

FLASH NOTE

# Quercus TFI -

Target Price: PLN | Close as of 21/03/2024: PLN 6.90

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## 4Q23 Results Review - Neutral

**Opinion. Neutral.** *Net profit is strong but only touch above our expectations, while most of core lines is in line with our forecasts. Consequently, we expect neutral market reaction.*

**Quercus reported 4Q23 net profit of PLN 19m (+308% q/q, +433% y/y), 3% above our estimates and 8% above consensus (it includes only two estimates).**

**Revenues** came in at PLN 48.6m (+93% q/q, +146% y/y), in line with our and consensus forecasts. Management fee amounted to PLN 13.8m (+10% q/q, +28% y/y) and was in line with our estimates. Success fee came in at PLN 21.8m, vs. PLN 23m expected by us. Other revenues were slightly higher than our expectations. They include PLN 0.5m reversal of provisions for future commitments.

**OPEX** of PLN 31.1m (+72% y/y), was 16% above our forecasts, but it includes PLN 4.6m negative impact from provisions related to ex. GetBack, which is offset in the net financial income. Net positive effect from GetBack's bonds was PLN 0.2m in the quarter. Adjusted costs were in line with our expectations. **Net financial income** reach PLN 6.4m.

**Standalone net profit** reached PLN 29.2m in 2023 and can be fully distributed to shareholders.

**Teleconference** today at 10:00 [link]

### Summary of Financial Data

| P&L                      | 4Q22        | 3Q23        | 4Q23        | q/q         | y/y         | cons.       | vs.c        | ERSTE        | vs. E       | 2022        | 2023         | y/y         |
|--------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|--------------|-------------|-------------|--------------|-------------|
| <b>Revenues</b>          | <b>19.8</b> | <b>25.2</b> | <b>48.6</b> | <b>93%</b>  | <b>146%</b> | <b>48.3</b> | <b>1%</b>   | <b>48.3</b>  | <b>1%</b>   | <b>93.1</b> | <b>118.5</b> | <b>27%</b>  |
| Management fee           | 10.8        | 12.6        | 13.8        | 10%         | 28%         |             |             | 13.8         | 0%          | 48.2        | 49.2         | 2%          |
| Success fee              | 1.2         | 1.3         | 21.8        |             |             |             |             | 23.0         | -5%         | 1.2         | 23.8         |             |
| Others                   | 7.8         | 11.3        | 13.0        | 15%         | 66%         |             |             | 11.4         | 14%         | 43.7        | 45.4         | 4%          |
| <b>OPEX</b>              | <b>18.1</b> | <b>21.5</b> | <b>31.1</b> | <b>45%</b>  | <b>72%</b>  |             |             | <b>26.9</b>  | <b>16%</b>  | <b>78.1</b> | <b>93.7</b>  | <b>20%</b>  |
| Distribution             | 7.4         | 10.1        | 10.6        | 4%          | 44%         |             |             | 10.8         | -2%         | 37.3        | 39.5         | 6%          |
| SG&A                     | 10.7        | 11.4        | 20.5        | 80%         | 92%         |             |             | 16.2         | 27%         | 40.8        | 54.2         | 33%         |
| <b>EBIT</b>              | <b>1.7</b>  | <b>3.7</b>  | <b>17.4</b> | <b>377%</b> | <b>929%</b> | <b>19.9</b> | <b>-12%</b> | <b>21.3</b>  | <b>-18%</b> | <b>14.9</b> | <b>24.7</b>  | <b>66%</b>  |
| Net financial income     | 2.8         | 2.5         | 6.4         |             |             |             |             | 1.6          |             | 2.8         | 14.6         |             |
| <b>Gross profit</b>      | <b>4.5</b>  | <b>6.1</b>  | <b>23.8</b> | <b>289%</b> | <b>435%</b> |             |             | <b>22.9</b>  | <b>4%</b>   | <b>17.7</b> | <b>39.3</b>  | <b>122%</b> |
| Tax                      | 0.7         | 1.3         | 4.5         |             |             |             |             | 4.4          |             | 3.0         | 7.6          |             |
| Minorities               | 0.2         | 0.2         | 0.3         |             |             |             |             | 0.2          |             | 0.6         | 0.8          |             |
| <b>Net profit</b>        | <b>3.6</b>  | <b>4.7</b>  | <b>19.0</b> | <b>308%</b> | <b>433%</b> | <b>17.5</b> | <b>8%</b>   | <b>18.4</b>  | <b>3%</b>   | <b>14.1</b> | <b>31.0</b>  | <b>120%</b> |
| <b>Key figures</b>       | <b>4Q22</b> | <b>3Q23</b> | <b>4Q23</b> | <b>q/q</b>  | <b>y/y</b>  |             |             | <b>ERSTE</b> |             | <b>2022</b> | <b>2023</b>  | <b>y/y</b>  |
| Average AuM (PLN m)      | 2 969       | 3 653       | 4 073       | 11%         | 37%         |             |             | 4 073        |             | 3 512       | 3 551        | 1%          |
| AuM (eop, PLN m)         | 3 054       | 3 821       | 4 409       | 15%         | 44%         |             |             | 4 409        |             | 3 054       | 4 409        | 44%         |
| AuM yield (gross)        | 1.50%       | 1.45%       | 1.43%       |             |             |             |             | 1.43%        |             | 1.48%       | 1.47%        | -1%         |
| Distribution / revenues* | 40%         | 42%         | 40%         |             |             |             |             | 43%          |             | 41%         | 42%          |             |
| SG&A/ revenues           | 54%         | 45%         | 42%         |             |             |             |             | 33%          |             | 44%         | 46%          |             |
| Effective tax rate       | 16.5%       | 20.8%       | 19.1%       |             |             |             |             | 19.0%        |             | 17.1%       | 19.3%        |             |

Source: Company, Erste Group Reserach

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