

# Miraculum

## Deleveraging and improving results

We maintain our HOLD recommendation on Miraculum and decrease our FV from PLN 1.35 to PLN 1.20 per share, following lower top line assumptions and changes in WACC assumptions. In 5M24 the company has reported revenues of PLN 21.1m (comparable y/y), 5% below our previous assumptions. On the other hand, we still assume the company will deliver further improvement in gross margin in the coming quarters due to more favourable purchase conditions and improving sales mix (increasing share of 'Perfumes' and 'Make-up cosmetics'). After 1Q24 results, we increase our EBITDA forecasts by 5% to PLN 3.1m in 2024E, maintain them at PLN 4.8m in 2025E and trim them to PLN 5.9m in 2026E. Finally, we highlight that the company has reduced its debt following the conversion of loans from major shareholders. Since we expect Miraculum to start generating positive FCFs starting from this year, we believe this should support further deleveraging of the company and development of its operations. Finally, we point out that the management plans to present the company's strategy for the following years in 2H24, which might also be a positive catalyst in the coming months.

### Moderate growth in revenues...

Miraculum has reported revenues of PLN 21.1m in 5M24 (comparable y/y), including PLN 11.3m in its modern channel (+22% y/y), while exports declined by 32% y/y to PLN 3.7m. In the following quarters, we forecast y/y improvement in sales, supported by a low base of 2-4Q23. Nevertheless, given 5M24 sales we are a bit cautious on top line development for the coming months and trim our revenues forecast by 5% to PLN 50.2m in 2024E and by 5% to PLN 55.9m in 2025E.

### ...but with improving margins

At the same time, Miraculum has reported solid improvement in its gross margin of 8.3pp y/y to 38.8% in 1Q24, driven by a more favorable sales mix (positive impact of 'Makeup cosmetics' and 'Perfumes' segments). We believe that the company has the potential to further improve gross margins, and thus we increase our EBITDA forecast by 5% to PLN 3.1m in 2024E and by 1% to PLN 4.8m in 2025E, while in 2026E we trim our EBITDA forecast by 3% to PLN 5.9m.

### Ongoing deleveraging

As of end-1Q24, Miraculum held net debt of PLN 8.8m (vs. PLN 19.2m as of end-4Q23), which was supported by the conversion of debt into shares (6m shares at PLN 1.80/share). In the coming quarters, we expect further deleveraging of Miraculum. We point to improving financial results as well as limited capex needs, which should translate into positive FCF generation of PLN 0.2m in 2024E and 1.8m in 2025E. As a result, we estimate the company to reduce its net debt to PLN 10.6m as of end-2024E and PLN 8.8m as of end-2025E. Nevertheless, we note that the high level of debt remains a risk factor and potential accelerated development of operations might require additional financing (through bank loans, shareholders loans or share issues).

Figure 1. Miraculum – Financial summary (PLNm)

	2021	2022	2023	2024E	2025E	2026E
Revenues	33.7	43.3	47.1	50.2	55.9	61.7
EBITDA	-1.8	0.5	1.5	3.1	4.8	5.9
EBIT	-2.8	-0.5	0.4	1.9	3.5	4.8
Net profit	-4.1	-2.5	-1.6	0.6	2.3	3.3
P/E (x)	n.a.	n.a.	n.a.	85.8	23.3	15.9
EV/EBITDA (x)	n.a.	138.1	44.0	20.6	12.9	10.1
DPS (PLN)	0.00	0.00	0.00	0.00	0.00	0.00

Source: Company data, IPOPEMA Research

Consumer discretionary

## Miraculum

**HOLD**

**FV PLN 1.20**

9% upside potential

Price as of 27 June 2024 PLN 1.11

HOLD maintained



### Share data

Number of shares (m)	47.5
Market cap (EUR m)	12.0
12M avg daily volume (k)	14.9
12M avg daily turnover (EUR m)	0.01
12M high/low (PLN)	1.57/1.05
WIG weight	0.01
Reuters	MIR.WA
Bloomberg	MIR.PW

### Total performance

1M	-6%
3M	-10%
12M	-18%

### Shareholders

Marek Kamola	35.84%
Piotr Skowron	9.42%
Jan Załubski	8.01%
Sławomir Ziemiński	5.01%
Other	41.72%

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## Miraculum

HOLD

Mkt cap EUR 12m

FV PLN 1.2

Upside 9%

Valuation multiples	2022	2023	2024E	2025E	2026E
P/E (x)	n.a.	n.a.	85.8	23.3	15.9
EV/EBITDA (x)	138.1	44.0	20.6	12.9	10.1
EV/Sales (x)	1.5	1.4	1.3	1.1	1.0
P/BV (x)	2.11	2.13	1.60	1.49	1.36
FCF yield (%)	-4.7%	-3.0%	0.4%	3.4%	4.7%
DY (%)	0.0%	0.0%	0.0%	0.0%	0.0%

Per share	2022	2023	2024E	2025E	2026E
No. of shares (m units)	38.0	41.5	47.5	47.5	47.5
EPS (PLN)	-0.06	-0.04	0.01	0.05	0.07
BVPS (PLN)	0.58	0.52	0.70	0.74	0.81
FCFPS (PLN)	-0.06	-0.03	0.00	0.04	0.05
DPS (PLN)	0.00	0.00	0.00	0.00	0.00

Change y/y (%)	2022	2023	2024E	2025E	2026E
Revenues	29%	9%	7%	11%	10%
EBITDA	n.a.	223%	100%	55%	23%
EBIT	n.a.	n.a.	394%	85%	37%
Net profit	n.a.	n.a.	n.a.	268%	47%

Leverage and return	2022	2023	2024E	2025E	2026E
Gross margin (%)	31.8%	34.4%	36.2%	37.3%	37.5%
EBITDA margin (%)	1.1%	3.3%	6.1%	8.5%	9.5%
EBIT margin (%)	-1.2%	0.8%	3.8%	6.3%	7.8%
Net margin (%)	-5.7%	-3.5%	1.2%	4.1%	5.4%
Net debt / EBITDA (x)	37.6	12.5	2.7	1.3	0.7
Net debt / Equity (x)	0.81	0.89	0.25	0.18	0.10
Net debt / Assets (x)	0.32	0.32	0.13	0.10	0.06
ROE (%)	-11.3%	-7.5%	2.2%	6.6%	9.0%
ROA (%)	-4.3%	-2.8%	1.0%	3.5%	4.9%
ROIC (%)	-1.0%	0.7%	3.5%	6.5%	8.7%

Assumptions	2022	2023	2024E	2025E	2026E
<b>Revenues (PLNm)</b>	<b>43.3</b>	<b>47.1</b>	<b>50.2</b>	<b>55.9</b>	<b>61.7</b>
Shaving cosmetics	9.0	9.7	11.7	12.9	14.2
Makeup cosmetics	8.6	9.6	9.3	10.2	11.2
Perfumes	11.8	12.8	14.5	16.4	18.0
Body care	1.4	1.7	1.8	2.2	2.6
Face care	5.3	6.1	7.9	8.7	9.6
Other	7.2	7.1	5.0	5.5	6.1

Gross profit (PLNm)	13.8	16.2	18.2	20.8	23.1
Shaving cosmetics	2.4	2.6	3.3	3.7	4.0
Makeup cosmetics	2.7	2.9	3.1	3.6	4.1
Perfumes	3.9	5.6	6.4	7.4	8.1
Body care	0.4	0.5	0.5	0.6	0.8
Face care	2.3	2.5	3.4	3.8	4.2
Other	2.1	2.0	1.5	1.7	1.9

Cash conv. (days)	67	69	68	63	60
Inventory	165	160	160	156	153
Receivables	37	53	53	53	53
Payables	135	143	145	146	146

P&L (PLN m)	2021	2022	2023	2024E	2025E	2026E
Revenues	33.7	43.3	47.1	50.2	55.9	61.7
COGS	-23.5	-29.6	-30.9	-32.0	-35.0	-38.5
<b>Gross profit</b>	<b>10.1</b>	<b>13.8</b>	<b>16.2</b>	<b>18.2</b>	<b>20.8</b>	<b>23.1</b>
Selling costs	-9.0	-10.4	-10.6	-11.0	-11.6	-12.2
G&A costs	-4.0	-4.7	-5.2	-5.3	-5.7	-6.2
Other operating income	0.2	1.1	0.3	0.0	0.0	0.0
Other operating cost	-0.1	-0.3	-0.2	0.0	0.0	0.0
<b>EBITDA</b>	<b>-1.8</b>	<b>0.5</b>	<b>1.5</b>	<b>3.1</b>	<b>4.8</b>	<b>5.9</b>
D&A	1.0	1.0	1.2	1.2	1.3	1.1
<b>EBIT</b>	<b>-2.8</b>	<b>-0.5</b>	<b>0.4</b>	<b>1.9</b>	<b>3.5</b>	<b>4.8</b>
Net financial costs	-0.5	-0.8	-1.7	-1.1	-0.7	-0.7
<b>Pre-tax profit</b>	<b>-3.3</b>	<b>-1.4</b>	<b>-1.3</b>	<b>0.8</b>	<b>2.8</b>	<b>4.1</b>
Income tax	-0.8	-1.1	-0.3	-0.1	-0.5	-0.8
<b>Net profit</b>	<b>-4.1</b>	<b>-2.5</b>	<b>-1.6</b>	<b>0.6</b>	<b>2.3</b>	<b>3.3</b>

BALANCE SHEET (PLNm)	2021	2022	2023	2024E	2025E	2026E
<b>Non-current assets</b>	<b>38.5</b>	<b>38.5</b>	<b>39.2</b>	<b>39.2</b>	<b>39.2</b>	<b>39.4</b>
PP&E	1.2	1.3	1.1	1.1	1.0	1.3
RoU assets	0.5	1.4	2.4	2.4	2.4	2.5
Goodwill and intangible assets	33.6	33.6	33.5	33.5	33.5	33.5
Other non-current assets	3.3	2.3	2.1	2.1	2.1	2.1
<b>Current assets</b>	<b>18.5</b>	<b>17.7</b>	<b>20.4</b>	<b>23.3</b>	<b>27.0</b>	<b>31.4</b>
Inventory	11.8	13.3	13.5	14.0	15.0	16.2
Trade receivables	6.5	4.4	6.8	7.3	8.1	8.9
Cash and equivalents	0.2	0.0	0.1	2.1	3.9	6.4
<b>Total assets</b>	<b>57.1</b>	<b>56.2</b>	<b>59.6</b>	<b>62.5</b>	<b>66.1</b>	<b>70.8</b>
<b>Equity</b>	<b>21.5</b>	<b>22.1</b>	<b>21.6</b>	<b>33.0</b>	<b>35.3</b>	<b>38.6</b>
Minorities	0.0	0.0	0.0	0.0	0.0	0.0
<b>Long term liabilities</b>	<b>21.7</b>	<b>20.8</b>	<b>5.9</b>	<b>14.4</b>	<b>14.4</b>	<b>14.4</b>
Financial liabilities	17.9	16.3	0.0	8.5	8.5	8.5
Other	3.8	4.6	5.9	5.9	5.9	5.9
<b>Short term liabilities</b>	<b>13.9</b>	<b>13.3</b>	<b>32.0</b>	<b>15.1</b>	<b>16.4</b>	<b>17.8</b>
Financial liabilities	1.7	1.7	19.3	1.7	1.7	1.7
Trade payables	11.6	10.9	12.1	12.7	14.0	15.4
Other	0.7	0.7	0.6	0.6	0.6	0.6
<b>Equity &amp; liabilities</b>	<b>57.1</b>	<b>56.2</b>	<b>59.6</b>	<b>62.5</b>	<b>66.1</b>	<b>70.8</b>
Gross debt (PLNm)	19.6	17.9	19.3	10.3	10.3	10.3
<b>Net debt (PLNm)</b>	<b>19.3</b>	<b>17.9</b>	<b>19.2</b>	<b>8.2</b>	<b>6.4</b>	<b>3.9</b>

CASH FLOW (PLN m)	2021	2022	2023	2024E	2025E	2026E
<b>Operating cash flow</b>	<b>-4.0</b>	<b>-0.6</b>	<b>-0.2</b>	<b>2.0</b>	<b>3.7</b>	<b>4.5</b>
Net income	-4.1	-2.5	-1.6	0.6	2.3	3.3
D&A	1.0	1.0	1.2	1.2	1.3	1.1
Change in WC	-2.3	-0.1	-1.4	-0.4	-0.5	-0.6
Other	1.4	0.9	1.6	0.6	0.7	0.7
<b>Investment cash flow</b>	<b>-0.3</b>	<b>-0.2</b>	<b>-0.2</b>	<b>-0.5</b>	<b>-0.5</b>	<b>-0.6</b>
Change in intangible assets	0.0	0.5	0.1	0.0	0.0	0.0
Change in PP&E	-0.4	-0.7	-0.3	-0.4	-0.5	-0.5
<b>Financial cash flow</b>	<b>3.6</b>	<b>0.6</b>	<b>0.6</b>	<b>0.5</b>	<b>-1.5</b>	<b>-1.5</b>
Change in equity	0.7	1.7	1.2	0.0	0.0	0.0
Change in debt	4.0	0.3	0.3	1.8	0.0	0.0
Interest cost	-0.4	-0.7	-0.1	-0.6	-0.7	-0.7
Lease payments	-0.6	-0.7	-0.8	-0.7	-0.7	-0.8
Dividend paid	0.0	0.0	0.0	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.0	0.0	0.0
<b>Change in cash</b>	<b>-0.7</b>	<b>-0.2</b>	<b>0.1</b>	<b>2.0</b>	<b>1.8</b>	<b>2.5</b>
<b>Cas as of eop</b>	<b>0.2</b>	<b>0.0</b>	<b>0.1</b>	<b>2.1</b>	<b>3.9</b>	<b>6.4</b>

Source: Company data, IPOPEMA Research

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# Valuation

We value Miraculum using the discounted cash flow method (100% weight) and add a multiples valuation for presentation purpose only.

**Figure 2. Miraculum – Valuation summary**

Valuation method	Weight (%)	FV (PLN/share)
DCF valuation	100%	1.20
Peer comparison valuation	0%	1.39
<b>Fair value</b>		<b>1.20</b>
Current price		1.11
Upside/downside (%)		9%

Source: Company, IPOPEMA Research

## DCF valuation

We base our DCF valuation on our free cash flow forecasts for 2024-33E. We apply a risk-free rate of 6.4% in terminal (vs. 6.1% previously), equity risk premium of 5.5% and unlevered beta of 1.0x and assume a terminal growth rate of 2.0%.

**Figure 3. Miraculum – DCF valuation (PLNm)**

	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	TV
Revenues	50.2	55.9	61.7	66.6	71.4	76.5	81.7	87.3	93.4	99.9	101.9
EBITDA	3.1	4.8	5.9	7.2	8.4	9.6	10.8	12.0	13.3	14.7	15.0
EBIT	1.9	3.5	4.8	6.1	7.2	8.4	9.6	10.8	12.1	13.4	13.7
Tax on EBIT	-0.4	-0.7	-0.9	-1.2	-1.4	-1.6	-1.8	-2.1	-2.3	-2.6	-2.6
NOPAT	1.5	2.8	3.9	4.9	5.8	6.8	7.8	8.8	9.8	10.9	11.1
D&A	1.2	1.3	1.1	1.2	1.2	1.2	1.2	1.2	1.2	1.3	1.3
Change in WC	-0.4	-0.5	-0.6	-0.4	-0.7	-0.8	-0.8	-0.8	-0.9	-1.0	-1.0
Capex	-0.5	-0.5	-0.6	-0.4	-0.5	-0.5	-0.5	-0.5	-0.5	-0.5	-0.5
Lease payments	-0.7	-0.7	-0.8	-0.8	-0.8	-0.8	-0.8	-0.8	-0.8	-0.8	-0.8
<b>FCF</b>	<b>1.1</b>	<b>2.4</b>	<b>3.0</b>	<b>4.6</b>	<b>5.1</b>	<b>6.0</b>	<b>7.0</b>	<b>7.9</b>	<b>8.8</b>	<b>9.9</b>	<b>10.9</b>
Discount factor (%)	95%	85%	76%	69%	62%	55%	49%	44%	40%	35%	
FCF PV (PLNm)	1.1	2.0	2.3	3.1	3.1	3.3	3.4	3.5	3.5	3.5	
FCF PV 2024-33E (PLNm)	28.9										
Residual growth rate (%)	2.0%										
Discounted residual value (PLNm)	39.2										
EV (PLNm)	68.0										
Dividend paid (PLNm)	0.0										
Net debt (eop 2023E, PLNm)	21.6										
Share issue (PLNm)*	10.8										
<b>Equity value (PLNm)</b>	<b>57.2</b>										
Number of shares (m)*	47.5										
<b>FV (PLN)</b>	<b>1.20</b>										

		WACC (%)				
		10.8%	11.3%	11.8%	12.3%	12.8%
Residual growth rate (%)	1.0%	1.20	1.16	1.12	1.09	1.06
	1.5%	1.24	1.20	1.16	1.13	1.09
	2.0%	1.30	1.25	<b>1.20</b>	1.16	1.13
	2.5%	1.36	1.30	1.25	1.21	1.17
	3.0%	1.42	1.36	1.31	1.26	1.21

Source: Company, IPOPEMA Research, \*issue of 6m shares at PLN 1.80/share for debt conversion

**Figure 4. Miraculum – WACC calculation**

WACC	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	TV
RFR	5.7%	5.9%	6.0%	6.1%	6.1%	6.1%	6.4%	6.4%	6.4%	6.4%	6.4%
Beta	1.3	1.3	1.3	1.2	1.2	1.2	1.2	1.1	1.1	1.1	1.1
Risk premium	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%
Cost of Equity	13.0%	13.0%	12.9%	12.9%	12.8%	12.6%	12.8%	12.7%	12.6%	12.5%	12.5%
Debt risk premium	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Tax rate	19.0%	19.0%	19.0%	19.0%	19.0%	19.0%	19.0%	19.0%	19.0%	19.0%	19.0%
After tax cost of debt	6.3%	6.4%	6.5%	6.5%	6.6%	6.6%	6.8%	6.8%	6.8%	6.8%	6.8%
% D	27.7%	26.4%	24.7%	22.8%	20.8%	18.8%	17.0%	15.3%	13.7%	12.3%	12.3%
% E	72.3%	73.6%	75.3%	77.2%	79.2%	81.2%	83.0%	84.7%	86.3%	87.7%	87.7%
<b>WACC</b>	<b>11.1%</b>	<b>11.2%</b>	<b>11.3%</b>	<b>11.4%</b>	<b>11.5%</b>	<b>11.5%</b>	<b>11.8%</b>	<b>11.8%</b>	<b>11.8%</b>	<b>11.8%</b>	<b>11.8%</b>

Source: Company, IPOPEMA Research

## Peer comparison

We present a multiples valuation by comparing Miraculum to retail companies, based on EV/Sales multiples. Due to different business models and product offers, as well as scale of operations, we attach 0% weight to the method.

Figure 5. Miraculum – peer comparison

Company	P/E (x)			EV/EBITDA (x)			EV/Sales (x)		
	2024E	2025E	2026E	2024E	2025E	2026E	2024E	2025E	2026E
LPP	15.1	12.4	10.2	8.0	6.6	5.3	1.7	1.3	1.1
CCC	n.a.	13.5	10.3	8.4	6.5	5.2	1.1	1.0	0.8
VRG	9.0	8.4	8.0	4.0	3.7	3.3	0.7	0.7	0.6
Wittchen	10.2	10.2	9.5	6.1	6.1	5.6	1.4	1.4	1.3
Pepco	13.3	12.6	12.7	4.8	4.3	3.9	0.7	0.6	0.5
Hugo Boss	10.3	8.4	7.5	4.2	3.6	3.1	0.9	0.9	0.8
Unilever	18.9	17.6	16.4	12.9	12.1	11.5	2.5	2.4	2.4
COTY	22.6	17.7	15.2	12.4	11.1	9.7	2.1	2.0	1.9
Olapex Holdings	11.5	9.5	9.4	7.2	5.7	4.7	2.6	2.5	2.3
Ulta Beauty	15.1	15.0	13.7	10.1	10.2	9.7	1.8	1.7	1.6
Median	13.3	12.5	10.2	7.6	6.3	5.3	1.5	1.3	1.2
<b>Miraculum</b>	<b>85.8</b>	<b>23.3</b>	<b>15.9</b>	<b>20.6</b>	<b>12.9</b>	<b>10.1</b>	<b>1.3</b>	<b>1.1</b>	<b>1.0</b>
Premium/discount (%)	547%	86%	55%	171%	105%	91%	-16%	-18%	-19%
Implied FV/share (PLN)	0.2	0.6	0.7	0.3	0.4	0.5	1.4	1.4	1.4
<b>Average implied FV/share (PLN)*</b>	<b>1.39</b>								

Source: Bloomberg, IPOPEMA Research, \*based on EV/Sales multiples

## Changes in financial forecasts

Figure 6. Miraculum – changes in financial forecasts (PLNm)

	2024E			2025E			2026E		
	NEW	OLD	change y/y	NEW	OLD	change y/y	NEW	OLD	change y/y
Revenues	50.2	52.7	-5%	55.9	58.6	-5%	61.7	64.4	-4%
COGS	-32.0	-34.0	-6%	-35.0	-37.2	-6%	-38.5	-40.5	-5%
<b>Gross profit</b>	<b>18.2</b>	<b>18.6</b>	<b>-3%</b>	<b>20.8</b>	<b>21.4</b>	<b>-3%</b>	<b>23.1</b>	<b>23.9</b>	<b>-3%</b>
SG&A costs	-16.3	-16.9	-4%	-17.3	-18.0	-4%	-18.3	-19.1	-4%
Selling costs	-11.0	-11.2	-2%	-11.6	-11.9	-2%	-12.2	-12.4	-2%
G&A costs	-5.3	-5.7	-7%	-5.7	-6.2	-7%	-6.2	-6.8	-9%
Other operating profit	0.0	0.0	<i>n.m.</i>	0.0	0.0	<i>n.m.</i>	0.0	0.0	<i>n.m.</i>
Other operating costs	0.0	0.0	<i>n.m.</i>	0.0	0.0	<i>n.m.</i>	0.0	0.0	<i>n.m.</i>
<b>EBITDA</b>	<b>3.1</b>	<b>2.9</b>	<b>5%</b>	<b>4.8</b>	<b>4.7</b>	<b>5%</b>	<b>5.9</b>	<b>6.0</b>	<b>-3%</b>
D&A	1.2	1.2	-2%	1.3	1.3	-3%	1.1	1.3	-18%
<b>EBIT</b>	<b>1.9</b>	<b>1.7</b>	<b>10%</b>	<b>3.5</b>	<b>3.4</b>	<b>3%</b>	<b>4.8</b>	<b>4.7</b>	<b>1%</b>
Net financial costs	-1.1	-0.6	88%	-0.7	-0.4	86%	-0.7	-0.3	132%
<b>Pre-tax profit</b>	<b>0.8</b>	<b>1.1</b>	<b>-32%</b>	<b>2.8</b>	<b>3.0</b>	<b>-7%</b>	<b>4.1</b>	<b>4.4</b>	<b>-8%</b>
Income tax	-0.1	-0.2	-32%	-0.5	-0.6	-7%	-0.8	-0.8	-8%
<b>Net profit</b>	<b>0.6</b>	<b>0.9</b>	<b>-32%</b>	<b>2.3</b>	<b>2.4</b>	<b>-7%</b>	<b>3.3</b>	<b>3.6</b>	<b>-8%</b>
<i>gross margin (%)</i>	<i>36.2%</i>	<i>35.4%</i>	-	<i>37.3%</i>	<i>36.5%</i>	-	<i>37.5%</i>	<i>37.1%</i>	-
<i>EBITDA margin (%)</i>	<i>6.1%</i>	<i>5.5%</i>	-	<i>8.5%</i>	<i>8.0%</i>	-	<i>9.5%</i>	<i>9.4%</i>	-

Source: Company, IPOPEMA Research

Figure 7. Miraculum – changes in assumptions

	2024E			2025E			2026E		
	NEW	NEW	change y/y	NEW	NEW	change y/y	NEW	NEW	change y/y
<b>Revenues (PLNm)</b>	<b>50.2</b>	<b>52.7</b>	<b>-5%</b>	<b>55.9</b>	<b>58.6</b>	<b>-5%</b>	<b>61.7</b>	<b>64.4</b>	<b>-4%</b>
Shaving cosmetics	11.7	11.4	2%	12.9	12.6	2%	14.2	13.8	2%
Makeup cosmetics	9.3	9.5	-2%	10.2	10.4	-2%	11.2	11.4	-2%
Fragrances & Perfumes	14.5	14.8	-2%	16.4	17.0	-4%	18.0	18.8	-4%
Body care	1.8	2.3	-21%	2.2	2.7	-21%	2.6	3.3	-21%
Face care	7.9	5.8	35%	8.7	6.1	42%	9.6	6.4	48%
Other	5.0	8.8	-43%	5.5	9.7	-43%	6.1	10.7	-43%
<b>Gross margin (%)</b>	<b>36.2%</b>	<b>35.4%</b>	<b>0.8pp</b>	<b>37.3%</b>	<b>36.5%</b>	<b>0.8pp</b>	<b>37.5%</b>	<b>37.1%</b>	<b>0.5pp</b>
<i>Shaving cosmetics</i>	<i>28.2%</i>	<i>27.1%</i>	<i>1.1pp</i>	<i>28.4%</i>	<i>27.6%</i>	<i>0.8pp</i>	<i>28.6%</i>	<i>28.1%</i>	<i>0.5pp</i>
<i>Makeup cosmetics</i>	<i>33.5%</i>	<i>30.6%</i>	<i>2.9pp</i>	<i>35.5%</i>	<i>32.6%</i>	<i>2.9pp</i>	<i>36.5%</i>	<i>33.6%</i>	<i>2.9pp</i>
<i>Fragrances &amp; Perfumes</i>	<i>44.1%</i>	<i>44.9%</i>	<i>-0.7pp</i>	<i>45.1%</i>	<i>45.9%</i>	<i>-0.7pp</i>	<i>45.1%</i>	<i>46.9%</i>	<i>-1.7pp</i>
<i>Body care</i>	<i>28.0%</i>	<i>28.3%</i>	<i>-0.3pp</i>	<i>28.5%</i>	<i>28.8%</i>	<i>-0.3pp</i>	<i>29.0%</i>	<i>29.3%</i>	<i>-0.3pp</i>
<i>Face care</i>	<i>42.7%</i>	<i>43.6%</i>	<i>-0.9pp</i>	<i>44.2%</i>	<i>45.1%</i>	<i>-0.9pp</i>	<i>44.4%</i>	<i>45.3%</i>	<i>-0.9pp</i>
<i>Other</i>	<i>29.7%</i>	<i>31.7%</i>	<i>-2pp</i>	<i>30.7%</i>	<i>32.7%</i>	<i>-2pp</i>	<i>30.7%</i>	<i>32.7%</i>	<i>-2pp</i>

Source: Company, IPOPEMA Research

Figure 8. Miraculum – monthly revenues (PLNm)

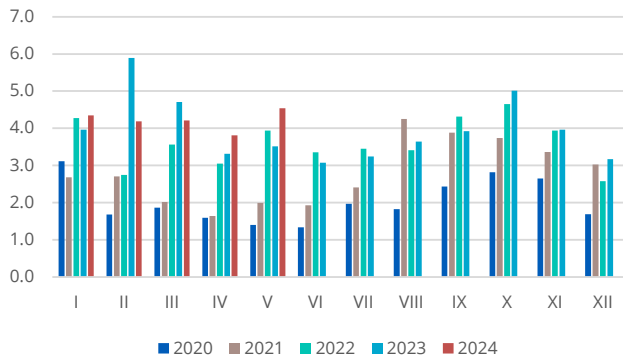


Figure 9. Miraculum – cumulative monthly revenues (PLNm)

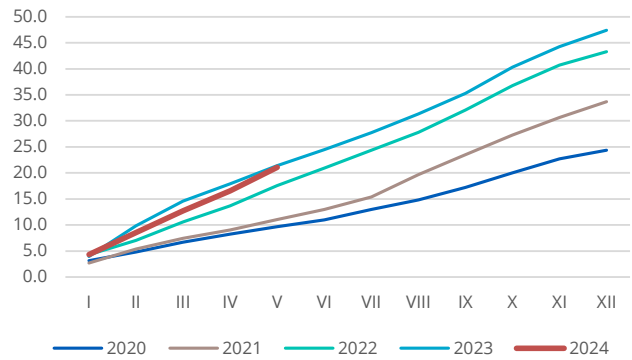


Figure 10. Miraculum – revenues forecast by segments (PLNm)

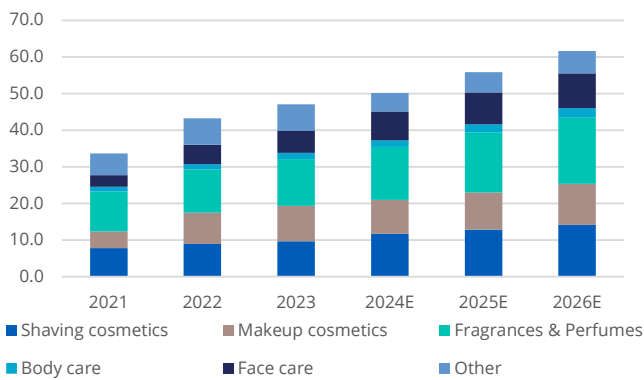


Figure 11. Miraculum – operating costs assumptions (PLNm)

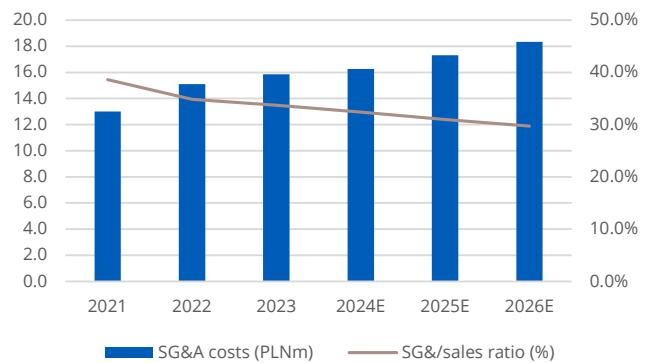


Figure 12. Miraculum – EBITDA forecast (PLNm)

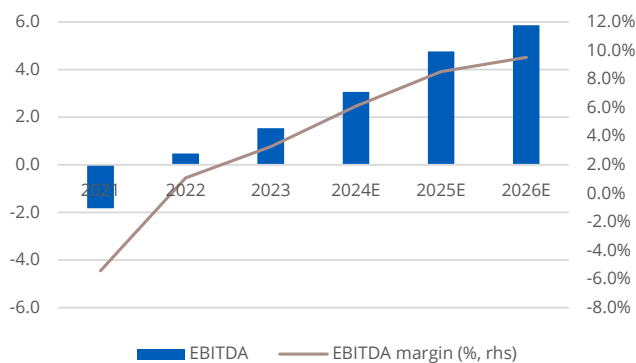


Figure 13. Miraculum – Net profit forecast (PLNm)

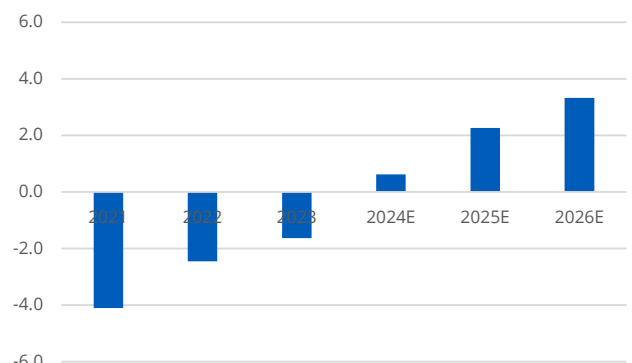


Figure 14. Miraculum – cash conversion cycle (days)

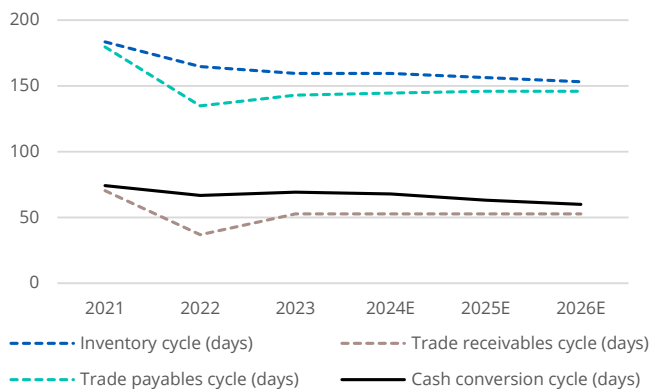
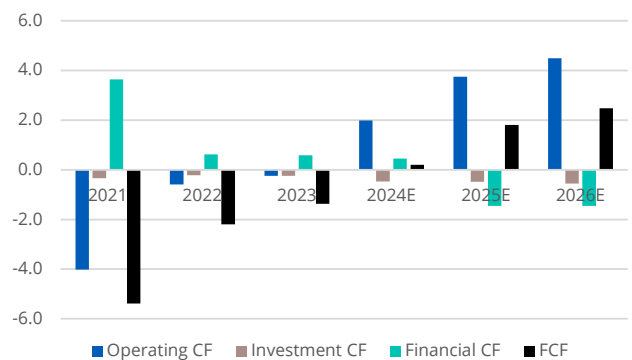


Figure 15. Miraculum – cash flows forecast (PLNm)



Source: Company, IPOPEMA Research

## 1Q24 results review

Miraculum reported its 1Q24 results with EBITDA of PLN 1.05m (+27% y/y) above our estimate of PLN 0.57m, driven mainly by improvement of gross margin by 8.3pp y/y to 38.8%. Below please find key highlights:

- **Revenues** came in at PLN 12.8m (-12% y/y, slightly above monthly data of PLN 12.7m). Revenues in 'Shaving cosmetics' increased by 14% y/y to PLN 2.6m, while 'Face care' almost doubled y/y to PLN 1.8m. Revenues in 'Makeup cosmetics' and 'Body care' declined y/y.
- **Gross profit** reached PLN 5.0m (+12% y/y), implying a gross margin of 38.8% (+8.3pp y/y). The company reported y/y improvement in gross margin in all its segments, with major growth reported in 'Makeup cosmetics' (to 45.2%). The gross margin in 'Perfumes' remains at a solid level of 42%.
- **EBITDA** came in at PLN 1.05m (+27% y/y, vs. our forecast PLN 0.57m). SG&A costs increased by 7% y/y to PLN 4.2m at that time (6% above our expectations). EBIT amounted to PLN 0.76m (vs. our forecast of PLN 0.28m).
- **Net profit** amounted to PLN 12k (vs. our forecast of a loss of PLN 66k). Net financial costs amounted to PLN 503k.
- **Operating cash flow** amounted to PLN 12k in 1Q24 vs. PLN 188k in 1Q23. The company held an inventory of PLN 13.7m as of end-1Q24 (+3% y/y). Net debt amounted to PLN 8.8m as of end-1Q24 (vs. PLN 19.2m as of end-4Q23 following the issue of 6m shares and conversion of debt to shares).

Figure 16. Miraculum results summary (PLNm)

MIR PW (PLNm)	1Q23	2Q23	3Q23	4Q23	1Q24	y/y	1Q24E	vs. IPOF
Revenues	14.54	9.91	10.77	11.85	12.78	-12%	12.66	1%
COGS	-10.10	-6.28	-6.54	-7.94	-7.83	-23%	-8.44	-7%
<b>Gross profit</b>	<b>4.43</b>	<b>3.63</b>	<b>4.23</b>	<b>3.91</b>	<b>4.96</b>	<b>12%</b>	<b>4.22</b>	<b>17%</b>
SG&A costs	-3.92	-3.97	-3.83	-4.04	-4.18	7%	-3.94	6%
Selling costs	-2.59	-2.65	-2.57	-2.73	-2.86	11%	-2.70	6%
G&A costs	-1.33	-1.32	-1.26	-1.31	-1.33	0%	-1.24	7%
Other operating profit/cost	0.04	0.02	0.02	-0.05	-0.01	-123%	0.00	n.m.
<b>EBITDA</b>	<b>0.83</b>	<b>-0.03</b>	<b>0.72</b>	<b>0.12</b>	<b>1.05</b>	<b>27%</b>	<b>0.57</b>	<b>83%</b>
D&A	0.27	0.29	0.30	0.29	0.29	5%	0.30	-3%
<b>EBIT</b>	<b>0.56</b>	<b>-0.32</b>	<b>0.42</b>	<b>-0.17</b>	<b>0.76</b>	<b>38%</b>	<b>0.28</b>	<b>174%</b>
Net financial costs	-0.35	-0.41	-0.35	-0.60	-0.50	42%	-0.35	46%
<b>Pre-tax profit</b>	<b>0.20</b>	<b>-0.73</b>	<b>0.07</b>	<b>-0.77</b>	<b>0.26</b>	<b>30%</b>	<b>-0.07</b>	<b>n.m.</b>
Income tax	0.07	0.01	0.09	-0.48	-0.25	-475%	0.00	n.m.
<b>Net profit</b>	<b>0.27</b>	<b>-0.71</b>	<b>0.16</b>	<b>-1.25</b>	<b>0.01</b>	<b>-96%</b>	<b>-0.07</b>	<b>n.m.</b>
<i>Gross margin (%)</i>	<i>30.5%</i>	<i>36.6%</i>	<i>39.3%</i>	<i>33.0%</i>	<i>38.8%</i>	-	<i>33.3%</i>	-

Source: Company, IPOPEMA Research



## Risk factors

The major risk factors for our forecasts and valuation are as follows:

- **Risk related to a high level of debt.** As of 4Q23, the company held a gross debt of PLN 21.7m and PLN 120k in cash (net debt/EBITDA ratio of 12x). Following the share issue and conversion of debt, gross debt decreased to PLN 11.3m as of end-1Q24, while net debt/EBITDA ratio decreased to 4.7x. Nevertheless, the company plans further deleveraging that might limit potential development of operations.
- **Risk related to consumer purchasing power.** Consumer sentiment is highly correlated to the level of inflation, as well as the labour market (unemployment rates, wages), and any pressure on the consumer's purchasing power may result in reduced spending on cosmetics or changes in consumer habits.
- **Risk related to the competitive environment.** The cosmetics market is highly fragmented and highly competitive. According to Cosmetics Europe, there are over 7k small and medium-sized enterprises in Europe operating as cosmetics producers (including over 700 companies in Poland). Stronger competition may not only affect the company's pricing policy, but also affect the availability and/or cost of raw materials, and potentially higher marketing costs.
- **Risk related to cost of raw materials and changes in agreements with suppliers.** The company offers cosmetics and perfumes with its production outsourced to partners (over 30% of goods are supplied by two suppliers not related to the company). The cost of products can be affected by higher raw material costs, adjustment to legal regulations and exchange rates. The company's gross margin is related to its negotiations with suppliers, as well as clients (including drugstores and discount stores).
- **Risk related to research and development.** The competitive pressure results in a need to invest in research and development of new and existing cosmetics.
- **Risk related to FX rates.** The company has exposure to FX rates (mainly USD and EUR), due to sales on foreign markets as well as some costs being carried in foreign currencies. The company does not engage in hedging activities.

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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.

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

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When applying ratings for companies following criteria are used with regards to the difference between IPOPEMA's FV and company's price at the date of recommendation:

Rating	Difference between FV and price at recommendation
Buy	Above 10%
Hold	In between (and including) -10% and 10%
Sell	Below -10%

#### IPOPEMA Research - Distribution by rating category (1 January – 31 March 2024)

	Number	%
Buy	12	75%
Hold	3	19%
Sell	1	6%
Total	16	100%

#### 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
28/06/2024	HOLD	PLN 1.20	PLN 1.11	Marek Szymański