

## FLASH NOTE

# Quercus TFI -

Target Price: PLN | Close as of 19/10/2023: PLN 4.20

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## 3Q23 Results Review - Positive

**Opinion. Positive.** *The net profit is slightly higher than out forecasts. Additionally, conditional success fee exceeded our estimates, which should boost profit in the last quarter. We now estimate 2023 full-year net profit could exceed PLN 26m.*

**Quercus reported 3Q23 net profit of PLN 4.7m (+15% q/q, +60% y/y), 4% above our estimates.**

**Revenues** came in at PLN 25.2m (+6% q/q, +15% y/y), 2% above our forecast. Management fee amounted to PLN 12.6m (+6% q/q, +12% y/y) and was 3% above our estimates. Success fee in the quarter was PLN 1.3m (PLN 1m expected by us).

**OPEX** of PLN 21.5m (+17% y/y), was 5% above our forecasts due to higher SG&A expenses. As a result **EBIT** was PLN 3.7m, 12% below our assumptions. **Net financial income** reach PLN 2.5m vs. PLN 1.6m expected by us and offset lower than expected operating result. Positive effect of exposure to Capitea's bonds (ex. GetBack) was negligible and reached PLN 0.1m.

**Conditional success fee** stood at PLN 17.1m as of the end of 3Q23 vs. PLN 13m assumed by us.

**Teleconference** today at 14:00 [link]

### Summary of Financial Data

P&L	3Q22	2Q23	3Q23	q/q	y/y	ERSTE	vs. E	9M22	9M23	y/y
<b>Revenues</b>	<b>22.0</b>	<b>23.8</b>	<b>25.2</b>	<b>6%</b>	<b>15%</b>	<b>24.7</b>	<b>2%</b>	<b>73.3</b>	<b>69.9</b>	<b>-5%</b>
Management fee	11.3	11.8	12.6	6%	12%	12.2	3%	37.4	35.5	-5%
Success fee	0.0	0.7	1.3			1.0		0.0	2.0	
Others	10.7	11.3	11.3	0%	5%	11.5	-1%	35.9	32.5	-10%
<b>OPEX</b>	<b>18.4</b>	<b>21.2</b>	<b>21.5</b>	<b>1%</b>	<b>17%</b>	<b>20.5</b>	<b>5%</b>	<b>60.1</b>	<b>62.6</b>	<b>4%</b>
Distribution	8.5	10.0	10.1	1%	19%	10.1	0%	29.9	28.9	-3%
SG&A	9.9	11.2	11.4	2%	15%	10.4	10%	30.1	33.7	12%
<b>EBIT</b>	<b>3.6</b>	<b>2.6</b>	<b>3.7</b>	<b>42%</b>	<b>2%</b>	<b>4.2</b>	<b>-12%</b>	<b>13.2</b>	<b>7.3</b>	<b>-45%</b>
Net financial income	0.1	2.6	2.5			1.6		0.0	8.2	
<b>Gross profit</b>	<b>3.7</b>	<b>5.2</b>	<b>6.1</b>	<b>17%</b>	<b>65%</b>	<b>5.8</b>	<b>6%</b>	<b>13.3</b>	<b>15.5</b>	<b>17%</b>
Tax	0.6	1.0	1.3			1.1		2.3	3.1	
Minorities	0.2	0.2	0.2			0.2		0.4	0.5	
<b>Net profit</b>	<b>2.9</b>	<b>4.0</b>	<b>4.7</b>	<b>15%</b>	<b>60%</b>	<b>4.5</b>	<b>4%</b>	<b>10.5</b>	<b>12.0</b>	<b>14%</b>
<b>Key figures</b>	<b>3Q22</b>	<b>2Q23</b>	<b>3Q23</b>	<b>q/q</b>	<b>y/y</b>	<b>ERSTE</b>		<b>9M22</b>	<b>9M23</b>	<b>y/y</b>
Average AuM (PLN m)	3 155	3 296	3 653	11%	16%	3 653		3 674	3 369	-8%
AuM (eop, PLN m)	2 957	3 441	3 821	11%	29%	3 821		2 957	3 821	29%
AuM yield (gross)	1.47%	1.49%	1.45%			1.45%		1.47%	1.48%	1%
Distribution / revenues	39%	42%	40%			41%		41%	41%	
SG&A/ revenues	45%	47%	45%			42%		41%	48%	
Effective tax rate	16.5%	19.0%	20.8%			19.0%		17.2%	19.7%	

Source: Company, Erste Group Research

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