

TIM SA – results on historic peaks

Investing in TIM shares gives a very good exposure to the trading market e-commerce, both directly (TIM SA) and indirectly (through the 3LP logistics company serving customers from the e-commerce sector). The company consistently builds its market position in both areas, using its competitive advantages and improving the margins. In addition, TIM skilfully uses the available market opportunities to increase the profitability of the retail segment. With this in mind, we raised our financial expectations and, as a result, also the company's valuation. We have separately valued the trade and logistics segment, and the company's current value determined (PLN 62.3/share) gives 46-percent the potential of the price increase.

Favorable market conditions

High growth dynamics in the retail segment for 9M2021 and optimistic forecasts for the development of the e-commerce industry prompted us to increase the revenue forecast in the medium term.

Taking advantage of market opportunities in 2021 and stabilization of margins in the next years

Dynamically rising prices of raw materials and problems with the availability of selected groups of goods on the market are conducive to increasing the company's profitability, as TIM made a decision in advance to increase warehouse inventories. The profitability achieved in the second quarter should remain in the following periods, and the full-year margin will reach 21% (+2.3 pp y/y). Calming down on the raw materials market may bring a decrease in the margin in 2022, and then its stabilization at the level of 19-20%. Historically, TIM has been able to maintain margins of around 20% for several years in good market conditions.

Development of the logistics segment

In the next few years, the logistics segment will show high dynamics of profit growth, effectively absorbing any deterioration in results in the commercial business. The increases will result from the growing warehouse base and entry into new areas of activity. An IPO of 3LP is planned for 2022.

Increase in capital demand

The higher demand for working capital is temporary. The normalization of the situation on the goods market (stabilization of prices, greater availability) will allow for the release of some cash frozen in inventories next year. Despite the investment plans, the financial situation of TIM will remain very safe.

Dividend Policy

We expect a payout from the profit of 2021 at a level not lower than last year (PLN 2.2, DY=5%). We are counting on an advance payment for dividends this year.

Our valuation is equally based on DCF (PLN 60.9/share) and peers valuation (separately for trading segment PLN 46.9/share and logistics PLN 16.9/share) and indicates present fair price at PLN 62.3/share.

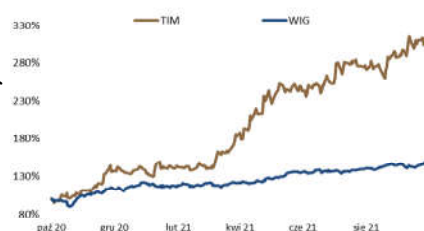
(PLNm)	2018	2019	2020	2021F	2022F	2023F
Revenues	830.3	890.0	1 064.9	1 287.9	1 438.7	1 586.3
EBITDA	31.1	53.0	80.5	141.8	144.5	152.6
Net profit	11.9	19.6	31.7	87.8	83.5	86.4
EPS	0.54	0.88	1.43	3.96	3.76	3.89
DPS	1.00	0.80	2.20	2.18	2.04	2.01
P/E (x)	79.4	48.3	29.9	10.8	11.3	11.0
EV/EBITDA (x)	31.4	19.6	12.8	7.5	7.0	6.3

Source: TIM, Noble Securities, earnings adjusted for on-offs

The preparation of report was finalized on 14/10/2021 at 8:35 a.m.. The first publication took place on 14/10/2021 at 8:45 a.m..

**NOBLE
SECURITIES**
DOM MAKLECKI

Current price	42.6 PLN
Valuation	62.3 PLN
Upside/downside	46%
Market cap.	946 PLNm
Free float	63%
Avg. Vol. 6M	31 822



Source: Bloomberg, Noble Securities

COMPANY PROFILE

Leader on the wholesale distribution of electrical installation materials in Poland, with an exposure to the logistics market in the e-commerce industry.

SHAREHOLDERS

K. Folta with wife	23.45%
K. Wiczorkowski	13.51%
NN OFE	7.05%
Others	55.99%

Source: TIM, Noble Securities

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VALUATION

We calculated the value of one share of TIM SA as the average of the comparative valuation and DCF, with a weight of 50% each. On this basis, we set the current value of the shares at PLN 62.3. With the comparative approach, we valued the commercial and logistics business separately (in both cases using the ratio analysis), and the sum of the obtained values contributed to the total value. When selecting the group of companies for the comparative analysis, in the case of the commercial segment, we decided on domestic companies (operating in the wholesale and / or e-commerce segment) and foreign companies (distribution of products from the electrical engineering segment), and in the case of the logistics segment, due to the lack of equivalents on the WSE, we chose foreign entities.

The increase in valuation compared to our previous report is due to an increase in financial forecasts after very good 1H2021 results, with slightly lower ratios of comparable companies on the stock exchange. Changes to the forecasts are described later in the report.

Valuation summary	Weight	Per share (PLN)	Previous (PLN)	Change
DCF	50%	60.9	41.3	47%
Peers	50%	63.7	37.8	69%
- trading/commercial business		46.9	27.4	71%
- logistics segment		16.9	10.4	62%
Average valuation		62.3	39.6	57%
Current price		42.6		
Upside/downside		46%		

Source: Noble Securities

DCF VALUATION

Assumptions:

- We use our own forecasts of the consolidated results presented in this report.
- Amortization value adjusted (reduced) by the amortization resulting from IFRS 16.
- The value of cash flows discounted as at the date of publication of the report.
- Net cash as at 31/12/2020 in the amount of PLN 0,2 million (adjusted for leasing resulting from the reclassification of long-term liabilities according to IFRS16) + PLN 22 million dividend paid in 2021.
- Long-term growth rate after the forecast period equal to 0%.
- Share of equity in financing assets at the level of 80%.
- Effective tax rate of 20%.
- Risk-free rate of 2.68% (previously 1.55%), risk premium of 5.1% (previously 5.5%), beta of 1.0 (unchanged).

DCF VALUATION

DCF	2021F	2022F	2023F	2024F	2025F	2026F	2027F	2028F	2029F	2030F
Revenues	1 288	1 439	1 586	1 671	1 789	1 894	1 923	1 953	1 984	2 014
NOPAT	94	90	90	98	105	103	103	104	104	104
Depreciation and amortization	12	12	15	15	15	15	15	15	15	15
Change in WC	-89	20	-13	-8	-12	-12	-3	-3	-3	-3
CAPEX	-6	-68	-8	-7	-11	-12	-12	-12	-12	-12
FCFF	11	54	85	97	97	95	103	104	104	103
WACC	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%
Discount factor	0.99	0.92	0.86	0.81	0.75	0.70	0.66	0.62	0.58	0.54
DFCFF	10.9	50.1	73.1	78.5	73.1	67.1	68.0	64.0	59.9	55.6
Sum of DFCFF to 2028	600									
Growth rate (g)	0%									
Residual value 2030	1 439									
Discounted Residual value	774									
Enterprise Value (EV)	1 374									
Net debt 31/12/2020 + dividend	22									
Minorities	0									
Equity value	1 352									
Shares (ths.)	22.2									
Equity Value per share	60.9									

Sensitivity analysis					
	Growth rate (g)				
	-2%	-1%	0%	1%	2%
WACC - 1,0%	59.9	65.0	71.8	81.2	95.5
WACC - 0,5%	56.1	60.3	65.9	73.5	84.6
WACC	52.6	56.2	60.9	67.2	75.9
WACC + 0,5%	49.5	52.6	56.6	61.8	68.8
WACC + 1,0%	46.7	49.4	52.8	57.1	62.9

Source: Noble Securities

Below we present WACC calculation:

WACC	2021F	2022F	2023F	2024F	2025F	2026F	2027F	2028F	2029F	2030F
Risk free rate	2.7%	2.7%	2.7%	2.7%	2.7%	2.7%	2.7%	2.7%	2.7%	2.7%
Market risk premium	5.1%	5.1%	5.1%	5.1%	5.1%	5.1%	5.1%	5.1%	5.1%	5.1%
Beta	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Cost of equity	7.8%	7.8%	7.8%	7.8%	7.8%	7.8%	7.8%	7.8%	7.8%	7.8%
Effective tax rate	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%
Cost of debt	4.68%	4.68%	4.68%	4.68%	4.68%	4.68%	4.68%	4.68%	4.68%	4.68%
Cost of debt after tax bracket	3.74%	3.74%	3.74%	3.74%	3.74%	3.74%	3.74%	3.74%	3.74%	3.74%
Net debt/EV	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%
WACC	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%

Source: Noble Securities

PEERS VALUATION

Trading segment	Market cap. (PLNm)	P/E (x)			EV/EBITDA (x)		
		2021F	2022F	2023F	2021F	2022F	2023F
W.W.Grainger	86 631	22.1	18.7	16.7	14.3	12.5	11.4
Electrocomponents	27 571	35.6	25.3	22.4	22.3	16.1	14.5
Rexel	25 062	11.0	10.3	9.6	7.2	6.9	6.5
Eurocash	1 618	na	19.5	15.5	6.5	5.7	5.7
Intercars	6 517	12.3	12.1	11.4	na	na	na
Solar	2 908	10.8	11.3	9.8	6.2	6.1	5.6
Neuca	4 165	23.0	19.7	15.5	14.6	13.1	11.5
Oponeo	906	20.8	18.9	17.2	12.6	11.6	10.5
AB	923	7.6	6.8	6.2	6.3	5.8	5.6
Median		16.6	18.7	15.5	9.9	9.2	8.5
TIM's implied fair value (trading segment)		55.6	57.6	47.0	43.2	40.1	36.0
Weight		20%	15%	15%	20%	15%	15%
TIM's implied fair value (trading segment)				46.9			

Source: Bloomberg, Noble Securities, data on 14.10.2021 at 7:30 a.m.

Logistics segment	Market cap. (PLNm)	P/E (x)			EV/EBITDA (x)		
		2021F	2022F	2023F	2021F	2022F	2023F
DSV	222 796				20.2	19.0	17.8
XPO Logistics	33 802				10.8	10.0	9.2
Kerry Logistics	16 851				7.2	7.4	7.2
ID Logistics Group	8 070				8.9	8.1	7.4
Wincanton	2 404				6.0	5.4	5.0
Self Storage	1 232				19.4	16.6	14.7
Median					9.8	9.0	8.3
TIM's implied fair value (logistics segment)					13.1	17.3	21.5
Weight					40%	30%	30%
TIM's implied fair value (logistics segment)				16.9			

Source: Bloomberg, Noble Securities, data on 14.10.2021 at 7:30 a.m.

1H2021 RESULTS: dynamic growth of revenues and margins, growing net working capital

- TIM's results for 2Q2021 show that the favourable trends from previous periods were maintained. The company improved its profits from the first quarter of this year twice. (which was the best ever in terms of net profit after excluding one-offs).
- Both the trade part (TIM SA, revenue growth rate +43% y/y) and the logistics part (3LP, +140% y/y) are growing very dynamically. The relatively lower growth rate of consolidated revenues ("only" +30%) results from the exclusion of the Rotopino company sold in December 2020 (revenues in 2Q2020 approx. PLN 30 million).
- The margin on sales of goods in the retail segment was at a very high level (23%), recorded in the best years for the company in 2006-07. Thus, we saw a significant increase in margin due to additional income from rising commodity prices (especially related to the prices of raw materials such as copper or aluminium, e.g. cables and wires).
- At the same time, the increase in general expenses is slower than the growing revenues (in 2Q2021 the cost / income ratio in TIM SA fell to 13.2% vs. 13.7% in 1Q2021 and 15.2% in 2Q2020). The difference between the level of margin on sales of goods and the cost index, growing quarter by quarter, means higher profitability of the business. Combined with the dynamic increase in sales, it generates very high profits.
- The consolidated profit was influenced by the posted result on the sale of assets (PLN 1.3 million).
- This time, foreign exchange differences had a positive impact on profits - a total of PLN 2.2 million (PLN 1.5 million visible in financial income and PLN 0.7 million as reversed negative differences in financial costs), which more than covered interest costs (PLN 1,5 million) and allowed to show a profit on "finance".
- TIM continues to increase the level of inventories (PLN +45 million q/q), and receivables are also growing (PLN +37 million q/q). In Q2, it was not possible to compensate for this increase with an increase in trade liabilities (PLN +41 million q/q), therefore the involvement of financial resources in working capital increased.
- CAPEX in 2Q2021 was at a symbolic level again.
- The operating CF, due to a clear increase in net working capital, was negative. Net debt increased (PLN +9 million q/q).

Selected financial data (PLNm) - consolid.	2Q20	3Q20	4Q20	1Q21	2Q21	y/y	2020	2021F	y/y	% NS forecast
Revenues from sales	253.7	267.7	303.5	274.4	328.0	29%	1 064.9	1 287.9	21%	47%
Gross profit from sales	58.3	61.0	70.9	66.2	88.0	51%	239.7	331.0	38%	47%
margin	23%	23%	23%	24%	27%		23%	26%		
SG&A costs	46.2	46.0	53.1	47.2	52.6	14%	187.5	216.2	15%	46%
% sales	18%	17%	17%	17%	16%		18%	17%		
Other operating revenues and expenses	-0.3	0.0	6.4	0.1	1.3		6.1	3.0		
EBIT	11.9	15.0	24.2	19.1	36.6	208%	58.3	117.8	102%	47%
margin	5%	6%	8%	7%	11%		5%	9%		
EBITDA	17.5	20.5	30.0	24.7	42.3	142%	80.5	141.8	76%	47%
margin	7%	8%	10%	9%	13%		8%	11%		
Depreciation and amortization	5.6	5.5	5.8	5.6	5.7	2%	22.1	24.0	8%	47%
Financial income and costs	-0.5	-2.8	-3.9	-2.3	0.8		-13.8	-6.3		
Reported net profit	8.9	10.4	17.3	13.5	29.6	233%	37.1	90.3	143%	48%
margin	3%	4%	6%	5%	9%		3%	7%		
Repeatable net profit	8.9	10.4	12.0	13.5	28.5	221%	31.9	87.8	175%	48%
margin	3%	4%	4%	5%	9%		3%	7%		
Net debt	99.9	83.4	81.0	69.4	78.1	-22%	81.0	123.5	53%	63%
Oper. CF	1.7	23.3	6.7	14.5	-4.8	na	38.8	25.1	-35%	39%
CAPEX	2.4	2.2	5.5	0.7	-0.1	na	12.2	6.0	-51%	11%
P/E	46.1	37.5	29.6	23.9	17.5		29.6	10.8		
EV/EBITDA	18.0	16.2	13.9	12.8	10.6		13.9	7.7		
Selected financial data (PLNm) - parent	2Q20	3Q20	4Q20	1Q21	2Q21	y/y	2020	2021F	y/y	% NS forecast
Revenues from sales	218.0	240.8	263.8	258.4	311.3	43%	935.7	1 216.4	30%	47%
EBITDA	10.6	13.0	20.2	16.2	31.4	196%	51.5	98.8	92%	48%
Reported net profit	7.3	11.5	12.7	11.9	24.1	231%	36.0	74.6	107%	48%

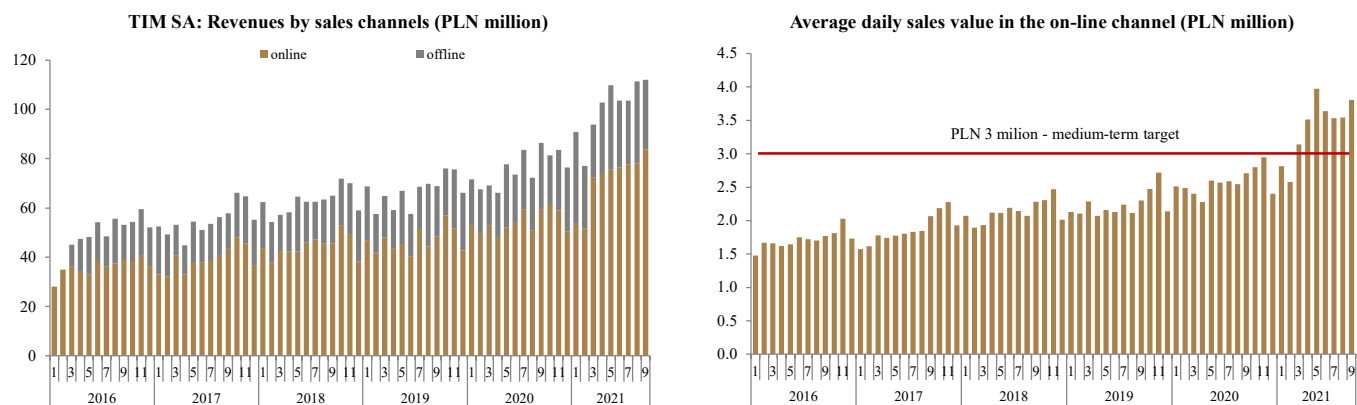
Source: TIM, F - Noble Securities forecast

MEDIUM TERM PERSPECTIVES: TRADE SEGMENT

Dynamic increase in sales

Sales data for 9 months indicate a continuation of dynamic revenue growth. The company is certainly favored by the adopted trade model and the on-line channel, which in the current situation is a solution desired by customers. The share of internet sales stabilized at the level of 70-75% of total revenues from the sale of goods. The average daily value of turnover permanently exceeded PLN 3 million, which is the mid-term goal of the management board.

Growing sales with a high share of the on-line channel



Source: TIM, Noble Securities

Cumulatively after 3 quarters of this year TIM SA generated PLN 911 million in revenues, which means an increase by 35% y/y.

Rising prices of raw materials and shortages of goods on the market generate above-average increases in margins

The prices of raw materials related to the prices of basic electrotechnical products (copper, aluminium - cables and wires; steel, plastic - other products) and the prices of electronic components entered a strong upward trend as early as 2020. The reason is the recovery of demand after the pandemic while reducing supply of certain materials or products. In addition, customers increasingly encounter shortages of goods.

Quotations of selected raw materials

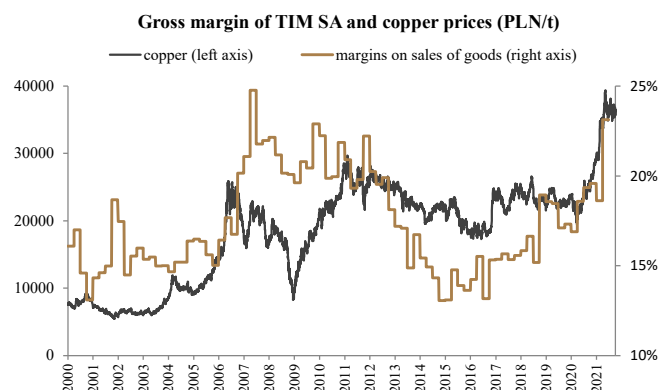


Source: Bloomberg, Noble Securities

In line with our expectations, the company successfully used the available market opportunities and managed to improve margins (see 2Q2021 results). TIM made a decision in advance to increase inventory in preparation for possible market turmoil. Analysing the price trends of key metals in the last 20 years, it

can be seen that TIM managed to increase profitability with dynamic movements in the prices of basic raw materials (e.g. in mid-2007).

Strong correlation between the prices of key metals and the margin in the trading business



Source: Bloomberg, TIM, Noble Securities

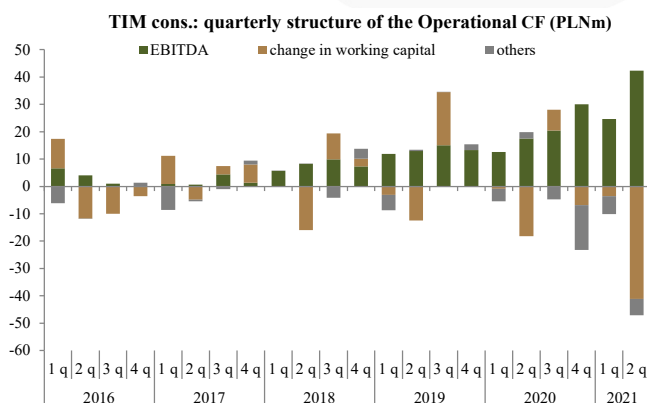
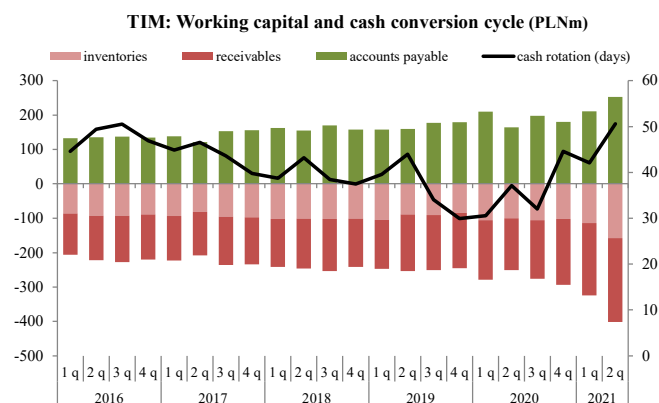
TIM is systematically increasing margins on goods, which is primarily the result of improving the product mix (emphasis on selling higher-margin products) and expanding the offer (increasing availability of goods). In 2021, an additional inflation component appeared, resulting from the high dynamics of price growth on the market, which was benefited by TIM by building stocks of goods at lower prices in advance (we estimate the impact of this factor and having the best availability of goods on the market at least 3 pp in the second quarter 2021). The extra profits generated by TIM with skilful warehouse management will remain at least until the end of this year, which will allow to close 2021 with a margin of approx. 21%.

Historical data show that TIM usually earned more in good times in the commodity market (e.g. high prices of copper, the main component of cables and wires). Of course, the level of margins was also influenced by other factors (the situation in the industry, restructuring processes in the company itself or the sales structure), but the correlation with the metals market is high.

Increase in the value of inventories in line with earlier announcements

The very good liquidity situation of the company, no significant investment expenditures planned for 2021 and awareness of price opportunities resulting from the market situation (mentioned above, increases in prices of goods) were behind the decision to significantly increase inventories at TIM SA this year.

Increase in the cash conversion cycle due to an increase in the value of inventories in 1H2021



Source: TIM, Noble Securities

The value of inventories at the end of the first half of the year was PLN 160 million (PLN +55 million vs the end of 2020). Receivables also increased (PLN +60 million), but this increase was partly due to the increase in the scale of business and was offset by an increase in short-term liabilities (PLN +70 million). So it can be said that the higher net working capital expenses come down to financing the higher value of the warehouse.

Despite such large expenditures on working capital, the operating CF in 1H2021 was higher than in the previous year (PLN 9.7 million vs PLN 8.8 million), although in Q2 alone it was negative (approx. PLN -5 million).

In the coming quarters, we do not expect any significant changes in working capital, and in the next year we even forecast a slight decline, despite further sales growth (we expect the turnover ratios to return to the averages from previous years).

MEDIUM TERM PERSPECTIVES: LOGISTICS SEGMENT (3LP)

We expect an increase in revenues from the logistics business above the growth rate of TIM SA (parent), because:

- a) 3LP addresses its offer primarily to entities from the e-commerce sector, actively acquiring new customers and increasing the scope of services,
- b) investments are planned to increase the revenue potential (new warehouse space),
- c) the company intends to enter the segment of client's warehouse management services on request.

The share of external customers increased to 44% in 2020 (compared to 39% in 2019), and in the last months of last year it was exceeded the level of 50%.

Currently, the company is implementing an investment in Siechnice consisting in the construction of a new warehouse with an area of approx. 25 thousand square meters. sqm (vs approx. 50,000 sq. m in the company's current warehouses, +30,000 sq. m in external warehouses in short-term lease agreements). The investment will be carried out in the current asset light model, i.e. by renting the finished facility from a specialized developer on the basis of a long-term lease agreement. As was the case with the currently used warehouse halls, TIM will invest in warehouse automation. The estimated expenditure is PLN 50 million, to be incurred primarily in 2022 (delivery at the beginning of 2023). These investments will increase the level of depreciation by approximately PLN 8 million in 2022 and another PLN 8 million in 2023.

The commissioning of the new warehouse will exhaust the possibilities offered by the property in Siechnice. Further development of 3LP will have to be carried out elsewhere. The acquisition of warehouse space in another part of the country will make the company's offer more attractive, which will now be able to provide services from various locations. We do not know the details of potential new locations, therefore we do not include this type of investment in the future.

The management board also announced that it would start providing warehouse management services on request. So far, 3LP has not yet signed an agreement of this type, although negotiations with a potential partner are already underway. Entering this market segment should not involve large investments (and, consequently, an increase in depreciation), as the service will be performed on the client's property.

DIVIDEND POLICY

TIM has implemented a dividend policy, assuming that at least PLN 22.2 million (PLN 1.0/share) will be paid to shareholders, assuming that the unit profit will not be lower than PLN 15 million. In a situation where the profit exceeds the level of PLN 15 million (which, knowing the results of the first half of the year and the still high rate of sales growth in the following month of this year, seems not to be threatened), the minimum dividend (i.e. PLN 1.0/share) will be increased by 50% of the profit surplus

over PLN 22.2 million. For our forecasts for TIM, this would mean the payment of PLN 2.2 per share for 2021 (at a level identical to the previous year).

The company's management board has announced that it will consider paying an advance on dividends from the profit for 2021, as it was last year. In the model, we assumed that it will be the same value as in the previous year, i.e. PLN 1.2/share.

ENVIRONMENT, SOCIAL RESPONSIBILITY AND CORPORATE GOVERNANCE (ESG)

Since 2019, the company has been implementing a responsible business strategy (the so-called "TIM pro strategy"). Due to the close cooperation of TIM SA with the company 3LP SA and the nature of the company's operations, the document also includes recommendations for actions and goals for 3LP SA on the impact on the natural environment.

At the TIM Capital Group, assumptions regarding the budgeting of social and sponsoring activities, as well as the principles of the grant program and employee volunteering activities have been implemented. In order to ensure access to young staff who want to gain experience, the Group implements internship programs and actively cooperates with universities. By supporting students in developing and acquiring professional competences, the Group gains the opportunity to acquire talents among candidates for future employees and TIM brand ambassadors among young people. Interns can develop in the areas of: e-commerce, marketing, business analysis, HR, purchasing, IT, sales, accounting and finance.

The foundation of TIM's development is the consistent building of a coherent organizational culture based on a specific set of principles and values. The Code of Ethics of the TIM Capital Group has been implemented, confirming that the companies included in the TIM Capital Group are trustworthy companies, and the basis for their operation is respect for the law, applicable procedures and the highest standards of conduct in relations with colleagues, partners, customers, beneficiaries and the broadly understood environment. The principles described in the Code apply to every employee and associate of the Group, but its respect is also expected from persons and entities cooperating with the Group's companies. Additionally there are established training and development processes in TIM Capital Group.

FINANCIAL RESULTS AND FORECAST

TIM SA (PLNm)	2018	2019	2020	2021F	2022F	2023F
Revenues	751.5	798.4	935.7	1216.4	1331.2	1442.7
Gross profit from sales	131.0	149.1	178.0	259.5	270.8	284.5
<i>Gross margin</i>	<i>16.7%</i>	<i>17.8%</i>	<i>18.7%</i>	<i>21.0%</i>	<i>20.0%</i>	<i>19.4%</i>
Operating costs	116.3	119.7	138.5	166.8	184.0	201.7
<i>% of revenues</i>	<i>15.5%</i>	<i>15.0%</i>	<i>14.8%</i>	<i>13.7%</i>	<i>13.8%</i>	<i>14.0%</i>
Net profit from sales	14.8	29.4	39.5	92.8	86.8	82.8
Other operating revenues and costs	-1.9	0.2	5.9	0.0	0.0	0.0
EBIT	12.9	29.6	45.4	92.8	86.8	82.8
EBITDA	17.2	35.8	51.5	98.8	92.8	88.8
Financial income and costs	-0.4	-0.4	-0.4	-0.7	-2.2	0.1
Reported net profit	10.2	22.7	36.0	74.6	68.5	67.2
Repeatable net profit	12.6	22.7	30.8	74.6	68.5	67.2
Depreciation and amortization	4.3	6.3	6.1	6.0	6.0	6.0
CAPEX	-1.6	-5.1	-8.0	-3.0	-5.0	-5.0
CF from current operations	19.7	37.3	13.3	33.2	97.3	63.0
Dividend	22.2	17.8	26.6	48.8	32.8	45.3
Net debt	-1.3	-6.3	1.0	19.6	-33.2	-44.7
Rotopino (PLNm)	2018	2019	2020	2021F	2022F	2023F
Revenues	60.8	64.1	86.7	out of consolidation		
Net profit from sales	0.1	0.5	2.6	out of consolidation		
3LP (PLNm)	2018	2019	2020	2021F	2022F	2023F
Total revenues	74.2	86.6	114.7	150.0	187.5	225.0
External revenues	14.4	26.1	40.7	71.5	107.5	143.7
EBIT	1.1	2.4	6.1	22.0	25.8	29.8
EBITDA	7.6	16.1	21.7	40.0	51.8	63.8

Source: TIM (2018-2020), Noble Securities (2021-2023)

Profit and loss account (PLNm)	2018	2019	2020	2021F	2022F	2023F
Revenues from sales	830.3	890.0	1 064.9	1 287.9	1 438.7	1 586.3
Gross profit from sales	161.1	188.5	239.7	331.0	378.3	428.2
SG&A costs	143.5	155.8	187.5	216.2	265.7	315.6
Net profit from sales	17.7	32.7	52.2	114.8	112.5	112.6
Other operating revenues and expenses	2.2	-0.2	6.1	0.0	0.0	0.0
EBIT	19.9	32.5	58.3	114.8	112.5	112.6
Financial income and costs	-1.1	-7.3	-13.8	-6.3	-9.4	-6.0
Profit before tax	18.7	25.2	44.6	111.4	103.1	106.6
Income tax	3.6	5.7	7.4	21.2	19.6	20.3
Reported net profit	15.1	19.6	37.1	90.3	83.5	86.4
Repeatable net profit	11.9	19.6	31.7	87.8	83.5	86.4
Depreciation and amortization	11.2	20.5	22.1	24.0	32.0	40.0
EBITDA	31.1	53.0	80.5	141.8	144.5	152.6

Source: TIM (2018-2020), Noble Securities (2021-2023)

Balance Sheet (PLNm)	2018	2019	2020	2021F	2022F	2023F
Assets	370.0	468.5	467.1	609.4	652.1	687.1
Non-current assets	116.2	185.1	171.2	153.2	189.2	157.2
Tangible and Intangible assets	100.7	170.6	160.9	142.9	178.9	146.9
Subsidiaries goodwill	5.9	5.7	0.0	0.0	0.0	0.0
Other long-term assets	9.7	8.8	10.3	10.3	10.3	10.3
Current Assets	253.8	283.4	295.8	456.2	462.9	529.9
Inventories	102.0	96.8	103.3	166.6	145.9	158.1
Trade receivables	142.1	168.0	180.1	274.9	300.9	326.1
Cash and cash equivalents	2.2	17.4	11.1	13.3	14.8	44.4
Other current assets	7.5	1.2	1.3	1.3	1.3	1.3
Liabilities	370.0	468.5	467.1	609.4	652.1	687.1
Equity	155.4	152.7	163.1	191.8	258.0	299.0
Long-term liabilities	36.1	102.7	87.9	75.1	67.0	58.8
Loans, borrowings and other financial liabilities	25.3	91.6	77.8	65.0	56.9	48.8
Other	10.8	11.2	10.1	10.1	10.1	10.1
Current liabilities	178.5	213.1	216.0	342.5	327.2	329.3
Loans, borrowings and other financial liabilities	8.1	17.7	14.3	71.7	30.8	8.1
Accounts payable	157.2	181.8	182.2	250.0	273.5	296.4
Other	13.2	13.6	19.5	20.8	22.8	24.7

Source: TIM (2018-2020), Noble Securities (2021-2023)

Cash Flow Statement (PLNm)	2018	2019	2020	2021F	2022F	2023F
Net profit	15.1	19.6	37.1	90.3	83.5	86.4
Depreciation and amortization	11.2	20.5	22.1	24.0	32.0	40.0
Change in working capital	-1.2	4.3	-12.3	-89.1	20.4	-12.6
CF from current operations	27.2	54.1	38.8	25.1	135.9	113.7
CAPEX	-29.3	-18.0	-22.9	-6.0	-68.0	-8.0
Capital investments	6.8	0.0	-35.0	0.0	0.0	0.0
Divestments and other	15.4	18.9	80.8	0.0	0.0	0.0
Purchase of debt securities	0.0	0.0	0.0	0.0	0.0	-28.0
CF from investing activities	-7.1	0.9	22.9	-6.0	-68.0	-36.0
Increase of share capital	0.0	0.0	0.0	0.0	0.0	0.0
Change in financial liabilities	0.0	-77.6	0.0	44.7	-49.0	-30.8
Dividends and other payments due to equity holders	-22.2	-17.8	-26.6	-48.8	-32.8	-45.3
CF from financial activities	-31.4	-117.4	-68.0	-4.2	-81.9	-76.2
CF for the period	-11.3	-62.4	-6.3	14.9	-14.0	1.5
Cash at the beginning of the period	13.5	2.2	17.4	11.1	26.1	12.1
Cash at the end of the period	2.2	17.4	11.1	26.1	12.1	13.6

Source: TIM (2018-2020), Noble Securities (2021-2023)

Selected indicators	2018	2019	2020	2021F	2022F	2023F
EBITDA margin	3.7%	6.0%	7.6%	11.0%	10.0%	9.6%
EBIT margin	2.4%	3.7%	5.5%	8.9%	7.8%	7.1%
Net profit margin	2%	2%	3%	7%	6%	5%
Net debt	31.2	91.8	81.0	123.5	72.9	12.5
Net debt /EBITDA	1.0	1.7	1.0	0.9	0.5	0.1
Number of shares issued	22.2	22.2	22.2	22.2	22.2	22.2
Dividend per share	1.0	0.8	2.2	2.2	2.0	2.0
P/BV	6.1	6.2	5.8	4.9	3.7	3.2

Source: TIM (2018-2020), Noble Securities (2021-2023)

Annual growth rates	2018	2019	2020	2021F	2022F	2023F
Revenues	15%	7%	20%	21%	12%	10%
EBITDA	328%	71%	52%	76%	2%	6%
EBIT	nd	64%	79%	102%	-4%	0%
Net profit	nd	30%	90%	143%	-8%	3%
Repeatable net profit	nd	64%	62%	177%	-5%	3%

Source: TIM (2018-2020), Noble Securities (2021-2023)

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FINAL REMARKS

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Date and time of completion of the Report: 14/10/2021 at 8.35. Date and time of the first dissemination of the Report: 14/10/2021 at 8.45.

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Company	Direction	Target price	Price at publication	Current price	Difference to price target	Date of publication (1)	Validity date (2)	Prepared by (3)
MCI Capital	na	41.2	22.5	24.80	66%	07.10.2021	24M	Krzysztof Radojewski
Wielton	HOLD	13.4	12.4	13.08	2%	28.09.2021	9M	Michał Sztabler
Ryvu Therapeutics	ACCUMULATE	71.7	51.4	56.60	27%	23.09.2021	9M	Krzysztof Radojewski
Bioton	na	7.7	5.0	4.75	62%	09.09.2021	24M	Krzysztof Radojewski
Ailleron	na	25.2	13.7	13.95	81%	02.09.2021	24M	Dariusz Dadej
Aplisens	na	17.8	13.1	13.60	31%	31.08.2021	24M	Michał Sztabler
11 bit studios	HOLD	455.3	460.2	419.60	9%	27.08.2021	9M	Maciej Kietliński
Sonel	na	15.2	11.8	11.10	37%	16.08.2021	24M	Michał Sztabler
Celon Pharma	BUY	59.4	39.3	37.40	59%	12.08.2021	9M	Krzysztof Radojewski
LW Bogdanka	ACCUMULATE	29.3	24.9	46.40	-37%	05.08.2021	9M	Michał Sztabler
Krynicki Recykling	na	32.9	20.0	20.40	61%	13.07.2021	24M	Dariusz Dadej
Creepy Jar	BUY	977.0	836.0	700.00	40%	09.07.2021	9M	Maciej Kietliński
Selvita	HOLD	87.0	84.0	74.90	16%	30.06.2021	9M	Krzysztof Radojewski
Dino Polska	REDUCE	253.7	269.0	370.30	-31%	22.06.2021	9M	Dariusz Dadej
Aplisens	na	17.5	12.8	13.60	29%	08.06.2021	9M	Michał Sztabler
Boombit	BUY	32.1	26.4	20.00	60%	26.05.2021	9M	Maciej Kietliński
MCI Capital	na	30.9	19.2			14.05.2021	24M	Krzysztof Radojewski
Krynicki Recykling	na	25.1	19.8			10.05.2021	24M	Dariusz Dadej
Eurocash	ACCUMULATE	16.6	14.4	11.63	43%	06.05.2021	9M	Dariusz Dadej
OncoArendi	HOLD	50.0	49.1	38.70	29%	06.05.2021	9M	Krzysztof Radojewski
TIM	na	39.6	28.4	42.60	-7%	05.05.2021	24M	Michał Sztabler
Artifex Mundi	BUY	23.1	17.0	12.30	87%	04.05.2021	9M	Maciej Kietliński
Bioton	na	8.0	5.6	4.75	69%	20.04.2021	24M	Krzysztof Radojewski
LW Bogdanka	HOLD	23.2	23.9			19.04.2021	9M	Michał Sztabler
CD Projekt	REDUCE	172.2	183.0	208.85	-18%	08.04.2021	9M	Maciej Kietliński
Forte	ACCUMULATE	55.0	52.0	53.20	3%	31.03.2021	9M	Dariusz Dadej
Amica	BUY	219.3	144.2	138.60	58%	29.03.2021	9M	Michał Sztabler
Ryvu Therapeutics	BUY	66.2	53.0	56.60	17%	26.03.2021	9M	Krzysztof Radojewski
Artifex Mundi	HOLD	12.8	12.5			01.03.2021	9M	Maciej Kietliński
Celon Pharma	BUY	59.6	45.8			17.02.2021	9M	Krzysztof Radojewski
Ten Square Games	BUY	687.9	529.0	399.80	72%	11.02.2021	9M	Maciej Kietliński
Wielton	BUY	10.6	8.1	13.08	-19%	05.02.2021	9M	Michał Sztabler
11 bit studios	REDUCE	422.5	476.0			11.01.2021	9M	Maciej Kietliński
CD Projekt	BUY	388.5	296.0			16.12.2020	9M	Maciej Kietliński
LW Bogdanka	REDUCE	16.4	18.8			11.12.2020	9M	Michał Sztabler
Krynicki Recykling	na	15.2	8.1			11.12.2020	24M	Dariusz Dadej
MCI Capital	na	30.4	15.0			11.12.2020	24M	Krzysztof Radojewski
Aplisens	na	18.0	11.2			11.12.2020	9M	Michał Sztabler
Tauron PE	BUY	2.9	2.1	3.75	-23%	03.12.2020	9M	Michał Sztabler
TIM	BUY	27.3	16.2			04.12.2020	24M	Michał Sztabler
Eurocash	BUY	18.0	13.8			02.12.2020	9M	Dariusz Dadej
Dino Polska	SELL	211.1	253.6			02.12.2020	9M	Dariusz Dadej
Aparator	BUY	28.9	22.3			27.11.2020	9M	Michał Sztabler
Bioton	BUY	7.3	4.4			06.11.2020	24M	Krzysztof Radojewski
Forte	BUY	48.3	34.5			05.11.2020	9M	Dariusz Dadej
CD Projekt	BUY	415.0	346.0			03.11.2020	9M	Maciej Kietliński
PKP Cargo	SUSPENDED		9.9			22.10.2020	9M	Michał Sztabler
Amica	BUY	177.1	133.4			14.10.2020	9M	Michał Sztabler

(1) Date of publication is simultaneously date of first publication,

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(3) Job position: Krzysztof Radojewski – Senior Analyst, Michał Sztabler – Equity Analyst, Dariusz Dadej – Equity Analyst, Maciej Kietliński – Equity Analyst

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