

MFO

1Q24 forecast - rebound in volumes and return to positive operating profit. We reiterate our original assumptions for 1Q24 on volumes (we assumed > 10 kt of profiles sold per month) and estimate sales volumes of c. 34.5 kt. HDGC prices in Europe in 1Q24 averaged c. EUR 830/t, up EUR 75 from 4Q23, but we note that the price peak was reached in January/February (EUR 860/t) and current prices are c. EUR 90/t lower (EUR 770/t), which may have some impact on margins in 2Q24. The decline in steel prices is, in our view, related to the discounted price of iron ore, coking coal and lower costs of gas, which is used in the rolling stage. In order to optimise purchase costs, the Company is this year making greater use of imports from China, which offer HGDC steel at more favourable prices even after taking into account transport costs. Production of PVC windows, which is the main industry for MFO, increased by 5% y/y in Jan-Feb'24 according to the Central Statistical Office. Leading Polish producers Eko-Okna, Drutex are currently implementing record investment programmes, which should translate into increased demand for window profiles in 2H24 and the following year.

#Outlook. We assume 2Q24 volumes will be similar to 1Q24 (34.5 kt), while we expect 2H24 volumes to increase 6% vs. 1H24 despite the fact that H2 is historically a lower season for the industry (holiday season, December effect). The increase in volumes is due to an assumed rebound in investment in European economies as a result of the launch of EU funds (KPO - thermo-modernisation of buildings, national programmes), the recovery of subdued investment demand among companies and consumers, and the related higher stock levels on the part of customers who are postponing the replenishment of their inventories due to the lack of visible signs of improvement on the part of end users. Given the high capital expenditure associated with the construction of the Sochaczew plant (+105 kt of steel per annum to 280 kt, capex PLN 130mn), we do not assume dividend payments in 2024-2025.

#Steel market. Due to low steel prices, weak demand and growing steel exports from China (in 2023, China exported 90mt of steel, i.e. +36% y/y, which is the second highest result ever, while in Jan-Mar'24, exports amounted to 25.8mt, i.e. +30.7% y/y), the European steel industry is taking decisions to shut down steel production (Thyssenkrupp announced a 20% reduction in German production). In addition, the European automotive industry, the main consumer of flat steel, is facing increasing competition from Chinese manufacturers, whose passenger vehicles, including EVs, are offered in Europe at much lower prices than those offered by domestic producers.

#Valuation. We raise our target price to PLN 49.3/share (previously PLN 45.4/share). The increase in valuation is due to the inclusion of a PLN 39m tax asset related to the Sochaczew investment (PLN 5.9/share). We are lowering our net profit forecast for 2024-2026 by 11% (lowering forecast for 2024 only).

PLNm	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24E	y/y	q/q
Revenues	295	295	187	145	152	144	134	146	162	7%	11%
EBITDA	23.4	37.0	-4.9	-14.8	5.7	0.3	1.9	0.8	5.4	-6%	587%
EBIT	21.8	35.4	-6.6	-16.6	3.6	-1.9	-0.3	-1.4	3.2	-11%	-
Net profit	16.8	28.5	-4.0	-16.7	1.4	-8.3	1.2	-9.1	1.2	-13%	-
P/E12M trailing	1.7	1.7	3.7	8.9	23.6	-	-	-	-	-	-
EV/EBITDA 12M trailing	1.1	1.3	2.7	5.1	8.3	-	-	20.9	24.0	-	-
revenues growth y/y	67%	26%	-42%	-43%	-49%	-51%	-28%	1%	7%	-	-
EBITDA margin	7.9%	12.5%	-	-	3.8%	0.2%	1.4%	0.5%	3.3%	-	-
EBIT margin	7.4%	12.0%	-	-	2.4%	-	-	-	2.0%	-	-
Net profit margin	5.7%	9.6%	-	-	0.9%	-	0.9%	-	0.8%	-	-

Buy

(Previous: Buy; 45.4 PLN)

Target Price: 49.3 PLN

Current Price: 33.1 PLN

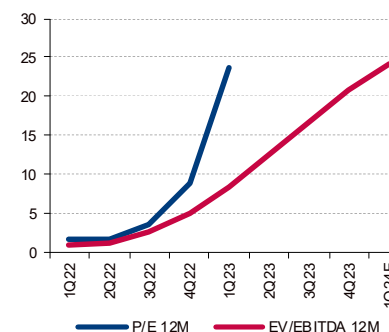
Upside: 49%

1Q24 Earnings

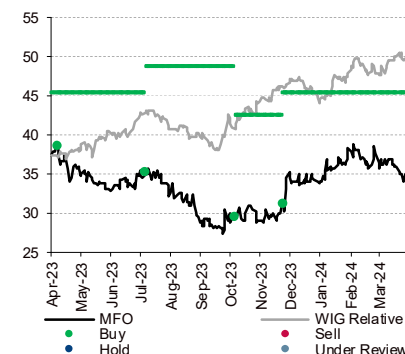
23.05.2024

FACT SHEET	RECOMMENDATIONS	Date	Valuation
Ticker	MFO	Buy	11.12.2023 45.4
Sector	Steel processor	Buy	23.10.2023 42.6
Price (PLN)	33.1	Buy	24.07.2023 48.9
52W range (PLN)	27 / 39.7	Buy	24.04.2023 45.6
Shares outstanding (m)	6.6	Buy	17.04.2023 45.6
Market Cap (PLNm)	219	Buy	12.12.2022 45.2
S&P Global ESG Scores	-	Buy	24.10.2022 57.4
3M Avg. Vol. (PLNm)	0.11	Buy	21.07.2022 69.9
Price perf.	1M -4.5%	3M 3.7%	1Y 3.4%

P/E 12M vs EV/EBITDA 12M



MFO RELATIVE SHARE PRICE vs WIG



PLNm	2021	2022	2023	2024E	2025E	2026E
Revenues	990	923	576	638	740	830
EBITDA	172	41	9	26	45	55
EBIT	167	34	0	16	32	42
Net profit	133	25	-15	8	20	31
EPS (PLN)	20.12	3.7	-2.2	1.2	3.1	4.6
DPS (PLN)	1.0	4.0	0.0	0.0	0.0	1.5
P/E (x)	1.6	8.9	-	28.0	10.8	7.2
EV/EBITDA (x)	1.3	4.2	17.0	9.5	5.5	4.4
P/BV (x)	0.7	0.7	0.7	0.7	0.7	0.7
DY (%)	3.0%	12.1%	0.0%	0.0%	0.0%	4.6%

Valuation	Current		Previous		Change
DCF	49.3	100%	45.4	100%	9%
Multiples	31.1	0%	24.6	0%	26%

PLNm	2024E			2025E			2026E		
	Curr.	Prev.	Chg.	Curr.	Prev.	Chg.	Curr.	Prev.	Chg.
Revenues	638	599	7%	740	697	6%	830	780	7%
EBITDA	26	35	-26%	45	45	0%	55	54	4%
EBIT	16	25	-35%	32	31	2%	42	39	9%
Net profit	8	18	-57%	20	20	2%	31	28	9%
P/E (x)	28.0	12.2		10.8	10.9		7.2	7.8	
EV/EBITDA (x)	9.5	7.1		5.5	5.5		4.4	4.6	
P/BV (x)	0.7			0.7			0.7		
DY (%)	0.0%			0.0%			4.5%		

Multiples	2022	2023	2024E	2025E	2026E
P/E (x)	8.9	-	28.0	10.8	7.2
adj. P/E (x)	8.9	-	28.0	10.8	7.2
P/BV (x)	0.7	0.7	0.7	0.7	0.7
EV/EBITDA (x)	4.2	17.0	9.5	5.5	4.4
adj. EV/EBITDA (x)	4.2	17.0	9.5	5.5	4.4
EV/Sales (x)	0.2	0.3	0.4	0.3	0.3

FCF Yield (%)	-1.3%	8.9%	-8.2%	-4.0%	4.9%
DY (%)	12.1%	0.0%	0.0%	0.0%	4.6%

KPIs	2022	2023	2024E	2025E	2026E
EPS (PLN)	3.7	-2.2	1.2	3.1	4.6
adj. EPS (PLN)	3.7	-2.2	1.2	3.1	4.6
DPS (PLN)	4.0	0.0	0.0	0.0	1.5
BVPS (PLN)	47.6	45.3	46.5	46.5	49.6

Operational ratios	2022	2023	2024E	2025E	2026E
Gross margin (%)	-	-	-	-	-
adj. EBITDA margin (%)	4.4%	1.5%	4.1%	6.1%	6.7%
EBIT margin (%)	3.7%	0.0%	2.5%	4.3%	5.1%
Net profit adj. margin (%)	2.7%	-2.6%	1.2%	2.7%	3.7%

ROE (%)	7.8%	-4.8%	2.6%	6.6%	9.6%
ROA (%)	4.8%	-3.1%	1.6%	4.0%	5.8%
CAPEX/Sales (%)	2.1%	2.3%	12.5%	5.9%	2.4%
CAPEX/D&A (x)	2.9	1.5	8.1	3.3	1.5
Net debt/Equity (x)	-0.1	-0.2	0.1	0.1	0.1
Net debt/EBITDA (x)	-1.2	-8.2	1.1	0.6	0.5

Cash conversion cycle (days)	69	72	64	65	61
Inventory turnover (days)	67	61	59	57	54
Receivables turnover (days)	31	39	40	38	36
Payables turnover (days)	29	28	35	30	28

Income Statement (PLNm)	2021	2022	2023	2024E	2025E	2026E
Revenues	990	923	576	638	740	830
PCV profiles	573	516	293	306	310	331
Special/welded profiles	291	295	226	246	316	370
Other profiles	116	101	45	44	54	58
Gross Profit	225	86	48	77	103	121
SG&A costs	59	54	51	61	71	79
Other operating items, net	1	2	2	0	0	0
EBITDA	172	41	9	26	45	55
adj. EBITDA	172	41	9	26	45	55
D&A	5	7	9	10	13	13
EBIT	167	34	0	16	32	42
Net financial costs	-3	-4	-13	-6	-7	-5
EBT	164	30	-13	10	25	38
Income tax	31	6	2	2	5	7
Minority interest	0	0	0	0	0	0
Net profit	133	25	-15	8	20	31
adj. net profit	133	25	-15	8	20	31

Balance Sheet (PLNm)	2021	2022	2023	2024E	2025E	2026E
Non-current Assets	169	206	208	279	279	285
Current Assets	388	255	289	225	225	258
Inventories	239	102	92	115	115	129
Receivables	94	61	61	77	77	87
Cash and cash equivalents	36	85	135	32	32	42
Assets	557	461	497	504	504	544
Equity	316	314	300	307	307	328
Minority Interests	0	0	0	0	0	0
Non-current Liabilities	44	49	65	64	64	67
Long-term borrowings	1	0	17	16	16	18
Current Liabilities	197	97	133	132	132	149
Short-term borrowings	48	38	47	45	45	51
Payables	119	27	60	61	61	68
Equity and Liabilities	557	461	497	504	504	544

Cash Flow Statement (PLNm)	2021	2022	2023	2024E	2025E	2026E
Cash flow from operating activities	16	105	44	-21	-6	27
Changes in working capital	-130	78	46	-39	-40	-16
D&A	5	7	9	10	13	13
Cash flow from investing activities	-24	-16	-8	-80	-44	-20
CAPEX	-24	-20	-13	-80	-44	-20
Cash flow from financing activities	11	-40	16	-4	58	2
Dividend/Buy-back	7	26	0	0	0	10
Net change in cash	3	49	52	-105	8	10
Cash opening balance	32	36	85	137	32	40
Cash closing balance	36	85	137	32	40	50

Wycena

#DCF

DCF VALUATION (PLNm)	2023	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E
Revenues	576	638	740	830	917	999	1081	1147	1167	1183	1203
Y/Y	-38%	11%	16%	12%	10%	9%	8%	6%	2%	1%	2%
EBITDA	9	26	45	55	64	71	79	85	87	88	89
EBITDA margin	1.5%	4.1%	6.1%	6.7%	6.9%	7.1%	7.3%	7.5%	7.5%	7.4%	7.4%
EBIT	0	16	32	42	50	57	66	72	73	74	75
EBIT margin	0.0%	2.5%	4.3%	5.1%	5.5%	5.7%	6.1%	6.2%	6.3%	6.3%	6.3%
NOPLAT	0	13	26	34	41	46	53	58	59	60	61
Tax rate	19%	19%	19%	19%	19%	19%	19%	19%	19%	19%	19%
D&A	9	10	13	13	13	14	14	14	14	14	14
CAPEX		-80	-44	-20	-20	-15	-14	-14	-14	-14	-14
Changes in working capital		-39	-40	-16	-15	-15	-15	-12	-4	-3	-4
FCF		-96	-44	11	19	31	38	46	56	57	57
D/(E+D)		16.5%	16.5%	17.4%	17.1%	15.8%	13.7%	11.2%	7.7%	5.1%	4.8%
Beta leverage		1.2	1.2	1.2	1.2	1.1	1.1	1.1	1.1	1.0	1.0
Cost of debt after tax		5.7%	5.7%	5.7%	5.7%	5.7%	5.7%	5.7%	5.7%	5.7%	5.7%
Cost of equity		12.5%	12.5%	12.5%	12.5%	12.4%	12.3%	12.1%	11.9%	11.8%	11.8%
WACC		11.3%	11.3%	11.3%	11.3%	11.3%	11.4%	11.4%	11.4%	11.5%	11.5%
Discount ratio		0.90	0.81	0.72	0.65	0.58	0.52	0.47	0.42	0.38	0.34
Cum. DFCF		23									
Residual growth rate		0.0%									
Discounted Residual Value		171									
Enterprise Value		194									
Net debt (-)		-47									
Dividend (-)		39									
Minority Interests (-)		0									
Equity Value (1.1.2024)		280									
Equity Value (22.4.2024)		290									
Shares outstanding (m)		6.61									
Equity Value per share (22.4.2024)		43.9									
12M Target Price (PLN)		49.4									
Curr. share price		27.3									
Upside / (downside)		81.0%									

Source: Trigon DM

Assumptions for the DCF model:

- market premium 6%
- rfr 5,5%
- unleveraged beta 1x
- residual growth rate 0%

#Wycena porównawcza

Company	P/E			EV/EBITDA			EV/EBIT		
	2024E	2025E	2026E	2024E	2025E	2026E	2024E	2025E	2026E
MFO	29.4	11.3	7.5	9.9	5.7	4.6	16.1	8.1	6.1
Median	9.8	10.1	9.1	5.9	5.1	4.4	9.4	8.1	6.9
premium / (discount)	199%	12%	-18%	69%	12%	4%	72%	0%	-12%
Polski przemysł	9.8	10.1	9.1	5.9	5.1	4.4	9.4	8.1	6.9
AC	9.7	9.6	9.1	6.3	6.1	6.2	8.4	8.2	8.3
Amica	21.9	12.4	9.3	5.4	4.3	3.7	9.7	7.0	5.9
Arctic Paper	5.8	5.9	6.0	2.1	1.8	1.6	2.8	2.5	2.2
Boryszew	29.5	17.2	-	7.5	6.6	-	19.3	14.4	-
Cognor	16.8	10.6	9.6	9.3	7.3	6.5	12.6	9.5	8.4
Grupa Kęty	13.4	12.3	11.5	9.5	8.6	8.2	11.9	10.7	10.0
Mangata	9.9	8.9	8.1	5.8	5.4	5.1	8.7	8.0	7.6
Rawlplug	8.0	6.4	5.4	5.8	4.9	4.4	9.0	7.2	6.4
Stalprodukt	-12.0	47.9	23.6	5.7	2.1	2.0	-2.6	11.0	6.9
Wielton	9.6	5.5	4.7	5.9	4.8	4.4	10.9	7.7	6.8
Partial year valuation	77	205	278	123	202	218	122	230	265
Year weight	33%	33%	33%	33%	33%	33%	33%	33%	33%
Partial multiple valuation		187		181			205		
Multiple weight		50%		50%			0%		

Current valuation (PLNm)	184
No. Shares	6.6
Current valuation per share	27.8
12mth TP	31.1

Source: Bloomberg, Trigon DM

Risk factors: (1) Delay in the implementation of thermomodernisation investments with WE funds in Europe; (2) Deepening of the slowdown in the construction and industrial sectors; (3) Problems with the availability of employees in a situation of further capacity expansion may exacerbate wage pressures in the company; (4) Risk of appreciation of the PLN against the EUR, which may adversely affect margins given the increasing share of exports; (5) Risk of expanding competencies by steel service centres, which in addition to the sheet cutting service may start to provide profiling services for the local market; (6) Risk of internal production of profiles by customers from the window joinery industry.

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



**NAGRŃDY
PSIK**
2023

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 Niszc
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").

Glossary of professional terms:

capitalisation – market price multiplied by the number of a company's shares
 free float (%) – percentage of a company's shares held by shareholders with less than 5% of total voting rights attached to the shares, reduced by treasury shares held by the company
 min/max 52 wks – lowest/highest share price over the previous 52 weeks
 average turnover – average volume of share trading over the previous month

EBIT – operating profit
 EBITDA – operating profit before 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 a company's operating activities
 FCF – cash generated by a company after accounting for cash outflows to support its operations and maintain capital assets
 ROA – rate of return on assets
 ROE – rate of return on equity
 ROIC – rate of return on invested capital
 NWC – net working capital
 cash conversion cycle – length of time it takes for a company to convert its cash investments in production inputs into cash revenue from sale of its products or services
 gross profit margin – ratio of gross profit to net revenue
 EBITDA margin – ratio of the sum of operating profit and depreciation/amortisation to net revenue
 EBIT margin – ratio of operating profit to net revenue
 net margin – ratio of net profit to net revenue
 EPS – earnings per share
 DPS – dividend per share
 P/E – ratio of market price to earnings per share
 P/BV – ratio of market price to book value per share
 EV/EBITDA – ratio of a company's EV to EBITDA
 EV – sum of a company's current capitalisation and net debt
 DY – dividend yield, ratio of dividends paid to share price
 RFR – risk free rate
 WACC – weighted average cost of capital

Recommendations of the Brokerage House

Issuer – MFO S.A.
 BUY – we expect the total return on an investment to reach at least 10%
 HOLD – we expect the price of an investment to be largely stable, with potential upside of up to 10%
 SELL – we expect negative total return on an investment of more than -0%

Recommendations of the Brokerage House are valid for a period of 12 months from their issuance or until the price target of the financial instrument is achieved.
 The Brokerage House may update its recommendations at any time, depending on the prevailing market conditions or the judgement of persons who produced a given recommendation.
 Short-term recommendations (particularly those designated as speculative) may be valid for shorter periods of time. Short-term recommendations designated as speculative involve a higher investment risk.
 Document prepared by: Łukasz Rudnik

Valuation methods used

SOTP – sum-of-the-parts method, which consists in valuing a company by valuing its individual business lines separately and then summing them up.
 - Advantages: different valuation methods can be applied to diverse business lines; the approach is useful for assessing the value of a company e.g. in the case of planned acquisition or restructuring.
 - Disadvantages: the peer group for individual business lines is usually limited, the method does not adequately account for synergies between business segments.

Risk-adjusted net present value method (rNPV)
 - Advantages: accounting for probabilities assigned to future cash flows, providing a more realistic assessment of the present value of future cash flows and reflecting business-specific factors, especially in the case of innovative companies.
 - Disadvantages: subjectivity involved in the adoption of a discount rate, significant reliance on a number of assumptions, high level of complexity in the calculations and exclusion of qualitative factors from the valuation.

Discounted residual income method (DRI)
 - Advantages: valuation based on the excess of income over risk-adjusted opportunity cost to owners of capital, the method can be applied to companies that do not pay dividends or generate positive FCF.
 - Disadvantages: significant reliance on subjective judgements and assumptions, as well as sensitivity of the valuation to any changes in those variables.

Discounted dividend model (DDM)
 - Advantages: accounting for real cash flows to equity owners, the model works best for companies with a long history of dividend distribution.
 - Disadvantages: the method can be applied to dividend-paying companies only, it is not suitable for companies with a short history of dividend distribution.

Net asset value method (NAV)
 - Advantages: the approach is particularly relevant to holding companies with significant property, plant and equipment assets, the calculation of NAV is relatively straightforward.
 - Disadvantages: the method neglects future revenue or earnings potential and may not properly reflect the value of intangible assets.

Target multiple method
 - Advantages: the method can be applied to any company.
 - Disadvantages: it involves a high degree of subjectivity.

Replacement value method – it assesses the value of a company based on the costs of replacing its assets.
 - Advantages: the method is particularly relevant to companies with significant property, plant and equipment assets.
 - Disadvantages: it may be hard to capture the value of a company's intangible assets, reputation and market potential.

Liquidation value method – the sum of prices that the business would receive upon selling its individual assets on the open market.
 - Advantages: the method can capture the lowest threshold of a company's value.
 - Disadvantages: it may be hard to capture the value of a company's intangibles.

Basis of the valuation or methodology and the underlying assumptions used to evaluate the financial instrument or the issuer, or to set a price target for the financial instrument: discounted cash flow model

The valuation, methodology or underlying assumptions have not changed since the date when this Document was completed and first disseminated.

This Document was not disclosed to the issuer and subsequently amended. This Document has remained unchanged since the day it was completed and first disseminated.

The Research Team, which produces recommendations, relies exclusively on verified sources, publicly available as part of commercial knowledge bases and databases (periodic reports of issuers, Bloomberg, Reuters, Statistics Poland), as well as in-house analyses.

For detailed information on the valuation or methodology and underlying assumptions, as well as any previous recommendations concerning the Issuer's financial instruments disseminated during the preceding 12 months, go to the Brokerage House's website at www.trigon.pl.

Legal disclaimers, disclaimers related to risks

The Brokerage House believes that this Document has been objectively presented, with due care and attention and with the avoidance of potential conflicts of interest. The Brokerage House bears no liability for any inaccuracy or misjudgement that may nevertheless be found in this Document. In particular, the Brokerage House bears no liability for any damage suffered as a result of investment decisions made in reliance on information contained in this Document.

This Document does not address the individual needs or circumstances of any investor, nor is it an indication that any investment is suitable for a given investor. Accordingly, the conclusions drawn based on this Document may prove inappropriate for that particular investor.

The Brokerage House bears no liability for the way in which information contained in this Document is used. Historical data presented in this Document relate to the past, but past performance is no guarantee that similar results will be achieved in the future. Forward looking data may prove inaccurate, as they are merely an expression of the judgement of individuals speaking on behalf of the entity covered by this report or result from the Brokerage House's own judgement.

Anyone intending to use the information or conclusions contained in this Document is advised to rely on their own judgement, consider information other than that provided in this Document, verify the presented information on their own, assess the risks related to decision-making based on this Document; and consider consulting an independent analyst, investment adviser or other professional with relevant expertise.

Unless this Document indicates otherwise, information contained herein should not be regarded as authorised or approved by the entity to which it relates, as the conclusions and opinions contained herein are solely those of the Brokerage House.

Actual or potential conflicts of interest are managed by the Brokerage House through relevant arrangements provided for in the Regulation on Recommendations. In particular, in order to prevent or manage conflicts of interest, the Brokerage House has set up organisational barriers, as required by the applicable laws and regulations, compliance with which is monitored by the Compliance Department.

The key document governing the process of managing potential conflicts of interest at the Brokerage House is the "Conflicts of Interest Policy of Trigon Dom Maklerski S.A." For detailed information on the Policy, go to www.trigon.pl.

The Brokerage House has developed and put in place mechanisms ensuring that conflicts of interest are managed through legal and administrative barriers designed to limit the flow of information between various organisational units/individuals employed by the Brokerage House or other persons.

In particular, the Research Team operates as an organisationally, functionally and physically separate, independent organisational unit of the Brokerage House.

The Brokerage House believes that the organisational arrangements put in place ensure that the contents of a recommendation remain confidential until it is released.

As at the date of this Document:

- there are no conflicts of interest between the Brokerage House and/or persons involved in producing this Document or having access to this Document prior to its publication (the Brokerage House's employees, service providers and other associated persons) and the Issuer
- the Brokerage House holds shares of Issuer
- The Brokerage act as an Issuer's market maker for Issuer
- the Brokerage House does not provide the Issuer or its affiliates with financial advisory, investment banking or other brokerage services
- the Brokerage House does not perform the following services with respect to the Issuer's financial instruments covered by this Document
 - i) research and recommendation services concerning the Issuer's financial instruments
 - ii) offering the financial instruments on the primary market or in an IPO over the 12-month period preceding the publication of this Document
 - iii) buying or selling the financial instruments for its own account in the performance of tasks related to the operation of a regulated market
 - iv) buying or selling the financial instruments for its own account in the performance of standby or firm commitment underwriting agreements
- with the reservation that the Brokerage House may at any time offer or provide its services to the Issuer
- there are no persons among those involved in producing the recommendation, or those who did not take part in its production but had or could have access to the recommendation, 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
- no members of the governing bodies of the Issuer or their close persons are members of the governing bodies of Trigon Dom Maklerski S.A.
- none of the persons involved in producing the report 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 close persons is party to any agreement with the Issuer that would be executed on terms and conditions different from those of other agreements executed between the Issuer and consumers.

Brokerage in the last 12 months Brokerage have not received dividend from Issuer.

The remuneration of persons involved in producing this Document is not linked to the financial results achieved by the Brokerage House on transactions in the Issuer's financial instruments performed by the Brokerage House. Employees of the Brokerage House involved in producing the recommendation:

- do not receive remuneration that is directly tied to transactions in the Brokerage House's services set out in Sections A and B of Annex I to Directive 2014/65/EU or other type of transaction the Brokerage House or any legal person that is part of the same group performs, or to trading fees the Brokerage House or any legal person that is part of the same group receives
- do not receive or buy shares in the Issuer prior to a public offering of such shares.

The Brokerage House or its affiliates may take part in transactions related to the Issuer's financing, provide services to the Issuer, intermediate in the provision of services by the Issuer, and have the possibility of executing or execute transactions in financial instruments issued by the Issuer or its affiliates, also prior to the presentation of this Document to its recipients.

There are no other circumstances potentially leading to conflicts of interest that would be subject to disclosure under the Regulation on Recommendations.

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.

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, this Document may not be directly or indirectly provided, made available or issued in jurisdictions where its dissemination may be restricted by local law. Persons providing or disseminating this Document are obliged to be familiar with and observe such limitations.

It is assumed that each person (organisational unit) that receives, accepts or consents to receiving this Document, by doing so:

- accepts every disclaimer stated above;
- confirms that they have read the Trigon Dom Maklerski S.A. Terms and Conditions of Research and Recommendation Services (available at: www.trigon.pl, referred to as the "Terms & Conditions") and accepts them;
- agrees to be provided with a one-time research and recommendation service by the Brokerage House through receiving access to this Document, in accordance with the Terms & Conditions and subject to the disclaimers contained in or published with this Document, with the proviso that: (1) the service is limited to the free-of-charge provision of this Document and use of this Document by its recipient, (2) the service contract is valid only for the time of using this Document by its recipient.

This Document is not an offer within the meaning of Art. 66 of the Polish Civil Code, does not purport to provide any investment, legal or accounting advice, does not constitute an advertisement, an offer to sell or a solicitation of offers to subscribe for or purchase any financial instruments, nor is it a basis for entering into any other agreement or creating any other obligation.

Date and time when the production of the recommendation was completed: 2024-04-25 7:00

Date and time when it was first disseminated: 2024-04-25 8:00