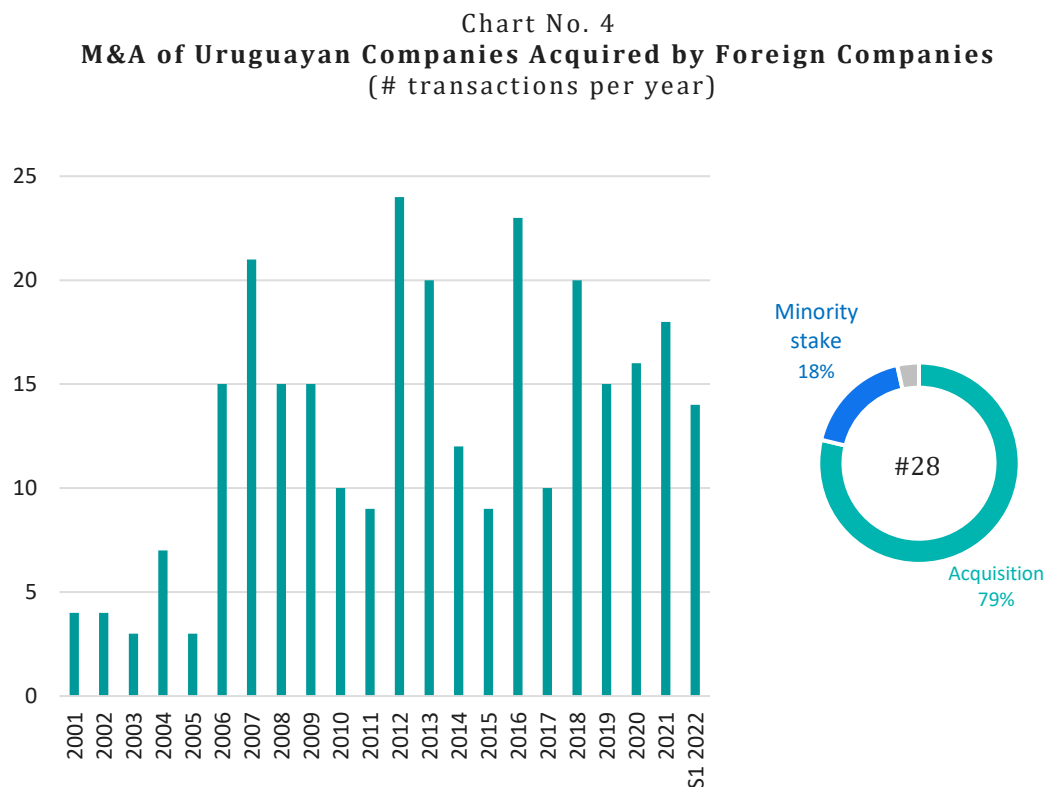
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M&A IN URUGUAY

FOREIGN BUYERS

This section details the M&A operations in recent years in which foreign buyers acquired Uruguayan companies. Thus, it is clear that Uruguay is becoming increasingly relevant in this industry, with several success stories, particularly among startups.

Chart No. 4 shows the number of mergers and acquisitions of Uruguayan companies by foreign companies, considering total or partial purchase actions. Purchases over the last 20 years (period from 2001 to the first half of 2022) are considered.



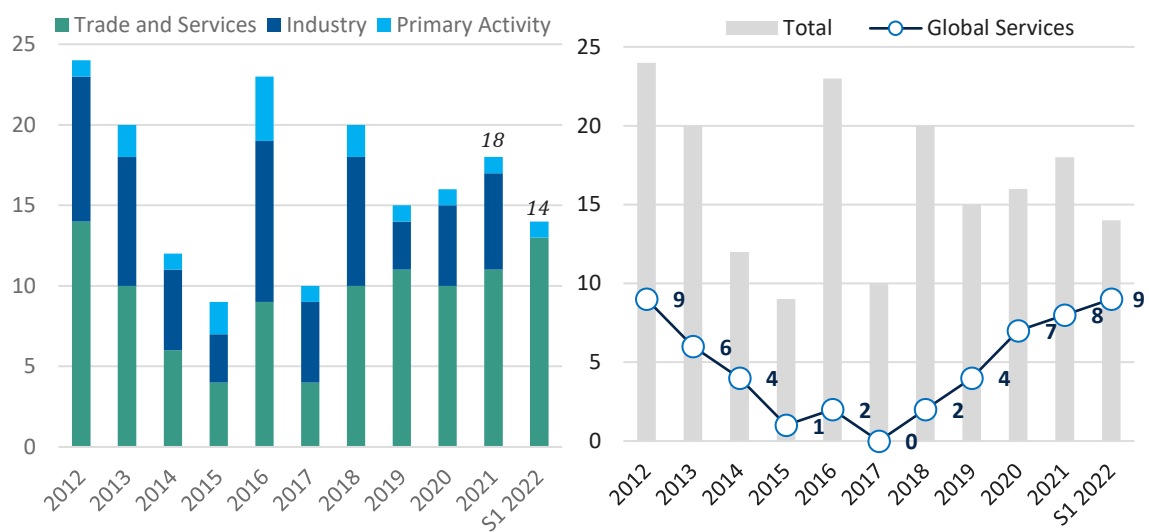
Source: Prepared by Uruguay XXI based on EMIS and ORBIS.

During this period, 287 transactions were recorded. Most of the deals are acquisitions of companies (78%), followed by partial acquisitions (17%) and a very small share of other types of deals (4%). Some very dynamic years in terms of number of deals were 2012 and 2013, with companies in the manufacturing industry (such as meatpacking plants, laboratories, forestry and dairy companies) and global services³ (mainly software and

³ Global services exports in Uruguay include business services (shared services centers, regional headquarters and outsourced services), technology, financial, creative, professional and trade-related services. For more information on this type of services, see: [Global Services in Uruguay Report](#).

financial services). In 2016, deals continued to be dynamic, with companies in the agricultural, retail and energy industries standing out. It is also worth noting that the number of operations was not greatly affected by the health crisis, with more deals concluded in 2020 than in 2019. In 2019, retail companies closed deals, while in 2020 and 2021, global services companies accounted for most transactions. In addition, a very good transaction performance was observed in the first half of 2022, with 14 deals announced through June, mainly in global services companies.

Chart No. 5
M&A of Uruguayan Companies Acquired by Foreign Companies by Sector
 (# transactions)



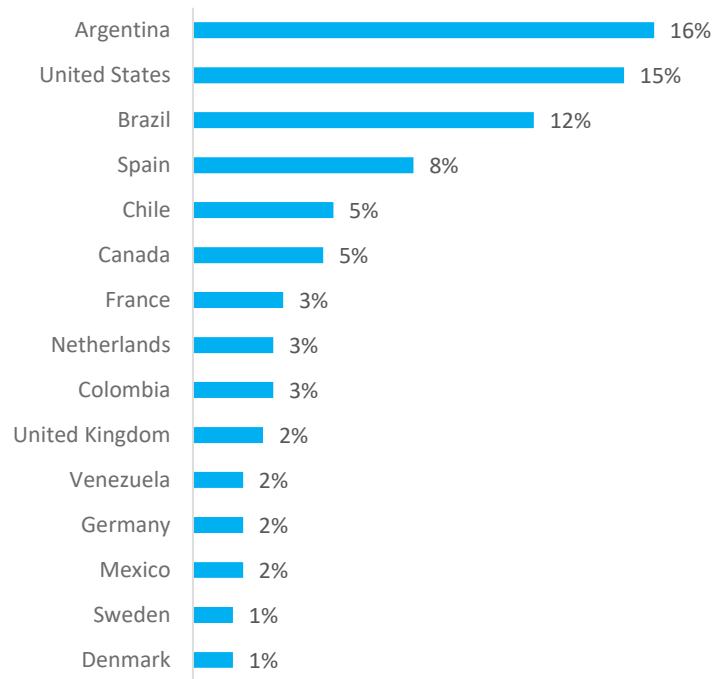
Source: Prepared by Uruguay XXI based on EMIS and ORBIS.

Most of the transactions were in industry or services, with a minor share of primary activities. Within the industry sector, operations were mainly focused on agricultural industries—in particular meatpacking plants—to a lesser extent companies in the dairy and food processing industries, and then companies in the pharmaceutical field. Services also played a major role, mainly in the last few years. In this case, deals related to retail companies and global services companies stand out. Global services companies have been the largest recipients of foreign capital in number of M&As in recent years. Among these companies, those involved in financial services and information technologies (mainly software) stand out. In addition, the pandemic accelerated digital business development and especially boosted the technology sector, increasing the attractiveness of these companies. Thus, global services companies accounted for more than half of the operations in 2021 and in the first half of 2022, with special relevance of software companies.

Argentina and the United States were the main buyers of Uruguayan companies in the last two decades. These two countries accounted for 31% of operations. In terms of importance, they were followed by Brazilian capital and purchases made by Spanish companies. Thus, the four main origins accounted for half of the

purchases, while the other half of the deals had diverse origins, with greater importance given to countries such as Chile, Canada, and France.

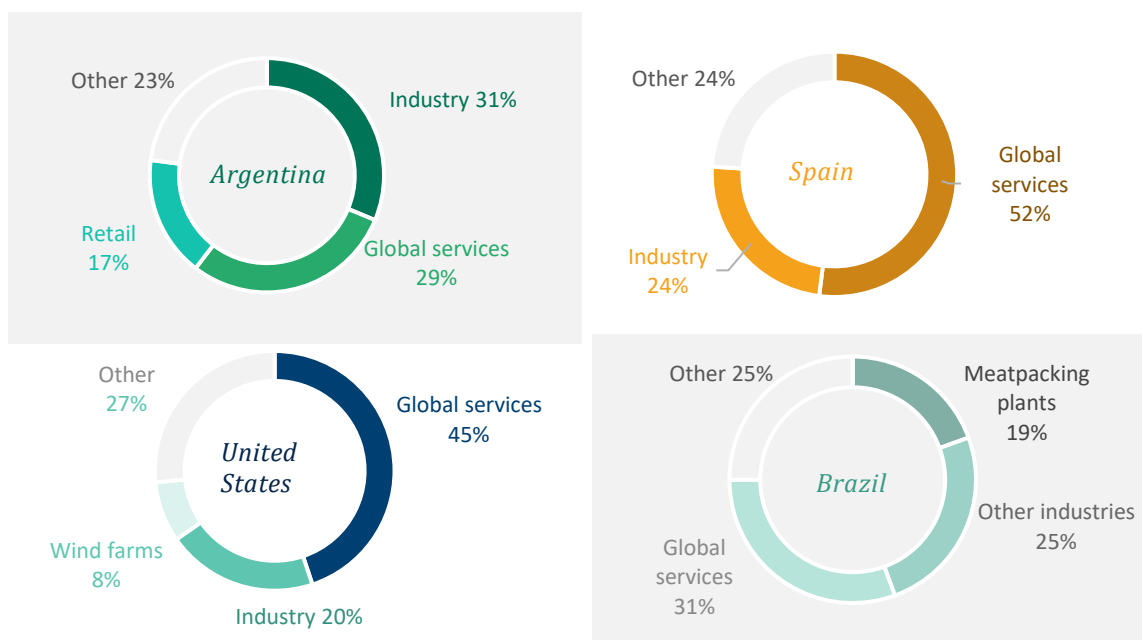
Chart No. 6
Top 15 Buyer Countries of Uruguayan Companies
 (% of transactions -2001 and first half of 2022)



Source: Prepared by Uruguay XXI based on EMIS and ORBIS.

Most U.S. companies acquired Uruguayan global services companies (mainly in ICT and business services), followed by companies in the manufacturing industry and the energy sector. Argentine capitals acquired mainly industrial, global services and retail companies. Meanwhile, Brazilian capital focused on industry. Finally, Spanish companies showed greater dynamism in purchases of financial services and information technology companies.

Chart No. 7
Uruguayan Companies Acquired by Foreign Companies: Main Origins and Sectors



Source: Prepared by Uruguay XXI based on EMIS and ORBIS.

M&A of Uruguayan Companies by Foreign Companies

To review the available information in more detail, Table 1 shows the 36 operations carried out in recent years. The main buyers were U.S., Brazilian and Argentine companies, as mentioned above⁴. Most transactions correspond to the trade and services hub platform, which includes global services and trade-related services companies.

In the case of technological companies, several deals were made in the fintech sector. The Brazilian bank Itaú announced the purchase of shares in Prex and Paigo. Prex provides financial services through a digital account and its App, while Paigo developed an innovative financial services platform for the unbanked. For its part, Banco Santander (Spain) acquired the Uruguayan company New Age Data, to launch a digital payment and collection platform for merchants. Also, it is worth mentioning the case of Kona, a Uruguayan startup that created a conversational AI-powered innovator platform in the banking industry, which was acquired by the Argentine company Technisys. In addition, mention should be made of the successful case of dLocal, the first Uruguayan unicorn to receive a multi-million dollar investment from U.S. capital and which began trading on

⁴ Uruguay XXI classifies foreign investments according to the business model or platform developed by the company in Uruguay. Four platforms were defined: global services and logistics, which are grouped under the concept of trade and services hub, logistics, industrial production, agricultural production and others, and domestic market. For more information, please refer to [Informe de Anuncios y Oportunidades de Inversión](#).

the Wall Street stock exchange in 2021. The Canadian group Constellation acquired in 2020 Infocorp, a company dedicated to providing digital channels for banking, and in 2021 it acquired the Uruguayan GeneXus Consulting and K2B. Meanwhile, in terms of software vendors and publishers, it is worth highlighting the acquisition of Overactive by Perficient, a U.S. company and global leader in digital consulting, and the acquisition of GeneXus by Globant, an Argentine company that has also set up in Uruguay. On the other hand, Brazilian funds invested seed capital in the startup Axenya, a technology company focused on health services. With respect to deals in the industry sector⁵, in 2022 the assets of Caputto (Citrícola Salteña), a citrus fruit producer, were acquired by the U.S. company Frutura. The Brazilian company Saman acquired the food producer La Abundancia (Silcom S.A.). In the energy sector, it is worth mentioning the María Luz and Villa Rodríguez wind farms, which were acquired by the Central American company Interenergy.

Of the 36 deals presented in Table 1, one third are VC operations. These types of deals mostly involve technology startups as targets. Companies from Brazil, the United States, Argentina, and the United Kingdom are some of the buyers in VC deals.

Table 1
M&A of Uruguayan Companies by Foreign Companies
(2020-First Half 2022)⁶

Date	Acquired Company	Platform in Uruguay	Sector	Type of Deal	Buying Company-Fund	Country	Mill. USD	PE/VC
May-22	El Observador	DOMESTIC MARKET	SERVICES	Acquisition	Group of private investors	Argentina		
May-22	Bankingly	TRADE AND SERVICES HUB	IT CENTER	Minority stake	Athos Service; IDC Ventures; Dalus Capital; Finacess Capital; iThink VC; Kube Ventures; Sonen Capital; Inter-American Development Bank (IDB); Oikocredit Ecumenical Development Cooperative Society UA	Germany; Spain; Mexico; Paraguay; United States; Netherlands		VC
May-22	Polo Logístico de Frio (PLF)	TRADE AND SERVICES HUB	LOGISTICS OPERATOR	Acquisition	Emergent Cold Latin America	Brazil		

⁵ Includes processing of primary goods.

⁶ It should be noted that operations for the last two and a half years are included. For information on previous operations, please contact: info@uruguayxxi.gub.uy.

					(Emergent LatAm)			
Apr-22	ICM SA	TRADE AND SERVICES HUB		Acquisition	BOLDT SA	Argentina		
Apr-22	Strike Security LLC	TRADE AND SERVICES HUB	IT CENTER	Minority stake	NXTP Labs; Latitud; Canary; Magma Partners; Venture Friends; Greyhound Capital; Orok Ventures; FJ Labs; Angel investors	Argentina; Brazil; Chile; Greece; United Kingdom and United States		
Apr-22	GeneXus	TRADE AND SERVICES HUB	IT CENTER	Acquisition	Globant SA	Argentina		
Mar-22	Nocnoc Group LLC (nocnoc)	TRADE AND SERVICES HUB	IT CENTER	Minority stake	Caravela Capital; Olist Servicios Digitais Ltda; Mouro Capital; Broadhaven Capital Partners LLC; Quona Capital Management Ltd; Angel investors	Brazil; United Kingdom and United States		
Mar-22	Resonance Uruguay SA	TRADE AND SERVICES HUB	FIN&SEC	Acquisition	Itaú Unibanco Holding SA	Brazil		PE
Mar-22	Citrícola Salteña SA (Caputto)	INDUSTRIAL PRODUCTION	FOOD	Acquisition	Frutera LLC	United States	36.50	PE
Mar-22	Econstar SA (Prex); Floder SA (Paigo)	TRADE AND SERVICES HUB	IT CENTER	Minority stake	Itaú Unibanco Holding SA	Brazil		VC
Mar-22	DIF Markets Agente de Valores SA	TRADE AND SERVICES HUB	FIN&SEC	Acquisition	Saks Consultoría, Assessoria, Vida e Previdencia Ltda	Brazil		PE
Mar-22	Lanos SA (El Espectador radio station)	DOMESTIC MARKET	SERVICES	Acquisition	Private investor(s)			PE
Mar-22	Integra CCS	TRADE AND SERVICES HUB	IT CENTER	Acquisition	IDT Corp.	United States		PE
Jan-22	Avanza	TRADE AND SERVICES HUB	IT CENTER	Acquisition	SkyTel Telecomunicaciones Argentina S.A.	Argentina		PE
Dec-21	Silcom SA	DOMESTIC MARKET	WT	Acquisition	Saman; Camil Alimentos S.A.	Uruguay; Brazil		PE
Dec-21	Kumagro Holding S.A.	INDUSTRIAL PRODUCTION	PHARMA	Acquisition	Ecofarms LLC	Australia		

Nov-21	Europcar Mobility Group S.A.	DOMESTIC MARKET	WT	Acquisition	Green Mobility Holding S.A.	Germany		
Oct-21	Vopero Inc	TRADE AND SERVICES HUB	GSC	Minority stake	Grupo Axo SAPI de CV; ThredUp Inc.	Mexico; United States	7.50	VC
Oct-21	Izmul SA (Overactive)	TRADE AND SERVICES HUB	IT CENTER	Acquisition	Perficient Inc.	United States		PE
Oct-21	GXC SA (GeneXus Consulting); Magalink SA (K2B)	TRADE AND SERVICES HUB	IT CENTER	Acquisition	Constellation Software Inc.	Canada		PE
Aug-21	New Age Data (NAD)	TRADE AND SERVICES HUB	IT CENTER	Acquisition	Banco Santander S.A.	Spain		PE
Jul-21	Maria Luz, Villa Rodriguez, and Rosario wind farms	INDUSTRIAL PRODUCTION	ENERGY	Acquisition	InterEnergy Holdings Ltd (IEH)	Cayman Islands		PE
Jul-21	Axenia Holdings Inc	TRADE AND SERVICES HUB	IT CENTER	Minority stake	Alexia Ventures; Igah Ventures; Big Bets; private investors	Brazil	3.00	VC
Jul-21	BOXES	TRADE AND SERVICES HUB	GSC	Minority stake	TECHSTARS CENTRAL LLC	United States	0.20	VC
Jul-21	Axion Comercializacion de Combustibles y Lubricantes SA	DOMESTIC MARKET	WT	Acquisition	Copetrol S.A.; Acodike Supergas SA; Elindur Investment S.A.	Paraguay; Uruguay; Argentina		PE
Jun-21	DLocal Ltd	TRADE AND SERVICES HUB	IT CENTER	IPO	Buyer(s) unknown		617.65	-
Jun-21	Batovi LLP	AGRICULTURAL PROD. AND OTHERS	FORESTRY-WOOD	Acquisition	Forestal Oro Verde S.R.L.	United States		
Apr-21	Peralta I/II wind power projects	INDUSTRIAL PRODUCTION	ENERGY	Acquisition	DIF Capital Partners	Netherlands		PE
Apr-21	DLocal Ltd	TRADE AND SERVICES HUB	GSC	Minority stake	Alkeon Capital; D1 Capital Partners; BOND; Tiger Global Management LLC	United States	150.00	VC
Mar-21	Kona	TRADE AND SERVICES HUB	IT CENTER	Acquisition	Technisys S.A.	Argentina		VC
Jan-21	S1Gateway	TRADE AND SERVICES HUB	IT CENTER	Minority stake	Patagonia Capital Partners (PCP); Quadrant Management Inc; Inverlat S.A.	Argentina; United States		PE
Jan-21	BROMYROS SA	INDUSTRIAL PRODUCTION	CHEMICALS AND PLASTICS	Acquisition	KINGSPAN - ISOESTE CONSTRUTIVOS ISOTÉRMICOS SA	Brazil		PE

Oct-20	Petrobras Uruguay Distribución SA (PUDSA)	DOMESTIC MARKET	WT	Acquisition	Disa Corporación Petrolifera SA	Spain	68.17	PE
Sep-20	Tonosol SA	DOMESTIC MARKET	SERVICES	Acquisition	White Elephant Properties LLC			PE
Sep-20	DLocal Ltd	TRADE AND SERVICES HUB	IT CENTER	Minority stake	General Atlantic LLC; Addition	United States	200.00	VC
Sep-20	ADURO SA	TRADE AND SERVICES HUB	IT CENTER	Acquisition	RETOP S.A.	Spain	3.00	VC
Sep-20	GRUPO BIOTOSCANA S.A. (G.B.T.)	INDUSTRIAL PRODUCTION	PHARMA	Acquisition	Canada's Knight Therapeutics	Canada		
Aug-20	DBMG Asociados SA	TRADE AND SERVICES HUB	FIN&SEC	Acquisition	Athlone Partners LLC	United States		PE
Jul-20	MonkeyLearn Inc	TRADE AND SERVICES HUB	IT CENTER	Minority stake	Uncork Capital; Bling Capital	United States	2.20	VC
Jun-20	LIRDES SA	TRADE AND SERVICES HUB	IT CENTER	Minority stake	CRAFTORY LTD, THE	United Kingdom; private investor	9.80	VC
Jun-20	Russman SA; Vinnyc SA	DOMESTIC MARKET	SERVICES	Acquisition	Suramericana SA; Grupo de Inversiones Suramericana S.A.	Colombia	1.40	PE
Jun-20	InfoCorp	TRADE AND SERVICES HUB	IT CENTER	Acquisition	Constellation Software Inc.	Canada		PE
Apr-20	LORSINAL SA	INDUSTRIAL PRODUCTION	FOOD	Acquisition	CHANGJIA HENGTAI (HONG KONG) INVESTMENT HOLDINGS LTD	Hong Kong SAR, China	16.00	PE
Mar-20	YVY Life Sciences	INDUSTRIAL PRODUCTION	PHARMA	Minority stake	Facundo Garretón - private investor; buyer(s) unknown	Argentina	1.50	VC
Feb-20	Glediser SA (NettaLife)	DOMESTIC MARKET	RETAIL	Acquisition	RAMM Pharma Corp.	Canada	1.15	VC
Feb-20	Frontoy SA	DOMESTIC MARKET	WT	Acquisition	Ta-Ta SA; Grupo de Narváez	Uruguay; Argentina		PE
Feb-20	Laboratorios Haymann S.A.	INDUSTRIAL PRODUCTION	PHARMA	Acquisition	Roemmers S.A.	Argentina		
Jan-20	Astidey SA (50 MW wind farm)	INDUSTRIAL PRODUCTION	ENERGY	Acquisition	Cubico Sustainable Investments	United Kingdom		PE

Notes: 1) IT Centers: IT product and service development activities such as IT solutions, artificial intelligence, digital platforms, among others. 2) GSC: Global services centers include activities such as shared services centers, call centers, professional services, BPO, KPO, trading and procurement, among others. 3) RDC refers to regional distribution center. 4) WT refers to wholesale trade. Source: Prepared by Uruguay XXI based on EMIS and ORBIS.