

QuarticOn S.A.

Price target: PLN 62

Update

Rating: BUY

Due to unsatisfactory results in H1/19 QuarticOn's (QON) management implemented cost cutting measures, especially relating to UK, marketing and IT infrastructure. In addition, they changed the company's distribution strategy. On the one hand, QuarticOn started selling its personalisation software through partners such as advertising agencies, instead of doing it directly. On the other, it focused on offering smaller functional packages in the SaaS model. In our view, positive is the integration of APIs at several E-Commerce platforms for small and medium online shops. They have in total >500,000 users worldwide and should start contributing to QON's revenues from September 2019. Although in our opinion the new strategy makes sense, we expect that QON will have to conduct another capital raise in Q4/19E as due to a net loss of PLN 2.6m in H1/19 cash as of 30 June 2019 only equaled PLN 1.2m. Our updated model, which accounts for weaker-than-expected results in Jan-Jun 2019 and a capital increase worth PLN 4m, results in a 12-months PT (80% DCF, 20% peer group) of PLN 62 (previously: PLN 92.40). However, our BUY rating remains unchanged.

Due to a loss of a larger VOD client domestic revenues remained flat y-o-y in H1/19, but international sales grew by 43.9%. Following the loss of a larger client in Poland, the monthly churn reached 4.5% in Q2/19, however we appreciate the strong business development abroad. H1/19 operating loss equaled PLN 2.5m, but due to cost optimization was PLN 0.2m lower in Q2/19 vs. the previous quarter (and is set to go down further in Q3). On 30/06/2019, net gearing equaled 18.4%.

We expect that the integration with international shopping platforms such as Shopify and Shoptet will significantly boost QON's sales going forward as together they are used by several hundred thousand online shops. Nevertheless, following weaker-than-expected H1/19 results, we have lowered our forecasts for 2019E and beyond. While management guide for EBITDA break-even in Q4/19E, we now estimate that sales in full-year 2019E will equal PLN 4.9m, EBITDA PLN -1.6m and net income PLN -4.2m. In our view, in 2020E these figures will reach PLN 8.5m, PLN 3.1m and PLN 0.3m respectively.

in PLNm	2017	2018	2019E	2020E	2021E	2022E
Net sales	3.49	4.60	4.90	8.49	14.56	23.86
EBITDA	-1.05	-0.19	-1.57	3.06	4.78	7.18
EBIT	-2.39	-1.54	-4.07	0.51	2.18	4.53
Net income	-2.55	-1.79	-4.22	0.30	1.67	3.59
EPS	-2.39	-1.45	-3.40	0.22	1.25	2.69
DPS	0.00	0.00	0.00	0.00	0.70	1.20
Dividend yield	0.00%	0.00%	0.00%	0.00%	1.77%	3.04%
RoE	-56.07%	-24.00%	-41.96%	2.97%	15.09%	27.10%
Net gearing	37.67%	-11.25%	-24.53%	-15.91%	-17.38%	-19.74%
EV/Sales	14.39x	10.90x	10.25x	5.91x	3.45x	2.10x
EV/EBITDA	neg	neg	neg	16.42x	10.49x	6.99x
P/E	neg	neg	neg	175.63x	31.52x	14.68x

Company profile

QuarticOn S.A. has developed an AI-based solution, which helps online retailers as well as providers of VOD services to increase sales by delivering smart product and content recommendations.

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Sector	Advertising Technology
Country	Poland
ISIN	PLQRTC000015
Reuters	QON.WA
Bloomberg	QON PW

Share information

Last price	39.50
No of shares (m)	1.24
Market cap. (PLNm)	48.79
Market cap. (EURm)	11.13
52-week range	PLN 65.20 / PLN 32
Average volume (3-months)	32

Performance

4-weeks	-4.59%
13-weeks	-25.19%
26-weeks	-1.25%
52-weeks	n.a
YTD	-29.46%

Shareholder structure

Venture FIZ	20.32%
CBNC Capital Solutions Ltd.	15.58%
Q Free Trading Ltd.	10.00%
Kamil Cislo	9.59%
ACATIS Investment Kapitalverw.	9.55%
Pawel Wyborski (CEO)	6.58%
Paulina Maria Zamojska	5.90%
ESOP 2018-2020E*	4.10%
Free float	18.38%

* incentive scheme for key employees

Financial calendar

9M/19 report	November 14, 2019
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H1/19 results

Revenues and Profitability

In H1/19, QuarticOn generated revenues of PLN 2.4m, of which 29.2% stemmed from abroad (especially Czechia). The main reasons for the relatively low y-o-y growth of 10.1% were no effects of direct sales in the UK and the loss of a larger Polish client from the VOD segment. However, QON reacted very quickly and optimized its costs and distribution.

Following the disappointing results in the UK, during the first half of this year the company dismissed its two sales people there. Moreover, in Jan-Jun 2019 it changed its business model towards sales through partner networks in the SaaS model, optimized its processes (the company laid off 5 people and also improved the cost efficiency of marketing spend and IT infrastructure) and started integrating APIs of its software into the shopping platforms Shopify (largest E-Commerce platform worldwide with several hundred thousand small and medium-sized online shops) and Shoptet (18,000 small and medium-sized e-shops in Czechia and Slovakia).

in PLNm	H1/19	H1/18	change y-o-y
Net sales	2.38	2.17	10.1%
EBITDA	-1.18	0.03	-4572.3%
<i>EBITDA margin</i>	<i>-49.5%</i>	<i>1.2%</i>	
EBIT	-2.53	-0.50	403.8%
<i>EBIT margin</i>	<i>-106.1%</i>	<i>-23.2%</i>	
Net income	-2.61	-0.53	395.5%
<i>Net margin</i>	<i>-109.4%</i>	<i>-24.3%</i>	

Source: Company information, East Value Research GmbH

Between January and June 2019, EBIT and net income equaled PLN -2.5m (H1/18: PLN -502k) and PLN -2.6m (PLN -526k) respectively. The largest cost positions were CoGS (PLN 2.2m vs. PLN 1.4m in H1/18), which comprise e.g. expenses relating to freelancers and data centers, and full-time personnel (PLN 1.5m vs. PLN 611k). Depreciation & amortization increased from PLN 529k to PLN 1.3m due to completion of major software projects and the corresponding increase of intangible assets. At the end of June, QON had 49 Full-Time Equivalents (FTEs).

Balance sheet and Cash flow

At the end of June 2019, QuarticOn had equity of PLN 7.6m, which corresponded to a ratio of 67.6%. Apart from equity, the largest balance sheet position were intangible assets of PLN 7.7m, which grew significantly since 31 December 2018 (PLN 2.6m) due to completed software development. As of 30 June 2019, QuarticOn had (short-term) interest-bearing debt of PLN 2.6m (PLN 3.3m, thereof PLN 1.8m short-term).

In H1/19, QuarticOn generated an operating cash flow of PLN -1.5m vs. PLN -1m in the previous year. Investments in working capital equaled PLN 175k (H1/18: PLN 1.1m). While cash flow from investing was PLN -993k (PLN 0k), cash flow from financing equaled PLN -199k (PLN 1.2m) and reflected the repayment of debt. Compared to 31/12/2018, the cash position decreased by PLN 2.6m to PLN 1.2m.

We would like to emphasize that due to its listing in the NewConnect segment of the Warsaw Stock Exchange QuarticOn uses Polish Accounting Standards instead of IFRS.

Changes to our forecasts

Revenues and Profitability

After unsatisfactory H1/19 results, especially in UK, QuarticOn's management decided to restructure its costs and focus rather on partner sales in the SaaS model (especially through E-Commerce platforms and advertising agencies) than direct distribution. Moreover, from Q1/19 on QON has been offering different smaller modules (functional packages) of its personalization software. Nevertheless, we estimate that currently the average monthly fee per client, who pays a fixed fee instead of a sales-based one, is PLN 3,100 and thus is higher than we had previously expected.

In H1/19, QuarticOn also completed APIs of its software for shopping platforms such as Shopify and Shoptet. While Shopify is still verifying QON's software, first sales from Shoptet, which is used by in total 18,000 online shops in Czechia and Slovakia, were likely generated in August.

Because of the above, we have changed our sales model for QON, which now accounts for three revenues sources: Sales-based fee, Monthly flat fee (large e-shops) and Monthly flat fee (small and medium e-shops). For all segments, we have assumed that the gross margin will reach c. 76% in the long run. While the potential market is significant and personalization remains one of the main trends in global E-Commerce, we would like to emphasize that QON's future growth strongly depends on the capital, which the company needs to raise in Q4/19E. In addition to financing international business development, the fresh capital would also allow QuarticOn to use public subsidies for investments in new Artificial Intelligence-based products e.g. for the online retail sector.

Below is our description of QuarticOn's different revenues sources:

Sales-based fee: This relates to a share, which QON receives on sales, which its software helps to generate for the particular client. The %-fee equals 4%, while the segment's share in QON total sales currently equals <20% according to our estimates. As these revenues are volatile (Q4 is usually by far the best quarter in the retail sector), we expect that their share in the company's total sales will decrease over time to c. 4%.

Monthly flat fee (large e-shops): In our view, this kind of revenues is much better than sales-based ones in terms of stability of cash flows and thus should grow at a much higher rate going forward. We have conservatively assumed that despite the introduction of additional software modules the average monthly fee of larger e-shops (PLN 3,100) will remain unchanged over time, while the number of clients will grow at 14.4% on average.

Monthly flat fee (small and medium e-shops): This segment relates to sales, which will stem from QON's co-operation with E-Commerce platforms such as Shopify, Shoptet or Shoplo. So far in 2019, the company has developed APIs for Shopify and Shoptet, which should both generate first sales this year. Due to their large number of users (=online shops), which in case of Shopify equals >500,000 worldwide, we expect that sales of this segment will exhibit by far the highest growth in the future (CAGR of 156.6%). For the average monthly fee per client, we have assumed PLN 151, which is c. EUR 35.

in PLNm	2019E	2020E	2021E	2022E
Sales-based fee	0.71	0.93	1.17	1.38
<i>Share in total sales</i>	14.6%	10.9%	8.0%	5.8%
Gross margin	25.0%	69.0%	71.0%	72.5%
Sales fee	4.0%	4.0%	4.0%	4.0%
Sales (in PLN)	17,837,298	23,188,488	29,217,495	34,622,731
Monthly flat fee (large e-shops)	4.17	6.51	8.37	10.23
<i>Share in total sales</i>	85.1%	76.7%	57.5%	42.9%
Gross margin	25.0%	69.0%	71.0%	72.5%
Average number of licenses	112	175	225	275
Average monthly fee per license (in PLN)	3,100	3,100	3,100	3,100
Monthly flat fee (small and medium e-shops)	0.02	1.05	5.02	12.24
<i>Share in total sales</i>	0.4%	12.3%	34.5%	51.3%
Gross margin	25.0%	69.0%	71.0%	72.5%
Average number of licenses	10	580	2,780	6,780
Average monthly fee per license (in PLN)	151	151	151	151
Total sales	4.90	8.49	14.56	23.86
change y-o-y	6.4%	73.2%	71.6%	63.9%

Source: East Value Research GmbH

	2019E		2020E		2021E		2022E	
in PLNm	new	old	new	old	new	old	new	old
Net sales	4.90	9.51	8.49	17.27	14.56	24.42	23.86	33.51
EBITDA	-1.57	2.89	3.06	5.23	4.78	7.81	7.18	11.14
<i>EBITDA margin</i>	-32.0%	30.4%	36.0%	30.3%	32.9%	32.0%	30.1%	33.2%
EBIT	-4.07	1.62	0.51	3.45	2.18	5.49	4.53	8.71
<i>EBIT margin</i>	-83.0%	17.0%	6.0%	20.0%	15.0%	22.5%	19.0%	26.0%
Net income	-4.22	1.46	0.30	2.68	1.67	4.35	3.59	6.98
<i>Net margin</i>	-86.2%	15.4%	3.5%	15.5%	11.5%	17.8%	15.1%	20.8%

Source: East Value Research GmbH

in PLNm	Q1/18	Q2/18	Q3/18	Q4/18	2018	Q1/19	Q2/19
Net sales	1.07	1.10	1.12	1.31	4.60	1.24	1.14
<i>change y-o-y</i>	<i>n.a</i>	<i>n.a</i>	<i>n.a</i>	<i>n.a</i>	32.0%	16.6%	3.7%
EBITDA	0.04	-0.01	-0.13	-0.09	-0.19	-0.70	-0.48
<i>EBITDA margin</i>	3.6%	-1.1%	-11.4%	-6.9%	-4.2%	-56.3%	-42.2%
EBIT	-0.23	-0.28	-0.39	-0.65	-1.54	-1.37	-1.16
<i>EBIT margin</i>	-21.2%	-25.1%	-34.7%	-49.4%	-33.5%	-110.4%	-101.5%
Net income	-0.23	-0.30	-0.55	-0.71	-1.79	-1.41	-1.20
<i>Net margin</i>	-21.6%	-27.0%	-49.0%	-54.2%	-38.9%	-113.0%	-105.4%

Source: East Value Research GmbH

CAPEX and Working Capital

We still believe that in the coming years QuarticOn will concentrate its investment activity on the extension of existing software with new modules and establishing sales infrastructure in new markets, especially in UK, Russia, Italy and Spain. We now expect that gross CAPEX in 2019E-2021E will reach in total PLN 6.5m and in the long run c. 6% (previously: c. 5%) of yearly sales. In terms of working capital, we believe that the cash conversion cycle will increase from 6 days in 2018 to 30 days (30 days) in the long run.

Peer Group Analysis

We have compared QuarticOn to six local and international companies, which offer software in the SaaS model. Our list of peers also includes seven non-listed companies, which offer similar solutions to QuarticOn.

Listed peers:

- (1) *LiveChat Software S.A.*: LiveChat Software S.A, which is based in Wroclaw/Poland, offers LiveChat, a tool for direct text communication between site visitors and its owners. It supports companies worldwide in the area of sales and customer services. In 2018/19, LiveChat generated sales of PLN 109.3m (2y CAGR of 19.7%).
- (2) *Shopify Inc.*: Shopify, which is based in Ottawa/Canada, offers a cloud-based multi-channel commerce platform for small and medium-sized businesses. Its platform provides merchants with a single view of business and customers in various sales channels, including Web and mobile storefronts, physical retail locations, social media storefronts, and marketplaces; and enables to manage products and inventory, process orders and payments, build customer relationships, leverage analytics and reporting, and access financing. In 2018, Shopify generated revenues of USD 1.1bn (CAGR 16-18 of 66%).

Shopify is one of the E-Commerce platforms for smaller online shops, with which QuarticOn is currently integrating its solution.

- (3) *Workday Inc.*: Workday, which is based in Pleasanton/US, provides enterprise cloud applications for Finance and HR worldwide, which support among others the following functions: accounting, cash and asset management, employee expense and revenue management, projects, procurement, inventory, grants management, workforce lifecycle and organization management, employee benefits administration, goal and performance management, succession planning, and career and development planning. In fiscal-year 2018/19, Workday generated sales of USD 2.8bn (2y CAGR of 33.9%).
- (4) *ServiceNow Inc.*: ServiceNow, which is headquartered in Santa Clara/US, operates the ServiceNow platform that provides workflow automation, electronic service catalogs and portals, configuration management systems, data benchmarking, performance analytics, encryption, collaboration and development tools. In 2018, ServiceNow generated sales of USD 2.6bn (CAGR 16-18 of 36.9%).

- (5) *Zendesk Inc.*: Zendesk Inc., which was founded in 2007 and is based in San Francisco/US, offers SaaS-based products. Its flagship product is Zendesk Support, a system for tracking, prioritizing, and solving customer support tickets across various channels. The company also offers Zendesk Chat, a live chat software to connect with customers on websites, in applications, and on mobile devices; Zendesk Talk, a cloud-based call center software; Zendesk Guide, a knowledge base for customer self-service and support agent productivity; Zendesk Message, a customer messaging software; and Zendesk Explore that makes customer data accessible across an organization. In 2018, Zendesk had sales of USD 598.7m (CAGR 16-18 of 38.3%).
- (6) *Salesforce.com Inc.*: Salesforce.com, which is headquartered in San Francisco/US, develops enterprise cloud computing solutions with a focus on customer relationship management. The company offers Sales Cloud to store data, monitor leads and progress, forecast opportunities, and gain insights through analytics and relationship intelligence, as well as deliver quotes, contracts, and invoices. It also provides Service Cloud, which enables companies to deliver personalized customer service and support, as well as a field service solution that enables companies to connect agents, dispatchers, and mobile employees through a centralized platform. In addition, the company offers Marketing Cloud to plan and optimize one-to-one customer marketing interactions; Commerce Cloud, which enables companies to enhance conversion, revenue, and loyalty from their customers; and Community Cloud that enables companies to create and manage branded digital destinations. Further, it provides Quip collaboration platform, which combines documents, spreadsheets, apps, and chat with live CRM data. In fiscal-year 2018/19, Salesforce.com generated revenues of USD 13.3bn (2y CAGR of 25.5%).

Company	EV/Sales			EV/EBITDA			P/E			P/BVPS	EBITDA margin	Net gearing
	2019E	2020E	2021E	2019E	2020E	2021E	2019E	2020E	2021E	Latest	2018	Latest
LiveChat Software S.A. (PLN)	7.09x	6.58x	6.02x	10.46x	10.26x	9.47x	12.75x	13.26x	11.62x	17.38x	65.40%	-60.03%
Shopify Inc. (USD)	26.25x	19.59x	14.44x	657.92x	366.26x	175.32x	615.97x	391.40x	222.33x	19.58x	-6.40%	-87.86%
Workday Inc. (USD)	10.87x	8.85x	7.33x	54.55x	41.80x	34.43x	103.08x	78.82x	60.70x	17.84x	-8.51%	-17.37%
ServiceNow Inc. (USD)	13.84x	10.76x	8.53x	49.89x	37.22x	28.51x	80.03x	60.21x	45.61x	38.32x	4.15%	-43.33%
Zendesk Inc. (USD)	11.17x	8.56x	6.70x	169.67x	88.94x	52.13x	320.28x	142.98x	75.54x	20.81x	-17.29%	38.43%
Salesforce.com Inc. (USD)	8.06x	6.50x	5.44x	30.21x	25.39x	20.91x	55.29x	50.59x	40.53x	7.89x	11.47%	2.27%
Median	11.02x	8.70x	7.01x	52.22x	39.51x	31.47x	91.55x	69.52x	53.15x	18.71x	-1.13%	-30.35%
QuarticOn S.A. (PLN)	10.25x	5.91x	3.45x	n.a	16.42x	10.49x	n.a	175.63x	31.52x	6.45x	-4.19%	18.43%
Premium/Discount	-7.0%	-32.0%	-50.9%	n.a	-58.5%	-66.7%	n.a	152.6%	-40.7%			
Fair equity value QuarticOn S.A. (PLN)	68.91											

Source: CapitalIQ, East Value Research GmbH

Privately-owned peers:

- (7) *Nosto Solutions Oy*: Nosto, which is based in Helsinki/Finland, develops an E-Commerce personalization solution for online retailers. It enables online retailers ranging from small business owners to global retail brands to recommend relevant products to their customers in real-time. The company offers Facebook and Instagram ads, onsite product recommendations, onsite pop-ups, and personalized emails. It has locations in New York, Los Angeles, Berlin, Paris, Stockholm and London. Nosto has >20,000 employees and clients from 168 countries. We estimate Nosto's revenues in 2018 at EUR >45m.
- (8) *Pleisty*: Pleisty, which was founded in 2011, is an E-Commerce recommendation engine that makes online shops more intelligent and easier to use. The AI-powered tool uses collaborative filtering, behavioral pattern detection and real-time event analysis to deliver customized product recommendations. The Pleisty team is mainly based in Bucharest/Romania and London/UK.
- (9) *Scarab Research*: Scarab Research, which is headquartered in Budapest/Hungary, has developed a machine learning technology that enables highly personalized online shopping experiences. The company is part of Emarsys Group, the largest independent marketing platform worldwide.
- (10) *Persoo*: Persoo, with offices in Prague/Czech Republic and San Francisco/US, provides personalized websites, search and emails, on-site offers as well as visitor profiles. However, its customers are mainly based in the Czech Republic.
- (11) *Retail Rocket*: Retail Rocket is a provider of customised product recommendations (incl. emails) with offices in Russia, the Netherlands, UK, Germany, Chile, India and South Korea.
- (12) *Certona Corporation*: Certona, which is headquartered in San Diego/US, offers AI-based real-time personalization solutions, which are used by >600 top E-Commerce websites in more than 70 countries. The company's Personalized Experience Management platform, powered by the Certona Predictive Cloud, increases engagement and conversions by leveraging one-to-one behavioral profiling, Big Data insights and real-time predictive analytics to present individualized content, promotional offers and product recommendations across all customer touchpoints.

(13) *RichRelevance Inc.*: RichRelevance, which is based in San Francisco/US, provides omnichannel personalization solutions to multinational companies. It offers Relevance Cloud, a personalization platform that includes RichRelevance Discover, which enables users to personalize search; RichRelevance Engage that maps individual shopper behavior against targeting and audience segmentation tools to enable marketers to personalize campaigns; RichRelevance Recommend, which collects data and uses a machine learning engine to select data-driven product recommendations for customer interactions; RichRelevance Build that gives instant access to API-based personalization tools to manage and route data from various sources and integrate personalization into different applications; and RichRelevance Xen AI that allows digital leaders to deploy strategies for making right decisions for different contexts.

Price target calculation

Price target calculation	Fair Value	Weight
DCF model	51.90	80%
Peer group analysis	68.91	20%
Weighted average in PLN (today)	55.30	
Weighted average in PLN (in 12-months)	62.00	

Source: East Value Research GmbH

Profit and loss statement

in PLNm	2017	2018	2019E	2020E	2021E	2022E
Revenues	3.49	4.60	4.90	8.49	14.56	23.86
Change of inventories	0.00	0.00	0.00	0.00	0.00	0.00
Total output	3.49	4.60	4.90	8.49	14.56	23.86
Cost of goods sold	-1.59	-3.45	-3.67	-2.63	-4.22	-6.56
Gross profit	1.90	1.16	1.22	5.85	10.34	17.30
Other operating income	0.01	0.44	0.42	0.42	0.43	0.44
Personnel costs	-2.36	-1.42	-2.99	-3.14	-3.30	-3.46
Other operating expenses	-0.60	-0.37	-0.22	-0.08	-2.69	-7.09
EBITDA	-1.05	-0.19	-1.57	3.06	4.78	7.18
Depreciation & amortisation	-1.34	-1.35	-2.50	-2.55	-2.60	-2.65
EBIT	-2.39	-1.54	-4.07	0.51	2.18	4.53
Net financial result	-0.16	-0.25	-0.16	-0.14	-0.12	-0.10
EBT	-2.55	-1.79	-4.22	0.37	2.07	4.43
Income taxes	0.00	0.00	0.00	-0.07	-0.39	-0.84
Minorities	0.00	0.00	0.00	0.00	0.00	0.00
Net income / loss	-2.55	-1.79	-4.22	0.30	1.67	3.59
EPS	-2.39	-1.45	-3.40	0.22	1.25	2.69
DPS	0.00	0.00	0.00	0.00	0.70	1.20
Share in total sales						
Revenues	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %
Change of inventories	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
Total output	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %
Cost of goods sold	-45.47 %	-74.84 %	-75.00 %	-31.00 %	-29.00 %	-27.50 %
Gross profit	54.53 %	25.16 %	25.00 %	69.00 %	71.00 %	72.50 %
Other operating income	0.36 %	9.51 %	8.49 %	5.00 %	2.97 %	1.85 %
Personnel costs	-67.73 %	-30.92 %	-61.04 %	-37.00 %	-22.64 %	-14.51 %
Other operating expenses	-17.26 %	-7.94 %	-4.45 %	-0.97 %	-18.48 %	-29.73 %
EBITDA	-30.10 %	-4.19 %	-32.00 %	36.03 %	32.85 %	30.11 %
Depreciation & amortisation	-38.51 %	-29.29 %	-51.00 %	-30.03 %	-17.85 %	-11.11 %
EBIT	-68.61 %	-33.48 %	-83.00 %	6.00 %	15.00 %	19.00 %
Net financial result	-4.45 %	-5.39 %	-3.23 %	-1.63 %	-0.81 %	-0.41 %
EBT	-73.06 %	-38.87 %	-86.23 %	4.37 %	14.19 %	18.59 %
Income taxes	0.00 %	0.00 %	0.00 %	-0.83 %	-2.70 %	-3.53 %
Minorities	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
Net income / loss	-73.06 %	-38.87 %	-86.23 %	3.54 %	11.49 %	15.06 %

Balance Sheet

in PLNm	2017	2018	2019E	2020E	2021E	2022E
Assets						
Cash and equivalents	0.25	3.88	4.98	3.97	4.21	4.81
Short-term financial assets	0.00	0.00	0.00	0.00	0.00	0.00
Inventories	0.00	0.02	0.00	0.00	0.00	0.00
Trade accounts and notes receivables	0.63	0.91	0.95	1.64	2.79	4.53
Other current assets	0.27	0.46	0.38	0.66	1.13	1.86
Current assets, total	1.14	5.26	6.31	6.27	8.13	11.21
Property, plant and equipment	0.10	0.06	0.06	0.07	0.07	0.07
Other intangible assets	3.12	8.84	7.50	7.60	7.70	7.80
Goodwill	0.00	0.00	0.00	0.00	0.00	0.00
Other long-term assets	3.36	0.00	0.00	0.00	0.00	0.00
Deferred tax assets	0.00	0.00	0.00	0.00	0.00	0.00
Non-current assets, total	6.58	8.90	7.56	7.67	7.77	7.87
Total assets	7.72	14.16	13.88	13.93	15.90	19.08
Liabilities						
Trade payables	0.40	0.62	0.63	0.43	0.67	0.98
Other short-term liabilities	0.40	0.54	0.55	0.55	0.56	0.56
Short-term financial debt	0.53	2.73	2.53	2.33	2.13	1.93
Provisions	0.15	0.09	0.21	0.36	0.62	1.01
Current liabilities, total	1.48	3.99	3.92	3.68	3.97	4.49
Long-term financial debt	1.50	0.00	0.00	0.00	0.00	0.00
Other long-term liabilities	0.00	0.00	0.00	0.00	0.00	0.00
Deferred tax liabilities	0.00	0.00	0.00	0.00	0.00	0.00
Long-term liabilities, total	1.50	0.00	0.00	0.00	0.00	0.00
Long-term financial debt	1.50	0.00	0.00	0.00	0.00	0.00
Total liabilities	2.98	3.99	3.92	3.68	3.97	4.49
Shareholders equity, total	4.74	10.18	9.95	10.25	11.93	14.58
Minority interests	0.00	0.00	0.00	0.00	0.00	0.00
Total equity and liabilities	7.72	14.16	13.88	13.93	15.90	19.08

Cash Flow Statement

in PLNm	2017	2018	2019E	2020E	2021E	2022E
Net income / loss	-2.55	-1.79	-4.22	0.30	1.67	3.59
Depreciation	1.34	1.35	2.50	2.55	2.60	2.65
Change of working capital	0.52	-0.13	0.07	-1.16	-1.39	-2.14
Others	-0.05	0.06	-0.12	-0.15	-0.26	-0.39
Net operating cash flow	-0.73	-0.51	-1.78	1.54	2.63	3.70
Cash flow from investing	-1.65	-3.67	-1.16	-2.65	-2.70	-2.75
Free cash flow	-2.38	-4.18	-2.94	-1.11	-0.07	0.95
Cash flow from financing	1.51	7.81	4.03	0.10	0.32	-0.35
Change of cash	-0.87	3.63	1.10	-1.01	0.24	0.61
Cash at the beginning of the period	1.11	0.25	3.88	4.98	3.97	4.21
Cash at the end of the period	0.25	3.88	4.98	3.97	4.21	4.81

Financial ratios

Fiscal year	2017	2018	2019E	2020E	2021E	2022E
Profitability and balance sheet quality						
Gross margin	54.53%	25.16%	25.00%	69.00%	71.00%	72.50%
EBITDA margin	-30.10%	-4.19%	-32.00%	36.03%	32.85%	30.11%
EBIT margin	-68.61%	-33.48%	-83.00%	6.00%	15.00%	19.00%
Net margin	-73.06%	-38.87%	-86.23%	3.54%	11.49%	15.06%
Return on equity (ROE)	-56.07%	-24.00%	-41.96%	2.97%	15.09%	27.10%
Return on assets (ROA)	-31.00%	-10.88%	-29.30%	3.15%	11.27%	19.35%
Return on capital employed (ROCE)	-38.35%	-15.15%	-40.84%	4.02%	14.83%	25.18%
Economic Value Added (in PLNm)	-3.15	-2.77	-5.27	-0.83	0.32	1.91
Net debt (in PLNm)	1.79	-1.15	-2.44	-1.63	-2.07	-2.88
Net gearing	37.67%	-11.25%	-24.53%	-15.91%	-17.38%	-19.74%
Equity ratio	61.40%	71.85%	71.73%	73.59%	75.01%	76.45%
Current ratio	0.77	1.32	1.61	1.70	2.05	2.49
Quick ratio	0.59	1.20	1.51	1.52	1.76	2.08
Net interest cover	-15.42	-6.21	-25.67	3.68	18.45	46.10
Net debt/EBITDA	-1.70	5.93	1.56	-0.53	-0.43	-0.40
Tangible BVPS	4.45	8.24	8.00	7.68	8.93	10.92
CAPEX/Sales	-47.24%	-79.72%	-23.73%	-31.23%	-18.55%	-11.54%
Working capital/Sales	2.78%	4.83%	3.17%	15.50%	18.56%	20.32%
Cash Conversion Cycle (in days)	-26	6	8	10	12	15
Trading multiples						
EV/Sales	14.39	10.90	10.25	5.91	3.45	2.10
EV/EBITDA	-47.80	-259.94	-32.02	16.42	10.49	6.99
EV/EBIT	-20.97	-32.55	-12.35	98.58	22.98	11.07
P/Tangible BVPS	8.89	4.79	4.94	5.14	4.42	3.62
P/E	-16.53	-27.26	-11.63	175.63	31.52	14.68
P/FCF	-20.52	-11.67	-16.61	-43.81	-657.66	51.29

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