Transaction Radar

Summary of first half of 2026

Ellex transaction radar summary of first half of 2026

It was all good until the shut down of Hormuz

Comments by:

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Contents

Ellex Transaction Radar summarises the most important transaction market trends in the first half of 2026.

Risto Vahimets,
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The total number of transactions in the first half of 2026 was considerably smaller than in the preceding half-year (108 v 81). During the last four quarters, activity on the Estonian transaction market has clearly been in decline. There were 54 transactions both in the III and IV quarter of 2025 but the number of transactions in the I quarter of 2026 fell to 44 and even down to 37 in the II quarter. This means that compared to the peak of the second half of the previous year, the total number of transactions has decreased by nearly 33%.

The decline can be explained with the broader economic and geopolitical environment: past years have been going from one crisis to another, and each new uncertainty has dampened expectations that the transaction market could make a stronger recovery. The same trend continued in the first half of 2026 – although there was an unusually high number of megadeals globally and in Europe, the unstable environment held back activity for smaller transactions. The Estonian transaction market has also retreated from last year's more optimistic outlook and even though transactions were made and some were noteworthy, the total number was modest.

In the first half of 2026, a total of 81 transactions were registered in Estonia, divided as follows:

27	4	11	39
venture capital and technology transactions	real estate transactions	share issues (incl. OTC issues)	traditional merger and acquisition (M&A) transactions

The cyclical nature of the economy and M&A activity are linked but there is a small lag between the stages. For the past years, the world has been moving from one crisis to another. Covid, the war in Ukraine, tariffs, Hormuz Strait. Peeter Koppel thinks that the global economic cycle is in the mature stage of expansion but I would suggest an alternative opinion. These crises prevent the economic cycles from fully escalating, which means that we do not hit the peaks or bottoms as strong as we would under normal circumstances. This hypothesis correlates with the transaction world – forecasts and expectations for transactions have been repeatedly derailed by the above crises and the same goes for this half-year.

Against this backdrop, the Estonian transaction market has also retreated from last year's more optimistic outlook. There were transactions and some were quite intriguing, but the total number is disappointingly low.

According to the Datasite Deal Drivers EMEA Q1 report, the number of transactions for our broader region in the first quarter of the year declined once again by a double-digit percentage while the total value of transactions increased by 28 percent. Interestingly, megadeals are still happening but for smaller deals, the "let's wait out this Hormuz crisis" handbrake has been pulled hard. I will go into this in more detail shortly but the number of global deals exceeding the 10 billion dollar mark this half-year was the highest ever in the Transaction Radar history. The noteworthy number of major deals in Europe was very surprising. There is money for investments but in times of uncertainty, the preference is still to buy major high-quality enterprises. The most active sectors in Europe in the first quarter were telecom, media and technology, industry and retail and service. In the English-speaking region of Europe, the most outstanding sectors were telecom, media and technology and in the German-speaking part it was the industry sector.

Before going into the details of the transaction world, a short view of macroeconomics.

Starting with interest rates. The Hormuz crisis has pushed inflation up again and this faces central banks with tough choices. On the one hand, inflation should be controlled, on the other hand, increasing interest rates which is considered a remedy could bring an already weak economic growth to a standstill. The risk of stagflation is the keyword that everyone needs to learn and remember.

The European Central Bank was the first to raise interest rates at the beginning of June. We will see how the US central bank responds to their inflation rate that has increased to 4.2%.

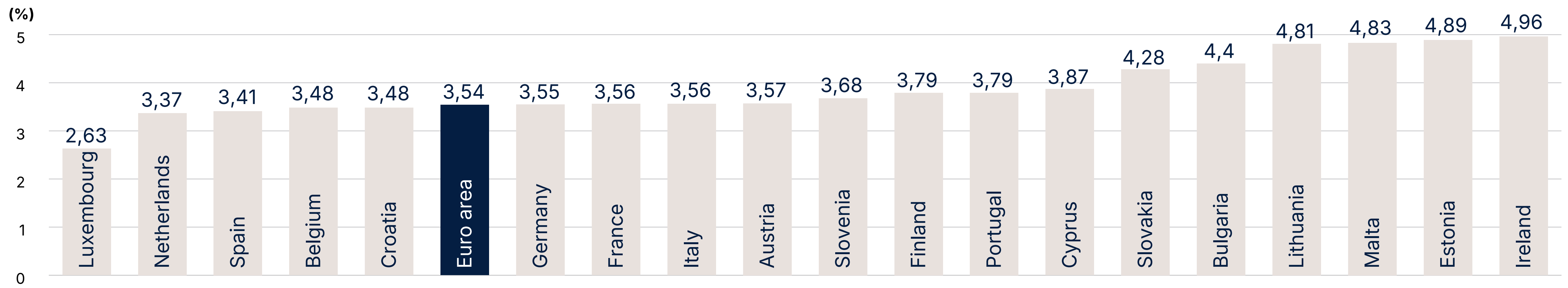
ECB's outlook on Eurozone business loan costs is presented in the following table. Estonia's extremely high ranking in this table is bad. Foreign capital for ordinary investments for executing M&A plans, such as machinery and equipment, software and artificial intelligence, is for our companies 1.5 percentage more expensive than the eurozone average. According to Statistics Estonia, investments in Estonia decreased by 13.3 percent in the I quarter. In order to stay in the competition, we need to earn it back. There are not too many options. Raw material costs are usually the same or even higher for us due to small volumes. Our logistics costs are higher because we are further away from big markets, we cannot achieve a volume effect, and energy costs are also high. This leaves labour costs where there is no room to manoeuvre.

Regarding inflation, Estonia's situation has been looking up compared to the eurozone and with our 4 percent inflation we are no longer among the leaders. While our inflation level has fallen, the eurozone average of 3.2 percent has actually risen in recent comparisons.

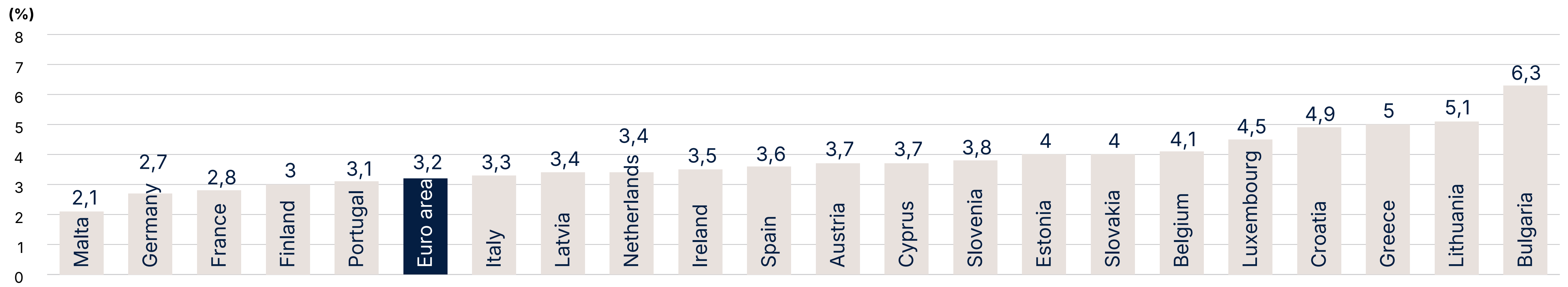
Estonian economy grew 1.1% in the first quarter of 2026 (2.4% compared to the first quarter of last year). Regardless of the high cost of money, it is exciting that we are currently one of the fastest growing economies in the eurozone. Of course, the benchmark itself is quite bleak. The last quarter of 2025 did indicate an economic downturn at 0.2%.

Interestingly, Finland and Estonia, the laggards in the previous periods, have now rebounded (or bounced back up from the bottom) while previous growers, such as Lithuania, are suddenly in decline. Ireland's indicators are unreliable, swinging from a 12 percent growth to 12 percent decline in the span of six months.

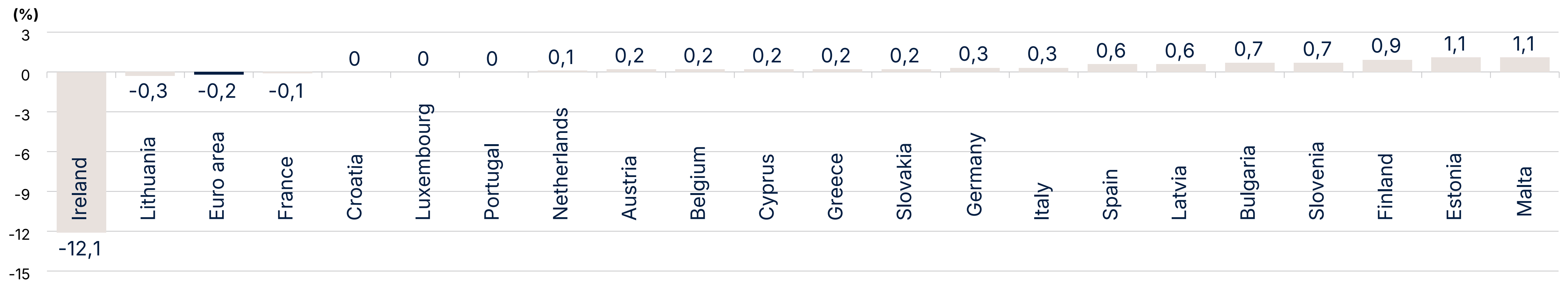
Business loan interest rates



Inflation



GDP



Source: European Central Bank (ECB)

In the first half of 2026 we counted a total of 81 transactions in Estonia, 27 of which were venture capital/ technology transactions, 4 real estate transactions, 11 share issues (incl. OTC issues) and 39 traditional mergers and acquisitions (M&A deals). The trend in the number of transactions was clearly negative compared to the previous half-year. While the transaction numbers in the first half of 2025 were in a similar decline due to Trump's tariff war, this year the war that Trump initiated with Iran is having a comparable effect on the market.

Europe

Europe has stood out with megadeals this year. The merger of Unilever's food division with the McCormick seasoning business resulted in a 44.88 billion dollar deal. Finnish company Kone acquired liftmaker Thyssen in a 34.48 billion dollar deal. Commerzbank acquired UniCredit for 30 billion dollars.

More than 20 transactions with a value exceeding 10 billion dollars were done globally between the beginning of the year and end of June, nearly half of these involved a European party. This is a new sight in terms of volumes and activity of the European market. If we were to speculate about the reasons, several sources have referred to European companies being relatively inexpensive compared to US companies. However, a buyer and their financer who are putting together a deal worth more than 10 billion dollars must have a very specific plan for getting a return on that investment. I would therefore suggest that good things are happening in Europe, investments are coming in and the economy is reorganizing itself through M&A to be more competitive and effective.

World

The biggest transaction in 2026 so far was Paramount's highly publicized acquisition of Warner Brothers for 81 billion dollars. The price calculation might have reflected a premium from the US media market's political alignment as the CNN has always been friendly towards the democrats. Nevertheless, it is a real megadeal. In second place came the merger of Devon Energy and Coterra Energy in a transaction valued at 58 billion dollars. The common denominator of these companies is shale oil and ensuring the US energy security in a world that Trump has made very turbulent.

Following in value are the already mentioned Unilever, Kone and UniCredit deals and in between these in fifth place is the 33.4 billion dollar acquisition of US power grid operator AES Corporation by private equity giants Blackrock and the Swedish EQT.

From a sector perspective, the megadeals indicate a continuing boom in the energy sector: in addition to the AES transaction was the acquisition of UK Power Network Holdings by Energie SA and the acquisition of ARC Resources by Shell. The European financial sector is also hot: in addition to the above mentioned Commerzbank deal, there were also Corebridge Financial, Schroders, Santander, Zurich as dealmakers. Noteworthy telecom transactions include the Italian TIM and Vodafone Ziggo Group deals.

Private Equity

For the past few decades, private equity funds have been key players in the transaction market. This is why we are adding a separate paragraph on the trends related to the funds.

The big picture for cash liquidity has remained the same. A lot of money is waiting to be invested and many companies have remained under funds clearly beyond the fund terms. Investors are becoming impatient and many private equity funds have had difficulties with raising new capital. The reason is evident - the funds are unable to exit the investments regularly. Investors are waiting to get their money back and the funds are unable to provide, instead extending the maturity terms or rolling investments from one fund to another. They are also attempting partial exits to give the investors some peace of mind.

On a positive note, this means that there is increasing pressure to make transactions.

Estonia

Among the small number of transactions in our market, it was the sale of Prisma to Coop that stood out. Prisma had been long searching for a place on the Estonian retail market, starting from large-format hypermarkets, trialling smaller formats and a wider geographic coverage but did not manage to stay in competition.

The second noteworthy deal is Neeme Tammis selling Hansabuss to the Capman Infra fund. With this, the Finnish private equity fund is making a significant investment in the Baltic market.

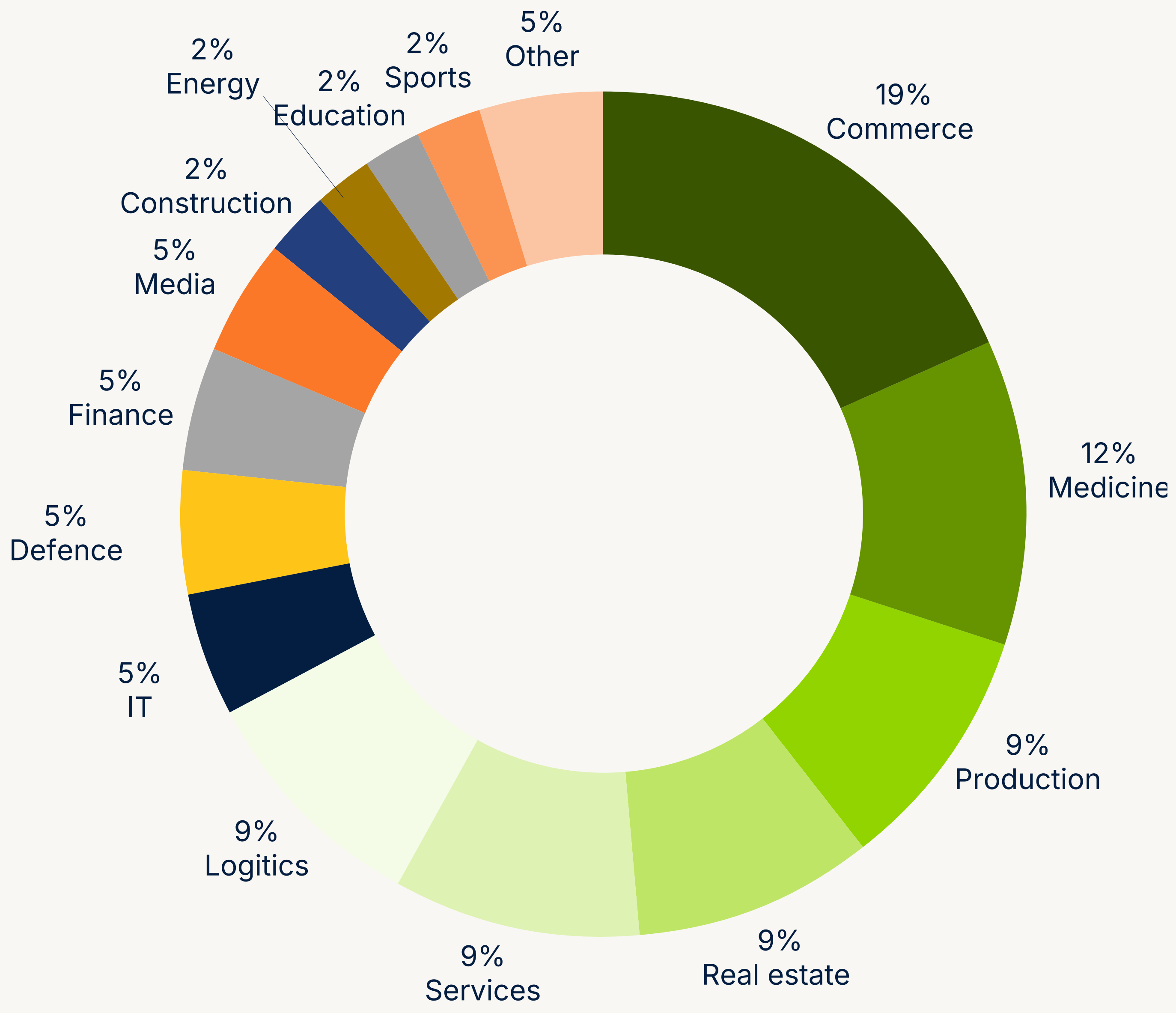
Third deal to highlight is the two acquisitions by Quantum Systems, backed by Peter Thiel - Hevi Optronics and Sensus Q indicate that our expertise in the defence industry is world-class.

The most noteworthy funding rounds in the technology sector were completed by Skeleton and Frankenburg Technologies. The prominence of the defence sector becomes even more apparent if we add to Frankenburg also Farsight, Maxon, Babayte, Validfor and DoD Solutions. The energy and medicine sector also remain at the forefront of the technology sector.

What is the forecast?

There are many indicators suggesting that the transaction market should recover. Interest rates are not sky-high, there is a surplus of money, companies under private funds are waiting to be sold, banks are willing to give loans but unfortunately, there is a flock of black swans flying around. The Strait of Hormuz crisis and war in Ukraine are still not over and we wait with unease to see what crisis emerges next. Should it happen that the current crises are resolved and nothing new unravels, the market is most likely to quickly recover. In Europe, the large number of megadeals done in the first-half of the year is setting the tone because this is often followed by a wave of smaller deals either in the same sectors or even in the post-deal restructuring of the same companies.

2026 I half-year M&A and real estate transactions (%)



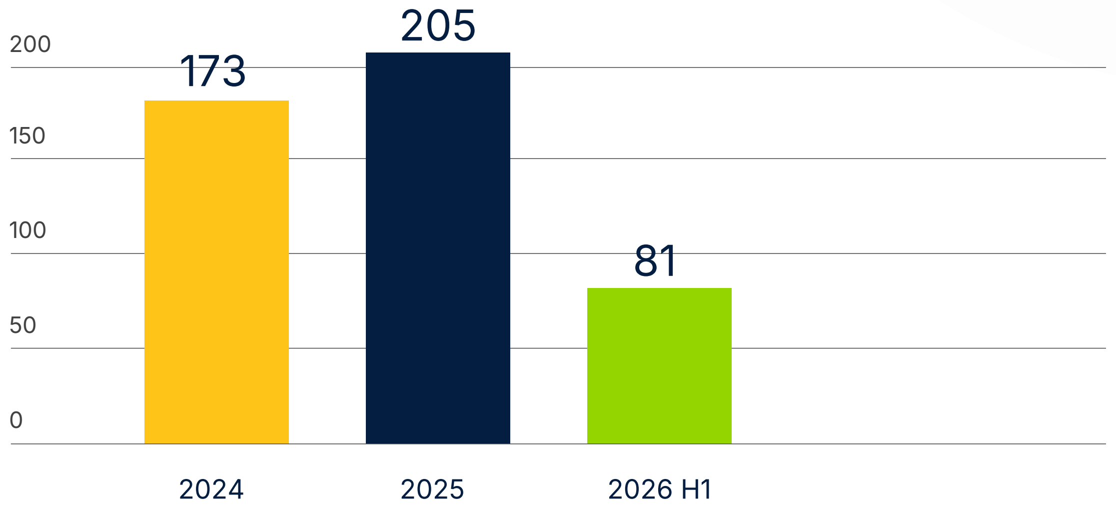
Noteworthy M&A transactions in Estonia in the first half of 2026

- Quantum Systems acquired Hevi Optronics to strengthen its position in the development of defence industry technologies.
- RingCentral acquired Messente to expand its cloud-based communication service portfolio in the IT sector.
- Coop Eesti Keskühistu acquired Prisma to strengthen its market position and expands its retail network in Estonia.
- The sale of Hansabuss to Capman Infra. Quantum Systems acquired Sensus Q to improve its defence industry expertise.
- Verston acquired Smartecon to strengthen its position in the delivery of construction and infrastructure projects.
- Penta Hospitals acquired the operations of Südemekodud to enter the Baltic market and use the company as a platform to expand its presence in the elderly care sector.

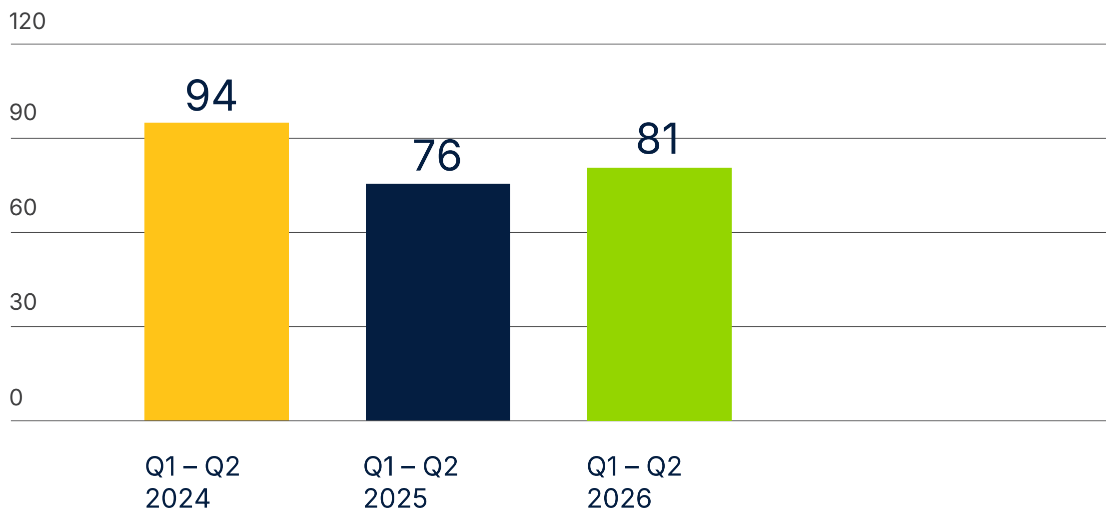
TOP European deals in the first half of 2026

- Unilever's food division merger with McCormick - 44.8 billion USD (food sector).
- Kone acquired Thyssenkrupp Elevator - 34.4 billion USD (industry).
- UniCredit acquired Commerzbank - 30 billion USD (banking).
- Poste Italiane acquired TIM - 25 billion USD (telecom).
- Bouygues Telecom, Orange and Free-iliad Group acquired SFR's French telecom business - 23 billion USD (telecom).
- Engie acquired UK Power Networks - 21.2 billion USD (energy and infrastructure).
- Shell acquired ARC Resources - 16.4 billion USD (energy).
- Intel acquired a stake in the Irish semiconductor manufacturing - 14.2 billion USD (semiconductors).
- Liberty Global acquired Vodafone Ziggo - 13.3 billion USD (telecom).
- TIAA Nuveen acquired Schroders - 13.2 billion USD (asset management).
- Santander acquired Webster Financial -12.2 billion USD (banking).
- Zurich acquired Beazley - 10.8 billion USD (insurance).
- A consortium led by FedEx and Advent International acquired InPost - 10 billion USD (logistics and parcel delivery).

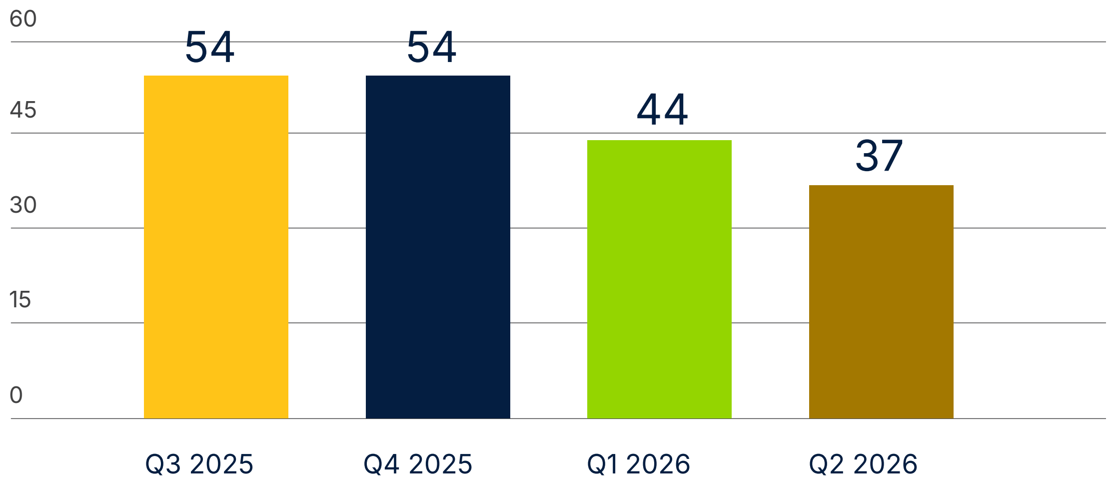
Total number of transactions (2024-2026)



Total number of transactions in the I half of the year (2024-2026)



Total number of transactions in the last 4 quarters



TOP global deals in the first half of 2026

- Paramount acquired Warner Brothers - 81 billion USD (media and entertainment).
- Devon Energy and Coterra Energy merged - 58 billion USD (energy).
- Unilever's food division merger with McCormick - 44.8 billion USD (food sector).
- Kone acquired Thyssenkrupp Elevator - 34.4 billion USD (industry).
- A consortium led by BlackRock and EQT acquired AES Corporation - 33.4 billion USD (energy and infrastructure).
- UniCredit acquired Commerzbank - 30 billion USD (banking).
- Sysco acquired Jetro Restaurant Depo - 29 billion USD (wholesale).
- Poste Italiane acquired TIM - 25 billion USD (telecom).
- Bouygues Telecom, Orange and Free-iliad Group acquired SFR's French telecom business - 23 billion USD (telecom).
- Corebridge Financial and Equitable Holdings merged - 22 billion USD (insurance and asset management).
- Engie acquired UK Power Networks - 21.2 billion USD (energy and infrastructure).
- Shell acquired ARC Resources - 16.4 billion USD (energy).
- Boston Scientific acquired Penumbra - 14.5 billion USD (healthcare and medical technology).
- Intel acquired a stake in the Irish semiconductor manufacturing - 14.2 billion USD (semiconductors).
- Liberty Global acquired Vodafone Ziggo - 13.3 billion USD (telecom).
- TIAA Nuveen acquired Schroders - 13.2 billion USD (asset management).
- Santander acquired Webster Financial -12.2 billion USD (banking).
- Sun Pharmaceuticals acquired Organon - 11.8 billion USD (pharmaceuticals).
- Amazon acquired Globalstar - 11.8 billion USD (space technology and satellites).
- Zurich acquired Beazley - 10.8 billion USD (insurance).
- Public Storage acquired National Storage Affiliates - 10.5 billion USD (real estate and storage).

Technology sector transactions in the first half of 2026: An AI-centric transaction market moves to the next stage

Rutt Värk, Associate Partner
Elit-Marlene Agu, Intern | Ellex in Estonia

Source: unsplash.com

Introduction

The technology sector in the first half of 2026 was dominated by large strategic deals and high-volume venture capital raising with the US at the centre. The common theme in acquisitions as well as funding rounds was artificial intelligence and the companies' efforts to strengthen their AI capacities. What stood out particularly was demand for AI infrastructure - data centres, electricity systems and semiconductors which brought big investments in energy as well as deep tech.

Global tech deals

M&A

The record-breaking acquisition of SpaceX by xAI was undoubtedly the top tech deal globally. At the beginning of February, Musk announced that SpaceX had acquired xAI, resulting in SpaceX being valued at 1.25 trillion USD, making it also one of the largest M&A deals ever to be made. This transaction is one of the many AI-related megadeals concluded in the first half of 2026, which is part of Musk's ambition to pave the way for AI data centres in space and use solar energy to power AI. The deal also preceded the long-awaited SpaceX IPO.

Noteworthy tech M&A deals in the first half of 2026:

1. At the beginning of February, SpaceX acquired xAI, merged company valued at 1.25 trillion USD, and on 12 June 2026 completed the largest IPO in history, raising 75 billion USD with a value of 1.75 trillion USD (AI, space technology);
2. On 11 February 2026, Palo Alto Networks completed the acquisition of CyberArk in a 25 billion USD cash-and-stock deal (cybersecurity, identity security);
3. On 11 March 2026 Google completed its 32 billion USD all-cash acquisition of Wiz (cybersecurity);
4. On 17 March 2026 IBM completed its 11 billion USD acquisition of Confluent (real-time data streaming, AI);
5. At the beginning of January 2026, Goldman Sachs acquired Industry Ventures in a 665 million USD cash-and-stock deal with up to 300 million USD in earn-out payments based on performance through 2030 (venture capital platform).

Funding rounds

The largest funding rounds were completed by US-based AI companies. The stand-out funding round was OpenAI's 122 billion USD funding round, which is the largest ever amount of venture capital raise, valuing the company at 852 billion USD. The volumes indicate that building AI infrastructure requires large investments in semiconductors, data centres and energy solutions.12 June 2026 marks the date of the largest IPO in history: SpaceX raised approximately 75 billion USD through its IPO at a valuation of 1.75 trillion USD and by the end of first trading day, the share price increased by nearly 19% and the company's market value reached about 2.1 trillion USD.

Largest technology sector fundings in the first half of 2026:

1. On 31 March 2026 OpenAI completed the largest private equity raise in history with 122 billion USD, resulting in the company being valued at 852 billion USD. The funding round was led by SoftBank, Andreessen Horowitz and D.E. Shaw Ventures (AI);
2. On 12 June 2026 SpaceX completed the largest IPO in history, raising approximately 75 billion USD on the public market; by the end of the first trading day the company's market value reached 2.1 trillion USD (AI, space technology);
3. On 12 February 2026 Anthropic raised 30 billion USD in series G funding led by GIC and Coatue after which the company was valued at 380 billion USD (AI);
4. In January xAI raised 20 billion USD in series E funding, followed by the company's merger with SpaceX (AI);
5. On 2 February 2026 Waymo raised 16 billion USD in a funding round led by Dragoneer, DST Global and Sequoia (parent company Alphabet remained the biggest investor), after which the value increased to 126 billion USD (autonomous vehicles).

European tech deals

M&A

European tech deals were dominated by UK and German companies. The most outstanding deal in the first half of the year was SAP's announcement to acquire German AI startup Prior Labs and invest over 1 billion euros over the course of four years to make it Europe's leading AI research lab. Prior Labs develops foundation AI models for tabular data which is tightly linked with structured business data. This deal reflects Europe's intention to keep AI research local and depend less on US giants.

Noteworthy tech M&A deals in the first half of 2026:

1. In May 2026 SAP (Germany) announced the acquisition of Prior Labs (Germany) and committed to invest over 1 billion euros over the course of the following four years to develop the company into Europe's leading AI research lab; the deal should close in the II or III quarter of 2026 (AI, business software);
2. UK software company Forterro announced in April 2026 the acquisition of German company Klaes which will strengthen Forterro's portfolio of software solutions for the window, door and façade industry (industrial software).
3. Genius Sports (UK) announced on 5 February 2026 the acquisition of Legend in a 12 billion USD deal; the deal should close in the II quarter of 2026 (sports technology).

Funding rounds

Investments in Europe were also mainly targeted at developing AI capacity and infrastructure and the largest amounts were raised by UK companies. Noteworthy was Nscale's 2 billion USD series C round, the largest ever in Europe at this stage, raising the company's value to 14.6 billion USD and indicating the investors' growing interest in AI infrastructure.

Largest European technology sector fundings in the first half of 2026:

1. Isomorphic Labs (UK) raised 2 billion USD in series B funding on 12 May 2026, led by Thrive Capital (AI, drug development);
2. Nscale (UK) raised 2 billion USD in series C round on 9 March 2026, marking the largest ever series C funding round and raising the company's value to 14.6 billion USD (AI infrastructure);
3. On 14 April 2026 Stegra (Sweden) reached an agreement in principle for 14 billion euros in financing from a consortium led by Wallenberg Investments to complete its green steel plant in northern Sweden (deep tech and industrial technology);
4. On 10 March 2026 Advanced Machine Intelligence (France), the AI lab founded by Yann LeCun, raised 1.03 billion USD in Europe's largest-ever seed funding round at a pre-money valuation of 3.5 billion USD (AI world models).

Tech deals in Estonia

M&A

The most recent M&A deal in the Estonian technology sector comes from the beginning of June when Hansab acquired a majority stake in Replicant IT and entered the IT infrastructure and cybersecurity business. There are also noteworthy cross-border transactions: end-to-end IT solutions provider Oixio announced a partnership with German industrial IoT company Erminas GmbH in April 2026, under which Erminas will become part of the Oixio Group. Ekspress Grupp's subsidiary A/S Delfi announced on 2 April 2026 that they are acquiring training company SIA Baltijas Datoru Akadēmija from Latvian company SIA Tet; the transaction value is confidential and will close in the II quarter of 2026.

Funding rounds

The largest amount was raised by AI infrastructure and energy system company Skeleton Technologies, announcing the first close of its pre-IPO funding round at 33 million euros in May 2026. This is part of a funding round of up to 392 million euros in preparation for the planned IPO in the USA in 2027. Considerable amounts were also raised by defense technology companies: missile systems developer Frankenburg Technologies raised 30 million euros in a series A funding round led by Plural in February 2026 and Estonian-Ukranian company Farsight Vision raised 7.2 million euros on 11 February 2026 in a seed funding round led by Axon Enterprise and SmartCap.

Largest technology sector funding rounds in the first half of 2026:

1. In May 2026 Skeleton Technologies raised 33 million euros in the first part of its pre-IPO funding round in preparation for the planned IPO in the USA in 2027 (AI infrastructure, energy storage);
2. Estonian-Ukranian defence technology company Farsight Vision raised 7.2 million euros on 11 February 2026 in a seed funding round led by Axon Enterprise and SmartCap (defence technology, AI geospatial analysis);
3. Start-up company Spiral Hydrogen raised 2.7 million euros for the development of green hydrogen production technology (deep tech, energy);
4. Frankenburg Technologies raised 30 million euros in a series A funding round led by Plural in February 2026, the goal is to develop an affordable mass-producible counter-drone system with manufacturing capabilities across multiple European countries (defence technology);
5. Rollo Robotics raised 3.7 million euros in a pre-seed funding round in January 2026, led by FoodLabs and Prototype, for the development of an autonomous single-wheel security robot (robotics, security).

Summary and outlook

The first half of 2026 had many AI-centred megadeals (SpaceX/xAI, Google/Wiz, IBM/Confluent, OpenAI and Anthropic) which included AI models as well as the supportive infrastructure. The same trend is further reinforced by the SpaceX IPO in June, which brought the trust for AI and space infrastructure to the public markets. European companies are holding their position with strategic investments in deep tech (Stegra, Nscale, AMI) and AI sovereignty (SAP/Prior Labs, Isomorphic Labs). The Estonian market is relying primarily on two sectors, these being the defence technology (Frankenburg, Farsight Vision) and AI infrastructure (Skeleton Technologies), while in cross-border deals, Estonian companies are more often the acquirer and not the target (Oixio in Germany, Ekspress Grupp in Latvia).

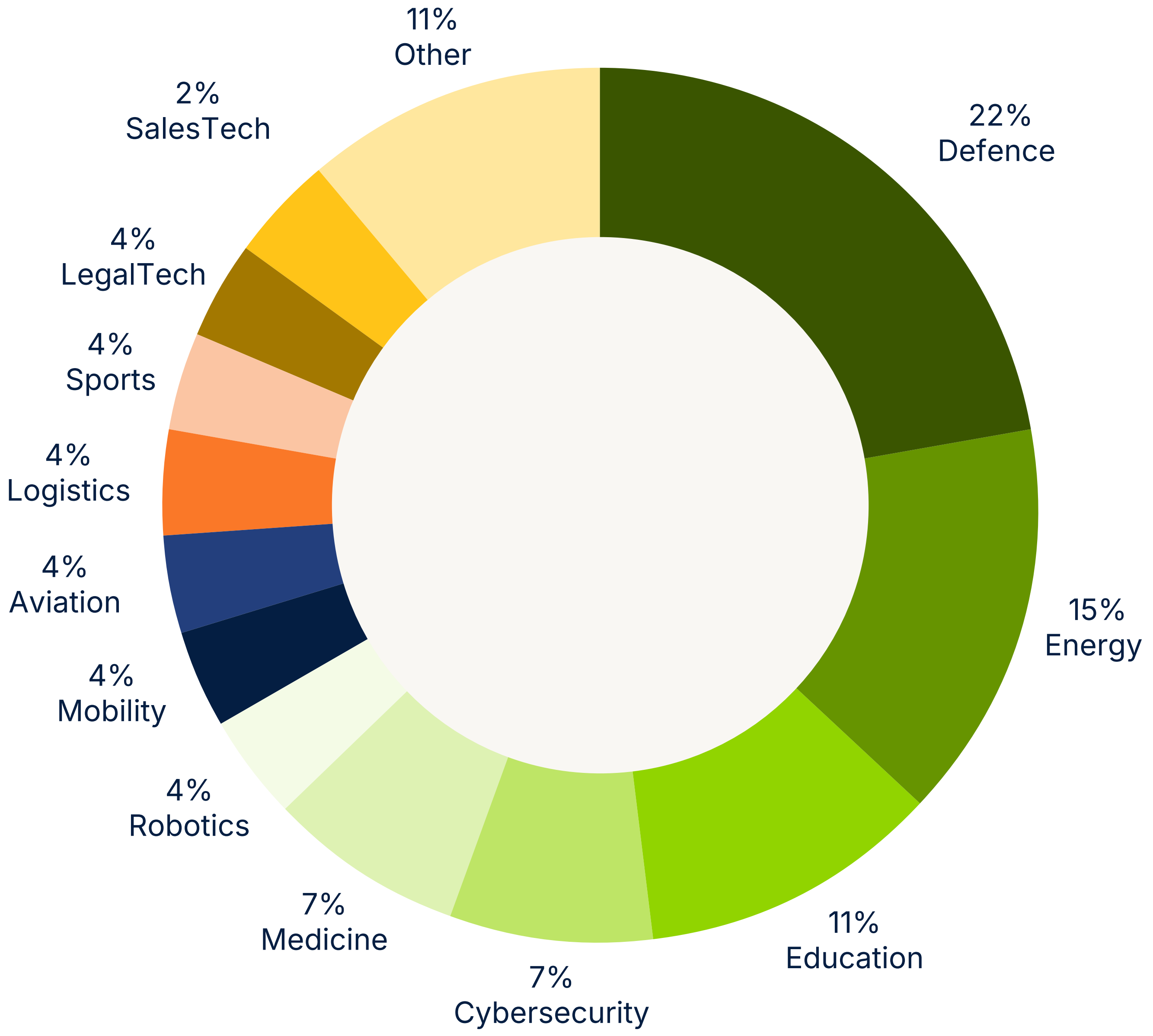
The second half of the year may witness a wave of new technology IPOs following the stock market success of SpaceX: among others, OpenAI, Anthropic and Canva have promised to go public and Skeleton Technologies is also preparing for its IPO. Investments in AI infrastructure are likely to keep growing because the demand for computing capacity and energy exceeds the supply. In addition to megadeals, a growing number of small and mid-sized transactions might be expected where bigger players are pooling critical technology and specialised talent.

Source: frankenburg.tech

Noteworthy technology sector transactions in Estonia:

1. Frankenburg Technologies raised 30 million euros to develop defence industry technologies, investors include Plural and SmartCap.
2. Farsight Vision raised 7.2 million euros to develop defence technology and vision solutions, investors include Axon Enterprise, SmartCap Defence Fund, Radix Ventures, Anker Capital, Resist UA, Final Frontier and Darkstar.
3. Skeleton raised 31 million euros to develop energy storage technologies, investor was Taiwania.
4. SkySelect raised 7.85 million euros to develop procurement and supply chain solutions for the aviation industry, investors include Verb Ventures, RockCreek, SmartCap Green Fund, Bain Capital Ventures and Lux Capital.
5. Skeleton raised an additional 33 million euros to expand energy storage solutions, investors include Axon Partners Group, SmartCap, Taiwania Capital and current investors.
6. Ark Robotics raised 11.9 million euros to develop robotics systems.

2026 I half-year venture capital transactions (%)



Cyber attacks and transactions: why yesterday's incident is today's risk

Merlin Liis-Toomela,
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In transactions it is common for the buyer or investor to perform a legal audit or a due diligence audit on the possible target. The audit evaluates, among other things, which legal, technical and business risks could affect the deal value or its closing. In recent transactions, more and more attention is given to cyber security and particularly past cyber incidents.

If the company has suffered a cyber incident, the buyer is not focusing only on whether the systems were restored. The question is much broader: was any (personal) data leaked during the incident? Was the Data Protection Inspectorate or other supervisory authorities notified in due time? Did the persons concerned need to be notified? Has the company enhanced its security measures after the incident? Have data subjects brought any (and if yes, which) claims against the company and could any further claims arise? These questions might form a very practical transactional risk even if the incident occurred several years ago.

Under data protection law, the occurrence of a cyber incident is not in itself evidence that the company has done something wrong - a well-protected system could also come under attack. What matters is whether considering the risk, the company had applied relevant technical and organisational security measures. GDPR requires a level of security that corresponds to the risk, not an absolute guarantee that no incident will ever occur. Meanwhile, the company must be able to demonstrate what they did before the incident, how they responded and what steps were taken afterwards.

It is understandable that the buyers are concerned about previous cyber incidents. In the event of a personal data breach, the risks extend beyond technical recovery or reputational damage: possible supervisory proceedings, fines and claims for damage from data subjects. A person who has suffered proprietary or non-proprietary damage due to a data breach, has the right to claim damages. The time limit for filing such claim is usually three years but various details could extend this deadline. For this reason, an incident from several years back might not be a closed case for the transaction.

Estonian case-law has not widely awarded substantial compensation to data subjects for data breaches but it does not mean that there is no risk. The worst case scenario is when the breach has caused people actual damage and at the same time it becomes evident that the company has failed to perform its basic security or notification obligations. In such case it might be necessary to deal with claims from data subjects as well as supervisory proceedings simultaneously.

Ultimately, cybersecurity has become a key factor in assessing transaction value. A company that has invested in security measures and is able to demonstrate comprehensive risk management, has a stronger negotiating position. If, however, a prior incident is unresolved or there are gaps in cybersecurity, it could result in a lower price, additional representations and warranties or in the worst case, the deal falling through.

Merger World Cup: less games, more extra time


Martin Mäesalu, Managing Partner, and
Miikael Tuus, Associate | Ellex in Estonia

Merger control activity in the first half of 2026 resembled a quiet game day at the World Cup: less goals but some referee decisions deserved closer reviews and are likely to remain the subject of discussion for a while. The number of merger notices filed with the Estonian Competition Authority declined compared to the same time last year but in practice, several topics emerged that deserve particular attention when contemplating deals.

There are three that stand out particularly. First, the Competition Authority has shown more flexibility in implementing behavioural remedies. Second, for the first time, the role of the trustee is being used in Estonia. Third, the A. Le Coq and Värska case reminded again that even the approval of the Competition Authority can be unexpectedly suspended with a competitor's request for interim relief.

From the bench to the starting line-up: behavioural commitments are earning more playing time

With more problematic mergers, it might be necessary to assume commitments to get the approval from the Competition Authority. Until now, structural commitments have generally been the acceptable option. These mean the transfer of an enterprise or part of it to a third party and permanently change the market structure. This picture appears to be changing: behavioural commitments are becoming an increasingly important tool.

The European Commission and competition authorities in other EU member states have been accepting behavioural commitments for some time now. The Lithuanian Competition Authority has also recently applied behavioural commitments. A behavioural commitment is essentially an operational restriction: the obligation to act a certain way or refrain from it. This can be used together with or as a replacement for structural commitments. The first half of 2026 suggests that for appropriate cases, these remedies can also be implemented by the Estonian Competition Authority. The Authority has issued two merger approvals where the participants assumed in addition to structural commitments also behavioural commitments. In these decisions, the structural commitments resolved the primary concern, while the behavioural commitments supported these measures or helped mitigate ancillary risks. It is possible that in the near future, the Competition Authority will encounter cases where behavioural commitments alone are sufficient to address the competition concerns.

VAR for commitments: independent pair of eyes watches until the final whistle

The efficiency of behavioural commitments is largely dependent on supervision. Supervisory activity is resource-intensive and so the European Commission and competition authorities in other EU member states have been using trustees. A trustee is an independent third party who the competition authority assigns to monitor compliance with commitments. The Estonian Competition Authority has not used trustees before.

Essentially, the merger participant who assumes a behavioural commitment grants the trustee access to their business information. Based on this information, the trustee carries out an audit at an interval agreed upon with the Competition Authority, for example annually, and evaluates whether the obligation has been complied with. Then the trustee submits its report to the Competition Authority. This makes the trustee the Competition Authority's extension in overseeing compliance with the behavioural commitments. The expenses related to the trustee are usually covered by the merger participant who assumed the commitment.
The current two cases are the first ones where trustees

have been used in Estonia. If these prove to be a success, it could lead to behavioural commitments being more widely accepted and trustees assigned more often. It would create more flexibility for resolving cases that include certain competition concerns.

When the referee gives added time: merger clearance does not always lead straight to closing

The most notable merger in the first half of 2026 was probably the A. Le Coq and Värska deal. Not only because of the substance of the merger but also the interim relief granted by the administrative court after the approval from the Competition Authority. Shortly after the merger approval, A. Le Coq's competitor Saku Õlletehas filed a claim with the administrative court and applied for interim relief. The administrative court granted the request within hours and suspended the validity of the merger approval. This postponed the closing of the deal. A similar course of action had occurred in the 4Energia and Eesti Energia case. We all have something to learn from this.

The administrative court can apply interim relief for up to 30 days without giving reasons for it. In principle, interim relief can be applied within hours. It is therefore likely that the court does not have time to consider the substance of the case in much depth (which in principle is permitted under the applicable procedural law). This means that the standard for interim relief could be very low and in practice this poses a risk that a competitor can at least temporarily pull the breaks on the deal.

There is usually light at the end of the tunnel. The interim relief case in the A. Le Coq and Värska merger was brought before the Tallinn Circuit Court. The Circuit Court did not extend the interim relief until the end of the proceedings. This could become a significant precedent in the field. First, the circuit court noted that after the merger becomes effective, the Competition Authority has legal and practical tools to restore the pre-merger competition environment. The effects of the merger are thus not irreversible. Second, the competitor applying for interim relief must demonstrate how they specifically would suffer irreversible damage due to the merger. Abstract damage to competition is not sufficient for interfering.

One might hope that this approach will be used by administrative courts as well. It would mean that even in order to apply a 30-day interim relief measure, the competitor must substantiate the irreversible damage they would suffer. It is not granted though. The judgment of the circuit court has its downside as well: the court determined that the administrative court did not act unlawfully when granting interim relief. The application of a 30-day interim relief measure as well as its temporary extension were considered lawful in order for the procedural parties to efficiently use their right to appeal. This means that the standards for applying a 30-day interim relief measure could remain low and the prerequisites are evaluated only on a limited basis.

Accordingly, transaction planning should take into account that the closing could be delayed even after receiving clearance from the Competition Authority. The reason is simple: it might still be relatively easy for the competitor to obtain interim relief which suspends the validity of the merger approval and postpones the closing.

Calm market

According to the merger proceedings conducted by the Estonian Competition Authority, the transaction market in the first half of 2026 was relatively calm. The Competition Authority received 14 merger notices, the number for the first half of 2025 was 24. Most notices made in the first half of 2026 concerned non-problematic mergers that were cleared within 30 days. The Competition Authority did not initiate additional merger proceedings in the first half of 2026. With some transactions, for example, the Coop and Prisma merger, the Competition Authority worked very fast considering the scope of the required analysis.

In general, the tendency is still for the Competition Authority to make merger decisions at the end of the review period. One of the reasons could be that several full-length merger proceedings that started in 2025 continued into the first half of 2026, requiring extensive resources.

Overall, the first half of 2026 was quiet in terms of the number of mergers but provided substantive insights. The key takeaway is that the transaction timeline should also allow for the possibility that someone else might press the snooze button.

M&A market is not on a break but has cooled down compared to 2025

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Following the M&A market revival in the second half of 2025 and the prevailing optimism for the economic outlook at the end of the last year and beginning of 2026, there were high hopes and expectations for 2026. Unfortunately, the first half of 2026 has not lived up to those expectations. We counted a total of 39 M&A transactions in the first half of the year, 22 of these in the first quarter and 17 in the second quarter, bringing the total number of transactions, including venture capital, real estate and share issues, to 81. Whereas in the second half of 2025 we counted 108 transactions, with 52 traditional mergers and acquisitions. The year began on a strong note but instead of the expected increase in the number of transactions in the second quarter, deal activity declined notably. Estonian economy, which was clearly on the path to recovery before the outbreak of the conflict in the Middle-East, slowed down and deal activity fell. The global economic environment became more complex once again and left its mark on Estonian economy and transaction market.

A closer look at the transactions completed in the first half of the year shows that the M&A market activity was mainly driven by strategic buyers who are using the M&A market share to grow, add capacities, organise their portfolio and gain access to strategically critical sectors. In terms of deal volume and visibility, the most outstanding sectors in the first half of the year were retail, health care, logistics, technology and defence industry:

Retail	Consolidation, market share, network expansion and client access	Rimi Baltics, TKM Grupp, Coop, NCG Import Baltics, Balti Kella wholesale business
Health care	Fragmented market and long-term demand favour consolidation	Pharmapark, Tallinna Hambakliinik, Fertilitas, Silmäasema
Defence industry	Geopolitics and defence budgets bring strategic capital	Hevi Optronics, Sensus Q
Technology and IT	Acquisition of specific capacities, not only growth	Messente, Envoice, Replicant IT, Vespia, Webware
Logistics and infrastructure	Supply chains, scale and infrastructure resources are still attractive	Havi Logistics, Unified Post businesses, Pakrineeme Sadam, Hansabuss

Source: unsplash.com

While logistics, technology and IT and health care continue to be active M&A sectors, the first half of 2026 proved that the defence industry is transitioning from a niche market to the mainstream. The interest of market participants is no longer limited to only investments or partnerships and has expanded to acquisitions in the defence sector. With the Hevi Optronics and Sensus Q deals, it is not only the number of deals that is significant (considering the small size of the Estonian market, already a few defence industry deals within six months is noteworthy) but also the buyer profile: repeated interest of an international strategic buyer in Estonian companies shows that local defence and dual-use technology producers have moved from the capital raising stage to growth stage. Considering the drivers behind the defence industry M&A market - growing defence budgets, geopolitical tension, reorganisation of supply chains and multi-year procurement programmes - we can expect more defence industry M&A deals in the second half of the year.

A similar pattern is evident in the global M&A market with fewer random deals and more acquisitions driven by clear reasoning. Global M&A analyses describe 2026 as a year of recovery but this does not mean an equal rise in activity in the whole transaction market. According to PwC's market outlook published at the beginning of the year, there are three key forces shaping the M&A market this year:

- first, artificial intelligence is speeding up strategic changes in nearly all sectors, forcing entrepreneurs to make quicker decisions about which scope, technological capacities, data and talents they need;
- second, the global deal market is becoming increasingly polarised: activity is concentrating in certain market dominant regions, particularly the United States, and is focusing only on certain sectors, mainly the technology sector;
- third, the slowing global growth, lower interest rates and abundant capital are forming an M&A market where confidence has returned for high-quality large assets but the approach for mid-size and smaller deals is more selective and cautious (the two-speed M&A market).

This trend is illustrated not only by the US market but also the broader global context: the acquisition of Germany's TK Elevator by Finnish Kone is a sign of European industry consolidation; the bid by Italy's UniCredit to German Commerzbank reflects the pressure of cross-border consolidation in European banking; the acquisition of Japan's SoftBank ABB robotics business that was announced at the end of last year links AI, automatization and industrial robotics; the planned acquisition of Aligned Data Centers by AI Infrastructure Partnership is an example of how AI increases the demand for digital infrastructure and energy related assets.

The Estonian M&A market is moving in the same direction but on a smaller scale: transactions are made where the buyer sees a clear strategic value - market share, technological capacity, defence or dual-use technology expertise, health care consolidation, supply chain or infrastructure. The second half of the year will most likely be dominated by the defence industry, the consolidation of health care and services and capacity-based technology acquisitions will continue. The M&A market is different to what we have seen in previous cycles and the next stage might not always be dominated by those with the most capital but by those who have the best sense of what capacity, market position or strategic asset they actually need.

We advise on matters concerning public and private sector mergers and acquisitions.

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