

Quercus TFI

Strong business, but valuation more fair.

We lift our 12M TP for Quercus TFI to PLN 12.5/share from PLN 11.3 previously, but due to share price performance we downgrade our rating to Hold from Buy. Quercus delivered solid 1Q25 results, that made us increase our net profit estimates by 7% both in 2025e and 2026e. AUM remain on the growth path (+38% y/y, +2% m/m) supported by solid performance of managed funds and positive flows. However, recent share price growth (19% over the last month) made trading multiples (2025/26e P/E at 12.7/13.1) less encouraging, in our view. We point though at upside risks coming from potentially better than expected success fee, changes in distribution network or deregulation proposal of open architecture.

Better than expected 1Q25 results – 1Q25 net profit of Quercus TFI came in at PLN 9.1m (41% y/y) and was 10% above our expectations due to the lower than expected total costs. Management fee went up 24% y/y, revenues from purchase/redemption orders increased 13% y/y and provision for success fee came in at PLN 2m.

AUM still on the growth path – In Apr'25 AUM of Quercus TFI increased 38% y/y (2% m/m). Y/y growth was mostly driven by rising AUM of QRS Akumulacji Kapitału (68% y/y) and QRS Dłużny Krótkoterminowy (83% y/y).

Changes to 2025/26e earnings estimates – Lower than expected costs reported in 1Q25, coupled with Capitea related bookings prompted us to reduce our opex estimates by 6/5% in 2025/26e, but also to trim our net financial income forecasts. As a result, we increased our net profit estimates for Quercus by 7% both in 2025e and in 2026e.

Upside risks – We point though at upside risks for Quercus TFI coming from potentially better than expected success fee in 2025e, changes in distribution network or deregulation proposal of open architecture.

Multiples more fair – At our estimates Quercus is trading at 12.7/13.1x 2025/26e P/E, with 7% discount and 5% premium to peers, respectively. Given high profitability, healthy AUM structure, sustainable earnings distribution and decent EPS outlook we see the current valuation as fair.

Key risks – Regulatory risk, dependence on market developments and investment results are key risks to our valuation and estimates.

Quercus TFI - Key figures, 2023-2028e

PLNm unless otherwise stated

	2023	2024	2025e	2026e	2027e	2028e
Revenues	118.5	176.9	162.5	164.4	165.5	166.2
EBITDA	27.8	73.2	50.6	50.9	49.2	47.7
Net profit	31.0	43.2	41.0	39.8	37.5	35.6
- y/y change	120%	40%	-5%	-3%	-6%	-5%
Dividend yield (%)	2.1%	5.1%	11.3%	7.8%	7.6%	7.1%
P/E (x)	19.8	13.4	12.7	13.1	13.9	14.6
P/BV	6.2	5.1	5.4	5.3	5.3	5.3

Source Company, Pekao Equity Research

Hold (from Buy)

Target price

PLN 12.5

Upside to TP

+13%

Price on 6 May 2025

PLN 11.1

ESG rating

B

Final ESG Score

1.23

Relative share price performance vs. WIG



UPCOMING EVENTS

2Q25 results

14 August

STOCK DATA

Bloomberg	QRS PW
Free float (%)	51.1
Market capitalization (PLNm)	594
Diluted no. of shares (mn)	52.1

Shareholders	Sebastian i Anna Buczek 19.3%
	Jakub Głowacki (and FR) 18.4%
	Fundacja Zbigniewa Juroszka 9.6%
	OFE NN 7.7%

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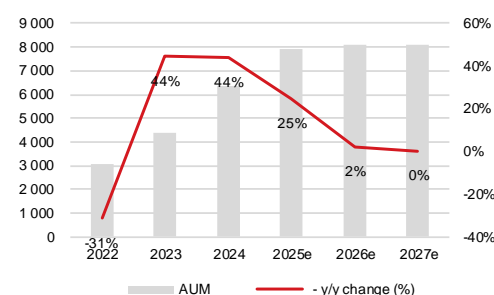
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Key financials

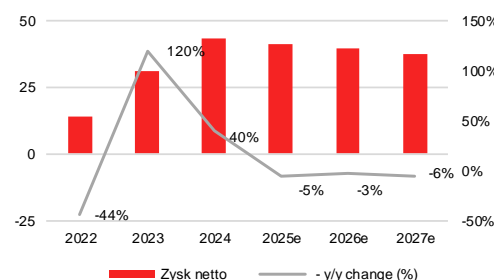
P&L	2023	2024	2025e	2026e	2027e	2028e
Revenues	118.5	176.9	162.5	164.4	165.5	166.2
- Management fee	69.9	97.5	92.0	99.7	101.0	101.8
- Purchase/redemption orders	42.2	51.5	52.0	52.0	52.5	53.1
Expenses	-93.7	-107.3	-116.1	-117.7	-120.6	-122.8
Distribution costs	-39.5	-54.8	-62.4	-60.2	-60.1	-60.7
Staff costs	-27.8	-33.7	-34.2	-36.2	-38.5	-39.3
External services	-6.1	-6.3	-6.9	-7.5	-7.9	-8.1
Other operating costs	-17.2	-8.8	-8.5	-9.5	-9.9	-10.3
D&A	-3.1	-3.6	-4.2	-4.2	-4.3	-4.3
EBIT	24.7	69.7	46.4	46.7	44.9	43.4
EBITDA	27.8	73.2	50.6	50.9	49.2	47.7
Net financial income	14.6	-14.2	6.4	4.5	3.4	2.6
Pre-tax profit	39.3	55.4	52.8	51.2	48.3	46.0
Income tax	-7.6	-10.8	-10.1	-9.7	-9.2	-8.7
Net profit	31.7	44.7	42.7	41.4	39.1	37.2
Net profit for majority shareholders	31.0	43.2	41.0	39.8	37.5	35.6
Balance sheet	2023	2024	2025e	2026e	2027e	2028e
Tangible assets	6.1	6.3	6.3	6.4	6.6	7.0
Financial assets	85.0	39.8	47.3	55.2	63.6	72.5
Fixed assets	100.8	57.6	65.1	73.1	81.8	91.0
Receivables	33.7	34.0	34.7	35.4	36.1	36.8
Cash & equivalents	68.5	84.7	60.1	53.1	44.3	35.6
Current assets	103.7	134.1	110.2	103.8	95.8	87.8
Total assets	204.5	191.7	175.3	177.0	177.5	178.7
Equity for majority shareholders	99.4	113.4	97.1	97.9	97.7	97.8
Provisions for liabilities	22.0	3.3	3.2	3.1	3.0	3.2
Leasing	3.0	1.8	1.8	1.8	1.8	1.8
Long-term liabilities	25.2	5.0	4.9	4.9	4.8	5.0
Trade liabilities	4.1	3.4	3.4	3.4	3.4	3.4
Liabilities to customers	49.3	35.6	35.3	35.7	36.1	36.5
Short-term liabilities	74.4	67.0	67.1	68.0	68.9	69.8
Equity and liabilities	204.5	191.7	175.3	177.0	177.5	178.7
Cash flow	2023	2024	2025e	2026e	2027e	2028e
Net profit	31.0	43.2	41.0	39.8	37.5	35.6
D&A	3.1	3.6	4.2	4.2	4.3	4.3
Financial expenses	0.2	25.9	0.2	0.1	0.1	0.1
Other	5.7	-24.3	1.0	1.7	1.7	2.0
Operating cash flow	26.0	32.2	46.4	45.9	43.6	42.1
Capex	-1.9	-4.0	-4.2	-4.3	-4.5	-4.7
Financial assets spending	-2.1	-7.1	-7.5	-7.9	-8.4	-8.9
Investing cash flow	-1.1	15.7	-11.7	-12.3	-12.9	-13.5
Shares issue	0.0	0.0	0.0	0.0	0.0	0.0
Dividend/buy-back	-12.7	-29.2	-59.1	-40.6	-39.4	-37.2
Other	-1.9	-2.5	-0.2	-0.1	-0.1	-0.1
Financial cash flow	-14.5	-31.7	-59.2	-40.7	-39.5	-37.3
Cash at the beginning of period	58.2	68.5	84.7	60.1	53.1	44.3
Cash at the end of period	68.5	84.7	60.1	53.1	44.3	35.6
Key data	2023	2024	2025e	2026e	2027e	2028e
AUM (PLNm)	4 409	6 343	7 919	8 093	8 124	8 106
- y/y change (%)	44%	44%	25%	2%	0%	0%
Average AUM (PLNm)	3 551	5 376	7 131	8 006	8 109	8 115
- y/y change (%)	1%	51%	33%	12%	1%	0%
ROE (%)	34%	41%	39%	41%	38%	36%
ROA (%)	17%	22%	22%	23%	21%	20%
Net profit margin (%)	26%	24%	25%	24%	23%	21%
Margin on average AUM (%)	0.9%	0.8%	0.6%	0.5%	0.5%	0.4%
Dividend payout/buy-back ratio	86%	94%	132%	95%	95%	95%
Dividend yield (%)	2.1%	5.1%	11.3%	7.8%	7.6%	7.1%
Number of shares (m)	55.2	52.1	47.0	47.0	47.0	47.0
P/E (x)	19.8	13.4	12.7	13.1	13.9	14.6
P/BV (x)	6.2	5.1	5.4	5.3	5.3	5.3

Source: Company, Pekao Equity Research

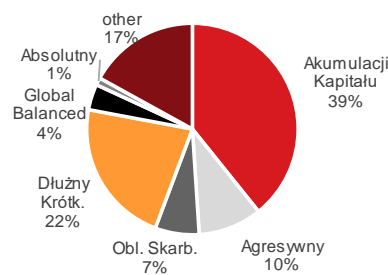
AUM (PLNm) and y/y change (%)



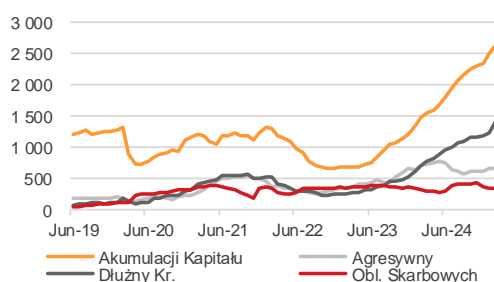
Net profit (PLNm) and y/y change (%)



AUM structure (%)



AUM of key funds (PLNm)



Key risks to our forecasts and estimates:

1) Dependence on market developments – Negative market performance or unexpected turbulence may have negative impact on rates of return of managed funds, flows and company's revenues, 2) Risk of high interest rates – If interest rates in Poland are higher for longer, clients may stay with banks/Treasury bonds instead of shifting to investment funds, 3) Risk of weak performance of funds – Negative or weak rates of return of managed funds may result in outflow of funds and drop of AUM, 4) Regulatory risk – We point at a risk of new regulations that may limit fund management business, 5) Distribution risk – Changes in external distribution channels may negatively affect flows to Quercus TFI's funds and company's financial results, 6) Key fund managers leave risk – We point at risk of deterioration of rates of return if key fund managers decide to leave the company.

Changes to 2025-26e estimates

We make no major changes to our AUM estimates and expect total AUM to grow 25% y/y in 2025e (after 44% y/y increase in 2024) and to remain broadly flat in 2026e (2% y/y). Lower than expected total costs reported in 1Q25, coupled with Capitea related bookings prompted us to reduce our opex estimates by 6/5% in 2025/26e, but also to trim our net financial income forecasts. As a result, we arrive at net profit of Quercus TFI at PLN 41.0m in 2025e (up 7%) and at PLN 39.8m in 2026e (up 7%).

- We make no major changes to our AUM estimates and expect total AUM to grow 25% y/y in 2025e (after 44% y/y increase in 2024) and to remain broadly flat in 2026e (2% y/y). We make also no material changes to our total revenues estimates both in 2025e and in 2026e.
- Lower than expected costs reported in 1Q25 coupled with Capitea related bookings reflected in other operating costs and net financial income made us reduce our total costs estimates by 6% in 2025e and by 5% in 2026e. In the same time we trim our net financial income forecasts by 43% in 2025e and by 47% in 2026e.
- As a result, we arrive at net profit of Quercus TFI at PLN 41.0m in 2025e (up 7%) and at PLN 39.8m in 2026e (up 7%).

Quercus TFI – Changes to 2025-2026e earnings estimates

PLNm unless otherwise stated

	2025e			2026e		
	Previous	Current	Change (%)	Previous	Current	Change (%)
Revenues	161.9	162.5	0%	164.1	164.4	0%
Costs	-123.3	-116.1	-6%	-124.1	-117.7	-5%
EBIT	38.6	46.4	20%	39.9	46.7	17%
EBITDA	42.7	50.6	19%	44.1	50.9	15%
Net financial income	11.2	6.4	-43%	8.5	4.5	-47%
Pre-tax profit	49.8	52.8	6%	48.4	51.2	6%
Net profit	40.3	42.7	6%	39.2	41.4	6%
Net profit (maj. shareholders)	38.3	41.0	7%	37.2	39.8	7%
AUM (eop)	7 900	7 919	0.2%	8 079	8 093	0.2%
AUM (average)	7 122	7 131	0.1%	7 989	8 006	0.2%

Source: Company, Pekao Equity Research estimates

Recent events

AUM in Apr'25 up 38% y/y, 2% m/m

In Apr'25 AUM of Quercus TFI increased 38% y/y (2% m/m). Y/y growth was mostly driven by rising AUM of QRS Akumulacji Kapitału (68% y/y) and QRS Dłużny Krótkoterminowy (83% y/y).

Quercus TFI – AUM

PLNm unless otherwise stated

	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	y/y	m/m
FIO	5 438	5 724	5 949	6 089	6 306	44%	4%
Absolute Return FIZ	33	34	36	21	22	-61%	5%
Global Balanced Plus FIZ	45	45	45	43	44	4%	2%
Acer Multistrategy FIZ	109	109	148	147	147	67%	0%
Multistrategy FIZ	57	55	56	56	57	-5%	2%
Private Equity Multifund FIZ	4	4	4	4	4	-20%	-5%
Alphaset FIZ	208	227	227	228	228	12%	0%
Asset Management	428	449	472	474	361	0%	-24%
TOTAL	6 343	6 670	6 960	7 085	7 191	38%	2%

Source: Company, Pekao Equity Research

Publication of 1Q25 results (on 17st of April)

1Q25 net profit of Quercus TFI came in at PLN 9.1m (41% y/y) and was 10% above our expectations. Earnings beat was driven by lower than expected total costs. In contrast to previous quarters 1Q25 was not marked by Capitea related bookings in any material way. Management fee went up 24% y/y and revenues from purchase/redemption orders increased 13% y/y. 1Q25 saw further growth of AUM (40% y/y, 12% q/q) driven by solid rates of return of QRS's funds and positive flows. Provision for success fee came in at PLN 2m and was better than we had assumed. In our view 1Q25 came as a solid beginning of the year for Quercus.

Quercus TFI – P&L, PLN mn

	1Q24	2Q24	3Q24	4Q24	1Q25	y/y	q/q	Pekao	vs. Pekao
Revenues	29.7	36.7	34.5	76.1	36.0	21%	-53%	36.3	-1%
Total costs	-24.7	-27.9	-28.6	-26.0	-26.0	5%	0%	-29.4	-12%
EBIT	4.9	8.8	5.8	50.1	10.0	103%	-80%	6.9	46%
EBITDA	6.0	9.4	6.7	51.2	11.0	83%	-79%	7.8	41%
Net financial income	3.2	3.5	4.5	-25.4	1.8	-43%	-107%	4.0	-54%
Pre-tax profit	8.1	12.3	10.3	24.7	11.8	46%	-52%	10.9	9%
Net profit	6.5	9.4	7.9	19.4	9.1	41%	-53%	8.3	10%
AUM eop	5 062	5 570	6 002	6 343	7 085	40%	12%		
AUM average	4 741	5 308	5 813	6 202	6 764	43%	9%		

Source: Company, Pekao Equity Research

Valuation summary

Our valuation of Quercus TFI is based on discounted cash flow method (DCF) and comparative approach. With 70/30% weights, respectively, we arrive at target price of 12.5/share offering 13% upside potential.

Quercus TFI – Summary of valuation

PLN unless otherwise stated

DCF	13.0
Comparative valuation	11.2
Weighted average	12.5
Target price	12.5
Market price	11.1
Upside/downside (%)	12.6%

Source: Pekao Equity Research

Our discounted cash flow (DCF) model is based on expected free cash flows discounted with weighted average cost of capital (WACC). In our cost of equity calculation we use 5.6% risk free rate (4.0% in terminal), 6.0% risk premium (5.0% in terminal) and 1.0 Beta. We use also growth rate (g) at 3%. Our DCF model implies Quercus TFI's equity value at PLN 13.0/share.

Quercus TFI – Discounted cash flow (DCF) model

PLNm unless otherwise stated

	2025e	2026e	2027e	2028e	2029e	2030e	Terminal
Revenues	163	164	165	166	166	166	166
EBIT	46	47	45	43	41	38	38
- y/y change	-33%	1%	-4%	-3%	-6%	-6%	0%
- EBIT margin	29%	28%	27%	26%	25%	23%	23%
Tax	-9	-9	-9	-8	-8	-7	-7
NOPLAT	37	38	36	35	33	31	31
- y/y change	-33%	0%	-3%	-3%	-6%	-6%	0%
D&A	4	4	4	4	4	4	4
- y/y change	17%	1%	1%	1%	0%	0%	0%
Capex	-4	-4	-4	-5	-4	-4	-4
- y/y change	120%	4%	4%	4%	-8%	0%	0%
Change in working capital	-1	-1	-1	-1	0	0	0
FCF	37	37	35	34	33	31	31
DFCF	33	30	26	22	20	17	17
Sum of discounted FCF	147						
Terminal value	562						
Discounted TV	305						
Enterprise value	452						
Net debt (2024)	-85						
Equity value - Dec 31 2024	530						
Number of shares (m)	47.0						
12M target price (PLN)	13.0						
Market price (PLN) - 6th of May'25	11.1						
Upside/downside	17%						

Source: Pekao Equity Research

Quercus TFI – WACC calculation

	2025e	2026e	2027e	2028e	2029e	2030e	Terminal
Risk free rate	5.6%	5.6%	5.6%	5.6%	5.6%	5.6%	4.0%
Equity risk premium	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	5.0%
ESG discount/premium	-0.4%	-0.4%	-0.4%	-0.4%	-0.4%	-0.4%	-0.3%
Beta	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Cost of equity	11.1%	11.1%	11.1%	11.1%	11.1%	11.1%	8.7%
Cost of debt	8.6%	8.6%	8.6%	8.6%	8.6%	8.6%	7.0%
After tax cost of debt	6.9%	6.9%	6.9%	6.9%	6.9%	6.9%	5.7%
Equity weight	100%	100%	100%	100%	100%	100%	100%
WACC	11.1%	11.1%	11.1%	11.1%	11.1%	11.1%	8.7%

Source: Pekao Equity Research

Quercus TFI – Sensitivity of DCF model to risk free rate and Beta

PLN unless otherwise stated

		Risk free rate (%)						
		2.6%	3.6%	4.6%	5.6%	6.6%	7.6%	8.6%
Beta	0.7	17.4	17.0	16.6	16.3	15.9	15.5	15.2
	0.8	16.0	15.6	15.3	15.0	14.6	14.3	14.0
	0.9	14.8	14.5	14.2	13.9	13.6	13.3	13.1
	1.0	13.9	13.6	13.3	13.0	12.8	12.5	12.3
	1.1	13.0	12.8	12.5	12.3	12.1	11.8	11.6
	1.2	12.3	12.1	11.9	11.6	11.4	11.2	11.1
	1.3	11.7	11.5	11.3	11.1	10.9	10.7	10.6

Source: Pekao Equity Research

Quercus TFI – Sensitivity of DCF model to risk free rate and risk premium

PLN unless otherwise stated

		Risk free rate (%)						
		2.6%	3.6%	4.6%	5.6%	6.6%	7.6%	8.6%
Risk premium	3%	14.9	14.5	14.2	13.9	13.6	13.4	13.1
	4%	14.5	14.2	13.9	13.6	13.3	13.1	12.8
	5%	14.2	13.9	13.6	13.3	13.0	12.8	12.5
	6%	13.9	13.6	13.3	13.0	12.8	12.5	12.3
	7%	13.5	13.3	13.0	12.8	12.5	12.3	12.1
	8%	13.2	13.0	12.7	12.5	12.3	12.0	11.8
	9%	13.0	12.7	12.5	12.2	12.0	11.8	11.6

Source: Pekao Equity Research

Quercus TFI – Comparative valuation summary

	2025e	2026e
Foreign peers average	13.7	12.4
Quercus P/E	12.7	13.1
premium/discount to average	-7%	5%
Implied fair value/share (PLN)	12.0	10.5
Weight	50%	50%
Fair value/share (PLN)	11.2	

Source: Pekao Equity Research

Our comparative valuation is based on P/E multiples of foreign peers in years 2025-2026e and implies Quercus TFI's equity value at PLN 11.2/share.

Quercus TFI – Comparative valuation

	Country	MCAP (EURm)	AuM [mln EUR]	P/E		P/BV		ROE		Dividend yield	
				2025	2026	2025	2026	2025	2026	2025	2026
ASHMORE GROUP PLC	GB	1 262	58 161	16.8	19.0	1.1	1.2	7%	7%	11%	11%
HARGREAVES LANSDOWN PLC	GB	6 208	183 212	16.0	16.4	5.8	5.2	35%	31%	4%	5%
JUPITER FUND MANAGEMENT	GB	470	54 799	11.6	11.8	0.5	0.5	4%	4%	4%	4%
MAN GROUP PLC/JERSEY	GB	2 296	162 914	8.4	5.7	1.2	0.9	13%	20%	8%	8%
SCHRODERS PLC	GB	6 333	800 568	11.7	10.6	1.2	1.1	11%	11%	6%	6%
AFFILIATED MANAGERS GROUP	US	4 358	684 027	7.5	7.0	1.5	1.4	21%	29%	0%	0%
ALLIANCEBERNSTEIN HOLDING	US	3 933	765 485	12.8	11.3	na	na	6%	na	8%	9%
APOLLO GLOBAL MGMT INC	US	66 712	725 710	16.3	12.9	3.6	2.9	30%	25%	2%	2%
ARTISAN PARTNERS ASSET MA	US	2 793	155 772	12.3	11.9	na	na	na	na	8%	8%
BLACKROCK INC	US	124 573	11 161 707	19.5	17.3	2.8	2.8	15%	16%	2%	3%
BLACKSTONE INC	US	144 782	1 089 168	28.8	21.9	9.6	8.6	37%	44%	3%	4%
CARLYLE GROUP INC/THE	US	12 727	426 147	10.3	8.8	1.9	1.6	21%	22%	4%	4%
FRANKLIN RESOURCES INC	US	9 284	1 505 741	8.4	7.8	0.4	0.4	6%	6%	6%	6%
KKR & CO INC	US	88 997	616 071	21.9	17.6	3.5	2.8	13%	13%	1%	1%
T ROWE PRICE GROUP INC	US	17 617	1 552 421	10.8	10.7	2.0	1.9	17%	18%	6%	6%
PERPETUAL LTD	AU	1 074	12 332	9.8	10.7	1.1	1.1	11%	10%	7%	6%
AMP LTD	AU	1 812	na	12.4	11.5	0.8	0.8	7%	7%	3%	4%
INSIGNIA FINANCIAL LTD	AU	1 480	193 904	10.8	10.7	1.2	1.2	12%	11%	0%	5%

Source: Bloomberg, Pekao Equity Research

ESG rating

Our ESG rating is based on assessment of a number of E-S-G related criteria with respectively 30/40/30% weight in total rating. **Our methodology implies final ESG Score for Quercus TFI at 1.23 and ESG Rating “B”.**

Quercus TFI – ESG rating summary

Financials	E	S	G
Score	0.88	1.40	1.36
Sector weight	30%	40%	30%
Final ESG Score	1.23		
ESG Rating	B		

Source: Pekao Equity Research

According to our methodology, rating “B” translates to 7.5% discount for equity risk premium (as % of RFR) in our cost of equity calculation.

Quercus TFI – ESG rating methodology

	score from:	to	Rating	WACC risk premium impact (% of RFR)
ESG Score	1.5	2	A	-15.0%
	1	1.5	B	-7.5%
	0.5	1	C	0%
	0	0.5	D	15.0%

Source: Pekao Equity Research

Financials and earnings estimates

Quercus TFI – Key data, 2022-2028e

PLNm unless otherwise stated

	2022	2023	2024	2025e	2026e	2027e	2028e
EPS adjusted	0.2	0.6	0.8	0.9	0.8	0.8	0.8
Revenue	93.1	118.5	176.9	162.5	164.4	165.5	166.2
Gross Margin %	19%	33%	31%	32%	31%	29%	28%
EBIT	14.9	24.7	69.7	46.4	46.7	44.9	43.4
EBITDA	19.2	27.8	73.2	50.6	50.9	49.2	47.7
Net income	14.1	31.0	43.2	41.0	39.8	37.5	35.6
Net debt	-58.2	-68.5	-84.7	-60.1	-53.1	-44.3	-35.6
BPS	1.4	1.8	2.2	2.1	2.1	2.1	2.1
DPS	0.4	0.2	0.6	1.3	0.9	0.8	0.8
ROE	17%	34%	41%	39%	41%	38%	36%
ROA	8%	17%	22%	22%	23%	21%	20%
Depreciation & Amortization	4.3	3.1	3.6	4.2	4.2	4.3	4.3
FCF	35.0	-1.4	54.8	36.9	37.0	35.4	34.1
CAPEX	1.5	1.9	4.0	4.2	4.3	4.5	4.7

Source: Company, Pekao Equity Research estimates

Quercus TFI – P&L, 2022-2028e

PLNm unless otherwise stated

	2022	2023	2024	2025e	2026e	2027e	2028e
Revenues	93.1	118.5	176.9	162.5	164.4	165.5	166.2
Expenses	-78.1	-93.7	-107.3	-116.1	-117.7	-120.6	-122.8
EBIT	14.9	24.7	69.7	46.4	46.7	44.9	43.4
EBITDA	19.2	27.8	73.2	50.6	50.9	49.2	47.7
Net financial income	2.8	14.6	-14.2	6.4	4.5	3.4	2.6
Pre-tax profit	17.7	39.3	55.4	52.8	51.2	48.3	46.0
Income tax	-3.0	-7.6	-10.8	-10.1	-9.7	-9.2	-8.7
Net profit	14.7	31.7	44.7	42.7	41.4	39.1	37.2
Net profit for majority shareholders	14.1	31.0	43.2	41.0	39.8	37.5	35.6

Source: Company, Pekao Equity Research estimates

Quercus TFI – Key data, 2022-2028e

PLNm unless otherwise stated

	2022	2023	2024	2025e	2026e	2027e	2028e
AUM (PLNm)	3 054	4 409	6 343	7 919	8 093	8 124	8 106
- y/y change (%)	-31%	44%	44%	25%	2%	0%	0%
Average AUM (PLNm)	3 512	3 551	5 376	7 131	8 006	8 109	8 115
- y/y change (%)	-5%	1%	51%	33%	12%	1%	0%
Net profit margin (%)	15%	26%	24%	25%	24%	23%	21%
Margin on average AUM (%)	0%	1%	1%	1%	0%	0%	0%
Dividend yield (%)	4%	2%	5%	11%	8%	8%	7%
Number of shares (m)	56	55	52	47	47	47	47

Source: Company, Pekao Equity Research estimates

Quercus TFI – Balance sheet, 2022-2028e
PLNm unless otherwise stated

	2022	2023	2024	2025e	2026e	2027e	2028e
Tangible assets	5.9	6.1	6.3	6.3	6.4	6.6	7.0
Financial assets	72.9	85.0	39.8	47.3	55.2	63.6	72.5
Fixed assets	88.1	100.8	57.6	65.1	73.1	81.8	91.0
Receivables	10.9	33.7	34.0	34.7	35.4	36.1	36.8
Cash & equivalents	58.2	68.5	84.7	60.1	53.1	44.3	35.6
Current assets	69.9	103.7	134.1	110.2	103.8	95.8	87.8
Total assets	158.0	204.5	191.7	175.3	177.0	177.5	178.7
Equity for majority shareholders	81.1	99.4	113.4	97.1	97.9	97.7	97.8
Provisions for liabilities	15.1	22.0	3.3	3.2	3.1	3.0	3.2
Leasing	3.1	3.0	1.8	1.8	1.8	1.8	1.8
Long-term liabilities	18.7	25.2	5.0	4.9	4.9	4.8	5.0
Trade liabilities	3.8	4.1	3.4	3.4	3.4	3.4	3.4
Liabilities to customers	39.8	49.3	35.6	35.3	35.7	36.1	36.5
Short-term liabilities	53.0	74.4	67.0	67.1	68.0	68.9	69.8
Equity and liabilities	158.0	204.5	191.7	175.3	177.0	177.5	178.7

Source: Company, Pekao Equity Research estimates
Quercus TFI – Cash flow, 2022-2028e
PLNm unless otherwise stated

	2022	2023	2024	2025e	2026e	2027e	2028e
Net profit	14.7	31.0	43.2	41.0	39.8	37.5	35.6
D&A	4.3	3.1	3.6	4.2	4.2	4.3	4.3
Financial expenses	0.2	0.2	25.9	0.2	0.1	0.1	0.1
Other	-20.3	5.7	-24.3	1.0	1.7	1.7	2.0
Operating cash flow	-1.1	26.0	32.2	46.4	45.9	43.6	42.1
Capex	-1.5	-1.9	-4.0	-4.2	-4.3	-4.5	-4.7
Financial assets spending	-3.0	0.8	19.7	-7.5	-7.9	-8.4	-8.9
Investing cash flow	3.4	-1.1	15.7	-11.7	-12.3	-12.9	-13.5
Shares issue	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Dividend/buy-back	-22.3	-12.7	-29.2	-59.1	-40.6	-39.4	-37.2
Other	-2.5	-1.9	-2.5	-0.2	-0.1	-0.1	-0.1
Financial cash flow	-24.9	-14.5	-31.7	-59.2	-40.7	-39.5	-37.3
Cash at the beginning of period	80.7	58.2	68.5	84.7	60.1	53.1	44.3
Cash at the end of period	58.2	68.5	84.7	60.1	53.1	44.3	35.6

Source: Company, Pekao Equity Research estimates

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Analyst	Position	Financial instrument	Number of instruments	Exposure (long/short)	Average transactions price	Transactions dates
Michał Fldelus	Expert, Analyst	Quercus TFI	n.a.	n.a.	n.a.	n.a.

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METHODS USED TO FORMULATE OUR RECOMMENDATIONS:

Our company valuations are based on two valuation methods selected from among the following: discount model, multiples-based model or asset-based valuation method.

Discount models are characterized by simultaneous and comprehensive consideration of key determinants of intrinsic value, e.g. operating cash flow, capex, cost of capital (WACC). They are theoretically appealing and provide a direct computation of intrinsic value. However, discount model valuations are highly sensitive to changes in assumptions, particularly the risk free rate and terminal growth rate. Moreover, projections cannot be stated with certainty; unforeseen future events can cause income or earnings projections to be invalid.

Multiples-based models are based on the analysis of the valuation multipliers of a given company in relation to other similar companies in the industry. Among strengths of multiplier models we can highlight their simplicity, as they are easy to compute as well as to understand. Moreover, only the key statistics for investors are chosen for valuation. On the other hand, multiples are based on historic data or near-term forecasts. Valuations based on multiples will therefore fail to capture differences in projected performance over the longer term. Finally, it may be problematic to select a suitable peer group.

Asset-based models can be used even if a company has a brief record of earnings or its future existence is uncertain. However, it may be challenging to determine market value of some assets, particularly intangibles. Additionally, asset-based models do not take into account future changes in financial results, nor do they include non-balance sheet items, such as know-how.

Valuation models are dependent on macroeconomic factors, such as interest rates, exchange rates, raw materials, and on assumptions about the economy. Furthermore, market sentiment affects the valuation of companies. The valuation is also based on expectations that might change rapidly and without notice, depending on developments specific to individual industries. Our recommendations and target prices derived from the models might therefore change accordingly.

The investment ratings generally relate to a 12-month horizon. They are, however, also subject to market conditions and can only represent a snapshot. The ratings may in fact be achieved more quickly or slowly than expected, or need to be revised upward or downward. In the tables and charts throughout this report, we designate the years with an "E" to denote that the figures presented are forecasts and estimates.

Definition of ratings used in our publications:

We currently use a three-tier recommendation system for the stocks in our formal coverage: Buy, Hold, or Sell (see definitions below):

A **Buy** is applied when the expected total return over the next twelve months is higher than 15%.

A **Hold** is applied when the expected total return over the next twelve months is within the range of 0% to 15%.

A **Sell** is applied when the stock's expected total return over the next twelve months is negative.

We employ three further categorizations for stocks in our coverage:

Restricted: A rating and/or financial forecasts and/or target price is not disclosed owing to compliance or other regulatory considerations such as blackout period or conflict of interest.

Coverage in transition: Due to changes in the research team, the disclosure of a stock's rating and/or target price and/or financial information are temporarily suspended. The stock remains in the research universe and disclosures of relevant information will be resumed in due course.

Under review: A rating and/or financial forecasts and/or target price is at the moment under revision of an analyst and the previous rating and/or financial forecasts and/or target price should not be relied on.

Not rated: We do not issue company-specific recommendations and we do not plan to issue them in the foreseeable future.

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P/E – „Price/Earnings” is the ratio of the financial instrument price to the net financial result for the issuer of the financial instrument.

P/B – „Price/Book Value” is the ratio of the price of the financial instrument to the issuer's equity capital.

EPS – „Earnings per Share”, i.e. net profit per share.

BVPS – „Book Value per Share”.

FWD – „Forward” - stands for the ratio (eg. P/E) calculated on the basis of the expected results.

DPS – „Dividend per Share”.

DY – „Dividend Yield”, a ratio calculated as dividends per share divided by the current share price.

EBIT – „Earnings Before Interest and Taxes”.

EBITDA - „Enterprise Value / Earnings Before Interest, Taxes, Depreciation and Amortization”.

EV/EBITDA – „Enterprise Value / Earnings Before Interest, Taxes, Depreciation and Amortization” is the company's market capitalization (price x number of shares) increased by the value of net financial debt and the value of minority shareholders divided by the operating result increased by the value of the company's asset depreciation.

AGM – Annual General Meeting