

Thursday, 15 June 2023 | special comments

Sygnity: Q2 FY2022/23 Final Results

Recommendation: sell | target price: PLN 20.70 | current price: PLN 37.20

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Sygnity released the final results for the second quarter of fiscal FY2022/23 (calendar Q1 of 2023). The final figures came broadly in line with our estimates, except for a slight miss in revenue. On the other hand, lower-than-expected SG&A expenses provided a boost to the quarterly results.

As predicted, the significant y/y earnings rebound of the quarter before proved a one-off and EBIT is stable this time.

We maintain a negative view on Sygnity.

- Consolidated revenue for the three months ended 31 March 2023 (Q2 FY2022/23) amounted to PLN 52.4m (+2% y/y).

- Gross profit came in at PLN 14.7m and the gross margin was 28.0% vs. 30.6% expected by us.
- SG&A expenses at PLN 8.7m turned out less than our PLN 10.4m estimate.
- Other operating activities brought in PLN 0.3m vs. PLN 0.2m forecast by us.
- EBITDA was in line with our expectations at PLN 8.9m.
- DD&A expenses exceeded our expectations by about PLN 0.3m, but, on the other hand, net financing costs came in lower at PLN -0.1m vs. our PLN -0.5m estimate.
- Net profit for Q2 finally amounted to PLN 4.9m.

FY2022/23 Q2 results of Sygnity

(PLN m)	2Q'22/23	2Q'21/22	y/y	2Q'22/23E	differ.
revenue	52.4	51.3	2.0%	54.9	-4.7%
EBITDA	8.9	8.8	0.6%	9.0	-1.6%
margin	16.9%	17.2%	-	16.4%	-
EBIT	6.2	6.2	0.7%	6.6	-6.5%
pre-tax profit	6.1	6.2	-1.6%	6.1	-0.9%
net profit	4.9	11.2	-55.8%	5.1	-3.2%

Source: Sygnity, E - mBank estimates

List of abbreviations and ratios contained in the report:

EV (Enterprise Value) – Equity Value + Net Debt; **EBIT** – Earnings Before Interest and Taxes; **EBITDA** – EBIT + Depreciation & Amortisation; **Net Debt** – Borrowings + Debt Securities + Interest-Bearing Loans - Cash and Cash Equivalents; **P/E** (Price/Earnings) – Price Per Share Divided by Earnings Per Share; **P/CE** (Price to Cash Earnings) – Price Per Share Divided by Earnings + Depreciation & Amortisation; **P/B** (Price to Book Value) – Price Per Share Divided by Book Value Per Share; **P/CF** (Price to Cash Flow) – Price Divided by Cash Flow from Operations; **ROE** (Return on Equity) – Earnings Divided by Shareholders' Equity; **ROCE** (Return on Capital Employed) – EBIT x (Average Assets - Current Liabilities); **ROIC** (Return on Invested Capital) – EBIT x (1-Tax Rate) / (Average Equity + Minority Interest + Net Debt); **FCFF** (Free Cash Flow to Firm) – Cash Flow from Operations - CAPEX - Lease Payments; **FCFE** (Free Cash Flow to Equity) – Free Cash Flow to Firm - Net Interest Expense (incl. Debt + Leases)

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