

# **DomZdrowia.pl in MCI portfolio. New investment of the Fund.**

12.10.2005

On October 5, 2005 MCI Management S.A. signed an investment agreement with [www.domzdrowia.pl](http://www.domzdrowia.pl) web site operator.

According to the agreement MCI Management S.A. is going to invest over 2.5 million PLN in Mito Sp. z o.o. shares over the period of 3 years. After realization of all rounds of investment the estimated shareholding of MCI in the share capital in the Company shall exceed 50%. The investment agreement provides that in the first round of investment MCI Management S.A. will take up 25.56% of new shares for 515 thousand PLN. The investment agreement entitles MCI Management S.A. to make a partial buyout of the remaining shareholders of Mito Sp. z o.o. after 2007. After exercising the right of partial buyout the shareholding of MCI in the Company shall reach over 50%. The value of the buyout will be correlated with the current results of the Company.

Since July 2004 Mito Sp. z o.o. has been an operator of [www.domzdrowia.pl](http://www.domzdrowia.pl) web site and has been operating based on a pharmacy outlet. The business model assumes running an e-commerce B2C pharmacy and that is why the Company still in October this year will change its name to DomZdrowia.pl Sp z o.o. [domzdrowia.pl](http://domzdrowia.pl) web site presents a wide range of OTC drugs and medicinal products. The basic objective of the enterprise is to enable the individual clients to place orders in the pharmacy outlet online; the orders shall be delivered by courier or mail, as requested by the clients. The obvious advantages of the use of [domzdrowia.pl](http://domzdrowia.pl) web site for the clients include first of all access to much cheaper nonprescription medicinal products and other medicinal products in comparison to traditional pharmacies, privacy and security of the clients, much greater freedom of choice of the products and a wide selection of payment methods. The web site guarantees the delivery of the order within maximum 3 working days. The priority of DomZdrowia.pl is the provision of services and serving the clients at the highest possible level and that is why the company has a highly qualified staff of pharmacists always willing to assist the clients on the telephone or the Internet. The

current shareholders of the Company directly engaged in the management of the Company have a long-lasting business experience in the pharmaceutical and medical branch. The management of the Company is actively involved in the support of legislative changes of the Polish pharmaceutical law consistent with the EU directives.

The strategic objective of the company is to continue the dynamic growth of turnover and maintain the position of the undisputed leader in the area of OTC drugs ordered online in Poland. According to the assumed forecasts of the Company and on the basis of the development of the e-commerce markets in Europe and USA, the Internet channel can reach over the next 5 years at least 5% share of the market of OTC drugs. The Company assumes finding customers directly through its own web site and in cooperation with its partners – selected portals.

This is how Andrzej Jasieniecki, MCI Investment Manager, explains the interest of MCI in drug segment online:

“We expect the Internet channel of sales of OTC drugs very quickly can become popular enough to gather an investment attractive critical mass for the assumed enterprise. The market surrounding of the undertaking meets four basic conditions for a VC investment: OTC market is big and growing faster than economy, the customers are buying drugs for later especially if they have specific savings connected with that, the Internet sales channel (e-commerce) for consumption products is growing in Poland very dynamically and last condition is competition in this segment which is in its formation stage.”

“We have decided to make this investment primarily because of a very good assessment of the Management of the Company which has a thorough business experience in this sector and in our opinion has a chance of building an undisputed market leader. Of course the market niche for OTC drugs attractive for the growth of the Internet channel as well as our experience in building e-commerce B2C leaders was additional argument for the attractiveness of the investment of MCI.” said Tomasz Czechowicz – President of the Board, MCI Management SA.

The attraction of the venture capital investor should considerably speed up the implementation of the strategy of growth of the company. MCI Management SA will play the role of the financial investor actively supporting the strategic growth of the company. The investment of MCI in DomZdrowia.pl is the result of the implementation of the strategy of the Fund assuming the increase of the investment in the area of electronic trade, especially in the segment of the consumer products.

Mirosław Ostrowski, Founder and President of the Board of Mito Sp. z o.o. made this comment on the completion of the MCI investment process:

“In the beginning I was considering the development of the enterprise on the basis of our own resources and with the support of Business Angel – Mr. Jacek Denkowski who joined the investors of the enterprise and the Management at the beginning of the year. After analyzing all possible variants of further growth and financing Domzdrowia.pl we jointly decided to look for a financial partner for this undertaking. We did want the partner – financial investor apart from contributing the capital to be able to bring added value in the form of know how in the scope of Internet and e-commerce. This added value was the very reason why from the beginning of our talks with the investors MCI was the preferred partner for the investment. It did not take long to achieve an agreement as both parties understand perfectly well their common key objectives of the undertaking; they demonstrate an entrepreneurial attitude to the analysis and solving strategic problems and furthermore the competences of partners complement one another.”