

498/2021/AR

Company	LT fundamental recommendation	12M EFV (PLN)	ST market-relative bias	Analyst
Action	Buy	20.7	Overweight	Jakub K. Viscardi

Event: 2Q21 financial results – adj profits close to our expectations

On September 30, after the market close, the Company released their 2Q21 financials. Quarterly profits were elevated due to the reversal of the provision set up in the amount of PLN 38.0 million with respect to the VAT tax investigation for January and February 2013.

- 2Q21 revenues reached PLN 533.9 million (up 11% yoy) and are in accordance with the preliminary data released earlier.
- **2Q21 gross profit margin on sales at 8.7% visibly exceeded the preliminary data that implied a 7.8% gross profit margin on sales.**
- Quarterly profits were **elevated due to the reversal of the provision** set up in the amount of **PLN 38.0 million** with respect to the VAT tax investigation for January and February 2013.
- Reported/ **adjusted EBITDA reached PLN 55.7 million/ 17.8 million** (up 214% yoy) while reported/ **adjusted EBIT reached PLN 53.6 million/ 15.6 million** (up 319% yoy) (adj results marginally above our expectations).
- **Adj EBITDA margin** stood at 3.3% in 2Q21 vs 1.2% a year ago and our expectations at 3.2%.
- Adj pre-tax profit reached PLN 14.8 million (up 309% yoy) vs our expectations at PLN 14.6 million.
- **Adj net profit** grew by 309% yoy to **PLN 13.2 million** (we forecasted PLN 16.7 million; the reason for the difference was the income tax as the effective tax rate in 2Q21 was 16.7% actually while we assumed that the Company would recognize PLN 2 million of deferred tax assets).
- The Company's OCF reached PLN 29.4 million (down 21% yoy) vs PLN 37.5 million.

Action: 2Q21 financials

IFRS consolidated (PLN m)	2Q21		Results vs forecasts	2Q20	chg yoy
	2Q21	(DM BOŚ forecast)			
Revenues	533.9	539.8	→	480.5	11%
EBITDA	55.7	17.3	↑↑	5.6	887%
EBITDA margin	10.4%	3.2%	-	1.2%	-
Adj EBITDA	17.8	17.3	→	5.6	214%
Adj EBITDA margin	3.3%	3.2%	-	1.2%	-
EBIT	53.6	15.3	↑↑	3.7	1,337%
EBIT margin	10.0%	2.8%	-	0.8%	-
Adj EBIT	15.6	15.3	→	3.7	319%
Adj EBIT margin	2.9%	2.8%	-	0.8%	-
Gross profit	52.8	14.6	↑↑	3.1	1,614%
Gross margin	9.9%	2.7%	-	0.6%	-
Adj gross profit	14.8	14.6	→	3.1	380%
Adj gross margin	2.8%	2.7%	-	0.6%	-
Net profit	44.0	16.7	↑↑	3.2	1,262%
Net margin	8.2%	3.1%	-	0.6%	-
Adj net profit	13.2	16.7	↓	3.2	309%
Adj net margin	2.5%	3.1%	-	0.6%	-

profits adjusted for the reversal of the provision set up in the amount of PLN 38.0 million with respect to the VAT tax investigation
 Source: the Company, DM BOŚ SA

Expected impact: *Slightly positive. Action delivered very strong quarterly profits, albeit very close to our expectations.*

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.