

Miraculum

4Q23 results review

Miraculum reported its 4Q23 results with EBITDA of PLN 119k (vs. negative PLN 381k in previous year and our forecast of PLN 298k), affected by lower gross margin and higher operating costs than we expected. Below please find key highlights:

- **Revenues** came in at PLN 11.8m (+6% y/y, slightly below monthly data of PLN 12.1m). The company informed that revenues amounted to PLN 5.0m in October (+8% y/y), PLN 4.0m in November (+1% y/y) and PLN 3.2m in December (+23% y/y). Revenues in 'Perfumes' increased by 16% y/y to PLN 3.6m, while 'Make-up cosmetics' increased by 59% y/y to PLN 2.8m. 'Shaving cosmetics' and 'Body care' deteriorated y/y.
- **Gross profit** amounted to PLN 3.9m (+16% y/y), implying improvement of gross margin by 2.9pp y/y to 33.0% (although below our expectations of 33.6%). The improvement was related to all product groups, with nearly 7pp y/y growth in 'Perfumeries' (margin of 43%).
- **EBITDA** came in at PLN 119k (vs. our forecast PLN 298k). SG&A costs remained at comparable y/y level of PLN 4.0m (SG&A/sales ratio decreased by 1.7pp y/y to 34.1%). Operating loss amounted to PLN 174k, vs. PLN 648k loss in previous year.
- **Net loss** amounted to PLN 1,250k (vs. our forecast PLN 291k). Net financial costs amounted to PLN 596k.
- Operating cash flow came in at PLN 441k (comparable y/y). Miraculum had inventory of PLN 13.5m as of end-4Q23 (+9% y/y, inventory turnover of 160 days, vs 165 days in previous year). The company had net debt of PLN 19.2m as of end-4Q23 (+7% y/y).

Opinion: Slightly negative, as reported 4Q23 results were below our expectations on gross margin and operating costs levels. Nevertheless, we point to the improvement of financial results in y/y terms, mainly driven by higher y/y gross margin in all segments. In FY23 the company reported net loss of PLN 1.6m, vs PLN 2.5m in FY22. The company had net debt of PLN 19.2m as of end-4Q23; however, we remind that issued 6m shares at PLN 1.80/share, converting ca. PLN 10m debt into shares.

Figure 1. Miraculum results summary (PLNm)

MIR PW (PLNm)	4Q22	1Q23	2Q23	3Q23	4Q23	y/y	4Q23E	vs. IPOPE
Revenues	11.17	14.54	9.91	10.77	11.85	6%	12.15	-2%
COGS	-7.82	-10.10	-6.28	-6.54	-7.94	2%	-8.06	-1%
Gross profit	3.36	4.43	3.63	4.23	3.91	16%	4.09	-4%
SG&A costs	-4.00	-3.92	-3.97	-3.83	-4.04	1%	-4.08	-1%
Selling costs	-2.69	-2.59	-2.65	-2.57	-2.73	2%	-2.80	-3%
G&A costs	-1.31	-1.33	-1.32	-1.26	-1.31	0%	-1.27	3%
Other operating profit/cost	-0.01	0.04	0.02	0.02	-0.05	n.m.	0.00	n.m.
EBITDA	-0.38	0.83	-0.03	0.72	0.12	n.m.	0.30	-60%
D&A	0.27	0.27	0.29	0.30	0.29	10%	0.29	1%
EBIT	-0.65	0.56	-0.32	0.42	-0.17	n.m.	0.01	n.m.
Net financial costs	0.07	-0.35	-0.41	-0.35	-0.60	-896%	-0.30	99%
Pre-tax profit	-0.57	0.20	-0.73	0.07	-0.77	n.m.	-0.29	n.m.
Income tax	-0.80	0.07	0.01	0.09	-0.48	-40%	0.00	n.m.
Net profit	-1.37	0.27	-0.71	0.16	-1.25	n.m.	-0.29	n.m.
<i>Gross margin (%)</i>	<i>30.1%</i>	<i>30.5%</i>	<i>36.6%</i>	<i>39.3%</i>	<i>33.0%</i>	-	<i>33.6%</i>	-

Source: Company, IPOPEMA Research

Consumer discretionary

Miraculum

HOLD

FV PLN 1.35

13% upside

Price as of 19 April 2024 PLN 1.20

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The definitions of terms used in the document include:

NII – Net interest income – interest income minus interest expense.

Net F&C – Net fee and commission income – fee and commission income minus fee and commission expense.

LLP – loan loss provisions – an expense set aside as an allowance for bad loans.

NPL – non-performing loan – loans that are in default or close to be in default.

Cost/Income – operating expenses divided by total banking revenue.

ROE – return on equity – net income (or adjusted net income) divided by the average shareholders' equity.

ROA – return on assets – net income (or adjusted net income) divided by the average assets.

EBIT – earnings before interests and tax.

EBITDA – earnings before interests, tax, depreciation and amortization.

EPS – earnings per share – the net income (or adjusted net income) divided by the number of shares outstanding.

P/E – price to earnings ratio – price divided by earnings per share.

PEG – P/E ratio divided by the annual EPS growth, usually over a certain period of time.

CAGR – compound annual growth rate.

BVPS – book value per share, the book value of the Company's equity divided by the number of shares outstanding.

P/BV – price to book value - price divided by the BVPS.

DPS – dividend per share – dividend of a given year divided by the number of shares outstanding.

DY – dividend yield – dividend of a given year divided by the current price.

DDM – dividend discount model – a fundamental method of valuation based on the assumption that the value of stock equals the sum of all discounted future dividends.

FV – Fair Value, calculated based on valuation methods outlined in the document.

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Rating History – Miraculum

Date	Recommendation	F V	Price at recommendation	Author
22/09/2023	HOLD	PLN 1.25	PLN 1.33	Marek Szymański
09/02/2024	HOLD	PLN 1.35	PLN 1.36	Marek Szymański