

M&A Index Poland

Q3 2022

Prepared by [Navigator Capital](#) & [FORDATA](#)

Experts' comments to the 45th edition of the report can be found on the website:

fordatagroup.com/blog

Total number of transactions*

74 (3Q2022)

The largest transaction**

up to EUR 174 m

(Acquisition of Curiosity Diagnostics by Bio-Rad Laboratories)

* based on public data

** among transactions with disclosed prices

About the report:

The M&A Index Poland report is a position that has become a permanent fixture in the calendar of the industry summaries in Poland. The reports are prepared quarterly by a consulting firm **Navigator Capital** and **FORDATA**, a leader in the field of IT solutions which support M&A transactions.

These reports are created to monitor the dynamics of Polish M&A market and to demonstrate the most interesting transactions. We also monitor the frequency of use of the Virtual Data Room during M&A processes in Poland.

Introduction

In Q3 2022, 74 transactions were recorded in the Polish M&A market, six more than in the same period a year ago. The largest transaction was the acquisition of Curiosity Diagnostics by Bio-Rad Laboratories. Scope Fluidics received USD 100 million for its subsidiary, while this amount can be increased by another USD 70 million if certain conditions are met.

Selected transactions

Target	Bidder	Seller	Value [EUR]
Pozdental Stomatologia Borowski Uśmiechnij Mi Się	Dentify	Private Investor	Not disclosed

(July 5; August 12; September 2) Dentify, a chain of dental clinics developed since 2020 by private equity fund Tar Heel Capital, made further investments in the last quarter, consolidating the dental market in Poland. Currently, the number of clinics under the Dentify banner is approaching 60 in more than a dozen cities and towns. The fund's authorities emphasise that the transactions carried out bring the group closer to achieving nationwide coverage in the dispersed dental services market. It is worth noting that this market has enjoyed significant investor interest in recent times, with new investments also announced by United Clinics (a portfolio company of Innova Capital), Medicover and Enel-Med.

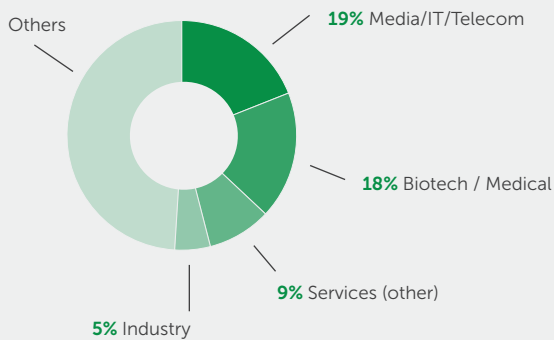
Target	Bidder	Seller	Value [EUR]
Mohi.to WeCanFly	Netguru	Private Investor	Not disclosed

(July 12) Netguru, a fast-growing Polish IT company based in Krakow, providing services to the financial, healthcare, education and commerce sectors, among others, has acquired 51% of Mohi.to and WeCanFly. The signed agreement gives the buyer an option to purchase the remaining 49% stake over four years. The acquisition is related to Netguru's desire to grow in the e-commerce field. The acquired entities are engaged in offering e-commerce solutions based on the Shopify platform. Customers of mohi.to include Answear, CCC, Brainly, Mowi and Scholl, among others. In 2020, Netguru generated USD 57 million in revenue with EBITDA margin above 15%.

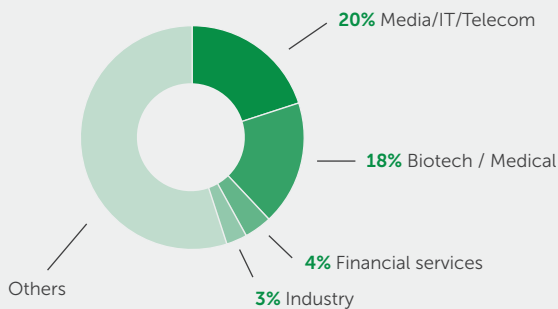
By sector

Transactions with the participation of Polish companies grouped by sectors (by number of transactions)

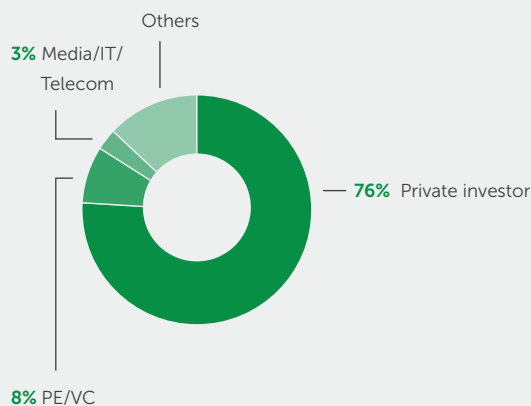
TARGET (%)



BIDDER (%)



SELLER (%)



Target	Bidder	Seller	Value [EUR]
Polmos Bielsko-Biała	Stock Spirits	Private Investor	Not disclosed

(July 21) The CVC Capital Partners fund, known, among other things, for its investment in Żabka, owner of Stock Spirits, has begun the process of consolidating the sector announced after last year's addition of Stock to its portfolio. Polmos Bielsko-Biala, owner of the White Stork, Oginski, Extra Żytnia and Advocaat brands, has become the target of the acquisition. CVC reports that the transaction is part of the fund's strategy to build value for the group. The synergistic effects resulting from the transaction, as a result of the increase in the scale of operations, should have a positive impact on the further development of Stock. In 2021, Polmos generated over 820 million in revenue and nearly 60 million in net profit, exporting to the EU, Australia and the US.

Target	Bidder	Seller	Value [EUR]
Curiosity Diagnostics	Bio-Rad Laboratories	Scope Fluidics	up to 174 m

(August 3) Scope Fluidics, a NewConnect-listed medical engineering company, has decided to sell its subsidiary Curiosity Diagnostics, whose business was related to the development of the PCR ONE system for the rapid detection of bacterial and viral infections. Bio-Rad Laboratories, an entity included in the S&P 500 index, was the purchaser, paying USD 100 million and agreeing to payments totalling USD 70 million over the next few years upon the fulfilment of certain conditions. Scope Fluidics reported that the preparatory work for PCR ONE totalled approximately USD 10 million, meaning that at least a tenfold return on capital was realised on this investment. As announced by the company's management, at least half of the funds raised from the sale of Curiosity Diagnostics will go to Scope Fluidics shareholders in the form of dividends.

Target	Bidder	Seller	Value [EUR]
Empik	Private Investor	Penta Investments	Not disclosed

(August 12) Ewa Szmidi-Bielcarz, who has served as Empik's CEO since 2015, has acquired a 51% stake in the company in a management buyout (MBO) process. The value of the controlling stake has not been made public. There are no organizational changes to the company's operations associated with the transaction, and Penta Investments is still expected to participate in the company's operations by providing funding for organic growth over the next four years. In the period since Ms Szmidi-Bielcarz came to the helm of the company, Empik has moved from being an entity focusing on the distribution of books and records in the stationary channel to generating half of its revenue from online sales. In 2021, Empik Group generated more than PLN 2.1 billion in revenue with 326 stationary shops.

Target	Bidder	Seller	Value [EUR]
VIAMO	Polski Standard Płatności	Private Investor	Not disclosed

(August 25) Polski Standard Płatności, the BLIK system operator owned by a consortium of banks, has taken another step in the company's international expansion with an acquisition in Slovakia. VIAMO, the target of this acquisition, is a financial technology company that has been in operation for nine years and provides a payment gateway. The company works closely with two of Slovakia's leading banks and its services are already used by more than 300,000 people. The signing of the agreement between the entities should lead to significant synergistic benefits. VIAMO will benefit from the experience of the Polish Payment Standard, whose BLIK is already used by 11 million Poles, and BLIK will significantly increase its recognition outside Poland. Polish Payment Standard's strategic plans include undertaking international expansion, so further transactions may be announced in the next few months. Due to the nature of the transaction, it still requires the approval of the central bank of Slovakia.

Target	Bidder	Seller	Value [EUR]
SmakMAK	Tar Heel Capital	Private Investor	Not disclosed

(August 29) The market for ready meals (excluding frozen food) is currently experiencing significant growth, with some analyst reports forecasting growth rates of up to 7%. The significant potential of the market prompted Tar Heel Capital, a leading Polish PE fund, to invest in SmakMAK, a producer with a range of over 100 different ready meals. SmakMak is a brand that has been present on the domestic market since 2004, employing around 270 employees in four production facilities with a total area of more than 11,000 m². Tar Heel purchased a 64% stake in the company, expecting it to continue to grow revenues by several percent per year over the next few years. This is expected to be achievable through the fund's operational support and the retention of key people in the company, including its founders. The transaction is still subject to the approval of the Office of Competition and Consumer Protection (UOKiK).

Target	Bidder	Seller	Value [EUR]
Renault Retail Group	Holding 1	Private Investor	Not disclosed

(August 31) Holding 1, a Polish car dealership and real estate investment group, has filed an application with the Office of Competition and Consumer Protection (UOKiK) to take control of the Renault Retail Group Warszawa car dealership chain. In 2021, Renault Retail Group Warszawa had a turnover of PLN 530.3 million, generating PLN 2.4 million in operating profit. The Group operates five dealerships in Warsaw, selling Renault and Dacia brand cars, as well as offering automotive-related services. During the last quarter, there were also transactions concerning the acquisition of entities in the dealership industry, an example of which is the acquisition of the Warsaw dealer of Opel cars, Nexteam, by Krotoski. We forecast that further transactions consolidating the auto dealership market will be seen in the near future.

Navigator Capital

- Navigator Capital along with Dom Maklerski Navigator (Navigator Brokerage House) is the leading independent financial adviser, specializing in mergers and acquisitions and public and private issues of stocks and bonds.
- During 15 years of its market presence, Navigator Capital Group conducted over 100 transactions, of over PLN 15 billion total value.
- Through cooperation with international network of advisory firms associated in the Pandion Partners, Navigator Capital effectively handles international transactions.

FORDATA

- FORDATA is a pioneer on the Polish capital market. Based on Virtual Data Room technology, we support our clients in managing documents and communication during complex transactional processes.
- We support the largest M&A, IPO transactions, private equity investments, restructurings, projects associated with obtaining financing and privatizations in Poland and other countries of Central and Eastern Europe.
- FORDATA systems increased safety and efficiency of hundreds of different types of transactions with a total value of over PLN 40 billion
- FORDATA services are used by the industry leaders in Poland and abroad, including largest advisory companies, banks, legal advisors or Private Equity/Venture Capital funds, ie. Enterprise Investors, Enea SA, Home.pl, Grupa LOTOS, Grant Thornton, NFI Empik, ZELMER, Bank DNB, BOŚ Bank, Polimex Mostostal, Budimex, DM PKO Banku Polskiego, Deloitte Advisory, EY, KPMG Advisory, JSW, HAITONG and many others.



Business Partners



Authorised Adviser



Contact

Artur Wilk, Manager

e: artur.wilk@navigatorcapital.pl
t: +48 881 700 119

Navigator Capital S.A.

ul. Twarda 18, 00-105 Warsaw, Poland
t: +48 22 630 83 33 f: +48 22 630 83 30
e: biuro@navigatorcapital.pl navigatorcapital.pl/en

Marcin Rajewicz, Account Manager

e: marcin.rajewicz@fordata.pl
t: +48 533 354 054

FORDATA sp. z o.o.

Taczaka 24, 61-819 Poznań, Poland
t: +48 533 354 054 e: office@fordatagroup.com
fordatagroup.com

Target	Bidder	Seller	Value [EUR]
Kom-Eko	China Central and Eastern Europe Investment Co-Operation Fund	Value4Capital	Not disclosed

(September 9) A Chinese-controlled private equity firm registered in Luxembourg has taken over the Polish municipal waste management company Kom-Eko. Kom-Eko's current owner, private equity fund Value4Capital, had already reported on its exit plans at the end of 2021. In 2021, Kom-Eko was had around PLN 190 m in revenues, with PLN 70 m EBITDA. The company operates in the Lublin area, being one of the largest players in the industry in eastern Poland. Once approved by the Office of Competition and Consumer Protection, the transaction will already be another Chinese investment in the rapidly growing Polish municipal waste management market.

Target	Bidder	Seller	Value [EUR]
Szallas.hu Benchmark Audioteka	Wirtualna Polska Holding	PortfoLion, Kompuronik Wojciech Kietl, Inw. prywatni	72 m 3 m 20 m

(September 12; September 16; September 30) Wirtualna Polska Holding, through its subsidiary Camellia Investments Kft, has acquired 100% of the shares in Szallas.hu, a Hungarian hotel booking group operating in seven countries and offering more than 75,000 accommodations. The value of the transaction was EUR 72 million. Szallas.hu Group is controlled by PortfoLion, the VC arm of Hungarian bank OTP. WPH acquired 100% of Benchmark, a site founded in 1997 as a performance ranking service for people fascinated by computer hardware and testing component performance. Its shares were sold by Wojciech Kietl, and Komputronik, which is currently undergoing restructuring. The transaction was worth almost PLN 14.1 million. WPH, through its subsidiary Stacja Słuzew, purchased a majority stake in the Polish audiobook sales network Audioteka. The transaction aims to support WPH's core companies and is the realisation of the announcement of a stronger entry into the subscription model an expansion and into foreign markets. The total value of the transaction was PLN 95.3 million.

Target	Bidder	Seller	Value [EUR]
Da Grasso	Orkla	Private Investor	Not disclosed

(September 15) Orkla, a Norwegian conglomerate with 114 factories around the world in which it produces fast-moving consumer goods, has entered into an agreement to acquire a 74% stake in Da Grasso, one of Poland's leading pizza franchise chains with 193 outlets in Poland. Orkla has become one of the most significant players in the European pizza market through a series of transactions since 2018. With the investment in Da Grasso, Orkla's network will consist of 860 franchised pizzerias in Finland, Benelux, Germany and Poland. Karolina Rozwandowicz and CEO Magdalena Piróg will continue as shareholders in partnership with Orkla.

Experts' comments



Marcin Rajewicz

Account Manager at FORDATA
Real Estate expert

In the third quarter of 2022, we noticed a significant decrease in the volume of M&A transactions compared to the second quarter - by approx. 16 pp. However, the second quarter was a record period. **74 transactions** recorded in Q3 are therefore still a high result, which in the yoy perspective is **approx. 8%** higher. The uncertainty caused by the rise in inflation, interest rates and energy commodity prices, as well as the war in Ukraine, did not put the mergers and acquisitions on hold, as was the case at the peak of the pandemic. What was the transaction structure in the analyzed period?

New transactions on the Polish-Russian market

In the third quarter, we recorded two transactions on the Polish-Russian market, both in the food segment in which an increase was observed in the volume of transactions in the last three months from 5 to 7 acquisitions. The employee buyout of the fresh salads producer Maga Foods from its Russian co-owners was particularly popular, which resulted in the company's deletion from the list of economic entities subject to sanctions. In turn, Hortex sold Ortika Frozen Foods operating as the company's satellite on the Russian market, to Agama Group, a leading Russian producer of frozen foods.

Flattened structure of transaction targets

A significant change noted in the last three months is the lack of a clear dominance of the TMT sector on the target side. It did not dominate in the third quarter as clearly as it usually did in the last three years, making up **19%** of all acquired entities - **3p.p.** less than in mid-2022 and **12p.p.** less on an annual basis. The reason for the decline is not, however, the reduced interest in the TMT industry among investors, but most of all the strong increase in the deal volume in the medical industry. 12 acquisitions, representing **approx. 16%** of all targets, are only two acquisitions less than in the TMT area in the analyzed period. Compared to the second quarter of 2022, the medical industry recorded a twofold increase, and in the annual perspective - by approx. 41 p.p. The most active acquirer in this sector (3 acquisitions) was the Dentity Group, a company forming part of the Tar Heel Capital fund, intensely focusing on the consolidation of local dental networks in Poland. The consumer industry was characterized by an almost equally high volume - 11 acquisitions, 7 of which were in the food industry.

PE/VC funds still reluctant to buy

In percentage terms, the activity of PE/VC funds among buyers almost doubled after falling to 4 acquisitions recorded in the second quarter of the year. However, 7 acquisitions are still not much compared to the purchasing activity of the sector in 2021 (11 acquisitions in the same period). A decline in the volume of acquisitions may be due to the investment cycle, but is more likely to be the result of uncertainty in global markets, which means that funds place greater emphasis on their current portfolio to secure the business foundations of their assets, rather than looking for purchasing opportunities. However, the time for buyouts may come in the next quarter and at the turn of the year due to the increasingly difficult situation of companies facing further increases in energy prices and raw material shortages.

New acquisitions on the energy market

While in the first quarter of 2022, Lotos was responsible for the volume of 5 transaction targets in the energy sector, and in the middle of the year the sector recorded only two acquisitions (PGNiG-Solgen, SPIE-Stangl Technik), in the last three months there were already 6 takeovers and they were quite varied. Most processes concerned the consolidation of the photovoltaic sector - RWE acquired **100%** shares in Alpha Solar, EDP Energia Polska - **100%** shares in Zielona-Energia.com, while Galileo Green Energy acquired a **35%** stake in a photovoltaic systems installer for business, PAGRA, whose representatives inform about expected impact of the transaction on lowering energy prices for companies in Poland.





Artur Wilk

M&A Manager
at Navigator Capital

In Q3 2022, we witnessed **74 M&A transactions** in the Polish market. Again, an increase compared to the same period a year ago was visible, this time by 6 transactions. On a quarter-on-quarter basis, the number of transactions declined, due to a significant number of processes for the sale of companies operating on the territory of the Russian Federation in the first months after the start of the conflict.

Among the acquisition processes announced in the third quarter of this year, the highest value was recorded in the sale of Curiosity Diagnostics by Scope Fluidicis, a NewConnect-listed company. As announced in the official statement, the amount paid by Bio-Rad Laboratories on the day of closing is \$100 million, while it can be increased by another \$70 million when certain conditions are met. Curiosity Diagnostics is an entity whose core business is the development of PCR ONE, a device capable of fast detecting bacterial and viral infections. The acquisition, along with the company, of the rights to the device by a company included in the S&P500 index makes it possible to assume that the time for commercialization of the new technological solution will be shortened, while Scope Fluidicis received the payment covering at least ten times the costs incurred for research and development of PCR ONE.

The number of 74 transactions completed in the last quarter is significantly higher than in the same period a year ago. This result seems particularly impressive given the current geopolitical situation, which has caused many M&A processes to be suspended or slowed down, in anticipation of a change in sentiment in global markets.

Traditionally, private investors were the dominant group among sellers, accounting for 76% of completed M&A processes. This result is as much as 20 p.p. higher than three months ago, when we reported the lowest activity of private investors on the selling side in a long time. This time, a decrease in involvement in sale processes was observed among financial investors, who were the selling party for 8% of transactions. The decline in fund activity is most likely due to the expectation of an improvement in the global macroeconomic situation, which would allow portfolio companies to be sold at more favourable valuation multiples.

Analogous to previous periods, consolidation processes could be observed in the medical services market; however, it is worth noting that the market segment of particular interest to investors changed. In the third quarter, the largest number of transactions took place among dental clinics, whose market is being consolidated by Denty and United Clinics. In addition to the portfolio companies Tar Heel Capital and Innova Capital respectively, Medicover and Enel-Med also completed transactions in this market in Q3. Due to the significant dispersion of the dental market, which is mainly represented by small clinics run by one or a few specialists, the potential for further transactions in this market segment in the following quarters is anticipated.

Entities operating in the following sectors were most frequently acquired: IT - **19%**, biotechnology - **18%** and services and FMCG - in both cases **9%** of transactions. Among buyers, strategic investors from the following sectors were most active: IT - **20%**, biotechnology - **18%** and services and energy - **8%** each. On the buy-side, financial investors in the form of PE/VC were involved in **9%** of completed transactions. Among sellers, private sellers dominated - **76%** and PE/VC funds - **8%** of transactions.

