

Current report no. 4/2018

Prepared on: 2017-01-24

Subject: Works related to the presentation of proposals for the restructuring of ACTION's financial liabilities.

Legal basis: Article 17(1) of the Market Abuse Regulation – confidential information

Content of the report:

The Management Board of ACTION S.A. in restructuring (the Company, the Issuer) in connection to current report no. 93/2017, current report o. 94/2017 informs that in relation to works on the development of data and information justifying the proposals for the restructuring of financial liabilities of ACTION to present the proposal to creditors, has been prepared the estimates and information on the following data:

- I. The level of current liabilities on 30.11.2017 r.: 60 629 370,52 PLN
- II. Cash on 30.11.2017 r.: 53 880 981,50 PLN
- III. Information on the level of stocks of the Company and subsidiaries on 30/11/2017, divided into inventories held by individual companies and information about the forecasted level and Information on the forecasted level of inventories of the Company and subsidiaries on 31/12/2017.

Action S.A. in restructuring – stoks inventory on 30.11.2017 – 129 438 852,00 PLN

Action S.A. in restructuring – forecasted level of stock inventory on 31.12. 2017 – 106 235 508,49 PLN

Action Europe - stoks inventory on 30.11.2017 –21 545 970, 86 PLN

Action Europe – forecasted level of stock inventory on 31.12.2017 - 18 474 521,90 PLN

- IV. The total value of receivables on 30 November 2017 and the value of forecast receivables as at 31 December 2017.

Action S.A. in restructuring the total value of receivables on 30.11.2017: 230 367 410 PLN

Action S.A. in restructuring value of forecast receivables on 31/12/2017: - trade receivables and other receivables: 229 351 PLN. The actual data will be available after the end of accounting December 2017.

- V. Information on receivables secured on the Company's assets on 30/11/2017, i.e. Information on the current amount of receivables secured on the Company's assets, with the indication of the Company's creditors and the amounts of their claims from individual titles and collaterals. Information on the forecast level of claims secured on the Company's assets mentioned above on 31/12/2017, assuming that the Company will keep the repayment schedules of these receivables.

Pekao S.A.

Overdraft facility in maximum amount of 29.724.543.00 PLN (equivalent of EUR 7.105.355,27).

The amount of the liability on 30/11/2017: 1 778 782.75 PLN and 106 123,68 USD

Forecasted amount of the liability on 31/12/2017: 0 PLN / USD

The legal security of the repayment of the overdraft (loan in current Bank account) is:

- a) power of attorney to the Borrower's accounts carried by the Bank,
- b) statement of the Borrower on submission to enforcement under Art. 777 § 1 point 5 of the Act of 17 November 1964 on the Civil Procedure Code (consolidated text, Journal of Laws of 2014, item 101, as amended), up to the maximum total amount of 135 481 507,50 PLN
- c) registered pledge of the highest priority of satisfaction, up to the highest amount of collateral of 135 481 507,50 PLN on the Borrower's stock ("pledge") whose value should be at least 60 000 000,00 PLN
- d) transfer of trade receivables of minimum 17 354 400,00 PLN,
- e) transfer of rights from the insurance contract of the Pledge,

2. Investment loan agreement in the amount of 50 000 000 PLN.

The amount of the liability on 30/11/2017: 12 498 254,11 PLN

Forecasted amount of the liability on 31/12/2017: 11 536 849,94 PLN

Legal security of credit facility repayment:

- a) Contractual capped mortgage, up to the amount of 75,000,000 PLN
- b) Registered pledge over the Issuer's accounts, with highest priority in the amount of 75,000,000 PLN
- c) Authorisation over bank accounts maintained by the Bank,
- d) Assignment of rights under the Real Property insurance agreement,
- e) statement of the Borrower on submission to enforcement under Art. 777 § 1 point 5 of the Act of 17 November 1964 on the Civil Procedure Code (consolidated text, Journal of Laws of 2014, item 101, as amended),

PKO BP

Guarantee for the Tax Office in the amount of PLN 3,000,000 granted within the multi-purpose limit (the liability has not become due up to now).

The amount of the liability on 30/11/2017: 3 000 000 PLN

Forecasted amount of the liability on: 3 000 000 PLN

Legal security of repayment:

a) assignment of receivables due to the Borrower and an obligation to maintain these receivables at a level not lower than 35,000,000, PLN

b) irrevocable power of attorney to pay all claims and claims of the Bank due for loan in the account and other accounts opened in the bank. The power of attorney authorizes the bank to undertake activities with itself within the meaning of art. 108 of the Civil Code

HSBC

Guarantees for CERN granted in the amount of 308 297,19 USD granted as part of the extended multi-purpose limit (the liability has not become due up to now).

The amount of the liability on 30/11/2017: 308 297,19 USD

Forecasted amount of the liability on: 308 297,19 USD

Legal security of repayment:

a) assignment of receivables due to the Borrower and an obligation to maintain these receivables at a level not lower than 35,000,000, PLN

b) irrevocable power of attorney to pay all claims and claims of the Bank due for loan in the account and other accounts opened in the bank. The power of attorney authorizes the bank to undertake activities with itself within the meaning of art. 108 of the Civil Code

VI. Information about the estimated level of liabilities of the Company - art. 342 bankruptcy law, p. 37 Restructuring plan dated on 31/12/2017 (including Company's employees' liabilities and liabilities of the Company arising after the opening of the restructuring proceeding to the Company.

Estimated level of employee obligations:

a) employees remuneration of PLN 4,0 million. (net)

Estimated level of other liabilities arising after the opening of the Sanation:

a) current liabilities in approximately amount of 39 million. (trade liabilities, salaries other than employees, public payrolls)

b) provisions included in the financial statement not assigned to the balances of liabilities (estimated rebates for contractors): approx. 2 million PLN