

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

676/2022/AR

Company	LT fundamental recommendation	12M EFV (PLN)	ST market-relative bias	Analyst
<b>Action</b>	<b>Buy</b>	<b>20.6</b>	<b>Overweight</b>	Jakub K. Viscardi

**Event: 3Q22 financial results – in line with preliminary results.**

On Tuesday, after the market close, Action released its quarterly results for 3Q22.

- Revenues at PLN 577 million (up 7% yoy) are in line with the preliminary data published earlier;
- Gross margin on sales** reached **8.6%** and was in line with previously revealed preliminary quarterly reading and a tad higher than monthly data (7.2%);
- EBITDA and EBIT** at **PLN 12.7 million** (down 19% yoy) and **PLN 10.5 million** (down 24% yoy), respectively, were above our expectations;
- The SGA/sales ratio** stood at **6.8%** vs 6.1% in 3Q21;
- The EBIT margin fell to 2.2%** vs expected 1.9% and 2.9% reported in 3Q21;
- PBT was increased by PLN 3.4 million of interests from the tax office and arrived at PLN 14.3 million (up 9% yoy) vs our forecast at PLN 8.8 million;
- NP reached PLN 12.2 million** (up 18% yoy) vs our expectations at PLN 7.1 million; **the effective tax rate** was at **14,6%** while we expected 19.3%;

**Operating cash flows** were negative, at PLN -45.7 million vs PLN -28.2 million a year ago.

**Action; 3Q22 financial results**

IFRS, cons. (PLN million)	3Q22	3Q22E (DM BOŚ)	Results vs forecasts	3Q21	chg yoy
Sales	577.1	578.4	→	541.5	7%
Gross profit on sales	49.7	49.4	→	47.1	6%
Gross margin on sales	8.6%	8.5%	-	8.7%	-
EBITDA	12.7	10.8	↑	15.7	-19%
EBITDA margin	2.2%	1.9%	-	2.9%	-
EBIT	10.5	8.7	↑	13.7	-24%
EBIT margin	1.8%	1.5%	-	2.5%	-
PBT	14.3	8.8	↑	13.1	9%
Gross margin	2.5%	1.5%	-	2.4%	-
Net profit	12.2	7.1	↑	10.4	18%
Net margin	2.1%	1.2%	-	1.9%	-

Source: Company, DM BOŚ SA

**Expected impact:** Neutral; as revenues, gross profit on sales and net profit are all in line with the previously released preliminary results and should not constitute any surprise for investors who are more likely to focus on the Company's outlook for 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.