

The report was prepared by Dom Maklerski BDM at the request of the WSE as part of the Exchange's Analytical Coverage Support Programme

			2019	2020	2021	
Price [PLN]	44,50	P/E	25,7	25,9	6,1	<b>Analyst:</b> Anna Madziar anna.madziar@bdm.pl tel.: (+48) 666 073 972
MC [mln PLN]	99,4	EV/EBITDA	6,9	6,3	3,1	
		EV/EBIT	17,0	18,4	5,0	
		P/BV	1,9	1,8	1,6	

**Last recommendation BDM: BUY with target price 57,1 PLN/share (2021/08/31) [LINK](#)**

**Q4'21 results close to our expectations (EBITDA of PLN 8.8m vs. PLN 9.1m expected), net profit affected by higher income tax - neutral**

**BDM's comments:** The company's Q4'21 results were slightly weaker than expected. The fourth wave of the pandemic had an impact in Q4'21. Despite fewer restrictions in stationary stores than in previous waves, a drop in traffic was noticeable in shopping malls. This was reflected in lower sales at PLN 51.1m (we expected PLN 53.0m). On the other hand, the gross sales margin reached a new record of 67.2%. In addition, the Company decided to record a PLN 1.7m charge in Q4'21 for the current situation in Ukraine. It was offset by state subsidies and donations. EBITDA came in at PLN 8.8m, 3% below our estimate, and net profit came in at PLN 2.2m (we expected PLN 4.7m), burdened by higher income tax.

The Company's goal for the coming periods is to maintain a high gross margin and keep operating expenses under control. The Management Board expects further dynamic sales growth and development of the showroom network in the most promising locations. In 2022, the company plans to expand its network by 10 stores in Poland and 5 stores abroad. Risks to the achievement of the targets will be the situation in Ukraine, the behavior of foreign exchange rates and ongoing problems with supply chains from Asia.

**Conference with the management board today at 11:30**

**Q4'21 results [PLNm]**

	Q4'20	Q4'21	y/y	Q4'21F BDM	div.	2020	2021	y/y
Sales	44,0	51,1	16,1%	53,0	-3,5%	173,7	205,9	18,5%
Gross profit from operations	29,4	34,3	16,9%	34,9	-1,4%	107,4	133,7	24,5%
EBITDA	5,5	8,8	60,2%	9,1	-3,0%	22,7	37,4	64,6%
EBIT	1,7	5,2	202,6%	5,5	-7,1%	7,8	22,7	190,9%
Profit before tax	1,1	4,4	293,1%	5,8	-23,7%	5,9	20,7	252,2%
Net profit	0,5	2,2	310,3%	4,7	-53,1%	3,8	16,3	325,0%
Gross margin	66,7%	67,2%		65,8%		61,8%	65,0%	
EBITDA margin	12,5%	17,3%		17,2%		13,1%	18,2%	
EBIT margin	3,9%	10,1%		10,5%		4,5%	11,0%	
Net margin	1,2%	4,3%		8,8%		2,2%	7,9%	

Source: BDM S.A., company



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**Explanations of terminology:**

EBIT - earnings before interest and tax

EBITDA - earnings before interest, taxes, depreciation, and amortization

Net debt - interest bearing debt minus cash and equivalents

WACC - weighted average cost of capital

CAGR - cumulative average annual growth

EPS - earnings per share

DPS - dividend per share

CEPS - net profit plus depreciation per share

EV - market capitalization plus interest bearing debt minus cash and equivalents

EV/S - market capitalization / sales

EV/EBITDA - EV / sales

P/EBIT - market capitalization / EBIT

MC/S - market capitalization / sales

P/E - market capitalization / net profit

P/BV - market capitalization / book value

P/CE - market capitalization / net profit plus depreciation

ROE - net profit / equity

ROA - net income / assets

Gross margin - gross profit on sales / sales

EBITDA margin - EBITDA / sales

EBIT margin - EBIT / sales

Net margin - net profit / sales

**Explanation of ratings:**

Buy - we believe that the security will reach the target price in the recommended period, which significantly exceeds the current market price (at least + 15%);

Accumulate - we believe that the security will reach the target price in the recommended period, which exceeds the current market price (in the range of +5 to + 14.99%);

Hold - we believe that a security in the recommended period will fluctuate around the target price, which is close to the current market price (in the range from -4.99% to + 4.99%);

Reduce - we believe that the security will reach the target price in the recommended period, which is lower than the market price (range of decline from 5% to 14.99%);

Sell - we believe that a security in the recommended period will reach the target price, which is significantly lower than the market price (suggested erosion of the value exceeds 15%).

Target price - the theoretical price which, in our opinion, should reach a security in the recommended period. This price is the result of the company's value (eg based on DCF, comparative and other valuations), market conditions and the industry as well as other factors subjectively considered by the analyst.

Recommendations made by BDM are binding for 12 months from the issue date or until the target level is reached, unless they are updated during this period of time.

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**Ratings and price targets history:**

rating	price target	previous rating	previous target price	report date	report date (hour)	price	WIG
Buy	57,1	---	---	31.08.2021*	07:00 CEST	33,7	70 527

\* The report was prepared by Dom Maklerski BDM at the request of the WSE as part of the Exchange's Analytical Support Programme.

**Distribution of BDM's recommendations in Q2'22\*:**

, distribution of BDM's recommendations for the companies which BDM has supplied with investment banking services within the last 12 months

	number	%	number	%
Buy	2	100%	3	100%
Accumulate	0	0%	0	0%
Hold	0	0%	0	0%
Reduce	0	0%	0	0%
Sell	0	0%	0	0%

\* detailed list of all analytical reports (recommendations) published by BDM during the last 12 months and information on the numbers of issuers to which BDM has supplied services of investment firms set out in Sections A and B of Annex I to Directive 2014/65/EU is included in a cyclical "Monthly Report" or at www.bdm.pl

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The report constitutes an investment research within the meaning of art. 36 §1 of Commission Delegated Regulation (EU) 2017/565.

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