

# Artifex Mundi

**BUY**

(Previous: BUY @ 18.7 PLN)

TP: PLN 19,2

Upside: +63%

## 'Unsolved' potential still not discounted

Artifex Mundi is the biggest positive surprise in the gaming sector this year. Despite the difficult market of mobile games, the company records record revenues for the fifth month in a row, which is reflected in the dynamic increase in the share price (+117% YTD). We believe that the growth potential is still not exhausted, and the following months should bring a continuation of positive trends, which, given the low valuation (7x P/E 2023 on our forecast), should create an investment opportunity.

The improvement in results is due to the mobile application that integrates HOPA - Unsolved games, which has increased more than three times since November '22. The company sees the potential for continued growth in three ways: (1) LENGTH, i.e. expansion of content and an increase in the number of games in the application; (2) WIDTH, i.e. new channels of paid user acquisition and new platforms (Steam announced in 2Q23); (3) HEIGHT, i.e. improvement of the most important KPIs, including new functionalities, mechanics, optimization of the economy and announcements of the creation of a new metagame (we assume around 3Q23). What's more, when analyzing the benchmarks of Hidden Object games for Unsolved, such as June's Journey and Seekers Notes, which generate 17x and 3x as much revenue respectively, it seems that the game still has a lot of room for growth, which in our opinion is not discounted.

On the other hand, we believe that the risk for the company's valuation is the FCF profile, which is most heavily burdened with capitalizing the costs of work on a new RPG mobile game, which may have a soft-launch in 2023. At the moment, we believe that the market is right not to discount the potential impact of this title on the results due to the poor track-record ART in this genre (Write-off and reworked Bladebound game) and difficult market conditions (weak market of mobile games, high competition, low hit-ratio). The scenario where the RPG is successful and generates positive results is an upside to our forecasts, which are now based for the lion's share on the Unsolved trajectory.

**Estimates.** We forecast that revenues from the F2P segment will increase by 168% YoY. in 2023, and in 2024 and 2025 they will increase by 30% and 20% respectively. We assume further erosion of revenues in the HOPA and Premium gaming segments. We assume that the percentage share of royalties in relation to revenues from the HOPA and F2P segments will decrease (the F2P segment records lower royalty costs in relation to revenues). We assume that User Acquisition costs will remain at 60% of F2P revenues throughout the forecast period. We assume that the dynamics of spending on games at the level of capitalized costs of games will amount to approx. 10% YoY. in the next three years 2023-25 (included in CAPEX on DCF).

**Valuation.** Our Artifex Mundi share price target is based 100% on the income approach. Based on the DCF valuation, which gives us a value per share of PLN 19.2 (+63% upside), we maintain a BUY investment recommendation. The comparative valuation for 2023-25 returns us a value of PLN 21.1 per share.

**Risk factors.** Described on page 5

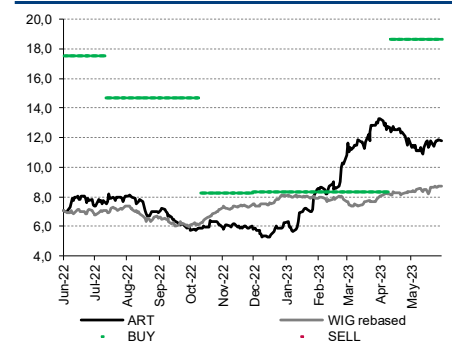
PLN m	2020	2021	2022	2023E	2024E	2025E
Revenue	25,7	39,1	38,5	78,0	97,0	113,5
EBITDA adj.	17,0	21,1	15,7	27,4	33,7	39,2
EBIT	10,0	15,3	9,9	21,1	24,7	27,7
Net profit	8,2	13,0	12,1	19,6	22,9	25,5
EPS (PLN)	0,7	1,1	1,0	1,6	1,9	2,1
P/E (x)	17,0	10,8	11,6	7,1	6,1	5,5
EV/EBITDA (x)	7,6	5,9	7,6	4,0	2,9	2,1
P/BV (x)	12,9	8,2	12,0	5,2	4,0	3,0
DY (%)	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%

Source: Company data, Trigon DM

### FACT SHEET

Ticker	ART		
Sector	Gaming		
Price (PLN)	11,75		
52wk Range (PLN)	8 / 19,2		
Number of share (m)	11,9		
Market Cap (mPLN)	140		
Free-float	34%		
Avg Vol 3M (mPLN)	0,14		
Price performance	1M	3M	1Y
	-9,9%	-3,8%	36,2%

### RELATIVE SHARE PRICE PERFORMANCE



Recommendation history	Date	Price
Buy	24.04.2023	18,7
Buy	13.12.2022	8,4
Buy	24.10.2022	8,3
Buy	25.07.2022	14,7
Buy	22.04.2022	17,6
Buy	09.12.2021	19,0
Buy	21.10.2021	18,3

### SHAREHOLDERS

	Share %
Artifex Mundi shareholders agreement	21,2%
Warsaw Equity ASI Sp. z o.o	13,1%
OFE Nationale-Nederlanden	9,9%
TFI Allianz Polska SA	6,2%
Robert Mikuszewski	5,3%
G5 Entertainment AB	5,2%
Jakub Grudziński	5,2%
Others	33,9%

### IMPORTANT DATES

Semi-annual report	20.09.2023
Quarterly report 3Q	15.11.2023

### ANALYST

Kacper Kopron

## Artifex Mundi

Bloomberg ticker

ART PW

### Recommendation

Target Price (PLN)

Current Price (PLN)

Upside

Previous Recommendation

Previous Target Price (PLN)

Number of shares (m)

Market Cap (mPLN)

EV (m PLN)

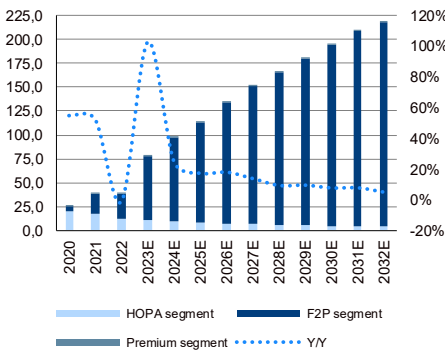
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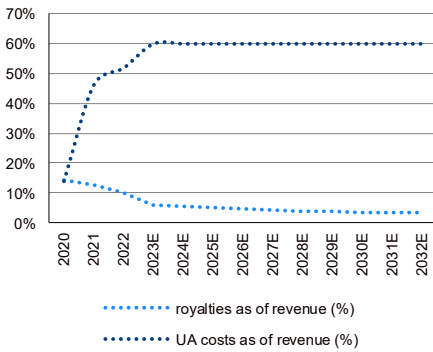
		MARKET RATIOS	2021	2022	2023E	2024E	2025E
Buy		x)	10,8	11,6	7,1	6,1	5,5
19,2		adj. (x)	10,8	11,6	7,1	6,1	5,5
		' (x)	3,4	2,5	1,9	1,4	1,1
11,8		BITDA (x)	5,9	7,6	3,9	2,9	2,1
63%		BITDA adj. (x)	5,9	7,6	3,9	2,9	2,1
		sales (x)	3,2	3,1	1,4	1,0	0,7
		Yield (%)	4,0%	4,4%	7,6%	10,3%	17,4%
Buy		%)	0,0%	0,0%	0,0%	0,0%	0,0%
18,7							
		IOS	2021	2022	2023E	2024E	2025E
11,9		(PLN)	1,1	1,0	1,6	1,9	2,1
136		adj. (PLN)	1,1	1,0	1,6	1,9	2,1
115		(PLN)	0,0	0,0	0,0	0,0	0,0
		S (PLN)	3,5	4,6	6,3	8,2	10,4
		ber of shares (m)	11,90	11,90	11,90	11,90	11,90
		et Cap (mPLN)	140	140	140	140	140
		mPLN)	125	119	109	98	83

### Revenue structure by segment



P&L (mPLN)	2021	2022	2023E	2024E	2025E
Sales	39,1	38,5	78,0	97,0	113,5
Cash sales	9,7	9,1	10,9	13,9	16,7
Gross profit from sales	29,4	29,4	67,1	83,1	96,8
EBITDA	21,1	15,7	27,8	33,7	39,2
EBITDA adj.	21,1	15,7	27,8	33,7	39,2
D&A	5,8	5,8	6,7	9,0	11,5
EBIT	15,3	9,9	21,1	24,7	27,7
Gross profit	14,7	12,5	22,0	25,7	28,7
Minority interest	0,0	0,0	0,0	0,0	0,0
Net profit	13,0	12,1	19,6	22,9	25,5
Net profit adj.	13,0	12,1	19,6	22,9	25,5

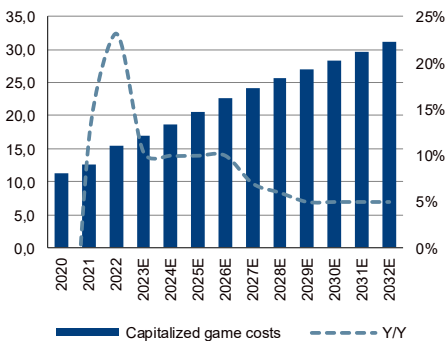
### Variable costs of revenue



CASH FLOW STATEMENT (mPLN)	2021	2022	2023E	2024E	2025E
Cash flow from operations	5,7	5,6	8,7	10,6	15,1
Cash flow from investing	-0,5	-16,0	-0,5	-0,6	-0,7
CAPEX	-0,7	-0,4	-0,5	-0,6	-0,7
Cash flow from financing	-0,7	-0,9	1,0	1,0	1,0
Dividend	0,0	0,0	0,0	0,0	0,0
FCF	5,0	5,2	8,3	10,1	14,5
Net cash flow	4,5	-11,3	9,1	11,0	15,3

BALANCE SHEET (mPLN)	2021	2022	2023E	2024E	2025E
ASSETS	48,9	65,0	87,5	112,9	140,6
PPE	2,4	2,0	1,5	1,2	0,9
Goodwill	0,0	0,0	0,0	0,0	0,0
Intangible assets	21,7	32,4	43,6	54,3	64,4
Cash and equivalents	14,5	21,2	30,4	41,3	56,7
EQUITY AND LIABILITIES	48,9	65,0	87,5	112,9	140,6
Equity	41,5	55,2	74,8	97,7	123,2
Minority shareholders capital	0,0	0,0	0,0	0,0	0,0
Interest-bearing liabilities	0,0	0,0	0,0	0,0	0,0
Net debt	-14,5	-21,2	-30,4	-41,3	-56,7
Change in working capital	-7,6	-8,7	-10,9	-12,3	-10,4

### Capitalized game cost (PLN m)



OPERATING INDICATORS	2021	2022	2023E	2024E	2025E
Sales growth (%)	52%	-1%	102%	24%	17%
EPS adj. growth (%)	58%	-7%	62%	17%	12%
Gross profit margin (%)	75,1%	76,3%	86,1%	85,7%	85,3%
EBITDA adj. margin (%)	54,0%	40,6%	35,6%	34,8%	34,5%
Operating profit margin (%)	39,2%	25,7%	27,0%	25,5%	24,4%
Net profit adj. margin (%)	33,3%	31,3%	25,1%	23,6%	22,5%
ROE (%)	36,7%	25,0%	30,1%	26,5%	23,1%
ROA (%)	30,7%	21,2%	25,7%	22,8%	20,1%
CAPEX/Sales (%)	1,8%	1,1%	0,7%	0,7%	0,6%
CAPEX/D&A (x)	0,1	0,1	0,1	0,1	0,1
Net debt/Equity	-0,3	-0,4	-0,4	-0,4	-0,5
Net debt/EBITDA (x)	-0,7	-1,4	-1,1	-1,2	-1,4
Cash conversion cycle (days)	574	947	1063	1060	1072
Inventory turnover (days)	637	1082	1277	1286	1299
Receivables turnover (days)	44	51	32	38	43
Liabilities turnover (days)	108	186	246	264	270

Source: Company, Trigon DM

## Valuation

**Valuation.** Our Artifex Mundi share price target is 100% DCF based. Our methodology yields a value of 1 Artifex Mundi share of **PLN 19.2 (BUY, +63% upside)**.

The main assumptions of the DCF method:

- Risk-free rate of 6%;
- Market premium 7.5% (7.5% TDM methodology for companies below sWIG80);
- Beta factor of 1.2;
- Residual growth rate of 3%; CIT=11% (IP BOX relief effect);
- Number of shares fully diluted (+1.1 million shares from the Incentive Scheme)
- The discounted value of the issue of PM + PLN 6 million (series E);

### ART: DCF valuation

DCF (PLN m)	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	TV
<b>EBIT</b>	<b>21,1</b>	<b>24,7</b>	<b>27,7</b>	<b>32,0</b>	<b>35,6</b>	<b>37,5</b>	<b>40,0</b>	<b>41,4</b>	<b>43,3</b>	<b>44,4</b>	
Tax rate	11%	11%	11%	11%	11%	11%	11%	11%	11%	11%	
<b>NOPLAT</b>	<b>18,7</b>	<b>22,0</b>	<b>24,7</b>	<b>28,5</b>	<b>31,7</b>	<b>33,4</b>	<b>35,6</b>	<b>36,9</b>	<b>38,5</b>	<b>39,5</b>	
Amortization (PPE/Intangibles)	1,0	1,0	1,0	1,0	1,0	1,1	1,2	1,2	1,2	1,2	
Amortization (games)	5,7	8,0	10,5	13,0	15,5	18,0	20,5	23,5	26,5	29,5	
CAPEX (PPE/Intangibles)	-0,5	-0,6	-0,7	-0,8	-0,9	-1,0	-1,1	-1,2	-1,2	-1,2	
CAPEX (games)	-17,0	-18,7	-20,6	-22,6	-24,2	-25,7	-26,9	-28,3	-29,7	-31,2	
Working Capital, net	0,3	-1,6	-0,4	-0,1	-0,5	-0,7	-0,3	-0,6	-0,5	-0,8	
<b>FCF</b>	<b>8,3</b>	<b>10,1</b>	<b>14,5</b>	<b>19,0</b>	<b>22,6</b>	<b>25,1</b>	<b>28,9</b>	<b>31,4</b>	<b>34,8</b>	<b>36,9</b>	<b>36,9</b>
D/(D+E) (%)	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	
Risk free rate (%)	6,0%	6,0%	6,0%	6,0%	6,0%	6,0%	6,0%	6,0%	6,0%	6,0%	
Market premium (%)	7,5%	7,5%	7,5%	7,5%	7,5%	7,5%	7,5%	7,5%	7,5%	7,5%	
Beta	1,2	1,2	1,2	1,2	1,2	1,2	1,2	1,2	1,2	1,2	
Cost of debt after tax (%)	4,5%	4,5%	4,5%	4,5%	4,5%	4,5%	4,5%	4,5%	4,5%	4,5%	
Cost of equity (%)	15,0%	15,0%	15,0%	15,0%	15,0%	15,0%	15,0%	15,0%	15,0%	15,0%	
<b>WACC (%)</b>	<b>15,0%</b>	<b>15,0%</b>	<b>15,0%</b>	<b>15,0%</b>	<b>15,0%</b>	<b>15,0%</b>	<b>15,0%</b>	<b>15,0%</b>	<b>15,0%</b>	<b>15,0%</b>	
<b>Present value of FCF</b>	<b>7,7</b>	<b>8,1</b>	<b>10,1</b>	<b>11,6</b>	<b>11,9</b>	<b>11,6</b>	<b>11,6</b>	<b>10,9</b>	<b>10,5</b>	<b>9,7</b>	
<b>Total DCFC</b>	<b>104</b>										
g	3,0%										
<b>TV</b>	<b>73</b>										
Adjusted Net Debt (01.01.2021)	-21										
Discounted share issue due to ESOP	6										
<b>Enterprise value (PLN m)</b>	<b>204</b>										
Number of shares (m)	13,01										
Value per share (01.01.2021)	15,7										
Value per share (10.09.2021)	16,7										
<b>12M Target Price</b>	<b>19,2</b>										
Current price	11,8										
<b>Upside / downside</b>	<b>63%</b>										

Source: Trigon DM

Comparative valuation assumptions:

- Valuation based on P/E and EV/EBIT ratios for 2023-25;
- Comparative group - entities from the gaming industry listed in Poland and foreign gaming companies in the field of mobile gaming.

The comparative valuation of Artifex Mundi on P/E and EV/EBIT ratios for 2023-25 returns **PLN 21.1/share**.

**ART: comparative valuation**

Company	P/E			EV/EBIT		
	2023E	2024E	2025E	2023E	2024E	2025E
<b>POLAND</b>						
CD Projekt	37,9	57,5	80,8	35,2	63,8	88,5
PlayWay	13,8	13,9	10,7	10,0	10,0	7,7
Huuuge	9,1	10,1	11,2	4,8	5,4	5,6
11 bit studios	59,1	9,1	9,6	57,7	8,0	9,3
PCF Group	63,2	21,5	6,3	41,7	18,3	4,9
Ten Square Games	12,6	8,8	8,6	8,3	5,7	5,9
Creepy Jar	21,4	8,5	9,5	18,8	8,1	7,7
<b>MOBILE</b>						
Playtika	13,1	11,9	10,5	10,9	10,1	9,1
SciPlay	18,7	15,9	14,2	12,9	11,6	10,7
StillFront	7,9	6,6	6,0	8,9	7,7	6,7
Rovio	22,6	20,1	18,4	16,0	13,9	12,3
G5 Entertainment	9,5	8,7	8,4	8,7	7,2	6,9
<b>Mediana</b>	<b>16,2</b>	<b>11,0</b>	<b>10,1</b>	<b>11,9</b>	<b>9,1</b>	<b>7,7</b>
Valuation (mln PLN)	318,2	251,9	257,1	281,5	256,6	279,2
Valuation per multiple (mln PLN)		275,7			272,4	
<b>Valuation (mln PLN)</b>			<b>274,0</b>			
<b>Valuation per share</b>			<b>21,1</b>			

Source: Bloomberg, Trigon DM

## Risk factors

- **Failure of individual productions - risk of write-offs.** One of the main risks in Artifex Mundi's business is the failure of a particular game(s), which may have a negative impact on the results. Historically, the company has often written off unprofitable projects from the balance sheet (including the Bladebound game from the mobile RPG segment), which was associated with poor P&L results (non-cash impact; expenditures were incurred earlier due to a change in the balance of capitalized game costs) and loss of investor confidence on upcoming projects. After 1Q23, the capitalized costs of computer games (capitalized in the balance sheet) amount to approx. PLN 35.8 million;
- **High concentration of revenues.** Currently, approximately 85% of the company's total revenue is generated by the Unsolved application. Deterioration of one app's revenue due to market conditions or failed upgrades/features may have a negative impact on bottom line;
- **Risk related to the Free-to-Play segment.** The Free-to-Play segment (mobile games) is characterized by very high competition due to low entry barriers, and thus it is associated with a large number of new games created and introduced to the market. As a consequence, there is a risk that ART projects in the Free-to-Play area will not be successful on the market;
- **Premiere delays and postponements.** The development process is complex and multi-stage, and the start of the next stage of production is conditioned by the completion of previous works. ART is exposed to the risk of delays in the production process of a given game/games, which may have a negative impact on financial results;
- **Departures of key employees / teams.** The company is exposed to the risk of key employees and/or entire teams leaving, which is quite common in the gaming industry. Thanks to the Incentive Program, ART addresses this risk by trying to retain key personnel for longer. Currently, the company employs approx. 99 people, including approx. 42 people in the HOPA (Unsolved) team and 36 in the RPG team;
- **Currency risk.** The sale of ART games is mainly aimed at foreign markets, in particular the American, Chinese and European markets, where the main settlement currencies are USD or EUR. The strengthening of PLN against these currencies may carry the risk of lower financial results.

## Income statement (PLN m)

	2020	2021	2022	2023E	2024E	2025E
<b>Sales</b>	<b>25,7</b>	<b>39,1</b>	<b>38,5</b>	<b>78,0</b>	<b>97,0</b>	<b>113,5</b>
COGS	9,9	9,7	9,1	10,9	13,9	16,7
<b>Gross profit from sales</b>	<b>15,8</b>	<b>29,4</b>	<b>29,4</b>	<b>67,1</b>	<b>83,1</b>	<b>96,8</b>
Cost of sales	0,6	9,5	13,0	40,2	52,2	62,7
General administrative expenses	2,6	4,5	6,5	5,9	6,2	6,4
Profit from sales	12,6	15,4	9,9	21,1	24,7	27,7
Result on other operating activities, net	-2,6	-0,1	0,1	0,0	0,0	0,0
<b>EBITDA</b>	<b>17,0</b>	<b>21,1</b>	<b>15,7</b>	<b>27,8</b>	<b>33,7</b>	<b>39,2</b>
<b>EBITDA adj.</b>	<b>19,5</b>	<b>21,1</b>	<b>15,7</b>	<b>27,8</b>	<b>33,7</b>	<b>39,2</b>
D&A	7,0	5,8	5,8	6,7	9,0	11,5
<b>EBIT</b>	<b>10,0</b>	<b>15,3</b>	<b>9,9</b>	<b>21,1</b>	<b>24,7</b>	<b>27,7</b>
Results on financial operations, net	0,2	-0,6	2,6	1,0	1,0	1,0
<b>Profit before tax</b>	<b>10,2</b>	<b>14,7</b>	<b>12,5</b>	<b>22,0</b>	<b>25,7</b>	<b>28,7</b>
Income tax	-2,0	-1,7	-0,5	-2,4	-2,8	-3,2
Minority interest	0,0	0,0	0,0	0,0	0,0	0,0
<b>Net profit</b>	<b>8,2</b>	<b>13,0</b>	<b>12,1</b>	<b>19,6</b>	<b>22,9</b>	<b>25,5</b>
<b>Net profit adj.</b>	<b>8,2</b>	<b>13,0</b>	<b>12,1</b>	<b>19,6</b>	<b>22,9</b>	<b>25,5</b>

Gross profit from sales margin	61,4%	75,1%	76,3%	86,1%	85,7%	85,3%
EBITDA margin (%)	65,9%	54,0%	40,6%	35,6%	34,8%	34,5%
EBITDA adj. margin (%)	75,9%	54,0%	40,6%	35,6%	34,8%	34,5%
Operating profit margin (%)	38,9%	39,2%	25,7%	27,0%	25,5%	24,4%
Net profit adj. margin (%)	32,0%	33,3%	31,3%	25,1%	23,6%	22,5%

change in sales y/y	54%	52%	-1%	102%	24%	17%
change in gross profit from sales y/y	89%	86%	0%	128%	24%	16%
change in EBITDA adj. y/y	74%	8%	-26%	77%	21%	16%
change in EBIT y/y	-	53%	-35%	112%	17%	12%
change in net profit adj y/y	-	58%	-7%	62%	17%	12%

Source: Company, Trigon DM

	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23E
<b>Sales</b>	<b>11,1</b>	<b>9,7</b>	<b>8,9</b>	<b>8,9</b>	<b>15,9</b>	<b>19,3</b>
COGS	2,3	2,4	2,1	2,2	2,2	2,7
<b>Gross profit from sales</b>	<b>8,7</b>	<b>7,3</b>	<b>6,7</b>	<b>6,7</b>	<b>13,7</b>	<b>16,7</b>
Cost of sales	-	-	-	-	-	-
General administrative expenses	0,0	0,0	0,0	0,0	0,0	0,0
Profit from sales	8,7	7,3	6,7	6,7	13,7	16,7
Result on other operating activities, net	-0,1	0,3	0,0	0,0	0,0	0,0
<b>EBITDA</b>	<b>4,6</b>	<b>3,9</b>	<b>3,9</b>	<b>3,3</b>	<b>5,5</b>	<b>6,7</b>
<b>EBITDA adj.</b>	<b>5,0</b>	<b>4,2</b>	<b>3,7</b>	<b>3,5</b>	<b>5,7</b>	<b>6,7</b>
D&A	0,3	0,2	0,2	0,2	0,2	0,3
<b>EBIT</b>	<b>3,1</b>	<b>2,5</b>	<b>2,5</b>	<b>1,8</b>	<b>4,1</b>	<b>5,1</b>
Results on financial operations, net	-0,5	-1,1	-0,3	4,6	0,4	0,2
<b>Profit before tax</b>	<b>2,6</b>	<b>1,3</b>	<b>2,2</b>	<b>6,4</b>	<b>4,5</b>	<b>5,3</b>
Income tax	-0,3	-0,2	-0,5	0,6	-0,5	-0,6
Minority interest	0,0	0,0	0,0	0,0	0,0	0,0
<b>Net profit</b>	<b>2,3</b>	<b>1,1</b>	<b>1,7</b>	<b>7,0</b>	<b>4,0</b>	<b>4,7</b>
<b>Net profit adj.</b>	<b>2,7</b>	<b>1,4</b>	<b>1,5</b>	<b>4,5</b>	<b>4,0</b>	<b>4,7</b>

Gross profit from sales margin	78,8%	75,2%	75,8%	75,0%	86,1%	86,1%
EBITDA adj. margin (%)	45,0%	43,1%	41,9%	39,8%	36,0%	34,9%
Operating profit margin (%)	28,3%	25,4%	28,0%	20,5%	26,0%	26,3%
Net profit adj. margin (%)	24,1%	14,2%	17,3%	50,1%	25,1%	24,4%

change in sales y/y	5,2%	-12,7%	-2,9%	7,2%	43,9%	99,6%
change in gross profit from sales y/y	11,0%	-15,8%	0,9%	8,3%	57,1%	128,7%
change in EBITDA adj. y/y	-15,7%	-24,6%	-28,3%	-13,1%	15,1%	61,4%
change in EBIT y/y	-25,7%	-38,8%	-40,0%	-38,0%	31,9%	106,8%
change in net profit adj y/y	-15,7%	-59,1%	-54,0%	43,3%	49,5%	242,0%

Source: Company, Trigon DM

## Balance Sheet (PLN m)

	2020	2021	2022	2023E	2024E	2025E
<b>Fixed assets</b>	<b>7,9</b>	<b>6,0</b>	<b>5,6</b>	<b>5,2</b>	<b>4,8</b>	<b>4,5</b>
Tangible fixed assets	3,3	2,4	2,0	1,5	1,2	0,9
Intangible assets	0,2	0,1	0,1	0,1	0,1	0,1
Goodwill	0,0	0,0	0,0	0,0	0,0	0,0
Long-term receivables	0,1	0,0	0,0	0,0	0,0	0,0
Long-term investments	0,0	0,0	0,0	0,0	0,0	0,0
Other	4,3	3,5	3,6	3,6	3,6	3,6
<b>Inventory</b>	<b>27,8</b>	<b>42,9</b>	<b>59,4</b>	<b>82,4</b>	<b>108,1</b>	<b>136,0</b>
Inventories	12,3	21,7	32,4	43,6	54,3	64,4
Trade receivables	4,2	5,2	5,5	8,1	12,2	14,6
Other	0,2	1,5	0,3	0,3	0,3	0,3
Cash	11,0	14,5	21,2	30,4	41,3	56,7
<b>Assets</b>	<b>35,7</b>	<b>48,9</b>	<b>65,0</b>	<b>87,5</b>	<b>112,9</b>	<b>140,6</b>
<b>Equity</b>	<b>29,4</b>	<b>41,5</b>	<b>55,2</b>	<b>74,8</b>	<b>97,7</b>	<b>123,2</b>
Share capital	0,1	0,1	0,1	0,1	0,1	0,1
Other	21,0	28,4	43,0	55,1	74,7	97,5
Net profit (loss)	8,2	13,0	12,1	19,6	22,9	25,5
Minority capital	0,0	0,0	0,0	0,0	0,0	0,0
<b>Long-term liabilities</b>	<b>2,7</b>	<b>1,9</b>	<b>1,1</b>	<b>1,1</b>	<b>1,1</b>	<b>1,1</b>
Interest-bearing liabilities	0,0	0,0	0,0	0,0	0,0	0,0
Other	2,7	1,9	1,1	1,1	1,1	1,1
<b>Short-term liabilities</b>	<b>3,6</b>	<b>5,4</b>	<b>8,7</b>	<b>11,6</b>	<b>14,1</b>	<b>16,2</b>
Interest-bearing liabilities	0,0	0,0	0,0	0,0	0,0	0,0
Trade liabilities	2,3	3,4	5,9	8,8	11,3	13,4
Other	1,3	2,0	2,8	2,8	2,8	2,8
<b>Liabilities</b>	<b>35,7</b>	<b>48,9</b>	<b>65,0</b>	<b>87,5</b>	<b>112,9</b>	<b>140,6</b>
Net working capital	14,2	23,5	32,0	42,9	55,2	65,7
Net debt	-11,0	-14,5	-21,2	-30,4	-41,3	-56,7
Net debt adj.	-11,0	-14,5	-21,2	-30,4	-41,3	-56,7
Net debt /EBITDA adj. (x)	-0,7	-0,7	-1,4	-1,1	-1,2	-1,4
Net debt /equity (x)	-0,4	-0,3	-0,4	-0,4	-0,4	-0,5
ROE (%)	33%	37%	25%	30%	27%	23%
ROA (%)	26%	31%	21%	26%	23%	20%
Cash conversion cycle (days)	390	574	947	1063	1060	1072
Inventory turnover (days)	399	637	1082	1277	1286	1299
Receivables turnover ratio (days)	48	44	51	32	38	43
Accounts payable turnover ratio (days)	56	108	186	246	264	270

## Cash flows (PLN m)

	2020	2021	2022	2023E	2024E	2025E
<b>Cash flows from operating activities</b>	<b>8</b>	<b>6</b>	<b>6</b>	<b>9</b>	<b>11</b>	<b>15</b>
Net profit (loss)	8	13	12	20	23	26
Amortization	1	1	1	1	1	1
Changes in working capital	-3	-8	-9	-11	-12	-10
Inventory changes	-3	-9	-11	-11	-11	-10
Trade receivables change	-2	0	0	-3	-4	-2
Trade liabilities change	2	1	2	3	2	2
Other	2	-1	1	-1	-1	-1
<b>Cash flows from investment activities</b>	<b>0</b>	<b>0</b>	<b>-16</b>	<b>-1</b>	<b>-1</b>	<b>-1</b>
CAPEX	0	-1	0	-1	-1	-1
Other	0	0	-16	0	0	0
<b>Cash flows from financial activities</b>	<b>-1</b>	<b>-1</b>	<b>-1</b>	<b>1</b>	<b>1</b>	<b>1</b>
Interest-bearing liabilities change	-1	0	0	0	0	0
Revenues from shares emission	0	0	0	0	0	0
Dividend	0	0	0	0	0	0
Other	0	-1	-1	1	1	1
<b>Net cash flows</b>	<b>7</b>	<b>5</b>	<b>-11</b>	<b>9</b>	<b>11</b>	<b>15</b>
Cash opening balance	4	11	14	3	12	23
<b>Closing balance of cash</b>	<b>11</b>	<b>14</b>	<b>3</b>	<b>12</b>	<b>23</b>	<b>39</b>

Source: Company, Trigon DM

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##### Definitions

capitalisation – market price multiplied by the number of a company's shares

free float (%) – a percentage of a company's shares held by shareholders with less than 5% shareholding reduced by treasury shares held by the company

min/max 52 wks – minimum/maximum share price within the last 52 weeks

average turnover – average volume of share trading within the last month

EBIT – operating profit

EBITDA – operating profit increased by depreciation and amortisation

adjusted profit – net profit adjusted for one-off items

CF – cash flow

capex – sum of investment expenditures on fixed assets

OCF – cash generated through the operational activities of the company



FCF – cash generated by the company after taking into account outflows to support operations and retained capital

ROA – rate of return on assets

ROE – rate of return on equity

NWC – net working capital

Cash conversion cycle – period from the moment of expenditure of cash for the purchase of production factors until the moment of receipt of cash revenues from the sale of manufactured goods or services.

Gross profit margin – a ratio of gross profit to net revenue

EBITDA margin – a ratio of sum of operating profit and depreciation/amortisation to net revenue

EBIT margin – a ratio of operating profit to net revenue

net margin – a ratio of net profit to net revenue

EPS – earnings per share

DPS – dividends per share

P/E – a ratio of market price to earnings per share

P/BV – a ratio of market price to book value per share

EV/EBITDA – a company's EV to EBITDA ratio

EV – sum of a company's current capitalisation and net debt

DY – dividend yield, dividend paid to share price ratio

RFR – risk-free rate

WACC – weighted average cost of capital

ISSUER – Artifex Mundi S.A.

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Recommendation prepared by: Kacper Kopron

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