

Miraculum

Optimization of the business in progress

We decrease our FV from PLN 1.20 to PLN 0.85 per share, as we revise our financial forecasts down, and we maintain our HOLD recommendation on Miraculum. The company reported revenues of PLN 45m in the 11M24 period implying uninspiring 2% y/y growth with y/y improvement of sales in Poland and a solid double-digit y/y decline in exports. As a result, we trim our revenue forecasts by 4% to PLN 48.3m in 2024E and by 8% to PLN 51.3m in 2025E. Although the company has reported that it is focused on improvement of its inventory structure and cost reduction, we anticipate higher than previously-assumed operating costs (following 9M24 reported results), and we cut EBITDA forecasts to PLN 0.2m in 2024E (vs. PLN 3.1m profit previously) and PLN 1.6m in 2025E (down from PLN 4.8m previously). On the other hand, we note that reduction of inventory and potential development of sales in foreign markets may support Miraculum's cash flow generation (we predict the company to return to positive FCF generation starting from 2025E); however, with a still challenging balance sheet and uninspiring results outlook, we see limited potential for sentiment improvement in the coming months.

Target to recover export sales

Miraculum reported revenues of PLN 45m in the 11M24 period (+2% y/y). As a result, we decrease our forecast to PLN 48.3m in 2024E (vs. PLN 50.2m previously). We note that Miraculum's top line was under pressure mainly with regards to export sales (down by 43% y/y in 9M24), while domestic sales improved (by 18% y/y in 9M24). Although the company is currently focused on improvement of sales on foreign markets (namely Asian countries and the USA), we remain cautious and we trim our revenue forecasts by 8% to PLN 51.3m in 2025E (+6% y/y). We still consider 'Makeup cosmetics' and 'Perfumes' to be major drivers for growth.

Profitability still under pressure

The management informed that Miraculum is in the process of inventory optimization, selling off its unprofitable products, which might negatively affect gross margins in the coming 2-3 quarters. However, we expect that this should finally translate into improvement of gross margins in the subsequent years (although still at a lower level than we previously assumed). Additionally, we expect SG&A costs to stabilize at relatively comparable y/y levels. Given the above-mentioned, we cut our EBITDA forecast to PLN 0.2m in 2024E and PLN 1.6m in 2025E (vs. respective PLN 3.1m and PLN 4.8m previously).

Still working on liquidity

Despite lower financial results forecasts and assuming optimization of working capital, we expect that Miraculum will be able to gradually return to positive FCF generation, starting from 2025E. As a result, we forecast net debt (non-IFRS16) of PLN 10.3m as of end-2024E and PLN 9.6m as of end-2025E. Nevertheless, we note that the high level of debt remains a risk factor that might limit the company's potential to increase its scale of operations or it might require additional financing.

Figure 1. Miraculum – Financial summary (PLNm)

	2022	2023	2024E	2025E	2026E	2027E
Revenues	43.3	47.1	48.3	51.3	55.1	59.1
EBITDA	0.5	1.5	0.2	1.6	2.8	4.0
EBIT	-0.5	0.4	-1.0	0.3	1.7	2.8
Net profit	-2.5	-1.6	-2.6	-0.4	0.7	1.7
P/E (x)	n.a.	n.a.	n.a.	n.a.	49.5	22.5
EV/EBITDA (x)	138.1	35.1	248.3	30.9	17.2	11.8
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 0.85 from PLN 1.20

9% upside potential

Price as of 18 December 2024 PLN 0.78

HOLD maintained



Share data

Number of shares (m)	47.5
Market cap (EUR m)	8.5
12M avg daily volume (k)	14.9
12M avg daily turnover (EUR m)	0.004
12M high/low (PLN)	1.44/0.73
WIG weight	0.01
Reuters	MIR.WA
Bloomberg	MIR.PW

Total performance

1M	+1%
3M	-28%
12M	-35%

Shareholders

Marek Kamola	41.95%
Piotr Skowron	9.24%
Jan Załubski	8.14%
Sławomir Ziemiński	5.00%
Other	35.67%

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Miraculum

HOLD

FV PLN 0.85

Mkt cap EUR 9m

Upside 9%

Valuation multiples	2023	2024E	2025E	2026E	2027E
P/E (x)	n.a.	n.a.	n.a.	49.5	22.5
EV/EBITDA (x)	35.1	248.3	30.9	17.2	11.8
EV/Sales (x)	1.1	1.0	1.0	0.9	0.8
P/BV (x)	1.50	1.24	1.26	1.23	1.16
FCF yield (%)	-4.2%	-5.0%	1.7%	0.9%	3.2%
DY (%)	0.0%	0.0%	0.0%	0.0%	0.0%

Per share	2023	2024E	2025E	2026E	2027E
No. of shares (m units)	41.5	47.5	47.5	47.5	47.5
EPS (PLN)	-0.04	-0.05	-0.01	0.02	0.03
BVPS (PLN)	0.52	0.63	0.62	0.64	0.67
FCFPS (PLN)	-0.03	-0.04	0.01	0.01	0.03
DPS (PLN)	0.00	0.00	0.00	0.00	0.00

Change y/y (%)	2023	2024E	2025E	2026E	2027E
Revenues	9%	3%	6%	7%	7%
EBITDA	223%	n.a.	694%	78%	42%
EBIT	n.a.	n.a.	n.a.	486%	66%
Net profit	n.a.	57%	n.a.	n.a.	120%

Leverage and return	2023	2024E	2025E	2026E	2027E
Gross margin (%)	34.4%	33.8%	34.7%	35.8%	36.2%
EBITDA margin (%)	3.3%	0.4%	3.1%	5.1%	6.8%
EBIT margin (%)	0.8%	-2.1%	0.6%	3.0%	4.7%
Net margin (%)	-3.5%	-5.3%	-0.7%	1.4%	2.8%
Net debt / EBITDA (x)	12.5	51.2	6.1	3.3	2.0
Net debt / Equity (x)	0.89	0.34	0.33	0.31	0.25
Net debt / Assets (x)	0.32	0.17	0.16	0.15	0.13
ROE (%)	-7.5%	-10.0%	-1.3%	2.5%	5.3%
ROA (%)	-2.8%	-4.3%	-0.6%	1.2%	2.6%
ROIC (%)	0.7%	-1.9%	0.6%	3.3%	5.3%

Assumptions	2023	2024E	2025E	2026E	2027E
Revenues (PLNm)	47.1	48.3	51.3	55.1	59.1
Shaving cosmetics	9.7	12.1	12.7	13.4	14.0
Makeup cosmetics	9.6	12.4	13.3	14.3	15.2
Perfumes	12.8	11.8	12.4	13.7	15.0
Body care	1.7	1.3	1.5	1.6	1.8
Face care	6.1	6.2	6.5	6.8	7.2
Other	7.1	4.4	4.9	5.4	5.9

Gross profit (PLNm)	16.2	16.3	17.8	19.7	21.4
Shaving cosmetics	2.6	3.5	3.8	4.1	4.3
Makeup cosmetics	2.9	4.1	4.5	5.1	5.6
Perfumes	5.6	5.0	5.4	6.0	6.6
Body care	0.5	0.4	0.5	0.5	0.6
Face care	2.5	2.4	2.7	2.9	3.0
Other	2.0	0.9	1.0	1.1	1.2

Cash conv. (days)	69	58	43	40	40
Inventory	160	152	136	134	134
Receivables	53	53	53	53	53
Payables	143	146	146	146	146

P&L (PLN m)	2022	2023	2024E	2025E	2026E	2027E
Revenues	43.3	47.1	48.3	51.3	55.1	59.1
COGS	-29.6	-30.9	-32.0	-33.5	-35.3	-37.7
Gross profit	13.8	16.2	16.3	17.8	19.7	21.4
Selling costs	-10.4	-10.6	-11.4	-11.4	-11.7	-11.9
G&A costs	-4.7	-5.2	-5.9	-6.1	-6.4	-6.7
Other operating income	1.1	0.3	0.1	0.0	0.0	0.0
Other operating cost	-0.3	-0.2	-0.1	0.0	0.0	0.0
EBITDA	0.5	1.5	0.2	1.6	2.8	4.0
D&A	1.0	1.2	1.2	1.3	1.2	1.3
EBIT	-0.5	0.4	-1.0	0.3	1.7	2.8
Net financial costs	-0.8	-1.7	-1.2	-0.8	-0.8	-0.7
Pre-tax profit	-1.4	-1.3	-2.2	-0.5	0.9	2.0
Income tax	-1.1	-0.3	-0.4	0.1	-0.2	-0.4
Net profit	-2.5	-1.6	-2.6	-0.4	0.7	1.7

BALANCE SHEET (PLNm)	2022	2023	2024E	2025E	2026E	2027E
Non-current assets	38.5	39.2	39.2	39.1	39.3	39.2
PP&E	1.3	1.1	1.1	1.0	1.1	1.1
RoU assets	1.4	2.4	2.4	2.4	2.5	2.5
Goodwill and intangible assets	33.6	33.5	33.5	33.5	33.5	33.5
Other non-current assets	2.3	2.1	2.1	2.1	2.1	2.1
Current assets	17.7	20.4	20.8	21.0	22.3	25.0
Inventory	13.3	13.5	13.3	12.5	12.9	13.8
Trade receivables	4.4	6.8	7.0	7.4	8.0	8.6
Cash and equivalents	0.0	0.1	0.5	1.1	1.4	2.6
Total assets	56.2	59.6	59.9	60.2	61.6	64.3
Equity	22.1	21.6	29.9	29.5	30.2	31.9
Minorities	0.0	0.0	0.0	0.0	0.0	0.0
Long term liabilities	20.8	5.9	14.4	14.4	14.4	14.4
Financial liabilities	16.3	0.0	8.5	8.5	8.5	8.5
Other	4.6	5.9	5.9	5.9	5.9	5.9
Short term liabilities	13.3	32.0	15.7	16.3	17.0	18.0
Financial liabilities	1.7	19.3	2.2	2.2	2.2	2.2
Trade payables	10.9	12.1	12.8	13.4	14.1	15.1
Other	0.7	0.6	0.6	0.6	0.6	0.6
Equity & liabilities	56.2	59.6	59.9	60.2	61.6	64.3
Gross debt (PLNm)	17.9	19.3	10.8	10.8	10.8	10.8
Net debt (PLNm)	17.9	19.2	10.3	9.6	9.3	8.1

CASH FLOW (PLN m)	2022	2023	2024E	2025E	2026E	2027E
Operating cash flow	-0.6	-0.2	-0.1	2.6	2.4	3.1
Net income	-2.5	-1.6	-2.6	-0.4	0.7	1.7
D&A	1.0	1.2	1.2	1.3	1.2	1.3
Change in WC	-0.1	-1.4	0.7	0.9	-0.2	-0.5
Other	0.9	1.6	0.6	0.8	0.8	0.7
Investment cash flow	-0.2	-0.2	-0.5	-0.5	-0.6	-0.4
Change in intangible assets	0.5	0.1	0.0	0.0	0.0	0.0
Change in PP&E	-0.7	-0.3	-0.4	-0.5	-0.6	-0.4
Financial cash flow	0.6	0.6	0.9	-1.5	-1.5	-1.5
Change in equity	1.7	1.2	0.0	0.0	0.0	0.0
Change in debt	0.3	0.3	2.2	0.0	0.0	0.0
Interest cost	-0.7	-0.1	-0.6	-0.8	-0.8	-0.7
Lease payments	-0.7	-0.8	-0.7	-0.7	-0.8	-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
Change in cash	-0.2	0.1	0.4	0.6	0.3	1.2
Cas as of eop	0.0	0.1	0.5	1.1	1.4	2.6

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%	0.85
Peer comparison valuation	0%	1.21
Fair value		0.85
Current price		0.78
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 5.5% in terminal (vs. 6.4% 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	48.3	51.3	55.1	59.1	62.8	66.7	70.3	74.2	78.4	82.7	84.4
EBITDA	0.2	1.6	2.8	4.0	5.0	6.2	7.4	8.4	9.6	10.8	11.0
EBIT	-1.0	0.3	1.7	2.8	3.8	4.9	6.1	7.2	8.3	9.5	9.7
Tax on EBIT	0.2	-0.1	-0.3	-0.5	-0.7	-0.9	-1.2	-1.4	-1.6	-1.8	-1.8
NOPAT	-0.8	0.2	1.4	2.3	3.1	4.0	5.0	5.8	6.7	7.7	7.9
D&A	1.2	1.3	1.2	1.3	1.2	1.3	1.3	1.3	1.3	1.3	1.3
Change in WC	0.7	0.9	-0.2	-0.5	-0.5	-0.5	-0.5	-0.5	-0.5	-0.5	-0.9
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
FCF	-0.1	1.2	0.9	1.8	2.5	3.5	4.4	5.3	6.2	7.1	7.7
Discount factor (%)	100%	90%	81%	73%	66%	59%	54%	48%	44%	39%	
FCF PV (PLNm)	-0.1	1.1	0.8	1.3	1.7	2.1	2.4	2.6	2.7	2.8	
FCF PV 2024-33E (PLNm)											17.3
Residual growth rate (%)											2.0%
Discounted residual value (PLNm)											34.1
EV (PLNm)											51.4
Dividend paid (PLNm)											0.0
Net debt (eop 2023E, PLNm)											21.6
Share issue (PLNm)*											10.8
Equity value (PLNm)											40.6
Number of shares (m)*											47.5
FV (PLN)											0.85

		WACC (%)				
		9.9%	10.4%	10.9%	11.4%	11.9%
Residual growth rate (%)	1.0%	0.85	0.81	0.77	0.74	0.72
	1.5%	0.89	0.85	0.81	0.78	0.75
	2.0%	0.94	0.89	0.85	0.81	0.78
	2.5%	1.00	0.95	0.90	0.86	0.82
	3.0%	1.07	1.00	0.95	0.90	0.86

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	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%
Beta	1.4	1.4	1.4	1.3	1.3	1.3	1.3	1.2	1.2	1.2	1.2
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%	12.8%	12.7%	12.6%	12.4%	12.2%	12.1%	12.0%	12.0%
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	6.1%	6.1%	6.1%	6.1%	6.1%	6.1%	6.1%	6.1%	6.1%	6.1%	6.1%
% D	30.6%	30.9%	30.3%	29.2%	27.7%	25.8%	23.8%	21.7%	19.7%	17.8%	17.8%
% E	69.4%	69.1%	69.7%	70.8%	72.3%	74.2%	76.2%	78.3%	80.3%	82.2%	82.2%
WACC	10.9%	10.9%	10.9%	10.9%	10.9%	10.9%	10.9%	10.9%	10.9%	10.9%	10.9%

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	11.9	9.6	7.9	6.4	5.1	1.6	1.3	1.1
CCC	n.a.	16.7	12.5	10.4	7.8	6.3	1.6	1.4	1.2
VRG	8.9	8.0	7.9	3.9	3.4	3.1	0.7	0.7	0.6
Wittchen	8.7	8.5	7.8	5.0	4.9	4.4	1.0	1.0	0.9
Pepco	10.9	10.7	10.5	4.2	3.9	3.6	0.6	0.6	0.5
Hugo Boss	13.5	11.3	9.7	5.0	4.5	4.0	1.0	0.9	0.9
Unilever	19.3	17.9	16.9	12.8	12.0	11.5	2.7	2.6	2.6
COTY	16.6	14.1	12.0	9.1	7.9	7.1	1.7	1.7	1.6
Olapex Holdings	18.2	17.9	19.3	11.4	10.6	9.9	3.5	3.6	3.4
Ulta Beauty	16.8	18.2	18.4	10.9	12.1	12.5	2.0	2.0	1.9
Median	15.1	13.0	11.3	8.5	7.1	5.7	1.6	1.4	1.1
Miraculum	n.a.	n.a.	49.5	n.m.	30.9	17.2	1.0	1.0	0.9
Premium/discount (%)	<i>n.m.</i>	<i>n.m.</i>	<i>339%</i>	<i>n.m.</i>	<i>337%</i>	<i>200%</i>	<i>-36%</i>	<i>-30%</i>	<i>-20%</i>
Implied FV/share (PLN)	<i>n.m.</i>	<i>n.m.</i>	0.2	<i>n.m.</i>	0.0	0.1	1.4	1.2	1.0
Average implied FV/share (PLN)*	1.21								

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	NEW	OLD	change	NEW	OLD	change
Revenues	48.3	50.2	-4%	51.3	55.9	-8%	55.1	61.7	-11%
COGS	-32.0	-32.0	0%	-33.5	-35.0	-4%	-35.3	-38.5	-8%
Gross profit	16.3	18.2	-10%	17.8	20.8	-14%	19.7	23.1	-15%
SG&A costs	-17.3	-16.3	6%	-17.5	-17.3	1%	-18.1	-18.3	-2%
Selling costs	-11.4	-11.0	4%	-11.4	-11.6	-1%	-11.7	-12.2	-4%
G&A costs	-5.9	-5.3	12%	-6.1	-5.7	6%	-6.4	-6.2	3%
Other operating profit	0.1	0.0	n.m.	0.0	0.0	n.m.	0.0	0.0	n.m.
Other operating costs	-0.1	0.0	n.m.	0.0	0.0	n.m.	0.0	0.0	n.m.
EBITDA	0.2	3.1	-93%	1.6	4.8	-67%	2.8	5.9	-52%
D&A	1.2	1.2	2%	1.3	1.3	3%	1.2	1.1	8%
EBIT	-1.0	1.9	n.m.	0.3	3.5	-92%	1.7	4.8	-65%
Net financial costs	-1.2	-1.1	2%	-0.8	-0.7	6%	-0.8	-0.7	8%
Pre-tax profit	-2.2	0.8	n.m.	-0.5	2.8	n.m.	0.9	4.1	-77%
Income tax	-0.4	-0.1	n.m.	0.1	-0.5	-117%	-0.2	-0.8	-77%
Net profit	-2.6	0.6	n.m.	-0.4	2.3	n.m.	0.7	3.3	-77%
<i>gross margin (%)</i>	<i>33.8%</i>	<i>36.2%</i>	-	<i>34.7%</i>	<i>37.3%</i>	-	<i>35.8%</i>	<i>37.5%</i>	-
<i>EBITDA margin (%)</i>	<i>0.4%</i>	<i>6.1%</i>	-	<i>3.1%</i>	<i>8.5%</i>	-	<i>5.1%</i>	<i>9.5%</i>	-

Source: Company, IPOPEMA Research

Figure 7. Miraculum – changes in assumptions

	2024E			2025E			2026E		
	NEW	OLD	change	NEW	OLD	change	NEW	OLD	change
Revenues (PLNm)	48.3	50.2	-4%	51.3	55.9	-8%	55.1	61.7	-11%
Shaving cosmetics	12.1	11.7	4%	12.7	12.9	-1%	13.4	14.2	-6%
Makeup cosmetics	12.4	9.3	34%	13.3	10.2	31%	14.3	11.2	27%
Fragrances & Perfumes	11.8	14.5	-18%	12.4	16.4	-24%	13.7	18.0	-24%
Body care	1.3	1.8	-27%	1.5	2.2	-33%	1.6	2.6	-38%
Face care	6.2	7.9	-22%	6.5	8.7	-25%	6.8	9.6	-29%
Other	4.4	5.0	-12%	4.9	5.5	-12%	5.4	6.1	-12%
Gross margin (%)	33.8%	36.2%	-2.4pp	34.7%	37.3%	-2.6pp	35.8%	37.5%	-1.7pp
<i>Shaving cosmetics</i>	<i>29.2%</i>	<i>28.2%</i>	<i>1pp</i>	<i>29.7%</i>	<i>28.4%</i>	<i>1.3pp</i>	<i>30.7%</i>	<i>28.6%</i>	<i>2.1pp</i>
<i>Makeup cosmetics</i>	<i>32.7%</i>	<i>33.5%</i>	<i>-0.8pp</i>	<i>33.7%</i>	<i>35.5%</i>	<i>-1.8pp</i>	<i>35.7%</i>	<i>36.5%</i>	<i>-0.8pp</i>
<i>Fragrances & Perfumes</i>	<i>42.2%</i>	<i>44.1%</i>	<i>-1.9pp</i>	<i>43.2%</i>	<i>45.1%</i>	<i>-1.9pp</i>	<i>44.2%</i>	<i>45.1%</i>	<i>-0.9pp</i>
<i>Body care</i>	<i>32.6%</i>	<i>28.0%</i>	<i>4.6pp</i>	<i>32.1%</i>	<i>28.5%</i>	<i>3.6pp</i>	<i>32.6%</i>	<i>29.0%</i>	<i>3.6pp</i>
<i>Face care</i>	<i>39.4%</i>	<i>42.7%</i>	<i>-3.3pp</i>	<i>41.4%</i>	<i>44.2%</i>	<i>-2.8pp</i>	<i>41.9%</i>	<i>44.4%</i>	<i>-2.5pp</i>
<i>Other</i>	<i>19.4%</i>	<i>29.7%</i>	<i>-10.3pp</i>	<i>20.9%</i>	<i>30.7%</i>	<i>-9.8pp</i>	<i>20.9%</i>	<i>30.7%</i>	<i>-9.8pp</i>
Gross profit (PLNm)	16.3	18.2	-10%	17.8	20.8	-14%	19.7	23.1	-15%
Shaving cosmetics	3.5	3.3	7%	3.8	3.7	3%	4.1	4.0	1%
Makeup cosmetics	4.1	3.1	31%	4.5	3.6	24%	5.1	4.1	24%
Fragrances & Perfumes	5.0	6.4	-22%	5.4	7.4	-27%	6.0	8.1	-26%
Body care	0.4	0.5	-15%	0.5	0.6	-24%	0.5	0.8	-31%
Face care	2.4	3.4	-28%	2.7	3.8	-30%	2.9	4.2	-33%
Other	0.9	1.5	-42%	1.0	1.7	-40%	1.1	1.9	-40%

Source: Company, IPOPEMA Research

Figure 8. Miraculum – monthly revenues (PLNm)

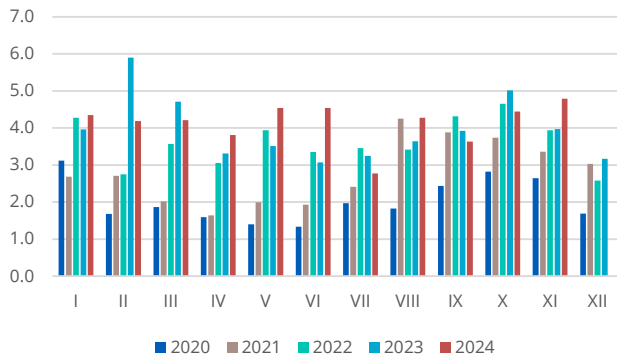


Figure 9. Miraculum – cumulative monthly revenues (PLNm)

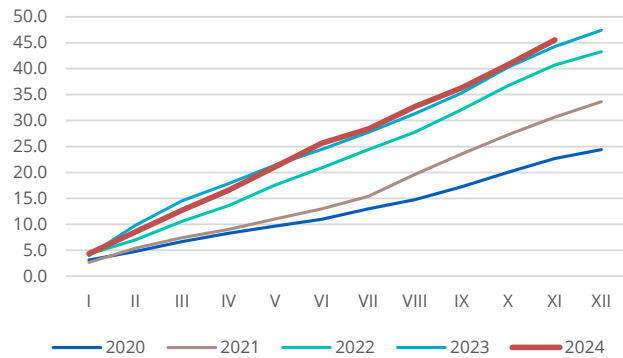


Figure 10. Miraculum – revenues forecast by segments (PLNm)

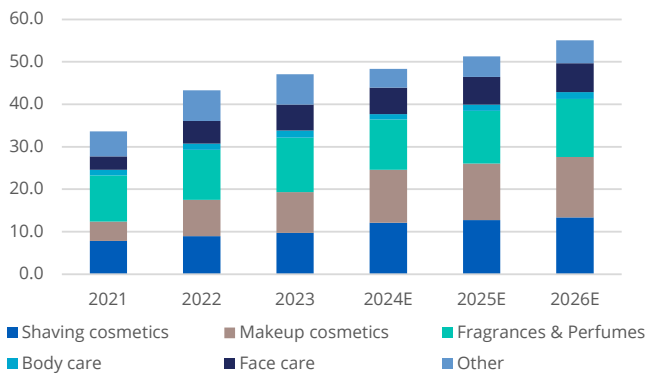


Figure 11. Miraculum – operating costs assumptions (PLNm)

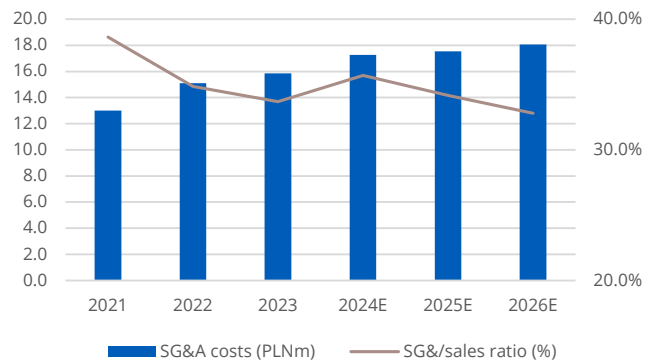


Figure 12. Miraculum – EBITDA forecast (PLNm)

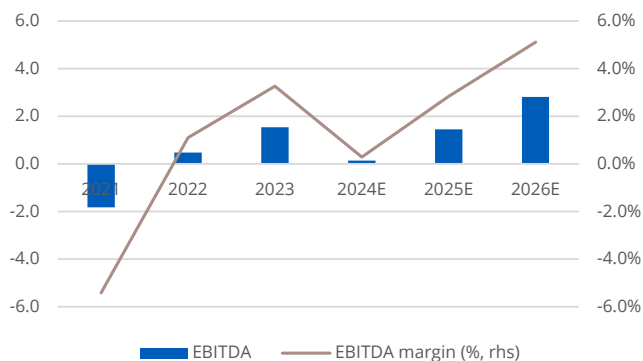


Figure 13. Miraculum – Net profit forecast (PLNm)

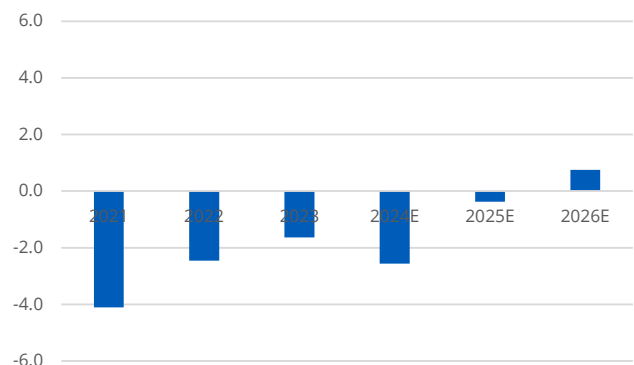


Figure 14. Miraculum – cash conversion cycle (days)

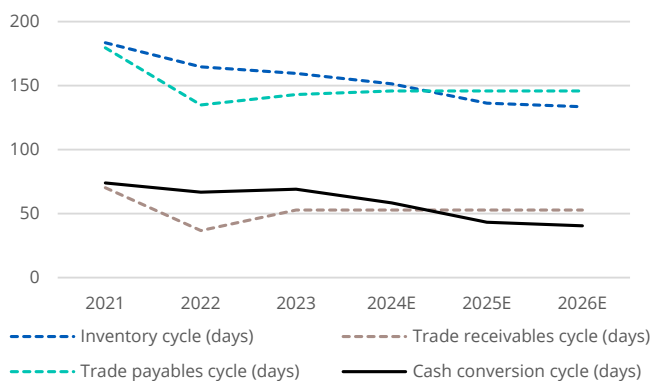
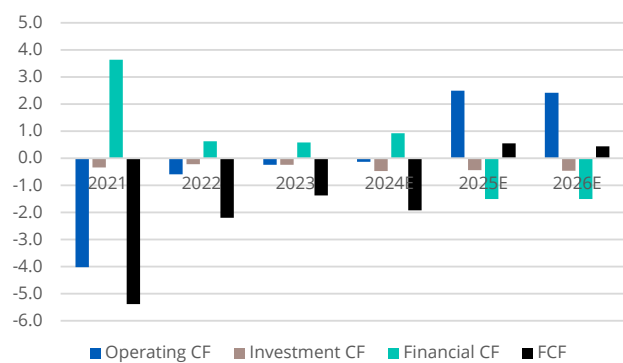


Figure 15. Miraculum – cash flows forecast (PLNm)



Source: Company, IPOPEMA Research

3Q24 results review

Miraculum reported its 3Q24 results with EBITDA loss of PLN 1.0m (vs. profit PLN 0.72m in 3Q23 and below our expectations of loss PLN 0.9m) on lower gross margin and pressure on operating costs. Below please find key highlights:

- **Revenues** came in at PLN 10.3m (-4% y/y), slightly below already reported preliminary monthly data: revenues of PLN 2.7m in July (-15% y/y), PLN 4.3m in August (+17% y/y) and PLN 3.6m in September (-7% y/y). The company reported solid improvement in 'Shaving cosmetics' (PLN 4.2m, +79% y/y), and y/y deterioration of sales in all other product segments.
- **Gross profit** amounted to PLN 3.3m (-23% y/y), implying decline of gross margin by 7.7pp y/y to 31.6% (with strongest deterioration reported in 'Makeup cosmetics' segment). The company pointed at sale-off of inventory.
- **EBITDA** came in at PLN 1.0m loss (vs. profit PLN 0.7m in 3Q23 and our est. loss PLN 0.9m). SG&A costs increased by 16% y/y to PLN 4.5m at that time (with one-off additional costs related to move of the office and warehouse).
- **Net loss** amounted to PLN 1.7m with net financial costs of PLN 0.3m.
- The company had inventory of PLN 15.3m as of end-3Q24 (+17% y/y) and net debt (IAS17) of PLN 10.4m (+7% q/q). Operating cash flow amounted to negative PLN 0.3m.

***Opinion: Negative**, as reported 3Q24 results were below our expectations on lower gross margin (sell-off of inventory resulting in deterioration of gross margin in almost all segments) and higher SG&A costs. We also remind, that Miraculum already reported y/y deterioration of sales in October (PLN 4.4m, -11% y/y), thus we point that our latest 2024E forecasts of PLN 50.2m (PLN 40.3m in 10M24) and EBITDA PLN 3.1m (PLN 0.2m in 9M24) seem challenging.*

Figure 16. Miraculum – results summary (PLNm)

MIR PW (PLNm)	3Q23	4Q23	1Q24	2Q24	3Q24	y/y	3Q24E	vs. IPOF
Revenues	10.77	11.85	12.78	12.87	10.29	-4%	10.68	-4%
COGS	-6.54	-7.94	-7.83	-8.66	-7.04	8%	-7.27	-3%
Gross profit	4.23	3.91	4.96	4.21	3.26	-23%	3.41	-5%
SG&A costs	-3.83	-4.04	-4.18	-4.40	-4.46	16%	-4.50	-1%
Selling costs	-2.57	-2.73	-2.86	-2.93	-2.79	8%	-2.96	-6%
G&A costs	-1.26	-1.31	-1.33	-1.47	-1.67	32%	-1.54	8%
Other operating profit/cost	0.02	-0.05	-0.01	0.03	-0.09	n.m.	-0.10	-5%
EBITDA	0.72	0.12	1.05	0.12	-0.99	n.m.	-0.91	n.m.
D&A	0.30	0.29	0.29	0.28	0.31	4%	0.28	10%
EBIT	0.42	-0.17	0.76	-0.16	-1.30	n.m.	-1.19	n.m.
Net financial costs	-0.35	-0.60	-0.50	-0.21	-0.31	-11%	-0.21	44%
Pre-tax profit	0.07	-0.77	0.26	-0.37	-1.60	n.m.	-1.40	n.m.
Income tax	0.09	-0.48	-0.25	-0.04	-0.12	n.m.	0.00	n.m.
Net profit	0.16	-1.25	0.01	-0.41	-1.72	n.m.	-1.40	n.m.
Gross margin (%)	39.3%	33.0%	38.8%	32.7%	31.6%	-	31.9%	-
SG&A/sales ratio (%)	35.6%	34.1%	32.7%	34.2%	43.3%	-	42.2%	-

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 13.1m as of end-3Q24. We point that 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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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.

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

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Hold	8	25%
Sell	6	19%
Total	32	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
19.12.2024	HOLD	PLN 0.85	PLN 0.78	Marek Szymański