

This report is prepared for the Warsaw Stock Exchange SA within the framework of the Analytical Coverage Support Program 3.0.

649/2022/AR

Company	LT fundamental recommendation	12M EFV (PLN)	ST market-relative bias	Analyst
LSI Software	Buy	20.0	Overweight	Tomasz Rodak, CFA

Event: 3Q22 financial results preview.

On November 29 the Company will release 3Q22 financial results.

On October 25 LSI already released 3Q22 preliminary revenues that reached PLN 14.4 million (down 2% qoq, up 37% yoy) which was above our expectations at c. PLN 12.6 million.

We expect the production revenues to rise 13% yoy given last year's low base (related to the pandemic uncertainty on the market) and forecast a 30% margin in this segment vs 18% in 3Q21 and 30% in 2Q22. We expect a 68% yoy rise of revenues in the distribution segment due to similar reasons and forecast the margin at the level of 26%, slightly lower than 31% recorded in the base quarter.

We expect a material rise of SG&A costs because of sales team building for a new business line (restaurant robots); finally these costs should hit PLN 4.7 million (up 52% yoy).

To sum up, in 3Q22 we forecast the Company's revenues/ EBIT/ net loss at PLN 14.4 million (up 37% yoy)/ PLN 0.8 million (up 84% yoy)/ PLN -0.5 million (vs PLN -0.6 million a year ago).

LSI Software: 3Q22 preview

IFRS cons. (PLN million)	3Q22E	3Q21	chg yoy
Revenues	14.4	10.5	37%
production	6.7	5.9	13%
distribution	7.7	4.6	68%
Gross profit on sales	4.0	2.5	62%
Gross profit margin on sales	28.0%	23.6%	-
EBITDA	0.8	0.4	84%
EBITDA margin	5.6%	4.2%	-
EBIT	-0.6	-0.6	5%
EBIT margin	-4.1%	-5.4%	-
PBT	-0.6	-0.4	24%
Gross margin	-3.9%	-4.3%	-
Net profit	-0.5	-0.6	-15%
Net margin	-3.3%	-5.3%	-

Source: Company, DM BOS estimates

Expected impact: LSI Software is in the process of intensive investment in new business lines and a gradual improvement of results is expected in the upcoming quarters of 2023.

The report is not a recommendation within the meaning of Commission Delegated Regulation (EU) 2016/958 of 9 March 2016 supplementing Regulation (EU) No 596/2014 of the European Parliament and of the Council with regard to regulatory technical standards for technical arrangements for objective presentation of investment recommendations or other information recommending or suggesting an investment strategy and for disclosure of particular interests or indications of conflicts of interest.