



Dom Maklerski BDM S.A.

# EUROCASH

## ANALYTICAL REPORT - SUMMARY

In previous months the Eurocash' stock price was under pressure, what we see as a chance of building a position. We set our target price to 20,1 PLN/share. We hope the coming quarters of '20 will bring the growth of adjusted financial results (in H2'20 there should be seen the effect of optimisation in EC Distribution/EC Alcohols and completing of integration in retail segment). We hope that company will update its strategy for retail segment and in '21 will focus on building-up the Delikatesy Centrum chain. In case of accomplishment of our estimates, Eurocash would be traded with a discount vs peer group and EV/EBITDA IFRS 16 = 5,8-5,5x in 2020-21. We point out the board members bought recent some blocks of shares (at the price 15-16 PLN/share).

### Company profile

Eurocash is a leading wholesale distributor of fast moving consumer goods. It operates in wholesale food distribution (it possesses c.a. 26% market share; it operates through cash & carry and distribution) and in retail segment, in which it develops Delikatesy Centrum markets. In addition to this, the company conducts new projects e.g. Duży Ben and Kontigo.

### Valuation summary

We base our valuation on two methods: discounted cash flows model (70% contribution in the final valuation), which implies share price 21,6 PLN and peer valuation (30% share in the final valuation), which indicates target price 16,5 PLN. We set the target price 20,1 PLN.

### Forecasts and multiples

We expect that in Q3'20 the company will reach 6,8 bln PLN of sales, c.a. 217 mln PLN EBITDA MSSF 16 and 33 mln PLN of net profit. In '20 we forecast c.a. 25,3 bln PLN of sales, 793 mln PLN EBITDA and 70 mln PLN of adjusted net income. In 2021 we estimate 26,5 bln PLN of sales, 829 mln PLN EBITDA and 121 mln PLN of net income. Currently, Eurocash trades at EV/EBITDA'20 MSSF 16 = 5,8x and P/E'20 = 30x.

**Risk factors:** I) COVID-19 II) Loss of sales in tobacco division. III) Macro environment. IV) Increase of wages and lack of employees. V) Market competition (mainly because of the discounters). VI) Legal changes (Sunday ban; turnover tax). VII) Potential acquisitions and their integration. VIII) Seasonality of financial results. IX) Loss of PKN Orlen contract. X) Change of excise tax.

	2015	2016	2017	2018	2019	2020P	2021P	2022P
Revenues [mln PLN]	20 318	21 206	20 849	22 833	24 852	25 277	26 536	27 716
EBITDA MSSF 16 [mln PLN]	-	-	-	-	794	793	829	847
EBITDA adj. MSSF 16 [mln PLN]	-	-	-	-	777	793	829	847
EBITDA MSR 17 [mln PLN]	476	353	69	151	430	423	460	482
EBITDA adj. MSR 17 [mln PLN]	476	353	183	103	413	423	460	482
EBIT MSSF 16 [mln PLN]	-	-	-	-	245	236	274	292
Net income adj. [mln PLN]	230	190	119	77	67	70	121	140
Net debt MSSF 16 [mln PLN]	-	-	-	-	2 348	2 483	2 443	2 399
Net debt MSR 17 [mln PLN]	175	324	370	382	523	621	558	502
P/BV	1,8	1,8	2,0	2,0	2,2	2,1	2,1	2,2
P/E adj.	9,2	11,1	17,8	27,3	31,3	30,3	17,4	15,0
EV/EBITDA MSSF 16	-	-	-	-	5,7	5,8	5,5	5,3
EV/EBITDA MSR 17	4,8	6,9	36,1	16,5	6,1	6,4	5,8	5,4
EV/EBIT MSSF 16	-	-	-	-	18,2	19,4	16,6	15,4
	1Q'19	2Q'19	3Q'19	4Q'19	1Q'20	2Q'20	3Q'20P	4Q'20P
Revenues [mln PLN]	5 483	6 438	6 673	6 258	5 919	6 196	6 753	6 409
EBITDA MSSF 16 [mln PLN]	121	216	219	237	126	210	217	240
EBITDA MSR 17 [mln PLN]	33	126	129	141	34	117	125	148
EBITDA adj. MSR 17 [mln PLN]	33	126	125	129	34	117	125	148
EBIT MSSF 16 [mln PLN]	-10	81	84	88	-10	72	75	99
EBIT MSR 17 [mln PLN]	-19	72	75	80	-26	58	66	91
Net income [mln PLN]	-40	47	25	47	-62	42	33	57

The report was prepared by Dom Maklerski BDM at the request of the WSE as part of the Exchange's Analytical Coverage Support

# BUY

(PREVIOUS: ACCUMULATE)

## TARGET PRICE 20,1 PLN

7 SEPTEMBER 2020, 07:00 CEST

DCF valuation [PLN]	21,6
Peer valuation [PLN]	16,5
Target price [PLN]	20,1
Price upside/downside	32,5%
Cost of capital	9,0%
Price [PLN]	15,2
Market cap [mln PLN]	2 109,7
Shares mln. szt.]	139,2
Max. price 6M [PLN]	21,9
Min. price 6m [PLN]	14,9
Rate of return 3M	-20,0%
Rate of return 6M	-20,4%
Rate of return 9M	-30,9%
Shareholders (% of votes):	
Luis Amaral	44,0%
Others	56,0%

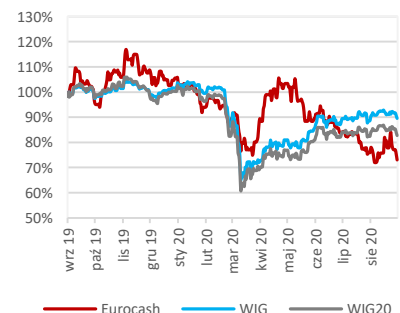
**Adrian Górniak**

adrian.gorniak@bdm.pl

tel. (0-32) 208-14-38

Dom Maklerski BDM S.A.

ul. 3-go Maja 23, 40-096 Katowice



This report has been prepared in compliance with Regulation (EU) No. 596/2014 of the European Parliament and of the Council of 16 April 2014 (on market abuse), Commission Delegated Regulation (EU) 2016/958 and Commission Delegated Regulation (EU) 2017/565. Detailed contents of legal notes is located on the last page of this report. The report has been prepared and made available for distribution by BDM. GPW shall be a copyright holder to this report from the date of its publication. The report can be published and made available without limitation by GPW through any mass communication media as decided by GPW.

**This document is a summary of a full version of the report prepared in Polish. In case of any disputes the Polish version shall prevail.**

**Valuation summary [PLN]**

	Share	Valuation
DCF valuation	70%	21,6
Peer valuation	30%	16,5
<b>Target price [PLN]</b>		<b>20,1</b>

Source: BDM S.A.

**DCF valuation**

	2020P	2021P	2022P	2023P	2024P	2025P	2026P	2027P	2028P	2029P
Revenues [mIn PLN]	25 277,2	26 535,8	27 715,9	28 887,9	30 046,5	31 185,0	32 303,3	33 400,6	34 476,2	35 531,7
EBIT [mIn PLN]	236,3	273,9	292,1	313,5	335,7	355,8	378,3	401,6	426,6	451,5
Tax rate	30%	19%	19%	19%	19%	19%	19%	19%	19%	19%
Tax on EBIT [mIn PLN]	70,3	52,0	55,5	59,6	63,8	67,6	71,9	76,3	81,0	85,8
NOPLAT [mIn PLN]	166,0	221,9	236,6	254,0	272,0	288,2	306,4	325,3	345,5	365,7
Amortization, including: [mIn PLN]	556,6	554,8	554,7	552,9	552,1	551,7	551,6	551,4	551,0	550,3
-right to use assets	322,7	334,0	336,2	338,2	339,8	341,1	342,1	342,9	343,4	343,6
CAPEX [mIn PLN]	-536,8	-567,6	-566,4	-567,8	-568,1	-567,6	-566,2	-564,1	-561,1	-557,5
- lease payments	-369,9	-368,6	-364,9	-364,5	-363,5	-362,4	-361,1	-359,6	-358,1	-356,3
Working capital movement [mIn PLN]	89,3	60,1	44,8	43,5	41,9	40,0	38,1	36,2	34,3	32,6
Purchase of investment [mIn PLN]	-128,7	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Cash flow from sold assets [mIn PLN]	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
FCF [mIn PLN]	146,4	269,2	269,7	282,5	297,8	312,3	329,9	348,8	369,7	391,1
DFCF [mIn PLN]	143,2	244,9	228,1	222,1	217,3	211,5	207,1	203,0	199,3	195,1
Total DFCF [mIn PLN]	2 071,6									
Terminal value [mIn PLN]	6 721,7									
Discounted terminal value [mIn PLN]	3 353,1									
Enterprise value [mIn PLN]	5 424,7									
Net debt [mIn PLN]	2 347,9									
Dividend 2020 [mIn PLN]	0,0									
Minorities [mIn PLN]	66,4									
<b>Equity value [mIn PLN]</b>	<b>3 010,3</b>									
Number of shares [mln]	139,2									
<b>Value per share [PLN]</b>	<b>21,6</b>									

Terminal growth rate: 2,0%

**WACC calculation**

	2020P	2021P	2022P	2023P	2024P	2025P	2026P	2027P	2028P	2029P
Risk-free rate	4,0%	4,0%	4,0%	4,0%	4,0%	4,0%	4,0%	4,0%	4,0%	4,0%
Risk premium	5,0%	5,0%	5,0%	5,0%	5,0%	5,0%	5,0%	5,0%	5,0%	5,0%
Beta	1,0	1,0	1,0	1,0	1,0	1,0	1,0	1,0	1,0	1,0
Credit premium	1,5%	1,5%	1,5%	1,5%	1,5%	1,5%	1,5%	1,5%	1,5%	1,5%
Cost of equity	9,0%	9,0%	9,0%	9,0%	9,0%	9,0%	9,0%	9,0%	9,0%	9,0%
Contribution of equity	66,1%	66,9%	68,3%	69,8%	71,3%	72,8%	74,3%	75,9%	77,4%	79,0%
Cost of debt after tax	3,9%	4,5%	4,5%	4,5%	4,5%	4,5%	4,5%	4,5%	4,5%	4,5%
Contribution of debt	33,9%	33,1%	31,7%	30,2%	28,7%	27,2%	25,7%	24,1%	22,6%	21,0%
<b>WACC</b>	<b>7,3%</b>	<b>7,5%</b>	<b>7,6%</b>	<b>7,6%</b>	<b>7,7%</b>	<b>7,8%</b>	<b>7,8%</b>	<b>7,9%</b>	<b>8,0%</b>	<b>8,0%</b>

Source: BDM S.A.

**Sensitivity analysis**

beta	Terminal growth rate			Risk premium	Terminal growth rate			Risk premium	Beta		
	1,5%	2,0%	2,5%		1,5%	2,0%	2,5%		0,9	1,0	1,1
0,9	22,1	24,4	27,1	4,0%	24,8	27,5	30,8	4,0%	29,4	27,5	25,9
1,0	19,7	21,6	23,9	5,0%	19,7	21,6	23,9	5,0%	23,3	21,6	20,2
1,1	17,5	19,2	21,2	6,0%	15,6	17,1	18,8	6,0%	18,6	17,1	15,8

Source: BDM S.A.

**Peer valuation**

	P/E			EV/EBITDA		
	2020	2021	2022	2020	2021	2022
Jeronimo Martins	23,3	19,7	17,9	6,9	6,1	5,6
BIM Birlesik	23,5	20,8	17,6	11,2	9,7	8,7
Dino	39,5	31,2	24,8	23,6	18,5	14,9
Lenta	33,0	7,6	6,9	5,5	3,7	3,2
Magnit	16,8	13,9	12,0	5,1	4,7	4,8
Pick'N'Pay	21,1	16,5	14,6	6,8	6,2	5,9
Shoprite Hld.	19,3	19,9	18,6	7,3	7,1	6,7
Spar Group	18,8	14,9	13,3	10,7	9,3	8,6
X5 Retail	19,6	16,3	14,2	5,4	4,4	4,1
<b>Median</b>	<b>21,1</b>	<b>16,5</b>	<b>14,6</b>	<b>6,9</b>	<b>6,2</b>	<b>5,9</b>
Eurocash	30,3	17,4	15,0	5,8	5,5	5,3
Premium/discount	43,5%	5,9%	3,2%	-15,7%	-12,0%	-9,5%
<b>Valuation [PLN/share]</b>	<b>10,6</b>	<b>14,3</b>	<b>14,7</b>	<b>21,3</b>	<b>19,6</b>	<b>18,6</b>
Year's contribution	33%	33%	33%	33%	33%	33%
<b>Average valuation [PLN/share]</b>		<b>13,2</b>			<b>19,8</b>	
Multiple's contribution		50%			50%	
<b>Value per share [PLN]</b>		<b>16,5</b>				

Source: BDM S.A., Bloomberg

**RESEARCH DEPARTMENT:**
**Krystian Brymora**

Director

tel. (+48) 501 238 443

e-mail: krystian.brymora@bdm.pl

chemicals, energy, wood industry, strategy
**Michał Fidelus**

Analyst

tel. (+48) 666 073 972

e-mail: michal.fidelus@bdm.pl

banking, financial services
**Adrian Górniak**

Analyst

tel. (+48) 668 516 977

e-mail: adrian.gorniak@bdm.pl

Real estate, retail, media
**Krzysztof Tkocz**

Junior analyst

tel. (+48) 516 086 705

e-mail: krzysztof.tkocz@bdm.pl

Gaming
**INSTITUTIONAL SALES DEPARTMENT:**
**Leszek Mackiewicz**

Director

tel. (022) 62-20-848

e-mail: leszek.mackiewicz@bdm.pl

**Tomasz Ilczyszyn**

tel. (022) 62-20-854

e-mail: tomasz.ilczyszyn@bdm.pl

**Maciej Fink-Finowicki**

tel. (022) 62-20-855

e-mail: maciej.fink-finowicki@bdm.pl

**Ratings and price targets history:**

rating	price target	previous rating	previous target price	report date	report date (hour)	price	WIG
<b>Buy</b>	<b>20,1</b>	<b>Accumulate</b>	<b>21,0</b>	<b>07.09.2020*</b>	<b>07:00 CEST</b>	<b>15,2</b>	<b>50 522</b>
Accumulate	21,0	Buy	21,3	03.06.2020*	08:00 CEST	18,5	48 879
Buy	21,3	Accumulate	23,9	03.04.2020*	08:00 CEST	18,5	41 220
Accumulate	23,9	Hold	20,8	22.11.2019*	14:00 CEST	22,2	57 956
Hold	20,8	Reduce	18,1	03.09.2019*	14:00 CEST	20,2	56 247
Reduce	18,1	Reduce	17,9	22.07.2019*	11:15 CEST	19,4	60 851
Reduce	17,9	Hold	18,3	06.02.2019	10:55 CEST	19,4	61 147
Hold	18,3	Accumulate	22,5	07.12.2018	12:10 CEST	17,9	58 787
Accumulate	22,5	Accumulate	32,6	19.10.2018	13:50 CEST	20,9	56 561
Accumulate	32,6	Accumulate	38,2	12.12.2017	11:45 CEST	28,3	62 001
Accumulate	38,2	Reduce	38,0	16.08.2017	10:37 CEST	34,6	62 313
Reduce	38,0	---	---	10.08.2015	---	42,5	52 638

\* The report was prepared by Dom Maklerski BDM at the request of the WSE as part of the Exchange's Analytical Coverage Support Programme

**Explanations of terminology:**

EBIT - earnings before interest and tax  
 EBITDA – earnings before interest, taxes, depreciation, and amortization  
 Net debt – interest bearing debt minus cash and equivalents  
 WACC - weighted average cost of capital  
 CAGR - cumulative average annual growth  
 EPS - earnings per share  
 DPS - dividend per share  
 CEPS - net profit plus depreciation per share  
 EV – market capitalization plus interest bearing debt minus cash and equivalents  
 EV/S – market capitalization / sales  
 EV/EBITDA – EV / sales  
 P/EBIT – market capitalization / EBIT  
 MC/S – market capitalization / sales  
 P/E – market capitalization / net profit  
 P/BV – market capitalization / book value  
 P/CE - market capitalization / net profit plus depreciation  
 ROE – net profit / equity  
 ROA - net income / assets  
 Gross margin - gross profit on sales / sales  
 EBITDA margin – EBITDA / sales  
 EBIT margin – EBIT / sales  
 Net margin – net profit / sales

**Explanation of ratings:**

Buy – we believe that the security will reach the target price in the recommended period, which significantly exceeds the current market price (at least + 15%);  
 Accumulate – we believe that the security will reach the target price in the recommended period, which exceeds the current market price (in the range of +5 to + 14.99%);  
 Hold – we believe that a security in the recommended period will fluctuate around the target price, which is close to the current market price (in the range from -4.99% to + 4.99%);  
 Reduce – we believe that the security will reach the target price in the recommended period, which is lower than the market price (range of decline from 5% to 14.99%);  
 Sell – we believe that a security in the recommended period will reach the target price, which is significantly lower than the market price (suggested erosion of the value exceeds 15%).  
 Target price – the theoretical price which, in our opinion, should reach a security in the recommended period; This price is the result of the company's value (eg based on DCF, comparative and other valuations), market conditions and the industry as well as other factors subjectively considered by the analyst.  
 Recommendations made by BDM are binding for 12 months from the issue date or until the target level is reached, unless they are updated during this period of time.

**The strengths and weaknesses of the valuation methods used in the report:**

DCF – the most popular and the most effective of the valuation methods - it is based on the discounting of future cash flows generated by the company. The disadvantage is the high sensitivity to changes in the basic financial parameters forecast in the model (interest rates, exchange rates, profits, residual value).  
 DDM – the method is based on discounting future cash flows from dividends. The advantage of the valuation is the inclusion of future financial results and cash flows from dividends. The main disadvantages are the high sensitivity to changes in the basic financial parameters forecasted in the model (capital cost, profits, residual value) and the risk of changing the dividend payment policy.  
 Comparative – the method is based on current and forecasted market multipliers of companies from the industry or related industries, which better than DCF shows the current market situation. The main disadvantages are the difficulty in choosing the right companies for comparison, the risk of ineffective valuation of companies compared at a given moment, as well as high volatility (along with price fluctuations).

Distribution of BDM's recommendations in Q3'20*:		, distribution of BDM's recommendations for the companies which BDM has supplied with investment banking services within the last 12 months		
numbers	%	numbers	%	
Buy	2	50%	0	0%
Accumulate	1	25%	0	0%
Hold	0	0%	0	0%
Reduce	1	25%	0	0%
Sell	0	0%	0	0%

\* detailed list of all analytical reports (recommendations) published by BDM during the last 12 months and information on the numbers of issuers to which BDM has supplied services of investment firms set out in Sections A and B of Annex I to Directive 2014/65/EU is included in a cyclical "Monthly Report" or at [www.bdm.pl](http://www.bdm.pl)



**A Legal note:**

This report (hereinafter also referred to as an analysis, a document) has been prepared in compliance with Regulation (EU) No. 596/2014 of the European Parliament and of the Council of 16 April 2014 (on market abuse), Commission Delegated Regulation (EU) 2016/958 and Commission Delegated Regulation (EU) 2017/565.

The report constitutes an investment research within the meaning of art. 36 §1 of Commission Delegated Regulation (EU) 2017/565.

The report has been prepared by Dom Maklerski BDM S.A. (hereinafter BDM S.A.) within the Exchange Analytical Coverage Support Programme (<https://www.gpw.pl/gpwpa>). BDM S.A. is a party to the „Agreement on the provision of analytical report services” concluded with the Warsaw Stock Exchange Company („GPW”), on the basis of which BDM provides services of analytical coverage of the Issuer for the term of the Agreement. Under the agreement BDM obtains remuneration from GPW. All materials prepared by BDM within the framework of co-operation are available at <https://www.bdm.pl/program-wsparcia-pokrycia-analitycznego-gpw>

The report has been prepared and made available for distribution by BDM.

GPW shall be a copyright holder to this report from the date of its publication. The report can be published and made available without limitation by GPW through any mass communication media as decided by GPW.

This report does not constitute an investment, legal, accounting advice or any other, and BDM shall not be responsible for damages arising from or connected with the use of the data presented in the report or the use of any elements of the report by recipients. The report or any copy of it cannot be disseminated, directly or indirectly, in the United States, Canada, Australia or Japan, or transmitted to citizens or residents of a state where its distribution can be restricted by law, which does not limit the possibility of publishing the report on internet websites of the Issuer, BDM or GPW. Persons who disseminate this document should be aware of the necessity to comply with such restrictions.

The document can be intended for professional or institutional customers of BDM as well as for other BDM qualified customers entitled to receive general recommendations based on agreements for brokerage services. This report can also reach other entities through media distribution channels based on a decision of the manager of the analysis department. The fact that a recipient has obtained this report does not mean that he shall be treated as a BDM customer. The compilation cannot be published or copied without a prior written consent of BDM.

Persons who will receive this report and who are not professional customers or qualified investors should consult an independent financial advisor before making any investment decision based on this analysis in order to obtain any necessary and crucial explanations concerning the contents of this analysis.

To prepare this analytical report BDM has not considered individual needs or situations of customers. BDM is not obliged to guarantee that a financial instrument or financial instruments covered by this report are appropriate for a given investor.

Opinions of an analyst and any recommendations included in this report neither constitute an investment, legal, accounting or tax advice or a statement that any investment strategy is adequate or appropriate because of individual circumstances concerning the customer, nor constitute personal recommendation.

The analysis is for information purposes only and does not constitute an advertisement or an offer or an invitation to subscribe or purchase financial instruments.

An investor should be aware that each investment decision in the capital market is subject to numerous risks that finally can result in a financial loss suffered by him. The return rate on individual investments can fluctuate depending on various factors beyond the control of the investor. Therefore, a customer who makes a single investment decision should not only check currency and correctness of individual assumptions made by the analyst in the report but also to have an independent assessment and own analysis (also based on scenarios other than the ones presented in the report) taking into consideration the level of acceptable risk. When deciding on activity on the capital market the investor should take into consideration the fact that the investment portfolio structure (diversification of investment through possessing more than one financial instrument) can reduce risk exposure to an individual instrument bringing a negative rate of return in a given period. At the same time, however, it can lead to limitation of a positive rate of return the investor could achieve in the case of a single financial instrument in a given time period. The investor should be aware that the investment portfolio structure and any investment strategy for the stock market do not guarantee the achievement of a positive rate of return and do not protect him against final loss.

For the first time this report has been made available to the public on 07.09.2020 (07:00 CEST). Date of preparing the report is the date of making it accessible. Before the recommendation was made accessible, information included in it had been confidential.

The prices of the financial instruments listed in the document have been taken from the real-time pricing as provided by Bloomberg. Data concerning financial instrument prices used in the report could be loaded to 24 hours before the moment of completing the report.

Detailed list of all analytical reports (recommendations) published by BDM during the last 12 months is included in a cyclical “Monthly Report”.

In the opinion of BDM this report has been prepared observing principles of methodological correctness and objectivity on the basis of sources available to the public which BDM considers reliable. The sources of information used in recommendation are all data related to financial instruments concerned and available to an analyst, including current and periodic reports of the company, current and periodic reports of entities used for comparative valuation, business reports, press releases and other. However, BDM S.A., in no case, guarantees the accuracy and completeness of this report, in particular should sources on the basis of which the report was prepared prove to be inaccurate, incomplete or not fully consistent with the facts. The forecasts presented in the report are solely based on the analysis made by BDM without consultations with companies or other entities and are based on a number of assumptions which could prove to be wrong in the future. BDM does not guarantee that the presented forecasts will prove right.

Recommendations made by BDM are binding for 12 months from the issue date or until the target level is reached, unless they are updated during this period of time.

Any opinions, forecasts or estimates made in the report are merely an expression of analyst assessment as of the day of preparation of the report and at any moment they can be changed without notice. BDM does not guarantee that the opinions or assumptions made by an analyst/analysts and included in this report are compatible with other analysis prepared by BDM. BDM updates issued recommendations depending on the market situation and analyst assessment, and the frequency of such updates is not defined.

According to BDM this report has been made with due diligence and reliability. However, BDM shall not be held liable for any damages incurred as a result of decisions made on the basis of information included in this report.

The report was not transferred to the issuer prior to its publication.

An analyst (analysts) preparing this document receives a fixed remuneration and the BDM Management Board has the right to grant them additional remuneration. Additional remuneration may indirectly depend on the results of other services offered by BDM, including investment banking services, but it shall not depend directly on financial results resulting from other services, including financial banking, which have been or could have been reached by BDM.

BDM is not obliged to take any actions which could cause financial instruments that are the subject of the valuation contained in this document to be valued by the market in accordance with the valuation contained in this document.

The investor should assume that BDM employees or proxies or shareholders may hold long or short positions in the issuer’s shares or other financial instruments related to the issuer’s shares; this particularly concerns the situation of holding not more than 5% of the capital, and they may also carry out transactions on them as proxies.

Each of the above-mentioned persons could carry out transaction relating to the financial instruments concerned prior to this publication. At the same time, however, the instruments concerned are entered in the restrictive list for employees of the Analysis Department immediately at the start of work on the report.

We have not identified significant conflicts of interest between BDM and persons associated with BDM and the financial instrument issuer. If a conflict of interest arises BDM shall manage it by applying the principles defined in the “Policy of management of conflicts of interest at the BDM S.A.”. We point out that as for 04.09.2020:

- BDM states and assures that BDM is not involved financially in financial instruments of the Issuer.
- BDM is not a holder of net long or short positions exceeding the threshold of 0,5 % of the total issued share capital of the issuer,
- The person that participated in preparing recommendation is not a holder of net long or short positions exceeding the threshold of 0,5 % of the total issued share capital of the issuer,
- The issuer does not hold shares exceeding 5 % of the BDM issued share capital,
- BDM is not a market maker or liquidity provider in the financial instruments of the issuer,
- BDM has not been lead manager or co-lead manager over the previous 12 months of any publicly disclosed offer of financial instruments of the issuer;
- BDM is not a party to an agreement with the issuer relating to the provision of investment banking services pursuant to art. 69 §2 and 4 of the Act on Trading in Financial Instruments dated 25<sup>th</sup> July 2005,
- BDM is not a party to an agreement with the issuer relating to the provision of investment banking services pursuant to section A and B od Annex I to the Directive 2014/65/EU of the European Parliament and of the Council (hereinafter the Directive 2014/65/EU),
- BDM is not a party to an agreement with the issuer relating to the production of the recommendation,
- There is no other significant financial interest that BDM or its related affiliates have in relation to the issuer of financial instruments,
- There are no significant connections between BDM or its related affiliates and the issuer of financial instruments,
- The person affiliated with BDM who was involved in the preparation of recommendations did not receive or purchase the shares of the issuer, to whom the recommendation relates directly or indirectly, prior to public offering of such shares,
- The person affiliated with BDM who was involved in the preparation of recommendations declares that they respect internal regulations and are subject to organizational and technical solutions and information barriers established by BDM to eliminate any conflicts of interest concerning recommendations and to avoid them,
- The person affiliated with BDM who was involved in the preparation of recommendations was not rewarded in any form by the issuer, to whom the recommendation relates directly or indirectly, or was not directly connected with any possible transactions concerning services defined in art. 69 §2 and 4 of the Act on Trading in Financial Instruments dated 25<sup>th</sup> July 2005.

According to the best knowledge of the party recommending upon the publication of the report there are no other connections between BDM and the company described in this report that the party preparing this report would know of. However, the investor should be aware that the list disclosing conflicts of interest is long and that in the future there may occur situations leading to conflicts of interest which have not been identified or disclosed at the moment of publication of the report concerned. Especially, the investor should assume that BDM may submit an offer for services to a company or other companies mentioned in this report.

BDM is subject to supervision by the Polish Financial Supervision Commission.

**This document is a summary of a full version of the report prepared in Polish. In case of any disputes the Polish version shall prevail.**