

Current report no. 29/2019

Prepared on: 2019 – 07 – 08

Subject: Decision on the intention to commence the procedure of merging the Company with a subsidiary

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 today the Issuer's Management decided to merge ACTION S.A. in restructuring (as the acquiring company - hereinafter also: "Acquiring Company") with a subsidiary ACTIONMED Sp. z o.o. with its registered office in Zamienie, entered into the Register of Entrepreneurs of the National Court Register by the District Court for the Capital City of Warsaw, 14th Commercial Division of the National Court Register under KRS number: 0000541597, REGON: 360732514, Tax ID: 1231293830, share capital PLN 300,000.00, consists of 6,000 shares with a nominal value of PLN 50.00. each share (as the acquired company - also referred to as: the "Acquired Company").

The merger of the Companies will take place through the transfer of all assets of the Acquired Company to the Acquiring Company - merger by acquisition in accordance with art. 492 §1 point 1 of the Code of Commercial Companies Code.

Due to the fact that the Acquiring Company directly holds 100% shares in the share capital of the Acquired Company (being a sole proprietorship of the Acquiring Company), the merger of the Companies will be carried out - pursuant to art. 515 §1 KSH, art. 514 Commercial Companies Code, art. 516 §6 in conjunction from art. 516 §1 and 5 and art. 500§2¹ KSH - according to the following rules:

- without increasing the share capital of the Acquiring Company (Article 515 § 1 of the Code of Commercial Companies, Article 514 of the Code of Commercial Companies);
- The Merger Plan will not contain the elements indicated in art. 499 §1 items 2-4 of the Commercial Companies Code, i.e. will not specify the ratio of exchange of shares of the Acquired Company to the shares of the Acquiring Company; rules regarding the granting of shares in the Acquirer; on which the shares of the Acquiring Company issued to the shareholders of the Acquired Company authorize to participate in the profit of the Acquiring Company (Article 516 §6 in conjunction with Article 516 § 1 and 5);

- the Merger Plan will not be examined by a statutory expert by virtue of law (Article 516 §6 in conjunction with Article 516 §5 of the CCC);
- The Merger Plan will not be published in Monitor Sądowy i Gospodarczy but along with the attachments it will be made available to the public free of charge on the websites of the merging Companies (article 500§2¹ of the Commercial Companies Code).

In order to present the reasons and expected effects of the proposed merger more broadly, the Management Boards of the merging Companies will draw up non-compulsory, pursuant to art. 516 §6 in conjunction from art. 516 §5 CCC, reports justifying the merger (taking into account the requirements set out in Article 501 of the CCC).

Due to the acceptance that as a result of the merger, the share capital of the Acquiring Company will not be increased and that there are no other circumstances requiring changes to the Articles of Association of the Acquiring Company, the statute ACTION S.A. in the restructuring will not be changed due to the merger of the Companies. For this reason, the requirement provided for in Article 499 § 2 point 2 of the Commercial Companies Code, providing for the obligation to attach amendments to the Articles of Association of the Acquiring Company to the Merger Plan, also will not apply.

The main activity:

- The Issuer is a wholesale trade in electronic and IT equipment;
- ACTIONMED Sp. z o.o. is the retail trade of medical equipment.

Justifying the above decision, the Management Board of ACTION S.A. in restructuring, he emphasizes that the intention to merge with the subsidiary company ACTIONMED is primarily driven by financial aspects, i.e. Justifying the above decision, the Management Board of ACTION S.A. in restructuring, he emphasizes that the intention to merge with the subsidiary company ACTIONMED is primarily driven by financial aspects, ie the intention to reduce the operating costs of the ACTION S.A. Capital Group. Reduction of operating costs of the ACTION SA Capital Group. as a result of this merger, it will concern in particular costs related to the functioning of management bodies, financial and accounting services as well as contractor service systems, storage and delivery of products. The initiation and implementation of the merger procedure will enable the Management Board of ACTION S.A. also a significant simplification of the management of the ACTION S.A. Capital Group. and facilitating control in the Capital Group ACTION S.A. - especially in the areas of: financial liquidity control, risk assessment, all performance indicators and cost reduction.

In the opinion of the Management Board of ACTION S.A. in restructuring, the proposed merger with a subsidiary is also (mainly due to the possibility of using the simplified merger mode) the least costly and fastest to carry out the mode for achieving the objectives and assumptions described above.

The Management Board sees the legitimacy of doing business in the medical market as well, however, due to the need to reduce costs, it is reasonable to "absorb" into the ACTION business structure of its subsidiary, ACTIONMED. the intention to reduce the operating costs of the ACTION S.A. Capital Group. Reduction of operating costs of the ACTION SA Capital Group. as a result of this merger, it will concern in particular costs related to the functioning of management bodies, financial and accounting services as well as contractor service systems, storage and delivery of products. The initiation and implementation of the merger procedure will enable the Management Board of ACTION S.A. also a significant simplification of the management of the ACTION S.A. Capital Group. and facilitating control in the Capital Group ACTION S.A. - especially in the areas of: financial liquidity control, risk assessment, all performance indicators and cost reduction.

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