

**TEAM  
NEGATIVE**

NES Investment  
Research  
2025

**Positive technologies  
\$POSI**



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# Recommendation

Positive technologies

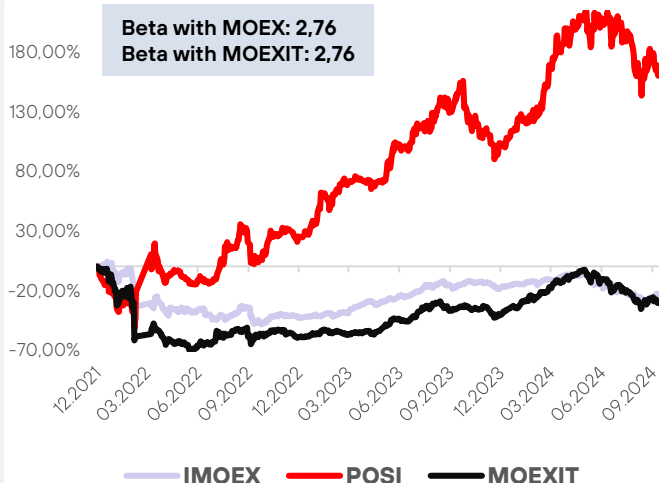
**HOLD**

Ticker	POSI
Name	Positive technologies
Share price, rub	2634
Num. of share, mln	66
Capitalization, bn rub.	173,83
Recommendation	Hold

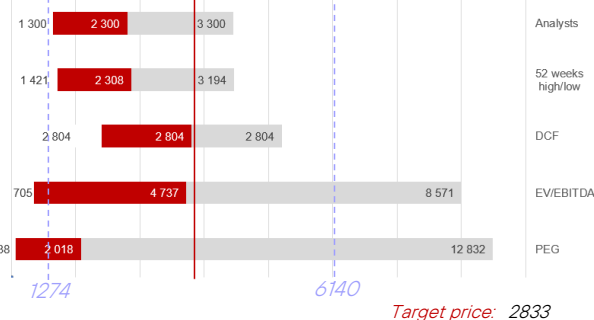
## Investment rationale

- The company demonstrates consistent YoY profit growth
- The return on current investments will only be realized in 2025-2026
- The decrease in revenue in 2024 is due to a temporary tightening of monetary policy
- The cybersecurity market is projected to grow at a 24% CAGR between 2022 and 2027
- The projected increase in cyberattacks in the near future will compel companies to more actively implement IT security programs

## Share Price Performance

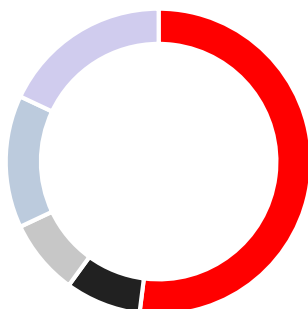


## Football field



## Shareholder Structure

- Yuri Maksimov
- Evgeny Kireev
- Dmitry Maksimov
- Top management
- Free float



## Summary financials, ₺

	2020	2021	2022	2023	2024F
<i>Balance sheet, mln</i>					
PP&E	368	554	1010	1768	2986
Inventories	85	157	182	121	218
Equity	2523	3503	8298	13200	1914
Net debt	5530	7076	2692	3992	7132
<i>Income statement, mln</i>					
Revenue	5530	7076	13775	22213	29440
Net profit	1513	1914	6088	9696	11198
EBITDA	2169	2723	6824	10826	19901
EBITDAC (adj ebitda)*		1535	521	8920	15949
NIC*		1207	4963	8740	15729
<i>Cashflow, mln</i>					
Free cash flow	220	811	2376	1899	5600
CFO (adj)**	1256	2073	4250	5460	10523
Capital expenditures	1036	1262	1875	3561	4923
<i>Ratio analysis</i>					
Net debt/EBITDA	0,4	0,6	0,04	0,3	0,4
ROE, %	60,4	54,6	73,4	73,5	77
Operating profit margin, %	30,25	29,41	44,29	44,22	29,21

# **Business Description**

01

# Positive technologies

Positive Technologies is one of the largest companies in the field of information security in Russia. It develops and delivers more than 20 high-tech products as well as a range of services for the domestic market. The company's clients include representatives of key sectors of the Russian economy. In addition, Positive Technologies is a market leader in key cybersecurity segments such as SIEM and Vulnerability Management.



## Drivers

The external growth drivers of the company include the withdrawal of international companies from the Russian market, the increase in the number of cyberattacks, as well as government policies in the field of information security and IT, specifically mandatory measures for import substitution for critical information infrastructure (CII) and tax benefits for IT companies. The internal growth driver is the company's strategy focused on investments in R&D, enabling the creation of products with maximum value for customers. Additionally, the beginning of international market expansion could have a long-term positive impact on the company's performance.

An important characteristic of the company's business model is its seasonality in terms of revenue generation, as most clients make payments towards the end of the year. Additionally, the company's sales are typically referred to as shipments.

x9

times - business growth  
Positive Technologies  
over 5 years

>35%

NIC margins,  
which provides  
high dividends

x2-2,5

two times ahead of  
market

## Products

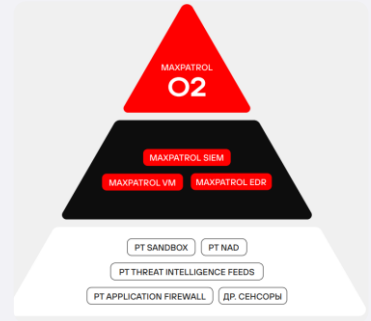
### MaxPatrol

The most important product line of Positive Technologies is the MaxPatrol family of products. These products perform cyber threat risk management functions for a company's IT infrastructure. The core of the product line is MaxPatrol SIEM, which detects cybersecurity incidents in real time. The product accounted for 32% of revenue in the first nine months of 2024. Additionally, the company provides a complete vulnerability management cycle tailored to the IT specifics of each company (MaxPatrol VM) and tests the security level of information systems (MaxPatrol 8). In 2024, the company released MaxPatrol O2 and MaxPatrol EDR, which may indicate the profitability and market demand for these products.

Also, due to its ease of use and the application of artificial intelligence in the process of vulnerability detection, the product has no direct competitors in the Russian market. Similar products include Rapid7 InsightIDR, RedCheck Enterprise, and Trellix Endpoint Detection; however, all of them are less technologically advanced

# Network Protection

Due to the increase in network traffic and, consequently, the growing number of hacker attacks, the company actively offers network protection solutions. To detect complex network attacks, the PT Network Attack Discovery product has been developed. For traffic control, Positive Technologies offers firewalls such as PT NGFW and PT Application Firewall PRO, with the market for these solutions estimated at 120–150 billion rubles in 2023. Major companies, such as "Magnit," utilize products from this line.



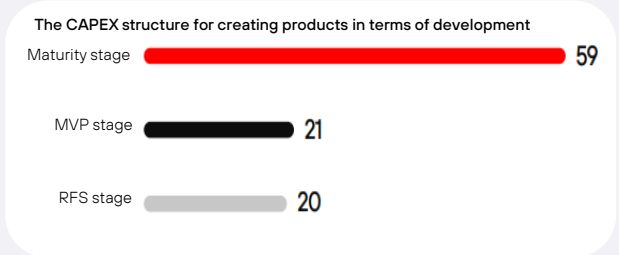
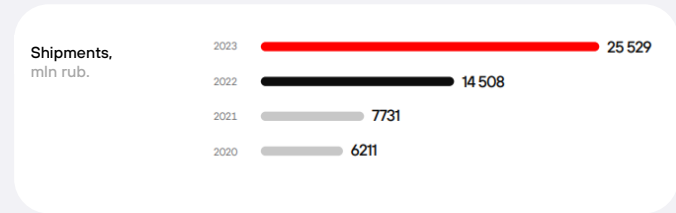
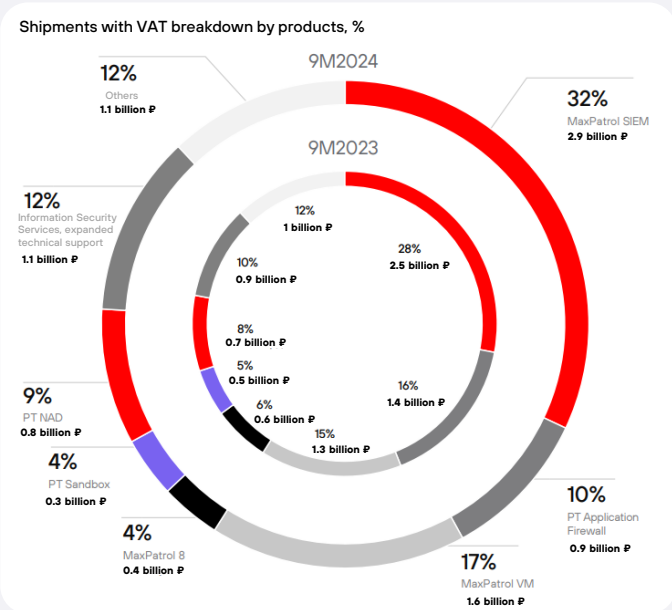
# Targeted Products

In addition, the company provides targeted products tailored both to specific economic sectors, such as the PT Industrial Security Incident Manager—a system for deep traffic analysis in industrial IT infrastructures—and more general off-the-shelf solutions. These include multi-layered malware protection systems (PT MultiScanner), vulnerability and environment error detection systems (PT BlackBox), and sandbox solutions (PT Sandbox).

# Services & Compliance

In addition to delivering products, Positive Technologies offers services in the field of information security and technical support, which account for 12% of its revenue, or 1.1 billion RUB, for the first nine months of 2024. The company also provides services and solutions to critical information infrastructure (CII) facilities, enabling clients to comply with Decree No. 250 on the protection of critical information infrastructure objects.

# In numbers



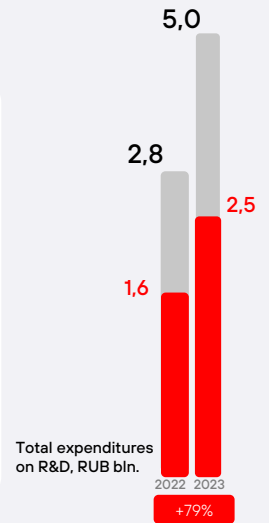
# Clients

Positive Technologies has over 3,000 clients across more than 10 industries. The company provides services to both small enterprises with annual revenues ranging from 1 to 10 million rubles and large businesses with revenues exceeding 500 million rubles. For example, in the first nine months of 2023, the number of clients among the largest companies included in the RAEX-600 ranking increased from 119 at the end of 2022 to 133, or from 20% to 22%. The number of partners grew by 20%, from 402 to 481. This diversification allows the company to mitigate the risk of dependency on a small number of key partners.

Additionally, the company has entered into significant agreements with partners from Egypt, India, Saudi Arabia, and the UAE. In 2022, Positive Technologies became the first Russian company to join the Association of Anti-Virus Asia Researchers (AVAR), demonstrating its commitment to enhancing its international reputation and seeking clients in global markets.

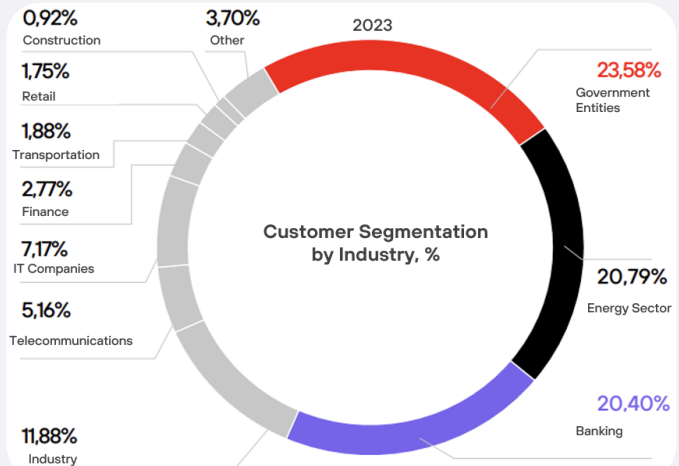
# Research and Development

A key component of Positive Technologies' business model is its investment in RD, which enables the creation of unique, high-tech products. The company operates three research centers located in Moscow, Nizhny Novgorod, and St. Petersburg, ensuring a geographically distributed allocation of research resources. The company's security research center is one of the largest in the world, identifying over 20 zero-day vulnerabilities annually. Positive Technologies' experts have helped eliminate critical vulnerabilities in the products of major global companies such as Apple, Cisco, Dell, Google, IBM, Microsoft, Mitsubishi, Oracle, PayPal, and others. The Positive Technologies Expert Security Center (PT ESC) and the RD team continuously monitor and research emerging threats, regularly publishing the results of their studies. This ongoing work strengthens the company's expertise and positions it as a leader in cybersecurity innovation.



# Investment relations strategy

The company is also one of the most proactive in the market in building its brand among private investors. \$POSI organizes conferences and conducts webinars, thereby increasing the company's transparency. In the [IR rating](#) of the independent investor community Smart-Lab.ru, the company ranks first. Additionally, the company is present on [Pulse](#), [Profit](#), [Telegram](#) and [YouTube](#).

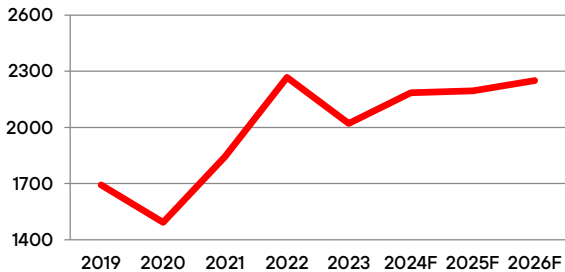


**Macro&Industry  
overview**

02

# Macroeconomy overview

Russian current GDP, million U.S. dollars



## GDP Rate

Russia's GDP trajectory shows a volatile recovery from a pandemic-induced slump, with a notable rebound followed by a recent decline, and forecasts suggesting only moderate, slower-paced growth in the coming years. Beyond conventional drivers like industry and services, Russia's GDP performance is significantly influenced by government-led sectors, notably state administration, military security, and social security in 2023-2024.

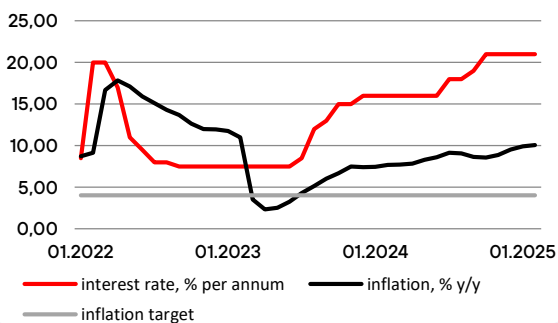
USD to RUB



## Currency Rate

The USD/RUB exchange rate has exhibited increased volatility since 2020, marked by significant depreciation of the Ruble. While there have been periods of relative stability and even Ruble strengthening, particularly in 2022, the overall trend indicates a weakening Ruble against the Dollar. A Ruble strengthening trend has been observed over the last four months in 2024-2025.

Inflation and interest rate, %



## Interest and Inflation Rate

In 2023-2025 is considered to be a period of aggressive interest rate increases in response to surging inflation, which suggests a tightening monetary policy meant to control price pressures. Even with increasing interest rates, inflation continues to outpace expectations, soaring to 2.5 times the central bank's 4% target by 2025.



## Overall Health and Growth Potential

The Russian economy presents a mixed picture. While growth is expected to be slow and uneven, and inflation remains stubbornly high. The fluctuating Ruble adds further complexity. These factors will influence Positive Technologies (PT) in varying degrees, requiring a strategic and adaptable approach. The overall macroeconomic environment is cautiously neutral, leaning towards negative due to inflationary pressures and economic uncertainty. The global market for computer chips is growing, creating opportunities for Positive Technologies. As chip production costs decline, PT could see lower expenses for its hardware-based security solutions. Because their products often utilize Intel chips, this cost reduction is significant.

# It-industry overview

The Russian IT market demonstrates steady growth, driven by import substitution policies, government incentives, and adoption of new technologies. While explosive growth has moderated, the market maintains a positive trajectory. The 2025 outlook is promising. However, investors must acknowledge cybersecurity risks and adapt to evolving regulatory landscapes.

## 1 IT Contribution to GDP

The IT sector contributed 2.4% to Russia's GDP in 2024, a 0.3% increase year-over-year, signaling increasing economic importance.

## 2 Import Substitution

Import substitution policies are driving growth for domestic IT companies. A 22.4% increase in products listed in the Unified Register of Russian Software demonstrates policy effectiveness. A ban on foreign software in government bodies and critical infrastructure (CII) takes effect in January 2025, creating significant demand for Russian solutions.

## 3 Government Support

The government provides substantial incentives for IT companies, including a reduced corporate income tax rate of 5% until 2030, the elimination of the taxable wage base for social contributions, and a 0% VAT rate on the transfer of exclusive rights to software.

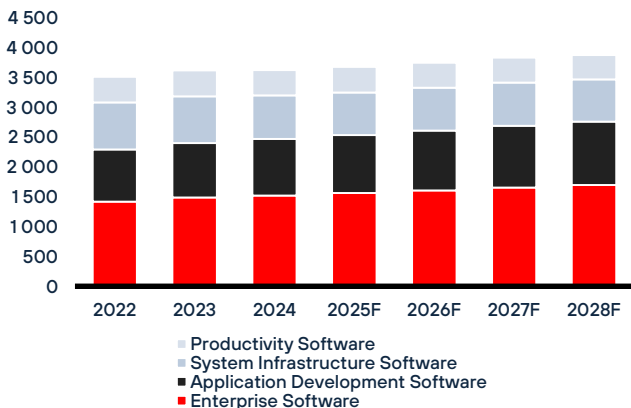
## 4 Technology Adoption

Active adoption of the Internet of Things (IoT) and Artificial Intelligence (AI) generates new investment opportunities.



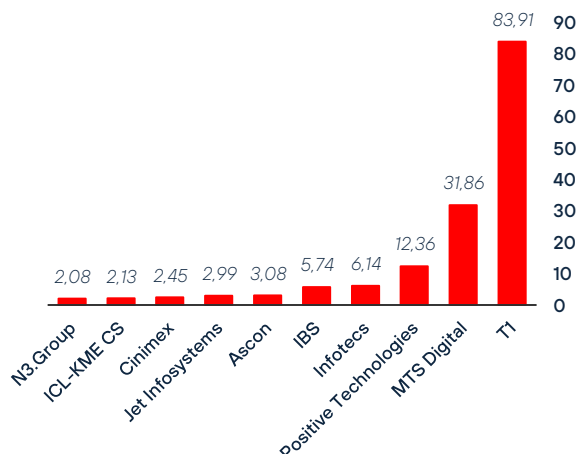
The Russian IT market presents attractive investment opportunities, particularly given active import substitution policies and government support. By targeting key trends and carefully analyzing risks, investors can realize substantial returns from investments in domestic IT companies. In 2025, focus should be placed on companies developing AI, cybersecurity, and hardware localization solutions.

Forecast of the software market revenue in Russia from 2018 to 2029, by segment (in million U.S. dollars)



Source: Strategy partners, Interfax

Highest-earning software developing companies in Russia 2022, by revenue (in billion Russian rubles)



# Cybersecurity

The Russian cybersecurity market is experiencing dynamic growth fueled by a confluence of factors, primarily the increasing frequency and sophistication of cyberattacks, government mandates, and the withdrawal of Western vendors. While these factors present significant opportunities for domestic players, the market is also influenced by macroeconomic pressures and regulatory complexities.

**20-25%**

*Projected CAGR of Russian cybersecurity market*

## **Financial & Non-Financial Government Support**

Subsidies tax breaks and other forms of financial incentives as well as regulatory support are aimed to bolster the growth and stability of Russian cybersecurity firms

## **Elevated Cyber Threat Landscape**

The escalating number of cyberattacks targeting Russian organizations across various sectors creates a persistent and urgent need for robust cybersecurity solutions.

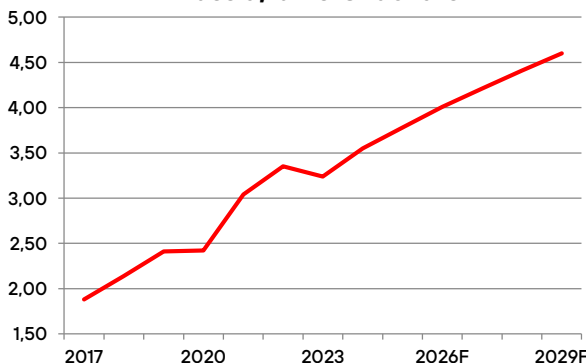
## **Government Regulations and Mandates**

The Russian government is actively promoting the development and adoption of domestic cybersecurity solutions through stringent regulations including mandatory use of domestic software on Critical Information Infrastructure(CII) and increased accountability for executives responsible for cybersecurity.

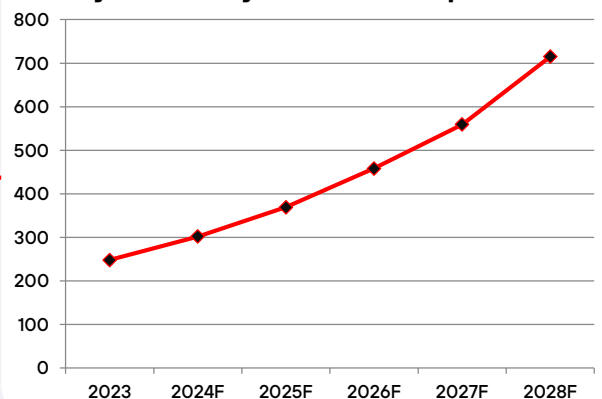
## **Geopolitical Factors and Sanctions**

Western sanctions and restrictions have significantly impacted the availability of foreign cybersecurity products creating a void that domestic vendors are rapidly filling the market share of foreign products is expected to decline from 11% in 2023 to approximately 42% by 2028.

**Revenue in the cybersecurity market Russia, bn U.S. dollars**



**Forecast of the Russian cybersecurity market development**



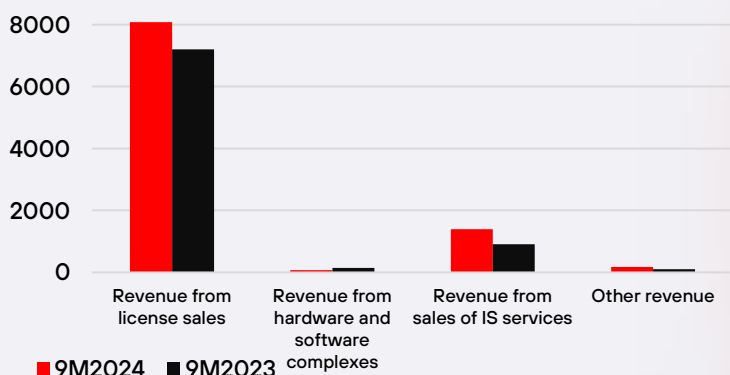
# **Valuation and financial analyses**

# 03

# Financial analyses

## Revenue and costs

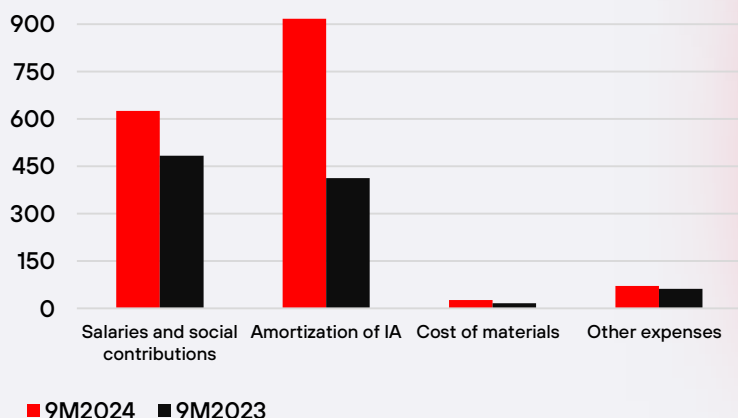
### Revenue structure, mln RUB



For the 9 months of 2024, revenue increased by 16% year-on-year, reaching 9.7 billion RUB.

In terms of quarterly dynamics, quarter-on-quarter growth in 2024 accelerated to 43%, compared to 16% during the same period in 2023. Revenue for Q3 2024 grew by 21% year-on-year to 4.4 billion RUB.

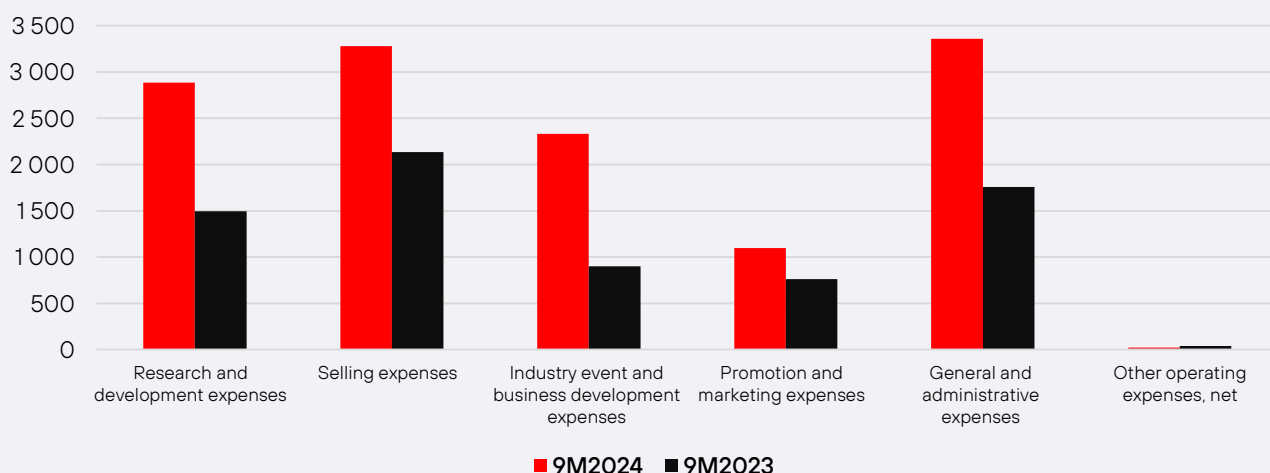
### COGS, mln RUB



For the 9 months of 2024, the cost of sales increased by 68% year-on-year, reaching 1.6 billion RUB. In terms of quarterly dynamics, quarter-on-quarter growth in 2024 accelerated to 15%, compared to 12% during the same period in 2023. The cost of sales for Q3 2024 grew by 72% year-on-year to 0.6 billion RUB.

For the 9 months of 2024, operating expenses increased by 83% year-on-year, approaching 13 billion RUB. In terms of quarterly dynamics, the quarter-on-quarter decline in 2024 accelerated to -23%, compared to -7% during the same period in 2023. Operating expenses for Q3 2024 grew by 65% year-on-year to 4.3 billion RUB.

### Structure of operating expenses, mln RUB



## Industry-Specific Metrics

When evaluating software development companies, traditional financial metrics require adjustments to more accurately reflect the economic reality of the business. The key industry-specific metrics are EV/EBITDAC and P/NIC, calculated using the following formulas:

$$\text{EBITDAC} = \text{EBITDA} - \text{Capitalized RD Expenses}$$

$$\text{NIC} = \text{Net Profit} - \text{Capitalized RD Expenses} + \text{Amortization of Capitalized RD Expenses}$$

The need for these metrics arises from the specifics of accounting for software development costs. According to IFRS standards, development expenses are capitalized as intangible assets rather than being reflected as operating expenses. This significantly impacts financial results: for instance, in the first 9 months of 2024, if capitalized expenses were considered, the net loss would have been 4.4 billion RUB instead of the reported 837 million RUB.

The company «Positive Technologies» uses its own methodology to calculate EBITDAC as follows

$$\text{EBITDAC} = \text{EBITDA} - \text{Capitalized RD Expenses} + (\text{Shipments} - \text{Revenue})$$

# BUT

To ensure comparability, it is recommended to use the standard formula

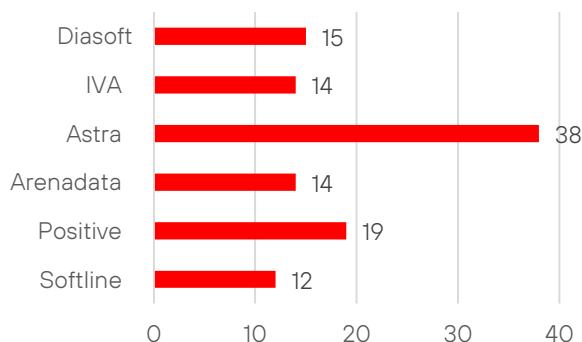
$$\text{EBITDAC} = \text{EBITDA} - \text{Capitalized RD Expenses}$$

It is important to note that the software development business is characterized by pronounced seasonality. The majority of profits are concentrated in the fourth quarter, while expenses are distributed more evenly throughout the year and often exceed profits and EBITDA during the first three quarters. Therefore, it is recommended to use annual figures instead of LTM (Last Twelve Months) metrics, as the latter may not accurately reflect the true economic situation

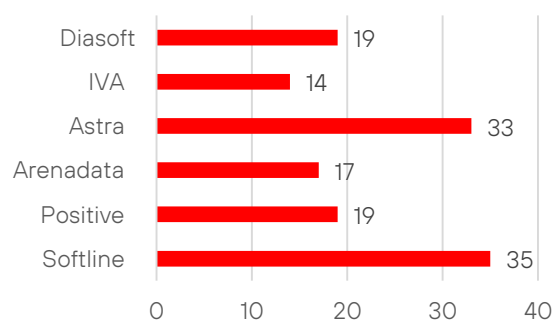
When conducting comparative analysis, it is essential to consider methodological differences in how metrics are calculated across companies in the sector. For example, «Positive Technologies» uses VAT-excluded shipments in its calculations, which is uncommon for other companies in the sector. Among all companies, only «Astra Group» reports shipment figures in its disclosures. Additionally, data availability must be taken into account—for instance, IVA Technologies was excluded from the LTM metrics calculation due to the absence of a Q3 2024 report.

[Check Appendix F](#)

### EV/EBITDAC 2023



### P/NIC 2023



## Debt

For the first nine months of 2024, the total debt increased more than threefold from 5 billion rubles to 17 billion rubles, with the majority of the growth occurring in the third quarter of 2024, rising from 8 billion rubles at the end of the second quarter of 2024. Meanwhile, cash and cash equivalents increased from 1.7 billion rubles to 2.6 billion rubles over the nine months, with a slight change of 140 million rubles in the third quarter. Notably, the dynamics of debt in 2023 were quite different. As of the end of 2022, the total debt was 4.8 billion rubles, while cash and cash equivalents amounted to 4.1 billion rubles. By the end of the third quarter of 2023, these figures were 4.3 billion rubles and 1.4 billion rubles, respectively, showing little change throughout the third quarter.

The company did not prepare sufficient cash reserves in 2023 and is financing its operations and dividend payments through increasing debt, which, combined with a record-high key interest rate, could have a significant negative impact. For example, interest expenses in the third quarter amounted to 400 million rubles, increasing 8.5 times compared to 48 million rubles in the second quarter.

All of this led to a deterioration in the balance of financial income/expenses from -1 million rubles in Q3 2023 to -435 million rubles in Q3 2024. Moreover, it is likely that the increase in debt was not aimed at business development—6.5 billion rubles were needed for dividend payments for 2023 and the first quarter of 2024, and an additional 3.3 billion rubles were used for share buybacks. Notably, this buyback occurred near historical highs for the stock price, and the issuer did not comment on the reasons for this action; it is possible that it was not intended for share cancellation but rather for compensation purposes. The transactions took place in July when the stock price was around 3000 rubles; if the company bought back shares from the market at this price, it could have repurchased about 1.1 million shares. Shortly before the buyback, on July 11, the shareholders' meeting of Positive approved an additional issuance of 5.2 million shares.

As a result of paying out 6.5 billion rubles in dividends and conducting a buyback of 3.3 billion rubles financed by debt, the company's equity became negative at -1.9 billion rubles. In terms of shares, this translates to -27 rubles per share of equity. Out of 334 rubles per share in company assets, debt amounts to 254 rubles.

# Valuation

## Assumptions for Forecast

The macroeconomic environment shapes the company's fundamental development conditions, with moderate GDP growth from 1.6% in 2025 gradually increasing to 2% by 2029. Inflationary pressure shows a downward trend from the current 8.2% to the target 4%, creating more predictable conditions for long-term planning. The RUB exchange rate dynamics show a gradual weakening from 84.70 to 106 RUB per USD significantly affecting imported equipment costs and creating additional advantages for Russian solutions in the domestic market. The cybersecurity market demonstrates impressive growth dynamics, increasing from RUB 252 bn in 2023 to 781.2 bn by 2029. This growth is supported by a significant increase in cyberattacks, which rose from 1,264 to 3,627, creating sustained demand for information security solutions. The market structure remains relatively stable, with software maintaining a dominant position at 74%, while the remaining 26% is distributed between services and equipment. The main growth drivers are economic digitalization, increasing complexity of cyberattacks, regulatory requirements, and the need for import substitution in critical infrastructure. Therefore, the assumption to forecast of revenue was a growth rate of the Cybersecurity market size in Russia.

[Check Appendix A](#)

## Company Performance and Market Share

The company's market position is characterized by a significant 14.1% share, reflected in revenue dynamics showing growth from RUB 22.2 bn to 54.9 bn by 2029. The company's revenue structure fully corresponds to market trends, where software license sales make the main contribution. The company's debt burden is closely tied to market financing conditions. The weighted average interest rate on the debt portfolio is 14.87%, corresponding to current debt market conditions. An important indicator of financial stability is the Net Debt/EBITDA ratio dynamics, which shows significant improvement from 3.14x to 1.38x, reflecting the company's consistent work on capital structure optimization.

[Check Appendix B-C](#)

## Valuation and Target Price

Based on the market data analysis, the company's valuation metrics show significant variations across different methodologies. The company's valuation through DCF model and comparative analysis considers both internal growth factors and market conditions. The significant difference between the current market price of RUB 2,634.40 and the calculated fair value of RUB 2,803.80 through the DCF model reflects market expectations regarding the cybersecurity sector's growth prospects and potential risk assessment in the current market price.

The company's cost of capital, expressed through WACC in RUB at 21.1%, includes market risk premiums and industry beta coefficients, directly linking the company's valuation to the overall risk perception in the information technology and cybersecurity sector. The terminal growth rate of 2% incorporated in the model corresponds to long-term macroeconomic forecasts and reflects a conservative approach to assessing the company's long-term potential. The peer group analysis includes Diasoft, GK ASTRA, Palo Alto Networks, and Fortinet. P/E multiples range from 11.20x (Diasoft) to 62.08x (GK ASTRA), while EV/EBITDA ranges from 3.79x (GK ASTRA) to 80.89x (Palo Alto Networks). PEG ratios demonstrate significant variation, from 0.05x (Diasoft) to 4.78x (GK ASTRA).

Enterprise Value calculations across different approaches show significant range, with PEG approach ranging from RUB 138 to 12.8, EV/EBITDA approach from RUB 25.5bn to 544.7bn, P/E based valuation from RUB 25.5bn to 210.5bn, and DCF methodology from RUB 61.9bn to 74.0bn.

The corresponding Equity Value ranges demonstrate similar variations. PEG values range from RUB 9.1bn to 846.9bn, EV/EBITDA from RUB 46.5bn to 565.7bn, P/E approach from RUB 46.5bn to 231.5bn, and DCF from RUB 82.9bn to 95.0bn.

[Check Appendix C-E](#)

The share price analysis indicates a broad range across different methodologies. PEG-based valuations range from RUB 138 to 12,832, while EV/EBITDA-based calculations show a range from RUB 705 to 8,571. The DCF model suggests a stable value at RUB 2,804. The 52-week trading range spans from RUB 1,421 to 3,194, while analyst targets range from RUB 1,300 to 3,300, with a median of RUB 2,300. The median target price range of RUB 1'274 - 6'140 suggests a modest upside potential from the current price of RUB 2,634.4, reflecting a relatively fair market valuation of the company's current worth.

## Sensitivity Analysis

The company's valuation sensitivity analysis demonstrates the relationship between key valuation parameters and their impact on both share price and enterprise value (EV). The analysis considers variations in two critical factors: the Weighted Average Cost of Capital (WACC) ranging from 18.7% to 20.7%, and the Terminal Growth Rate (TGR) from 0.0% to 4.0%. The base share price of RUB 2,803.80 shows remarkable stability across different combinations of WACC and TGR, thus this stability suggests that the share price maintains its value of RUB 2,803.80 consistently across all tested scenarios, indicating strong resilience to changes in these key valuation parameters.

The Enterprise Value demonstrates more pronounced sensitivity to changes in both WACC and TGR. At a 0% TGR, EV decreases from RUB 60.2 bn at 20.1% WACC to 58.6 bn at 20.6% WACC. The impact becomes more pronounced at higher TGR levels, where at 4% TGR, the EV ranges from RUB 61.2 bn (22.1% WACC) to 69.4 bn (20.1% WACC) – the highest EV. The analysis reveals that while the share price remains stable, the Enterprise Value shows significant sensitivity to both WACC and TGR changes, with variations of up to 30% between extreme scenarios.

### Sensitivity analysis of stocks

		WACC				
		20,1%	20,6%	21,1%	21,6%	22,1%
TGR	2803,80					
	0,0%	2 803,80	2 803,80	2 803,80	2 803,80	2 803,80
	1,0%	2 803,80	2 803,80	2 803,80	2 803,80	2 803,80
	2,0%	2 803,80	2 803,80	2 803,80	2 803,80	2 803,80
	3,0%	2 803,80	2 803,80	2 803,80	2 803,80	2 803,80
	4,0%	2 803,80	2 803,80	2 803,80	2 803,80	2 803,80

### Sensitivity analysis of EV

		WACC				
		20,1%	20,6%	21,1%	21,6%	22,1%
TGR	60634524,70					
	0,0%	60 207 884	58 597 014	57 065 428	55 607 562	54 218 358
	1,0%	62 136 354	60 404 230	58 761 216	57 200 767	55 716 958
	2,0%	64 277 853	62 405 715	60 634 525	58 956 500	57 364 634
	3,0%	66 669 742	64 634 574	62 714 769	60 900 969	59 184 795
	4,0%	69 358 665	67 131 885	65 038 243	63 066 335	61 206 019

**Risks**

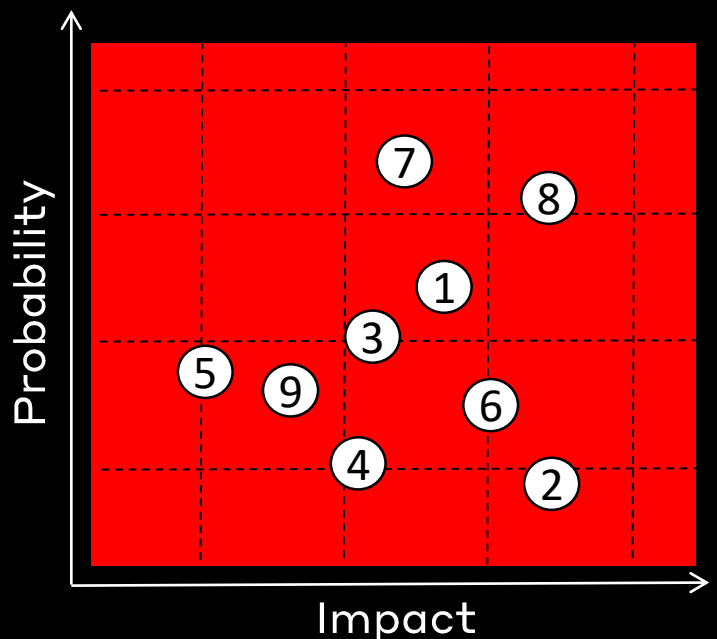
04

# Risks

- 1 Economic and Social Instability**  
Economic and social instability caused by geopolitical tensions and high key interest rates. The negative impact of these factors on the financial condition of clients may lead to a decrease in the Company's revenues. Disruptions in supply chains due to sanctions and other economic restrictions imposed on Russia can adversely affect business performance indicators.
- 2 Sanction Risks**  
The introduction of new sanctions may negatively impact the company's development in new regions of presence.
- 3 Labor Market Issues**  
A shortage of qualified personnel, the outflow of IT specialists, and increased labor costs may significantly slow down the company's development and negatively affect performance indicators.
- 4 Credit Risk**  
Risks associated with changes in interest rates on loans and borrowings, increased debt burden, and debt payments negatively impact the company's future performance.
- 5 Currency Risk**  
The risk of deteriorating financial results due to unfavorable currency exchange rate changes.
- 6 Return of Foreign Competitors**  
The return of international IT companies. Delays in transition related to the expectation of foreign companies returning
- 7 Decrease in Demand for the Company's Products and Services**  
A decrease in demand for the Company's products and services due to budget cuts by clients as a result of tight monetary policy in Russia may delay the implementation timelines of the Company's products and negatively impact economic performance.
- 8 Regulatory Risks**  
The end of benefits for IT companies will negatively affect the company's results. For example, starting in 2025, one of the benefits—a moratorium on outbound inspections—will come to an end for IT companies. Such inspections may reveal abuses of tax benefits and result in fines. For instance, additional services could have been embedded into the sales receipt structure to avoid VAT.
- 9 Decrease in Trust from Minority Shareholders**  
The risk of decreased trust from minority shareholders due to opaque FPO (Follow-on Public Offering) may adversely affect the company's long-term relationships with investors.

## Scenarios

Pessimistic	Baseline	Optimistic
1 2 3	1 3	7 8
4 5 6	6 7	
7 8 9	8 9	



# **Investment summary**

05

# Investment summary

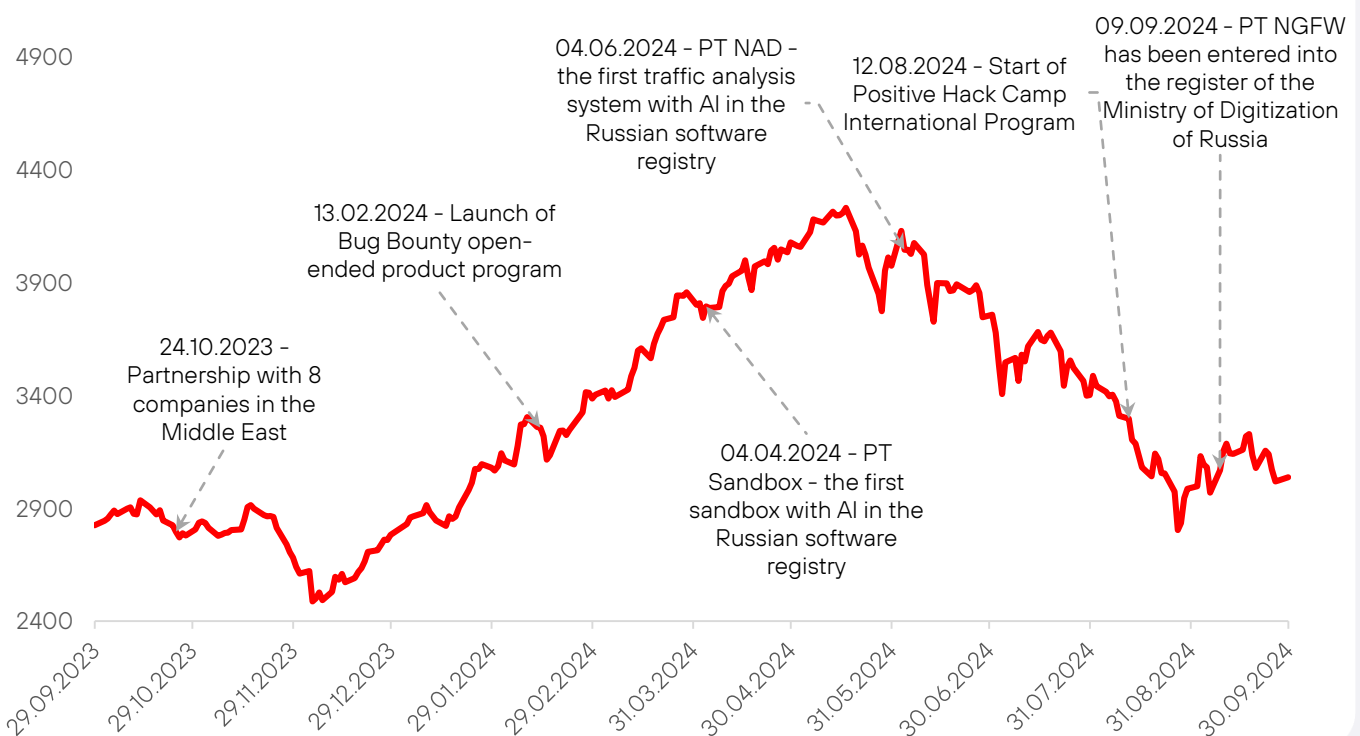
Russia's uneven GDP growth, coupled with elevated inflation and Ruble volatility, creates exaggerated grounds on which companies are struggling to stand

The expanding Russian IT market, spurred by import substitution initiatives and government incentives, creates a favorable investment environment for domestic players like Positive Technologies.

A surge in cyberattacks, stringent regulatory compliance requirements, and the exit of Western competitors are driving increased demand for domestic cybersecurity solutions.

Initial analysis shows a strengthening position for Positive Technologies within the domestic market. Anticipated revenue growth, fueled by heightened demand for cybersecurity solutions, suggests potential for increased profitability and shareholder value.

On the other hand, in short-run company faces some problems due to tight monetary policy. Record-high interest rate affects not only the company itself in the form of a growing debt load, but also in the form of problems with partners who put off implementing enterprise IT security solutions for the future. Together with the high costs of developing new solutions, all this can put pressure on the company's performance indicators.



# Appendix A

## Revenue

Revenue	units	LTM	2025F	2026F	2027F	2028F	2029F
<b>TOTAL</b>							
Average growth							133%
<b>Total Revenue</b>	<b>RUB th</b>	<b>23'565'744</b>	<b>28'151'892</b>	<b>33'302'489</b>	<b>39'440'871</b>	<b>46'540'228</b>	<b>54'917'469</b>
% Chng, YoY	%	6%	19%	18%	18%	18%	18%
Revenue from sales of licenses	RUB th	21'026'356	25'118'312	29'713'892	35'190'817	41'525'165	48'999'694
Revenue from sales of software and hardware systems	RUB th	117'441	140'296	165'965	196'555	231'935	273'684
Revenue from sales of information security services	RUB th	2'216'568	2'647'936	3'132'395	3'709'765	4'377'523	5'165'477
Other revenue	RUB th	205'379	245'348	290'236	343'733	405'605	478'614
<b>Revenue</b>							
<b>Cybersecurity market size in Russia</b>	<b>% Chng, YoY</b>	<b>72.8%</b>	<b>19.5%</b>	<b>18.3%</b>	<b>18.4%</b>	<b>18.0%</b>	<b>18.0%</b>
<b>Revenue from sales of licenses</b>	<b>RUB th</b>	<b>21'026'356</b>	<b>25'118'312</b>	<b>29'713'892</b>	<b>35'190'817</b>	<b>41'525'165</b>	<b>48'999'694</b>
% Chng, YoY	%	70%	19%	18%	18%	18%	18%
Services as % from business	%	89.2%	70.0%	75%	80%	85%	90%
<b>Revenue from sales of software and hardware systems</b>	<b>RUB th</b>	<b>117'441</b>	<b>140'296</b>	<b>165'965</b>	<b>196'555</b>	<b>231'935</b>	<b>273'684</b>
% Chng, YoY	%	-38%	19%	18%	18%	18%	18%
Services as % from business	%	0.5%	70.0%	75%	80%	85%	90%
<b>Revenue from sales of information security services</b>	<b>RUB th</b>	<b>2'216'568</b>	<b>2'647'936</b>	<b>3'132'395</b>	<b>3'709'765</b>	<b>4'377'523</b>	<b>5'165'477</b>
% Chng, YoY	%	92%	19%	18%	18%	18%	18%
Services as % from business	%	9.4%	70.0%	75%	80%	85%	90%
<b>Other revenue</b>	<b>RUB th</b>	<b>205'379</b>	<b>245'348</b>	<b>290'236</b>	<b>343'733</b>	<b>405'605</b>	<b>478'614</b>
% Chng, YoY	%	198%	19%	18%	18%	18%	18%
Services as % from business	%	0.9%	70.0%	75%	80%	85%	90%

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# Appendix B

## CapEx & D&A

	units	2023A	9m2024A	LTM	2025F	2026F	2027F	2028F	2029F
<b>CapEx</b>									
Total Revenue	RUB th	22'212'552	9'716'086	23'565'744	28'151'892	33'302'489	39'440'871	46'540'228	54'917'469
% Chng, YoY	%	61%	-56%	6%	19%	18%	18%	18%	18%
Total CapEx	RUB th	(614'449)	(1'224'506)	(1'425'682)	(1'595'863)	(1'887'838)	(2'235'809)	(2'638'254)	(3'113'140)
as % of revenue	%	51%	99%	16%	6%	6%	6%	6%	6%
<b>D&amp;A</b>					2025F	2026F	2027F	2028F	2029F
<b>PP&amp;E &amp; Intangible Assets</b>									
Beginning balance	RUB th				13'118'451	11'035'736	9'298'547	7'943'311	7'003'741
Capex (D&A)	RUB th				1'595'863	1'887'838	2'235'809	2'638'254	3'113'140
Out (ignored)	RUB th				(3'678'579)	(3'625'027)	(3'591'045)	(3'577'824)	(3'589'102)
Ending balance	RUB th			13'118'451	11'035'736	9'298'547	7'943'311	7'003'741	6'527'779
Useful lifetime PP&E	#			7					
# of period for D&A	#				1	2	3	4	5
D&A of PP&E & Intangible Assets 2020A	RUB th				3'279'613	2'811'097	2'342'581	1'874'064	1'405'548
<b>CapEx</b>									
	RUB th	2025Y	1'595'863		398'966	341'971	284'976	227'980	170'985
	RUB th	2026Y	1'887'838			471'960	404'537	337'114	269'691
	RUB th	2027Y	2'235'809				558'952	479'102	399'252
	RUB th	2028Y	2'638'254					659'564	565'340
	RUB th	2029Y	3'113'140						778'285
Total D&A of CapEx	RUB th				398'966	813'930	1'248'465	1'703'760	2'183'553
Total D&A	RUB th				3'678'579	3'625'027	3'591'045	3'577'824	3'589'102

## Debt

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	units	LTM	2025F	2026F	2027F	2028F	2029F
<b>Debt</b>							
Debt, bop	RUB th	4'797'213	18'122'575	18'122'575	18'122'575	18'122'575	18'122'575
Borrowings	RUB th	7'872'285	-	-	-	-	-
Senior Debt Repayment	RUB th	9'617'232	-	-	-	-	-
Rent	RUB th	633'058	633'058	633'058	633'058	633'058	633'058
Debt, eop	RUB th	18'122'575	18'122'575	18'122'575	18'122'575	18'122'575	18'122'575
Interest expenses	RUB th	14.87%	(2'694'122)	(2'694'122)	(2'694'122)	(2'694'122)	(2'694'122)
Net Debt/EBITDA	x	3.14x	2.69x	2.28x	1.92x	1.63x	1.38x
			Ставка	Сумма займа			
Выпущенные необеспеченные облигации			11.50%	7'500'000			
Обеспеченные банковские кредиты с плавающей процентной ставкой			17.40%	9'927'806			
Выпущенные необеспеченные облигации			16.50%	55'014			
Wa%			14.87%				

# Appendix C

## Debt

	units	2025F	2026F	2027F	2028F	2029F
<b>Revolver Loan</b>						
(+) CFBIA	RUB th	5'608'057	9'795'586	14'427'095	19'756'241	25'960'990
(+) CFI	RUB th	(1'595'863)	(1'887'838)	(2'235'809)	(2'638'254)	(3'113'140)
(-) Minimum Cash Balance	RUB th	(10'000)	(10'000)	(10'000)	(10'000)	(10'000)
(-) Dividends	RUB th	(4'549'698)	(4'842'250)	(5'153'615)	(5'485'000)	(5'837'695)
(+) Cash Balance, bop	RUB th	2'880'628	1'124'944	946'683	2'373'573	5'699'292
<b>CFADR</b>	<b>RUB th</b>	<b>2'333'123</b>	<b>4'180'440</b>	<b>7'974'354</b>	<b>13'996'560</b>	<b>22'699'447</b>
<b>Cash available for Revolver credit facility</b>	<b>RUB th</b>	<b>2'333'123</b>	<b>4'180'440</b>	<b>7'974'354</b>	<b>13'996'560</b>	<b>22'699'447</b>

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## WACC

RF	12.1%
Unlevered beta	0.77
D/E	0.35
Share of debt	0.26
Share of equity	0.74
<b>Levered beta</b>	<b>0.99</b>
Equity risk premium	8.4%
Size premium	4.0%
<b>CoE</b>	<b>0.24</b>
Pre-tax cost of debt	14.9%
Tax	20%
After-tax cost of debt	12%
<b>WACC in RUB</b>	<b>21.1%</b>
Currency adj.	1.02
<b>WACC in USD</b>	<b>18.5%</b>

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# Appendix D

## DCF

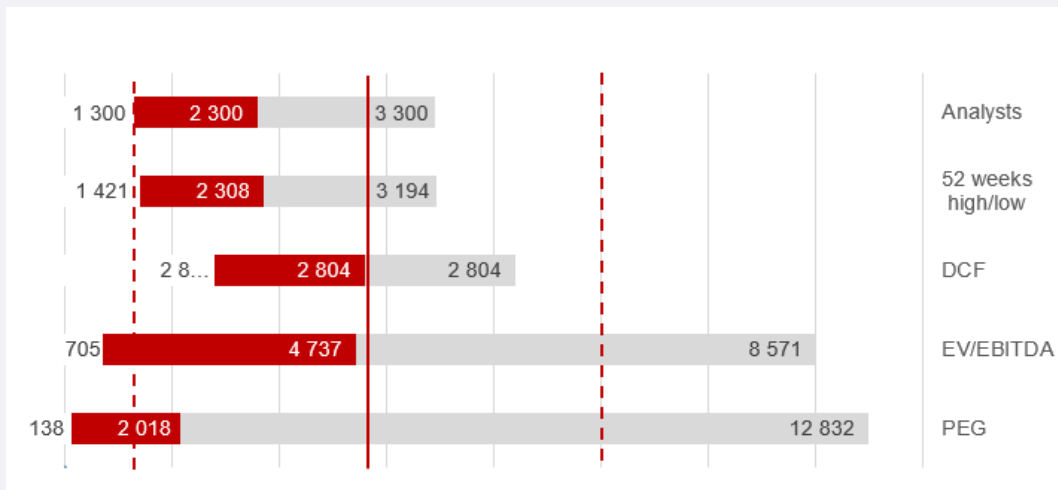
units	2025F	2026F	2027F	2028F	2029F	
<b>FCFF &amp; DCF</b>						
(+) NOPAT (=EBIT * (1-T))	RUB th	4'797'023	6'815'708	9'174'676	11'861'987	14'990'803
(+) D&A	RUB th	3'678'579	3'625'027	3'591'045	3'577'824	3'589'102
(-) Net increase in WC	RUB th	(968'973)	(861'820)	(1'027'101)	(1'187'895)	(1'401'716)
(-) CapEx	RUB th	(1'595'863)	(1'887'838)	(2'235'809)	(2'638'254)	(3'113'140)
<b>FCFF</b>	<b>RUB th</b>	<b>5'910'766</b>	<b>7'691'076</b>	<b>9'502'812</b>	<b>11'613'662</b>	<b>14'065'049</b>
<b>DCF</b>	<b>RUB th</b>	<b>5'371'088</b>	<b>5'770'889</b>	<b>5'887'689</b>	<b>5'941'539</b>	<b>5'941'664</b>
Share outstanding			th	66'000		
Share price			RUB	2'634.40		
WACC			%	21.11%		
GDP			%	2%		
<b>Terminal value</b>			<b>RUB th</b>	<b>31'721'656</b>		
<b>EV &amp; Equity Value</b>						
EV, including:			RUB th	60'634'525		
cash flows			RUB th	28'912'869	48%	
Terminal value			RUB th	31'721'656	52%	
(-) Total Debt			RUB th	(18'122'575)		
(+) Cash			RUB th	2'880'628		
(-) Minority interest			RUB th	-		
<b>Equity Value</b>			<b>RUB th</b>	<b>45'392'578</b>		
Share price			RUB	2'803.80		
Implied EV/EBITDA '23			x	10.49x		
Implied EV/EBITDA '24E			x	9.01x		
P/E			x	40.67x	above the market average	
Dividend yield			%	2.46%		

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# Appendix E

Approach	Min	Median	Max
PEG	138	2'018	12'832
EV/EBITDA	705	4'737	8'571
DCF	2'804	2'804	2'804
52 weeks high/low	1'421	2'308	3'194
Analysts	1'300	2'300	3'300
<b>Current price</b>		2'634	
<b>Target price</b>	1'274	2'833	6'140

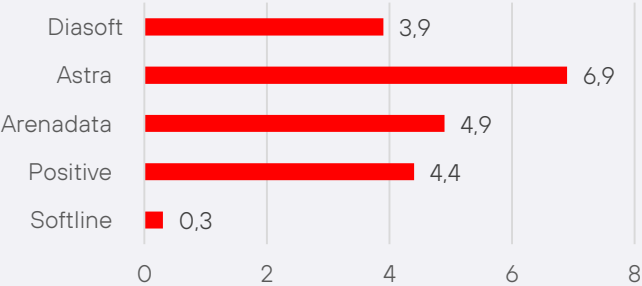
## Football Field for Stocks



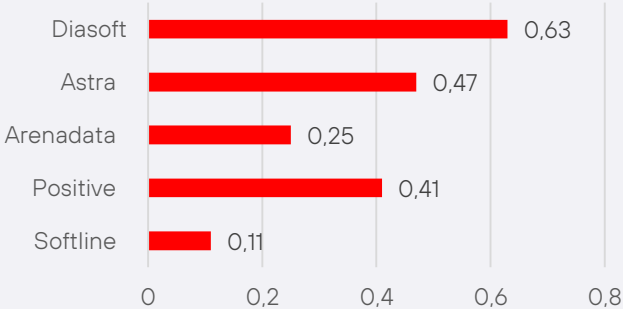
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# Appendix F

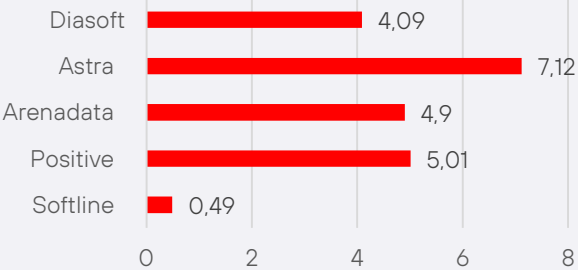
**P/S LTM**



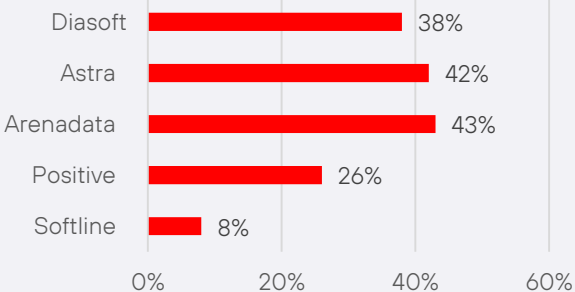
**PEG LTM**



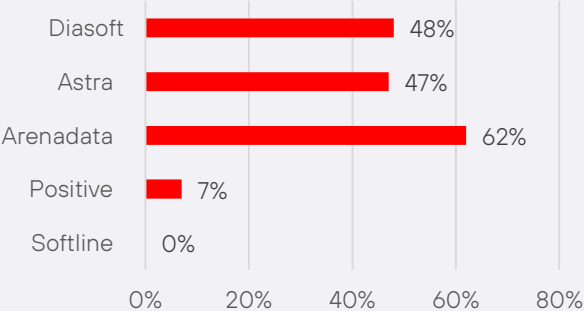
**EV/S LTM**



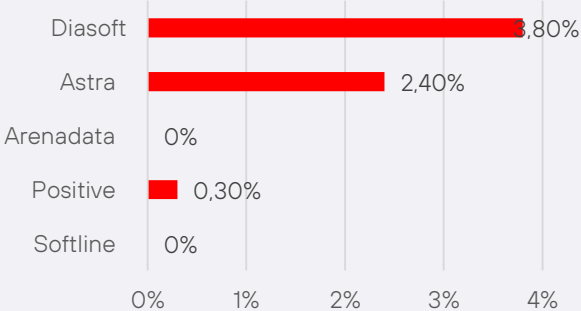
**EBITDA margin LTM**



**Dividend payout LTM**



**Dividend yield LTM**



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Source: Positive Technologies reports, team analysis