

FLASH NOTE

Quercus TFI -

Target Price: PLN | Close as of 09/08/2024: PLN 6.50

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2Q24 Results Review - Positive

Opinion. Positive. *The results are better than expected due to a higher success fee and a slightly better contribution from Xelion (75% share), which added PLN 1.23m to the bottom line vs. PLN 0.87m in 1Q24. The conditional success fee is only slightly below our estimates. Overall, we expect a positive market reaction.*

Quercus reported 2Q24 net profit of PLN 9.4m (+46% q/q, +134% y/y), 28% above the consensus (only two estimates) and 30% above our estimates.

Revenues came in at PLN 36.7m (+24% q/q, +54% y/y), 12% above our forecast. Management fee amounted to PLN 17.4m (+19% q/q, +50% y/y). It was 2% above our estimates. Success fee came in at PLN 4.1m vs. PLN 2.3m expected by us. Other revenues were 14% above our estimates. They include, among other, PLN 0.7m release of provisions for future commitments (not included in our forecast), partly offset by a PLN 0.5m increase in provisions for litigation (in OPEX).

OPEX of PLN 27.9m (+13% q/q, +31% y/y), was 8% above our forecasts, both in distribution and SG&A costs. As a result **EBIT** amounted to PLN 8.8m, 29% above our assumptions. **Net financial income** reach PLN 3.5m. The impact of the exposure to Capitea (ex. GetBack) was PLN 0.2m in the quarter (PLN 0.1 in 1Q24).

Conditional success fee stood at PLN 11.8m as of the end of 2Q24 vs. PLN 11.4m as of end of 1Q24 and vs. PLN 12.5m assumed by us.

Teleconference today at 14:00 [Teams]

Summary of Financial Data

P&L	2Q23	1Q24	2Q24	q/q	y/y	cons.	vs.c	ERSTE	vs. E
Revenues	23.8	29.7	36.7	24%	54%	32.3	14%	32.6	12%
Management fee	11.8	14.9	17.7	19%	50%			17.4	2%
Success fee	0.7	2.4	4.1	71%	517%			2.3	78%
Others	11.3	12.3	14.8	20%	31%			13.0	14%
OPEX	21.2	24.7	27.9	13%	31%			25.8	8%
Distribution	10.0	12.0	13.9	17%	39%			13.0	7%
SG&A	11.2	12.8	13.9	9%	24%			12.8	8%
EBIT	2.6	4.9	8.8	78%	241%	6.7	31%	6.8	29%
Net financial income	2.6	3.2	3.5					2.5	
Gross profit	5.2	8.1	12.3	52%	136%			9.3	32%
Tax	1.0	1.4	2.5					1.8	
Minorities	0.2	0.3	0.4					0.3	
Net profit	4.0	6.5	9.4	46%	134%	7.4	28%	7.2	30%

Source: Company, Erste Group Research. *excl. success fee

Summary of Financial Data

P&L	2Q23	1Q24	2Q24	q/q	y/y	cons.	vs.c	ERSTE	vs. E	1H23	1H24	y/y
Revenues	23.8	29.7	36.7	24%	54%	32.3	14%	32.6	12%	44.7	66.3	48%
Management fee	11.8	14.9	17.7	19%	50%			17.4	2%	22.9	32.7	43%
Success fee	0.7	2.4	4.1	71%	517%			2.3	78%	0.7	6.5	878%
Others	11.3	12.3	14.8	20%	31%			13.0	14%	21.2	27.1	28%
OPEX	21.2	24.7	27.9	13%	31%			25.8	8%	41.1	52.6	28%
Distribution	10.0	12.0	13.9	17%	39%			13.0	7%	18.8	25.9	38%
SG&A	11.2	12.8	13.9	9%	24%			12.8	8%	22.3	26.7	20%
EBIT	2.6	4.9	8.8	78%	241%	6.7	31%	6.8	29%	3.6	13.7	276%
Net financial income	2.6	3.2	3.5					2.5		5.7	6.7	
Gross profit	5.2	8.1	12.3	52%	136%			9.3	32%	9.4	20.4	118%
Tax	1.0	1.4	2.5					1.8		1.8	3.9	117%
Minorities	0.2	0.3	0.4					0.3		0.3	0.7	158%
Net profit	4.0	6.5	9.4	46%	134%	7.4	28%	7.2	30%	7.3	15.9	117%
Key figures	2Q23	1Q24	2Q24	q/q	y/y			ERSTE		1H23	1H24	y/y
Average AuM (PLN m)	3 296	4 741	5 308	12%	61%			5 307		3 217	5 019	56%
AuM (eop, PLN m)	3 441	5 062	5 570	10%	62%			5 570		3 441	5 570	62%
AuM yield (gross)	1.49%	1.41%	1.39%	-2%	-7%			1.39%		1.50%	1.40%	-7%
Distribution / revenues*	43%	44%	43%					43%		43%	43%	
SG&A/ revenues	47%	43%	38%					39%		50%	40%	
Effective tax rate	19.0%	16.9%	20.1%					19.0%		19.0%	18.9%	

Source: Company, Erste Group Research. *excl. success fee

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