

**Current report no.** 9/2017

**Prepared on:** 2018-03-27

**Subject:** The results of the report prepared from an independent analysis regarding the degree of satisfaction of the Company's creditors and the Company's financial projections and the feasibility of implementing the arrangement.

**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) hereby informs, that on 27 th march 2018 received from KPMG Advisory Limited Liability Company sp.k. ("KPMG") reports containing a summary of key findings from the analysis of (i) the degree of satisfaction of the Company's creditors and (ii) the financial projections of the Company and the ability of implementing the arrangement.

The reports were prepared in the performance of the Resolution No. 2/12/2017 and 3/12/2017 of the Creditors Council of 11th December 2017.

The analysis showed that the estimated level of satisfaction of the Company's creditors (excluding claims secured on the Company's assets and claims resulting from the restructuring process) may amount to 54% in the event of liquidation of assets and 71% in the case of proceedings pursuant to Art. 56a of the Bankruptcy Law with the sale of the entire enterprise of the so-called Pre-Pack.

Information about the degree of satisfaction was prepared according to preliminary data not verified by the auditor and prepared by the Company as at 31/12/2017 and the list of receivables on 22/03/2018. The estimated value of the assets to be distributed among the creditors was estimated using the adjusted net assets method whose calculation was modified by the valuer in such a way as to take into account the specificity of the valuation for the purposes of bankruptcy proceedings. The value of the Company's assets in the bankruptcy proceedings was estimated in the amount of 337.1 million PLN and after reductions by estimated costs of liquidation and repayment of liabilities secured on the Company's assets, and repayment of liabilities arising in the restructuring process it will remain the amount of 188.9 million PLN to satisfy creditors and in the option of liquidation of the Company's assets and 247.9 million PLN in the sales option under Art. 56a Bankruptcy Law the so-called Pre-Pack. The amount of the Claims according to the abovementioned inventory of receivables was in the amount of PLN 354 821 698, 99 PLN (including receivables entitling to vote PLN 349 810 559.99).

According to KPMG, there are indications that allows to recognize that the financial projections presented by the Company's Management Board included in the Financial Report for Q IV 2017 - 2022, published in current report No. 93/2017 of 27/11/2017 and adopted by the Management Board of the Company the underlying assumptions are feasible. At the same time, KPMG submits to the Management Board to consider a suggestion to modify certain assumptions that may result in higher cash flows. In this variant, the estimated value of additional cash at the end of the forecast period is around 60 million PLN (in total about PLN 200 million).

The change is the effect of extending the repayment period of commercial obligations (turnover ratio). At the same time, KPMG stipulates that the above-mentioned suggestion depends on the fulfillment of certain conditions, in particular the achievement of an early agreement on the conclusion of an acceptable arrangement for all parties.

The amounts presented in the reports, as well as the commentary on the Company's financial projections and the possibility of implementing the arrangement are estimates, and may change, do not constitute a guarantee or KPMG assurance regarding the Company's estimates quoted in the reports and can not be treated as fair value of the Company or its property.