

FLASH NOTE

# Novavis Group - Buy

Target Price: PLN 3.89 | Close as of 27/09/2023: PLN 2.66

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## Q2'23 results review

In Q2'23, consolidated **sales revenues** amounted to PLN 2.6mn, 3% lower than we expected in our forecasts, and markedly higher than in Q2'22, when they reached PLN 0.4mn. Revenues at the unit level were in line in Q2'23 with the Management Board's preliminary estimates published earlier.

(mn PLN)	Q2'23	Q2'22	change	Q2'23e	diff.	2023e	YTD
Revenues	2.6	0.4	602%	2.7	-3%	41.6	18%
EBITDA	1.8	-1.2	-	0.2	721%	19.1	29%
EBITDA marg	67.2%	-	-	7.9%	-	45.8%	-
EBIT	1.7	-1.2	-	0.2	772%	19.0	29%
Net income	1.4	-0.7	-	0.2	587%	15.1	33%



According to the report, the main driver of sales in Q2'23 was the progress of work on gaining further milestones on photovoltaic projects, mainly on the 60.7MW and 44.9MW planned farm (NG5 and NG8).

The costs of project development work (especially for third-party services) were lower than we expected in Q2'23. As a result, **EBITDA** in Q2'23 amounted to PLN 1.8mn, significantly higher than our forecasts (PLN 0.2mn) and a year earlier (PLN -1.2mn).

In Q2'23, **cash flow from operations** amounted to PLN 3.1mn and was close to the EBITDA generated in the period. Novavis had PLN 3.7mn of **net cash** on the balance sheet at the end of Q2'23.

**Outlook:** According to the management commentary, Novavis plans to obtain the first permits for connection of photovoltaic farms in 2H'23 and ultimately obtain permits for about 100 - 150 MW per year (potential of PLN 20-30mn per year based on the agreement with Iberdrola).

### OPINION: POSITIVE

*Q2'23 results surprised positively. In our view, the Group has a chance to obtain the first connection conditions in 2H'23, which would translate into dynamic results in the period. Management sees chances of obtaining connection conditions at the level of 100-150MW farms per year. It is worth noting the positive cash flow from operations in Q2'23. In our opinion, net debt may increase in 2H'23, due to the need to pay a deposit to the OSD (Distribution System Operator) in connection with the application for connection conditions.*

In this document we are not changing our recommendation, forecasts, or price target for Novavis.

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