

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

549/2024/AR/September 30, 2024

Company	LT fundamental recommendation	12M EFV (PLN)	ST market-relative bias	Analyst
<b>Action</b>	<b>Buy</b>	<b>25.0</b>	<b>Neutral</b>	Jakub K. Viscardi

**Event: 2Q24 financial results released – earnings boosted by a reversal of impairment charge; stronger yoy CFO.**

On Friday, after the market close, Action released 2Q24 financial results.

- 2Q24 revenues at PLN 530.3 million (down 5% yoy) were in line with the preliminary figures.
- **The gross margin on sales at 9.1%** proved to be marginally higher than our expectations at 8.9% and materially higher than preliminary monthly data which implied 8.0%.
- Under the impact of a reversal of a PLN 3.2 million impairment charge related to a real estate disposal in Kraków 2Q24 **EBITDA** and **EBIT** arrived at **PLN 6.4 million** (down 27% yoy) and **PLN 4.5 million** (down 30% yoy), respectively, both above our forecasts (38% and 71%, respectively). However, when adjusted for this impairment charge **EBITDA** and **EBIT** would reach **PLN 3.3 million** (down 62% yoy) and **PLN 1.4 million** (down 79% yoy), respectively (29% and 48%, respectively, below our expectations).
- **The ratio of SG&A costs to sales** stood at **8.9%** in 2Q24 vs **8.0%** a year before and our expectations at **8.4%**.
- **2Q24 adj EBITDA margin** fell to **0.6%** from 0.9% in 2Q23 (we expected 1.6%).
- 2Q24 gross profit at PLN 5.0 million (down 27% yoy) was decreased/ elevated by a discount on liabilities arising from the arrangement with creditors (PLN 0.6 million)/ interests on deposits and bonds (PLN 1.3 million) while we expected PLN 3.3 million. Adj gross profit amounts to PLN 1.8 million (down 73% yoy) that is 45% short of our expectations.
- The Company's **net profit reached PLN 4.9 million** (down 6% yoy) vs our forecast at PLN 2.6 million. **The effective tax rate** in the discussed quarter was **2%** vs our expectations at 21.0%. Adj net profit would reach PLN 2.3 million vs PLN 2.6 million we expected.
- **CFO in 2Q24** were positive and materially stronger yoy reaching **PLN 16.3 million** vs PLN 4.8 million in 2Q23.

**Action; 2Q24 financial results**

IFRS, consolidated (PLN m)	2Q24	2Q24 (preliminary)	2Q24 (DM BOS forecast)	Results vs forecasts/preliminary data	2Q23	yoy chg
Sprzedaż	530,3	530,3	534,0	→/→	560,0	-5%
Revenues	48,1	48,1	47,3	→/→	50,5	-5%
Gross profit on sales	9,1%	9,1%	8,9%	-	9,0%	-
Gross margin on sales	6,4	na	4,7	↑/na	8,8	-27%
EBITDA	1,2%	-	0,9%	-	1,6%	-
EBITDA margin	3,3	na	4,7	↓/na	8,8	-62%
Adj EBITDA	0,6%	-	0,9%	-	1,6%	-
Adj EBITDA margin	4,5	na	2,6	↑/na	6,4	-30%
EBIT	0,8%	-	0,5%	-	1,1%	-
EBIT margin	1,4	na	2,6	↓/na	6,4	-79%
Adj EBIT	0,3%	-	0,5%	-	1,1%	-
Adj EBIT margin	5,0	na	3,3	↑/na	6,7	-27%
Gross profit	0,9%	-	0,6%	-	1,2%	-
Gross margin	1,8	na	3,3	↓/na	6,7	-73%
Adj gross profit	0,3%	-	0,6%	-	1,2%	-
Adj gross margin	4,9	1,0	2,6	↑/↑	5,2	-6%
Net profit	0,9%	0,2%	0,5%	-	0,9%	-
Adj net margin	2,3	1,0	2,6	↓/↑	5,2	-55%
Adj net profit	0,4%	0,2%	0,5%	-	0,9%	-

Adjusted profits: 2Q24 profits exclude a reversal of an impairment charge at PLN 3.2 million  
Source: Company, DM BOS SA

**Expected impact:** Neutral; 2Q24 final Net profit was beat both, our expectations and preliminary monthly data released earlier, albeit this led to a reversal of a PLN 3.2 million impairment charge related to the earlier disposal of a real estate in Kraków. The pressure on the SG&A costs didn't budge and contributed to a high negative yoy dynamic of the Company's earnings; NP adjusted for this impairment charge would have been lower than our forecasts (we didn't assume any impairment charge). This negative yoy dynamic is somehow lower as regards the Company's net profit only because of the lower than we expected effective tax rate at 2%; on the other hand, Action improved the generation of operating cash flows which are materially higher yoy and cumulatively after 1H24.



**DOM MAKLERSKI**  
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*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.*