

# Comp S.A.



Price target: PLN 46.10

Update

Rating: BUY

**Although better q-o-q, Comp's (CMP) Q2/22 results were again weak. While with flat revenues y-o-y profitability of the IT segment was negatively impacted by issues with availability of electronic components, the Retail segment, which last year strongly benefitted from fiscalization in Poland, was hit hard both on top- and bottom-line. Net income suffered due to a one-off related to restructuring of subsidiary Elzab S.A., which produces fiscal equipment, in our view. Net debt went up again q-o-q, but this resulted from the purchase of components in advance and pre-financing of contracts, and we expect this figure to go down again in H2/22E. Based on the H1/22 report, we have lowered our profitability estimates again, which together with higher net debt q-o-q (PLN 191.8m vs. PLN 148.3m) and WACC (16.1% vs. 13.8%) reduces our 12-months SOTP-based PT from PLN 70.20 to PLN 46.10. We have our doubts that Comp's guidance for 2022E, which was published on July 29 and foresees an EBITDA of PLN 70-75m, will be reached. Regarding the sale of non-core assets, we expect a cash inflow of c. PLN 10m in 2023E.**

**The end of fiscalization in Poland and problems with the availability/delivery of electronic components continue to weight on Comp's results.** In the Retail segment (incl. M/Platform), sales declined by 43.2% y-o-y to PLN 156.6m and the EBIT margin from 20% in H1/21 to 5.1%. The IT segment reported flat revenues of PLN 136.2m, but issues with ordering components and, we believe, higher prices sent the operating margin down from 5.2% last year to 3.2%. Free cash flow deteriorated from PLN -15.6m in H1/21 to PLN -59.7m and the cash position by PLN 20.8m to PLN 16.4m since January 2022.

**Our new EBITDA estimates for 2022E and 2023E are significantly below Comp's guidance.** In 2022E, we now expect PLN 616.2m (previously: PLN 544.7m) for revenues, PLN 53.7m (PLN 55.6m; CMP's guidance: PLN 70-75m) for EBITDA and PLN -9m (PLN -1.4m) for net income. In 2023E, we believe revenues will reach PLN 637.3m (PLN 565.8m), EBITDA PLN 81.9m (PLN 72.4m; guidance: PLN 95-100m) and net income PLN 14.6m (PLN 12.1m).

in PLNm	2019	2020	2021	2022E	2023E	2024E
Net sales	730.55	720.61	820.92	616.22	637.27	683.85
EBITDA	92.72	78.18	110.09	53.69	81.88	94.59
EBIT	54.15	35.48	63.38	6.28	34.43	47.09
Adj. Net income*	30.61	19.88	35.78	-8.98	14.56	25.43
Adj. EPS*	5.33	3.36	6.05	neg	3.05	5.32
DPS	0.00	3.00	3.00	5.00	5.00	5.00
Dividend yield	0.00%	7.23%	7.23%	12.05%	12.05%	12.05%
RoE	3.82%	3.02%	6.88%	-1.68%	2.73%	4.76%
Net gearing	45.51%	30.81%	18.94%	18.12%	19.16%	19.99%
EV/Sales	0.60x	0.61x	0.53x	0.71x	0.69x	0.64x
EV/EBITDA	4.72x	5.59x	3.97x	8.15x	5.34x	4.62x
Adj. P/E*	7.79x	12.36x	6.86x	neg	13.63x	7.80x

\* excl. result from discontinued operations

## Company profile

Comp is the No 1 provider of fiscal equipment and IT security solutions in Poland. A new, but rapidly growing business area, are innovative software solutions for the retail sector similar to e.g. German Vectron Systems. Comp plans to put a stronger focus on monetisation of data and service revenues.

Date of publication	8 September 2022 / 6:30 am
Website	www.comp.com.pl
Sector	IT
Country	Poland
ISIN	PLCMP0000017
Reuters	CMP.WA
Bloomberg	CMP.PW

## Share information

Last price	41.50
No of shares (m)	5.92
Market cap. (PLNm)	245.60
Market cap. (EURm)	52.07
52-week range	PLN 59.71 / PLN 38.68
Avg. volume (3-months)	3,559

## Performance

4-weeks	-12.64%
13-weeks	-4.93%
26-weeks	-1.76%
52-weeks	-29.16%
YTD	-14.99%

## Shareholder structure

MetLife Pension Fund	17.11%
Own shares*	14.77%
NN Pension Fund	10.23%
Funds managed by AgioFunds	8.95%
Robert Tomaszewski (CEO)	5.43%
Perea Capital Partners LP	5.39%
Free Float	38.12%

## Financial calendar

Q3/22 report	November 23, 2022
--------------	-------------------

## Analyst

Adrian Kowollik  
a.kowollik@eastvalueresearch.com

## H1/22 results

### Revenues and Profitability

In H1/22, Comp's revenues reached PLN 291.5m (-29.1% y-o-y). International clients, mainly from Kenia, accounted for 11.2% of total sales (H1/21: 4.6%). The Retail segment (incl. the M/Platform) reported a 43.2% decline of sales and a 14.9% lower EBIT margin y-o-y. However, the IT segment, where backlog for 2022E and 2023E currently equals PLN 330m and PLN 100m respectively, generated stable revenues y-o-y of PLN 136.2m. Its EBIT margin declined by 2% to 3.2% due to issues with the delivery of electronic components and, we believe, higher prices. We estimate the H1/22 sales of M/Platform (especially the modules M/Promo+ and M/Analytics) at c. PLN 8m. M/Promo+ is a module that allows small retailers to receive the same promotions from FMCG producers as large retail chains, while M/Analytics refers to aggregated data for FMCG producers about the demand for their products e.g. in certain regions.

Like in Q1/22, the two weakest subsidiaries in H1/22 were ZUK Elzab S.A. (Sales: -61.7% y-o-y, EBIT margin: -2.2% vs. 15.8% in H1/21), which produces fiscal devices, and the holding company Comp (Sales: -31.3% y-o-y, EBIT margin: 4.7% vs. 12.6%), which provides IT security solutions. Elzab is currently undergoing a restructuring.

in PLNm	H1/22	H1/21
<b>Segment Retail*</b>	<b>156.58</b>	<b>275.76</b>
<i>Share in total sales</i>	53.7%	67.1%
EBIT margin	5.1%	20.0%
<b>Segment IT</b>	<b>136.18</b>	<b>136.15</b>
<i>Share in total sales</i>	46.7%	33.1%
EBIT margin	3.2%	5.2%
<b>Others</b>	<b>-1.23</b>	<b>-0.97</b>
<i>Share in total sales</i>	-0.4%	-0.2%
EBIT margin	868.9%	1060.5%
<b>Total sales</b>	<b>291.53</b>	<b>410.94</b>

\* incl. c. PLN 8m of revenues of M/Platform in H1/22

Source: Company information, East Value Research GmbH

in PLNm	H1/22	H1/21	change y-o-y
<b>Net sales</b>	<b>291.53</b>	<b>410.94</b>	-29.1%
<b>EBITDA</b>	<b>25.42</b>	<b>75.07</b>	-66.1%
<i>EBITDA margin</i>	8.7%	18.3%	
<b>EBIT</b>	<b>1.63</b>	<b>52.05</b>	-96.9%
<i>EBIT margin</i>	0.6%	12.7%	
<b>Net income</b>	<b>-7.00</b>	<b>33.94</b>	-120.6%
<i>Net margin</i>	-2.4%	8.3%	

Source: Company information, East Value Research GmbH

Name of the subsidiary	Comp Group's stake	Revenues	H1/22	
			EBIT	Net income
Comp S.A. (holding company)	100.0%	PLN 169.2m	PLN 7.9m	PLN 9.2m
Enigma Systemy Ochrony Informacji Sp. z.o.o	100.0%	PLN 68.9m	PLN 2.7m	PLN 1.2m
ZUK Elzab S.A.	78.4%	PLN 41.9m	PLN -936k	PLN -10.8m
Insoft Sp. z.o.o	52.0%	PLN 4.5m	PLN 1.1m	PLN 983k
Comp Centrum Innowacji Sp. z.o.o	50.1%	PLN 14m	PLN -7.6m	PLN -12.4m
Polski System Korzysci Sp. z.o.o	100.0%	PLN 141k	PLN -1.4m	PLN -1.4m

Source: Company information, East Value Research GmbH

In H1/22, Comp's EBIT deteriorated by 96.9% y-o-y to PLN 1.6m. However, positive is the strong improvement in Q2/22 q-o-q. Between January and June 2022, Comp's gross margin equalled 27.8% compared to 33.9% in the previous year. At the end of June 2022, the company had 1,162 full-time employees (31/03/2022: 1,210, 31/12/2021: 1,196) on average.

Net income after minorities and discontinued operations reached PLN -7m after PLN 33.9m in H1/21. It included PLN 5.7m of restructuring costs mainly related to the subsidiary Elzab, particularly expenses associated with layoffs.

### Balance sheet and Cash flow

At the end of June 2022, Comp had equity (excl. minority interests) of PLN 511.6m, or 54.7% of the balance sheet total. As of 30/06/2022, fixed and intangible assets (excl. goodwill) amounted to PLN 66.1m (H1/21: PLN 66.1m) and PLN 217.5m (PLN 206m) respectively. Working capital was worth PLN 135.8m (PLN 174.4m). Given strongly increasing interest rates in Poland, we consider the much higher interest-bearing debt negative, especially the high share of short-term financial liabilities. As of 30 June 2022, interest-bearing debt (bank loans, leasing, bonds) equalled PLN 208.2m (thereof: 89.3% short-term) and thus much more than at the end of 2021 (PLN 144m, thereof: 83% short term) and as of 31 March 2022 (PLN 182.7m, thereof 87% short-term).

Between January and June 2022, Comp generated an operating cash flow of PLN -38.5m (H1/21: PLN 8.6m). The main reason was a significantly lower EBIT y-o-y. Cash flow from investing equalled PLN -21.2m (H1/21: PLN -24.2m), while cash flow from financing amounted to PLN 38.8m (PLN 2.8m) as Comp raised new debt. Between January and June 2022, Comp's cash position declined by PLN 20.8m to PLN 16.4m.

## Financial forecasts

### Revenues and Profitability

On July 29, Comp published a guidance for EBITDA, which however, given the performance so far in 2022, we consider unrealistic. Our new forecasts for 2022E-2023E are as follows:

2022E – revenues of PLN 616.2m (previously: PLN 544.7m), EBITDA of PLN 53.7m (PLN 55.6m; CMP's guidance: PLN 70-75m), net income of PLN -9m (PLN -1.4m).

2023E - revenues of PLN 637.3m (PLN 565.8m), EBITDA of PLN 81.9m (PLN 72.4m; guidance: PLN 95-100m), net income PLN 14.6m (PLN 12.1m).

Below are our detailed estimates for Comp's business segments:

*Retail segment (excl. M/Platform):* After H1/22, we have raised our sales estimate for 2022E. We now expect 155,000 devices sold this year, which results in revenues of PLN 261.5m (previously: PLN 190m). By the end of August 2022, Comp sold c. 122,000 devices, according to its Q2/22 results presentation.

Regarding the EBIT margin, for 2022E we now expect 5.2% (7.1%) and c. 12% on average in the long run. As we do not have visibility when it comes to sales of value-added services such as online payments, we have decided not to include them in our forecasts.

*M/Platform:* Regarding the modular cloud-based digital platform M/Platform, the M/Promo+ (allows FMCG producers to target all their promotions to traditional retailers that are using M/Platform) and M/Analytics (aggregated data for FMCG producers about the demand for their products) modules are already generating sales. New modules such as M/Store (an online platform allowing retailers to place orders at various wholesalers) and M/Loyalty (loyalty system for traditional retailers) are expected to go live soon.

Compared to our last update from May 2022, we have kept all our estimates for 2022E and beyond unchanged.

*IT segment:* We have kept all our assumptions unchanged, except the EBIT margin. In 2022E, we now see it at 4.7% (previously: 5.5%) and we expect it to remain between 5% and 6% in the long run.

in PLNm	2022E	2023E	2024E
<b>Segment Retail (excl. M/Platform)</b>	<b>261.50</b>	<b>262.80</b>	<b>264.10</b>
Share in total sales	42.4%	41.2%	38.6%
EBIT margin	5.2%	12.4%	12.3%
Number of fiscal equipment sold	155,000	156,000	157,000
Average price (PLN)	1,300	1,300	1,300
Service & maintenance (PLNk)	60,000	60,000	60,000
<b>M/Platform</b>	<b>16.50</b>	<b>33.00</b>	<b>75.00</b>
Share in total sales	2.7%	5.2%	11.0%
EBIT margin	-4.0%	8.0%	18.5%
Number of shops	15,000	22,000	28,000
Number of FMCG producers	30	40	50
Transaction volume (PLNk)	1,100,000	2,200,000	5,000,000
% fee	1.5%	1.5%	1.5%
<b>Segment IT</b>	<b>344.78</b>	<b>348.23</b>	<b>351.71</b>
Share in total sales	56.0%	54.6%	51.4%
EBIT margin	4.7%	5.9%	5.9%
<b>Others</b>	<b>-6.56</b>	<b>-6.76</b>	<b>-6.96</b>
<b>Total sales</b>	<b>616.22</b>	<b>637.27</b>	<b>683.85</b>
change y-o-y	-24.9%	3.4%	7.3%

Source: East Value Research GmbH

	2022E		2023E		2024E	
in PLNm	new	old	new	old	new	old
<b>Net sales</b>	<b>616.22</b>	<b>544.72</b>	<b>637.27</b>	<b>565.77</b>	<b>683.85</b>	<b>612.35</b>
<b>EBITDA</b>	<b>53.69</b>	<b>55.59</b>	<b>81.88</b>	<b>72.36</b>	<b>94.59</b>	<b>85.14</b>
EBITDA margin	8.7%	10.2%	12.8%	12.8%	13.8%	13.9%
<b>EBIT</b>	<b>6.28</b>	<b>8.84</b>	<b>34.43</b>	<b>25.56</b>	<b>47.09</b>	<b>38.29</b>
EBIT margin	1.0%	1.6%	5.4%	4.5%	6.9%	6.3%
<b>Net income</b>	<b>-8.98</b>	<b>-1.41</b>	<b>14.56</b>	<b>12.08</b>	<b>25.43</b>	<b>23.00</b>
Net margin	-1.5%	-0.3%	2.3%	2.1%	3.7%	3.8%

Source: East Value Research GmbH

in PLNm	Q1/19	Q2/19	Q3/19	Q4/19	2019	Q1/20	Q2/20	Q3/20	Q4/20	2020
<b>Net sales</b>	<b>120.33</b>	<b>147.13</b>	<b>183.57</b>	<b>279.52</b>	<b>730.55</b>	<b>141.28</b>	<b>111.61</b>	<b>156.65</b>	<b>311.07</b>	<b>720.61</b>
change y-o-y	0.4%	-7.1%	20.0%	13.3%	7.8%	17.4%	-24.1%	-14.7%	11.3%	-1.4%
<b>EBITDA</b>	<b>14.45</b>	<b>25.38</b>	<b>26.36</b>	<b>26.53</b>	<b>92.72</b>	<b>23.83</b>	<b>4.18</b>	<b>20.48</b>	<b>29.69</b>	<b>78.18</b>
EBITDA margin	12.0%	17.3%	14.4%	9.5%	12.7%	16.9%	3.7%	13.1%	9.5%	10.8%
<b>EBIT</b>	<b>6.00</b>	<b>15.85</b>	<b>16.44</b>	<b>15.86</b>	<b>54.15</b>	<b>13.41</b>	<b>-6.21</b>	<b>9.24</b>	<b>19.04</b>	<b>35.48</b>
EBIT margin	5.0%	10.8%	9.0%	5.7%	7.4%	9.5%	-5.6%	5.9%	6.1%	4.9%
<b>Net income</b>	<b>0.49</b>	<b>2.09</b>	<b>8.12</b>	<b>7.90</b>	<b>18.59</b>	<b>4.26</b>	<b>-3.70</b>	<b>5.33</b>	<b>9.33</b>	<b>15.22</b>
Net margin	0.4%	1.4%	4.4%	2.8%	2.5%	3.0%	-3.3%	3.4%	3.0%	2.1%

in PLNm	Q1/21	Q2/21	Q3/21	Q4/21	2021	Q1/22	Q2/22
<b>Net sales</b>	<b>171.43</b>	<b>245.46</b>	<b>162.88</b>	<b>241.15</b>	<b>820.92</b>	<b>128.90</b>	<b>162.62</b>
change y-o-y	21.3%	119.9%	4.0%	-22.5%	13.9%	-24.8%	-33.7%
<b>EBITDA</b>	<b>27.65</b>	<b>43.50</b>	<b>18.34</b>	<b>20.61</b>	<b>110.09</b>	<b>9.80</b>	<b>15.61</b>
EBITDA margin	16.1%	17.7%	11.3%	8.5%	13.4%	7.6%	9.6%
<b>EBIT</b>	<b>16.05</b>	<b>31.89</b>	<b>6.76</b>	<b>8.68</b>	<b>63.38</b>	<b>-1.88</b>	<b>3.51</b>
EBIT margin	9.4%	13.0%	4.1%	3.6%	7.7%	-1.5%	2.2%
<b>Net income</b>	<b>10.65</b>	<b>23.29</b>	<b>3.27</b>	<b>-1.23</b>	<b>35.98</b>	<b>-2.06</b>	<b>-4.94</b>
Net margin	6.2%	9.5%	2.0%	-0.5%	4.4%	-1.6%	-3.0%

Source: Company information, East Value Research GmbH

### **CAPEX and Working capital**

Our assumption for the gross CAPEX in 2022E-2024E is PLN 152.2m, thereof PLN 57m in 2022E. In the long run, it should equal c. 6% of CMP's yearly sales.

Regarding working capital, we have assumed that its share in total sales will decline from 9.7% in 2021 to c. 8% in the future. In our view, the cash conversion cycle will remain at 30 days.

## Valuation

In order to reflect all its business segments appropriately, we have valued Comp by using a Sum-of-the-Parts valuation. Our model accounts for the 1.14m shares, which have been bought back by Comp in the last years. With higher WACC (16.1% vs. 13.8% before) and net debt (PLN 191.8m vs. PLN 148.3m at the end of Q1/22), our updated valuation model results in a new 12-months PT of PLN 46.10 compared to PLN 70.20 before. Given an upside of 11.1% at present, we maintain our BUY rating for the stock.

Below are the key assumptions of our DCF valuations:

- (1) *Risk-free rate*: Current yield of Polish long-term government bonds with maturity in 2047E is 6.45% (Source: [www.boerse-stuttgart.de](http://www.boerse-stuttgart.de))
- (2) *Beta*: 4-year average unlevered beta for companies from the Software System & Application sector, which are based in Emerging Markets, is 1.38x (Source: [www.damodaran.com](http://www.damodaran.com))
- (3) *Target equity ratio*: 80%
- (4) *After-tax cost of debt*: 6.9%
- (5) *Levered beta*: 1.8x
- (6) *Equity costs*: 18.4%
- (7) *Equity risk premium (Poland)*: 7.19% (Source: [www.damodaran.com](http://www.damodaran.com))
- (8) *WACC*: 16.1%
- (9) *Sales growth in the terminal period*: 2%
- (10) Free cash flows are discounted to September 7, 2022

### Sum-of-the Parts

We have valued all of Comp's business segments separately: (1) IT segment – based on peer group multiples for 2021-23E of other listed Polish IT companies, which provide services in the area of IT security, and (2) Retail segment & M/Platform – with DCF models.

#### *IT segment*

Comp's main listed competitors in this area are Polish IT companies Wasko S.A., Asseco Poland S.A., Comarch S.A., Atende S.A. and Passus S.A. Below are the most important facts about them.

**Overview over listed Polish providers of IT security**

	Description	Market cap	Last FY sales
Wasko S.A.	Wasko develops and integrates solutions relating to IT, industry automation, Telco and Electronics. The company constructs broadband and transport networks and conducts IT projects in the area of aviation, healthcare and public administration.	PLN 145.9m	PLN 500.2m
Asseco Poland S.A.	Asseco Poland, which is the 6th largest software company in Europe, offers products for clients from the areas of banking, payments, insurance, healthcare, energy, telco, media, uniformed services and public administration. In 2021, 89.4% of its sales stemmed from abroad and 78% from own products.	PLN 5.9bn	PLN 14.5bn
Comarch S.A.	Comarch provides software, hardware, integration and training services for clients from various sectors and public administration. Foreign markets account for c. 44% and own software for c. 19% of the company's total sales.	PLN 1.3bn	PLN 1.6bn
Atende S.A.	Atende specializes in the integration of ICT e.g. in next-generation computer networks and data centers. It also offers leading solutions in the area of cybersecurity. An increasingly important part of its business is cloud computing and managed services.	PLN 94.7m	PLN 205.3m
Passus S.A.	Passus focuses on the design and implementation of highly specialized IT solutions in the area of network and application performance monitoring and improvement, as well as IT security in on-premise architecture, hybrid solutions or private and public clouds.	PLN 60.8m	PLN 62.6m

Source: CapitalIQ, company websites, East Value Research GmbH



## Trading multiples-based valuation of Comp's IT segment

Company	EV/Sales			EV/EBIT			P/BVPS	EBITDA margin	Net gearing
	2021	2022E	2023E	2021	2022E	2023E	Latest	Last FY	Latest
Wasko S.A. (PLN)	0.13x	n.a	n.a	3.19x	n.a	n.a	0.58x	7.06%	-32.22%
Asseco Poland S.A. (PLN)	0.40x	0.34x	0.32x	4.01x	3.68x	3.41x	0.94x	15.49%	-1.55%
Comarch S.A. (PLN)	0.61x	0.55x	0.51x	5.28x	5.35x	5.53x	1.05x	17.17%	-23.67%
Atende S.A. (PLN)	0.48x	n.a	n.a	665.30x	n.a	n.a	1.43x	4.84%	5.62%
Passus S.A. (PLN)	0.90x	0.77x	0.64x	6.49x	19.20x	8.01x	4.33x	19.28%	-33.71%
<b>Median</b>	<b>0.48x</b>	<b>0.55x</b>	<b>0.51x</b>	<b>5.28x</b>	<b>5.35x</b>	<b>5.53x</b>			
Implied EV Comp S.A. - IT segment (PLN)	174.03	191.10	178.79	115.14	86.66	113.64			
<b>Fair Enterprise Value - IT segment</b>	<b>143.23</b>								

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

The valuation of Comp's IT segment is based on 2021 results, our estimates for 2022E-23E and median consensus multiples of Wasko, Asseco Poland, Comarch, Atende and Passus. It results in a Fair Enterprise Value of PLN 143.2m.

### Retail segment

In the area of Retail, which reflects Comp's business with fiscal equipment (incl. Point-of-Sale systems), the company is most comparable to German Vectron Systems AG, Canadian Lightspeed Commerce Inc., Chinese Urovo Technology and Uniform Industrial from Taiwan.

Our DCF model is based on a WACC of 16.1%, yearly growth of depreciation and amortization of 1%, CAPEX = D&A and working capital investments of 2.2% of total sales per annum. Our approach results in a Fair Enterprise Value of Comp's Retail segment (excl. M/Platform) of PLN 91.1m.

in PLNm	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E
<b>Net sales</b>	<b>261.50</b>	<b>262.80</b>	<b>264.10</b>	<b>265.40</b>	<b>266.70</b>	<b>268.00</b>	<b>269.30</b>	<b>270.60</b>	<b>271.90</b>
(y-o-y change)	-43.7%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%
<b>Operating profit</b>	<b>13.60</b>	<b>32.59</b>	<b>32.48</b>	<b>32.38</b>	<b>32.27</b>	<b>32.16</b>	<b>32.05</b>	<b>32.07</b>	<b>31.13</b>
(operating margin)	5.2%	12.4%	12.3%	12.2%	12.1%	12.0%	11.9%	11.9%	11.5%
<b>NOPAT</b>	<b>11.01</b>	<b>26.40</b>	<b>26.31</b>	<b>26.23</b>	<b>26.14</b>	<b>26.05</b>	<b>25.96</b>	<b>25.97</b>	<b>25.22</b>
+ Depreciation & amortisation	16.15	16.31	16.47	16.64	16.80	16.97	17.14	17.31	17.48
= Net operating cash flow	27.16	42.70	42.78	42.86	42.94	43.02	43.10	43.28	42.70
- Total investments (Capex and WC)	-21.90	-22.09	-22.28	-22.47	-22.67	-22.87	-23.06	-23.26	-23.47
Capital expenditures	-16.15	-16.31	-16.47	-16.64	-16.80	-16.97	-17.14	-17.31	-17.48
Working capital	-5.75	-5.78	-5.81	-5.84	-5.87	-5.90	-5.92	-5.95	-5.98
= Free Cash Flow (FCF)	5.26	20.61	20.50	20.39	20.27	20.15	20.03	20.02	19.24
<b>PV of FCFs</b>	<b>5.02</b>	<b>16.94</b>	<b>14.51</b>	<b>12.43</b>	<b>10.64</b>	<b>9.11</b>	<b>7.80</b>	<b>6.72</b>	<b>5.56</b>
PV of FCFs in explicit period	88.73								
PV of FCFs in terminal period	2.41								
<b>Enterprise Value (EV)</b>	<b>91.14</b>								
<b>WACC</b>	<b>16.1%</b>								
Cost of equity	16.1%								
Pre-tax cost of debt	8.5%								
Normal tax rate	19.0%								
After-tax cost of debt	6.9%								
Share of equity	80.0%								
Share of debt	20.0%								

Source: East Value Research GmbH

## Overview over listed providers of POS systems

	Description	Market cap	Last FY sales
Urovo Technology Co. Ltd.	Urovo provides mobile computers, mobile printers & scanners and payment terminals among others for the retail sector.	CNY 4.4bn	CNY 1.4bn
Uniform Industrial Corp.	Uniform Industrial Corporation provides customized solutions for the payment industry e.g. magnetic stripes, smart chips, secure card readers, contactless readers and POS systems.	TWD 1.6bn	TWD 827.2m
Lightspeed Commerce Inc.	With a cloud-based platform and POS systems, Lightspeed Commerce helps restaurants and retailers sell across channels, manage operations, engage with consumers, accept payments, and grow their business. In Q1/20, the company acquired German Gastrofix (installed basis of 8,000 devices) for min. EUR 126m implying an EV/Sales multiple of 10.1x	CAD 3.5bn	CAD 718.2m
Vectron Systems AG	With c. 80,000 installed devices, Vectron is market leader in the DACH region in the area of proprietary cash registers for restaurants and bakeries. The company regards itself as innovation and technology leader and focuses on the medium and premium segment of the market. Vectron, which generates gross margins of >50%, sells its cash registers as a means for delivery of digital services relating to customer activity, loyalty programs or payments.	EUR 31.3m	EUR 38.2m

Source: CapitalIQ, company websites, East Value Research GmbH

## Trading multiples of listed providers of POS systems

Company	EV/Sales			EV/EBITDA			P/BVPS Latest	EBITDA margin Last FY	Net gearing Latest
	2021	2022E	2023E	2021	2022E	2023E			
Urovo Technology Co. Ltd. (CNY)	2.88x	n.a	n.a	22.62x	n.a	n.a	2.61x	12.71%	-18.70%
Uniform Industrial Corp. (TWD)	1.50x	n.a	n.a	62.50x	n.a	n.a	1.62x	2.40%	-34.89%
Lightspeed Commerce Inc. (CAD)	3.63x	2.65x	2.01x	n.a	239.69x	58.96x	1.04x	neg.	-25.63%
Vectron Systems AG (EUR)	0.69x	0.95x	0.84x	5.57x	n.a	10.95x	1.27x	12.34%	-20.26%
<b>Median</b>	<b>2.19x</b>	<b>1.80x</b>	<b>1.43x</b>	<b>22.62x</b>	<b>239.69x</b>	<b>34.96x</b>	<b>1.44x</b>	<b>12.34%</b>	<b>-22.95%</b>
Comp S.A. (PLN)*	0.48x	0.63x	0.61x	3.54x	7.27x	4.77x	0.39x	13.41%	37.48%
<b>Premium/discount</b>	<b>-78.3%</b>	<b>-64.8%</b>	<b>-57.1%</b>	<b>-84.3%</b>	<b>-97.0%</b>	<b>-86.4%</b>	<b>-73.1%</b>		

\* excl. 1.14m own shares

Source: CapitalIQ, East Value Research GmbH

Our analysis shows that Comp is currently trading at a 57.1%-97% discount versus international providers of POS systems.

### M/Platform

Like the Retail segment, we have valued the M/Platform with a DCF model, whereby we have used WACC = 16.1% and assumed Depreciation & Amortisation of c. 10% of yearly sales in the long run, CAPEX = D&A and yearly working capital investments = 0. This approach derives a Fair Enterprise Value of PLN 199m.

in PLNm	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E
<b>Net sales</b>	<b>16.50</b>	<b>33.00</b>	<b>75.00</b>	<b>105.00</b>	<b>135.00</b>	<b>165.00</b>	<b>195.00</b>	<b>225.00</b>	<b>255.00</b>
(y-o-y change)	37.5%	100.0%	127.3%	40.0%	28.6%	22.2%	18.2%	15.4%	13.3%
<b>Operating profit</b>	<b>-0.66</b>	<b>2.64</b>	<b>13.88</b>	<b>21.00</b>	<b>30.38</b>	<b>41.25</b>	<b>48.56</b>	<b>55.91</b>	<b>62.75</b>
(operating margin)	-4.0%	8.0%	18.5%	20.0%	22.5%	25.0%	24.9%	24.9%	24.6%
<b>NOPAT</b>	<b>-0.53</b>	<b>2.14</b>	<b>11.24</b>	<b>17.01</b>	<b>24.60</b>	<b>33.41</b>	<b>39.33</b>	<b>45.29</b>	<b>50.83</b>
+ Depreciation & amortisation	11.85	13.63	15.67	18.02	20.73	22.49	24.40	26.47	28.72
= Net operating cash flow	11.32	15.77	26.91	35.03	45.33	55.90	63.73	71.76	79.55
- Total investments (Capex and WC)	-11.85	-13.63	-15.67	-18.02	-20.73	-22.49	-24.40	-26.47	-28.72
Capital expenditures	-11.85	-13.63	-15.67	-18.02	-20.73	-22.49	-24.40	-26.47	-28.72
Working capital	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
= Free Cash Flow (FCF)	-0.53	2.14	11.24	17.01	24.60	33.41	39.33	45.29	50.83
<b>PV of FCFs</b>	<b>-0.51</b>	<b>1.76</b>	<b>7.95</b>	<b>10.37</b>	<b>12.92</b>	<b>15.11</b>	<b>15.32</b>	<b>15.19</b>	<b>14.69</b>
<b>PV of FCFs in explicit period</b> 92.79									
<b>PV of FCFs in terminal period</b> 106.21									
<b>Enterprise Value (EV)</b> <b>199.00</b>									
<b>WACC</b> <b>16.1%</b>									
Cost of equity	16.1%								
Pre-tax cost of debt	8.5%								
Normal tax rate	19.0%								
After-tax cost of debt	6.9%								
Share of equity	80.0%								
Share of debt	20.0%								

Source: East Value Research GmbH

### Price target calculation

<b>Sum-of-the-Parts</b>	
IT segment	143.23
Retail segment	91.14
M/Platform (CMP's economic interest = 74%)*	147.26
<b>Sum of Enterprise Values (PLNm)</b>	<b>381.63</b>
- Net debt (30/06/2022)	-191.77
<b>Implied Equity Value (PLNm)</b>	<b>189.86</b>
Number of shares less 1.14m own shares	4.78
<b>Implied Equity Value per share (PLN)</b>	<b>39.70</b>
<b>Implied Equity Value per share (in 12 months)</b>	<b>46.10</b>

\* own calculation based on discussions with representatives of CMP.  
In the project M/Platform, several of Comp's subsidiaries are involved.

Source: East Value Research GmbH

## Profit and loss statement

in PLNm	2019	2020	2021	2022E	2023E	2024E
<b>Revenues</b>	<b>730.55</b>	<b>720.61</b>	<b>820.92</b>	<b>616.22</b>	<b>637.27</b>	<b>683.85</b>
Cost of goods sold	-463.35	-479.13	-533.49	-397.46	-388.73	-408.94
<b>Gross profit</b>	<b>267.20</b>	<b>241.49</b>	<b>287.43</b>	<b>218.76</b>	<b>248.53</b>	<b>274.91</b>
Other operating income	7.71	17.60	12.32	8.50	8.67	8.84
Distribution costs	-96.35	-91.33	-100.71	-91.82	-94.95	-101.89
Administration costs	-72.49	-71.11	-75.49	-73.95	-76.47	-82.06
Other operating expenses	-13.35	-18.47	-13.45	-7.80	-3.90	-5.20
<b>EBITDA</b>	<b>92.72</b>	<b>78.18</b>	<b>110.09</b>	<b>53.69</b>	<b>81.88</b>	<b>94.59</b>
Depreciation & amortisation	-38.57	-42.70	-46.71	-47.41	-47.46	-47.50
<b>EBIT</b>	<b>54.15</b>	<b>35.48</b>	<b>63.38</b>	<b>6.28</b>	<b>34.43</b>	<b>47.09</b>
Net financial result	-15.14	-7.28	-14.17	-17.00	-16.20	-15.40
<b>EBT</b>	<b>39.01</b>	<b>28.21</b>	<b>49.21</b>	<b>-10.72</b>	<b>18.23</b>	<b>31.69</b>
Income taxes	-8.85	-10.28	-14.43	2.04	-3.46	-6.02
Minorities	0.45	1.95	1.00	-0.30	-0.20	-0.24
Result from discontinued operations (PayTel S.A.)	-12.03	-4.66	0.20	0.00	0.00	0.00
<b>Adj. Net income / loss (excl. discount. operat.)</b>	<b>30.61</b>	<b>19.88</b>	<b>35.78</b>	<b>-8.98</b>	<b>14.56</b>	<b>25.43</b>
<b>Net income / loss</b>	<b>18.59</b>	<b>15.22</b>	<b>35.98</b>	<b>-8.98</b>	<b>14.56</b>	<b>25.43</b>
EPS	3.89	3.18	7.52	-1.88	3.05	5.32
Adj. EPS	5.33	3.36	6.05	-1.88	3.05	5.32
DPS	0.00	3.00	3.00	5.00	5.00	5.00
<b>Share in total sales</b>						
Revenues	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %
Cost of goods sold	-63.43 %	-66.49 %	-64.99 %	-64.50 %	-61.00 %	-59.80 %
Gross profit	36.57 %	33.51 %	35.01 %	35.50 %	39.00 %	40.20 %
Other operating income	1.06 %	2.44 %	1.50 %	1.38 %	1.36 %	1.29 %
Distribution costs	-13.19 %	-12.67 %	-12.27 %	-14.90 %	-14.90 %	-14.90 %
Administration costs	-9.92 %	-9.87 %	-9.20 %	-12.00 %	-12.00 %	-12.00 %
Other operating expenses	-1.83 %	-2.56 %	-1.64 %	-1.27 %	-0.61 %	-0.76 %
EBITDA	12.69 %	10.85 %	13.41 %	8.71 %	12.85 %	13.83 %
Depreciation & amortisation	-5.28 %	-5.93 %	-5.69 %	-7.69 %	-7.45 %	-6.95 %
EBIT	7.41 %	4.92 %	7.72 %	1.02 %	5.40 %	6.89 %
Net financial result	-2.07 %	-1.01 %	-1.73 %	-2.76 %	-2.54 %	-2.25 %
EBT	5.34 %	3.91 %	5.99 %	-1.74 %	2.86 %	4.63 %
Income taxes	-1.21 %	-1.43 %	-1.76 %	0.33 %	-0.54 %	-0.88 %
Minorities	0.06 %	0.27 %	0.12 %	-0.05 %	-0.03 %	-0.04 %
Result from discontinued operations (PayTel S.A.)	-1.65 %	-0.65 %	0.02 %	0.00 %	0.00 %	0.00 %
Adj. Net income / loss (excl. discount. operat.)	4.19 %	2.76 %	4.36 %	-1.46 %	2.29 %	3.72 %
Net income / loss	2.54 %	2.11 %	4.38 %	-1.46 %	2.29 %	3.72 %

## Balance sheet

in PLNm	2019	2020	2021	2022E	2023E	2024E
<b>Assets</b>						
Cash and equivalents	53.09	46.64	37.22	34.08	21.24	9.78
Short-term financial assets	2.30	2.46	5.57	5.68	5.79	5.91
Inventories	82.75	97.25	91.11	67.88	66.39	69.84
Trade accounts and notes receivables	261.52	173.29	134.78	101.17	104.63	112.28
Other current assets	34.16	38.92	45.17	42.91	40.76	38.73
Short-term part of construction contracts	24.51	42.88	46.97	44.97	45.47	45.97
Assets-held-for-sale	1.41	1.19	2.42	0.00	0.00	0.00
<b>Current assets, total</b>	<b>459.74</b>	<b>402.63</b>	<b>363.22</b>	<b>296.68</b>	<b>284.28</b>	<b>282.49</b>
Property, plant and equipment	90.14	70.78	72.61	72.61	72.61	72.61
Other intangible assets	183.11	200.89	208.41	220.41	220.51	220.61
Goodwill	272.80	272.80	272.80	272.80	272.80	272.80
Long-term financial assets	2.37	20.87	11.34	11.57	11.80	12.03
Other long-term assets	15.36	12.27	10.35	10.55	10.76	10.98
Long-term part of construction contracts	13.75	14.87	9.32	9.52	9.72	9.92
Deferred tax assets	5.74	0.92	5.49	0.00	0.00	0.00
<b>Non-current assets, total</b>	<b>583.26</b>	<b>593.40</b>	<b>590.32</b>	<b>597.46</b>	<b>598.21</b>	<b>598.96</b>
<b>Total assets</b>	<b>1043.01</b>	<b>996.02</b>	<b>953.54</b>	<b>894.14</b>	<b>882.48</b>	<b>881.45</b>
<b>Liabilities</b>						
Trade payables	125.62	132.17	135.28	114.34	110.12	114.06
Other short-term liabilities	53.37	69.18	56.20	42.19	43.63	46.82
Short-term financial debt	215.99	174.62	119.53	114.53	109.53	104.53
Provisions	32.09	24.07	22.54	20.54	18.54	16.54
<b>Current liabilities, total</b>	<b>427.07</b>	<b>400.05</b>	<b>333.55</b>	<b>291.59</b>	<b>281.81</b>	<b>281.93</b>
Long-term financial debt	65.35	32.14	24.48	22.03	19.83	17.85
Other long-term liabilities	15.78	13.41	16.27	12.21	12.63	13.55
Provisions	1.84	2.04	2.10	2.00	1.90	1.80
Deferred tax liabilities	6.78	9.27	10.83	0.00	0.00	0.00
<b>Long-term liabilities, total</b>	<b>89.75</b>	<b>56.86</b>	<b>53.68</b>	<b>36.24</b>	<b>34.35</b>	<b>33.19</b>
<b>Total liabilities</b>	<b>516.82</b>	<b>456.90</b>	<b>387.22</b>	<b>327.82</b>	<b>316.16</b>	<b>315.13</b>
<b>Shareholders equity, total</b>	<b>496.55</b>	<b>511.80</b>	<b>534.55</b>	<b>534.25</b>	<b>534.05</b>	<b>533.81</b>
Minority interests	29.64	27.32	31.77	32.07	32.27	32.51
<b>Total equity and liabilities</b>	<b>1043.01</b>	<b>996.02</b>	<b>953.54</b>	<b>894.14</b>	<b>882.48</b>	<b>881.45</b>

## Cash Flow Statement

in PLNm	2019	2020	2021	2022E	2023E	2024E
Net income / loss	18.59	15.22	35.98	-8.98	14.56	25.43
Depreciation	38.57	42.70	46.71	47.41	47.46	47.50
Change of working capital	-86.92	49.09	25.35	24.14	-2.59	-1.94
Others	37.25	-1.65	11.35	7.44	2.10	2.10
<b>Net operating cash flow</b>	<b>7.48</b>	<b>105.35</b>	<b>119.38</b>	<b>70.01</b>	<b>61.53</b>	<b>73.09</b>
<b>Cash flow from investing</b>	<b>-23.08</b>	<b>-31.75</b>	<b>-33.70</b>	<b>-56.99</b>	<b>-47.56</b>	<b>-47.61</b>
Free cash flow	-15.59	73.61	85.68	13.01	13.97	25.49
<b>Cash flow from financing</b>	<b>14.89</b>	<b>-80.05</b>	<b>-95.11</b>	<b>-16.15</b>	<b>-26.80</b>	<b>-36.95</b>
Change of cash	-0.71	-6.44	-9.43	-3.14	-12.84	-11.47
Cash at the beginning of the period	53.79	53.09	46.64	37.22	34.08	21.24
Cash at the end of the period	53.09	46.64	37.22	34.08	21.24	9.78

## Financial ratios

Fiscal year	2019	2020	2021	2022E	2023E	2024E
<b>Profitability and balance sheet quality</b>						
Gross margin	36.57%	33.51%	35.01%	35.50%	39.00%	40.20%
EBITDA margin	12.69%	10.85%	13.41%	8.71%	12.85%	13.83%
EBIT margin	7.41%	4.92%	7.72%	1.02%	5.40%	6.89%
Net margin	2.54%	2.11%	4.38%	2.70%	2.29%	3.72%
Return on equity (ROE)	3.82%	3.02%	6.88%	-1.68%	2.73%	4.76%
Return on assets (ROA)	3.23%	2.26%	5.26%	0.90%	3.49%	4.63%
Return on capital employed (ROCE)	6.80%	3.78%	7.23%	0.84%	4.64%	6.36%
Economic Value Added (in PLNm)	-57.32	-73.43	-55.05	-91.95	-68.85	-58.40
Net debt (in PLNm)	225.96	157.66	101.22	96.80	102.32	106.69
Net gearing	45.51%	30.81%	18.94%	18.12%	19.16%	19.99%
Equity ratio	47.61%	51.38%	56.06%	59.75%	60.52%	60.56%
Current ratio	1.08	1.01	1.09	1.02	1.01	1.00
Quick ratio	0.74	0.56	0.53	0.48	0.47	0.45
Net interest cover	3.58	4.88	4.47	0.37	2.13	3.06
Net debt/EBITDA	2.44	2.02	0.92	1.80	1.25	1.13
Tangible BVPS	46.79	49.98	54.74	54.68	54.63	54.58
CAPEX/Sales	8.81%	5.67%	6.98%	9.25%	7.46%	6.96%
Working capital/Sales	27.30%	15.00%	9.69%	9.00%	9.11%	8.77%
Cash Conversion Cycle (in days)	97	61	30	17	19	20
<b>Trading multiples</b>						
EV/Sales	0.60	0.61	0.53	0.71	0.69	0.64
EV/EBITDA	4.72	5.59	3.97	8.15	5.34	4.62
EV/EBIT	8.08	12.33	6.90	69.62	12.70	9.29
P/Tangible BVPS	0.89	0.83	0.76	0.76	0.76	0.76
Adj. P/E	7.79	12.36	6.86	-22.09	13.63	7.80
P/FCF	-15.75	3.34	2.87	18.87	17.58	9.64

## Disclaimer

This document (prepared on 7 September 2022) does neither constitute an offer nor a request to buy or sell any securities. It only serves informational purposes. This document only contains a non-binding opinion on the mentioned securities and market conditions at the time of its publication. Due to the general character of its content this document does not replace investment advice. Moreover, in contrast to especially approved prospectuses, it does not provide information, which is necessary for taking investment decisions.

All information, which have been used in this document, and the statements that have been made, are based on sources, which we think are reliable. However, we do not guarantee their correctness or completeness. The expressions of opinion, which it contains, show the author's personal view at a given moment. These opinions can be changed at any time and without further notice.

A liability of the analyst or of the institution, which has mandated him, should be excluded from both direct and indirect damages.

This confidential study has only been made available to a limited number of recipients. A disclosure or distribution to third-parties is only allowed with East Value Research' approval. All valid capital market rules, which relate to the preparation, content as well as distribution of research in different countries, should be applied and respected by both the supplier and recipient.

Distribution in the United Kingdom: In the UK this document shall only be distributed to persons who are described in Section 11 (3) of the Financial Services Act 1986 (Investment Advertisements) (Exemptions) Order 1996 (as amended). This research may not be distributed and forwarded directly or indirectly to any other group of individuals. The distribution of this document in other international jurisdictions may be restricted by law and individuals who possess this study should inform themselves about any existing restrictions and comply with them.

Neither this document nor any copy of it may be taken or sent to the United States of America, Canada, Japan or Australia or distributed, directly or indirectly, in the United States of America, Canada, Japan or Australia or to any resident thereof. Any failure to comply with these restrictions may constitute a violation of United States, Canadian, Japanese or Australian securities laws or the law of any other jurisdiction.

Declaration according to § 34b WpHG and FinAnV on potential conflicts of interest (As of July 24, 2013): East Value Research has been commissioned to prepare this report by Comp S.A..

Declaration according to § 34b WpHG and FinAnV on additional disclosures (As of July 24, 2013):

It is the sole decision of East Value Research GmbH whether and when a potential update of this research will be made.

Relevant basis and measures of the valuations, which are included in this document:

The valuations, which are the basis for East Value Research` investment recommendations, are based on generally-accepted and widely-used methods of fundamental analysis such as the Discounted-Cash-Flow method, Peer Group comparison, or Sum-of-the-Parts models.

The meaning of investment ratings:

Buy: Based on our analysis, we expect the stock to appreciate and generate a total return of more than 10% over the next twelve months

Add: Based on our analysis, we expect the stock to appreciate and generate a total return between 0% and 10% over the next twelve months

Reduce: Based on our analysis, we expect the stock to cause a negative return between 0% and -10% over the next twelve months

Sell: Based on our analysis, we expect the stock to cause a negative return exceeding -10% over the next twelve months

The respective supervisory authority is:

Bundesanstalt für Finanzdienstleistungsaufsicht  
Lurgiallee 12  
60439 Frankfurt