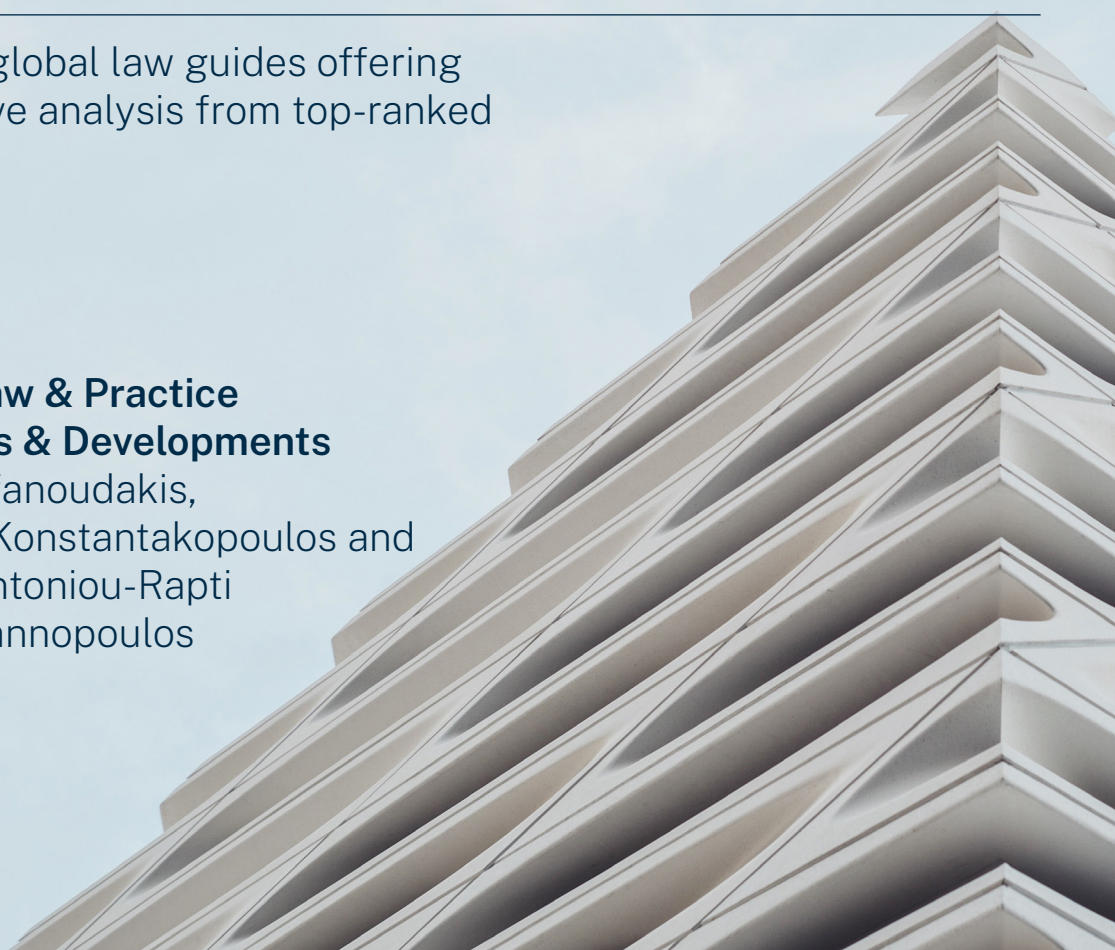

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Technology M&A 2025

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**Greece: Law & Practice
and Trends & Developments**

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GREECE



Law and Practice

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GREECE LAW AND PRACTICE

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ultimately attested to by its rankings, the profile of its client base, and its network of affiliations and best-friend law firms around the world. Established in 1893, Zepos & Yannopoulos knows that change – whether in the legal or economic environment – is inherent in the firm's jurisdiction; the team is accustomed to implementing untested legislation, structuring innovative solutions, and putting bold legal argumentation to the service of clients.

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Z E P O S & Y A N N O P O U L O S

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1. Market Trends

1.1 Technology M&A Market

The rise of numerous new technologies has been at the forefront of developments in the Greek market, including as a key factor behind the increase in M&A transactions concerning technology companies. In line with global trends, the technology M&A market in Greece was characterised by a relative downturn in 2023. This was primarily attributed to factors such as macroeconomic events, inflation and high interest rates, while valuation gaps between sellers and buyers were stalling more than a few M&A workstreams.

Nevertheless, the early optimistic predictions for 2024 appear to have been fulfilled and the Greek technology M&A market has been witnessing a significant uptick in deal volume and value, with TMT transactions leading the deal flow pace for another year and AI opportunities being on the radar of strategic M&A players.

The market sentiment for the period ahead remains quite bullish and solidly based on the country's ongoing economic stability, which led to Greece's return to investment grade after 13 years. M&A activity has already benefited from these developments and is expected to continue to do so.

1.2 Key Trends

Technology and innovation have become key drivers of M&A activity in Greece in recent years. The transition to digitised business models – especially following the COVID-19 pandemic, the rapidly developing innovative tools accelerating M&A workstreams, and the increased pool of deal opportunities (whether as regards start-ups or global tech powerhouses) – are just some of the manifestations of this continuing trend. The Greek State keeps passing legislation and

incentives to promote investments in start-ups and more “traditional” technology companies, as well as R&D and innovation in general. Newly introduced Greek Law 5162/2024 aims to further enhance the existing tax incentives for angel investors investing in Greek start-ups and Greek venture capital funds as well, while also introducing a new “start-up visa”.

Local venture capital and private equity funds are also making their presence felt in the Greek technology market, with investments ranging from fintech and software as a service (SaaS) to cybersecurity and medtech. In the same context, institutional investors are becoming increasingly sophisticated and are constantly on the lookout for opportunities for potential synergies with their existing portfolio companies.

2. Establishing a New Company, Early-Stage Financing and Venture Capital Financing of a New Technology Company

2.1 Establishing a New Company

The Greek start-up ecosystem has transcended the boundaries of the country in recent years, with Greek-founded start-up companies being incorporated in various countries with a view to gaining better access to capital and strategic insights. However, the pool of Greek-based start-up companies has also seen a significant increase in recent years, as the country is steadily becoming a more attractive and investor-friendly destination. Greece is making its case as an emerging innovation hub and entrepreneurs are now keener to start their companies in a jurisdiction that is rebuilding its kit of tools and incentives to promote tech and innovation.

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Simplicity in incorporating a new company is also a step in this direction. Greek Law 4919/2022, as amended by Law 5122/2024 and currently in force, governs the “one-stop shop” (OSS) process for establishing any legal entities. Specifically, one can opt for a simplified OSS or electronic OSS (e-OSS) process. Private companies, which are the preferred start-up option (for further details, see **2.2 Type of Entity**), are incorporated only electronically by the founder(s) or any authorised person through the e-OSS procedure using the model articles of association.

The establishment process usually takes three to five business days for OSS or one business day for e-OSS.

2.2 Type of Entity

The most common forms available for start-ups under Greek corporate law are the private company (*idiotiki kefalaiouhiki eteria*) and the *société anonyme*/corporation (*anonymi eteria*). Out of the two, the private company is the go-to option for most start-ups, as it offers flexibility, cost-efficiency and does not require a minimum initial capital (capital in private companies is split in company parts). It also allows for different types of contributions – namely, capital contributions, non-capital contributions (eg, by the founders through the provision of services to the company) and guarantee contributions.

On the other hand, the *société anonyme* is in general considered more appropriate for larger enterprises and has a minimum share capital requirement of EUR25,000 that must be paid in cash or in kind. Within two months of establishing a *société anonyme*, the board of directors must certify that payment of the initial share capital payment has been made. Partial payment is not allowed for contributions in kind and for

listed companies. *Sociétés anonymes* may be privately held or publicly traded.

Other types of corporate forms, such as partnerships and sole entrepreneurs, are not common in the Greek start-up ecosystem.

2.3 Early-Stage Financing

Early-stage financing for Greek start-ups typically ranges from friends and family to state subsidies and, more recently, to family offices or a combination of these. A significant increase in angel investor activity has also been witnessed during the past few years.

Venture capitalists tend to lead seed-funding rounds; this refers to both domestic and international funds, which are usually involved at a more mature financing stage (Series A onwards). On the other hand, crowdfunding has been less popular with Greek entrepreneurs, who seem to be more sceptical about the use of such platforms.

Depending on the type of financing, the nature of the investors and their relationship with the start-up, an investment or equivalent agreement could be put in place. Such agreement may also include certain provisions resembling features of a shareholders’ agreement, such as specific corporate decisions requiring the prior consent of the investor or investor majority, as well as corporate governance matters and increased information rights.

2.4 Venture Capital

Venture capital in Greece is typically provided by venture capital funds, both domestic and foreign, and has now become easily accessible to Greek start-ups. During the past five to six years, the country managed to establish a solid start-up funding infrastructure. EquiFund and JERE-

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Mle, stood behind the first Greek venture capital funds, leading to numerous considerable funding rounds and exits, while also nurturing the first Greek unicorns (eg, Viva Wallet). The EquiFund era is now over, but its impact on the country's funding ecosystem remains clear to notice. The torch has now been passed to the Hellenic Development Bank of Investments, which is fully embracing the role of the main Greek sovereign anchor investor and is expanding its fund portfolio, which currently comprises 29 venture capital/private equity funds, with the number being expected to increase in early 2025.

International venture capital firms have been also very active in the Greek market (mostly in more mature financing rounds). Such venture capital firms primarily originate from the Balkan region, as well as other European countries with robust venture capital cultures.

2.5 Venture Capital Documentation

In Greece, there is currently no industry body that develops standards for venture capital documentation akin to the British Private Equity and Venture Capital Association (BVCA) in the UK. Nevertheless, the majority of venture capital transactions involving Greek start-ups are concluded on the basis of documentation following a similar pattern. In addition, some of the Greek venture capital funds previously supported by EquiFund (for further details, see 2.4 **Venture Capital**) have developed their own template documentation, which is publicly available and can be used as a reference.

2.6 Change of Corporate Form or Migration

Most start-ups are incorporated in the form of private companies. At later stages of the companies' life cycle, founders frequently contemplate transforming their companies into *sociétés*

anonymes. This is often also mandated by institutional investors and their investment horizon as regards the respective companies.

The *société anonyme* constitutes the most appropriate vehicle available in most regulatory frameworks, public procurement procedures and investment incentives laws (subject to certain capital adjustments, as the case may be). It is the only vehicle that offers the option of being listed on a stock exchange and allows companies to receive financing through the issuance of bond loans (which is followed by a favourable tax treatment).

A change of jurisdiction is not very common for Greek start-ups; however, depending on the specific needs and targets set by founders together with any existing investors, the creation of holding entities abroad may be contemplated for tax optimisation purposes. The establishment of branches in other jurisdictions is also frequently used for the development of activities and co-operation with foreign partners.

3. Initial Public Offering (IPO) as a Liquidity Event

3.1 IPO v Sale

The exit environment for Greek start-ups has been quite dynamic recently, with private sales being the preferred exit route in most cases. IPOs are deemed suitable for more mature companies and are expected to become more common, as the Greek market evolves as well. On the other hand, dual-track processes are fairly uncommon – although sophisticated investors could explore such an option in the pursuit of maximum flexibility.

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3.2 Choice of Listing

In general, Greek companies opting for a listing usually choose the Athens Stock Exchange, rather than a foreign exchange. A combination of both options is also feasible, but is inevitably more complex to attain.

Listing of start-ups has not been a common theme in the Greek market up until now. Nevertheless, the country's increasing financial stability together with recent innovation programmes put in place by the Athens Stock Exchange could potentially lead to more listings in the foreseeable future, particularly on EN.A (*enallaktiki agora*) – an alternative market of the Athens Stock Exchange, aimed at SMEs and early-stage business development companies.

3.3 Impact of the Choice of Listing on Future M&A Transactions

Listing of a company on a foreign exchange should not be expected to have an impact on the feasibility of a future sale, other than having to comply with any specific regulations of that stock exchange and navigating any complexities arising from coping with multiple jurisdictions.

4. Sale as a Liquidity Event (Sale of a Privately Held Venture Capital-Financed Company)

4.1 Liquidity Event: Sale Process

In the case of a liquidity event in the form of a sale of the company, the sale process can be conducted either through bilateral negotiations with an identified buyer or as an auction. In Greece, bilateral processes are typically the norm but, depending on the type of entity to be sold and the interest that key stakeholders may wish to attract, there have also been several auctions – particularly as regards business sectors/

segments that have been put up for sale, as vendors are increasingly keen to consolidate business activities. However, auctions are not suitable for all companies, as they involve extended timelines (compared to a bilateral negotiation) and additional costs.

4.2 Liquidity Event: Transaction Structure

A sale of a privately held Greek technology company with multiple venture capital investors is usually structured as a sale of the entire share capital of such company. Less frequently, there have been “staggered” deal structures, whereby a majority stake is sold at first followed by a combination of call/put options for the remainder of the shares (owned by founders and/or venture capitals). These structures are often linked with earn-outs for the founders, as a way of incentivising them as long as they keep running the company.

Venture capital investors opt to safeguard their exit rights in case of liquidity events by means of co-sale rights. These include tag-along rights or – depending on the investors' negotiating power and the amounts invested in the company – even drag-along rights (which, in cases of multiple venture capital funds, are usually triggered by the decision of an investor majority).

4.3 Liquidity Event: Form of Consideration

The majority of transactions in Greece in the form of a sale of the entire company are performed on the basis of cash consideration, whereas stock-for-stock transactions are very scarce. Deals involving tech companies usually include a combination of cash and stock consideration, either upfront or as part of a Management Incentive Plan (MIP), depending on the particularities of each deal and the strategic plans for the acquired entity (eg, whether it will continue

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as a standalone business or be absorbed by the acquiring group).

The stock component of the consideration is heavily negotiated by the founders, who are the main recipients of such stock together with any other key executives or employees. On the other hand, venture capitalists are generally less keen to acquire stock as part of a secondary sale.

4.4 Liquidity Event: Certain Transaction Terms

In a sale of a company, all selling shareholders – including founders and venture capital investors – are requested to provide representations and warranties regarding title to shares and non-encumbrance thereof, as well as capacity to enter into the respective transactional documentation. The remaining so-called business warranties are then expected to be provided by the founders and/or any other key selling stakeholder involved in the company’s management/operation.

The extent of the business warranties – as well as any specific indemnities addressing “red flags” identified during the buyer’s due diligence – are the focal point of negotiation between the two sides, along with any limitations of liability of the parties standing behind the warranties for potential breaches thereof. By way of example, tax matters are frequently addressed through an indemnity (especially as regards companies with many years of operation), given that the Greek tax regime is quite complex and the potential exposure may be significant.

Mechanics for gradual release of the purchase price, such as an escrow/holdback, are also frequently used as a means of risk allocation between the parties. Right before the COVID-19 outbreak, an upsurge in warranty and indemnity

(W&I) insurance policies was also noticed. After a relative downturn, we are now seeing contracting parties opting for W&I insurance more frequently – although these are usually in cases of larger transactions, provided the agreed transaction timeline permits it.

5. Spin-Offs

5.1 Trends: Spin-Offs

There is a clear trend towards consolidation of business activities and Greek companies are now focusing on their core operations. This, in turn, has led to more spin-offs, particularly in the case of larger corporate groups with multiple operations.

Spin-offs are now being utilised as a means of unlocking value, as well as attracting investor interest, and there have been quite a few M&A transactions in the past couple of years (especially auctions) in which the spin-off of a non-core business was either performed at a preliminary stage of the transaction (or even at the structuring phase) or designated as a condition precedent for the completion of the transaction.

5.2 Tax Consequences

Structuring a spin-off as a tax-free transaction is feasible in Greece. Greek tax legislation provides various regimes for implementing a tax-neutral spin-off in compliance with the respective tax incentives laws, such as Legislative Decree 1297/1972, Greek Law 2166/1993 and Greek Law 4172/2013 (the “Greek Income Tax Code”).

5.3 Spin-Off Followed by a Business Combination

Spin-offs followed by business combinations are possible and rather frequent in the Greek market, whether as part of a multi-tiered corporate

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restructuring or in the context of M&A transactions. Depending on the type of business combination, the parties need to be mindful of and comply with any applicable law requirements, such as the provisions of Greek Law 4601/2019 on corporate transformations.

5.4 Timing and Tax Authority Ruling

A typical timeframe for the completion of a spin-off would be three to four months, including a statutory 30-day “cool-off” period for the protection of creditors of the company proceeding with such spin-off.

There is no requirement to obtain a ruling from a tax authority. To the extent that any tax incentives law has been applied, the proper application thereof and compliance with any related requirements may be checked by local tax authorities as part of a future tax audit.

6. Acquisitions of Public (Exchange-Listed) Technology Companies

6.1 Stakebuilding

It is possible to acquire a stake in a public company in Greece prior to making an offer and there have been many instances in which buyers have utilised this option. In this regard, such acquisitions are sometimes viewed as advantageous in terms of preparatory work that needs to be done, familiarisation with the relevant business and other stakeholders, etc.

Pursuant to Greek Law 3556/2007 (the “Greek Transparency Law”), a reporting obligation to the issuer within three trading days is triggered when any person reaches, exceeds or falls below 5%, 10%, 15%, 20%, 25%, 33.33%, 50% and 66.66% of the total percentage of voting

rights in a public company. The same obligation applies where a person holding more than 10% of the voting rights experiences an increase or a decrease of such percentage equal to or more than 3% of the issuer’s total voting rights. In both of those instances, the calculation of the relevant thresholds shall take into account voting rights held both directly and indirectly. The relevant notification is then submitted to the Hellenic Capital Market Commission (HCMC) as well.

In accordance with Greek Law 3461/2006, any person intending to submit a public bid (whether voluntary or mandatory) has to notify the HCMC and the board of directors of the target company in writing in advance. In public bids, the offeror is required to publish an information memorandum (following approval thereof by the HCMC), which must – inter alia – set out the offeror’s intentions regarding the continuation of the business activities of the offeree company and the offeror’s company, as well as the offeror’s strategic plans for the two companies.

6.2 Mandatory Offer

Greek Law 3461/2006 provides for a mandatory offer threshold where:

- a person acquires, directly or indirectly, itself or in concert with other parties acting on its behalf, shares representing voting rights in excess of a third of the total voting rights in the target company; or
- a person holding more than a third but less than a half of the total voting rights in the target company acquires shares representing more than 3% of the voting rights in the target company within six months.

6.3 Transaction Structures

Acquisition of a public company in Greece may be generally structured in the same manner as in

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that of a private company. A key consideration in this regard is whether the involved parties' intention is for the target company to remain listed or go private.

A tender offer process remains the typical transaction structure for acquisitions of a public company. However, mergers or other types of corporate transformations have been also utilised in certain instances.

6.4 Consideration and Minimum Price

Pursuant to Greek Law 3461/2006, in public takeover bids, the bidder may offer fair and reasonable consideration in cash or securities (whether listed or not on a regulated market) or a combination of both. However, in mandatory bids, the recipients must be offered the discretion to choose cash consideration.

The above-mentioned law sets out certain criteria as to what constitutes fair and reasonable consideration, depending on the type of consideration offered. Additionally, in specific instances when the offeror has acquired shares during the offer period, the offer cannot be on less favourable terms.

6.5 Common Conditions for a Takeover Offer/Tender Offer

Under Greek law, public takeover offers may not include any conditions apart from those regarding regulatory approvals, such as merger clearance and the issuance of any securities offered as consideration in the context of the offer.

6.6 Deal Documentation

Greek Law 3461/2006 sets out the documents that are required by law in the event of a tender offer and the offeror typically sets out the respective terms and conditions in its offer document. A definitive agreement in respect of the

tender offer may be essentially concluded by means of a written declaration of acceptance from the recipients of the offer. Other than that, the conclusion of supporting share purchase agreements (SPAs) may also be opted for and may follow the typical form of an SPA – including an agreed set of representations and warranties, adjusted where necessary to fit the needs of a takeover offer. In certain cases, bidders opt for a simplified SPA version with minimum content.

6.7 Minimum Acceptance Conditions

In general, tender offers are not subject to any acceptance conditions. Voluntary offers, however, may include minimum acceptance conditions. In this context, bidders typically aim at obtaining control of the company for which a tender offer is submitted. This essentially means that more than 50% of the voting rights in the target company will be required, so the respective minimum condition threshold could be set accordingly (taking into account any stake the offeror already holds in the company). However, under Greek corporate law certain resolutions of a company's general meeting require an increased majority of 67%, so increasing the targeted stake at such level may be preferable for prospective bidders.

Tender offers without a minimum acceptance condition are also not uncommon in the Greek market.

6.8 Squeeze-Out Mechanisms

An offeror that, following a tender offer addressed to all shareholders of a Greek listed company for the entirety of their shares, holds at least 90% of the voting rights in such company has the right to squeeze-out the remaining minority shareholders of the company. The squeeze-out right may be exercised within three months of the lapse of the tender offer acceptance period, on condition

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that a relevant clause has been included in the information memorandum for the tender offer. The consideration must be in the same form and at least equal to the consideration of the tender offer but, in any case, the alternative of cash consideration needs to be available at the discretion of the recipients.

A sell-out right is also provided by law within the same time limits in favour of minority shareholders that remain in the target company where an offeror acquires more than 90% of the voting rights.

6.9 Requirement to Have Certain Funds/ Financing to Launch a Takeover Offer

Where the consideration of a takeover offer is in the form of cash, the offeror must provide a confirmation by a Greek or EU credit institution that the offeror possesses the funds for the full payment of the amount that may potentially be paid in the context of the takeover offer. Where the consideration of the offer is in the form of securities, the offeror must provide a confirmation by a Greek or EU investment firm or credit institution that the offeror possesses the securities offered as consideration or that – as the case may be – it has taken all appropriate measures to ensure that the consideration will be paid.

6.10 Types of Deal Protection Measures

Deal protection measures, such as break-up fees, are not common in Greece. There have been a few transactions where such measures have been agreed between the parties, but the sample size is too small to fully assess their enforceability. General principles of Greek law, such as limitations regarding abusive exercise of rights, may also play a part in limiting the enforceability of such clauses.

A voluntary tender offer can be withdrawn where a competing offer is submitted to the HCMC or following prior approval of the HCMC in exceptional cases – not attributed to actions of the offeror itself – that render the continuation of the offer overly burdensome for the offeror.

6.11 Additional Governance Rights

A bidder may obtain effective control over a target by acquiring a shareholding stake of more than 50%. Furthermore, as noted in **6.7 Minimum Acceptance Conditions**, a stake of at least 67% will also capture any matters requiring increased majority at the level of the company's general meeting – thus ensuring an adequate level of control over the company's operations even with a stake below 100%.

6.12 Irrevocable Commitments

As mentioned in **6.7 Minimum Acceptance Conditions**, irrevocable commitments by principal shareholders may be sought, as an additional means of supporting the transaction and increasing “deal certainty”. Depending on the parties' negotiating power, such commitments may or may not provide for an “out” in case a better offer is made.

6.13 Securities Regulator's or Stock Exchange Process

A person intending to submit a takeover offer (whether voluntary or mandatory) has to provide prior notification in writing to the HCMC. Prior to such notification, no announcement to the public may be made. On the next business day following such notification, the offeror has to announce the takeover offer on its website and in the daily bulletin announcements of the Athens Stock Exchange. The offeror is also required to publish an information memorandum including sufficient information – as provided by appli-

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cable law – that will enable the recipients to form an opinion on the offer.

6.14 Timing of the Takeover Offer

The takeover offer acceptance period commences from the publication of the relevant information memorandum and cannot be shorter than four weeks or longer than eight weeks. The HCMC may extend the period by a maximum of two weeks, at the request of the offeror.

Any required regulatory approvals are typically obtained within the above-mentioned timeframes.

7. Overview of Regulatory Requirements

7.1 Regulations Applicable to a Technology Company

Setting up a new company in Greece is now a rather quick and straightforward process – with the exception of companies engaging in specific regulated activities (eg, financial or insurance services), which may be subject to prior approval/licensing by the competent regulatory bodies, such as:

- the Bank of Greece, as regards financial and credit institutions and insurance companies;
- the HCMC, as regards investment firms and any other entities supervised by it;
- the Hellenic Gaming Commission; and
- the Hellenic Telecommunications and Post Commission (EETT).

Companies in the technology sector are also subject to the horizontal provisions of Regulation (EU) 2016/679 (the “General Data Protection Regulation”) (GDPR) and Greek Law 4624/2019, which supplements the GDPR. The competent

supervisory authority monitoring compliance with the GDPR and Greek Law 4624/2019 is the Hellenic Data Protection Authority.

Buyers should examine the target’s compliance with industry-specific vertical legislation. By way of example, operators of essential services (OESs) (eg, companies in the digital infrastructure sector, such as Internet Exchange Points) and digital service providers (DSPs) (cloud service providers, online marketplaces and search engines) are subject to a set of network and information systems security requirements introduced by Greek Law 5160/2024, which transposed into the Greek legal framework Directive (EU) 2022/2555 on measures for high common level of cybersecurity across the Union (the “NIS2 Directive”).

The National Cybersecurity Authority (established under Greek Law 5086/2024) is designated as the Computer Security Incident Response Team (CSIRT) and is competent to supervise and monitor the application of Greek Law 5160/2024.

In addition, Greek Law 4961/2022 on emerging information and communication technologies and strengthening of digital governance provides for further obligations applicable to DSPs and OESs, including cybersecurity measures for the development, importation, distribution and use of internet of things (IoT) technology devices. Moreover, specific rules apply to providers of public communication networks or publicly available electronic communication services, which for certain services need to operate under a general authorisation regime. The competent authority in this regard is the EETT. Additionally, newly introduced Greek Law 5099/2024, which supplements the EU Regulation 2065/2022 (the “Digital Services Act”), gave EETT the authority to set up and operate a Registry of Intermediary

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Service Providers. Providers of intermediary services, including mere conduit services, caching services, online search engines and hosting services, have the obligation to register with EETT's relevant e-Registry (existing providers had to do so by 22 October 2024).

Furthermore, as the EU AI Act will gradually enter into force, technology companies who act as providers of AI systems (ie, develop or place AI systems into the European market) or as importers or distributors of AI systems (ie, import or distribute AI systems within the EU) – or even companies who use AI systems within the EU – should carefully assess their AI systems to determine the applicable risk category and implement the necessary measures to comply with the EU AI Act. In terms of regulatory framework, permits and approvals are not provided for; however, in the case of high-risk AI systems, there are requirements for conformity assessments, registration in the EU database, and post-market monitoring. On 12 November 2024, the Ministry of Digital Governance announced that the national authorities and bodies responsible for enforcing or supervising compliance with the obligations under the EU AI Act include the Hellenic Data Protection Authority, the Ombudsman, the Authority for Communication Security and Privacy, and the Commission for Human Rights. Additional powers will be added to the afore-mentioned bodies, such as access to any documentation created or maintained by organisations for compliance with the EU AI Act, which will come into effect on 2 August 2026.

7.2 Primary Securities Market Regulators

There is no designated securities market regulator for M&A transactions in Greece. Depending on the type of the transaction and the companies involved (whether they are listed or not, whether

they engage in any regulated activities, etc), a number of local regulators could come into play:

- the HCMC and the Athens Stock Exchange with regard to listed entities;
- the Hellenic Competition Commission (HCC), which is entrusted with monitoring and promoting competition in the Greek market, as well as reviewing M&A transactions that meet the jurisdictional thresholds set out in Greek Law 3959/2011 (the “Greek Competition Act”); and
- any of the other regulatory bodies referred to under **7.1 Regulations Applicable to a Technology Company**.

7.3 Restrictions on Foreign Investments

In principle, most restrictions on foreign investments in Greece have been abolished, as the country is constantly aiming at becoming an attractive investor destination. Nevertheless, certain investment restrictions continue to apply, including the following.

- Non-EU/European Free Trade Association (EFTA) natural or legal persons may not proceed with any transaction without a prior approval from the competent decentralised administration office, in which a contractual right or a right in rem is granted in their favour, or unless such persons acquire shares of companies (irrespective of the companies' legal forms) that own real estate property located in specific border regions of the country set out in Greek Law 1892/1990.
- Legislative Decree 210/1973 provides for special approval of contracts for the transfer to foreign (natural or legal) persons or for the use/exploitation of mining rights by such persons.

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It is to be noted that, further to the adoption of the EU Foreign Direct Investment (FDI) Screening Regulation, there has been increased regulation regarding foreign investments in many EU member states. Greece, however, has not yet implemented an FDI screening mechanism.

7.4 National Security Review/Export Control

Except for the restrictions mentioned in 7.3 **Restrictions on Foreign Investments**, there are currently no further national security review/export control regulations applicable in Greece.

7.5 Antitrust Regulations

Takeovers and business combinations (including full-function joint ventures) may be notifiable to the HCC, provided the entities involved meet certain turnover-related thresholds, as set out in the Greek Competition Act. The parties involved are subject to a standstill obligation not to consummate the respective transaction until it has been cleared by the HCC. The statutory framework is almost identical to that of the EU and HCC decisions are usually in line with EU case law and practices.

The statutory merger control thresholds that would trigger a notification obligation to the HCC are stipulated in Article 6 of the Greek Competition Act and are as follows:

- the combined worldwide turnover of all undertakings concerned amounts to at least EUR150 million; and
- each of at least two undertakings concerned has an aggregate Greek turnover exceeding EUR15 million.

The above-mentioned criteria must be cumulatively met.

Under the provisions of the Greek Competition Act, the turnovers of the parties are calculated at a group level (ie, they include turnover of all entities belonging to the same group of companies), and they include all products and services offered by the parties.

Larger transactions may be notifiable to the EC if the respective thresholds set out in Council Regulation No 139/2004 (the EC Merger Regulation) are met.

7.6 Labour Law Regulations

The main labour law considerations concerning M&A transactions in Greece usually revolve around the issue of a transfer of business and the protection of the rights of employees in the context of such transfer. Thus, the most common instances of such issues are identified either in transactions structured as asset deals or in transactions involving some type of corporate transformation (eg, a demerger or a spin-off), given that share deals do not result in a change in the identity of the employer.

A transfer of business within the meaning of the Greek TUPE (Transfer of Undertakings (Protection of Employment)) legislation (Presidential Decree 178/2002) occurs when the transferred economic entity retains its identity, meaning an “organised grouping of resources” (eg, tangible and intangible assets, licences, personnel and customers) that has the objective of pursuing an economic activity— whether that activity is central or ancillary. The tendency of the Greek courts is to interpret the above-mentioned definition in a wide manner and in favour of the employees. Indicatively, the courts base their assessment on the transfer of (tangible and intangible) assets, transfer of personnel, transfer of clientele, continuation by the transferee of the same or similar business activity, etc. Based on the foregoing

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criteria, in the event an acquisition falls within the scope of the Greek TUPE legislation, there will be a transfer of the respective employees to the new employer by operation of law. The acquirer will assume the obligations of the seller towards such employees, while the seller will remain jointly liable with the acquirer for any obligations attributed to the period up until the transfer.

A prior consultation with the affected employees and/or their representatives takes place in due time prior to the transfer, in order to inform them of such transfer and minimise – to the extent possible – any risk of employees challenging the transfer to the new employer.

7.7 Currency Control/Central Bank Approval

Except for AML rules, there is no currency control regulation or requirement for central bank approval regarding M&A transactions.

8. Recent Legal Developments

8.1 Significant Court Decisions or Legal Developments

During the past three years, there has been a number of interesting legal developments surrounding M&A transactions in Greece in general and technology M&A as well. More specifically, these pertain to corporate transformations, merger control and family offices.

Merger Control

The Greek Competition Act has been recently amended and significant changes were introduced to the competition law framework in Greece, including amendments to the merger control rules, particularly the following.

- The HCC has been empowered to impose remedies in “Phase I” clearance decisions, whereas previously it was only empowered to impose remedies in the context of “Phase II” clearance decisions, which often led to prolonged transaction timelines as notified deals were “pushed” towards a “Phase II” scrutiny because an unconditional clearance under “Phase I” would be deemed inappropriate.
- The Minister of Finance and the Minister for Development and Investments may now – by joint decision published after a public consultation – amend the turnover-related thresholds mentioned in **7.5 Antitrust Regulations**, as well as impose ad hoc thresholds for different economic sectors. Such decision must be based on statistics collected by the HCC, following mapping of the relevant markets as well as the competitive conditions therein for the past three years.

The above-mentioned developments have been welcomed as a step in the right direction. However, in turn, this could mean higher scrutiny of transactions meeting the jurisdictional thresholds and lead to extended timelines – especially considering that the local regulator has been very active recently.

Cross-Border Transformations

Recently passed Greek Law 5055/2023 transposed Directive (EU) 2019/2121 on cross-border conversions, mergers and demergers of capital companies into domestic legislation, aiming to compile the regime of cross-border corporate transformations into a single framework through the completion of the existing legislative framework (which, until now, only concerned cross-border mergers) with the addition of provisions concerning cross-border demergers and conversions of capital companies. Moreover, the provisions of the new law on cross-border con-

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version constitute an explicit legal regime for the transfer of the seat of a company to another EU member state, unlike the non-regulated process previously followed – thereby fostering the fundamental principle of freedom of establishment.

Incentives for Investments in Start-Ups

Newly introduced Greek Law 5162/2024 includes significant tax incentives for investments by angel investors in Greek start-ups and Greek venture capital funds, while also aiming to address the need for more clarity on the tax treatment of Greek venture capital funds in the form of a closed-end venture capital mutual fund (*amoivaio kefalaio epicheirimatikon symmetochon kleistou typou*, or AKES) (as regulated by Article 7 of Greek Law 2992/2022) and their unit-holders. The new law also introduces a “new residence by investment” permit for third-country nationals who contribute at least EUR250,000 to the capital of a start-up registered with the National Start-up Registry (NSR) Elevate Greece (through acquisition of shares or subscription for bonds) and also meet certain additional criteria to qualify for and maintain such residence permit.

9. Due Diligence/Data Privacy

9.1 Technology Company Due Diligence

In general, due diligence on public companies is more limited compared to private M&A transactions and is primarily based on publicly available documents. Selling shareholders may also be in a position to share some limited information with the prospective buyers, provided they comply with the stipulations of the EU Market Abuse Regulation and any other confidentiality restrictions imposed on them.

When providing information to bidders in the context of due diligence, public companies should also ensure the protection of their trade secrets and their intellectual and industrial property rights, including on databases, software, patents, and know-how. Appropriate non-disclosure agreements should be in place.

As a rule of thumb, the same level of information should be made available to all bidders.

Greek Law 3461/2006 imposes a neutrality obligation on the company’s board of directors, as of when it is notified of the tender offer and until publication of the result of the offer (or withdrawal thereof). Therefore, the board cannot proceed with any action outside the company’s ordinary course of business that could impede the tender offer – including in the course of any due diligence conducted on the company – unless with the prior authorisation of the general meeting of shareholders.

9.2 Data Privacy

As is often the case, technology companies are data-driven or data-related; therefore, considerations around the protection of personal data are relevant in due diligence exercises.

Sharing, disclosing, exchanging and getting access to documents and information directly or indirectly identifying individuals, in the context and for the needs of a due diligence process, constitutes processing of personal data. In this respect, the buyer and target company act as controllers of personal data and are under the obligation to ensure compliance with the provisions and restrictions of applicable data protection legislation, with the GDPR and with Greek Law 4624/2019. Considering applicable sanctions, compliance with data protection rules should be a priority in a due diligence process,

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especially on the part of the target company. This may effectively entail limiting the extent, volume or nature of information shared with a buyer, as well as with other third parties (including auditors, consultants and virtual data room providers).

Importantly, only personal data that is absolutely necessary should be disclosed by the target company and processed by the buyer (principle of data minimisation). Any sharing and further processing of personal data must be conducted in a manner that ensures an appropriate level of security of the personal data – including protection against unauthorised or unlawful processing and against accidental loss, destruction or damage – by implementing appropriate technical and organisational measures (principles of integrity and confidentiality).

It is critical that data subjects (eg, the target company's employees, customers, and suppliers) whose personal data are to be disclosed to the buyer and other third parties during the due diligence process have been properly informed, in advance and in accordance with the GDPR standards, about such processing. In this context, the option of sharing anonymised or pseudonymised data for the purposes of the due diligence should always be examined and preferred, when the information purposes can still be properly served.

Furthermore, data protection provisions should be included in the non-disclosure agreements executed between the parties – by virtue of which, restrictions must be imposed on the buyer in relation to the ways it can process any personal data disclosed and, in particular, in relation to the time period for which said data can be retained by the potential buyer. Moreover, additional provisions may determine the deletion

or return of the data if the transaction is aborted. These provisions should be applicable to other third parties with which the buyer may share the personal data disclosed during the due diligence process, such as external consultants.

Special attention is needed in transactions where the buyer is located outside the EU/European Economic Area (EEA); in such case, the disclosure of personal data to the buyer would constitute an international transfer of personal data. Special rules apply for such transfers, which – depending on the recipient country – may require appropriate safeguards to ensure an adequate level of protection, including:

- the execution of the standard contractual clauses approved by the EC;
- carrying out a transfer impact assessment (TIA); and
- the adoption of supplementary technical measures.

10. Disclosure

10.1 Making a Bid Public

A bid is made public either when an offeror decides to proceed with a (voluntary) takeover bid or when the mandatory offer thresholds set out in **6.2 Mandatory Offer** are triggered. The relevant steps are as follows:

- the offeror must notify the HCMC and the target company's board of directors in writing; and
- within the following business day, the offeror must announce the takeover bid on its website and in the daily bulletin announcements of the Athens Stock Exchange.

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The boards of directors of the target company and of the offeror must inform the representatives of their employees or, where there are none, the employees directly about the takeover bid without undue delay.

10.2 Prospectus Requirements

Regulation (EU) 2017/1129 (the “EU Prospectus Regulation”) is applicable in Greece as regards the specific cases of share offerings triggering a prospectus requirement. Shares offered in a stock-for-stock offer are exempted from such a requirement, provided an equivalent document containing information describing the transaction and its impact on the issuer is made available. There is also no requirement for the buyer’s shares to be listed on a specified exchange or other identified markets.

10.3 Producing Financial Statements

Under Greek law, bidders are not required to produce financial statements as such in their disclosure documents in a cash or stock-for-stock transaction. In general, though, there is a requirement for Greek companies to publish their approved annual financial statements and these are made publicly available on the website of the General Commercial Registry (and, in certain cases, on the companies’ websites as well).

10.4 Disclosure of Transaction Documents

In a merger, the merger plan is filed with the General Commercial Registry. As regards takeover bids, the information memorandum is filed with the HCMC. Other than the foregoing, there is no requirement to file copies of any transaction documents (eg, share purchase agreements concluded in the context of takeover bids) with any competent authority.

11. Duties of Directors

11.1 Principal Directors’ Duties

The principal duties of directors of Greek companies are designated in a general context, rather than specifically regarding business combinations. Such duties include the following.

- Duty of care – the obligation to:
 - (a) act within their powers and in accordance with the law, the company’s articles of association and the legitimate resolutions of the general meeting;
 - (b) promote the interests of the company;
 - (c) monitor the execution of the resolutions of the board and the general meeting;
 - (d) inform the other members of the board about company matters;
 - (e) maintain the books and records provided under applicable law (eg, tax books, the Shareholders’ and Ultimate Beneficial Owners’ Register);
 - (f) prepare and file with the corporate registry in a timely manner the company’s annual financial statements in accordance with applicable law;
 - (g) prepare and approve the directors’ annual management report (accompanying the annual financial statements);
 - (h) file with the corporate registry all corporate actions provided under applicable law; and
 - (i) file a lawsuit on behalf of the company against any member of the board (or any other party with administrative powers) who damaged the company by virtue of their actions or omissions.
- Duty of loyalty – the obligation to:
 - (a) not pursue individual interests that are contrary to the interests of the company;
 - (b) duly disclose to the other board members in a timely manner any personal interest

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or interests of their close family that may arise from the company's transactions and fall within their duties; and

- (c) refrain from voting on issues with a potential or factual conflict of interests.
- Duty of confidentiality – the obligation to keep confidential information and matters of the company that were made known to them in view of their capacity as board members.
- Non-compete obligation – the obligation to:
 - (a) not engage in acts that are considered competitive to the company's operation (ie, acts that fall within the company's purpose and are proceeded for the member's or a third party's interests are forbidden), unless special permission has been granted by the general meeting; and
 - (b) not participate as partners in general or limited partnerships or as sole shareholders/partners in companies with the same purpose, unless special permission has been granted by the general meeting or a relevant provision exists in the company's articles of association.

See **9.1 Technology Company Due Diligence** in relation to the board of directors' neutrality obligation in the case of tender offers.

11.2 Special or Ad Hoc Committees

The establishment of special or ad hoc committees in business combinations by the board of directors is not very common in the Greek market – although there have been instances of companies deploying such a strategy (especially larger listed entities). As noted under **11.1 Principal Directors' Duties**, under Greek law there is in any case a requirement for directors to disclose conflicts of interest and to refrain from voting on any such matters.

11.3 Board's Role

The board is usually expected to be actively involved in the negotiations for a proposed transaction, as it constitutes the principal management body of the company and is entrusted with deciding on any act concerning the administration of the company, the management of its property and the general pursuit of its purpose, as well as representing the company judicially and extra-judicially. The foregoing is subject to the caveat of the neutrality obligation imposed on the board of directors in the context of takeover bids.

Shareholder litigation challenging the board's decision to pursue an M&A transaction is not very common in Greece. Greek courts tend to side with the recommendations of the board in such cases, provided the directors have shown – in the performance of their duties – the diligence of a prudent businessperson operating in similar circumstances (business judgement rule), which is also the standard for limiting any related liability of the directors.

Prior to entering into an M&A transaction, bidders should ideally do some preparatory work and obtain information on the target company's shareholders, as well as any previous cases of shareholder activism.

11.4 Independent Outside Advice

Directors are generally supported by a wide range of advisers in connection with takeover and/or business combinations. These can indicatively include financial, legal, tax and technical advisers engaged during different stages of the transaction, depending on the specific needs and complexities of each case.

Greek Law 4601/2019 on corporate transformations provides that, in the case of merger, the

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draft demerger deed needs to be examined by one or more independent expert/s (eg, certified public accountants, auditing firms). The expert/s will then need to produce a written report on the draft demerger deed, addressed to the company.

As regards takeover bids, the offeror must engage a Greek or EU credit institution or investment firm to act as the offeror's financial adviser and verify the accuracy of the information memorandum. In addition, the board of directors of the target company must also prepare and publish an opinion on the takeover bid, which must be accompanied by a detailed report prepared by a financial adviser with the same characteristics (ie, a Greek or EU credit institution or investment firm).

Trends and Developments

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Zepos & Yannopoulos is a leading Greek full-service business law firm known for its long heritage, legal acumen, and integrity. The firm takes pride in its distinctive mindset and offering and this shows not only in responsiveness, but also its ability to field versatile, approachable, easy-to-work teams of practitioners who truly understand clients' interests. Zepos & Yannopoulos's strong international orientation is echoed in the firm's structure, standards and approach, and

ultimately attested to by its rankings, the profile of its client base, and its network of affiliations and best-friend law firms around the world. Established in 1893, Zepos & Yannopoulos knows that change – whether in the legal or economic environment – is inherent in the firm's jurisdiction; the team is accustomed to implementing untested legislation, structuring innovative solutions, and putting bold legal argumentation to the service of clients.

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Z E P O S & Y A N N O P O U L O S

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Introduction

The Greek tech M&A market is experiencing a dynamic phase, driven by technological advancements, regulatory changes, and socio-economic factors. In this context, innovation and technology are evolving at an unprecedented pace, transforming industries and creating new opportunities for growth on a global scale. Factors such as the increasing role of AI and the strategic initiatives by the EU to enhance digital infrastructures and cybersecurity are essentially dictating the market's evolution. In addition, the Greek government's efforts to attract foreign investment and talent through the introduction of new initiatives and incentives are expected to further stimulate the market.

AI's Disruptive Force in Customer Service

AI has become a transformative force across in customer service. Companies are incorporating AI into tools such as chatbots, voice bots, visual AI applications, and virtual reality (VR)/augmented reality (AR) platforms to enhance customer engagement and deliver exceptional experiences, making these tools essential for maintaining competitiveness. By way of example, AI-powered chatbots can manage a large volume of customer queries simultaneously, providing quick responses and allowing human agents to focus on more complex issues. Visual AI tools can assess customer interactions to offer tailored recommendations, thereby improving the customer experience. The integration of VR/AR platforms enables businesses to create immersive experiences such as virtual showrooms or interactive product demonstrations, which can greatly increase customer satisfaction and loyalty.

Predictive Analytics and Fraud Detection in Finance

In the financial sector, AI is transforming how data is managed and how fraud is detected. Machine learning algorithms enable financial institutions to analyse vast amounts of data, recognise patterns and forecast trends, which helps them foresee and anticipate potential risks and issues and therefore strengthen risk management, while also enhancing customer service functions and consequently boosting customer satisfaction. By way of example, AI tools can identify irregular transaction behaviours that may indicate potentially fraudulent activities, thereby enabling financial institutions to engage in proactive measures to prevent incidents of fraud. Furthermore, AI-powered predictive analytics assist financial institutions and financial services companies in anticipating market trends and customer behavioural patterns, allowing them to build and tailor their products and services to align with evolving customer needs and preferences.

Smart Factories and Industry 4.0

The manufacturing industry is also undergoing significant technological transformations that are driven by AI developments. Smart factories leverage AI to optimise productivity, efficiency, and quality control operations. AI-driven solutions are adopted to predict supply chain delays and detect maintenance issues, thus effectively reducing disruptions and improving management of resources. By way of example, such solutions entail analysing data from various sensors and machine devices in real time so as to detect potential equipment malfunctions before they occur, enable timely maintenance operations, and minimise downtime.

Additionally, AI solutions can help in refining production schedules by analysing demand pat-

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terms and adjusting manufacturing processes to achieve optimised resource usage and timely product delivery. This level of automation and predictive insight is making the manufacturing sector more agile and better equipped to respond to market needs.

Healthcare Sector

Significant strides due to the use of AI technology are being observed in the healthcare sector as well. From robotic surgical systems to AI-assisted administrative services, these technologies streamline clinical processes, support telehealth initiatives and enhance patient monitoring, reshaping the industry.

By way of example, AI-powered surgical robots can carry out complex surgeries with great accuracy, which reduces complications and improves patient outcomes. AI-based administrative solutions can handle routine tasks such as appointment scheduling and insurance processing, thereby allowing healthcare professionals to concentrate more on patient care. AI-driven telehealth platforms offer remote consultations and continuous monitoring, making healthcare more accessible and convenient. Furthermore, AI can analyse extensive clinical trial data and patient records to uncover patterns and insights, aiding treatment decisions and improving overall healthcare delivery.

Innovation Powering Business Growth

Innovation currently remains at the forefront of developments in the Greek market, whether as a key element for the increase of M&A transactions concerning technology companies or as part of the ongoing digitisation of Greek businesses. The various facets of this unique ecosystem are fuelling the accelerated growth of the Greek business landscape, in contrast to the stalemate that persisted in previous years.

M&A transactions targeting tech companies are unique owing to their multidimensional nature. Businesses within the wider tech industry are clearly trending towards consolidation (as a response to macro-economic events and economic downturns), but technology is also disrupting other economic sectors – leading established market players to invest in or acquire smaller tech companies to gain a competitive edge and achieve a “tech leap”. Examples include car manufacturers acquiring small-scale automotive companies, financial institutions partnering with fintech start-ups, and electricity suppliers collaborating with electric vehicle start-ups.

Greek start-ups have also attracted global attention, with notable acquisitions including BETA CAE Systems by Cadence Design System illustrating how advanced technologies such as BETA CAE’s simulations and analysis software – utilised by companies such as General Motors and Honda to analyse designs of cars and jets – can complement existing technologies and help unlock value. Another notable deal was the acquisition of InAccel by Intel, which will allow the latter to expand its business in the area of Field-Programmable Gate Array management and orchestration. Other global leaders that have cast their vote of confidence in the Greek innovation and entrepreneurial ecosystem include Microsoft, Meta, Cisco and Hewlett Packard.

This trend is further supported by the increasing availability of venture capital and private equity funding, as well as government initiatives aimed at fostering innovation and supporting the growth of the tech sector. The Hellenic Development Bank of Investments (HDBI) is also playing a pivotal role in financing Greek start-ups, helping them scale and reach global markets. As a result, the Greek technology M&A market

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is becoming more vibrant and attractive to local and international investors alike.

Digitisation of Businesses

The continuous technological change and digitisation of business models constitute an unprecedented challenge, especially for larger conglomerates with complex corporate structures. Traditional companies recognise the need to adopt advanced tools such as AI and the internet of things (IoT) to meet customer needs and competitive requirements. In this context, acquisitions, acqui-hires and strategic partnerships are essential for obtaining necessary know-how and skills.

By way of example, a traditional manufacturing company might acquire a tech start-up specialising in IoT solutions to integrate smart sensors and data analytics into its production processes. Similarly, a financial institution might form a strategic partnership with a fintech company to leverage its expertise in blockchain technology and enhance its digital payment systems. These collaborations enable established companies to quickly adapt to technological advancements and stay competitive in the market.

Cybersecurity: Strengthening Cyber-Resilience

Cybersecurity ensures that the benefits of progress driven by technological innovation are protected from malicious actors. Within the EU, cybersecurity remains a top priority, with efforts to strengthen regulatory frameworks and enhance cyber-resilience. The Cyber-Resilience Act (CRA) and the Network and Information Security (NIS) Directive framework are key legislative developments aimed at creating a secure digital environment. These regulations mandate that companies implement robust cybersecurity

measures to protect their digital assets and customer data.

In Greece, the long-awaited Greek Law 5160/2024 transposing the NIS2 Directive into national legislation came into force on 29 November 2024. Additionally, the EU is investing in initiatives to enhance cyber-resilience across member states, including funding for cybersecurity research and development and the establishment of cybersecurity centres of excellence. These efforts are designed to ensure that businesses can innovate safely and that consumers can trust the digital services they use. Additionally, the use of AI tools in cybersecurity is also becoming increasingly significant, as it facilitates the ability to identify and respond to threats more rapidly and accurately than traditional methods.

Reassessing M&A Priorities

New technological capabilities for executing deals keep arising on a regular basis and dealmakers are putting increased focus on technological skillsets, compliance standards, and personnel. This comprehensive approach ensures that potential risks are identified and mitigated early in the transaction process.

Additionally, the COVID-19 pandemic has accelerated the adoption of digital tools and remote work, making it essential for M&A stakeholders to evaluate the targets' digital capabilities and readiness for a hybrid work environment. Due diligence exercises are now not only focusing on the financial, tax and legal aspects of businesses, but also on the tech components thereof – thus making technical due diligence an integral part of M&A transactions. This includes assessing the robustness of targets' IT infrastructure, the effectiveness of their remote collaboration tools, and their ability to maintain productivity and security in a distributed work setting.

GREECE TRENDS AND DEVELOPMENTS

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AI as Next Focal Point for M&A

The AI impact and repercussions on M&A workstreams cannot be underestimated. AI-based tools offer more efficient ways to analyse business operations, potentially leading to shorter deal completion timelines. However, there are still questions surrounding this latest trend, which will only be answered through trial and error. By way of example, will AI help cut down on deal costs through automation of processes, including by producing first drafts of transaction documents such as share purchase agreements or shareholders' agreements? How will this unfold amid concerns regarding data security and privacy?

At the same time, though, it could be argued that the very existence of new technologies such as AI and the associated risks will necessitate expanded due diligence and focus on aspects that were previously not on the radar of deal-makers. So, although due diligence could be accelerated, deal-makers may end up utilising the additional time to dive deeper into more refined aspects of the targets' activities. The impact of AI on M&A will ultimately depend on how effectively deal-makers leverage these new tools and continue to shape the transactional landscape through judgement calls.

Role of Cybersecurity in M&A

Cybersecurity applications play their own essential role in M&A in terms of protecting IP, ensuring compliance with regulations, safeguarding research and development, upholding customer trust and supporting uninterrupted operations. Detailed reviews of cybersecurity practices have become a vital part of technical due diligence processes. This entails assessing the target company's cybersecurity policies, incident report processes, and the overall security state of its IT systems. Being able to identify potential

vulnerabilities and risks early in the process has become key for buyers to make informed decisions and implement safeguards to protect their investments.

Digital Infrastructures: High-Performance Computing (HPC) and Connectivity

HPC and connectivity are catalysts for innovation, competitiveness, and economic growth. The European High-Performance Computing Joint Undertaking ("EuroHPC JU") provides start-ups, SMEs, and the broader innovation community with access to AI-dedicated supercomputers, enabling fast machine learning, training of large AI models, and the development of emerging AI applications. This initiative is part of a broader effort by the EU to enhance its digital infrastructure and support the growth of the tech sector. By providing access to cutting-edge computing resources, EuroHPC JU helps start-ups and SMEs overcome the barriers to entry in the AI space, allowing them to innovate and compete on a global scale. Additionally, the initiative fosters collaboration between research institutions, industry, and government, creating a vibrant ecosystem that drives technological advancements and economic growth.

Greece is among the first countries to submit a proposal for AI factories to the EC – something that will boost AI innovation in the EU. In fact, in December 2024, it was announced that the proposal submitted by Greece was selected as one of the seven proposals to establish and operate the AI factories across Europe. The proposal involves setting up a high-tech AI factory, which will utilise the "Daedalus" supercomputer (a EuroHPC supercomputer currently under deployment in Greece), with an investment of EUR30 million. In Greece, the AI factory will be hosted at a leading research and technology hub, "Pharos" at GRNET (in Athens, Greece). Pharos

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will act as catalyst for AI, driving technological progress in the fields of health, environmental sustainability, culture and language, and – with the support of the “Daedalus” supercomputer – will provide an integrated ecosystem for the development and adoption of AI. Pharos will be a hub of research and knowledge for the wider geographical area, creating growth opportunities for Greek businesses, researchers, and society in general through innovative AI products and services, and turning Greece into a technological pole.

According to announcements by the Minister of Digital Governance, the private sector will play a leading role, while the Hellenic Corporation of Assets and Participations will financially support the implementation and promote public-private sector collaboration. The establishment of the AI factory is of strategic importance for Greece, as it will strengthen its position in the European innovation network, offer opportunities for international collaborations, and facilitate the development of new technologies in the field of AI. The AI factory and the use of the “Daedalus” supercomputer will enable Greece to participate effectively in the AI factory network and enhance its competitiveness, as well as the services provided to citizens.

The EC’s initiatives to foster the innovation, security and resilience of digital infrastructures are also crucial for deploying new technologies. Fast, secure and widespread connectivity is essential for telemedicine, automated driving, predictive maintenance, and precision agriculture.

The proposed Digital Networks Act aims to master the transition to new technologies and business models, ensuring secure and resilient infrastructures. This legislation is expected to

address the challenges of digital transformation by setting standards for network security, data protection, and interoperability. By creating a robust regulatory framework, the Digital Networks Act will support the deployment of advanced digital services and applications, driving innovation and economic growth across Europe. Furthermore, the Digital Networks Act will promote investment in digital infrastructure, ensuring that all regions have access to high-speed connectivity and the benefits of the digital economy.

New Era of Funding Opportunities

Following a record year in 2021 – when fundraising levels hit new highs – and a strong first quarter in 2022, the Greek tech M&A market faced a slowdown in 2023. This could be attributed to a number of factors, including the fact that many Greek venture capital funds that started their operations as part of the EquiFund initiative of the Greek State and the European Investment Fund (2017–18) had concluded their initial investment period. Private equity funds also opted to primarily support their existing investments, instead of further enhancing their portfolios.

However, the tide is now shifting, with venture capital and private equity funds both actively seeking opportunities. More than a few domestic funds have now raised successor funds and are evaluating targets to deploy significant amounts of dry powder. In addition, the HDBI continues to embrace the role of the main Greek sovereign anchor investor and is expanding its fund portfolio, which currently comprises 29 private equity/venture capital funds (with the number being expected to increase in early 2025).

This renewed activity is driven by the recognition of the Greek market’s potential and the

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increasing interest from international investors. As a result, the Greek technology M&A market is poised for a resurgence, with increased investment activity and a vibrant entrepreneurial landscape.

Outlook

Investors are casting their vote of confidence in the Greek entrepreneurial ecosystem, driven by the country's commitment to fostering a strong innovation culture. Furthermore, incentives are being introduced to attract investor interest and foreign talent. In this context, newly introduced Greek Law 5162/2024 includes incentives for businesses to perform M&A and tax incentives for investments by angel investors, as well as tax incentives for R&D.

The new law also provides for a new “residence by investment” permit for third-country nationals who contribute at least EUR250,000 to the capital of a start-up registered with the National Startup Registry (NSR) Elevate Greece (through acquisition of shares or subscription for bonds). However, the following conditions must also be met to qualify for and maintain the residence permit:

- the investor's participation must not exceed 33% of the start-up's share capital or voting rights;
- the start-up must create at least two job positions during the first year after the investment and maintain the same number of job positions (including those created as a result of the investment) for at least five years after the investment; and
- the investor is required to retain the shares for at least five years from their acquisition.

In addition, the tax incentives for angel investors are further enhanced. Greek Law 5162/2024 also aims to address the need for more clarity on the tax treatment of Greek venture capital in the form of closed-end venture capital mutual fund (*amoivaio kefalaio epicheirimatikon symmetochon kleistou typou*, or AKES) (as regulated by article 7 of Greek Law 2992/2022) and their unit-holders, thus rendering the AKES an attractive investment vehicle on the Greek securities market.

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