

# Research

Poland | Equity Research

 Research Department  
[research@trigon.pl](mailto:research@trigon.pl)  
[www.trigon.pl](http://www.trigon.pl)

## Ailleron

**Buy**  
 (Initiation)

**TP: 26 PLN**  
**Upside: 41%**

### Ahead of second phase of Software Mind expansion

We initiate coverage for Ailleron with a target price of PLN 26 and a BUY recommendation. Following the capital hike at the Software Mind segment, the group rapidly increased the scale of operations thanks to a series of acquisitions in 2021-22 and as a result of organic growth. Ailleron's revenues grew 162% between 2020 and 2022, and we expect them to triple in the current year relative to 2020. The integration process of the acquired entities is nearing completion. The current phase of the market downturn creates good conditions for the second phase of expansion of Software Mind, which remains an undersubscribed entity. Despite the strong growth rate, the company was able to maintain margins at a higher level than its industry competitors.

The segment's operating margin is clearly higher than its WSE-listed competitors. In 2021-22, Software Mind's EBIT margin was 16% compared to 13-14% at Spyrosoft and 11-13% at Fabrity. Despite the normalisation of demand resulting in a lengthening of the 'bench' and a decline in margins in the sector in early 2023, Software Mind extended its lead in terms of profitability and generated almost 14% EBIT margin in Q1'23, against less than 10% at Spyrosoft and Fabrity. Ailleron's margin was also higher than the global leaders in the software house sector.

We expect a marked improvement in performance in 2024. We assume that Software Mind will suffer from the slowdown seen in the industry, with the strengthening of the PLN weakening margins in H2 '23. We expect sales growth to fall to +3% in H2 '23 and margins to fall to 12.5%. In 2024-25, we forecast a return to double-digit revenue growth at Software Mind of 12% and 18% respectively. We also expect the margin to fall from 16% in 2022 to 13% this year and gradually rebound to 14.5% in 2025. In the FinTech segment, this year's operating result will still be affected by the loss on the Pekao contract (we forecast PLN -1m EBIT burdened by one-offs), but in 2024 we already expect PLN 7m operating profit. The FinTech segment will focus on further growth in the services area, leveraging the product solutions developed in the group. We do not expect large capital expenditure in the coming years, as significant investments have already been made in products, including the SaaS version of the LiveBank platform. We assume an increase in FCF yield from 2% in 2022 to 7% in 2024, with long-term capex to revenue in the Ailleron Group below 3%.

**Upside in acquisitions.** Although our forecasts do not include specific acquisitions, we do not rule out completing at least one major transaction in the coming quarters. A series of acquisitions in 2021-22 gives credence to the strategy of building shareholder value through acquisitions. Companies with exposure to the US and Western Europe, particularly the DACH and Nordic countries, remain targets.

**Valuation.** We base our target price of PLN 26 on the DCF model. A comparative valuation to the foreign group returns a value per share of PLN 32.4, while a comparison to Spyrosoft based on the adj. net result for the last four quarters implies a share value of PLN 29.5. On our 2024-25 forecasts, the company is valued at P/E of 10.0x and 7.9x, and at a target price of PLN 26, the P/E is 14.1x and 11.2x, respectively. Assuming a return to double-digit earnings growth, these values are not excessive in our view. Global industry leaders have been valued at forward P/Es in the range of 20-30x in recent quarters.

PLN m	2020	2021	2022	2023F	2024F	2025F
Sales	156	212	410	463	512	601
EBITDA	24	36	61	64	83	100
EBIT	16	27	48	49	66	82
Net profit	9	7	13	15	23	29
EPS (PLN)	0,76	0,60	1,07	1,18	1,84	2,32
P/E (x)	24,1	30,7	17,2	15,5	10,0	7,9
EV/EBITDA (x)	21,8	13,6	9,4	8,9	6,7	5,3
P/BV (x)	2,4	1,7	1,6	1,6	1,4	1,2
DY (%)	0,0%	1,7%	1,7%	5,4%	2,7%	2,7%

Source: company, Trigon DM

#### FACT SHEET

Ticker	ALL		
Sector	IT		
Price (PLN)	18,40		
52wk Range (PLN)	11,35 / 24,2		
Number of share (m )	12,4		
Market Cap (mPLN)	227		
Free-float	39,6%		
Avg Vol 3M (mPLN)	0,27		
Price performance	1M	3M	1Y
	-6,1%	-19,2%	49,2%

#### RELATIVE SHARE PRICE PERFORMANCE



#### Recommendation history

Recommendation history	Date	Price
	-	-

#### Shareholders

Shareholders	Share %
Rafał Sty czeń	23,6%
Dariusz Orłowski	23,3%
Esaliens TFI	7,8%
Grzegorz Mły narczy k	5,7%

#### Important dates

Quarterly results	27.09.2023
Quarterly results	29.11.2023

#### Analyst

Dominik Niszcz

## Ailleron

Bloomberg ticker

ALL PW

### Recommendation

**Buy**

### Target Price (PLN)

**26**

### Current Price (PLN)

**18,4**

### Upside

**41%**

Previous Recommendation

Buy

Previous Upside (PLN)

-

Number of shares (m)

12,4

Market Cap (mPLN)

227

EV (m PLN)

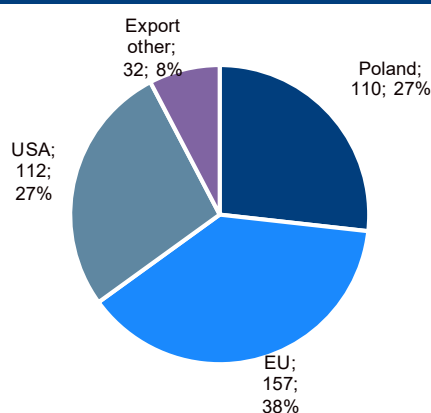
577

Dominik Niszcz

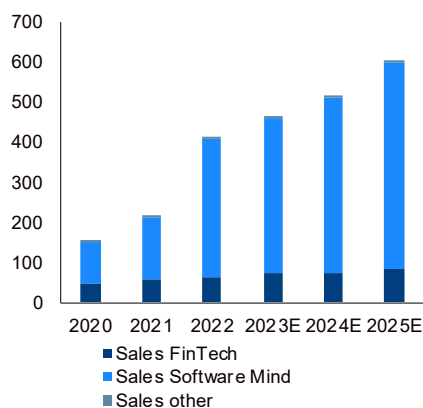
dominik.niszcz@trigon.pl

T: +48 (22) 4338-390

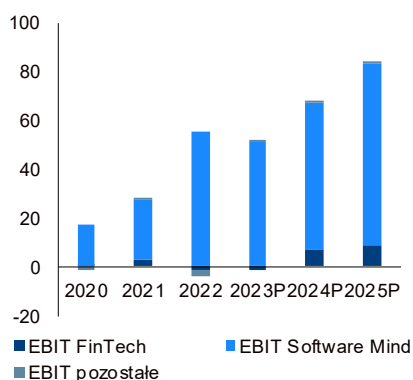
### Revenue split in 2022 (PLN mn)



### Revenues in segment split



### EBIT in segment split



### MARKET RATIOS

	2021	2022	2023P	2024P	2025P
P/E (x)	30,7	17,2	15,5	10,0	7,9
P/E adj. (x)	30,7	12,8	13,9	10,0	7,9
P/BV (x)	1,7	1,6	1,6	1,4	1,2
EV/EBITDA (x)	13,6	9,4	8,9	6,7	5,3
EV/EBITDA adj. (x)	13,6	9,4	8,9	6,7	5,3
EV/Sales (x)	2,3	1,4	1,2	1,1	0,9
FCF Yield (%)	2,1%	2,2%	3,8%	6,8%	8,4%
DY (%)	1,7%	1,7%	5,4%	2,7%	2,7%

### RATIOS

	2021	2022	2023P	2024P	2025P
EPS (PLN)	0,6	1,1	1,2	1,8	2,3
EPS adj. (PLN)	0,6	1,4	1,3	1,8	2,3
DPS (PLN)	0,3	0,3	1,0	0,5	0,5
BVPS (PLN)	10,8	11,5	11,7	13,0	14,8
Number of shares (m)	12,4	12,4	12,4	12,4	12,4
Market Cap (mPLN)	227	227	227	227	227
EV (mPLN)	487	577	573	555	532

### P&L (mPLN)

	2021	2022	2023P	2024P	2025P
<b>Sales</b>	<b>212,4</b>	<b>410,1</b>	<b>463,3</b>	<b>512,3</b>	<b>601,3</b>
COGS	-142,1	-294,8	-345,0	-370,0	-429,8
Gross profit	70,3	115,3	118,3	142,3	171,5
<b>EBITDA</b>	<b>35,7</b>	<b>61,1</b>	<b>64,0</b>	<b>82,9</b>	<b>100,4</b>
EBITDA adj.	35,7	61,1	64,0	82,9	100,4
D&A	-8,3	-13,0	-14,7	-16,9	-18,4
EBIT	27,4	48,2	49,3	66,0	81,9
Gross profit	25,5	47,9	47,9	64,4	80,4
Minority interest	-9,6	-25,3	-23,0	-27,9	-34,6
Net profit	7,4	13,2	14,6	22,7	28,6
<b>Net profit adj.</b>	<b>7,4</b>	<b>17,7</b>	<b>16,3</b>	<b>22,7</b>	<b>28,6</b>

### CASH FLOW STATEMENT (mPLN)

	2021	2022	2023P	2024P	2025P
<b>Cash flow from operations</b>	<b>26,1</b>	<b>45,6</b>	<b>43,8</b>	<b>59,6</b>	<b>67,3</b>
<b>Cash flow from investing</b>	<b>-28,0</b>	<b>-126,7</b>	<b>-16,3</b>	<b>-15,7</b>	<b>-16,7</b>
CAPEX	-12,3	-27,2	-16,3	-15,7	-16,7
<b>Cash flow from financing</b>	<b>89,5</b>	<b>59,1</b>	<b>-15,4</b>	<b>-10,3</b>	<b>-10,6</b>
Dividend	-4,0	-4,0	-12,4	-6,2	-6,2
	-3,6	-6,0	-6,0	-6,1	-6,1
FCF	10,2	12,4	21,5	37,8	44,4
Net cash flow	87,6	-21,9	12,2	33,6	40,0

### BALANCE SHEET (mPLN)

	2021	2022	2023P	2024P	2025P
<b>ASSETS</b>	<b>278,7</b>	<b>419,1</b>	<b>451,8</b>	<b>502,1</b>	<b>568,1</b>
PPE	22,8	28,4	32,1	34,6	36,7
Goodwill	54,9	149,5	149,5	149,5	149,5
Intangible assets	18,0	28,8	32,6	35,1	37,3
Cash and equivalents	111,3	89,4	101,6	135,1	175,1
<b>EQUITY AND LIABILITIES</b>	<b>278,7</b>	<b>419,1</b>	<b>451,8</b>	<b>502,1</b>	<b>568,1</b>
Equity	133,0	141,9	144,2	160,7	183,1
Minority shareholders capital	82,5	115,8	138,8	166,7	201,3
Interest-bearing liabilities	22,2	98,5	101,5	103,5	105,3
Net debt	-51,9	6,6	3,1	-14,8	-38,3
Net working capital	44,7	66,1	74,7	82,6	96,9

### OPERATING INDICATORS

	2021	2022	2023P	2024P	2025P
Sales growth (%)	36%	93%	13%	11%	17%
EPS adj. growth (%)	-22%	139%	-8%	39%	26%
Gross profit margin (%)	33,1%	28,1%	25,5%	27,8%	28,5%
EBITDA adj. margin (%)	16,8%	14,9%	13,8%	16,2%	16,7%
Operating profit margin (%)	12,9%	11,7%	10,6%	12,9%	13,6%
Net profit adj. margin (%)	3,5%	4,3%	3,5%	4,4%	4,8%
ROE (%)	6,5%	12,9%	11,4%	14,9%	16,6%
ROA (%)	3,4%	5,1%	3,8%	4,8%	5,3%
CAPEX/Sales (%)	5,8%	6,6%	3,5%	3,1%	2,8%
CAPEX/D&A (x)	1,5	2,1	1,1	0,9	0,9
Net debt/Equity	-0,4	0,0	0,0	-0,1	-0,2
Net debt/EBITDA (x)	-1,5	0,1	0,0	-0,2	-0,4
MV of minorities minus non-operating assets	311,4	342,5	342,5	342,5	342,5
Cash conversion cycle (days)	137	103	119	122	119
Inventory turnover (days)	-8	-1	-1	-1	-1
Receivables turnover (days)	101	72	83	84	81
Liabilities turnover (days)	-44	-32	-37	-39	-38

Source: Company, Trigon DM

## DCF valuation

### Main assumptions:

- 1) Risk-free rate of 5.75% over the detailed forecast period, based on 10-year bonds, and 5.0% on TV
- 2) Market premium of 6.5% (according to our methodology for smaller sWIG80 companies);
- 3) Unleveraged beta of 1.0x, residual growth rate of 2.5%, 2.5p below TV's risk-free rate;
- 4) Incentive scheme included in DCF flows in line with approach (A. Damodaran).

### ALL: DCF valuation

	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	TV
Sales	463,3	512,3	601,3	652,7	702,1	742,3	775,7	806,8	831,0	
EBITDA	64,0	82,9	100,4	108,7	116,1	122,0	127,5	132,6	136,6	
<b>EBIT</b>	<b>49,3</b>	<b>66,0</b>	<b>81,9</b>	<b>88,9</b>	<b>94,9</b>	<b>99,6</b>	<b>104,1</b>	<b>108,2</b>	<b>111,5</b>	
Tax rate	21%	21%	21%	21%	21%	21%	21%	21%	20%	
<b>NOPAT</b>	<b>38,8</b>	<b>51,9</b>	<b>64,4</b>	<b>69,9</b>	<b>74,6</b>	<b>78,3</b>	<b>82,4</b>	<b>86,0</b>	<b>88,9</b>	
Amortization	14,7	16,9	18,4	19,8	21,2	22,5	23,5	24,4	25,2	
Capex	-16,3	-15,7	-16,7	-17,7	-18,6	-19,5	-20,4	-21,2	-21,8	
Lease payments	-6,0	-6,1	-6,1	-6,2	-6,3	-6,3	-6,6	-6,9	-7,1	
Net WC investments	-8,6	-7,9	-14,3	-8,3	-8,0	-6,5	-6,7	-6,8	-7,0	
M&A, other adjustments	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	
<b>FCF</b>	<b>22,6</b>	<b>39,1</b>	<b>45,7</b>	<b>57,5</b>	<b>63,0</b>	<b>68,5</b>	<b>72,2</b>	<b>75,5</b>	<b>78,1</b>	<b>80,4</b>
Debt / (Debt + Equity)	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
RFR	5,8%	5,8%	5,8%	5,8%	5,8%	5,8%	5,8%	5,8%	5,8%	5,0%
Market premium	6,5%	6,5%	6,5%	6,5%	6,5%	6,5%	6,5%	6,5%	6,5%	6,5%
Unlevered beta	1,00	1,00	1,00	1,00	1,00	1,00	1,00	1,00	1,00	1,00
Levered beta	1,00	1,00	1,00	1,00	1,00	1,00	1,00	1,00	1,00	1,00
Debt cost to tax (%)	5,7%	5,7%	5,7%	5,7%	5,7%	5,7%	5,7%	5,8%	5,8%	5,2%
Equity cost (%)	12,3%	12,3%	12,3%	12,3%	12,3%	12,3%	12,3%	12,3%	12,3%	11,5%
<b>WACC (%)</b>	<b>12,3%</b>	<b>12,3%</b>	<b>12,3%</b>	<b>12,3%</b>	<b>12,3%</b>	<b>12,3%</b>	<b>12,3%</b>	<b>12,3%</b>	<b>12,3%</b>	<b>11,5%</b>

PV FCF sum 2023-31	301									
FCF growth ratio in TV	2,5%									
Discounted TV	339									
Net debt, other adj.	351									
Equity value (mln PLN)*	289									
Dividend paid out	0,0									
Number of shares (mln)	12,4									
1 share value (PLN, 1/1/2021)	23,38									
<b>12m TP</b>	<b>26,2</b>									

		9,5%	10,5%	WACC TV 11,5%	12,5%	13,5%
	1,5%	28,0	26,1	24,6	23,4	22,4
	2,0%	29,2	27,1	25,4	24,0	22,9
<b>g</b>	2,5%	30,5	28,1	26,2	24,7	23,5
	3,0%	32,1	29,3	27,2	25,5	24,2
	3,5%	34,0	30,7	28,3	26,4	24,9

Source: Trigon DM

\*thereof

share of ALL in Software Mind (+)

EV Fintech, other (+)

Net debt of ALL, eof 22 (-)

## Peer group valuation

**Foreign entities.** In the benchmark group based on multiples for 2023-25, we only present foreign entities due to the lack of forecasts for the most similar-profile WSE entity, i.e. Spyrosoft. Global benchmarks for the software house sector are primarily Globant, Endava and Epam, while companies with a similar profile are also Grid Dynamics, Thoughtworks and Nagarro. The group is also complemented by companies with exposure to similar customers, but with a slightly higher share of outsourcing and more diversified business (Cognizant, Capgemini), as well as relatively large players such as Kainos or Perficient and smaller representatives of the software house sector from Europe: Innofactor and IT Link. We note that Ailleron's result in 2023 is significantly burdened by the loss on the contract with Pekao, and it is not until 2024 that the company should report results closer to the target level. A comparison with a group of foreign entities implies an Ailleron valuation of PLN 32.4 per share, 74% above the current market price, but these are mostly much larger entities from developed markets, so we do not include this valuation in our target price calculation.

**Comparison to Spyrosoft.** On the WSE, apart from the many times smaller Fabrity, the company with the most similar profile is Spyrosoft. We would not compare Ailleron to product-oriented IT companies such as Shoper, LiveChat, Asseco BS, R22 or Woodpecker, which constitute a separate segment of the IT market and offer, among other things, completely different opportunities for scaling the business and are characterised by higher target margins. On the other hand, Comarch and Asseco, in addition to the product part, often execute contracts in the Fixed-Price format, retaining intellectual property rights to the developed software, unlike Time and Material Software Mind, which operates in the formula. A comparative valuation against Spyrosoft based on the skor. net profit for the shareholders of the parent company for the last 12 months implies a valuation of ALL of PLN 29.5 per share.

ALL: Peer group valuation

Company	MC	EV/EBITDA			P/E		
	[m EUR]	2023E	2024E	2025E	2023E	2024E	2025E
GLOBANT SA	6 820	17,5	14,4	11,6	30,6	25,3	20,1
ENDAVA PLC- SPON ADR	2 396	10,9	10,5	8,6	16,7	16,4	13,7
EPAM SYSTEMS INC	12 763	15,1	13,9	11,7	23,9	21,9	18,3
GRID DYNAMICS HOLDINGS INC	729	12,5	10,3	7,3	31,9	25,7	18,8
THOUGHTWORKS HOLDING INC	1 463						
CAPGEMINI SE	28 129	9,3	8,6	7,9	14,2	12,9	11,7
COGNIZANT TECH SOLUTIONS-A	31 728	10,1	9,3	8,4	15,6	14,6	13,2
PERFICIENT INC	1 895	12,5	11,3	10,4	14,9	14,1	13,3
KAINOS GROUP PLC	1 697	19,2	17,2	14,8	27,1	25,4	21,9
NAGARRO SE	1 027	10,2	8,2	7,0	17,6	13,4	11,1
INNOFACTOR OYJ	41	6,0	5,2	4,8	11,2	8,3	7,2
IT LINK SA	46	6,2	5,7	5,5	11,0	10,0	9,7
<b>Median: foreign peers</b>		<b>11,7</b>	<b>10,4</b>	<b>8,2</b>	<b>17,1</b>	<b>15,5</b>	<b>13,3</b>
AILLERON		8,9	6,7	5,3	13,9	10,0	7,9
Valuation per share		32,5	41,8	38,3	22,7	28,5	30,7
<b>Average valuation for multipliers</b>			<b>37,5</b>			<b>27,3</b>	

Source: Bloomberg, Trigon DM

average valuation **32,4**

### Valuation vs. Spyrosoft

Spyrosoft P/E trailing	18,7
Ailleron net profit LTM (PLN mn)	19,5
Ailleron valuation (PLN mn)	365
<b>Valuation per share</b>	<b>29,5</b>

## Risk factors

- **Risks associated with increased competition.** The Group is a relatively small entity, dependent on the market situation. Many of Ailleron's competitors are multinational corporations with greater financial backing, able to invest significant resources in market expansion. However, the Ailleron Group has had regular customers for years and generates high margins compared to its competitors. It has also been growing faster than the market in recent years and we do not see much risk of losing market share.
- **Risk of losing customers.** In 2022 or 2021, Ailleron did not have a customer from which it received more than 10% of group revenue. However, the main customers of the group's products include large companies belonging to selected sectors including several large mobile phone networks and several financial institutions. Discontinuation of cooperation with one of the large customers could result in a significant reduction in revenue.
- **Risk of losing key employees.** Human resources are a key asset of the Group. The personnel policy to date, incentive programmes and a fairly low turnover of key employees indicate that the group has so far adequately addressed this risk factor. Risk of failed acquisitions. A 50.2% stake in Software Mind is held by a private equity fund with an investment horizon of several years. The pursuit of rapid growth and building the company's value through, among other things, debt financing may lead to unsuccessful transactions and, in the short term, reduce the potential for dividend payments.
- **Risks related to the failure of customers to meet payment deadlines.** We note the high level of receivables in the group, which at the end of 2022 amounted to PLN 94m (that is more than PLN 7 per ALL share, but the majority in Software Mind, where less than half of the result is attributable to ALL shareholders). Despite significant working capital exposure, historically receivables write-downs have been negligible and the risk of significant write-downs is moderate in our view, given the financial backing of the group's largest partners. The Ailleron Group companies operate in various sectors/verticals such as banks, leasing companies, the financial industry, the telecommunications industry, ecommerce, healthcare or online sports betting. Therefore, in terms of industry, there is no full concentration of credit risk.
- **Currency risk.** Export revenues in 2022 accounted for 76% of the group's revenues (including foreign customers invoiced by their Polish companies), with the US accounting for 27% and the European Union 38%. A sudden weakening of the USD or EUR against the PLN may result in a decrease in PLN-denominated revenues and translate into a margin decrease in the short term, before the company adjusts rates in contracts. Some of the risk is hedged by currency hedging. In the 2022 report, the company indicated that sales in non-reporting currency (PLN) accounted for 60%, while purchases in non-reporting currency accounted for 29% of the group's purchases.
- **Risk of claims from Pekao in relation to termination.** According to management's communication, the value of claims that Pekao may seek should not exceed the value of the annual contract revenue, i.e. approximately PLN 4m, which is less than 2% of the company's capitalisation. Any potential litigation would probably take several years to resolve.

## Income statement (PLNm)

	2020	2021	2022	2023E	2024E	2025E
<b>Revenues</b>	<b>156,2</b>	<b>212,4</b>	<b>410,1</b>	<b>463,3</b>	<b>512,3</b>	<b>601,3</b>
Sales FinTech	48,8	56,4	64,0	70,5	72,6	82,8
Sales Software Mind	101,7	153,4	344,4	390,7	437,6	516,3
Sales other	5,7	7,0	5,1	2,1	2,1	2,2
EBIT FinTech	0,1	2,7	-1,5	-1,3	6,9	8,7
EBIT Software Mind	17,0	24,6	55,6	51,5	60,4	74,9
EBIT other	-1,3	0,1	-2,4	0,0	0,0	0,0
<b>EBITDA</b>	<b>23,8</b>	<b>35,7</b>	<b>61,1</b>	<b>64,0</b>	<b>82,9</b>	<b>100,4</b>
<b>EBITDA adj.</b>	<b>23,8</b>	<b>35,7</b>	<b>61,1</b>	<b>64,0</b>	<b>82,9</b>	<b>100,4</b>
Amortization	-8,3	-8,3	-13,0	-14,7	-16,9	-18,4
<b>EBIT</b>	<b>15,5</b>	<b>27,4</b>	<b>48,2</b>	<b>49,3</b>	<b>66,0</b>	<b>81,9</b>
Financial net	0,0	-0,2	-0,3	-1,4	-1,6	-1,6
<b>Gross profit</b>	<b>13,5</b>	<b>25,5</b>	<b>47,9</b>	<b>47,9</b>	<b>64,4</b>	<b>80,4</b>
Income tax	-4,1	-8,5	-9,3	-10,2	-13,8	-17,2
Minority interest	0,0	-9,6	-25,3	-23,0	-27,9	-34,6
<b>Net profit</b>	<b>9,4</b>	<b>7,4</b>	<b>13,2</b>	<b>14,6</b>	<b>22,7</b>	<b>28,6</b>
<b>Net profit adj.</b>	<b>9,4</b>	<b>7,4</b>	<b>17,7</b>	<b>16,3</b>	<b>22,7</b>	<b>28,6</b>

gross margin from sales	65,1%	72,2%	84,0%	84,3%	85,4%	85,9%
EBITDA adj. margin	15,3%	16,8%	14,9%	13,8%	16,2%	16,7%
EBIT margin	15,3%	16,8%	14,9%	13,8%	16,2%	16,7%
net profit margin	9,9%	12,9%	11,7%	10,6%	12,9%	13,6%
net profit margin adj.	6,0%	3,5%	4,3%	3,5%	4,4%	4,8%
sales growth y/y						
gross profit from sales growth y/y	11%	36%	93%	13%	11%	17%
EBITDA adj. growth y/y	45%	47%	64%	3%	20%	21%
EBIT growth y/y	91%	50%	71%	5%	29%	21%
net profit adj. growth y/y	278%	76%	76%	2%	34%	24%
net profit adj. growth y/y	-	-22%	139%	-8%	39%	26%

	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23
<b>Revenues</b>	<b>71,4</b>	<b>76,7</b>	<b>101,7</b>	<b>111,7</b>	<b>123,3</b>	<b>110,6</b>
Sales FinTech	19,3	12,8	15,3	16,0	19,9	14,9
Sales Software Mind	49,8	62,9	84,8	94,7	102,0	94,9
Sales other	2,2	1,0	1,7	1,0	1,4	0,8
EBIT FinTech	4,4	-2,7	-0,6	0,1	1,8	-1,0
EBIT Software Mind	7,4	13,2	8,1	15,6	18,6	13,1
EBIT other	0,6	-1,0	-0,5	-0,2	-4,3	-0,1
<b>EBITDA</b>	<b>14,4</b>	<b>12,2</b>	<b>10,2</b>	<b>18,8</b>	<b>20,0</b>	<b>15,6</b>
<b>EBITDA adj.</b>	<b>14,4</b>	<b>12,2</b>	<b>10,2</b>	<b>18,8</b>	<b>20,0</b>	<b>15,6</b>
Amortization	-2,1	-2,8	-3,2	-3,3	-3,8	-3,7
<b>EBIT</b>	<b>12,3</b>	<b>9,4</b>	<b>7,0</b>	<b>15,5</b>	<b>16,2</b>	<b>11,9</b>
Financial net	1,8	-3,2	3,8	1,5	-2,4	-0,5
<b>Gross profit</b>	<b>14,1</b>	<b>6,2</b>	<b>10,8</b>	<b>17,0</b>	<b>13,9</b>	<b>11,4</b>
Income tax	-3,5	-2,2	-2,3	-4,7	-0,1	-3,3
Minority interest	-4,4	-4,6	-5,6	-6,7	-8,5	-5,3
<b>Net profit</b>	<b>4,5</b>	<b>-0,7</b>	<b>3,0</b>	<b>5,6</b>	<b>5,3</b>	<b>2,8</b>
<b>Net profit adj.</b>	<b>4,6</b>	<b>0,9</b>	<b>2,1</b>	<b>6,2</b>	<b>8,5</b>	<b>2,8</b>

EBITDA adj. margin	20,2%	15,9%	10,0%	16,8%	16,2%	14,1%
EBIT margin	17,2%	12,3%	6,9%	13,9%	13,1%	10,8%
net profit adj. margin	6,4%	1,1%	2,0%	5,5%	6,9%	2,6%
sales growth y/y	0	0	0	0	0	0
EBITDA adj. growth y/y	-	96,9%	119,9%	85,6%	72,7%	44,1%
EBIT growth y/y	-	95,7%	40,7%	138,9%	38,4%	28,2%
net profit adj. growth y/y	-	126,8%	57,8%	138,3%	31,7%	26,6%
net profit adj. growth y/y	-	-52,2%	1965,0%	506,8%	87,7%	231,8%

Source: the company, Trigon Brokerage House

## Balance sheet (PLN m)

	2020	2021	2022	2023E	2024E	2025E
<b>Fixed assets</b>	<b>74</b>	<b>98</b>	<b>210</b>	<b>217</b>	<b>222</b>	<b>227</b>
Tangible fixed assets	26	23	28	32	35	37
Intangible assets	6	18	29	33	35	37
Company's value	39	55	150	150	150	150
Long-term receivables	0	0	0	0	0	0
Long-term investments	0	0	0	0	0	0
Other	3	2	3	3	3	3
<b>Current assets</b>	<b>89</b>	<b>181</b>	<b>209</b>	<b>235</b>	<b>280</b>	<b>342</b>
Inventory	5	1	1	1	1	1
Trade receivables	55	63	99	111	123	145
Other	4	5	21	21	21	21
Cash	24	111	89	102	135	175
<b>Assets</b>	<b>163</b>	<b>279</b>	<b>419</b>	<b>452</b>	<b>502</b>	<b>568</b>
<b>Equity</b>	<b>95</b>	<b>133</b>	<b>142</b>	<b>144</b>	<b>161</b>	<b>183</b>
Share capital	42	42	42	42	42	42
Other	44	83	87	87	96	112
Net profit (loss)	9	7	13	15	23	29
<b>Minority capital</b>	<b>0</b>	<b>82</b>	<b>116</b>	<b>139</b>	<b>167</b>	<b>201</b>
<b>Long-term liabilities</b>	<b>24</b>	<b>19</b>	<b>85</b>	<b>88</b>	<b>90</b>	<b>91</b>
Interest-bearing liabilities	21	18	84	87	89	91
Other	3	1	1	1	1	1
<b>Short-term liabilities</b>	<b>44</b>	<b>45</b>	<b>77</b>	<b>81</b>	<b>85</b>	<b>92</b>
Interest-bearing liabilities	14	5	15	15	15	15
Trade liabilities	15	19	33	37	41	49
Other	15	21	29	29	29	29
<b>Liabilities</b>	<b>163</b>	<b>279</b>	<b>419</b>	<b>452</b>	<b>502</b>	<b>568</b>
Net working capital	46	45	66	75	83	97
Net debt	10	-89	9	0	-32	-70
Net debt corr.	10	-52	7	3	-15	-38
Net debt /EBITDA (x)	0,4	-2,5	0,1	0,0	-0,4	-0,7
Net debt /equity (x)	0,1	-0,7	0,1	0,0	-0,2	-0,4
ROE (%)	20%	6%	13%	11%	15%	17%
ROA (%)	12%	3%	5%	4%	5%	5%
Cash conversion cycle (days)	80	137	103	119	122	119
Inventory turnover (days)	-9	-8	-1	-1	-1	-1
Receivables turnover ratio (days)	64	101	72	83	84	81
Accounts payable turnover ratio (days)	-25	-44	-32	-37	-39	-38

## Cash Flow (PLNm)

	2020	2021	2022	2023E	2024E	2025E
<b>Cash flows from operating activities</b>	<b>26</b>	<b>26</b>	<b>46</b>	<b>44</b>	<b>60</b>	<b>67</b>
Net profit (loss)	9	7	13	15	23	29
Amortization	8	8	13	15	17	18
Changes in working capital	-46	1	-21	-9	-8	-14
Inventory changes	-5	4	0	0	0	0
Trade receivables change	-55	-8	-36	-13	-12	-21
Trade liabilities change	15	4	14	4	4	7
Other	54	9	41	23	28	35
<b>Cash flows from investment activities</b>	<b>-3</b>	<b>-28</b>	<b>-127</b>	<b>-16</b>	<b>-16</b>	<b>-17</b>
CAPEX	-2	-12	-27	-16	-16	-17
Other	-1	-16	-100	0	0	0
<b>Cash flows from financial activities</b>	<b>-4</b>	<b>90</b>	<b>59</b>	<b>-15</b>	<b>-10</b>	<b>-11</b>
Interest-bearing liabilities change	2	97	69	3	2	2
Revenues from shares emission	0	0	0	0	0	0
Dividend	0	-4	-4	-12	-6	-6
Other	-5	-4	-6	-6	-6	-6
<b>Net cash flows</b>	<b>19</b>	<b>88</b>	<b>-22</b>	<b>12</b>	<b>34</b>	<b>40</b>
Cash opening balance	4	24	111	89	102	135
Closing balance of cash	24	111	89	102	135	175

Source: the company, Trigon Brokerage House

## Trigon Dom Maklerski S.A.

Plac Unii, Budynek B, ul. Puławska 2, 02-566 Warszawa

T: +48 22 330 11 11 | F: +48 22 330 11 12

W: <http://www.trigon.pl> | E: [repcja@trigon.pl](mailto:repcja@trigon.pl)



### CEE EQUITY RESEARCH

**Grzegorz Kujawski**, Head of Research

*Consumer, E-commerce, Financials*

**Maciej Marcinowski**, Deputy Head of Research

*Strategy, Banks, Financials*

**Kacper Koproń**

*Gaming, TMT*

**Katarzyna Kosiorek**

*Biotechnology*

**Michał Kozak**

*Oil&Gas, Chemicals, Utilities*

**Dominik Niszczyński**

*TMT, E-commerce*

**Łukasz Rudnik**

*Industrials, Metals&Mining*

**David Sharma**

*Construction, Real Estate*

**Piotr Rychlicki**

*Junior Analyst*

**Piotr Chodyra**

*Junior Analyst*

### EQUITY SALES

**Grzegorz Skowroński**

### SALES TRADING

**Paweł Szczepański**, Head of Sales

**Michał Sopiński**, Deputy Head of Sales

**Paweł Czupryński**

**Hubert Kwiecień**



## Disclaimer

### General information

The Document has been prepared by Trigon Dom Maklerski S.A. (the "Brokerage House"), for remuneration, on behalf of Warsaw Stock Exchange S.A. (the "WSE"), based on agreement for the provision of services for the preparation of analytical reports (the "Agreement"), which is supervised by the Polish Financial Supervision Authority.

In the first place, the Document is addressed to selected clients of the Brokerage House who use its services in the area of research and recommendations. It may, however, be distributed to a wider public from the date specified therein (by posting it on the Brokerage House website, providing it to entities that may quote it in media, in whole or in parts as they see fit, or otherwise) as a recommendation within the meaning of the Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (market abuse regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC Text with EEA relevance ("Regulation").

### Definitions

capitalisation – market price multiplied by the number of a company's shares

free float (%) – a percentage of a company's shares held by shareholders with less than 5% shareholding reduced by treasury shares held by the company

min/max 52 wks – minimum/maximum share price within the last 52 weeks

average turnover – average volume of share trading within the last month

EBIT – operating profit

EBITDA – operating profit increased by depreciation and amortisation

adjusted profit – net profit adjusted for one-off items

CF – cash flow

capex – sum of investment expenditures on fixed assets

OCF – cash generated through the operational activities of the company

FCF – cash generated by the company after taking into account outflows to support operations and retained capital

ROA – rate of return on assets

ROE – rate of return on equity

NWC – net working capital

Cash conversion cycle – period from the moment of expenditure of cash for the purchase of production factors until the moment of receipt of cash revenues from the sale of manufactured goods or services.

Gross profit margin – a ratio of gross profit to net revenue

EBITDA margin – a ratio of sum of operating profit and depreciation/amortisation to net revenue

EBIT margin – a ratio of operating profit to net revenue

net margin – a ratio of net profit to net revenue

EPS – earnings per share

DPS – dividends per share

P/E – a ratio of market price to earnings per share

P/BV – a ratio of market price to book value per share

EV/EBITDA – a company's EV to EBITDA ratio

EV – sum of a company's current capitalisation and net debt

DY – dividend yield, dividend paid to share price ratio

RFR - risk-free rate

WACC - weighted average cost of capital

ISSUER – Ailleron S. A.

### Recommendations of the Brokerage House

BUY – we expect that the rate of return on an investment will be at least 10%

NEUTRAL – we expect the price of an investment to be relatively stable, optionally it will increase no greater than 10%

SELL – we expect that an investment will make a loss greater than 0%

Recommendation prepared by: Dominik Niszc

Recommendations are valid for a period of 12 months from the date of issuance (the date specified at the beginning of the document) or until the price target of the financial instrument is achieved.

The Brokerage House may update its recommendation at any time, depending on current market conditions or assessment of persons preparing the recommendation.

Short-term recommendations (particularly those designated as speculative) may be valid for a shorter period of time. Short-term recommendations designated as speculative involve a higher investment risk.

### Valuation methods used

The Brokerage House customarily applies two methods – discounted cash flow (DCF) and multiples methods (a comparison of a company's trading multiples with the metrics of comparable companies). Alternatively, a discounted dividend model may also be used. The key disadvantage of methods based on discounted cash flows is high sensitivity to adopted assumptions, whereas their advantage is a lack of relation to a company's current market price. On the other hand, the main disadvantage of the multiples method is a risk that at a given point in time the market prices of comparable companies might not reflect their true value, whereas its advantage lies in the fact that it shows a company's market value obtained based on the market values of comparable companies.

As basis valuation methodology and the adopted assumptions used to assess the financial instrument or issuer or to determine the target price of the financial instrument was adopted: DCF.

The valuation, valuation methodology or adopted assumptions did not change from the date of preparation and the first dissemination of the Document.

The Document was not presented to the issuer and then changed. The document did not change from the date of its preparation and the first dissemination.

Detailed information on the valuation or methodology and assumptions, as well as information on previous recommendations on the Issuer's financial instruments, published in the last 12 months prior to the date of this recommendation, is available on the website of Brokerage House [www.trigon.pl](http://www.trigon.pl).

### Legal disclaimers, disclaimers related to risks

In the opinion of the Brokerage House, the Document has been prepared objective, with due care and attention and with the avoidance of potential conflicts of interest. The Brokerage House bears no responsibility for any inaccuracies, incompleteness or inconsistency with the facts in the

Document. In particular, the Brokerage House bears no responsibility for any damage suffered as a result of investment decisions made on the basis of information contained in the Document.

The Document does not take into account the individual needs and circumstances of any investor nor is it an indication that any investment is suitable for a given investor. Accordingly, the conclusions drawn based on the Document may prove inappropriate for a given investor.

The Brokerage House bears no responsibility for the way in which the information contained in the Document is used. Historical data presented in the Document relate to the past and past performance is no guarantee of similar results in the future. The information relating to the future may prove wrong, as it expresses opinions of persons representing the entity described or represents independent assessment of the Brokerage House.

The information and opinions contained in the Document are not intended to be the sole basis upon which decisions are made. It is therefore advisable for the recipient(s) to make its/their own judgment and assessment of the information, consider information other than that presented in the Document, verify the presented information themselves, assess the risks related to decision-making based on the Document, and consider consulting an independent analyst, investment advisor or other persons with relevant expertise.

Unless specifically stated, the information contained in the Document should not be treated as authorized or approved by the entity described therein. The conclusions and opinions expressed in the Document are conclusions and opinions of the Brokerage House.

There are no conflicts of interest between the Brokerage House and/or persons taking part in the preparation of the Document or having access to the Document before its publication (employees, service providers and other associated persons) and the Issuer. As of the date of preparation of the Document, the Brokerage House does not hold the Issuer's shares, subject to the following information.

There are no persons among those who took part in the preparation of the Document, or those who did not take part in its preparation but had or could have had access to the Document, who would hold shares in the Issuer representing 5% or more of its share capital or financial instruments whose value is materially linked to the value of financial instruments issued by the Issuer. The Brokerage House has received dividends from the Issuer in the last 12 months.

No members of the governing bodies of the Issuer or their relatives are members of the governing bodies of Trigon Dom Maklerski S.A. None of the persons engaged in the preparation of the Document serves in the governing bodies of the Issuer, holds a managerial position in, or is a close person of any member of the governing bodies of the Issuer. Moreover, none of those persons or their relatives is a party to any agreement with the Issuer that would be executed on terms and conditions other than those of other agreements executed by the Issuer and customers.

Between The Brokerage House and / or participating in the preparation of this Document or having access to the Document prior to its publication: employees, contractors and other services related parties and the Issuer there is no conflict of interest. At the date of preparation of the Document The Brokerage House does not hold shares of the Issuer. As of the date on which this Document is prepared The Brokerage House performs orders to buy or sell financial instruments in its own name but on behalf of the Issuer for the purposes of performance of tasks connected with market maker services or buying or selling financial instruments on its own account for the purposes of performing the investment underwriting agreement or service underwriting agreement. The Brokerage House act as a market maker. Remuneration for persons participating in drawing up this Document is not directly based on financial results achieved by the Brokerage House in connection with transactions in Issuer financial instruments performed by the Brokerage House. Among those who participated in preparation of this Document, as well as those who did not participate in its preparation, but had or could have had access to the Document, there are not people who hold shares of the Issuer in the amount of at least 5% of the share capital or hold other financial instruments whose value is essentially linked to the value of financial instruments issued by the Issuer. The Brokerage House in the past 12 months has received from the Issuer dividends. Directors of the Issuer or their relatives are not directors of The Brokerage House. None of the persons involved in the preparation of this Document, does not take a management position or is close to the members of governing bodies of Issuer and none of these persons, as well as their relatives are not part of any agreement with the Issuer, which would be concluded on different terms than other agreements entered into by the Issuer and consumers.

There are no other circumstances as regards potential conflict of interest which could be the subject to disclosure on the ground of the regulation on the recommendation.

Additionally, at any time The Brokerage House can perform a function of mandator or mandatary in relation to more than one party, perform long or short stock, perform transactions on its own account or on the client's account regarding financial instruments issued by the Issuer. In the future The Brokerage House is likely to have investment connections within the framework of fiduciary activity as well as other connections with the parties other than the Issuer or Issuer's shareholders.

The Brokerage House manages its actual and potential conflicts of interest by means of measures provided for in the Regulation on Recommendations and by implementing the Brokerage House's general policy for the management of conflicts of interest. In the Brokerage House's opinion, the Document has been prepared in a manner eliminating the effect of any potential conflicts of interest.

The Brokerage House employees participating in the preparing this Document: i) do not receive remuneration directly related to transactions related to the services of the Brokerage House specified in Sections A and B of Annex I to Directive 2014/65 / EU or any other type of transaction that is carried out by the Brokerage House or any other person legal being part of the same capital group as the Brokerage House, nor with fees for such transactions that are received by the Brokerage House or any other legal entity that is part of the same group as the Brokerage House, ii) do not receive or buy shares of the Issuer before the public offer.

Detailed information about the conflict of interest management policy can be found at [www.trigon.pl](http://www.trigon.pl).

The Brokerage House pays careful attention to numerous risks related to investments in financial instruments. Investing in financial instruments carries a high degree of risk of losing some or all funds invested.

The date presented on the first page of the Document is a date of its preparation and delivery to the recipients. Trigon Dom Maklerski S.A. is the owner of the trademarks, service marks and logo presented in the Document. The GPW owns copyrights to the Document and the content of the Document. The Brokerage House based on the Agreement is authorize to redistributing the Document to its clients. Any publication, dissemination, copying, use or provision of the Document (or any part thereof) to any third party in any manner other than its legally sanctioned use, requires the consent of the WSE.

Due to certain legal limitations, the Document may not be directly or indirectly presented, made available or issued in jurisdictions where its dissemination may be subject to local legal limitations. Persons presenting or disseminating the Document are obligated to be familiar with and observe such limitations. It is assumed that each person (organisational entity) who receives, accepts or consents to receive the Document, by doing so:

- accepts every reservation mentioned above;
- confirms that he/she has read the Trigon Dom Maklerski S.A. Terms and Conditions of research and recommendations (available on websites: [www.doakcji.trigon.pl](http://www.doakcji.trigon.pl), [www.trigon.pl](http://www.trigon.pl), referred to as the "Terms & Conditions") and accepts them;
- gives his/her consent to be provided with a one-time service of research and recommendation provision by the Brokerage House through receiving access to the Document. The provision is covered by the Terms & Conditions together with reservations contained in and related to the Document. Additionally, (1) the service is limited to free of charge provision of the Document and use of the Document by the addressee, (2) the service is valid only for the time of using the Document by the addressee.

The Document is not an offer within the meaning of Art. 66 of the Polish Civil Code, nor is the basis for entering into any other agreement or creating any other obligation.

Date of preparation: 30 August 2023.

Date of first distribution 30 August 2023