

This report is prepared for the Warsaw Stock Exchange SA within the framework of the Analytical Coverage Support Program 4.0.

232/2024/AR/April 26, 2024

Company	LT fundamental recommendation	12M EFV (PLN)	ST market-relative bias	Analyst
Action	Buy	21.6	Neutral	Jakub K. Viscardi

Event: 4Q23 financial results released – NP in line with the preliminary showing; strong CFO.

On Thursday, after the market close, the Company revealed 4Q23 financial results.

- Revenues at PLN 723.2 million (up 7% yoy) are in line with the preliminary figures.
- **The gross margin on sales** reached **9.0%** and is close to our expectations at 8.0% and materially higher than published earlier monthly data which implied 7.6%
- **EBITDA** and **EBIT** at **PLN 18.9 million** (down 13% yoy) and **PLN 16.7 million** (down 14% yoy), respectively, are 11% and 12%, respectively, below our forecasts.
- **The SG&A costs to sales** ratio stands at **6.7%** vs 6.1% in 4Q22.
- **The EBITDA margin** fell to **2.6%** vs our forecast at 2.9% and 3.2% a year ago.
- The Company's **gross profit** was increased due to lowering a discount on the arrangement liabilities (PLN 0.7 million) and reached PLN 17.7 million (down 22% yoy) vs our expectations at PLN 19.3 million.
- **4Q23 net profit** reached **PLN 14.2 million** (down 25% yoy) vs our forecast at PLN 15.5 million. **The effective tax rate** was higher than we assumed: **19.8%** vs 19.0%.
- **CFO** were positive at **PLN 34.3 million** and materially stronger than a year ago (PLN 17.2 million).

Action; 4Q23 financial results

IFRS cons. (PLN million)	4Q23E		Results vs forecasts	4Q22	yoy chg
	4Q23	(DM BOŚ forecast)			
Sales	723.2	736.7	→	674.6	7%
Gross profit on sales	64.8	65.6	→	60.7	7%
Gross profit on sales margin	9.0%	8.9%	-	9.0%	-
EBITDA	18.9	21.2	↓	21.7	-13%
EBITDA margin	2.6%	2.9%	-	3.2%	-
EBIT	16.7	18.9	↓	19.5	-14%
EBIT margin	2.3%	2.6%	-	2.9%	-
Gross profit	17.7	19.3	↓	22.6	-22%
Gross margin	2.5%	2.6%	-	3.4%	-
Net profit	14.2	15.5	↓	19.0	-25%
Net margin	2.0%	2.1%	-	2.8%	-

Source: Company, DM BOŚ SA

Expected impact: *Neutral. 4Q23 results are in line with the preliminary showing as regards the level of revenues and net profit and lower than we expected. The reason for lower than expected profits is a considerably stronger pressure on the SG&A costs. If this pressure prevails in the upcoming quarters, the profits level may be adversely affected. But on the other hand the Company managed to improve the ability to generate CFO.*

The report is not a recommendation within the meaning of Commission Delegated Regulation (EU) 2016/958 of 9 March 2016 supplementing Regulation (EU) No 596/2014 of the European Parliament and of the Council with regard to regulatory technical standards for technical arrangements for objective presentation of investment recommendations or other information recommending or suggesting an investment strategy and for disclosure of particular interests or indications of conflicts of interest.