

Tuesday, 24 October 2023 | special comments

Sygnity: Forecast of 2022/23 Q4 Results

Recommendation: sell | target price: PLN 21.60 | current price: PLN 29.00

SGN.PW; SGN.WA | IT, Poland

Analyst: Paweł Szpigiel +48 509 603 258

We expect Sygnity to report y/y revenue growth of 3.0% in the fourth quarter of fiscal 2022/23 (calendar Q3 2023), coupled with a slightly higher gross margin. EBITDA is expected to come in at ca. PLN 8.0m after a year-on-year increase of ca. 9%.

We stand by our full-year forecasts for Sygnity.

- We expect 4Q'22/23 revenue to come in at PLN 53.3 million, +3.0% y/y.
- Gross margin may register 30.5% after 2.2pp y/y rebound.

- SG&A expenses are projected at PLN 10.9m compared to PLN 10.5m a year earlier.
- One-time events probably had a neutral effect on the quarterly results.
- We estimate the quarterly EBIT at PLN 5.3m (+17% y/y) and EBITDA at PLN 8.0m (+9% y/y).
- After a PLN 0.2m net loss of financing activity and an effective tax rate of 19%, net profit may come in at around PLN 4.1m.

Forecast of 4Q 2022/23 results of Sygnity

(PLN m)	4Q'22/23E	4Q'21/22	y/y
Revenue	53.3	51.7	3.0%
EBITDA	8.0	7.3	8.8%
margin	14.9%	14.1%	-
EBIT	5.3	4.6	16.8%
Pre-tax profit	5.1	3.1	63.6%
Net profit	4.1	4.4	-5.5%

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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mBank S.A.

Prosta 18
00-850 Warszawa
<http://www.mbank.pl/>

Research Department

Kamil Kliszcz
director
+48 667 770 837
kamil.klischcz@mbank.pl
energy, power generation

Piotr Poniatowski
+48 509 603 046
piotr.poniatowski@mbank.pl
gaming

Mateusz Krupa, CFA
+48 571 608 973
mateusz.krupa@mbank.pl
strategy

Michał Konarski
+48 515 025 640
michal.konarski@mbank.pl
banks, financials

Mikołaj Lemańczyk, CFA
+48 501 663 511
mikolaj.lemanczyk@mbank.pl
banks, financials

Beata Szparaga-Waśniewska, CFA
+48 510 929 021
beata.szparaga-wasniewska@mbank.pl
biotechnology, healthcare

Paweł Szpigiel
+48 509 603 258
pawel.szpigiel@mbank.pl
media, IT, telco, e-commerce

Janusz Pięta
+48 506 065 659
janusz.pieta@mbank.pl
retail, e-commerce

Konrad Anuszkiewicz, CFA
+48 510 478 019
konrad.anuszkiewicz@mbank.pl
industrials, mining

Sales and Trading

Traders

Piotr Gawron
director
+48 698 832 853 | +48 22 697 48 95
piotr.gawron@mbank.pl

Andrzej Kowalczyk
+48 789 868 634 | +48 22 697 47 44
andrzej.kowalczyk@mbank.pl

Karol Kułaj
+48 509 602 984 | +48 22 697 49 85
karol.kulaj@mbank.pl

Sales, Foreign Markets

Marzena Łempicka-Wilim
deputy director
+48 696 427 249 | +48 22 697 48 82
marzena.lempicka-wilim@mbank.pl

Private Client Sales

Maciej Sokołowski
director
maciej.sokolowski@mbank.pl

Paweł Cyłkowski
+48 503 684 130 | +48 22 697 47 31
pawel.cylkowski@mbank.pl

Andrzej Sychowski
+48 605 848 003 | +48 22 697 48 46
andrzej.sychowski@mbank.pl

Jarosław Banasiak
deputy director
jaroslaw.banasiak@mbank.pl

Piotr Brożyna
+48 512 756 702 | +48 22 697 48 47
piotr.brozyna@mbank.pl

Łukasz Płaska
+48 784 449 962 | +48 22 697 47 90
lukasz.plaska@mbank.pl