

This report is prepared for the Warsaw Stock Exchange SA within the framework of the Analytical Coverage Support Program. 3.0.

238/2023/AR

April 25, 2023

Company	LT fundamental recommendation	12M EFV (PLN)	ST market-relative bias	Analyst
Action	Buy	19.4	Neutral	Jakub K. Viscardi

Event: 4Q22 financial results released – close to our forecasts.

On Monday, after the market close, Action released 4Q22 financial results.

- Quarterly revenues reached PLN 674.6 million (down 5% yoy) and are in line with the preliminary figures released earlier;
- The gross margin on sales at 9.0%** turned to be on line with our forecast and materially higher than the figures published monthly implied (which is 8.1%);
- EBITDA and EBIT at PLN 21.7 million** (down 23% yoy) and **PLN 19.5 million** (down 26% yoy), respectively were lower by 5% and 6%, respectively, than we expected;
- The **SG&A costs/ sales ratio** stood at **6.1%** vs **5.3%** in 4Q21;
- 4Q22 EBITDA margin fell to 3.2%** from 4.0% a year earlier and was lower than our expectations at 3.4%;
- Gross profit was elevated due to a reversal of a discount from the liabilities under the arrangement procedure (PLN 2.1 million) and reached PLN 22.6 million (down 13% yoy) vs our forecasts at PLN 20.1 million;
- The Company's **NI arrived at PLN 19.0 million** (down 18% yoy) vs our expectations at PLN 16.3 million. **The effective tax rate** stood at **15.9%** while we assumed 19.0%;
- Operating cash flows** were positive and reached **PLN 17.2 million** vs PLN 15.4 million in 4Q21.

Action; 4Q22 financial results

IFRS, cons. (PLN million)	4Q22A	4Q22F (DM BOS)	Results vs forecasts	4Q21	yoy chgr
Sales	674,6	676,7	→	706,4	-5%
Gross profit on sales	60,7	60,6	→	64,0	-5%
Gross profit on sales margin	9,0%	9,0%	-	9,1%	-
EBITDA	21,7	22,9	→	34,7	-38%
EBITDA margin	3,2%	3,4%	-	4,9%	-
Adj EBITDA	21,7	22,9	→	28,3	-23%
adj EBITDA margin	3,2%	3,4%	-	4,0%	-
EBIT	19,5	20,7	→	32,7	-41%
EBIT margin	2,9%	3,1%	-	4,6%	-
adj EBIT	19,5	20,7	→	26,3	-26%
adj EBIT margin	2,9%	3,1%	-	3,7%	-
Gross profit	22,6	20,1	↑	32,5	-30%
Gross margin	3,4%	3,0%	-	4,6%	-
Adj gross profit	22,6	20,1	↑	26,1	-13%
Adj gross margin	3,4%	3,0%	-	3,7%	-
NI	19,0	16,3	↑	28,2	-33%
Net margin	2,8%	2,4%	-	4,0%	-
Adj NI	19,0	16,3	↑	23,0	-18%
Adj net margin	2,8%	2,4%	-	3,3%	-

Adjusted profits. Profits adjusted for a PLN 6.4 million tax-related provision

Source: Company, DM BOS SA

Expected impact: Neutral; 4Q22 figures are close to our expectations and should not constitute any surprise to investors whose attention will be more focused on the Company's development outlook in the upcoming quarters.

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.