

Passus S.A.

Price target: PLN 84.20

Initiating Coverage

Rating: BUY

Passus S.A., which has been on the market since 2000, is an IT integrator and developer of highly-specialized network security and application performance management solutions that serves public institutions and the largest corporations. The company, whose long track record and various security and industry certificates constitute significant barriers to entry for other players, is a leader in network and application monitoring in Poland, which includes the analysis of their efficiency, security and costs. In the coming years, Passus plans to rapidly grow its business in other European countries, especially CEE/SEE, the DACH region, France, Benelux, Scandinavia and UK, both through own subsidiaries and distribution partners such as UK-based Nuvias Group. We expect that the share of foreign revenues and own products/services will increase to c. 50% by 2025E and that this will result in significant double-digit revenue CAGR. We initiate coverage of Passus with a 12-months PT (80% DCF, 20% peer group) of PLN 84.20, which implies an upside of 87.9% at present. In our valuation, we account for 500k new shares that Passus wants to issue this year. Given a P/E 2022E of 13.8x and 3y average of 27.5x, the stock is attractively valued at present, in our view. As negative, we consider that the 3 largest clients account for c. 30% of revenues.

In 2018-2021, Passus has increased its sales and EBIT at a CAGR of 36.7% and 118.9% respectively. The 2021 report shows revenues of PLN 62.6m (+45.8% y-o-y), EBIT of PLN 8.6m (+147.1%; 13.8% margin) and net income of PLN 6.1m (+209.9%) for Jan-Dec 2021. Operating (PLN 8.1m vs. PLN 1.8m in 2020) and free cash flow (PLN 7m vs. PLN -1.7m) significantly improved y-o-y. ROCE equalled 37.7%. At the end of last year, Passus' net gearing amounted to 2.8%, despite significant investments in own software.

Given announced contracts worth PLN 42.7m since October 2021 and rapidly growing sales of own products, we expect that in 2022E Passus's revenues will increase by 23% y-o-y to PLN 77m, EBIT by 23.4% to PLN 10.7m and net income by 19.4% to PLN 7.3m. In the long run, we see a revenue CAGR of 12.3%, a share of international sales of 50% vs. 10.5% currently and a target EBIT margin of 13.1%. We like the fact that Passus' clients stay with the company for long and are very loyal.

in PLNm	2019	2020	2021	2022E	2023E	2024E
Net sales	38.67	42.95	62.63	77.02	92.74	109.40
EBITDA	2.45	5.56	11.85	14.03	16.33	18.75
EBIT	2.00	3.50	8.64	10.67	12.80	15.04
Net income	0.79	1.97	6.11	7.30	8.90	10.56
EPS	0.41	1.03	3.19	3.24	3.68	4.37
DPS	0.00	0.00	0.00	0.00	0.00	0.00
Dividend yield	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
RoE	10.15%	21.85%	47.18%	24.66%	18.67%	18.39%
Net gearing	-74.09%	-29.32%	-61.00%	-81.89%	-79.42%	-78.19%
EV/Sales	1.33x	1.20x	0.82x	0.67x	0.56x	0.47x
EV/EBITDA	21.04x	9.27x	4.35x	3.67x	3.16x	2.75x
P/E	109.21x	43.53x	14.05x	13.81x	12.16x	10.25x

Company profile

Passus, an integration and engineering company, is the Polish leader in the area of network monitoring and application performance analysis. In the coming years, the company plans to expand in CEE/SEE and Western Europe.

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Website	www.passus.com
Sector	IT
Country	Poland
ISIN	PLPSSUS00018
Reuters	PAS.WA
Bloomberg	PAS PW

Share information

Last price	44.80
No of shares (m)	1.92
Market cap. (PLNm)	85.84
Market cap. (EURm)	18.31
52-week range	PLN 69 / PLN 35.20
Avg. volume (3-months)	600

Performance

4-weeks	4.19%
13-weeks	-10.40%
26-weeks	-16.26%
52-weeks	-31.60%
YTD	-14.67%

Shareholder structure

Pawel Misiurewicz*	37.14%
Tadeusz Dudek**	20.01%
Dariusz Kopyt***	6.91%
Michal Czernikow***	6.00%
Free Float	29.94%

* Head of Supervisory Board

** CEO

*** Members of the Board

Financial calendar

Q1/22 report	April 25, 2022
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Investment Case

- Passus S.A. (PAS) is a Polish integrator of external solutions and developer of proprietary IT security software. Its clients, who usually stay with Passus for many years and are very loyal, are public institutions e.g. the Polish Ministry of Justice as well as the largest companies from the sectors Telco, Retail, Energy and Banking/Finance such as IKEA Poland, Alior Bank, Netia and EDF Poland. While the company is the market leading provider of Network Performance Monitoring (NPM) and Application Performance Monitoring (APM) solutions in Poland, its strategic goal is to expand to other European countries and to increase the share of own products in total revenues to c. 50%.
- Passus owns certificates of Amazon Web Services, IBM, NATO and Polish defence ministry among others and thus has a significant competitive advantage compared to peers. One business area is the integration of solutions of third-party providers such as Riverbed, Netscout, ManageEngine, among others. In addition, the company has developed own products such as Passus nDiagram, which are add-ons to third-party products, as well as Sycopa, a NetFlow-based database collector and analyser for the analysis of network traffic and detection of threats. Through regional subsidiaries and distribution partners such as the UK-based Nuvias Group that has operations in 16 European countries and serves >5,000 clients, Passus plans to distribute Sycopa to European clients in the coming years. Management wants to increase the share of international sales from 10.5% in 2021 to 50% by 2025. We believe that the share of own products, which in 2021 equalled 29.5%, will grow to 49.4% over the same period.
- The value of the IT market in Poland is estimated at PLN 52.8bn with a CAGR of 4.8% by 2026E. The global markets for APM/NPM and Cybersecurity are worth USD >8bn and c. USD 165.8bn respectively. Due to growing integration of machine learning, internet-of-things (IoT), and cloud among others their CAGR is forecast at 14.6% and 12% respectively in the coming years.
- In 2021, Passus generated revenues of PLN 62.6m, which corresponds to a y-o-y growth of 45.8%. EBIT equalled PLN 8.6m (+147.1%) and the respective margin amounted to 13.8% (2020: 8.1%). Net income advanced by 209.9% y-o-y to PLN 6.1m. For 2022E, we expect revenues of PLN 77m (+23%), EBIT of PLN 10.7m (+23.4%; 13.8% margin) and net income of PLN 7.3m (+19.4%). Given the increasing demand for IT security solutions especially due to the COVID-19 pandemic and the Ukraine conflict, we believe that our estimates are conservative.
- We initiate coverage of Passus S.A. with a 12-months price target (80% DCF, 20% peer group) of PLN 84.20, which implies an upside of 87.9% and a BUY rating at present. We like Passus' market leading position in a very interesting, highly promising market segment, its prudent international expansion strategy and the impressive ROCE of 37.7%. Moreover, we believe that it is very positive that 60% of its staff are its shareholders. On our 2022E estimates, Passus is currently trading at a P/E 2022E of 13.8x, which is significantly lower than the 3y historical average of 27.5x. The main risk is the fact that the three largest clients account for c. 30% of total revenues.

SWOT Analysis

Strengths

- Passus is Polish leader in the area of network and application performance monitoring (NPM/APM). Its USP is the combination of integration and software engineering know-how and the track record of >20 years
- Various certificates of Passus constitute a strong barrier to entry for competitors as they are needed for projects with public institutions and confirm the company's know-how in the area of IT security, APM/NPM and cloud
- Clients include public institutions and the largest and most financially stable companies from the sectors Telco, Energy, Retail and Finance
- 60% of staff are Passus' shareholders. CEO and Head of the the Supervisory Board are the two largest ones. Passus' employees work >7 years on average at the company
- Tiny customer churn and long-term relationships to both clients and suppliers
- Passus is net cash and has a ROCE of 37.7%, which is >4x higher than its peers

Opportunities

- Expansion in Europe through local offices in e.g. Czechia, Germany, Ireland as well as distribution partners such as Nuvias, which co-operates with >5,000 integrators in 16 European countries and with which Passus has an agreement since March 2021
- Growing share of own products such as Sycop and very strong growth of AWS Managed Cloud Services
- The global market for Performance Management Software is expected to grow at a CAGR of 14.6% by 2025E. In Poland, it is worth c. EUR 24m
- The global Cybersecurity market is forecast to grow from currently USD 165.8bn to USD 366.1bn by 2028E (CAGR of 12%)
- Move to the Main Market of the WSE, which will attract more institutional investors
- Potential acquisition by a larger IT company, especially from the IT security segment, in the future

Weaknesses

- Project-based business
- Three largest clients account for c. 30% of yearly sales. The largest one has a share of >10%
- Very low free float
- Historical financial reports were prepared according to Polish Accounting Standards

Threats

- The Polish IT market, which is worth USD 52.8bn and is growing at 4.8% y-o-y, is attractive for new players
- Growing costs and competition for IT specialists

Valuation

We have valued Passus by using a weighted average of our DCF model (80%) and peer group (20%). Our approach, which accounts for a capital increase of PLN 20m in Q2/22 (500k new shares at PLN 40 per share), derives a 12-months price target for the stock of PLN 84.20, which implies an upside of 87.9% at current level. We rate the stock a BUY.

Below are the key assumptions of our WACC calculation:

- (1) *Risk-free rate*: Current yield of Polish long-term government bonds with maturity in 2047E is 2.26% (Source: www.boerse-stuttgart.de)
- (2) *Beta*: Average 4-year unlevered beta of companies from the Software (System & Application) of 1.5x
- (3) *Equity risk premium (Poland)*: 5.08% (Source: www.damodaran.com)
- (4) *Target equity ratio*: 100%
- (5) *WACC = Equity costs*: 9.9%
- (6) *Sales growth in the terminal period*: 2%
- (7) Free cash flows and residual values are discounted to March 21, 2022

DCF model

in PLNm	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E					
Net sales	77.02	92.74	109.40	120.82	133.47	147.50	156.76	166.63	177.15					
(y-o-y change)	23.0%	20.4%	18.0%	10.4%	10.5%	10.5%	6.3%	6.3%	6.3%					
Operating profit	10.67	12.80	15.04	16.49	18.09	19.84	20.91	22.03	23.14					
(operating margin)	13.8%	13.8%	13.7%	13.6%	13.5%	13.4%	13.3%	13.2%	13.1%					
NOPLAT	8.64	10.37	12.18	13.36	14.65	16.07	16.93	17.85	18.75					
+ Depreciation & amortisation	3.36	3.53	3.71	3.89	4.09	4.29	4.51	4.73	4.97					
= Net operating cash flow	12.00	13.90	15.89	17.25	18.74	20.36	21.44	22.58	23.72					
- Total investments (Capex and WC)	-7.21	-7.72	-8.16	-7.28	-7.78	-8.33	-7.47	-7.87	-9.38					
Capital expenditures	-3.47	-3.63	-3.81	-4.00	-4.19	-4.39	-4.61	-4.83	-5.07					
Working capital	-3.75	-4.09	-4.35	-3.28	-3.59	-3.93	-2.86	-3.03	-4.31					
= Free cash flow (FCF)	4.79	6.18	7.73	9.97	10.96	12.03	13.98	14.71	14.34					
PV of FCF's	4.45	5.22	5.95	6.98	6.98	6.97	7.37	7.06	6.26					
PV of FCFs in explicit period	57.22													
PV of FCFs in terminal period	99.84													
Enterprise value (EV)	157.06													
+ Net cash / - net debt (31 December 2022E)	35.40													
+ Investments / - Minorities	-1.12													
Shareholder value	191.35													
Number of shares outstanding (m)	2.42													
							Terminal EBIT margin							
WACC	9.9%						10.1%	11.1%	12.1%	13.1%	14.1%	15.1%	16.1%	
Cost of equity	9.9%						5.9%	143.53	153.83	164.13	174.43	184.74	195.04	205.34
Pre-tax cost of debt	4.0%						6.9%	116.28	123.83	131.38	138.93	146.48	154.04	161.59
Normal tax rate	19.0%						7.9%	98.28	104.06	109.85	115.63	121.41	127.19	132.97
After-tax cost of debt	3.2%						8.9%	85.53	90.09	94.65	99.20	103.76	108.32	112.88
Share of equity	100.0%						9.9%	76.02	79.69	83.37	87.04	90.72	94.39	98.07
Share of debt	0.0%						10.9%	68.67	71.68	74.69	77.70	80.72	83.73	86.74
Fair value per share in PLN	79.20						11.9%	62.81	65.32	67.82	70.32	72.83	75.33	77.83
Fair value per share in PLN (in 12 months)	87.04						12.9%	58.05	60.15	62.25	64.36	66.46	68.56	70.66

Source: East Value Research GmbH

Peer Group Analysis

We have used two peer groups: One with listed providers of network security and application performance management solutions and one with privately-held companies.

Listed peers:

- (1) *Atende S.A.*: Atende, which is based in Warsaw/Poland, specializes in the integration of ICT e.g. in next-generation computer networks and data centers. It also offers leading solutions in the area of cybersecurity. An increasingly important part of its business is cloud computing and managed services. In 2020, Atende generated total revenues of PLN 260.1m and a ROCE of 11.8%. The company's current market capitalisation is PLN 156.6m.
- (2) *Comp S.A.*: The Warsaw-based Comp is Polish market leader in the area of IT security and No 1 in Poland and Hungary in the area of fiscal devices. A new product is an online platform called M/Platform, which is being connected to Comp's online cash registers and allows traditional retailers to offer the same promotions as large retail chains and improve working capital management. In 2020, Comp generated revenues of PLN 720.9m at a ROCE of 3.5%. Currently, its market cap is PLN 278.2m.
- (3) *Sevenet S.A.*: Sevenet, which is headquartered in Gdansk/Poland, provides IT solutions for companies and institutions primarily in Poland. Among others, it offers data security solutions consisting of firewall hardware solutions, intrusion prevention systems (IPS) and network add-on control systems, authentication servers, spam protection, and Internet traffic control. In 2020/2021, Sevenet generated revenues of PLN 99.5m and a ROCE of 9.1%. Currently, its market cap is PLN 20.1m.
- (4) *Netscout Systems Inc.*: Netscout, which is based in Westford/US, provides APM/NPM systems worldwide. Its main products include nGeniusONE, a management software that enables customers to predict, preempt, and resolve network and service delivery problems, as well as facilitate the optimization and capacity planning of their network infrastructures; nGeniusPULSE, an active testing tool that enables enterprises to identify infrastructure performance issues and determine application availability, reliability, and performance; nGenius Business Analytics solution, which enables service providers to analyze their network traffic; and Arbor, a brand of cybersecurity solutions to protect clients' networks against attacks. In 2020/2021, Netscout generated revenues of USD 831.3m at a ROCE of 1.1%. Currently, its market capitalisation equals USD 2.3bn.
- (5) *New Relic Inc.*: New Relic, which is headquartered in San Francisco/US, provides a cloud platform that makes every aspect of modern software and infrastructure observable. Thus, it helps companies to find and fix problems faster, build high-performing DevOps teams, and speed up transformation projects. Its platform has APM, NPM and DevOps functionality, among others. In 2020/2021, New Relic generated revenues of USD 667.6m and a negative ROCE. Its current market capitalisation is USD 4.2bn.

(6) *VIAVI Solutions*: VIAVI Solutions (previously: JDS Uniphase), which is based in Scottsdale/US, provides network testing, monitoring, and assurance solutions to communications service providers, enterprises, network equipment manufacturers, and governments worldwide. One of its products are Network Security and Network Performance Monitoring Tools. VIAVI is also a leader in high performance thin film coatings, providing light management solutions to anti-counterfeiting, consumer and industrial, government and healthcare, among others. In addition, it manufactures and sells optical filters for 3D sensing products that allow facial recognition for mobile devices. In 2020/2021, VIAVI generated revenues of USD 1.2bn and a ROCE of 8.5%. Currently, its market cap equals USD 3.7bn.

Non-listed peers:

(7) *Riverbed Technology*: The San Francisco-based Riverbed offers a platform that enables organizations to visualize, optimize, accelerate and remediate the performance of any network for any application. According to channelpartner.de, Riverbed had to file for bankruptcy according to Chapter 11 in November 2021 following its inability to pay back debt of USD 1.1bn due to the COVID-19 pandemic.

Company	EV/Sales		EV/EBITDA		P/E		P/BVPS	EBITDA margin	Net gearing
	2021	2022E	2021	2022E	2021	2022E	Latest	Last FY	Latest
Atende S.A. (PLN)	0.74x	n.a	7.54x	n.a	n.a	n.a	2.30x	9.50%	20.12%
Comp S.A. (PLN)	0.45x	0.53x	3.80x	4.45x	6.30x	8.83x	0.52x	6.58%	26.41%
Sevenet S.A. (PLN)	0.18x	n.a	3.37x	n.a	4.08x	n.a	1.17x	5.32%	-13.31%
Netscout Systems Inc. (USD)	2.55x	2.45x	n.a	n.a	17.16x	15.49x	1.14x	17.19%	-6.66%
New Relic Inc. (USD)	5.09x	4.31x	134.32x	51.46x	n.a	796.75x	12.51x	neg	-65.46%
VIAVI Solutions Inc. (USD)	2.99x	2.85x	11.75x	10.96x	17.65x	17.09x	4.82x	19.80%	10.30%
Median	1.64x	2.65x	7.54x	10.96x	11.73x	16.29x	1.73x	9.50%	1.82%
Passus S.A. (PLN)	1.22x	0.99x	6.42x	5.42x	14.05x	13.81x	5.39x	18.92%	-61.00%
Premium/Discount	-26.1%	-62.7%	-14.8%	-50.5%	19.8%	-15.2%			
Fair value per share Passus (PLN)	66.28								

Source: CapitalIQ, marketscreener.com, East Value Research GmbH

Price target calculation

Valuation method	Fair value	Weight
DCF model	79.20	80%
Peer-group-based fair value	66.28	20%
Weighted average (present value)	76.62	
In 12-months (PV * (1+WACC))	84.20	

Source: East Value Research GmbH

Full-year 2021 results

Revenues and Profitability

In 2021, Passus reported 45.8% higher revenues y-o-y of PLN 62.6m. Sales from own products and services, which increased 3 times compared to 2020 due to a large one-off contract from, in our view, a Polish scientific institution, accounted for PLN 18.5m. International sales, which stemmed from CEE and South-Eastern Europe, increased from PLN 4.5m in 2020 to PLN 6.5m.

In 2021, the main growth driver was the IT security subsidiary Wisenet Sp. z.o.o (100% shareholding), which increased its sales by 110% y-o-y and its net income by 459% to PLN 2.9m. The cloud integrator Chaos Gears S.A., which is 65%-owned by Passus, improved its revenues by 63% y-o-y and its net income by 296% to PLN 2.1m.

In our view, last year 25% of Passus' total sales stemmed from Public clients and 75% from commercial ones. We believe that Passus' three largest clients, which together accounted for c. 30% of its revenues, were a Telco operator (accounted itself for >10% of yearly sales) and two Polish Ministries.

in PLNm	2021	2020	change y-o-y
Net sales	62.63	42.95	45.8%
EBITDA	11.85	5.56	113.1%
<i>EBITDA margin</i>	<i>18.9%</i>	<i>12.9%</i>	
EBIT	8.64	3.50	147.1%
<i>EBIT margin</i>	<i>13.8%</i>	<i>8.1%</i>	
Net income	6.11	1.97	209.9%
<i>Net margin</i>	<i>9.8%</i>	<i>4.6%</i>	

Source: Company information, East Value Research GmbH

The main reason, why EBIT (+147.1% y-o-y to PLN 8.6m) increased much more than revenues, was a significantly higher gross margin (30.5% vs. 18.5% in 2020) and other operating income (PLN 3.9m vs. PLN 1.2m) y-o-y. The other operating income mainly reflected EU grants, in our view. Net income (+209.9% to PLN 6.1m) improved even more due to lower interest expenses (PLN -159k vs. PLN -485k) and effective tax rate y-o-y (16.6% vs. 22.1%). Minorities, which increased from PLN 196k to PLN 777k y-o-y, stemmed from the 65% subsidiary Chaos Gears S.A.

Balance sheet and Cash flow

At the end of December 2021, Passus had consolidated equity excl. minorities worth PLN 15.9m, which corresponds to an equity ratio of 30.1%. Interest-bearing debt was very small and equalled PLN 452k (2020: PLN 2.3m). Fixed assets amounted to PLN 1.8m (2020: PLN 1.3m) and intangible assets (especially software) PLN 5.2m (PLN 7.1m). Goodwill (PLN 1.7m) mainly reflected the acquisition of Passus Sp. z.o.o in 2014. We estimate the working capital at PLN 1.7m.

Between January and December 2021, Passus generated an operating cash flow of PLN 8.1m compared to PLN 1.8m in 2020, which stemmed from both a significantly higher net income y-o-y and 55.4% higher depreciation & amortization. Cash flow from investing equalled PLN -1m (2020: PLN -3.4m) due to investments in own products. Cash flow from financing amounted to PLN -2m compared to PLN -8.7m last year as the company repaid its debt. Between January and December 2021, Passus' cash position increased by PLN 5m to PLN 10.2m.

Financial forecasts

Revenues and Profitability

In the coming years, Passus, which has been growing on top-line at a CAGR of 36.7% since 2018, plans to increase the share of proprietary products and foreign clients. The company's intention is to establish regional offices with 4-6 engineers and local sales staff in the DACH region, France, Benelux, Scandinavia and UK. This is to be financed by the proceeds from the planned issue of up to 500,000 new shares. Passus already has an office in Prague, which is responsible for the CEE/SEE region excluding Poland. The company's long-term objective is to build a leading NPM/APM player in Europe.

We are confident that Passus' management has the skills to build something big. We also like the fact that 60% of Passus's staff are the company's shareholders and that the employee's fluctuation is very low (<5%), despite a highly competitive IT job market.

Given new contracts worth PLN 42.7m since October 2021, we expect that Passus will increase its revenues in 2022E to PLN 77m (+23% y-o-y). In our opinion, EBIT will grow slightly more (+23.4% to PLN 10.7m), resulting in a stable operating margin y-o-y. However, in the long run we expect that due to increasing salaries and competition the EBIT margin will decline to 13.1%, despite an increasing share of own products in total sales.

Below is our detailed analysis of Passus' revenue streams, which we have divided into "Integration of third-party products" and "Own products". So far, the company has not provided a segment report in its financial statements.

Integration of third-party products: The integration of third-party products covers especially the operations of the subsidiaries Passus Sp. z.o.o, Wisenet Sp. z.o.o and Chaos Gears S.A., which integrate solutions of third-party providers of APM/NPM and Amazon Web Services. We expect that the respective revenues will grow by 8.5% y-o-y in 2022E to PLN 47.9m and 7.3% on average by 2030E. In our view, their share will decline from 70.5% in 2021 to 50.6% by 2025E.

Own products: Own products are mainly provided by the subsidiary Sycop Sp. z.o.o and the Ireland-based subsidiary Sycop Ltd. Due to management's focus on international sales and the distribution contract with the leading UK-based distributor of IT security solutions Nuvias for Poland, the DACH region and Romania we expect that sales of own products (the Sycop modular software, Passus nDiagram and Passus Ambience) will grow by 57.5% y-o-y to PLN 29.1m in 2022E. By 2030E, we believe that their CAGR will reach 19.8%.

in PLNm	2022E	2023E	2024E
Integration of third-party products	47.88	51.95	56.37
<i>Share in total sales</i>	<i>62.2%</i>	<i>56.0%</i>	<i>51.5%</i>
Own products	29.14	40.79	53.03
<i>Share in total sales</i>	<i>37.8%</i>	<i>44.0%</i>	<i>48.5%</i>
Total sales	77.02	92.74	109.40
<i>change y-o-y</i>	<i>23.0%</i>	<i>20.4%</i>	<i>18.0%</i>

Source: East Value Research GmbH

in PLNm	2022E	2023E	2024E
Net sales	77.02	92.74	109.40
EBITDA	14.03	16.33	18.75
<i>EBITDA margin</i>	<i>18.2%</i>	<i>17.6%</i>	<i>17.1%</i>
EBIT	10.67	12.80	15.04
<i>EBIT margin</i>	<i>13.8%</i>	<i>13.8%</i>	<i>13.7%</i>
Net income	7.30	8.90	10.56
<i>Net margin</i>	<i>9.5%</i>	<i>9.6%</i>	<i>9.7%</i>

Source: East Value Research GmbH

in PLNm	Q1/19	Q2/19	Q3/19	Q4/19	2019	Q1/20	Q2/20	Q3/20	Q4/20	2020
Net sales	1.49	5.05	8.40	23.73	38.67	5.35	8.79	6.24	22.57	42.95
<i>change y-o-y</i>	<i>-68.0%</i>	<i>53.6%</i>	<i>33.8%</i>	<i>129.7%</i>	<i>57.6%</i>	<i>259.7%</i>	<i>74.2%</i>	<i>-25.7%</i>	<i>-4.9%</i>	<i>11.1%</i>
EBITDA	-1.87	-0.25	0.69	3.88	2.45	0.62	1.12	0.97	2.85	5.56
<i>EBITDA margin</i>	<i>-125.7%</i>	<i>-4.9%</i>	<i>8.2%</i>	<i>16.3%</i>	<i>6.3%</i>	<i>11.5%</i>	<i>12.8%</i>	<i>15.6%</i>	<i>12.6%</i>	<i>12.9%</i>
EBIT	-2.07	-0.48	0.46	4.09	2.00	0.23	0.59	0.43	2.26	3.50
<i>EBIT margin</i>	<i>-139.2%</i>	<i>-9.4%</i>	<i>5.4%</i>	<i>17.2%</i>	<i>5.2%</i>	<i>4.2%</i>	<i>6.7%</i>	<i>6.8%</i>	<i>10.0%</i>	<i>8.1%</i>
Net income	-1.72	-0.73	0.28	2.96	0.79	0.04	0.34	0.20	1.39	1.97
<i>Net margin</i>	<i>-115.9%</i>	<i>-14.5%</i>	<i>3.3%</i>	<i>12.5%</i>	<i>2.0%</i>	<i>0.7%</i>	<i>3.9%</i>	<i>3.3%</i>	<i>6.2%</i>	<i>4.6%</i>

in PLNm	Q1/21	Q2/21	Q3/21	Q4/21	2021
Net sales	14.47	13.21	10.43	24.53	62.63
<i>change y-o-y</i>	<i>170.3%</i>	<i>50.3%</i>	<i>67.1%</i>	<i>8.7%</i>	<i>45.8%</i>
EBITDA	4.67	3.43	2.85	0.90	11.85
<i>EBITDA margin</i>	<i>32.3%</i>	<i>26.0%</i>	<i>27.3%</i>	<i>3.7%</i>	<i>18.9%</i>
EBIT	3.91	2.68	1.98	0.08	8.64
<i>EBIT margin</i>	<i>27.0%</i>	<i>20.3%</i>	<i>19.0%</i>	<i>0.3%</i>	<i>13.8%</i>
Net income	3.16	1.72	1.47	-0.24	6.11
<i>Net margin</i>	<i>21.9%</i>	<i>13.0%</i>	<i>14.0%</i>	<i>-1.0%</i>	<i>9.8%</i>

Source: Company information, East Value Research GmbH

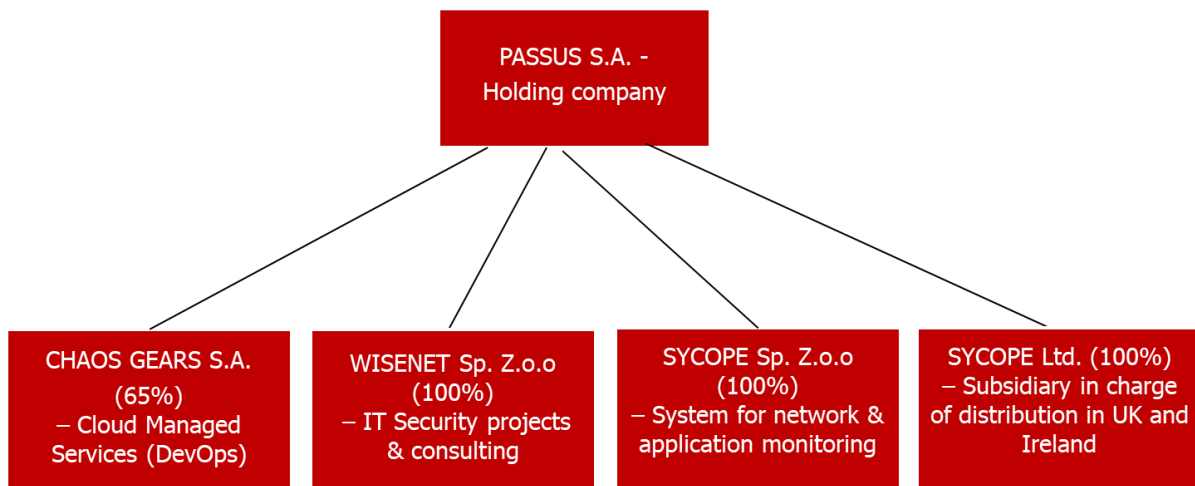
CAPEX and Working capital

In our view, Passus' gross CAPEX in 2022E-2024E will only slightly be above the yearly depreciation. In the next three years, we expect a gross CAPEX of PLN 10.9m in total. Regarding working capital, we forecast that the cash conversion cycle will increase from -27 days in 2021 to 30 days in the long run.

Business description

Passus S.A., which is based in Warsaw, is a Polish provider of highly-specialized IT services from the following areas: (1) monitoring and improvement of network and application efficiency (2) IT security (3) maintenance of IT infrastructure, and (4) delivery, integration and maintenance of access infrastructure. The company develops own software and acts as project integrator, whereby it uses own and third-party software and IT hardware. It also provides post-integration services. Passus has been listed in the NewConnect segment of the Warsaw Stock Exchange since 2018 and currently has 65 employees, thereof 48 engineers, 9 in sales and 8 in backoffice.

Organisational structure



Source: Company information, East Value Research GmbH

Company history

2000: Paweł Misiurewicz and Tadeusz Dudek, Passus' two largest shareholders, introduce the first third-party network monitoring solutions in Poland through Passus Sp. z.o.o. They were among the first ones to do so.

2009: Foundation of the 100% subsidiary Wisenet sp. z.o.o. in Warsaw.

2011: Passus Sp. z.o.o starts offering IT security solutions.

2014: Premiere of Passus Ambience, a first proprietary solution of Passus.

Foundation of Passus S.A. by former employees of Passus Sp. z.o.o from the network and application monitoring department. The previous networks and R&D department of Passus Sp. z.o.o. becomes Passus S.A. through a management buyout and employs 30 people.

Further development of Passus Ambience, market introduction of another own product Passus nDiagram, and extension of the offering with anti-fraud solutions.

Start of R&D work on a system for tests related to application performance.

Acquisition of the following clients, among others: Grupa ING, Alior Bank, Allegro, BZ WBK, DSV, McCormick, EDF Polska, Netia, CEDC International, Severstal, IKEA.

Two share issues for Passus' employees. According to management, currently 60% of the company's staff are shareholders.

2017: Foundation of Chaos Gears sp. z.o.o. in Warsaw.

2018: IPO in the NewConnect segment of the Warsaw Stock Exchange, which was accompanied by a capital increase worth PLN 1.26m (248.3k new shares at PLN 5.07 per share).

2021: Signing of a distribution contract with UK-based Nuvias Group, a pan-European distributor of IT security solutions with >5,000 clients in 16 countries.

Besides the integration of external IT security solutions, its team of specialized and experienced engineers allows Passus to develop own software solutions. While the company has so far not shown a revenue split in its financial reports, we have divided its business into the following segments:

Integration of third-party products (70.5% of annual revenues in 2021)

This sums up the project-based business of Passus S.A. and the subsidiaries Wisenet Sp. z.o.o. and Chaos Gears S.A.. While Passus and Wisenet focus on network performance and IT security projects, Chaos Gears specializes in migration, DevOps and app development on Amazon Web Services (AWS).

Wisenet, which was founded in 2009, specializes in IT security, especially related to Security Information and Event Management (SIEM), Security Orchestration Automation (SOA) and Response and Database Activity Monitoring (RADAM), and provides related consulting services. It owns various certificates incl. IBM Certified Deployment Professional Security QRadar SIEM, IBM Certified Deployment Professional Security QRadar Vulnerability Manager, Certified Information Systems Security Professional, Certified Ethical Hacker, ArcSight Certified AS Data Platform Technical, Offensive Security Certified Professional (OSCP), Certified Incident Handling Engineer (CIHE), Certified Vulnerability Assessor (CVA), Certified Penetration Testing Engineer (CPTe), PRINCE2 Foundation.

Passus and Wisenet integrate the solutions of the following providers: Riverbed, Netscout, ManageEngine, Splunk, Fireeye, Tenable, Broadcom, Core Security and Fidelis Cybersecurity. In contrast to many peers, which often only provide integration services, Passus and Wisenet are able to offer their clients a comprehensive service including an analysis of client's needs, planning, employee' trainings, maintenance and after-sales support.

Clients in the area of integration services usually sign multi-year contracts, which include one larger upfront fee after integration and monthly payments afterwards, which are dependent on the services provided. According to our research, the company's largest clients in the area of integration services in 2021 were two Polish Ministries.

Chaos Gears, which is another subsidiary of Passus, integrates cloud-managed solutions of the largest provider of cloud services worldwide Amazon Web Services (AWS) and thus helps its clients to optimize costs of IT maintenance. The company's services include Cloud Migration (migration of applications to AWS, related analytics and consulting), DevOps (an approach, which automates and optimizes processes between developers and operational IT teams for faster and more reliable software development, testing and release), Cloud Application Development (building serverless applications) and Cloud Optimization Review (securing operational excellence, security, reliability, performance & cost efficiency). Chaos Gears' customers include application developers, healthcare companies, research facilities, private companies and public institutions. Its employees have various certificates that confirm its know-how in the area of building and management of public cloud services e.g. AWS Certified Solution Architect Professional, AWS Certified DevOps Professional, AWS Certified SysOps Administrator Associate, AWS Certified Advanced Networking Specialty and AWS Certified Security Specialty.

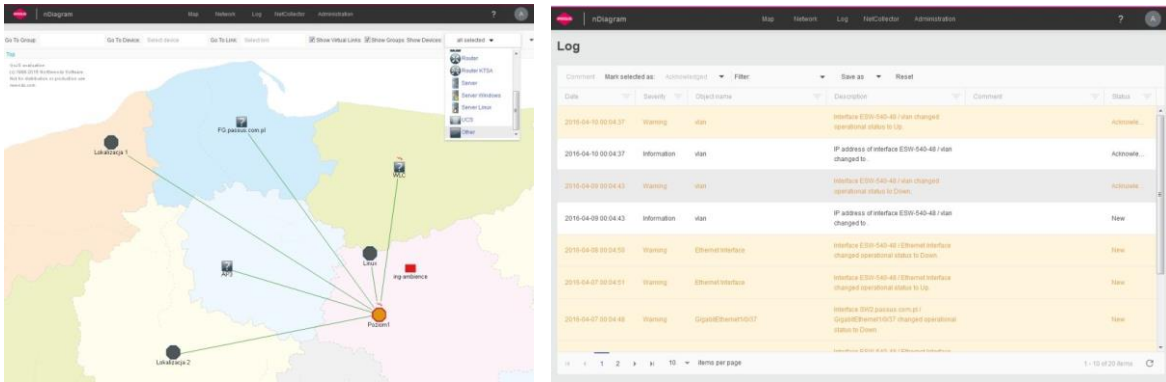
The company, whose main clients are from Germany, the US, UK and Scandinavia, is currently conducting one of the largest cloud migration projects in Europe: with the large UK-based betting company William Hill. This long-term project accounts for 25-30% of Chaos Gears's revenues, which in 2021 equalled c. PLN 6.5m, in our view. According to Passus' management, the subsidiary will continue to grow 100% y-o-y due to extraordinarily strong demand for its services.

Own products (29.5% of annual sales in 2021)

Own products are mainly provided by the subsidiaries Sycop Sp. z.o.o and Sycop Ltd. and are supposed to be Passus' main revenue driver in the coming years.

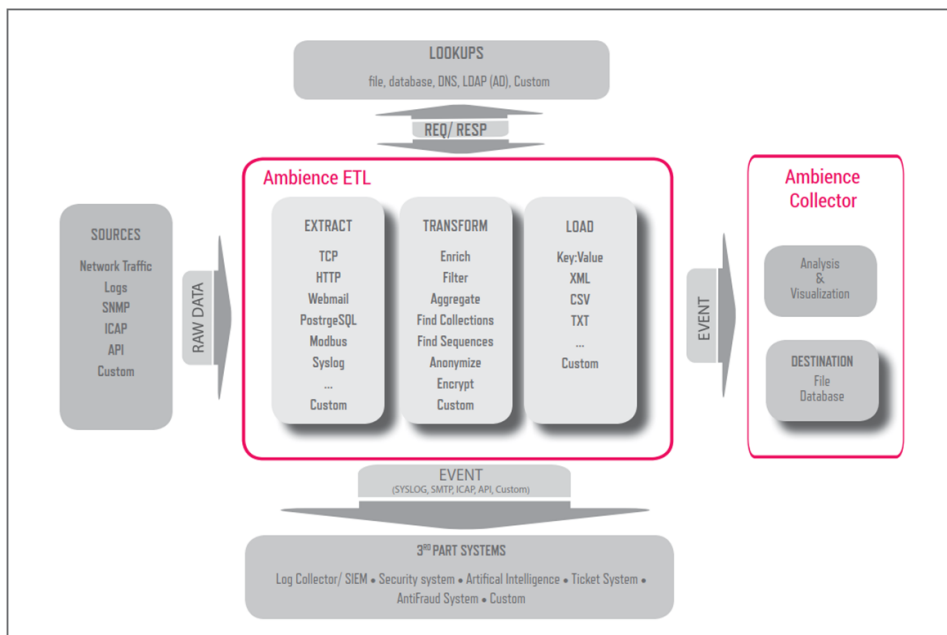
Over the last years, the Passus' Group has developed several proprietary products. They include:

1) *Passus nDiagram*: An application for the visualization of the network devices, servers and their interconnections, which significantly simplifies the analysis and interpretation of data collected by the third-party product Riverbed NetIM, for which the Passus Group acts as an integrator. Among others, Passus nDiagram offers the possibility to define various alerts and assigning roles with access to device groups.



Source: Company information, East Value Research GmbH

2) *Passus Ambience*: A network-based solution for the analysis of network data streams, irrespective of data type and source or communication protocols. Its modification, filtration and aggregation tools allow to process large amounts of data (e.g. network traffic, logs, alerts) and transform them into events (single ones or a sequence of events related to IP Address, MAC, User) that can be amended with external information and delivered in real-time to both business intelligence and security systems.



Source: Company information, East Value Research GmbH

3) *Sycope (previously FlowControl)*: a NetFlow-based database collector and analyzer for the analysis of network traffic and detection of threats. It provides detailed information on the network user traffic generated by servers and services, which makes the detection of network anomalies, security breaches or attacks easier.

Sycope, whose development Passus financed with profits from its integration business, comprises three fully integrated modules: XN for network performance monitoring, XNS for IT security monitoring and XND for identification and mitigation of Distributed Denial of Service (DDoS) attacks. The system records, processes and analyses all NetFlow parameters, enhanced by Simple Network Management Protocol (SNMP) data, geolocation and blacklists of suspicious or malicious IP addresses. It can be used both in on-premise architectures and in hybrid, private and public cloud environments.

Distribution

Passus acquires clients through an own sales team (currently 9 people) and through external integrators on foreign markets such as Romania, Czechia, Hungary and Germany. For example, in March 2021 it signed a distribution agreement for DACH, Poland and Romania with Nuvias Group, a fast-growing IT distributor of cyber security and network infrastructure technologies with >5,000 partners in 16 European countries.

In addition, the company is building up offices in Czechia (for the whole CEE/SEE region except Poland), DACH region, UK & Ireland, France, Benelux and Scandinavia. Each of the regional offices will have 4-6 sales people and local developers, which in our opinion definitely makes sense as large companies e.g. in Germany that are Passus' target group expect staff that is able to communicate in their local language.

According to management, Passus has a very small single-digit customer churn. Usually, each client stays with the company for a longer period of time as IT is a very sensitive area.

Management

Tadeusz Dudek (CEO and founder): Mr Tadeusz Dudek is CEO, co-founder and the second-largest shareholder of Passus. Previously, he worked in sales for the Middle East, DACH and USA at the startup Datapolis between 2009 and 2012. Mr Dudek studied Information Technology at the SWPS University in Warsaw and at the Oxford Brookes University in the UK.

Lukasz Bienko (Member of the Board): Mr Lukasz Bienko is Member of the Board at Passus. Between 2001 and 2004, he was Technical Manager at Panda Software Polska, where he co-developed an antivirus software. From 2004 to 2007, he worked as Technical Director and General Manager at Embedos Sp. z.o.o., where he co-developed the operating system EmbedOs for the extraction and analysis of data. Mr Bienko graduated at the Electronics and IT department of the Technical University in Warsaw.

Michal Czernikow (Member of the Board): Mr Michal Czernikow is Member of the Board at Passus. He has been working at the company since 2003, first as a Project Manager, then Key Account Manager and finally as Commercial Director. Mr Czernikow graduated with a Bachelor's degree in Physics with a focus on IT technology at the University in Bialystok, a Master's degree in Management & Marketing with a focus on Business IT at the Technical University in Bialystok and Finance and Banking with a focus on Investment Banking at the Warsaw Business School.

Bartosz Dzirba (Member of the Board): Mr Bartosz Dzirba is Member of the Board at Passus and the company's Technical Director. Previously, he worked among others at Cisco Systems and NetScout. Mr Dzirba graduated with a Master's degree in Electronics & IT at the Technical University in Warsaw and completed a post-graduate degree in Management at the Kozminski Academy. He received professional certificates from Cisco, Fortinet, Riverbed, Xirrus and Netscout.

Karolina Janicka (Member of the Board): Mrs Karolina Janicka is Member of the Board of Passus and as such the company's CFO. Her responsibilities also include the co-operation with external providers of IT security solutions and sales of antifraud systems. Between 2008 and 2012, she was in charge of the partner channel at Microsoft Polska and afterwards for product development at Passus. Mrs Janicka graduated with a Master's degree in IT at the Polish-Japanese Higher School of Computer Science in Warsaw.

Dariusz Kostanek (Member of the Board): Mr Dariusz Kostanek is Member of the Board at Passus. He has worked in the IT sector since 1996 e.g. as Marketing Director at Matrix.pl S.A. and the Polish subsidiary of Sage Plc as well as Director Purchasing and Marketing at Sferis, a subsidiary of the Polish IT distributor Action S.A. He graduated with a Master's degree in Geography and Regional Studies at the University of Warsaw and Management and Marketing at the Kozminski University. In addition, he completed several courses in project management and strategic management.

Pawel Misiurewicz (Head of the Supervisory Board): Mr Pawel Misiurewicz is the Head of the Supervisory Board of Passus, the company's co-founder and its largest shareholder. At the beginning of the 1990s, he worked with the French Embassy and helped it to introduce French companies on the Polish market. Mr Misiurewicz graduated with a Master's degree in Astrophysics at the University of Warsaw and Strategic Management at the Canadian Institute of Management.

Philippe Pascal Rene Gautier (Member of the Supervisory Board): Mr Philippe Gautier is Member of the Supervisory Board of Passus. For 20 years, he has been with MEDEF, an association of French employers, where he currently serves as CEO. In 2001-2010, he was Vice President and later Managing Director of the Centre for the Development of Enterprises in Brussels. Between 1991 and 2007, he was lecturer in economics at the University of Paris. Since 1999, he has been the representative of the World Bank to France. Mr Gautier graduated with a Master's degree in Economics at the Paris University VI.

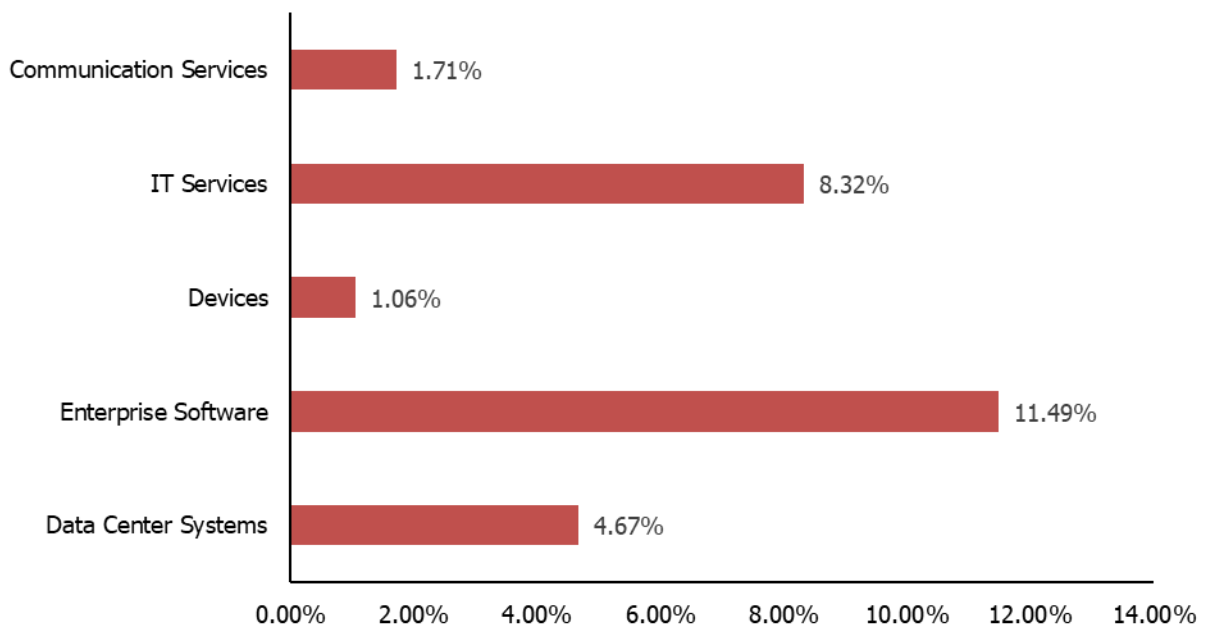
Michael Jürgen Schönberg (Member of the Supervisory Board): Mr Michael Schönberg is Member of Passus' Supervisory Board. He has more than 40 years of experience in the Electronics and Aviation industries. Currently, he is Managing Director of Schönberg Marcom, a consultancy that helps companies to develop in Europe; Managing Director of VADnet Europe, the association of European distributors; and Head of Business Development EMEA at Joi Scientific, a US-based company that provides technology for the production of hydrogen for hydro power plants. Mr Schönberg graduated with a degree in Aviation Engineering at the University of Virginia.

Market environment

The IT market worldwide and in Poland

According to Gartner, the global IT sector reached a value of USD 4.2tr in 2021. This year, the market is forecast to grow at 5.1% to USD 4.5tr. The fastest-growing segment is Enterprise Software, with y-o-y growth of 14.4% in 2021 and 11% in 2022E (CAGR 2021-2023E = %). While the Infrastructure segment grew by 13% in 2021 due to the COVID-19 pandemic and is supposed to advance by 3.3% this year, the growth rate in case of Data Centers and IT Services is forecast at 11.4% in 2021 and 4.7% in 2022E, respectively 10.7% and 7.9%.

Global IT market according to segments – CAGR 2021-2023E



Source: Gartner, East Value Research GmbH

According to PMR, the IT segment in Poland was worth PLN 52.8bn in 2021, which corresponded to a 7% growth y-o-y. Thus, the growth rate exceeded that of the Polish GDP, which improved by 5.3%. According to Computerworld TOP200, the highest share of demand for IT stemmed the Banking, Retail and Public sectors, whereby in case of the latter orders went up by almost 20% y-o-y.

Polish IT entrepreneurs remain optimistic when it comes to future growth. Only 5% of them expect the market conditions to deteriorate. The majority of IT companies believe that the pandemic is having a positive impact on the sector and has accelerated the digital transformation. PMR believes that in 2021-2026E the Polish IT sector will grow at an average rate of 4.8%, with the Software segment likely being the main growth driver, especially in the areas of Business Intelligence Software as well as applications and system related to IT and network security.

The market for Performance Analysis Software (APM/NPM)

According to Gartner, the market for Performance Analysis Software comprises producers of integrated systems related to monitoring of infrastructure, applications, networks and users as well as systems for monitoring of certain areas. They include Application Performance Monitoring (APM), Network Performance Monitoring and Diagnostics (NPM), Algorithmic IT operations (AIOps) and Monitoring of IT Infrastructure (ITIM).

The latest available forecasts for the global APM/NPM market from Research and Markets estimated its value at USD 7.34bn in 2019 and the CAGR 2019-2025E at 14.6%. Based on our discussions with management, we estimate the total market for APM/NPM in Poland at PLN >100m (c. EUR 23m).

The IT security market

According to the latest report by Fortune Business Insights, the global Cybersecurity market will reach USD 366.1bn by 2028E after c. USD 165.8bn in 2021, implying a CAGR of 12%. As main reasons, the research firm mentions the growing integration of machine learning, internet-of-things (IoT), and cloud, among others.

In its report from 2020, the listed Polish VC fund Venture Inc. provides a value range for the Polish cybersecurity market between USD 0.4bn and USD 1.34bn. The research firm PMR estimates its yearly growth in 2022E-2025E between 8.2% and 11.5%.

As the most important client group for respective products, Venture Inc. regards several dozen large public and private companies, the public administration, universities, hospitals and clinics. The demand from SMEs is growing rapidly as over the last years they have become more aware of the importance of respective solutions and they have been obliged to invest in security solutions by local and European law.

The market for anti-fraud software

According to Markets and Markets, the global fraud detection and prevention (FDP) market is expected to grow from USD 24.8bn in 2021 to USD 65.8bn by 2026E (CAGR of 21.5%). While North America is the largest market, Asia-Pacific is expected to exhibit the strongest growth going forward. As major growth drivers, the consultancy regards increasingly stringent government regulations, the rising focus on digitalization and the growing popularity of E-Commerce.

Profit and loss statement

in PLNm	2019	2020	2021	2022E	2023E	2024E
Revenues	38.67	42.95	62.63	77.02	92.74	109.40
Cost of goods sold	-33.31	-35.00	-43.54	-53.46	-64.29	-75.72
Gross profit	5.36	7.96	19.09	23.56	28.46	33.68
Other operating income	0.45	1.19	3.94	2.76	2.81	2.87
Personnel costs	-2.80	-2.63	-8.71	-10.71	-12.89	-15.21
Other operating expenses	-0.56	-0.95	-2.48	-1.58	-2.05	-2.59
EBITDA	2.45	5.56	11.85	14.03	16.33	18.75
Depreciation & amortisation	-0.45	-2.06	-3.20	-3.36	-3.53	-3.71
EBIT	2.00	3.50	8.64	10.67	12.80	15.04
Net financial result	-0.22	-0.49	-0.16	-0.08	0.02	0.07
Write-down	-0.21	-0.23	-0.23	0.00	0.00	0.00
EBT	1.58	2.78	8.26	10.58	12.81	15.11
Income taxes	-0.78	-0.62	-1.37	-2.01	-2.43	-2.87
Minorities	-0.01	-0.20	-0.78	-1.28	-1.48	-1.68
Net income / loss	0.79	1.97	6.11	7.30	8.90	10.56
EPS	0.41	1.03	3.19	3.24	3.68	4.37
DPS	0.00	0.00	0.00	0.00	0.00	0.00
Share in total sales						
Revenues	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %
Cost of goods sold	-86.13 %	-81.47 %	-69.52 %	-69.42 %	-69.32 %	-69.22 %
Gross profit	13.87 %	18.53 %	30.48 %	30.58 %	30.68 %	30.78 %
Other operating income	1.15 %	2.76 %	6.29 %	3.58 %	3.04 %	2.62 %
Personnel costs	-7.25 %	-6.13 %	-13.90 %	-13.90 %	-13.90 %	-13.90 %
Other operating expenses	-1.44 %	-2.21 %	-3.96 %	-2.05 %	-2.21 %	-2.37 %
EBITDA	6.33 %	12.94 %	18.92 %	18.22 %	17.61 %	17.14 %
Depreciation & amortisation	-1.16 %	-4.80 %	-5.12 %	-4.37 %	-3.81 %	-3.39 %
EBIT	5.18 %	8.14 %	13.80 %	13.85 %	13.80 %	13.75 %
Net financial result	-0.56 %	-1.13 %	-0.25 %	-0.11 %	0.02 %	0.06 %
Write-down	-0.53 %	-0.53 %	-0.36 %	0.00 %	0.00 %	0.00 %
EBT	4.08 %	6.48 %	13.18 %	13.74 %	13.82 %	13.81 %
Income taxes	-2.01 %	-1.43 %	-2.19 %	-2.61 %	-2.63 %	-2.62 %
Minorities	-0.03 %	-0.46 %	-1.24 %	-1.66 %	-1.59 %	-1.53 %
Net income / loss	2.03 %	4.59 %	9.76 %	9.47 %	9.60 %	9.65 %

Balance Sheet

in PLNm	2019	2020	2021	2022E	2023E	2024E
Assets						
Cash and equivalents	15.54	5.18	10.17	35.57	41.57	49.17
Short-term financial assets	0.00	0.00	0.00	0.00	0.00	0.00
Inventories	0.06	1.75	0.16	0.20	0.24	0.28
Trade accounts and notes receivables	11.37	5.94	24.13	27.57	30.65	33.16
Other current assets	8.09	6.39	8.68	10.66	12.81	15.09
Current assets, total	35.06	19.27	43.15	73.99	85.27	97.71
Property, plant and equipment	0.88	1.26	1.77	1.77	1.77	1.78
Other intangible assets	0.31	7.10	5.16	5.26	5.36	5.46
Goodwill	1.98	1.75	1.53	1.53	1.53	1.53
Long-term financial assets	0.06	0.07	0.01	0.01	0.01	0.01
Deferred tax assets	0.03	0.15	1.27	0.00	0.00	0.00
Non-current assets, total	3.26	10.33	9.73	8.57	8.67	8.77
Total assets	38.33	29.59	52.88	82.56	93.94	106.48
Liabilities						
Trade payables	14.30	10.59	20.18	22.44	24.17	25.15
Other short-term liabilities	1.73	1.70	11.13	10.57	10.04	9.54
Short-term financial debt	9.55	1.80	0.28	0.00	0.00	0.00
Provisions	0.01	0.10	0.03	0.05	0.06	0.07
Pension provisions	1.95	2.02	2.14	2.10	2.05	2.01
Current liabilities, total	27.54	16.21	33.76	35.16	36.32	36.77
Long-term financial debt	0.00	0.45	0.18	0.17	0.16	0.15
Other long-term liabilities	2.67	2.46	1.78	1.60	1.44	1.30
Provisions	0.00	0.00	0.00	0.01	0.01	0.02
Deferred tax liabilities	0.02	0.16	0.10	0.00	0.00	0.00
Long-term liabilities, total	2.70	3.08	2.07	1.78	1.61	1.47
Total liabilities	30.24	19.29	35.83	36.94	37.94	38.24
Shareholders equity, total	8.09	9.96	15.94	43.23	52.14	62.70
Minority interests	0.00	0.34	1.12	2.39	3.87	5.55
Total equity and liabilities	38.33	29.59	52.88	82.56	93.94	106.48

Cash Flow Statement

in PLNm	2019	2020	2021	2022E	2023E	2024E
Net income / loss	0.79	1.97	6.11	7.30	8.90	10.56
Depreciation	0.45	2.06	3.20	3.36	3.53	3.71
Change of working capital	4.56	-3.32	-3.08	-3.75	-4.09	-4.35
Others	2.20	1.03	1.82	-1.18	-0.02	-0.02
Net operating cash flow	7.99	1.75	8.06	5.73	8.33	9.90
Cash flow from investing	-0.15	-3.42	-1.03	-3.47	-3.63	-3.81
Free cash flow	7.84	-1.68	7.02	2.27	4.70	6.09
Cash flow from financing	5.16	-8.69	-2.02	23.13	1.30	1.52
Change of cash	13.00	-10.36	5.00	25.40	5.99	7.61
Cash at the beginning of the period	2.54	15.54	5.18	10.17	35.57	41.57
Cash at the end of the period	15.54	5.18	10.17	35.57	41.57	49.17

Financial ratios

Fiscal year	2019	2020	2021	2022E	2023E	2024E
Profitability and balance sheet quality						
Gross margin	13.87%	18.53%	30.48%	30.58%	30.68%	30.78%
EBITDA margin	6.33%	12.94%	18.92%	18.22%	17.61%	17.14%
EBIT margin	5.18%	8.14%	13.80%	13.85%	13.80%	13.75%
Net margin	2.03%	4.59%	9.76%	2.70%	9.60%	9.65%
Return on equity (ROE)	10.15%	21.85%	47.18%	24.66%	18.67%	18.39%
Return on assets (ROA)	2.62%	8.30%	11.85%	8.94%	9.46%	9.86%
Return on capital employed (ROCE)	9.40%	20.35%	37.70%	18.23%	17.99%	17.48%
Economic Value Added (in PLNm)	-0.05	1.40	5.32	3.94	4.66	5.28
Net debt (in PLNm)	-5.99	-2.92	-9.72	-35.40	-41.41	-49.02
Net gearing	-74.09%	-29.32%	-61.00%	-81.89%	-79.42%	-78.19%
Equity ratio	21.10%	33.67%	30.14%	52.37%	55.50%	58.88%
Current ratio	1.27	1.19	1.28	2.10	2.35	2.66
Quick ratio	0.98	0.69	1.02	1.80	1.99	2.24
Net interest cover	9.19	7.21	54.34	126.90	-802.93	-228.12
Net debt/EBITDA	-2.45	-0.53	-0.82	-2.52	-2.54	-2.61
Tangible BVPS	3.19	4.28	7.52	18.54	20.95	25.32
CAPEX/Sales	1.50%	20.96%	2.49%	4.50%	3.92%	3.48%
Working capital/Sales	9.03%	4.20%	2.65%	7.02%	10.24%	12.66%
Cash Conversion Cycle (in days)	-49	-42	-27	-21	-15	-9
Trading multiples						
EV/Sales	1.33	1.20	0.82	0.67	0.56	0.47
EV/EBITDA	21.04	9.27	4.35	3.67	3.16	2.75
EV/EBIT	25.74	14.74	5.96	4.83	4.03	3.43
P/Tangible BVPS	14.06	10.46	5.96	2.42	2.14	1.77
P/E	109.21	43.53	14.05	13.81	12.16	10.25
P/FCF	10.94	-51.24	12.22	37.89	18.27	14.09

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