

M&A AND VENTURE CAPITAL IN URUGUAY



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Uruguay XXI
INVESTMENT, EXPORT AND COUNTRY
BRAND PROMOTION AGENCY

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VENTURE CAPITAL AND PRIVATE EQUITY

This report aims to characterize the Venture Capital (VC) and Private Equity (PE) ecosystem in Uruguay, as well as trends in mergers and acquisitions. To do so, it is important to provide first some definitions. VC funds invest and provide knowledge in early stage companies that show potential (startups). PE funds, on the other hand, invest in and provide knowledge to mature companies, in turn attracting investments from other funds. The difference lies not only in the type of companies, but also in the fact that PE funds invest through debt or capital, while VCs invest exclusively in capital.

An investment fund is a group of managers whose role is to raise funds from investors to invest these in companies. These investors, called Limited Partners (LPs), provide funding, but not knowledge and are not involved in management. These may be institutional funds, pension funds, family offices, individual investors, among other options. This type of investors does not need immediate liquidity and therefore can access the funds in the long term. LPs sign a Limited Partner Agreement stipulating the conditions of investments (exit period, sectors to invest in, etc.).

PE funds favor companies with growth potential to the extent that they receive capital, management support and strategy. There are also PE funds that focus on companies with financial problems or even in distress. The most common sectors are retail, energy, agriculture, agribusiness and production of raw materials, among others. VC funds tend to invest in technology and biotechnology startups, with the idea of quickly scaling up operations and earning higher profits. Given that the investment goes to early stage companies, it is usually high-risk.

Although VC funds are increasingly investing in earlier stages of companies, it is important to mention seed capital. In this case, investments are made in very early stages (pre-Series A), with tickets of less than USD 0.5 million.

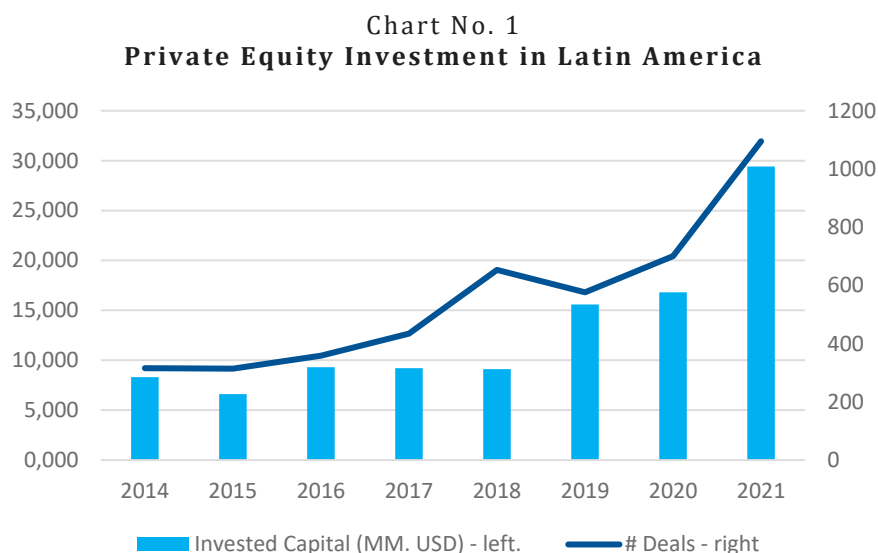
The managers of PE and VC funds are responsible for three main tasks: i) search, evaluate and make the decision to invest in a mature company or startup; ii) perform the legal and financial operations to invest in the funds; and iii) manage their investment portfolio in companies or startups.

In recent years, investment funds have focused their attention on emerging countries in Latin America, including Uruguay.

M&A IN LATIN AMERICA

Foreign Direct Investment (FDI) is defined as the expansion of a company to another country. The most common forms of FDI are through the development of an operation from scratch (greenfield investment) or through mergers and acquisitions (M&A). This chapter examines M&A operations in Latin America and also in Uruguay. These operations consist of capital flows of various types. They may involve foreign companies investing in companies in Uruguay, generally companies in the same or another line of business that add value by acquiring or investing in a company. They can also be PE funds investing in mature companies or VC funds investing in startups.

Despite the complex economic context caused by the two-year pandemic and some political uncertainties, Latin American countries achieved new investment milestones. Based on the information gathered by LAVCA¹, it can be seen that in 2021, private equity operations in Latin America hit a record high, reaching USD 29.4 billion, which was materialized in almost 1,100 operations. Very high investment figures were recorded in Brazil, Mexico, Colombia and Chile. Digitalization was the predominant theme in Latin America's private equity landscape in 2021. Interest in technology companies drove private equity investment in this past year.

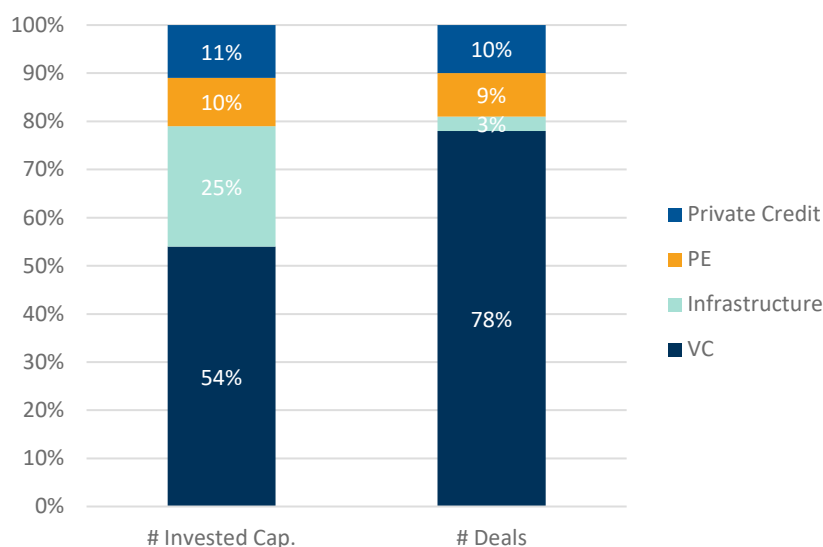


Source: LAVCA (2022)

¹ Latin America Venture Capital Association <https://lavca.org>

Looking at the deals closed in 2021 by asset type, it can be seen that the increased liquidity of major regional and global players was reflected in higher value investment tickets and an increase in VC deals.

Chart No. 2
Private Equity Investment in Latin America by Asset Type
 (2021)

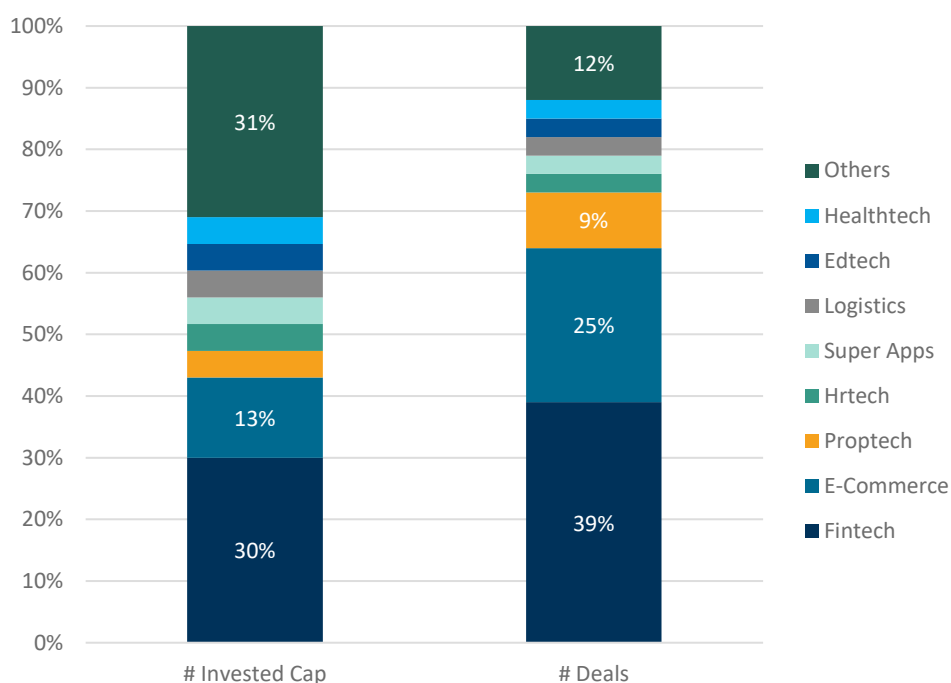


Source: LAVCA (2022)

Indeed, VC operations accounted for almost 80% of the total number of deals closed in 2021. VCs accounted for 54% of the total value of transactions. Private equity (PE) investments in the region accounted for almost 10% of the number of operations and 10% of the total value. PE investments continue to be in companies associated with traditional businesses, but they are increasingly participating in rounds for technology platforms backed by companies (see Chart No. 3).

In terms of sectors, VC investments followed the global trend that resulted from the pandemic. All verticals associated with technology companies were very dynamic in the last two years. Fintech has attracted most of the VC investment in the region, as there were great opportunities in terms of financial innovation. While mature fintechs attracted the lion's share of investment, investors funded new companies at all stages. On the other hand, also as a result of the pandemic, companies developing e-commerce platforms boomed. In 2021, investors invested in Latin American e-commerce platforms and marketplaces. This segment increased sevenfold compared to 2020. As the pandemic drove traditional retailers to digitalize services, startups offering e-commerce solutions raised the most funds in investment rounds.

Chart No. 3
Private Equity Investment by Vertical
 (2021)



Source: LAVCA (2022)

Outlook for M&A in 2022

2021 was a record year for M&A activity. The number of global mergers and acquisitions exceeded 62,000 and represented a 24% increase compared to 2020. The value of transactions reached an all-time high of USD 5.1 trillion, including 130 mega-deals worth more than USD 5 billion. Strong M&A activity was driven by intense demand for technology, digital and all data analytics-related assets as the deals that stalled in 2020 due to the pandemic were reactivated. It should be noted that, in the last decade, three key factors combined: lower operating costs, less regulation and tax pressure, as well as low interest rates, which resulted in higher profits for companies, thus stimulating mergers and acquisitions.

While 2022 is also expected to be a strong year for M&A transactions, the 2021 record will not be broken as the international context has changed. Rising interest rates, higher inflationary pressures, increased taxes, and these government regulations could become factors that slow down operations in 2022.

High valuations are expected to remain attractive due to intense competition between corporate groups and PE funds. PE entities have performed outstandingly well and increased their share of the M&A market. Almost 40% of the operations registered in 2021 had the participation of a PE fund. They are not only making more

deals, but are also larger in size, accounting for 45% of the total market value. In addition, the strategic shift towards more digital, innovative, and disruptive business models is expected to continue to drive M&A decision making.

Companies continue to use M&A to achieve agility and resilience in the face of obstacles and uncertainties. In 2021, strengthening supply chains has been a particular area of interest. More vertical integration transactions are expected to occur in 2022, both upstream (to secure raw materials or key inputs) and downstream (to control product distribution). Many companies facing raw material or labor shortages, port closures or shipping container shortages—especially those in the manufacturing, pharmaceutical and medical device sectors—are now focusing on offshoring or nearshoring opportunities in their supply chains in order to reduce delivery times and create greater resilience. Strong investor interest is also expected in technology companies specializing in supply chain processes, particularly those that have the ability to capture and leverage the benefits of data analytics.

Finally, it is worth noting the growing importance of responsible investment. Environmental, social and corporate governance (ESG) dimensions are increasingly considered in decision-making and M&A strategies. Investors apply these criteria to assess risks and identify value creation opportunities². Companies and PE funds are committed to reducing carbon emissions, so more capital will be mobilized to drive the transition to greener energy sources, thus creating M&A opportunities, not only in the sectors that are emitting the most carbon, but also in those innovating to develop the new technologies of the future. More operations are also expected in sectors that are transitioning to new business models, such as major oil and gas companies—to invest in renewable energies and hydrogen—or in the technology sector, where companies are innovating around energy storage or solutions to create a more sustainable circular economy.

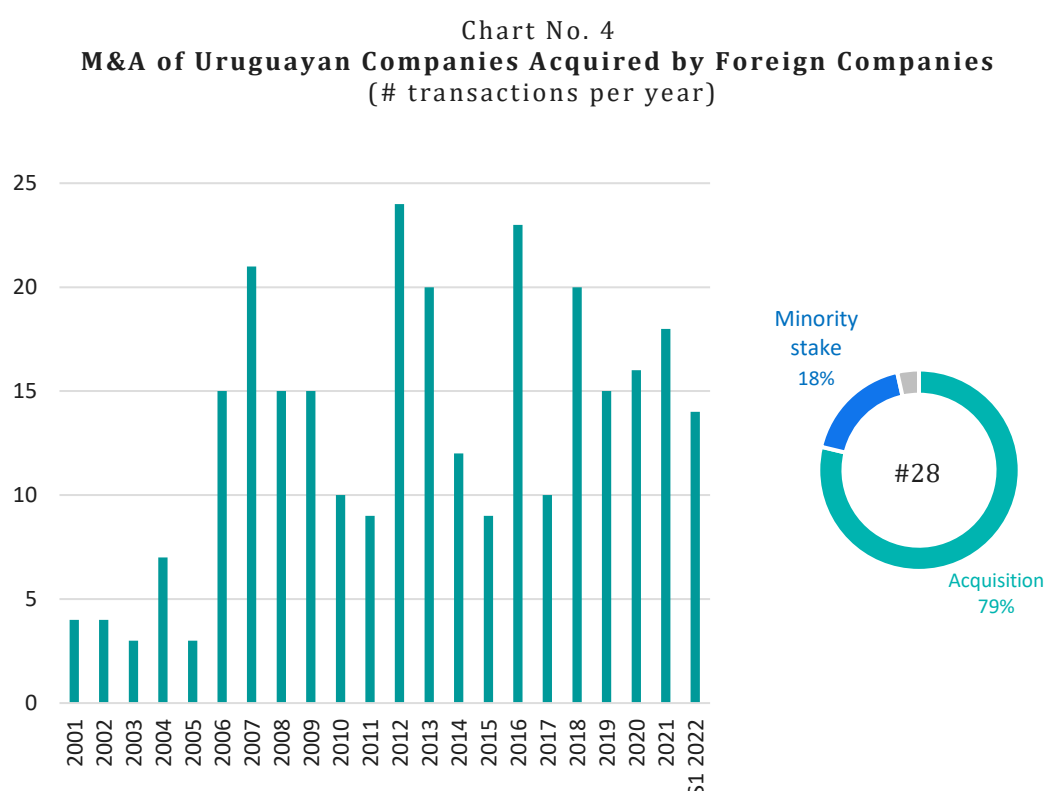
² In the Global Private Equity Responsible Investment Survey 2021 report, it is noted that more than half of the respondents had refused to sign a deal with a partner or had turned down a potential investment for reasons related to ESG issues.

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.



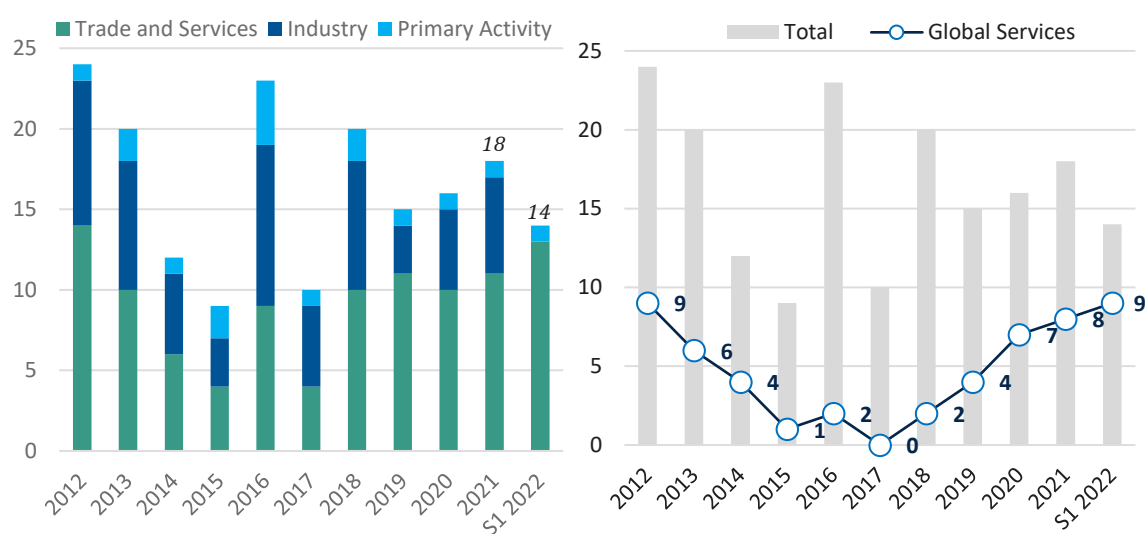
Source: Prepared by Uruguay XXI based on EMIS and ORBIS.

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)



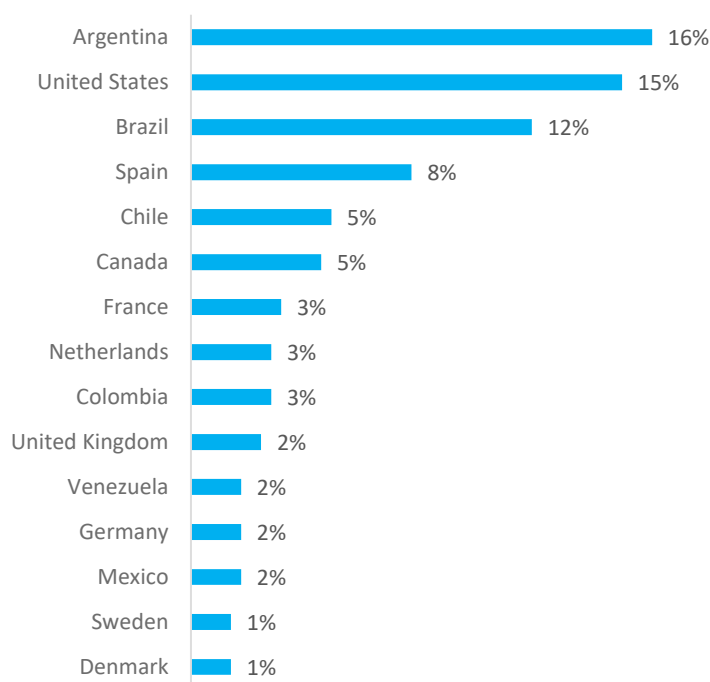
Source: Prepared by Uruguay XXI based on EMIS and ORBIS.

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.

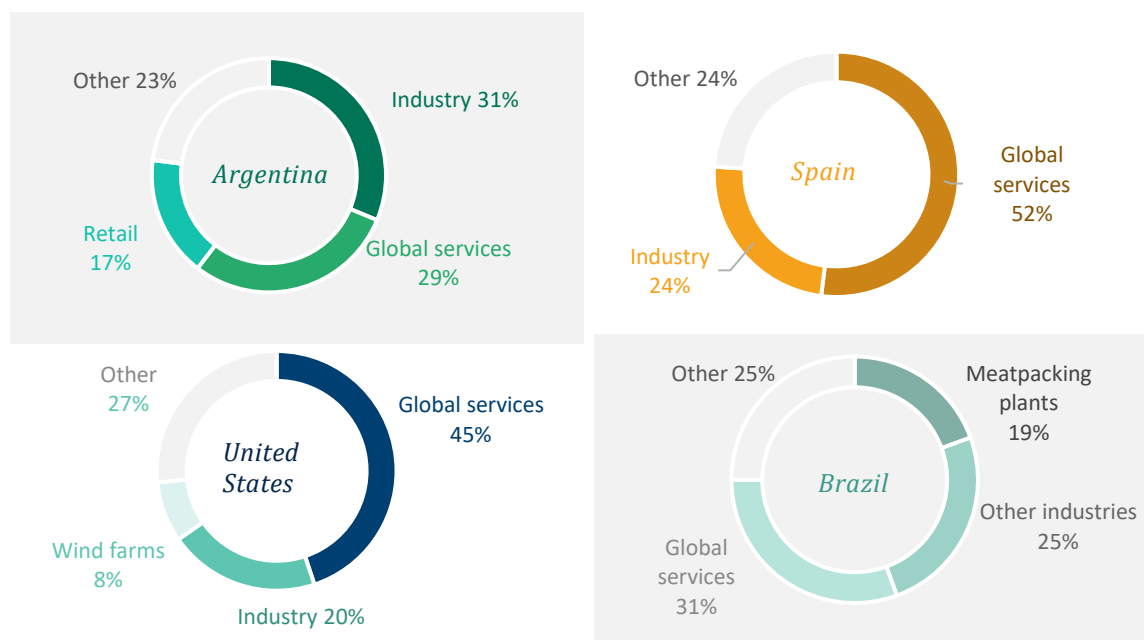
Chart No. 6
Top 15 Buyer Countries of Uruguayan Companies
 (% of transactions -2001 and first half of 2022)



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 Previdência 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 Comercializaci3n 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 Petrolífera 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.

URUGUAYAN UNICORNS⁷

According to a report by the *Crunchbase* platform, the Southern Cone has been thriving when it comes to startups since 2021. This is due to two factors. First, the pandemic boosted technology through e-commerce platforms, the boom in financial and logistics platforms, among others. Second, the conflict between Russia and Ukraine is causing many investors to choose emerging companies in Latin America. The report also indicates that there is great optimism regarding investor behavior for the remainder of 2022. This situation—together with the process of startup development already underway in Latin America—has led the region to have around 30 unicorns and a large number of high-impact ventures currently in their growth stages.

Uruguay has key qualities that serve as a launching pad for many startups with the potential to become unicorns. Legal, political and social stability is one of the main strengths to attract investors from other larger countries, such as Argentina and Brazil. One of the differential characteristics of startups in Uruguay is that they emerge as global companies due to the “need to open up to the world”, given that the local market has a limited scope. Uruguay has a “great potential” in its entrepreneurial ecosystem, meaning that it is not only a fertile economy to generate startups, but also that in the short term the country is expected to bring forth new unicorn companies⁸.

Regarding types of funding, the most common are investment rounds. Startups resort to these funds to “raise” capital. In this sense, there are seed funding rounds, the initial investment, which, in some cases, is linked to the presence of an “angel investor” (an experienced entrepreneur with capital). This initial round is followed by investment series A, B and C rounds, which are progressively accessed according to the level of development of the company receiving the investment.

In this regard, it is worth mentioning the success stories of the first Uruguayan unicorns that emerged in the last two years⁹. Unicorn is the rating that emerging businesses receive when they exceed a valuation of USD 1 billion.

The Uruguayan company [dLocal](#) is dedicated to developing digital payment solutions in emerging countries, with clients such as Uber, Spotify and Amazon, among others. In October 2020, this fintech became the first Uruguayan unicorn after obtaining a valuation of USD 1.2 billion and in June 2021 it began to list shares on the New York Stock Exchange. In addition, the platform recently closed a deal with Amazon that allows foreign merchants to sell their products in Brazil for the first time¹⁰. dLocal operates from its headquarters in

⁷ Section based on: <https://www.elobservador.com.uy/nota/con-dlocal-y-nowports-uruguay-se-encamina-a-ser-un-semillero-de-unicornios--20225305029>

⁸ Taken from statements made by Eduardo Mangarelli and Pablo Brenner in an article published by [El Observador](#).

¹⁰ [dLocal selló un acuerdo con Amazon y comerciantes extranjeros podrán vender dentro de Brasil](#) – El Observador.

Montevideo and has offices in Israel, China, Malta, São Paulo and San Francisco. dLocal currently employs 500 people, 200 of whom are based in Uruguay.

In mid-2022, it was joined by [Nowports](#), a company that provides users with the exact location of their goods in real time as they are moved from port to port. In this way, Uruguay has incubated two unicorns in the last two years. In the case of Nowports, the seed investment involved a capital injection of USD 8.6 million. In Series A, it raised USD 23 million, in Series B, USD 60 million and in Series C, USD 250 million with a valuation of USD 1.1 billion, which made it a unicorn. Each of these funding stages enabled the company to open new offices in different parts of Latin America. The technological freight forwarder now has ten offices in seven countries: Mexico, Chile, Colombia, Peru, Brazil, Panama, and Uruguay.

The case of [PedidosYa](#)¹¹, which exceeded the USD 1 billion valuation, although not in an investment round, could also be considered a unicorn. This Uruguayan startup, considered a success story in Uruguay's IT ecosystem, was acquired by an economic group listed on the stock exchange called Delivery Hero. This group joined PedidosYa in 2014, and in 2017 held an IPO on the Frankfurt Stock Exchange.

¹¹ <https://www.elobservador.com.uy/nota/pedidosya-la-fuerza-arrolladora-del-unicornio-oculto--20201117121543>

M&A ECOSYSTEM IN URUGUAY

In Uruguay, there are long-standing consulting and M&A boutique firms that provide services for the purchase and sale of companies, due diligence, valuations, investment projects and financial modeling, among others¹². In the particular case of companies that have filed for bankruptcy and are governed by the Uruguayan Bankruptcy Law¹³, the various entities appointed as receivers by the Judiciary to administer the assets and manage the calls for interested parties to acquire the assets play a relevant role¹⁴.

In May 2022, the Uruguayan Association of Private Capital (URUCAP) was created, which brings together VC funds, PE, angel investors, incubators, and accelerators. Among the members are Thales Lab and Globant Ventures. In this way, Uruguay materializes the creation of the Association as other countries in the region: ARCAP in Argentina, ACVC in Chile, Colcapital in Colombia, among others.

In terms of entrepreneurship, there are a number of institutions that provide support in the early stages. The National Development Agency (ANDE)¹⁵ provides technical assistance, mentoring and funding, in addition to managing the Uruguay Emprendedor portal¹⁶. Also worth mentioning are the National Agency for Research and Innovation (ANII)¹⁷, which has several instruments to support entrepreneurship, such as validation of ideas (together with ANDE), innovative entrepreneurs, expansion fund for internationalization, financing, among other support, and Endeavor Uruguay¹⁸, which supports entrepreneurs through advice and mentoring, capital, events and alliances.

Finally, Uruguay XXI¹⁹ has an investment project portfolio of both established companies and new projects seeking investors (on a minority or majority basis) or directly to sell the company. There are companies with diverse characteristics: some are looking for investors in order to grow while others are facing financial problems; there are startups in early stages, mature companies and companies that have gone bankrupt. At the sector level, there is also an important diversity: technology, biotechnology, cannabis, agribusiness, non-food industry, tourism, real estate, among others.

¹² For more information, see: [Services Directory - Uruguay XXI](#)

¹³ <https://www.impo.com.uy/bases/leyes/18387-2008>

¹⁴ <https://www.poderjudicial.gub.uy/tramites/registro-de-sindicatos/download/9593/3230/19.html>

¹⁵ <https://www.ande.org.uy/>

¹⁶ <https://www.uruguayemprendedor.uy/>

¹⁷ <https://www.anii.org.uy/>

¹⁸ <https://www.endeavor.org.uy/>

¹⁹ <https://www.uruguayxxi.gub.uy/es/quiero-invertir/sectores/cartera-de-inversiones/>

Incubators and Accelerators

Incubators and accelerators also play a key role in helping early stage business ideas and startups mature and thrive.

Figure 1
Entrepreneurial Ecosystem in Uruguay²⁰



²⁰ This list is not exhaustive. For more information, see: Innovation and Entrepreneurship Center of Universidad Católica del Uruguay (<https://www.ithaka.ucu.edu.uy>); Center for Innovation and Entrepreneurship of Universidad ORT (CIE): <https://cie.ort.edu.uy/>; Center for Leadership, Entrepreneurship and Innovation of Universidad de Montevideo: <https://www.um.edu.uy/initium>; Center for Entrepreneurship of Universidad de la República: <https://fcea.udelar.edu.uy/depto-adm-extension-relacionamiento-medio/centro-de-emprendimiento/actividades.html>

INVESTMENT FUNDS IN URUGUAY

Figure 2
Financial Ecosystem in Uruguay²¹



²¹ This list is not exhaustive. For more information, see [Financial Sector Report - Uruguay XXI](#).

REGULATIONS IN URUGUAY AND LINKS OF INTEREST

- Law 16,774 establishes that investment funds “are an independent equity consisting of contributions made by individuals or legal entities under the regime of this law, for investment in securities and other assets”. Investment fund management companies will require authorization from the Central Bank of Uruguay (BCU). For more information, see: [Law 16,774](#).

- **Central Bank of Uruguay:**

Superintendency of Financial Services: [Circular 2393](#) and [Circular 2394](#).

Credit Risk Center: <https://www.bcu.gub.uy/Acerca-de-BCU/Paginas/Central-Riesgos.aspx>

- **Defense of competition:**

Defense of Free Competition in Trade. [Law 18159](#), [Law 19833](#) and [Decree 404-2007/42](#).

The Commission for the Promotion and Defense of Competition is the institution in charge of overseeing competition at a general level. Its purpose is to control and sanction anti-competitive practices in Uruguay. Its functions include receiving information on company mergers and eventually authorizing them. Parties to acts of economic concentration must request authorization from the Commission in cases where the gross annual billing (in any of the last three fiscal years) of all the parties to the transaction in the national territory is equal to or exceeds 600 million indexed units (UI).

- **Other links of interest:**

[Investor Services Directory](#). Uruguay XXI

[Quarterly FDI Monitor](#). Uruguay XXI

[Foreign Direct Investment Report](#). Uruguay XXI



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