

FLASH NOTE

Novavis Group - Buy

Target Price: PLN 3.89 | Close as of 26/10/2023: PLN 2.18

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Q3'23 results preview

In Q3'23, we assume relatively low progress on the acquisition of the next milestones of photovoltaic projects, which is mainly due to the **holiday season and long vacations in the administration** (not only the Distribution System Operator but also local government units). As a result, some of the important environmental permits that could have fallen in Q3'23 have been postponed to Q4'23.

We assume that Novavis did not obtain new connection conditions for photovoltaic farms in Q3'23, and that revenues are due to building permits and development conditions acquired.

We assume that **sales revenues** in Q3'23 will amount to PLN 1.6mn (vs. PLN 0.1mn in Q3'22).

(mn PLN)	Q3'23e	Q3'22	r/r	2023e	YTD
Revenues	1.6	0.1	1639%	42	22%
EBITDA	0.7	-0.6	-	19	33%
EBITDA margin	43.8%	-	-	46%	-
EBIT	0.6	-0.6	-	19	33%
Net income	-0.1	-0.5	-	15	32%

In our view, **EBITDA** in Q3'23 may reach PLN 0.7mn (vs. 0.6mn loss in Q3'22).

We assume a **net profit** close to zero in Q3'23 due to the retroactive calculation of corporate tax due to exceeding the EUR 2mn revenue threshold (9% CIT for so-called small taxpayers).

OPINION: NEUTRAL

We estimate that Q3'23 results will be markedly better y/y, but weaker q/q due to extended vacations in local government administrations. As a result, some of the scheduled environmental decisions have been postponed to Q4'23. We assume that results may clearly improve in Q4'23 as the company is likely to obtain connection conditions in several photovoltaic farms under development.

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

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