



Decision CPC: 82/2021

Case Number: 08.05.001.021.066

THE CONTROL OF CONCENTRATIONS BETWEEN ENTERPRISES LAW

No. 83(I)/2014

**Notification of concentration concerning the acquisition of the share capital of the
Clearcode Services S.A. by KKCG Technologies s.r.o via Aricoma Group AB**

Commission for the Protection of Competition:

Mrs. Loukia Christodoulou	Chairperson
Mr. Andreas Karidis,	Member
Mr. Panayiotis Oustas,	Member
Mr. Aristos Aristidou Palouzas,	Member
Mr. Polinikis Panayiotis Charalambides	Member

Date of decision: 13 December 2021

SUMMARY OF DECISION

On the 12th of December 2021 the Commission for the Protection of Competition (hereinafter the "Commission") received on behalf of KKCG Technologies s.r.o. (hereinafter the «KKCG») a notification of a proposed concentration. The notification was filed according to Section 10 of the Control of Concentrations between Enterprises Law 83(I)/14 (hereinafter the "Law").

The notification concerns a concentration, according to which KKCG intends to acquire share capital of Clearcode Services S.A. (hereinafter the "Target" or "Clearcode") via Aricoma Group AB a newly established special purpose company.

Companies participating at this merger are the following:

1. Aricoma Group AB (hereinafter the "Aricoma"), is a company duly registered under the laws of Sweden and is part of the Group of the same name. The Aricoma Group, including Aricoma Group AB, is solely controlled by KKCG Technologies s.r.o. which in turn is controlled by KKCG AG.

Aricoma Group companies provide various IT services, such as information and communication technology infrastructure and systems and Cloud, information systems implementation, software development as well as infrastructure and technology systems security services.

2. KKCG Technologies s.r.o., is a limited liability company duly registered under Czech law. Company belongs to the KKCG Group and is active in the field of information technology. Specifically and according to notification data, the KKCG Group invests in four main business sectors: (i) in the wider entertainment sector (through SAZKA Group a.s); (ii) in the oil and gas sector; (iii) in the and (iv) in the field of information technology.
3. Target Company, Clearcode Services S.A. (hereinafter the "Clearcode"), which is a duly registered company under the laws of Poland, is active in software development sector (software developer) and specializes in the construction of custom analytics platforms and SaaS business quality platforms (i.e., "Software as a Service ») in the fields of advertising and marketing.

The concentration is based on the "Summary of Terms" document (hereinafter the "Terms") dated October 8, 2021, which sets out the main terms and conditions regarding the acquisition of the share capital of the Target Company. On this basis, the participants agreed to enter into formal purchase agreements, for the purposes of completing and implementing the proposed transaction.

According to what is provided in the Terms, the purchase will concern at least 98% of the share capital of the Target Company from its existing shareholders (hereinafter the "Sellers"), but with the ultimate goal of acquiring its total (100%). As specified, the newly established company (Aricoma Group AB) will acquire at least 98% of the shares of the Target Company, while the Sellers will make every effort to persuade the other shareholders to sell their shares. If this is not possible, the newly formed company will exercise the right to squeeze out in order to become the sole shareholder of the Target Company.

According to the notification data, KKCG will exercise the right in relation to the remaining 2% of Clearcode as soon as the Commission approves the notified concentration, since the purpose is to consolidate the shareholding structure of the Purchaser which, in any case, will acquire sole control of Clearcode based on its initial 98% stake.

The Commission, taking into account the facts of the concentration, has concluded that this transaction constitutes a concentration within the meaning of section 6 (1)(a)(ii) of the Law, since it leads to a permanent change of control of target by KKCG via Aricoma.

In accordance with the above findings, the Commission proceeded to assess the compatibility of the concentration in question with the operation of competition in the market, in accordance with the procedure for determining the compatibility of a concentration under the compatibility criteria, as defined in Articles 20 and 21 of the Law, for the significant obstruction of competition in the Republic of Cyprus or in a significant part of it, in particular as a result of the creation or strengthening of a dominant position and taking into account the individual criteria set out in Article 19 of the said Law.

The Commission has concluded that the relevant product / service market in the present merger operation is the software programming / development market, noting that any further segregation does not differentiate the outcome of the merger assessment.

The Commission also concluded that the territory of the Republic of Cyprus is the geographical market for the relevant product / service market in question.

Based on the above, the Commission has concluded that the relevant product market in this concentration is the soy-based proteins. Any further separation does not differentiate the outcome of the merger assessment.

The geographic market for the relevant markets for products is the territory of the Republic of Cyprus.

According to the notification data, companies of the KKCG Group which performed turnover with Cyprus in 2020 do not include activities related to the relevant programming / software development market. It is noted that despite the fact that the KKCG Group is active in the field of information technology and software development market, however, as submitted by the participants, these activities are not carried out within Cyprus.

In 2020, Target's turnover generated within Cyprus was mainly from its activity in the relevant market and specifically from the provision of refactoring services of components for the digital signal processing system (Digital signal processing (DPS) system).

As stated in the notification, there is no horizontal overlap or vertical relation between the activities of the participants in the concentration, in Cyprus.

In addition, the Commission concluded that there are no other markets where the notified concentration is likely to have a significant impact, under the provisions of the Law.

Taking into account the above, the Commission concludes that in this concentration no affected market is created based on Annex I of the Law. In addition, there are no other markets in which the notified concentration may have a significant effect.

The Commission, on the basis of the factual and legal circumstances, unanimously decided that this concentration does not create or strengthen a dominant position as there is no affected market and therefore the concentration does not raise serious doubts as to its compatibility with the operation of the competition in the market.

Therefore, the Commission, acting in accordance with section 22 of the Law, unanimously decided not to oppose the notified concentration and declare it as being compatible with the operation of the competition in the market.

Loukia Christodoulou

Chairperson of the Commission for the Protection of Competition