

Reasons of the draft resolutions of the Ordinary General Meeting of Stockholders of ACTION Spółka Akcyjna to be held on 22 June 2022:

1. Resolution No. 1 concerning election of the Chairman of the Meeting.

Pursuant to Article 409 §1, the General Meeting is chaired by a chairman elected by the Stockholders from among the persons entitled to participate in the Meeting. Therefore, passing a resolution on this subject is an essential element of the properly conducted General Meeting.

2. Resolution 2 concerning adoption of the agenda.

Pursuant to § 9 Sections 1 b) and 2 of the Regulations of General Meetings of Stockholders of ACTION S.A., the agenda of a General Meeting is put to a vote.

Therefore, as in the case of the vote on the election of the chairman, the requirements for the proper conduct of the General Meeting must also be met in this case.

3. - 5. Resolutions No. 3, 4, 5 on approval of the report of the Management Board on the Company's operations, the Company's financial statements and the report of the Supervisory Board on the results of the assessment of the Management Board's report, financial statements, the Management Board's motion regarding profit distribution and the assessment of the Company's standing and the Supervisory Board's operations for the 2021 financial year.

Pursuant to Article 395 § 2 point 1 of the Code of Commercial Companies and Partnerships, the necessary elements of an ordinary General Meeting of Stockholders include, among others, review and approval of the Management Board's report on the Company's operations and the financial statements for the last financial year. In the opinion of the Management Board, the report of the Supervisory Board on the assessment of the above reports and the assessment of the Company's standing must also be submitted to the General Meeting. This motion results from the content of 382 § 3 of the Code of Commercial Companies and Partnerships and Best Practices of WSE Listed Companies 2021 (Rules 2.11.1-2.11.6.) adopted by the Company.

The data contained in the Management Board's report on the Company's operations and the financial statements have been reviewed by the Company's auditor, the Audit Committee and the Supervisory Board.

6. – 8. Resolutions Nos. 6, 7, 8 on approval of the consolidated financial statements of ACTION S.A. Capital Group, the Management Board's report on the operations of ACTION S.A. Capital Group and the report of the Supervisory Board on the results of the assessment of the Management Board's report, the consolidated financial statement, the proposal and information of the Management Board on the distribution of profit and the assessment of the standing of ACTION S.A. Capital Group for 2021 financial year.

Pursuant to Article 63c Section 4 of the Accounting Act, the annual consolidated financial statements of the capital group is subject to approval by the approval authority of the parent entity, i.e. the General Meeting of ACTION S.A. Pursuant to Article 395 § 5 of the Code of Commercial Companies and Partnerships, the review and approval of the financial statements of the Capital Group may be the subject of approval by the Ordinary General Meeting. In the opinion of the Management Board, for the reasons indicated in the statement of reasons to resolutions 3 to 5, the report of the Management Board on the operations of the ACTION S.A. Capital Group and the report of the Supervisory Board on the assessment of both those reports and the standing of the Group must also be submitted to the agenda of the General Meeting of Stockholders.

The data included in the consolidated statement and the report on the operations of ACTION S.A. Capital Group was analysed by the auditor, the Audit Committee and the Supervisory Board of the Company.

9. Resolution No. 9 on the opinion on the report of the Supervisory Board of ACTION S.A. on remunerations for 2021

Pursuant to Article 90g section 6 of the Act of 29 July 2005 on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading, and Public Companies, the General Meeting adopts a resolution expressing its opinion on the remuneration report. The resolution is of advisory nature. What is more, pursuant to Article 395 § 2¹ of the Code of Commercial Companies and Partnerships, adoption of the above mentioned resolution should be the subject of the ordinary general meeting.

The Supervisory Board's report on remunerations for 2021 was adopted by the Supervisory Board based on Resolution No. 9 of 30.03.2022 and was evaluated by a certified auditor within the scope specified in Article 90g section 10 of the Act on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading, and Public Companies of 29 July 2005.

10. Resolution 10 on the distribution of the Company's profit for the 2021 financial year.

Due to the fact that the Company's financial statements for the 2021 financial year proves a profit of PLN 100,981,669.15, pursuant to Article 395 § 2 point 2 of the Code of Commercial Companies and Partnerships, the Ordinary General Meeting of ACTION S.A. is obliged to adopt a resolution on the manner of distribution of that profit.

On 30 March 2022, the Management Board of the Company published in current report No. 12/2022 its motion regarding the distribution of profit for the 2021 financial year by allocating the whole profit to the supplementary capital. This proposal is based in particular on the necessity to settle the liabilities towards creditors under the arrangement in the Company's remedial proceeding. In the opinion of the Management Board, the above circumstances and the Company's losses incurred in 2016 - 2019 constitute the reasons for the need to rebuild the Company's equity.

Therefore, with regard to the above circumstances, the Management Board proposes that the Company's profit earned in fiscal year 2021 be distributed in accordance with the above proposal.

11. Resolution No. 11 on granting discharge to the members of the Management Board in the 2021 financial year.

Due to the subject matter contained in draft resolution no. 11 (it refers directly to personal relations and responsibility of the Management Board), the Management Board restricts its justification in this regard to the statement that this matter is within the exclusive competence of the AGM (Article 395 § 2 point 3 of the Code of Commercial Companies and Partnerships), and the voting result should be driven by considerations relating to the situation of the Company.

12. Resolution No. 12 concerning granting a discharge to the members of the Supervisory Board in the 2021 financial year.

As in the case of the Management Board, the members of the Supervisory Board are also subject to assessment by the General Meeting of Stockholders with regard to the performance of their duties in the previous financial year. In the opinion of the Management Board, each Member of the Supervisory Board duly performed his/her duties in the 2021 financial year, which is also reflected in the data provided in the Supervisory Board Reports for 2021. Therefore, the Management Board recommends that the Supervisory Board Members be granted a discharge.

13. - 14. Resolutions 13 and 14 on the election of the Supervisory Board and its Chairman for the next term of office.

Pursuant to § 12 Section 1 of the Articles of Association of the Company, the Supervisory Board is appointed by the General Meeting for a joint term of three years. The current term of office will expire on 19 July 2022 (in accordance with Resolution No. 12 of the Ordinary General Meeting of Stockholders of ACTION S.A. of 25 June 2019 on election of the Supervisory Board of ACTION S.A. for the next term of office). Pursuant to §12 section 3 of the Articles of Association of the Company, the chairman of the Supervisory Board is appointed by the General Meeting. With regard to the above and the fact that pursuant to Article 386 §2 of the Code of Commercial Companies and Partnerships in conjunction with Article 369 § 1 of the Code of Commercial Companies and Partnerships the election of the Chairman of the Supervisory Board shall be admissible on the day to be held on the meeting of the Supervisory Board. Moreover, draft resolutions in the matters referred to above refer to amendments to Article 386 §2 in conjunction with Article 369 §1 of the Code of Commercial Companies and Partnerships in the wording introduced by the Act of 9 February 2022 on amendment of the Act – the Code of Commercial Companies and Partnerships and certain other acts (Journal of Laws of 2022, item 807 - entering into force on 13 October 2022), which (subject to contrary provisions of the Articles of Association) introduce the principle of calculating the term of office in full financial years.

15. Resolution No. 15 on the merger of ACTION S.A. with ACTIVEBRAND Sp. z o.o.

The Management Board explains that the intention to merge the Company with its subsidiary ACTIVEBRAND Sp. z o.o. was primarily dictated by the need to implement consolidation assumptions aimed at putting the structure of the ACTION S.A. Capital Group in order and further lowering the costs of its operations. ACTIVEBRAND Sp. z o.o. actively conducted trade operations in the pet supplies industry, including in particular an online store krakvet.pl. On 1 April 2021, trade and investment cooperation within the subsidiary ACTIVEBRAND Sp. z o.o. was terminated and the Issuer started to pursue the project on its own. Further activity of the subsidiary, after carrying out activities necessary to terminate the above mentioned activity, is not justified. In the opinion of the Company, the reduction of operating costs of the ACTION S.A. Capital Group as a result of the said merger will particularly regard to the costs of the management bodies and the financial and accounting services. In the opinion of the Management Board of ACTION S.A., the initiation and implementation of the merger procedure will also make it possible to simplify the management of the ACTION S.A. Capital Group and make it easier to exercise control in the Capital Group, especially with respect to: controlling its financial liquidity, risk assessment, all efficiency ratios and reducing costs. In the view of the Management Board of ACTION S.A., the planned merger with the subsidiary (mainly thanks to the possibility to use a simplified merger procedure) is also the least expensive and the fastest method to achieve the goals and objectives described above.

The merger of the Companies shall be carried out by transferring all the assets of ACTIVEBRAND Sp. z o.o. to the Company - merger by acquisition pursuant to Article 492§1.1 of the Code of Commercial Companies and Partnerships. The merger shall be conducted in a simplified mode, without increasing the share capital of the Company.

Piotr Bieliński

Sławomir Harazin