

Thursday, 24 April 2025 | special comments

(=) Sygnty: 2024 Q4 Financial Results

Recommendation: sell | target price: PLN 39.00 | current price: PLN 78.80

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Sygnty's full financial results for FY2024 were consistent with the preliminary figures published in mid-February, suggesting a neutral view.

As a reminder, the preliminary financial results were a positive surprise, with revenues exceeding our expectations. The gross margin for 4Q'24 came in at 49.1%, a likely effect of a more aggressive pace of recognition of revenues from selected contracts (sales margins in the quarters prior were in the range of 33%-42%). Also affecting the reported Q4'24 figures was a gain from a 2008 VAT dispute with tax authorities, which provided a sizeable boost to net profit.

- Revenues in Q4'24 amounted to PLN 90.3 million.
- Gross profit reached an impressive PLN 44.3 million after rising 83% year on year, implying the gross margin reached an unprecedented 49.1%.

- The Q4'24 results were affected by one-time events which included a gain of nearly PLN 3 million under other operating activities from a favorable ruling on a 2008 VAT case against the tax authorities.
- That same judgment also added PLN 2.6 million in interest income to profits from financing activity, as well as reducing the effective tax rate for Q4'24 to just 8.1%.
- The two major acquisitions of 2024, Edrana Baltic UAB and Sagra Technology, continued to influence Sygnty's financial performance in Q4'24. Edran Baltic contributed PLN 13.6 million to the full-year revenue, and added PLN 2.2 million to the FY2024 net profit. The respective contributions of Sagra Technology amounted to PLN 21.9 million and PLN 3.6 million. Based on that, we estimate the year-on-year growth in Sygnty's FY2024 revenue ex. acquisitions at around 12%.

4Q 2024 results of Sygnty

(PLN m)	1Q'23	2Q'23	3Q'23	4Q'23	1Q'24	2Q'24	3Q'24	4Q'24	y/y
Revenue	52.4	51.9	59.2	65.8	62.0	69.5	71.4	90.3	37.2%
COGS	-37.7	-35.4	-38.0	-41.6	-41.7	-46.1	-41.2	-46.0	
Gross profit	14.7	16.5	21.2	24.2	20.3	23.4	30.1	44.3	83.1%
Margin	28.0%	31.8%	35.8%	36.8%	32.7%	33.7%	42.2%	49.1%	
Selling expenses	-1.6	-1.9	-1.3	-1.8	-1.6	-1.9	-1.6	-1.9	7.9%
As % of sales	3.1%	3.7%	2.2%	2.7%	2.7%	2.7%	2.2%	2.2%	
Administrative expenses	-7.1	-8.9	-8.6	-7.6	-10.7	-12.2	-12.3	-14.2	86.6%
As % of sales	13.6%	17.1%	14.5%	11.6%	17.3%	17.6%	17.3%	15.7%	
Other operating activity	0.3	0.4	0.3	0.3	0.4	0.4	0.4	3.9	
Profit / (loss) from operations	6.2	6.2	11.6	15.2	8.3	9.7	16.6	32.2	111.8%
Margin	11.9%	11.8%	19.7%	23.0%	13.4%	13.9%	23.3%	35.7%	
Financing activity	-0.1	0.2	-0.2	0.7	-0.1	-0.2	0.1	2.6	
Share in result of joint venture	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Profit / (loss) before tax	6.1	6.4	11.4	15.8	8.2	9.5	16.7	34.8	120.2%
Tax	-1.2	-1.3	-2.4	4.4	-0.7	-2.1	-3.1	-2.8	
Net profit / (loss) from continuing operations	4.9	5.1	9.0	20.2	7.5	7.4	13.5	32.1	58.4%
Margin	9.4%	9.8%	15.2%	30.7%	12.0%	10.7%	19.0%	35.5%	
EBITDA	8.9	8.8	14.0	17.4	11.3	13.8	20.6	36.016	107.3%
Margin	16.9%	16.9%	23.6%	26.4%	18.2%	19.9%	28.9%	39.9%	

Source: Sygnty

Sales breakdown by sector (FY2024)

	Projects	Revenue	Avg. revenue per project	Avg. revenue per quarter
Public Sector	83	96,902	1,167	24,226
Banking and Financial Sector	198	84,753	428	21,188
Utilities Sector	159	64,456	405	16,114
Retail Sector*	95	19,979	210	4,995
Other	47	27,099	577	6,775

Source: Sygnty, * Approx. 90% of the revenue generated by Sagra Technology Sp. z o.o., which was acquired in 2024, is included in the Retail Sector

Sales breakdown by sector (FY2022/23)

	Projects	Revenue	Avg. revenue per project	Avg. revenue per quarter
Sektor Public	80	113,996	1,425	22,799
Banking and Financial Sector	146	91,577	627	18,315
Utilities Sector	132	72,458	549	14,492
Retail Sector*	-	-	-	-
Other	39	13,135	337	2,627

Source: Sygnty, * Approx. 90% of the revenue generated by Sagra Technology Sp. z o.o., which was acquired in 2024, is included in the Retail Sector

List of abbreviations and ratios contained in the report:

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