

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

344/2022/AR

Company	LT fundamental recommendation	12M EFV (PLN)	ST market-relative bias	Analyst
Action	Buy	22.6	Overweight	Jakub K. Viscardi

Event: Management outlook following 1Q22 results release.

Yesterday, during the WSE trading hours, the Company' management met with investors to present the further outlook for Action.

The key highlights.

- Action claims that the turnover in May was actually better than in April that featured a negative sales yoy growth dynamic. The Company believes that June may be good as well provided May turns as good as expected to be. The Company maintains expectations for a 5-10% growth of FY22 revenues.
- The Company intends to add one auction site quarterly to their sales channels (eBay, Mall). In May the Company has entered Shopee.
- Action plans to develop a B2C sale in Germany via krakvet.de and eBay-like action sites, the Company intends also to enter the Czech and Slovak markets via the Mall platform.
- Action intends to increase a share of pet food to 10% (currently 6-7%) in total revenues at the end of this year. Pet food is sold via B2C (60%) and B2B channels (40%).
- According to the Company, the sales via sferis.pl improved after the new site and new engine had been implemented. A new site krakvet.pl with new functionalities added is planned at the turn of 2022/23.
- A rising share of B2C sales in the Company's sales mix should support evolution of the gross margin on sales in the upcoming quarters.
- The export share in the Company's revenues was stable, at above 60%, in 1Q22.
- Action may return to a dividend payout after it repays arrangement liabilities and the arrangement procedures are closed.

Expected impact: *Neutral; the information was release during the market session.*

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.