

Friday, 22 March 2024 | special comments

## Sygnity: Financial Results for Q5 2022/23 (Calendar 4Q'23)

Recommendation: sell | target price: PLN 21.60 | current price: PLN 65,80

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**Sygnity's final results for the fiscal year FY2022/23, which began on 1 October 2022 and ended on 31 December 2023, were consistent with the preliminary results. We expect a neutral reaction from investors.**

- In the fifth quarter of the 15-month FY'22/23 reporting period, Sygnity generated revenue of PLN 65.8m, marking a 6% increase from the corresponding year-ago period.
- Gross margin for the quarter was 36.8% vs. 38.1% a year earlier and 32.0% on average in January-September 2023.
- SG&A expenses amounted to PLN 9.4m vs. PLN 9.9m a year earlier.

- Other operating activities produced a gain of PLN +0.3m in Q5 vs. PLN +0.2m the year before.
- EBITDA came in at PLN 17.4m after a 7% y/y rebound.
- EBITDA margin reached 26.4% after a small y/y rise.
- Pre-tax profit approximated PLN 15.8m.
- After a tax credit of ca. PLN 4.4m (PLN 2.0m current tax credit + PLN 2.4m deferred tax credit), net profit for 5Q'22/23 came in at PLN 20.2m.

### Final results of Sygnity for 5Q 2022/23 (calendar 4Q'23)

(PLN m)	Calendar 4Q'23	Calendar 4Q'22	y/y
Revenue	65.8	61.9	6.3%
EBITDA	17.4	16.2	7.4%
Margin	26.4%	26.2%	-
Pre-tax profit	15.8	13.9	13.7%
Net profit	20.2	10.7	88.8%

Source: Sygnity

**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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**NAV** – valuation based on equity value, one of the most frequently used method in case of developing companies; the weak point of the method is that it does not factor in future changes in revenue/profits of a company.

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