

## News from the Polish Market

June 2022

### 1. Companies on the sanction list go bankrupt

**Entrepreneurs who are fighting to be removed from the sanctioned list are beginning to be on the verge of bankruptcy. Sulzer is liquidating Polish companies. Maga Foods and Medmix are still fighting for survival.**

A month has already passed since the sanction list was published by the Ministry of Internal Affairs and Administration (MSWiA). To date, the company Maga Foods, which produces vegetable salads and was placed on the list despite having no links to Russian capital, has not been removed from it. The company's situation is increasingly dire. Recently, it had to dispose of 500 tons of spoiled raw material and finished products. Their value is about 1.5 million zlotys. It will also have to pay for cleaning and disinfecting the premises. Its employees started to submit their dismissals. The customers of its salads are also losing patience. The company's situation also affects its suppliers. Maga Foods is still counting on MSWiA to remove it from the list.

Polish companies belonging to the Swiss group Sulzer and the company Medmix Polska from Wrocław do not have any hope for that. The president of the latter company says that the decision to continue investing in Poland depends on whether the MSWiA grants the company's request to be removed from the list. The owners of the Sulzer concern have decided to liquidate their Polish companies. Almost 200 people will lose their jobs.

Source: [https://www.pb.pl/czarne-zniwo-czarnej-listy-mswia-1151402?fbclid=IwAR3YV9pC0VdacA3RaV0uEn6Y87QvtqElmJt\\_BBZtO01diulbLrjq-qnio11](https://www.pb.pl/czarne-zniwo-czarnej-listy-mswia-1151402?fbclid=IwAR3YV9pC0VdacA3RaV0uEn6Y87QvtqElmJt_BBZtO01diulbLrjq-qnio11)

### 2. TXM filed for bankruptcy

**TXM's bankruptcy petition went to court on the last day of April. The company is a victim of the pandemic.**

The liquidity and financial performance of TXM has been severely affected by the coronavirus pandemic. Despite this, the company has not received any government support.

TXM owns a chain of discount stores operating under the names TXM and Textilmarket. As of the end of December 2021, the company had 204 stores in Poland with a total area of 46.9 thousand square meters. It also operates an online store. Last year, its operating loss amounted to PLN 15.3 million. A year earlier it was PLN 22.3 million.

Source: <https://www.bankier.pl/wiadomosc/Zarad-TXM-zlozyl-wniosek-o-upadlosc-spolki-opis-8329375.html>

### 3. Construction companies at risk of bankruptcy

**Local government investments and tenders have come to a standstill. The collapse is caused by jumps in prices, which affected local governments' budgets.**

The MPs of the Civic Coalition emphasise that this situation will affect entrepreneurs who carry out local government investments. These are mainly companies from the construction sector - roads and buildings. At the same time, not only the already implemented investment contracts are at risk. Those planned for the following years are also a problem.

Development of many companies is hampered by rapid increase of building materials prices. As a result, they are threatened with bankruptcy. Especially that a large part of materials have been imported from Ukraine, Russia and Belarus. Their lower availability additionally fuels the

increase in prices. The situation of construction companies is aggravated by rising fuel and electricity prices.

That is why it is necessary to introduce solutions that will prevent bankruptcies in the construction sector and guarantee the realization of investments by local governments. The KO's propose valorization of subsidies that were given to local governments as a promise within the framework of the Government Fund for Strategic Investments, the so-called Polish Order. They also want to extend the time for task implementation and introduce other payment options.

Source: <https://www.bankier.pl/wiadomosc/Poslowie-KO-ostzegaja-samorzady-maja-zapasc-w-inwestycjach-a-firmom-budowlanym-grozi-bankructwo-8313092.html>

#### 4. Orsay closes its operations in Poland

**The clothing chain is insolvent. By the end of June it will close all stores in our country.**

In Poland there are about 145 stores of this brand. Stationary outlets are located in Warsaw, Wrocław, Kraków, Częstochowa, Poznań, Łódź and Rzeszów. Shopping in Orsay can also be done through the Internet.

It is a German company that entered the market in 1975. Today it has its salons in 24 countries in the world. They operate in Austria, the Czech Republic, Slovenia and Hungary. The first Orsay store in Poland was opened in 1997 in Czeladź.

Source: <https://www.bankier.pl/wiadomosc/Popularna-siec-odziezowa-Orsay-wycofuje-sie-z-Polski-8332820.html>

#### 5. The number of bankruptcies fell

**In the first quarter of this year, the number of new business registrations increased by 10.3 percent, while bankruptcies fell by 30 percent.**

This is according to the Central Statistical Office (GUS). The largest number of new companies appeared in information and communication (30.5 percent), accommodation and catering (15.6 percent), construction (10.5 percent), services (9.4 percent) and industry (6.9 percent). In contrast, new registrations in trade and motor vehicle repair fell.

A total of 88 companies went bankrupt in the first quarter. The number of bankruptcies fell in trade, repair of motor vehicles, services, industry and accommodation and catering. More bankruptcies were reported in information and communication, transport and warehouse management.

Source: <https://businessinsider.com.pl/firmy/rosnie-liczba-nowych-firm-upadlosci-mniej-o-30-proc/p6kbevm>

#### 6. Go Sport has filed for bankruptcy

**The sporting goods store chain filed for bankruptcy. The company is the first victim of the Interior Ministry's sanctions.**

The company was included in the sanctions list announced on April 26 because it is indirectly controlled by Russians. They are brothers Nikolai and Vladimir Fartushniakov and Dmitry Dojchen. In Poland, Go Sport operated a chain of 25 sports accessory stores and online sales.

After the sanctions were imposed, all of Go Sport's money was frozen. The company could not pay its obligations. Contractors began to terminate its contracts. Netia, for example, suspended its services, so that Go Sport was cut off from e-mail and the Internet. The owners of premises,

where the company runs its stores, also terminated their contracts. Electricity companies announced power cuts, and PGNiG cut off gas.

All this forced the company to file for bankruptcy. Now it is not known whether an investor will be able to buy Go Sport's shares. The company was put up for sale right after the outbreak of war in Ukraine. British company Sports Direct was interested in its purchase. UOKiK gave its consent to the concentration.

Source: <https://www.pb.pl/go-sport-pierwsza-ofiara-sankcji-mswia-1150129>

## 7. The photovoltaic industry is struggling

**Companies in the photovoltaic industry face many challenges. More and more external factors are making their business difficult.**

The renewable energy sector has suffered from less favorable subsidies and a new way of billing prosumers. As a result, demand from residential customers has collapsed since April. However, changes in the law are not the only problem negatively affecting the results of Polish photovoltaic companies. They also have to cope with high inflation, which results in higher costs. The companies have been put under a lot of cost pressure. The war in Ukraine is also not favourable for photovoltaics. It makes it difficult to obtain any goods from Ukraine and Russia. Moreover, the war has increased investors' risk aversion.

Already in the past year, shares of photovoltaic companies were heavily discounted. The price per share of Columbus Energy fell by 70 percent, Stilo Energy by 81 percent, and ML System by 46 percent. This year it is even worse. Columbus recorded a loss of 4 million zł in the first quarter. Stilo Energy also has problems, its board decided to review strategic options. There are no results of ML System yet.

Source: [https://www.pb.pl/pietrza-sie-problemy-gieldowej-fotowoltaiki-1151046?fbclid=IwAR32tSHQz\\_h8On36EQ4pHmhOCiy9DodoQm30U5R1rwU7Bm3WpunjaInR9Mo](https://www.pb.pl/pietrza-sie-problemy-gieldowej-fotowoltaiki-1151046?fbclid=IwAR32tSHQz_h8On36EQ4pHmhOCiy9DodoQm30U5R1rwU7Bm3WpunjaInR9Mo)

## 8. Carrefour Polska has a new owner

**The Polish branch of Carrefour in our country is to be taken over by Mid Europa Partners fund. It is a shareholder in Allegro and the Romanian retail chain Profi.**

Carrefour in Poland was put up for sale a year ago. The French magazine "Challenges" informed about it. Carrefour wanted to get rid of two local branches - in Poland and Taiwan. The search for a buyer was commissioned to KMPG consulting company.

At the end of 2021, there were 955 Carrefour stores in our country (91 hypermarkets, 151 supermarkets, 704 convenience stores and 9 discount stores.), and 935 in the first quarter. Sales amounted to more than 20 billion euros, 9 percent more than a year ago.

Carrefour has recently exited the Slovakian market. The Italian division, on the other hand, is struggling for profitability. Carrefour intends to close 106 of its stores in that country. In Belgium, the main master franchisee has withdrawn from cooperation with Carrefour.

Source: <https://www.dlahandlu.pl/detal-hurt/wiadomosci/transakcja-sprzedazy-carrefour-polska-co-wiemy,108448.html>

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