

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

354/2023/AR

May 31, 2023

Company	LT fundamental recommendation	12M EFV (PLN)	ST market-relative bias	Analyst
Action	Buy	20.8	Neutral	Jakub K. Viscardi

Event: 1Q23 financial results released – close to our forecasts; strong CFO.

On Tuesday, after the market close, Action released 1Q23 financial results.

- Quarterly revenues at PLN 586.2 million (up 6% yoy) marginally differ from earlier published preliminary figures.
- 1Q23 gross profit margin on sales at 8.7%** is slightly lower than we expected and materially exceeds the gross profit margin on sales implied by published earlier data at 8.1%.
- EBITDA/ EBIT** reached **PLN 13.2 million** (down 14% yoy)/ **PLN 11.0 million** (down 17% yoy) – 3%/2% below our forecasts.
- The SG&A costs/ sales** ratio stands at 6.9% vs 6.4% in 1Q22.
- 1Q23 EBITDA margin fell to 2.3%** from to 2.8% a year ago (we assumed 2.3%).
- Gross profit was lowered on the back of a discount on the arrangement liabilities (PLN 0.7 million) and reached PLN 11.0 million (down 12% yoy) vs our expectations at PLN 11.3 million.
- The Company's **net profit hit PLN 9.3 million** (down 10% yoy) while we forecast PLN 9.1 million. The effective tax rate stood at 15.4% while we assumed 19.0%.
- OCF** were positive and reached **PLN 38.0 million** vs PLN -8.0 million in 1Q22.

Action; 1Q23 financial results vs DM BOS forecasts

IFRS consolidated (PLN million)	1Q23	1Q23E (DM BOS)	Results vs forecasts	1Q22	yoy change
Sales	586.2	592.2	→	550.9	6%
Gross profit on sales	51.1	52.2	→	48.5	5%
Gross profit margin on sales	8.7%	8.8%	-	8.8%	-
EBITDA	13.2	13.6	→	15.4	-14%
EBITDA margin	2.3%	2.3%	-	2.8%	-
EBIT	11.0	11.3	→	13.4	-17%
EBIT margin	1.9%	1.9%	-	2.4%	-
Gross profit	11.0	11.3	→	12.6	-12%
Gross profit margin	1.9%	1.9%	-	2.3%	-
Net profit	9.3	9.1	→	10.3	-10%
Net margin	1.6%	1.5%	-	1.9%	-

Source: Company, DM BOS SA estimates

Expected impact: Slightly positive. Though 1Q23 figures are close to our forecasts and should not constitute any surprise for investors, strong OCF can be the cause of satisfaction.

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.