

This report is prepared for the Warsaw Stock Exchange SA within the framework of the Analytical Coverage Support Program 4.0.

359/2024/AR/June 25, 2024

Company	LT fundamental recommendation	12M EFV (PLN)	ST market-relative bias	Analyst
Grodno	Hold	11.8	Neutral	Maciej Wewiórski

Event: 4Q23/24 financial results preview.

Below we present our financial forecasts for the Company for 4Q23/24. Given the fact that Grodno releases sales figures every month, they should not constitute any surprise for the market, on the contrary the Company's margins which we believe may surprise the market (both ways).

4Q23/24 revenues reached PLN 288.7 million which implies a 3% yoy decline which is likely to stem from the weak construction market leading to the weakness of the electrotechnical engineering industry. As regards the profit side we expect EBITDA and EBIT margins to be slightly lower qoq. Ultimately, we assume the margin to stabilize.

At the same time we update our financial forecasts for the financial year 2023/24 with the forecasts for the subsequent years kept intact. We uphold 12M EFV and our approach to the Company and reserve the right to modify our expectations after the Company's annual financial report is out (scheduled for the release on July 25).

Grodno: 4Q23/24 financial forecasts

IFRS, consolidated (PLN million)	4Q23/24E	4Q22/23	yoy chg
Sales	288.7	297.5	-3%
EBITDA	9.8	3.5	184%
EBITDA margin	3.4%	1.2%	-
EBIT	7.3	1.1	544%
EBIT margin	2.5%	0.4%	-
Net profit	4.8	-0.1	n.m.
Net margin	1.7%	0.0%	-

Source: Company, DM BOŚ SA estimates

Grodno: forecast changes

IFRS, consolidated (PLN million)	2023/24E		
	current	previous	change
Sales	1,187.8	1,179.0	1%
EBIT	26.5	20.0	32%
Net profit	14.8	8.9	67%
Net debt	90.4	90.4	0%

Source: DM BOŚ SA estimates

Expected impact: Were the Company's EBITDA margin comparable or higher qoq, we would deem this good news for Grodno.

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.