



Dom Maklerski BDM S.A.

## QUERCUS TFI

### ANALYTICAL REPORT - SUMMARY

We rate Quercus TFI a „Buy” with a target price PLN 6,0 per share. Quercus TFI is a fund manager with over PLN 3,9bn of assets under management and c. 1,9% market share. Given historically low interest rates environment we expect a dynamically rising AUM (38/18% in 2021/22) to drive a decent EPS growth over the next three years (14% CAGR in 2020-2023P). We assume healthy dividend/buy-back (DY 8,6% from 2021 net profit) and believe that acquisition of Xelion should support earnings growth starting in 2022.

**Rising flows** – In July YTD net inflows to Quercus TFI amounted to PLN 852m and were much higher than in both 2020 and 2019. Most of the flows were attracted by *Dłużny Krótkoterminowy* (PLN 260m), but high-margin funds including *Agresywny* and *Global Balanced* reported strong numbers as well (PLN 176m and PLN 154m, respectively).

**We expect strong AUM growth...** - In our estimates we assume AUM to grow by 38% YoY in 2021 and by 18% YoY in 2022 (vs. 35% YTD in July). According to our forecasts the best 2021 dynamics should be reported by *Agresywny* (168% YoY), *Global Balanced* (139% YoY) and *Dłużny Krótkoterminowy* (107% YoY). We expect also 11% YoY AUM growth in *Ochrony Kapitału* (11% r/r).

**... driven by low interest rates, rising savings and strong rates of return** – According to OECD Poland has one of the biggest share of cash/deposits in households’ financial assets. Given historically low level of interest rates in Poland, rising savings and high CPI readings we expect share of investment funds in financial assets to gradually grow. We believe also, that flows to investment funds should be supported by double-digit rates of return (*Agresywny* 41% YTD, *Multistrategy FIZ* 23% YTD, *Stabilny* 13% YTD).

**We assume 34% YoY adjusted net profit growth in 2021** – We expect rising assets under management to drive fixed fee income growth of 28% YoY in 2021 and of 3% YoY in 2022. This, coupled with solid success fee (PLN 15/11m in 2021/22, respectively) and rising general costs should result in 34% YoY adjusted net profit growth in 2021 followed by -3% YoY drop in 2022. We expect net profit dynamics to go back on the growth path in 2023 (we assume 13% YoY, PLN 23,6m).

**We expect 8,6% dividend yield from 2021 earnings** – Quercus TFI is a dividend company and used to pay up to 100% of earnings as a dividend (or buy-back). Thus, after healthy buy-back from 2020 earnings, we assume a decent 8,6% dividend yield also from 2021 numbers.

#### Quercus TFI – Key financials, 2018-2023E

	2018	2019	2020	2021E	2022E	2023E
AUM	2 512	2 686	2 889	3 982	4 717	5 173
YoY change (%)	-46%	7%	8%	38%	18%	10%
Revenues	85,8	61,0	63,1	89,5	125,1	135,3
Net profit	-10,2	19,6	17,9	23,4	20,9	23,6
YoY change (%)	na	na	-8%	31%	-11%	13%
ROE (%)	-22%	38%	29%	31%	24%	27%
P/E (x)	Na	13,5	14,3	11,6	13,0	11,5
P/BV (x)	6,3	4,3	4,3	3,1	3,2	3,1
DY(%)	0,0%	0,0%	7,7%	6,6%	8,6%	7,7%

Source: Company data, BDM S.A. estimates

This report was prepared by Dom Maklerski BDM as a part of the Warsaw Stock Exchange Analytical Coverage Support Program.

## BUY

(PREVIOUSLY: BUY)

### TARGET PRICE 6,0 PLN

30 AUGUST 2021, 07:30 CEST

Target Price [PLN]	6,0
Upside/downside	30,0%
Price [PLN]	4,63
MCAP [mIn PLN]	281
No of shares [mIn]	58,8
6M max price [PLN]	5,42
6M min price [PLN]	2,64
3M rate of return	-6,7%
6M rate of return	-1,5%
YTD rate of return	+26,5%
Shareholder's (% of votes):	
Jakub Glowacki	21,0%
Sebastian I Anna Buczek	17,1%
Q1 FIZ	9,0%
Betplay International	8,4%
NN OFE	7,3%
Other	37,2%

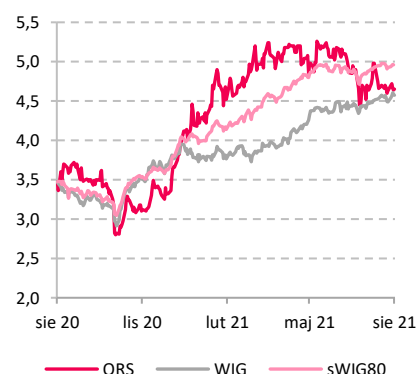
Michał Fidelus

michal.fidelus@bdm.pl

tel. (+48) 666 073 972

Dom Maklerski BDM S.A.

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



**Financials & valuation**

P&L	2017	2018	2019	2020	2021E	2022E	2023E
<b>Revenues</b>	<b>119,1</b>	<b>85,8</b>	<b>61,0</b>	<b>63,1</b>	<b>89,5</b>	<b>125,1</b>	<b>135,3</b>
Finxed income	104,9	81,3	54,4	50,3	64,5	66,7	73,1
Success fee	8,2	3,4	6,6	12,8	15,0	11,0	11,0
<b>Gross profit from sales</b>	<b>110,9</b>	<b>75,6</b>	<b>48,9</b>	<b>48,9</b>	<b>76,0</b>	<b>111,7</b>	<b>121,6</b>
<b>General costs</b>	<b>-69,8</b>	<b>-49,9</b>	<b>-31,1</b>	<b>-30,3</b>	<b>-49,6</b>	<b>-86,5</b>	<b>-93,1</b>
<b>EBIT</b>	<b>41,2</b>	<b>16,8</b>	<b>19,6</b>	<b>17,4</b>	<b>24,8</b>	<b>24,7</b>	<b>28,0</b>
Net financial income	0,9	-22,0	3,7	4,3	3,9	1,1	1,2
<b>Pre-tax profit</b>	<b>42,1</b>	<b>-5,2</b>	<b>23,3</b>	<b>21,7</b>	<b>28,7</b>	<b>25,8</b>	<b>29,2</b>
Tax	-8,0	-5,0	-3,7	-3,8	-5,3	-4,9	-5,5
<b>Net profit</b>	<b>34,0</b>	<b>-10,2</b>	<b>19,6</b>	<b>17,9</b>	<b>23,4</b>	<b>20,9</b>	<b>23,6</b>
<b>Adjusted net profit</b>	<b>34,0</b>	<b>21,1</b>	<b>15,7</b>	<b>16,1</b>	<b>21,5</b>	<b>20,9</b>	<b>23,6</b>

Balance sheet	2017	2018	2019	2020	2021E	2022E	2023E
Tangible fixed assets	1,0	0,7	0,8	1,7	6,4	5,2	4,0
Financial and other assets	3,6	26,1	30,1	36,6	56,3	56,1	55,8
<b>Fixed assets</b>	<b>4,7</b>	<b>26,8</b>	<b>31,0</b>	<b>38,3</b>	<b>62,8</b>	<b>61,3</b>	<b>59,8</b>
Receivables	19,8	10,7	13,7	18,6	31,3	33,0	35,7
Cash	39,8	25,9	38,2	14,7	44,7	42,0	43,3
<b>Current assets</b>	<b>62,5</b>	<b>39,1</b>	<b>54,4</b>	<b>51,9</b>	<b>81,7</b>	<b>81,2</b>	<b>85,9</b>
<b>Total assets</b>	<b>67,2</b>	<b>65,9</b>	<b>85,4</b>	<b>90,2</b>	<b>144,4</b>	<b>142,5</b>	<b>145,7</b>
<b>Equity</b>	<b>52,2</b>	<b>42,0</b>	<b>61,6</b>	<b>60,0</b>	<b>88,6</b>	<b>86,2</b>	<b>88,9</b>
Provisions	0,8	9,4	8,5	10,5	12,5	11,7	10,9
Short-term liabilities	11,6	8,4	4,4	6,6	25,8	26,6	27,4
<b>Total liabilities</b>	<b>14,9</b>	<b>23,9</b>	<b>23,8</b>	<b>30,2</b>	<b>55,8</b>	<b>56,3</b>	<b>56,8</b>
<b>Liabilities and equity</b>	<b>67,2</b>	<b>65,9</b>	<b>85,4</b>	<b>90,2</b>	<b>144,4</b>	<b>142,5</b>	<b>145,7</b>

Cash flow	2017	2018	2019	2020	2021E	2022E	2023E
Operating cash flow	33,7	26,4	12,4	15,5	45,6	21,6	23,3
Investment cash flow	-0,4	-40,1	-0,1	-19,3	-20,9	-1,0	-1,0
Financial cash flow	-28,7	-0,2	-0,1	-19,6	5,2	-23,3	-20,9
<b>Total cash flow</b>	<b>4,6</b>	<b>-13,9</b>	<b>12,2</b>	<b>-23,4</b>	<b>30,0</b>	<b>-2,7</b>	<b>1,4</b>
Cash at the beginning	35,3	39,8	25,9	38,2	14,7	44,7	42,0
<b>Cash at the end</b>	<b>39,8</b>	<b>25,9</b>	<b>38,2</b>	<b>14,7</b>	<b>44,7</b>	<b>42,0</b>	<b>43,3</b>

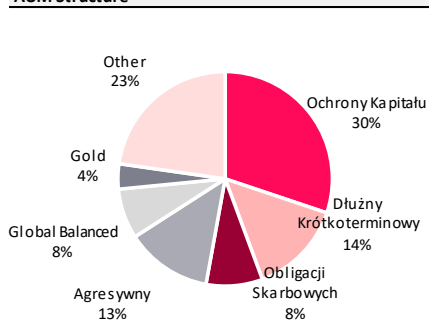
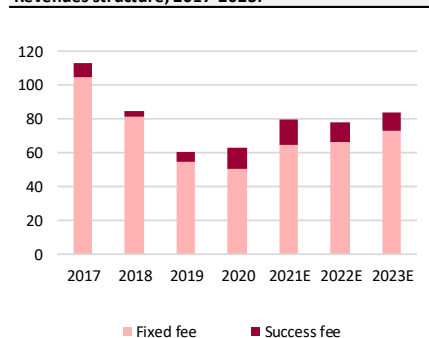
Key data	2017	2018	2019	2020	2021E	2022E	2023E
AUM (PLNm)	4 614	2 512	2 686	2 889	3 982	4 717	5 173
YoY (%)	8%	-46%	7%	8%	38%	18%	10%
Average AUM (PLNm)	4 450	3 563	2 599	2 787	3 436	4 350	4 945
YoY (%)	15%	-20%	-27%	7%	23%	27%	14%
ROE (%)	69%	-22%	38%	29%	31%	24%	27%
ROA (%)	54%	-15%	26%	20%	20%	15%	16%
Net profit margin (%)	29%	-12%	32%	28%	26%	17%	17%
Margin on average AUM (%)	0,73%	-0,27%	0,76%	0,72%	0,67%	0,49%	0,48%
Dividend payout/buy-back (%)	99%	0%	0%	100%	100%	100%	100%
Dividend yield (%)	10,7%	0,0%	0,0%	7,7%	6,6%	8,6%	7,7%
No of shares (m)	57,3	57,3	57,3	55,2	58,8	58,8	58,8
P/E (x)	7,8	na	13,5	14,3	11,6	13,0	11,5
P/BV (x)	5,1	6,3	4,3	4,3	3,1	3,2	3,1

Residual income model	2020	2021E	2022E	2023E	2024E	2025E	Term.
Net profit	17,9	23,4	20,9	23,6	24,8	26,0	26,8
Equity	83,1	88,6	86,2	88,9	90,4	91,8	92,9
ROE (%)	21,6%	27,3%	24,0%	27,0%	27,7%	28,6%	28,6%
Cost of equity	8,5%	8,5%	8,5%	8,5%	8,5%	8,5%	8,5%
Excess equity	13,1%	18,8%	15,5%	18,5%	19,2%	20,1%	20,1%
Discounted residual income		15,2	11,8	13,0	12,7	12,5	230,7
Growth (g)		3,0%					
Total residual income		65,3					
Discounted terminal value		230,7					
Equity		83,1					
Fair value		379,1					
No of shares (m)		58,8					
<b>Fair value per share (PLN)</b>		<b>6,4</b>					
Market price (PLN)		4,6					
Upside		38%					

COE	Long-term ROE		
	2020	2021E	2022E
	7,5%	8,0%	8,5%
	6,6	7,9	9,1
	6,0	7,1	8,2
	5,5	6,4	7,4
	5,0	5,9	6,8
	4,7	5,5	6,2

**Key risk factors**

We see the following risk factors for investment funds' business in Poland: 1) market risk, 2) macroeconomic risk, 3) risk of outflows, 4) regulatory risk, 5) risk of interest rates hikes, 6) risk of price pressure from banks, 7) risk of weak rates of return. Additionally, we see the following risk factors for Quercus TFI: 1) assets strongly driven by rates of return, 2) relatively high share of the biggest fund in total AUM, 3) failure in acquisition of Xelion, 4) loss of key investment managers,

**AUM Structure**

**Revenues structure, 2017-2023P**

**Valuation summary**

	Vauation	Weight
Residual income model	6,4	50%
Comparative	5,2	25%
ROE-P/BV	6,0	25%
<b>12M TP</b>		<b>6,0</b>
Market price		4,6
Upside		30%

Comparative valuation	2021	2022
Foreign peers median	15,2	13,5
Quercus P/E	11,6	13,0
Premium/discount	-23%	-4%
Implied FV	6,0	4,8
Weight	30%	70%
<b>Fair value</b>		<b>5,2</b>

ROE-P/BV model	2021	2022
Target P/BV	4,9	3,7
BVPS	1,5	1,5
Implied FV	7,4	5,4
Weight	30%	70%
<b>Fair value</b>		<b>6,0</b>

Źródło: Dane spółki, BDM S.A.

**RESEARCH DEPARTMENT:****Krzysztof Brymora**

Director

tel. (+48) 501 238 443

e-mail: [krystian.brymora@bdm.pl](mailto:krystian.brymora@bdm.pl)[strategia, chemia, przemysl, energetyka](#)**Michał Fidelus**

Equity analyst

tel. (+48) 666 073 972

e-mail: [michal.fidelus@bdm.pl](mailto:michal.fidelus@bdm.pl)[banki, finanse](#)**Adrian Górniak**

Equity analyst

tel. (+48) 668 516 977

e-mail: [adrian.gorniak@bdm.pl](mailto:adrian.gorniak@bdm.pl)[deweloperzy, handel, media](#)**Krzysztof Tkocz**

Junior equity analyst

tel. (+48) 516 086 705

e-mail: [krzysztof.tkocz@bdm.pl](mailto:krzysztof.tkocz@bdm.pl)[gry komputerowe](#)**INSTITUTIONAL SALES DEPARTMENT:****Leszek Mackiewicz**

Director

tel. (022) 62-20-848

e-mail: [leszek.mackiewicz@bdm.pl](mailto:leszek.mackiewicz@bdm.pl)**Tomasz Ilczyszyn**

tel. (022) 62-20-854

e-mail: [tomasz.ilczyszyn@bdm.pl](mailto:tomasz.ilczyszyn@bdm.pl)**Maciej Fink-Finowicki**

tel. (022) 62-20-855

e-mail: [maciej.fink-finowicki@bdm.pl](mailto:maciej.fink-finowicki@bdm.pl)**Ratings and target price history:**

rating	Target price	Previous rating	Previous target price	Date	time	price	WIG
<b>Buy</b>	<b>6,00</b>	<b>Buy</b>	<b>6,20</b>	<b>30.08.2021*</b>	<b>7:30 CEST</b>	<b>4,63</b>	<b>69 775</b>
Buy	6,20	---	---	24.03.2021	7:00 CEST	4,97	57 695

\* 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).

**Structure of reports published by BDM in 3Q'21\*:**

**, incl. ratings for companies BDM had investment banking services agreement within the last 12M with:**

	Number	%	Number	%
Buy	6	86%	0	0%
Accumulate	1	14%	0	0%
Hold	0	0%	0	0%
Reduce	0	0%	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 is 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 30.08.2021 (07:30 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 27.08.2021:

- 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 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.**