

FLASH NOTE

Novavis Group - Accumulate

Target Price: PLN 3.12 | Close as of 24/05/2024: PLN 2.14

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Q1'24 results review

In Q1'24, consolidated **sales revenues** amounted to PLN 2.9mn, 10% lower than our target and 40% lower y/y. Sales in Q1'24 were mainly due to the trickle of work in gaining more milestones on the NG13 project. In Q1'24, none of the projects received power grid connection conditions, which may change as soon as possible in 2H'24.

(mn PLN)	Q1'24	Q1'23	y/y	Q1'24e	Diff	2024	YTD
Revenues	2.9	4.9	-40%	3.2	-10%	18.4	16%
EBITDA	1.9	3.8	-52%	1.0	85%	11.2	17%
EBITDA margin	64.0%	79%		31.3%		60.9%	
EBIT	1.8	3.8	-52%	1.0	94%	11.1	17%
Net income	1.6	3.5	-56%	0.4	335%	8.8	18%

Despite lower-than-anticipated sales revenues, **EBITDA** and **net income** in Q1'24 turned out to be significantly higher than our forecasts with high profitability. The weaker y/y results are the result of delays in the issuance of grid connection conditions by the DSOs.

Cash flow from operations amounted to PLN 0.9mn in Q1'24 vs. PLN 1.7mn a year earlier. The Company had PLN 2.9mn of **net cash** on the balance sheet at the end of Q1'24, so dividend payment (PLN 2.1mn) is in no way at risk.

OPINION: SLIGHTLY POSITIVE

The Q1'24 results, although clearly weaker y/y, turned out higher than we had anticipated. In our view, Q2'24 results will still be pressured by delays in the issuance of grid connection conditions by the DSOs. The situation could improve in 2H'24, especially as companies begin to appeal negative decisions by the DSOs to the ERO.

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

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