

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

753/2023/AR

November 30, 2023

Company	LT fundamental recommendation	12M EFV (PLN)	ST market-relative bias	Analyst
Action	Buy	21.6	Neutral	Jakub K. Viscardi

Event: 3Q23 financial results released – NP in line with the preliminary showing; negative CFO.

On Wednesday, after the market close, Action released 3Q23 financial results.

- 3Q23 revenues reached PLN 641.0 million (up 11% yoy) and are in line with preliminary figures.
- **The gross margin on sales at 8.5%** was in line with our expectations, albeit materially higher than monthly readings which implied 7.7%.
- **EBITDA at PLN 12.2 million** (down 3% yoy) and **EBIT at PLN 10.0 million** (down 5% yoy) were 3% and 7%, respectively, ahead of our forecasts.
- **The SG&A costs/ sales ratio** reached **7.0%** vs 6.9% in 3Q22.
- **3Q23 EBITDA margin** fell to **1.9%** vs 1.8% expected by us and 2.2% in 3Q22.
- PBT was decreased by a discount on arrangement liabilities (PLN 0.8 million) and arrived at PLN 10.4 million (down 27% yoy) vs our expectations at PLN 10.2 million.
- **3Q23 adj NP at PLN 8.1 million** (down 14% yoy) vs our expectations at PLN 8.3 million. **The effective tax rate** was at **22.1%** while we assumed 19.0%.
- The Company's **OCF** were negative, though materially stronger yoy: **PLN -8.0 million** vs PLN -45.7 million in 3Q22.

Action; 3Q23 financial results

IFRS, cons. (PLN million)	3Q23	3Q23E (DM BOS)	Results vs forecasts	3Q22	yoy chg
Sales	641.0	643.5	→	577.1	11%
Gross profit on sales	54.5	54.8	→	49.7	10%
Gross profit margin on sales	8.5%	8.5%	-	8.6%	-
EBITDA	12.2	11.9	→	12.7	-3%
Margin EBITDA	1.9%	1.8%	-	2.2%	-
EBIT	10.0	9.3	↑	10.5	-5%
Margin EBIT	1.6%	1.4%	-	1.8%	-
PBT	10.4	10.2	→	14.3	-27%
Gross margin	1.6%	1.6%	-	2.5%	-
Adj PBT	10.4	10.2	→	10.9	-5%
Adj gross margin	1.6%	1.6%	-	2.5%	-
NP	8.1	8.3	→	12.2	-33%
Net margin	1.3%	1.3%	-	2.1%	-
Adj NP	8.1	8.3	→	9.5	-14%
Adj net margin	1.3%	1.3%	-	2.1%	-

Adjusted profits
 PBT adjusted for PLN 3.4 million of tax interest
 Source: Company, DM BOS SA

Expected impact: Neutral; 3Q23 results are in line with preliminary figures and close to our expectations; they should not constitute any surprise to investors.

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.