

Friday, 11 August 2023 | special comments

## Sygnity: Results for Q3 2022/23

Recommendation: sell | target price: PLN 20.70 | current price: PLN 32.80

SGN.PW; SGN.WA | IT, Poland

Analyst: Paweł Szpigiel +48 509 603 258

**Despite the lower-than-expected revenues, Sygnity posted the results for Q3 of its fiscal year close to our forecasts. We expect neutral market reaction.**

- Revenue came at PLN 51.9 million, -4% y/y.
- However, gross margin was registered at 31.8% after an 1.3pp y/y rebound (and +0.8pp vs our forecast).
- SG&A expenses are projected at PLN 10.8 million compared to PLN 10.2 million a year earlier.
- Sygnity registered PLN +0.4m on the other operating activity, net.
- EBIT came at PLN 6.2 million and EBITDA at PLN 8.8 million (i.e., -5%/-5% y/y), close to our expectations.
- After a PLN 0.2 million net profit of financing activity (we expected a little loss here) and an effective tax rate of 20%, net profit was at PLN 5.1 million.

### 3Q 2022/23 results of Sygnity

(PLN m)	3Q'22/23	3Q'21/22	Y/Y	3Q'22/23E	diff.
revenue	51.9	54.2	-4.1%	55.8	-6.9%
EBITDA	8.8	9.2	-4.6%	8.9	-1.6%
margin	16.9%	17.0%	-	16.0%	-
EBIT	6.2	6.5	-5.4%	6.3	-2.0%
pre-tax profit	6.4	6.5	-1.5%	6.1	5.0%
net profit	5.1	5.4	-5.1%	4.9	3.7%

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](mailto:kamil.klischcz@mbank.pl)  
energy, power generation

Piotr Poniatowski  
+48 509 603 046  
[piotr.poniatowski@mbank.pl](mailto:piotr.poniatowski@mbank.pl)  
gaming

Mateusz Krupa, CFA  
+48 571 608 973  
[mateusz.krupa@mbank.pl](mailto:mateusz.krupa@mbank.pl)  
strategy

Michał Konarski  
+48 515 025 640  
[michal.konarski@mbank.pl](mailto:michal.konarski@mbank.pl)  
banks, financials

Mikołaj Lemańczyk, CFA  
+48 501 663 511  
[mikolaj.lemanczyk@mbank.pl](mailto:mikolaj.lemanczyk@mbank.pl)  
banks, financials

Beata Szparaga-Waśniewska, CFA  
+48 510 929 021  
[beata.szparaga-wasniewska@mbank.pl](mailto:beata.szparaga-wasniewska@mbank.pl)  
biotechnology, healthcare

Paweł Szpigiel  
+48 509 603 258  
[pawel.szpigiel@mbank.pl](mailto:pawel.szpigiel@mbank.pl)  
media, IT, telco, e-commerce

Janusz Pięta  
+48 506 065 659  
[janusz.pieta@mbank.pl](mailto:janusz.pieta@mbank.pl)  
retail, e-commerce

Konrad Anuszkiewicz, CFA  
+48 510 478 019  
[konrad.anuszkiewicz@mbank.pl](mailto:konrad.anuszkiewicz@mbank.pl)  
industrials, mining

**Sales and Trading**

**Traders**

Piotr Gawron  
director  
+48 698 832 853  
[piotr.gawron@mbank.pl](mailto:piotr.gawron@mbank.pl)

Andrzej Kowalczyk  
+48 601 053 470  
[andrzej.kowalczyk@mbank.pl](mailto:andrzej.kowalczyk@mbank.pl)

Karol Kułaj  
+48 509 602 984  
[karol.kulaj@mbank.pl](mailto:karol.kulaj@mbank.pl)

**Sales, Foreign Markets**

Marzena Łempicka-Wilim  
deputy director  
+48 696 427 249  
[marzena.lempicka-wilim@mbank.pl](mailto:marzena.lempicka-wilim@mbank.pl)

**Private Client Sales**

Maciej Sokołowski  
director  
[maciej.sokolowski@mbank.pl](mailto:maciej.sokolowski@mbank.pl)

Paweł Cyłkowski  
+48 503 684 130  
[pawel.cylkowski@mbank.pl](mailto:pawel.cylkowski@mbank.pl)

Andrzej Sychowski  
+48 605 848 003  
[andrzej.sychowski@mbank.pl](mailto:andrzej.sychowski@mbank.pl)

Jarosław Banasiak  
deputy director  
[jaroslaw.banasiak@mbank.pl](mailto:jaroslaw.banasiak@mbank.pl)

Piotr Brożyna  
+48 512 756 702  
[piotr.brozyna@mbank.pl](mailto:piotr.brozyna@mbank.pl)

Łukasz Płaska  
+48 22 697 47 90  
[lukasz.plaska@mbank.pl](mailto:lukasz.plaska@mbank.pl)