

News from the Polish Market

November 2020

1. Rawlplug S.A. merger with a subsidiary Koelner Polska sp.z o.o.

Koelner Polska, a distributor of metal products and construction materials, is to merge with its shareholder - Rawlplug.

Many organizational and financial benefits are seen in the decision to merge the two companies. Consolidation will simplify the organizational structure, which will naturally reduce administration, speed up decision-making processes and reduce operating costs.

As a result of the merger, one organization will be created that can strengthen its position on the market and thus increase the efficiency of operation.

The resolution on the merger of the companies is to be adopted on October 30, 2020.

Source: <https://www.money.pl/gielda/komunikaty/6558850341185153.html>

2. Nextbike Polska restructuring

Nextbike Polska - operator of self-service city bike rentals in several dozen Polish cities - during the restructuring process.

In May this year. Nexbike Polska reported financial problems. At that time, the District Court for the Capital City of Warsaw opened expedited arrangement proceedings and appointed a court supervisor.

The result of the cooperation between the supervisor and Nexbite Polska is presented in October this year. restructuring plan, list of receivables and list of disputed receivables. The documents will now be consulted with the company's creditors.

Source: <https://forsal.pl/biznes/aktualnosci/artykuly/7837636,nextbike-polska-zlozyl-w-sadzie-plan-restrukturyzacyjny-ze-spisem-wierzytelnosci.html>

3. The New Chance Policy

The statistics of Korporacja Ubezpieczeń Kredytów Eksportowych (KUKE) clearly indicate that the number of bankruptcies and restructuring proceedings is much higher than last year.

Despite this, entrepreneurs declare that they want to start and run a new business or resume the previously suspended one. And it is the entrepreneurs who are in a difficult financial situation requiring restructuring measures that are the subject of another government aid program - the New Chance Policy.

Under this program, enterprises will be able to count on both financial and expert support. The aid offered to them will enable them to carry out the planned restructuring.

Source: <https://www.pulshr.pl/restrukturyzacja/bedzie-rzadowe-wsparcie-na->

[dzialania-restrukturyzacyjne,76871.html](https://www.gazetaprawna.pl/dzialania-restrukturyzacyjne,76871.html)

4. Offices and indebted entrepreneurs

The relations between public entities: tax offices, the Social Insurance Institution and indebted entrepreneurs have changed in recent years.

Until a few years ago, bankruptcy was much more frequent than there was an arrangement of creditors and debtors. Pursuant to the legal provisions, public entities were given priority in the recovery of receivables from failing enterprises. As a result, other creditors most often did not have a chance to recover their liabilities.

The situation changed with the change of regulations. The priority of recovering debts by public law entities was limited, which translated into an increase in the number of agreements concluded and a reduction in the number of bankruptcies announced. This is due to the belief that it is much better to take into account the interests of all interested parties than to allow the end of the company's operation.

Source: <https://biznes.gazetaprawna.pl/artykuly/1492868,fiskus-i-zus-chodza-na-uklady-jak-wyglada-sprawa-dogadywania-sie-firm-z-urzedami.html>

5. Time matters

Indebted entrepreneurs often delay making a decision to open restructuring proceedings. However, the moment of making such a decision is key to improving the business situation and ensuring its proper functioning.

Pursuant to the restructuring law, the indebted entrepreneur is protected upon the opening of restructuring proceedings. As part of the aforementioned protection, the key contracts are secured against termination and the enforcement proceedings conducted so far are suspended. All this gives the entrepreneur time to run his day-to-day business and ultimately to heal the situation.

Source: <https://ksiegowosc.infor.pl/obrot-gospodarczy/spolki/4704705,Postepowanie-restrukturyzacyjne-jakie-narzedzia-daje-prawo-do-negocjacji-z-wierzycielami.html>

6. Hope for indebted enterprises

The number of companies facing insolvency is gradually increasing and according to forecasts, this trend will continue and even intensify in 2021. Firms facing these types of problems may consider taking advantage of a new type of restructuring, namely a simplified restructuring procedure.

The aforementioned restructuring model was introduced under the so-called Anti-crisis shield 4.0, being a response to the difficult financial situation of many companies resulting from pandemic conditions.

It is characterized by, among others: speed of activities, securing contracts concluded so far against their termination, the possibility of individual negotiations with creditors, suspension of enforcement proceedings. It is therefore seen in terms of hope for companies facing insolvency problems.

Source: <https://ceo.com.pl/bo-j-o--prze-tr-wa-nie--u-prosz-czo-na--re-struk-tu-ry-za-cja--ra-tun-kie-m-w-o-bli-czu--nie-wy-pla-cal-no-sci--16877>

7. Restructuring of indebted farms

Almost two years ago, the law aimed at regulating aid to farms in the field of restructuring entered into force.

The aforementioned aid was to be manifested in the form of support for farms with a loan or a restructuring loan. It did, but as the Agency for Restructuring and Modernization of Agriculture informs, no farm has been supported so far. The reasons for this state of affairs can be found: in the relatively recent clarification of the rules for granting such aid with the European Union, in the problems of indebted farms in the preparation of restructuring plans on their own and in the need for such farms to make their own contribution.

Source: <https://www.farmer.pl/prawo/przepisy-i-regulacje/brak-pomocy-dla-zadluzonych-gospodarstw-i-brak-zainteresowania-mrirw-tym-problemem,100375.html>

8. Co-financing of restructured companies

The Ministry of Finance guarantees that enterprises will not lose funding from the Polish Development Fund (PFR).

Such concerns have been raised by small and medium-sized enterprises (SMEs) that received support under the PFR Financial Shield and are currently undergoing a reorganization involving splits or mergers with other entities. Moreover, such companies do not have to obtain PFR approval for transformation. In this they differ from large enterprises which, if they want to undertake restructuring measures, should obtain a permit from the Polish Development Fund.

Source: <https://ksiegowosc.infor.pl/wiadomosci/4709226,Dofinansowanie-z-Tarczy-Finansowej-PFR-a-przekształcenie-spolek-w-tym-komandytowych.html>

9. Bankruptcy of Home Broker

Home Broker - an intermediary on the Polish real estate market and a financial advisor belonging to the Open Finance group - has just declared bankruptcy.

At the end of May 2020, the company filed for bankruptcy in court, arguing the deteriorating financial situation resulting from the outbreak of the coronavirus pandemic.

On October 19, 2020, the bankruptcy of the company has become a fact.

Source: <https://www.money.pl/gielda/sad-oglosil-upadlosc-spolki-home-broker-6566324569507457a.html>

10. Growing indebtedness of travel agencies

Many industries are suffering from the effects of the coronavirus pandemic. Among them, the tourism industry is considered to be heavily affected.

Micro-enterprises running a sole proprietorship in the area of this industry constitute the vast majority of debtors in the National Debt Register (KRD). 529 companies from the tourism industry have already been recorded in the Register, which is 41 more than at the beginning of the pandemic.

Tourism companies' obligations to banks and suppliers build up faster than other companies. At the end of August this year, amounted to nearly PLN 120 million. For this reason, more and more companies decide to suspend their activities. In 2020, about 1.5 thousand enterprises made such a decision, which is more than a half compared to last year.

Source: A. Woźniak, *Długi biur podróży sięgają 120 mln zł*, Rzeczpospolita 21 października 2020.

11. End of Codemedia

The media agency that has been operating for eleven years - Codemedia - has ceased its activity.

Codemedia filed for bankruptcy in October 2019. It was argued by the insolvency of two main clients: TXM SA and Basel Olten Pharm, with financial problems and undergoing restructuring.

In May 2020, the court dismissed the company's bankruptcy petition, stating that "the debtor's assets are not sufficient to cover the costs of the proceedings". At the same time, he did not consent to the bankruptcy of the company without liquidating its assets. Codemedia has appealed against this decision and is still pending.

Source: <https://www.press.pl/tresc/63612,wnioskujaca-o-upadlosc-codemedia-w-2019-roku-miala-9-6-mln-zl-straty>

12. Shield with a defect

Financial support granted to entrepreneurs as part of the anti-crisis shields saved them from the necessity to end their business activity.

However, in return for the aforementioned aid, entrepreneurs had to undertake

the obligation not to stop or suspend their activities for a period of one year from receiving the support. They also cannot file an application for the opening of restructuring or bankruptcy proceedings. By taking such steps, you will be obligated to refund any money received.

However, experts note that the situation has now changed. Well, we are dealing with another wave of pandemics, so the support provided so far may turn out to be insufficient and may force individual enterprises to close their activities. Therefore, it is reasonable to take actions adequate to the changing circumstances.

Source: <https://edgp.gazetaprawna.pl/e-wydanie/57629,27-pazdziernika-2020/71801,Gazeta-Prawna/739377,Tarcza-z-odpryskiem.html>

13. Sfinks Polska in restructuring

Sfinks Polska intends to take advantage of the simplified restructuring procedure introduced by the Anti-Crisis Shield 4.0 in June.

Sfinks Polska, a gastronomic company, has decided to launch activities aimed at opening a simplified restructuring procedure. The reason for making such a decision is the current epidemic situation, which contributes to the generation of increasing losses. Currently, the company is preparing to conclude an agreement with a licensed restructuring advisor and submit an application to Monitor Sądowy i Gospodarczy.

As part of the planned procedure, the company intends to enter into an arrangement with creditors.

Source: <https://www.money.pl/gielda/sfinks-polska-chce-otworzyc-postepowanie-restrukturyzacyjne-w-ramach-tarczy-4-0-6569096739715201a.html>

14. Insufficient support for enterprises

The second wave of the coronavirus led to the need for a partial lockdown. For many companies, the current situation may contribute to the termination of a business.

The prime minister offered help for companies that now have a limited ability to operate or cannot operate at all. The above-mentioned assistance is to be valid for: one-time parking, exemption from social security contributions for the month of November and PLN 5,000 non-returnable loan. Entrepreneurs indicate that this is definitely too little support that will only help to postpone the decision to declare bankruptcy.

According to the announcements, the assistance provided for mitigating the effects of the autumn wave of coronavirus is to take a different form than that provided under previous assistance programs. Currently, support is provided for the industries most affected by the consequences of the current situation.

Source: <https://edgp.gazetaprawna.pl/e-wydanie/57631,28-pazdziernika-2020/71816,Dziennik-Gazeta-Prawna/739508,Kroplowka-ratujaca-zycie-czy-przedluzanie-agonii.html>

15. **Braster restructuring**

Braster is a telemedicine company whose core business is the production of a mobile device for the prevention of breast cancer.

In the spring of 2020, the company filed to the court for the opening of accelerated arrangement proceedings and for bankruptcy, and now presented a restructuring plan assuming that part of the debt will be repaid in installments and part will be returned to creditors in shares.

The president of the company announces that he will take steps to increase sales of devices.

Source: M. Bartodziej, *Braster ma plan na restrukturyzacje*, Puls Biznesu 20 października 2020 r.

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