

This report is prepared for the Warsaw Stock Exchange SA within the framework of the Analytical Coverage Support Program 4.0.

246/2024/AR/April 30, 2023

Company	LT fundamental recommendation	12M EFV (PLN)	ST market-relative bias	Analyst
<b>SEKO</b>	<b>Not rated</b>	<b>18.90</b>	<b>Not rated</b>	Mikołaj Stępień

**Event: 1Q24 financial results summary.**

**Sales.** The Company's 1Q24 revenues reached PLN 62 million (down 13% yoy) and were below our expectations; a yoy decline resulted from (i) high temperatures in February and March this year vs last year which did not support the demand for fish products, (ii) relatively bigger scale of shopping in 1Q23 on the back of consumers' concerns about possible shortages before the Easter holidays and (iii) strong pressure on the price cuts from chain retailers. Prices on the Company's own fuel station were lower yoy as well, albeit this factor had a mild impact on the total revenues decline.

**Profitability.** EBITDA at PLN 6.3 million (down 28% yoy) and EBIT at PLN 4.5 million (down 36% yoy) were below our expectations, though this stemmed rather from lower than expected revenues, as the EBITDA and EBIT margins turned to be close to our expectations. Lower yoy raw materials prices had a positive impact on the cost of sales while a minimum wage increase (valid from January) was detrimental. It is worth remembering that the Company acquired a one-off subsidy at PLN 1.3 million from ARiMR in 1Q23.

**Net profit.** The Company's net profit at PLN 3.7 million (down 36% yoy) was also lower than expected, mainly due to revenues below our expectations.

**Cash flows.** 1Q24 free cash flows were strong and reached PLN 14.6 million helped by the seasonal factors such as an inflow of receivables from high sales realized in 4Q.

**SEKO; 1Q24 financial results**

IFRS, consolidated (PLN m)	1Q23	2Q23	3Q23	4Q23	1Q24	1Q24E (DM BOŚ)	Results vs forecasts	yoy chg	qoq chg
<b>Sales</b>	70.8	52.3	54.6	83.4	61.5	74.2	↓	-13%	-26%
<b>EBITDA</b>	8.6	2.1	3.0	10.7	6.3	7.7	↓	-28%	-41%
<i>EBITDA margin</i>	12.2%	4.0%	5.6%	12.8%	10.2%	10.4%	-	-	-
<b>EBIT</b>	7.0	0.4	1.3	8.9	4.5	5.9	↓	-36%	-50%
<i>EBIT margin</i>	9.9%	0.8%	2.4%	10.7%	7.2%	8.0%	-	-	-
<b>Net profit</b>	5.7	0.6	1.0	7.7	3.7	4.7	↓	-36%	-53%
<i>Net margin</i>	8.1%	1.1%	1.7%	9.3%	5.9%	6.4%	-	-	-

Source: Company, DM BOŚ estimates

**Expected impact:** The Company's 1Q24 results were below our expectations. Lower sales stemmed from the circumstances beyond the Company's control, while the margins do not raise our concerns.

The report is not a recommendation within the meaning of Commission Delegated Regulation (EU) 2016/958 of 9 March 2016 supplementing Regulation (EU) No 596/2014 of the European Parliament and of the Council with regard to regulatory technical standards for technical arrangements for objective presentation of investment recommendations or other information recommending or suggesting an investment strategy and for disclosure of particular interests or indications of conflicts of interest.