

Quercus TFI

More resistant to equity markets turbulence

We lift our 12M TP for Quercus TFI to PLN 11.3/share from PLN 8.6 previously and maintain our Buy rating. The company delivered very strong 2024 results and we expect 2025 not to be much worse. AUM are growing 40% y/y, inflows are high and trading multiples remain undemanding. The company offers also PLN 59m buy-back this year, including PLN 18m from retained earnings. We point also, that thanks to its strong debt-based product offer Quercus remains relatively resistant to sudden turbulence in equity markets.

Encouraging beginning of the year – In 1Q25 we expect net profit at PLN 8.3m (29% y/y). The numbers shall be driven by rising AUM, solid rates of return of QRS's funds and positive flows.

AUM still on the growth path – AUM has been continuously going up and in Mar'25 reached 7,085m (40% y/y, 2% m/m) largely supported by rising AUM of QRS *akumulacji Kapitału* and *Dłużny Krótkoterminowy*.

Changes to 2025/26e earnings estimates – Much better than expected AUM growth, higher inflows to funds and solid rates of returns of managed funds prompted us to lift our AUM estimates by 25/34% in 2025/26e. This, coupled with strong 4Q24 results and solid expected 1Q25 numbers made us increase our net profit estimates by 22% in 2025e (to PLN 38m) and by 38% in 2026e (to PLN 37m).

Resistant to equity market turbulence – Sudden drops of equity markets make fund managers at risk of declining AUM and outflows. In Quercus though, AUM are largely driven by three key debt-based funds that represent c. 70% of total AUM. This, in our view, makes Quercus much less vulnerable to deterioration in equity markets. Impact of increased volatility on debt markets should be limited, in our view.

Multiples still not demanding – At our estimates Quercus TFI is trading at 11.9/12.3x 2025/26e P/E, with 3/18% premium to peers. Given high profitability, healthy AUM structure, sustainable earnings distribution and decent EPS outlook, we see current valuation as still not demanding.

Upside risk coming from an open architecture – We point at upside risk coming from Brzoska's deregulation proposal of open architecture, that could provide significant support for independent fund managers.

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

Quercus TFI - Key figures, 2022-2028e

PLNm unless otherwise stated

	2022	2023	2024	2025e	2026e	2027e	2028e
Revenues	93.1	118.5	176.9	161.9	164.1	165.1	165.2
EBITDA	19.2	27.8	73.2	42.7	44.1	42.9	40.8
Net profit	14.1	31.0	43.2	38.3	37.2	35.1	32.8
- y/y change	-44%	120%	40%	-11%	-3%	-6%	-7%
Dividend yield (%)	4.1%	2.4%	5.8%	12.9%	8.4%	8.2%	7.7%
P/E (x)	38.9	17.3	11.7	11.9	12.3	13.0	13.9
P/BV	6.8	5.4	4.5	4.8	4.8	4.8	4.8

Source Company, Pekao Equity Research

Buy (update)

Target price

PLN 11.3

Upside to TP

Price on 8 April 2025

+16%

PLN 9.72

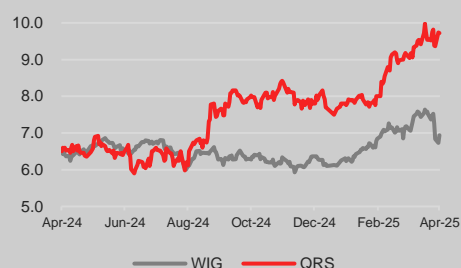
ESG rating

Final ESG Score

B

1.23

Relative share price performance vs. WIG



UPCOMING EVENTS

1Q25 results

17 April

STOCK DATA

Bloomberg	QRS PW
Free float (%)	51.1
Market capitalization (PLNm)	506
Diluted no. of shares (mn)	52.1

Shareholders	Sebastian i Anna Buczek 19.3%
	Jakub Głowacki 12.8%
	Fundacja Zbigniewa Juroszka 9.6%
	OFE NN 7.2%

Michał Fidelus

michal.fidelus@pekao.com.pl

Table of contents

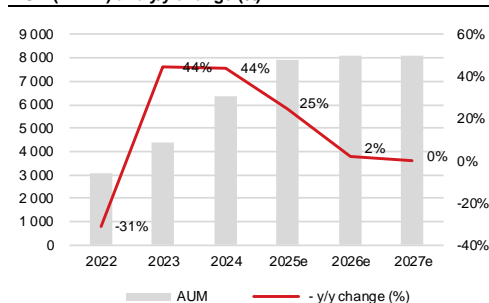
Key financials.....	3
1Q25 results preview	4
Changes to 2024-25e estimates	5
Recent events	6
Valuation summary	7
ESG rating.....	9
Financials and earnings estimates.....	10
DISCLAIMER	11

Key financials

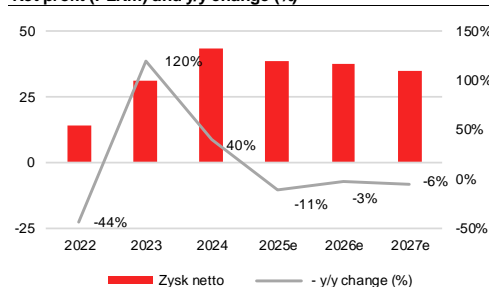
P&L	2023	2024	2025e	2026e	2027e	2028e
Revenues	118.5	176.9	161.9	164.1	165.1	165.2
- Management fee	69.9	97.5	94.5	99.9	101.2	101.6
- Purchase/redemption orders	42.2	51.5	52.1	52.6	53.2	53.7
Expenses	-93.7	-107.3	-123.3	-124.1	-126.3	-128.7
Distribution costs	-39.5	-54.8	-62.5	-60.7	-60.5	-61.1
Staff costs	-27.8	-33.7	-32.0	-33.3	-34.6	-35.3
External services	-6.1	-6.3	-7.3	-7.9	-8.1	-8.3
Other operating costs	-17.2	-8.8	-17.3	-18.2	-18.9	-19.7
D&A	-3.1	-3.6	-4.1	-4.2	-4.2	-4.2
EBIT	24.7	69.7	38.6	39.9	38.7	36.6
EBITDA	27.8	73.2	42.7	44.1	42.9	40.8
Net financial income	14.6	-14.2	11.2	8.5	7.0	6.3
Pre-tax profit	39.3	55.4	49.8	48.4	45.7	42.9
Income tax	-7.6	-10.8	-9.5	-9.2	-8.7	-8.1
Net profit	31.7	44.7	40.3	39.2	37.1	34.7
Net profit for majority shareholders	31.0	43.2	38.3	37.2	35.1	32.8
Balance sheet	2023	2024	2025e	2026e	2027e	2028e
Tangible assets	6.1	6.3	6.4	6.5	6.9	7.3
Financial assets	85.0	39.8	47.3	55.2	63.6	72.5
Fixed assets	100.8	57.6	65.2	73.3	82.0	91.3
Receivables	33.7	34.0	34.7	35.4	36.1	36.8
Cash & equivalents	68.5	84.7	57.7	50.6	41.8	32.4
Current assets	103.7	134.1	107.7	101.3	93.2	84.6
Total assets	204.5	191.7	172.9	174.7	175.2	175.9
Equity for majority shareholders	99.4	113.4	94.7	95.6	95.4	94.9
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	172.9	174.7	175.2	175.9
Cash flow	2023	2024	2025e	2026e	2027e	2028e
Net profit	31.0	43.2	38.3	37.2	35.1	32.8
D&A	3.1	3.6	4.1	4.2	4.2	4.2
Financial expenses	0.2	25.9	0.4	0.1	0.1	0.1
Other	5.7	-24.3	1.3	2.1	2.1	2.4
Operating cash flow	26.0	32.2	44.1	43.6	41.4	39.5
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	-38.3	-37.3	-35.2
Other	-1.9	-2.5	-0.4	-0.1	-0.1	-0.1
Financial cash flow	-14.5	-31.7	-59.5	-38.4	-37.4	-35.3
Cash at the beginning of period	58.2	68.5	84.7	57.7	50.6	41.8
Cash at the end of period	68.5	84.7	57.7	50.6	41.8	32.4
Key data	2023	2024	2025e	2026e	2027e	2028e
AUM (PLNm)	4 409	6 343	7 900	8 079	8 113	8 097
- y/y change (%)	44%	44%	25%	2%	0%	0%
Average AUM (PLNm)	3 551	5 376	7 122	7 989	8 096	8 105
- y/y change (%)	1%	51%	32%	12%	1%	0%
ROE (%)	34%	41%	37%	39%	37%	34%
ROA (%)	17%	22%	21%	21%	20%	19%
Net profit margin (%)	26%	24%	24%	23%	21%	20%
Margin on average AUM (%)	0.9%	0.8%	0.5%	0.5%	0.4%	0.4%
Dividend payout/buy-back ratio	86%	94%	132%	95%	95%	95%
Dividend yield (%)	2.4%	5.8%	12.9%	8.4%	8.2%	7.7%
Number of shares (m)	55.2	52.1	47.0	47.0	47.0	47.0
P/E (x)	17.3	11.7	11.9	12.3	13.0	13.9
P/BV (x)	5.4	4.5	4.8	4.8	4.8	4.8

Source: Company, Pekao Equity Research

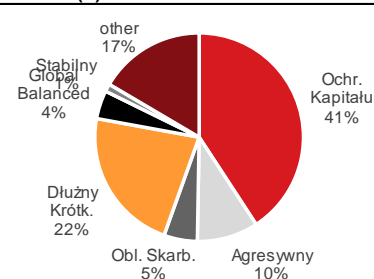
AUM (PLNm) and y/y change (%)



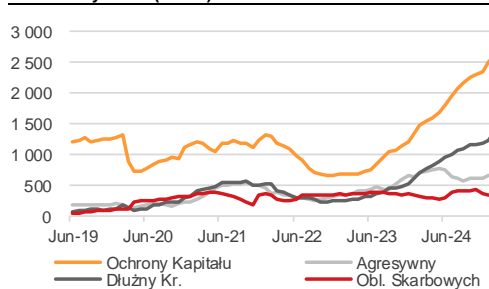
Net profit (PLNm) and y/y change (%)



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

Much better than expected AUM growth in recent months, higher inflows to funds and solid rates of returns of managed funds prompted us to lift our AUM estimates by 25% in 2025e and by 34% in 2026e. This, coupled with strong 4Q24 results and solid expected 1Q25 numbers prompted us to lift our net profit estimates by 22% in 2025e (to PLN 38m) and by 38% in 2026e (to PLN 37m).

- Much better than expected AUM growth in recent months coupled with higher than assumed inflows to QRS's funds (mostly to debt-based funds) and solid rates of returns of managed investment funds prompted us to lift our AUM estimates by 25% in 2025e and by 34% in 2026e. This, coupled with strong 4Q24 results and solid expected 1Q25 numbers made us increase our revenues estimates by 10/13% in 2025/26e.
- With slightly higher opex forecasts we lift our EBITDA estimates by 23/39% in 2025/26e. We make also no major changes to our net financial income estimates and we arrive at net profit at PLN 38.3m in 2025e (up 22%) and at PLN 37.2m in 2026e (up 38%).

Quercus TFI – Changes to 2024-2026e earnings estimates

PLNm unless otherwise stated

	2024			2025e			2026e		
	Previous	Actual	Change (%)	Previous	Current	Change (%)	Previous	Current	Change (%)
Revenues	147.0	176.9	20%	146.9	161.9	10%	145.4	164.1	13%
Costs	-111.1	-107.3	-3%	-116.2	-123.3	6%	-118.0	-124.1	5%
EBIT	35.9	69.7	94%	30.7	38.6	26%	27.5	39.9	45%
EBITDA	39.9	73.2	84%	34.8	42.7	23%	31.6	44.1	39%
Net financial income	13.4	-14.2	-206%	10.2	11.2	10%	8.0	8.5	6%
Pre-tax profit	49.3	55.4	12%	40.8	49.8	22%	35.5	48.4	37%
Net profit	39.9	44.7	12%	33.1	40.3	22%	28.7	39.2	37%
Net profit to maj. shareholders	38.4	43.2	13%	31.4	38.3	22%	27.1	37.2	38%
AUM (eop)	5 945	6 343	7%	6 338	7 900	25%	6 033	8 079	34%
AUM (average)	5 177	5 376	4%	6 141	7 122	16%	6 185	7 989	29%

Source: Company, Pekao Equity Research estimates

Recent events

AUM in Mar25 up 40% y/y, 2% m/m

In Mar'25 AUM of Quercus TFI increased 40% y/y (2% m/m). Y/y growth was mostly driven by rising AUM of QRS Akumulacji Kapitału (76% y/y) and QRS Dłużny Krótkoterminowy (92% y/y).

Quercus TFI – AUM

PLNm unless otherwise stated

	Dec-24	Jan-25	Feb-25	Mar-25	y/y	m/m
FIO	5 438	5 724	5 949	6 089	44%	2%
Absolute Return FIZ	33	34	36	21	-56%	-42%
Global Balanced Plus FIZ	45	45	45	43	-14%	-5%
Acer Multistrategy FIZ	109	109	148	147	67%	-1%
Multistrategy FIZ	57	55	56	56	-11%	1%
Private Equity Multifund FIZ	4	4	4	4	-21%	3%
Alphaset FIZ	208	227	227	228	7%	0%
Asset Management	428	449	472	474	33%	0%
TOTAL	6 343	6 670	6 960	7 085	40%	2%

Source: Company, Pekao Equity Research

Buy-back or dividend

Management recommends buy-back for total PLN 59m (PLN 41m from standalone 2024 earnings and PLN 18m from reserve capital) or dividend for total PLN 40.6m (translating to DPS PLN 0.78) plus buy-back for PLN 18m.

Publication of 4Q24 results (on 21st of March)

4Q24 net profit came in at PLN 19.4m (2% y/y) and was broadly in line with our expectations. The numbers were distorted by Capitea-related bookings, but – according to our estimates - net impact was not very material. Slightly better adjusted revenues (on the back of higher success fee) were offset by lower than expected adjusted net financial income. Success fee in FY 2024 came in at PLN 31m vs. PLN 24m in 2023. In 4Q24 management fee went up 12% y/y and revenues from purchase/redemption orders increased 17% y/y (1% q/q). 4Q24 saw further growth of AUM (44% y/y, 6% q/q) driven by solid rates of return of QRS's funds and positive flows. 4Q24 numbers in Quercus came as a very strong finish of the very strong year.

Quercus TFI – P&L, PLN mn

	4Q23	1Q24	2Q24	3Q24	4Q24	y/y	q/q	Pekao	vs. Peo
Revenues	48.6	29.7	36.7	34.5	76.1	57%	121%	54.4	na
Total costs	-31.1	-24.7	-27.9	-28.6	-26.0	-16%	-9%	-34.9	na
EBIT	17.4	4.9	8.8	5.8	50.1	187%	758%	19.5	na
EBITDA	17.8	6.0	9.4	6.7	51.2	188%	667%	20.5	na
Net financial income	6.4	3.2	3.5	4.5	-25.4	na	na	4.2	na
Pre-tax profit	23.8	8.1	12.3	10.3	24.7	4%	139%	23.8	4%
Net profit	19.0	6.5	9.4	7.9	19.4	2%	145%	19.0	2%

Source: Company, Pekao Equity Research

1Q25 earnings estimates

1Q25 in Quercus comes as encouraging beginning of the year. AUM remain on the growth path (40% y/y, 12% q/q) driven by solid rates of return of QRS's funds and positive flows. We assume also good performance of Xelion and no major changes in opex trends. As a result, we arrive at net profit of PLN 8m (29% y/y).

- At the end of 1Q25 **AUM** of Quercus TFI came in at PLN 7,085m (40% y/y, 12% q/q). Y/y growth was largely driven by rising assets of QRS Ochrony Kapitału (76% y/y) and QRS Dłużny Krótkoterminowy (92% y/y), while Agresywny and Absolutny saw more material outflows (-15% y/y and -65% y/y, respectively). Quarterly growth of total assets was driven by rising AUM of QRS Ochrony Kapitału (16% q/q) and QRS Dłużny Krótkoterminowy (25% q/q) while AUM of Absolutny dropped -31% q/q.
- In 1Q25 **net flows** to Quercus TFI amounted to PLN +453m (vs. PLN 225m in 4Q24). FY 2024 net flows reached PLN 1,504m vs. PLN 693m in FY 2023 (and PLN -1,167m in 2022).
- In 1Q25 we expect **management fee** to reach PLN 22.3m (29% y/y) marked by rising average AUM (43% y/y, 9% q/q) and some small reported success fee. Given expected 17% y/y better income from purchase/redemption orders we arrive at total revenues up 22% y/y (-52% q/q) to PLN 36.3m.
- We assume **opex** at PLN 29.4m (up 19% y/y) and net financial income at PLN 4.0m (25% y/y). As a result, we arrive at **net profit** of PLN 8.3m (29% y/y, -57% q/q).

Quercus TFI – 1Q25 results preview

PLNm unless otherwise stated

	1Q24	2Q24	3Q24	4Q24	1Q25e	y/y	q/q
Revenues	29.7	36.7	34.5	76.1	36.3	22%	-52%
Total costs	-24.7	-27.9	-28.6	-26.0	-29.4	19%	13%
EBIT	4.9	8.8	5.8	50.1	6.9	39%	-86%
EBITDA	6.0	9.4	6.7	51.2	7.8	30%	-85%
Net financial income	3.2	3.5	4.5	-25.4	4.0	25%	-116%
Pre-tax profit	8.1	12.3	10.3	24.7	10.9	34%	-56%
Net profit	6.5	9.4	7.9	19.4	8.3	29%	-57%
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 estimates

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 11.3/share offering 16% upside potential.

Quercus TFI – Summary of valuation

PLN unless otherwise stated

DCF	12.3
Comparative valuation	8.8
Weighted average	11.3
Target price	11.3
Market price	9.7
Upside/downside (%)	16.3%

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 5.8% 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 12.3/share.

Quercus TFI – Discounted cash flow (DCF) model

PLNm unless otherwise stated

	2025e	2026e	2027e	2028e	2029e	2030e	Terminal
Revenues	162	164	165	165	169	172	172
- y/y change	-9%	1%	1%	0%	2%	2%	2%
EBIT	39	40	39	37	37	38	38
- y/y change	-45%	4%	-3%	-6%	2%	2%	0%
- EBIT margin	24%	24%	23%	22%	22%	22%	22%
Tax	-7	-8	-7	-7	-7	-7	-7
NOPLAT	31	32	31	30	30	31	31
- y/y change	-45%	3%	-2%	-6%	2%	2%	0%
D&A	4	4	4	4	4	4	4
- y/y change	15%	1%	1%	1%	0%	0%	0%
Capex	-4	-4	-4	-5	-4	-4	-4
- y/y change	120%	4%	4%	4%	-9%	0%	0%
Change in working capital	-1	-1	-1	-1	0	0	0
FCF	30	31	30	28	30	31	31
DFCF	27	25	22	18	18	16	17
Sum of discounted FCF	127						
Terminal value	557						
Discounted TV	299						
Enterprise value	426						
Net debt (2024)	-85						
Equity value - Dec 31 2024	504						
Number of shares (m)	47.0						
12M target price (PLN)	12.3						
Market price (PLN) - 8th of Apr'25	9.7						
Upside/downside	27%						

Source: Pekao Equity Research

Quercus TFI – WACC calculation

	2025e	2026e	2027e	2028e	2029e	2030e	Terminal
Risk free rate	5.8%	5.8%	5.8%	5.8%	5.8%	5.8%	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	11.4%	11.4%	11.4%	11.4%	11.4%	11.4%	8.7%
Cost of debt	8.8%	8.8%	8.8%	8.8%	8.8%	8.8%	7.0%
After tax cost of debt	7.1%	7.1%	7.1%	7.1%	7.1%	7.1%	5.7%
Equity weight	100%	100%	100%	100%	100%	100%	100%
WACC	11.4%	11.4%	11.4%	11.4%	11.4%	11.4%	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 (%)						
Beta		2.8%	3.8%	4.8%	5.8%	6.8%	7.8%	8.8%
	0.7	16.6	16.2	15.8	15.5	15.1	14.8	14.4
	0.8	15.2	14.9	14.5	14.2	13.9	13.6	13.3
	0.9	14.1	13.8	13.5	13.2	12.9	12.6	12.4
	1.0	13.1	12.8	12.6	12.3	12.1	11.8	11.6
	1.1	12.3	12.1	11.8	11.6	11.4	11.1	10.9
	1.2	11.6	11.4	11.2	11.0	10.8	10.6	10.4
	1.3	11.0	10.8	10.6	10.4	10.2	10.1	9.9

Source: Pekao Equity Research

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

PLN unless otherwise stated

		Risk free rate (%)						
Risk premium		2.8%	3.8%	4.8%	5.8%	6.8%	7.8%	8.8%
	3%	14.1	13.8	13.5	13.2	12.9	12.6	12.4
	4%	13.8	13.5	13.2	12.9	12.6	12.4	12.1
	5%	13.4	13.2	12.9	12.6	12.3	12.1	11.8
	6%	13.1	12.8	12.6	12.3	12.1	11.8	11.6
	7%	12.8	12.6	12.3	12.0	11.8	11.6	11.4
	8%	12.5	12.3	12.0	11.8	11.6	11.3	11.1
	9%	12.3	12.0	11.8	11.5	11.3	11.1	10.9

Source: Pekao Equity Research

Quercus TFI – Comparative valuation summary

	2025e	2026e
Foreign peers average	11.6	9.5
Quercus P/E	11.9	12.3
premium/discount to average	3%	18%
Implied fair value/share (PLN)	9.4	8.2
Weight	50%	50%
Fair value/share (PLN)	8.8	

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 8.8/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	1 085	58 161	14.1	13.8	1.0	1.0	7%	8%	13%	13%
HARGREAVES LANSDOWN PLC	GB	6 143	183 212	16.0	16.4	5.8	5.2	35%	31%	4%	5%
JUPITER FUND MANAGEMENT	GB	441	54 799	9.9	9.6	0.4	0.4	5%	5%	5%	5%
MAN GROUP PLC/JERSEY	GB	2 321	162 914	6.6	4.8	1.2	0.9	16%	22%	8%	9%
SCHRODERS PLC	GB	5 699	800 568	9.9	8.8	1.1	1.0	11%	12%	7%	7%
AFFILIATED MANAGERS GROUP	US	3 893	684 027	6.4	6.0	1.3	1.2	21%	29%	0%	0%
ALLIANCEBERNSTEIN HOLDING	US	3 451	765 485	9.9	8.9	na	na	7%	na	10%	12%
APOLLO GLOBAL MGMT INC	US	58 602	725 710	12.7	10.9	3.0	2.4	31%	25%	2%	2%
ARTISAN PARTNERS ASSET MAA	US	2 546	155 772	9.7	8.9	na	na	na	na	9%	10%
BLACKROCK INC	US	115 863	11 161 707	17.2	14.9	2.5	2.5	15%	17%	3%	3%
BLACKSTONE INC	US	139 892	1 089 168	21.9	17.6	10.2	9.2	50%	56%	4%	5%
CARLYLE GROUP INC/THE	US	12 192	426 147	9.0	8.0	1.7	1.3	22%	23%	4%	4%
FRANKLIN RESOURCES INC	US	8 103	1 505 741	7.1	6.5	0.4	0.4	6%	6%	7%	7%
KKR & CO INC	US	79 210	616 071	17.3	14.3	2.8	2.4	12%	16%	1%	1%
T ROWE PRICE GROUP INC	US	16 592	1 552 421	9.2	9.0	1.8	1.7	18%	18%	6%	6%
PERPETUAL LTD	AU	1 051	12 332	10.3	9.5	1.1	1.1	12%	12%	7%	8%
AMP LTD	AU	1 569	na	10.6	9.8	0.7	0.7	7%	8%	4%	5%
INSIGNIA FINANCIAL LTD	AU	1 395	193 904	10.2	9.6	1.2	1.1	12%	13%	1%	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	0.8	0.8	0.7	0.7
Revenue	93.1	118.5	176.9	161.9	164.1	165.1	165.2
Gross Margin %	19%	33%	31%	31%	30%	28%	26%
EBIT	14.9	24.7	69.7	38.6	39.9	38.7	36.6
EBITDA	19.2	27.8	73.2	42.7	44.1	42.9	40.8
Net income	14.1	31.0	43.2	38.3	37.2	35.1	32.8
Net debt	-58.2	-68.5	-84.7	-57.7	-50.6	-41.8	-32.4
BPS	1.4	1.8	2.2	2.0	2.0	2.0	2.0
DPS	0.4	0.2	0.6	1.3	0.8	0.8	0.7
ROE	17%	34%	41%	37%	39%	37%	34%
ROA	8%	17%	22%	21%	21%	20%	19%
Depreciation & Amortization	4.3	3.1	3.6	4.1	4.2	4.2	4.2
FCF	35.0	-1.4	54.8	30.5	31.5	30.4	28.5
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	161.9	164.1	165.1	165.2
Expenses	-78.1	-93.7	-107.3	-123.3	-124.1	-126.3	-128.7
EBIT	14.9	24.7	69.7	38.6	39.9	38.7	36.6
EBITDA	19.2	27.8	73.2	42.7	44.1	42.9	40.8
Net financial income	2.8	14.6	-14.2	11.2	8.5	7.0	6.3
Pre-tax profit	17.7	39.3	55.4	49.8	48.4	45.7	42.9
Income tax	-3.0	-7.6	-10.8	-9.5	-9.2	-8.7	-8.1
Net profit	14.7	31.7	44.7	40.3	39.2	37.1	34.7
Net profit for majority shareholders	14.1	31.0	43.2	38.3	37.2	35.1	32.8

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	7 900	8 079	8 113	8 097
- y/y change (%)	-31%	44%	44%	25%	2%	0%	0%
Average AUM (PLNm)	3 512	3 551	5 376	7 122	7 989	8 096	8 105
- y/y change (%)	-5%	1%	51%	32%	12%	1%	0%
Net profit margin (%)	15%	26%	24%	24%	23%	21%	20%
Margin on average AUM (%)	0%	1%	1%	1%	0%	0%	0%
Dividend yield (%)	4%	2%	6%	13%	8%	8%	8%
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	6.4	6.5	6.9	7.3
Financial assets	72.9	85.0	39.8	47.3	55.2	63.6	72.5
Fixed assets	88.1	100.8	57.6	65.2	73.3	82.0	91.3
Receivables	10.9	33.7	34.0	34.7	35.4	36.1	36.8
Cash & equivalents	58.2	68.5	84.7	57.7	50.6	41.8	32.4
Current assets	69.9	103.7	134.1	107.7	101.3	93.2	84.6
Total assets	158.0	204.5	191.7	172.9	174.7	175.2	175.9
Equity for majority shareholders	81.1	99.4	113.4	94.7	95.6	95.4	94.9
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	172.9	174.7	175.2	175.9

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	38.3	37.2	35.1	32.8
D&A	4.3	3.1	3.6	4.1	4.2	4.2	4.2
Financial expenses	0.2	0.2	25.9	0.4	0.1	0.1	0.1
Other	-20.3	5.7	-24.3	1.3	2.1	2.1	2.4
Operating cash flow	-1.1	26.0	32.2	44.1	43.6	41.4	39.5
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	-38.3	-37.3	-35.2
Other	-2.5	-1.9	-2.5	-0.4	-0.1	-0.1	-0.1
Financial cash flow	-24.9	-14.5	-31.7	-59.5	-38.4	-37.4	-35.3
Cash at the beginning of period	80.7	58.2	68.5	84.7	57.7	50.6	41.8
Cash at the end of period	58.2	68.5	84.7	57.7	50.6	41.8	32.4

Source: Company, Pekao Equity Research estimates

THIS REPORT WAS COMPLETED ON 9 APRIL AT 22:00 CET.

THIS REPORT WAS FIRST DISTRIBUTED ON 10 APRIL 2025 AT 07:30 CET.

THE CONTENTS OF THIS REPORT HAVE NOT BEEN REVIEWED BY ANY OF THE COMPANIES MENTIONED HEREIN.

RESPONSIBILITY FOR THE CONTENT OF THIS PUBLICATION:

Pekao Brokerage Office (BM) is an organizationally separated unit of Bank Polska Kasa Opieki S.A., based in Warsaw, ul. Żubra 1, 01-066 Poland. Bank Polska Kasa Opieki Spółka Akcyjna with its seat in Warsaw, at ul. Żubra 1, 01-066 Warsaw, Poland, entered in the register of entrepreneurs in the District Court for the Capital City of Warsaw in Warsaw, XIII Commercial Division of the National Court Register, KRS: 0000014843, NIP: 526-00-06-841, REGON: 000010205, share capital (entirely paid) in the amount of PLN: 262 470 034.

BM is supervised by Polish Financial Supervision Authority, ul. Piękna 20, 00-549 Warsaw, Poland and is subject to regulations issued by the Financial Supervision Authority as well as by certain other regulators in the European Union.

This research report ("Report") has been prepared by BM as a part of the WSE Research Coverage Support Program (the "Program") and was commissioned by the Warsaw Stock Exchange SA ("WSE"). Information about the Program is available at <https://www.gpw.pl/gpwpa>. The copyright to the Report is vested in the Warsaw Stock Exchange S.A.. For preparation of the Report, Pekao Brokerage Office will be remunerated by the Warsaw Stock Exchange on the terms specified in the agreement concluded between Pekao Brokerage Office and the Warsaw Stock Exchange.

The investment analysis is public, it is not a general investment advice, nor an investment recommendation provided as part of the investment advisory service, nor a part of portfolio management service. The analyses is given without taking into consideration the needs and circumstances of the Client, in particular when preparing the analyses BM does not examine the Client's investment objectives, level of risk tolerance, time horizon as well as the financial situation of the Clients nor does it assess the suitability of the service.

The investment analysis is based on information obtained from, or are based upon public information sources that we consider to be reliable but for the completeness and accuracy of which we assume no liability. All estimates, projections, forecasts and opinions included in the report represent the independent judgment of the analysts as of the date of the issue. We reserve the right to modify the views expressed herein at any time without notice. Moreover, we reserve the right not to update this information or to discontinue it altogether without notice. While preparing the investment analysis, the company's compliance with the "Best Practices of WSE Listed Companies 2021" was taken into account, based on the GPW IT tool "Best Practices Scanner" - Microsoft Power BI

This investment analysis is for information purposes only and does not constitute an offer to buy, sell or subscribe to any financial instrument on any financial market. It is also not an advertisement.

BM is not responsible for the consequences of investment decisions made on the basis of the investment analysis. The investment analysis does not give any guarantee that a given strategy or price projection is appropriate for a specific Client, and when using it one should not resign from conducting an independent assessment and taking into account risk factors other than those presented. The securities discussed may fluctuate in price or value. Investors may get back less than they invested. Changes in rates of exchange may have an adverse effect on the value of investments. Furthermore, past performance is not necessarily indicative of future results. In particular, the risks associated with an investment in the financial instrument or security under discussion are not explained in their entirety. The use of BM services involves investment risk, described in detail on the website www.pekao.com.pl/biuro-maklerskie

RECOMMENDATION INFORMATION:

This investment analysis is a general recommendation.

This recommendation is an investment research within the meaning of Art. 36 sec. 1 of the Commission Delegated Regulation (EU) 2017/565 and was prepared in accordance with legal requirements ensuring the independence of investment research.

The list of all recommendations on any financial instrument or issuer that were disseminated by BM during the preceding 12-month period, as well as information on the percentage of all investment recommendations issued by the BM, which constitute "buy", "hold", "sell" or equivalent recommendations in the last 12 months, and information about the number of recommendations that can be assigned to each of the above categories, is available at: www.pekao.com.pl/biuro-maklerskie/ratings

This document may not be distributed in Australia, Canada, Japan or the United States, United Kingdom, or any other jurisdiction where such distribution would violate the applicable laws of that jurisdiction or require registration in that jurisdiction.

POTENTIAL CONFLICTS OF INTERESTS:

Current potential conflicts of interests involve following stocks (see definition of keys below):

AB S.A. 3; Alior 3; Allegro 3; Astarta S.A. 3; Asseco Poland 3, 4; CCC 3; CD Projekt 3, 4; Cyfrowy Polsat 3, 4; Dino Polska 3; ENEA 3; ENERGA 3; GPW 3, 4; JSW 3; KGHM 3; LPP 3; Lotos 3; LW Bogdanka 4; mBank 4; Mercator 3; Orange Polska 3, 4; PGE 3; PGNiG 3, 4; PKN Orlen 3; PKO BP 3; PKP Cargo 4; Play 3; Santander Bank Polska 3; Tauron PE 3; Stalprodukt S.A. 3, WP Holding 4;

Glossary:

Key 1: Issuer owns at least 5% of the capital stock of Bank Pekao S.A.

Key 2: BM and/or any legal person part of the same group belonged to has been lead manager or co-lead manager (gwarantem lub współgwarantem) over the previous 12 months of a publicly disclosed offer of financial instruments of the issuer.

Key 3: BM and/or any legal person part of the same group is a market maker or liquidity provider in the financial instruments of the issuer.

Key 4: The analyzed company and BM, and/or any related legal person have concluded an investment research agreement.

Key 5: The analyst or his/her related person is on the supervisory/management board of the company they cover.

Key 6: BM holds a net long position exceeding 0.5% of the total issued share capital of the issuer.

Key 7: BM holds a net short position exceeding 0.5% of the total issued share capital of the issuer.

Analyses may refer to one or several companies in their analyses. In some cases, the analyzed issuers have actively supplied information for this analysis. The investment analysis has not been disclosed to any security issuer prior to its first publication.

The remuneration of BM or persons working for BM, and who were involved in producing the recommendation, is not directly tied to transactions in services of BM set out in Sections A and B of Annex I to Directive 2014/65/EU or other type of transactions BM or any legal person part of the same group performs, or to trading fees BM or any legal person that is part of the same group receives.

Information on the possession of financial instruments or their derivatives by persons participating in the process of preparation of investment recommendation or information that the person making the recommendation is not in possession of such instruments:

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.

BM and/or other legal person part of the same group may regularly trade shares of the analyzed company. BM and/or other related legal persons may hold significant open derivative positions on the stocks of the company. Banks and other legal persons in the Pekao Group may have handed out substantial loans to the analyzed company. BM and/or other related legal persons may have a significant financial interest relating to the analyzed company or may have such at any future point of time. Due to the fact that BM and/or any related legal person are entitled, subject to applicable law, to perform such actions at any future point in time which may lead to the existence of a significant financial interest, it should be assumed for the purposes of this information that BM and/or any related legal person will in fact perform such actions which may lead to the existence of a significant financial interest relating to the analyzed company.

The analyzed company and BM and/or any legal person part of the same group may have concluded an agreement relating to the provision of services of investment firms set out in Sections A and B of Annex I to Directive 2014/65/EU of the European Parliament and of the Council in the previous 12 months, in return for which BM and/or such legal person part of the same group received a consideration or promise of consideration or intends to do so. Due to the fact that BM and/or any legal person part of the same group are entitled to conclude, subject to applicable law, an agreement on services relating to the provision of services

of investment firms set out in Sections A and B of Annex I to Directive 2014/65/EU of the European Parliament and of the Council with the analyzed company at any future point in time and may receive a consideration or promise of consideration, it should be assumed for the purposes of this information that BM and/or any legal person part of the same group will in fact conclude such agreements and will in fact receive such consideration or promise of consideration.

To prevent or remedy conflicts of interest, BM and/or other legal person part of the same group have established the organizational arrangements required from a legal and supervisory aspect, adherence to which is monitored by its compliance department. Conflicts of interest arising are managed by legal and physical and non-physical barriers designed to restrict the flow of information between one area/department of BM and/or other related legal persons with them. In particular, Investment Banking units, including corporate finance, capital market activities, financial advisory and other capital raising activities, are segregated by physical and non-physical boundaries from sales units, as well as the research department. Disclosure of known and potential conflicts of interest and other material interests is made in the research. Analysts are supervised and managed on a day-to-day basis by line managers who do not have responsibility for investment banking activities, including corporate finance activities, or other activities involving offering of securities.

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.

EXPLANATION OF THE PROFESSIONAL TERMINOLOGY USED IN THE REPORT:

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