



CONSOLIDATED  
QUARTERLY REPORT  
FOR Q1 2021  
ACTION S.A.

31 MAY 2021

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## **I. Management Board Statement on reliability of preparation of the quarterly condensed consolidated financial statements**

These condensed consolidated interim financial statements and comparative data have been made to present the financial position, results of operations and cash flows in accordance with International Financial Reporting Standards ("IFRS") approved by the EU, issued and in force as at the balance sheet date and, with respect to matters not regulated by the above standards, in accordance with the requirements of the Accounting Act of 29 September 1994.

These condensed consolidated interim financial statement of the ACTION S.A. Capital Group for the period ended on 31 March 2021 includes: a consolidated total income statement, consolidated statement of financial position, statement of changes in consolidated equity, consolidated cash flow statement and additional information containing a description of key accounting principles and selected explanatory data.

As required by the Regulation of the Minister of Finance of 29 March 2018 on current and periodic information provided by issuers of securities and the conditions for recognising as equivalent the information required by the laws of a non-member state (Dz. U. - Journal of Laws of 2018 item 757 z as amended), Management Board of ACTION S.A. (Company, Issuer) hereby declares that:

- to the best of its knowledge, the interim condensed consolidated financial statements and comparative data have been drawn up in compliance with the applicable accounting principles and reflect in a true, reliable and clear manner the Group's property and financial situation and its financial result, and the interim condensed management report on the Group's activities gives a true picture of the development and achievements of the Group and its situation, including a description of the main risks and threats.

In the period covered by the consolidated financial statements, the companies of the Group, excluding ACTION S.A., ACTION EUROPE GmbH in Liquidation, and ACTION (GUANGZHOU) TRADING CO., LTD in Liquidation, kept their books in compliance with the accounting policy (principles) laid down by the Accounting Act of 29 September 1994 and the regulations issued thereunder. The consolidated financial statements include adjustments not included in the books of account of Group entities, introduced to bring the financial statements of these entities to compliance with IFRS. Since 1 January 2010, ACTION S.A. has been running its books in line with the EU-approved International Financial Reporting Standards (IFRS) published and in force as of the balance date, and with respect to matters not regulated by the IFRS, in compliance with the Polish Accounting Act of 29 September 1994. ACTION EUROPE GmbH in Liquidation keeps its accounts in accordance with the requirements of German balance sheet law. ACTION (GUANGZHOU) TRADING CO., LTD in Liquidation kept its books in accordance with the requirements of the Chinese Balance Sheet Law.

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Piotr Bieliński	Stawomir Harazin
President of the Management Board	Deputy President of the Management Board

Zamienie, 31 May 2021

## II. Interim condensed consolidated financial statements prepared in accordance with International Financial Reporting Standards for the period from 1 January 2021 to 31 March 2021

### Financial highlights

FINANCIAL HIGHLIGHTS	PLN k		k (EUR)	
	Q1 period from 01/01/2021 to 31/03/2021	Q1 period from 01/01/2020 to 31/03/2020	Q1 period from 01/01/2021 to 31/03/2021	Q1 period from 01/01/2020 to 31/03/2020
I. Net revenues from sales of products, goods and materials	525,317	467,554	114,896	104,500
II. Gross profit/loss on sales	44,049	27,871	9,634	6,229
III. Operating profit/loss	16,077	961	3,516	215
IV. Net profit/loss attributable to Company shareholders	18,311	1,588	4,005	355
V. Net cash flows from operations	-65,313	9,448	-14,285	2,112
VI. Net cash flows from investment	-881	-197	-193	-44
VII. Net cash flows from financial operations	-76	-46	-17	-10
VIII. Net increases (decreases) in cash	-66,270	9,205	-14,494	2,057
IX. Earnings/loss per ordinary share *) (in PLN / EUR)	0.91	0.09	0.20	0.02
	<b>As of 31.03.2021</b>	<b>As of 31.12.2020</b>	<b>As of 31.03.2021</b>	<b>As of 31.12.2020</b>
X. Total assets	602,897	630,619	129,369	136,651
XI. Liabilities	284,406	330,316	61,027	71,578
XII. Non-current liabilities	98,296	100,325	21,092	21,740
XIII. Current liabilities	186,110	229,991	39,935	49,838
XIV. Equity attributable to Company shareholders	319,895	301,617	68,643	65,359
XV. Share capital	2,004	2,004	430	434
XVI. Weighted average number of shares **) (in pcs.)	20,037,000	17,092,014	20,037,000	17,092,014
XVII. Book value per share ***) (in PLN / EUR)	15.97	17.79	3.43	3.85

### PLN/EUR rates

Period	Average rate in the period	Min. rate in the period	Max. rate in the period	Rate on the last day of period
01.01.2021 - 31.03.2021	4.5721	4.5175	4.6603	4.6603
01.01.2020 - 31.12.2020	4.4742	4.3010	4.6188	4.6148
01.01.2020 - 31.03.2020	4.3963	4.3010	4.5523	4.5523

\*) Earnings per ordinary share is calculated by dividing Net profit by Number of shares.

\*\*) The number of shares includes the change in nominal value of series A shares from PLN 1 to PLN 0.10 with the parallel division of 1 share of value of PLN 1 into 10 shares of a nominal value of PLN 0.10. The change was made on 11.04.2006 by resolution of the Extraordinary General Meeting of Shareholders.

\*\*\*) Book value per share is calculated by dividing the Equity due to shareholders of the Company by the Number of shares.

The financial highlights presented in the consolidated financial statements have been translated into Euro as follows:

- items concerning the consolidated statement of comprehensive income and cash flow statement were converted at the exchange rate being the arithmetic mean of the average minimum and maximum exchange rates announced by the National Bank of Poland, in force on the last day of each month; this exchange rate for Q1 2021 - EUR 1 = PLN 4.5721, for Q1 2020 - EUR 1 = PLN 4.3963;
- items of the consolidated statement of financial position were translated at the average exchange rate announced by the National Bank of Poland as at the balance sheet date; as at 31 March 2021 this rate was - EUR 1 = PLN 4.6603; as at 31 December 2020 - EUR 1 = PLN 4.6148 and as at 31 March 2020 EUR 1 = PLN 4.5523.

## Consolidated statement of comprehensive income

All income and expenses relate to continuing operations.

	Note	period from 01.01.2021 to 31.03.2021	period from 01.01.2020 to 31.03.2020
Sales revenue	(5.2)	525,317	467,554
Value of products, goods and materials sold	(5.3)	-481,268	-439,683
<b>Gross profit/loss on sales</b>		<b>44,049</b>	<b>27,871</b>
Sales and marketing costs	(5.3,5.4)	-19,557	-19,238
General management costs	(5.3,5.4)	-9,163	-7,100
Other operating revenues	(5.5)	1,353	385
Other costs and loss	(5.6)	-605	-957
<b>Operating profit/loss</b>		<b>16,077</b>	<b>961</b>
Financial revenues	(5.7)	14	629
Financial expenses	(5.8)	-780	-13
Share of profits (losses) of associates and joint ventures accounted for by the equity method		-1	13
<b>Pre-tax profit/loss</b>		<b>15,310</b>	<b>1,590</b>
Income tax	(5.9)	2,910	0
Profit/loss from continuing operations		<b>18,220</b>	<b>1,590</b>
<b>Profit/loss from discontinued operations</b>		<b>0</b>	<b>0</b>
<b>Net profit/loss for the financial period</b>		<b>18,220</b>	<b>1,590</b>
<b>Other components of total income</b>			
Net change in cash flow hedges		0	0
Other components - foreign exchange differences on translation of foreign operations		-171	-750
Other components - liquidation of a subsidiary		0	0
Other comprehensive income prior to taxation		-171	-750
Income tax relating to components of other comprehensive income that will be reclassified to profit or loss		0	0
<b>Other components of full net income which may be transferred to the profit and loss account</b>		<b>-171</b>	<b>-750</b>
<b>Comprehensive income for the period</b>		<b>18,049</b>	<b>840</b>
<b>Net profit/loss due to:</b>			
<b>Company shareholders</b>		<b>18,311</b>	<b>1,588</b>
non-controlling interest		-91	2
<b>Comprehensive income due to:</b>			
<b>Company shareholders</b>		<b>18,140</b>	<b>838</b>
non-controlling interest		-91	2

**Consolidated Quarterly Statement of ACTION S.A. CAPITAL GROUP for Q1 2021**  
(all amounts in PLN K, unless otherwise stated)

**Earnings/Loss per share**

Basic Profit/loss from continuing operations	<b>0.91</b>	<b>0.09</b>
Basic Profit/loss from discontinued operations	0.00	0.00

**Diluted Earnings/Loss per share**

Diluted profit/loss from continuing operations	<b>0.91</b>	<b>0.09</b>
Diluted profit/loss from discontinued operations	0.00	0.00

**Weighted average number of shares**

**20,037,000**      **16,957,000**

**Diluted number of shares**

**20,037,000**      **16,957,000**

The number of shares comprises a total of 20,037,000 shares, of which:

- 1) 11,910,000 A series ordinary bearer shares with a nominal value of PLN 0.10 each;
- 2) 4,500,000 B series ordinary bearer shares with a nominal value of PLN 0.10. each;
- 3) 547,000 C series ordinary bearer shares with a nominal value of PLN 0.10 each;
- 4) 3,080,000 D series ordinary bearer shares with a nominal value of PLN 0.10 each.

The total number of votes attached to all issued shares is 20,037,000.

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Piotr Bieliński  
President of the Management  
Board

Sławomir Harazin  
Deputy President of the  
Management Board

Zamienie, 31 May 2021.

## Consolidated statement of financial position

	Note	31.03.2021	31/12/2020	31/03/2020
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	-(5.10)	138,683	139,511	148,133
Goodwill		0	0	0
Other intangible assets		5,896	6,168	6,223
Investment properties	-(5.11)	3,545	3,545	3,545
Financial assets (in unconsolidated subsidiaries)		0	0	0
Shares in associates accounted for by the equity method		0	0	0
Deferred tax assets	-(5.9)	12,955	10,045	0
Trade receivables and other receivables		0	0	0
<b>Non-current assets total</b>		<b>161,079</b>	<b>159,269</b>	<b>157,901</b>
<b>Current assets</b>				
Inventory	-(5.12)	206,152	190,919	153,147
Trade receivables and other receivables	-(5.13)	197,286	175,450	169,748
Deferred tax liability		0	0	0
Derivative financial instruments		41	372	477
Other financial assets		0	0	0
Cash and equivalents		38,339	104,609	84,872
<b>Total current assets</b>		<b>441,818</b>	<b>471,350</b>	<b>408,244</b>
<b>Total assets</b>		<b>602,897</b>	<b>630,619</b>	<b>566,145</b>
<b>EQUITY</b>				
Share capital		2,004	2,004	1,696
Aggio		77,272	77,272	62,231
Retained profit		241,691	223,242	48,696
Other reserve capitals, including:		-1,072	-901	-819
<b>Equity attributable to Company shareholders</b>		<b>319,895</b>	<b>301,617</b>	<b>111,804</b>
<b>Non-controlling interest</b>		<b>-1,404</b>	<b>-1,314</b>	<b>-9,358</b>
<b>Total equity</b>		<b>318,491</b>	<b>300,303</b>	<b>102,446</b>
<b>LIABILITIES</b>				
Loans and other funding liabilities	-(5.14)	0	0	0
Non-current lease liabilities		87	70	34
Trade liabilities and other liabilities		98,209	100,255	0
Deferred tax liability	-(5.9)	0	0	0
<b>Non-current liabilities</b>		<b>98,296</b>	<b>100,325</b>	<b>34</b>
Trade liabilities and other liabilities		178,962	222,854	350,139
Loans and other funding liabilities		1,022	1,023	112,460
Non-current lease liabilities	-(5.14)	159	147	515
Current tax liabilities		4,604	4,604	0
Provisions for employee benefits		1,363	1,363	551
Provisions for other liabilities and charges		0	0	0
Derivative financial instruments		0	0	0
<b>Current liabilities</b>		<b>186,110</b>	<b>229,991</b>	<b>463,665</b>
<b>Total liabilities</b>		<b>284,406</b>	<b>330,316</b>	<b>463,699</b>
<b>Total liabilities and equity</b>		<b>602,897</b>	<b>630,619</b>	<b>566,145</b>

Piotr Bieliński  
President of the Management  
Board

Sławomir Harazin  
Deputy President of the  
Management Board

Zamienie, 31 May 2021

## Statement of Changes in Consolidated Equity

	Share capital	Aggio	Retained profit	Other reserve capitals	Equity attributable to shareholders of the Parent Company	Equity attributable to non-controlling interest	Total equity
<b>As of 1 January 2021</b>	<b>2,004</b>	<b>77,272</b>	<b>223,242</b>	<b>-901</b>	<b>301,617</b>	<b>-1,314</b>	<b>300,303</b>
<b>Changes in the equity:</b>	<b>0</b>	<b>0</b>	<b>18,449</b>	<b>-171</b>	<b>18,278</b>	<b>-90</b>	<b>18,188</b>
Issue of shares	0	0	0	0	0	0	0
Profit (loss)	0	0	18,311	0	18,311	-91	18,220
Other comprehensive income	0	0	0	-171	-171	0	-171
Total comprehensive income	0	0	18,311	-171	18,140	-91	18,049
Other	0	0	138	0	138	1	139
<b>As of 31 March 2021</b>	<b>2,004</b>	<b>77,272</b>	<b>241,691</b>	<b>-1,072</b>	<b>319,895</b>	<b>-1,404</b>	<b>318,491</b>
<b>As of 1 January 2020</b>	<b>1,696</b>	<b>62,231</b>	<b>47,108</b>	<b>-69</b>	<b>110,966</b>	<b>-9,360</b>	<b>101,606</b>
<b>Changes in the equity:</b>	<b>308</b>	<b>15,041</b>	<b>176,134</b>	<b>-832</b>	<b>190,651</b>	<b>8,046</b>	<b>198,697</b>
Issue of shares	308	15,041	0	0	15,349	0	15,349
Profit (loss)	0	0	185,110	0	185,110	-185	184,925
Other comprehensive income	0	0	-8,691	-832	-9,523	8,209	-1,314
Total comprehensive income	0	0	176,419	-832	175,587	8,024	183,611
Other	0	0	-285	0	-285	22	-263
<b>As of 31 December 2020</b>	<b>2,004</b>	<b>77,272</b>	<b>223,242</b>	<b>-901</b>	<b>301,617</b>	<b>-1,314</b>	<b>300,303</b>
<b>As of 1 January 2020</b>	<b>1,696</b>	<b>62,231</b>	<b>47,108</b>	<b>-69</b>	<b>110,966</b>	<b>-9,360</b>	<b>101,606</b>
<b>Changes in the equity:</b>	<b>0</b>	<b>0</b>	<b>1,588</b>	<b>-750</b>	<b>838</b>	<b>2</b>	<b>840</b>
Profit (loss)	0	0	1,588	0	1,588	2	1,590
Other comprehensive income	0	0	0	-750	-750	0	-750
Total comprehensive income	0	0	1,588	-750	838	2	840
Dividends paid	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0
<b>As of 31 March 2020</b>	<b>1,696</b>	<b>62,231</b>	<b>48,696</b>	<b>-819</b>	<b>111,804</b>	<b>-9,358</b>	<b>102,446</b>

Piotr Bieliński  
President of the Management Board

Sławomir Harazin  
Deputy President of the Management Board

Zamienie, 31 May 2021



## Consolidated Statement of Cash Flows

Note	period from 01.01.2021 to 31.03.2021	period from 01.01.2020 to 31.03.2020
<b>Cash flows from operations</b>		
<b>Cash flows from business</b>	<b>-65,313</b>	<b>9,448</b>
<b>Profit/loss gross</b>	<b>15,310</b>	<b>1,590</b>
<b>Adjustments:</b>	<b>-80,623</b>	<b>7,858</b>
Income tax	-2,910	0
Depreciation of tangible items and amortization of intangible items	2,006	2,220
Profit (loss) on investment	331	-318
Interest income	-14	-144
Interest cost	780	13
Share in net profit/loss of associate	-1	-13
Other	91	-15
Inventory	-15,233	3,086
Trade receivables and other receivables	-21,836	-15,902
Trade liabilities and other liabilities	-43,837	18,931
Income tax paid	<b>0</b>	<b>0</b>
<b>Net cash flows from operations</b>	<b>-65,313</b>	<b>9,448</b>
<b>Cash flows from investment</b>		
Acquisition of property, plant and equipment, intangible assets, investment property and other non-current assets	-881	-197
Proceeds from the sale of property, plant and equipment, intangible assets, investment property and other non-current assets	0	0
Other investment inflows/outflows	0	0
<b>Net cash flows from investment</b>	<b>-881</b>	<b>-197</b>
<b>Cash flows from financial operations</b>		
Proceeds from the issue of shares	0	0
Purchase of Treasury Shares	0	0
Loans received	0	0
Repayment of loans	0	0
Dividends disbursed	0	0
Interest paid	-5	-13
Payment of liabilities arising from financial leases	-71	-33
Other financial inflows/outflows	0	0
<b>Net cash flows from financial operations</b>	<b>-76</b>	<b>-46</b>
<b>Net decrease/increase in cash before effects of exchange differences</b>	<b>-66,270</b>	<b>9,205</b>
Effects of changes in foreign exchange rates on cash and cash equivalents	0	0
<b>Net decrease/increase in cash</b>	<b>-66,270</b>	<b>9,205</b>
Opening cash balance	104,609	75,667
<b>Closing cash balance</b>	<b>38,339</b>	<b>84,872</b>

Piotr Bieliński President of the Management Board	Sławomir Harazin Deputy President of the Management Board
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Zamienie, 31 May 2021

## Notes to the condensed interim consolidated financial statements

### 1. GENERAL INFORMATION

Name (business name):	ACTION Spółka Akcyjna (Joint Stock Company)
Legal form:	Joint Stock Company
Country of registered office:	Poland
Registered office:	Zamienie
Address:	ul. Dawidowska 10, 05-500 Piaseczno
National Court Register:	KRS 0000214038
Telephone number:	(+48 22) 332 16 00
Fax number:	(+48 22) 332 16 10
E-mail:	<a href="mailto:action@action.pl">action@action.pl</a>
Website:	<a href="http://www.action.pl">www.action.pl</a>
Company's statistical number (REGON):	011909816
Tax Identification Number (NIP):	527-11-07-221
LEI code:	259400QBPJRPZ9M4M409

#### 1.1.Object of business

ACTION S.A. (Issuer/Company) and its subsidiaries sell IT equipment and consumer electronics/appliances through wholesalers, own and third party shops. The Group conducts its sales operations mainly in Poland. Primary field of business: wholesale trade in computer accessories (PKD 2007 4690Z).

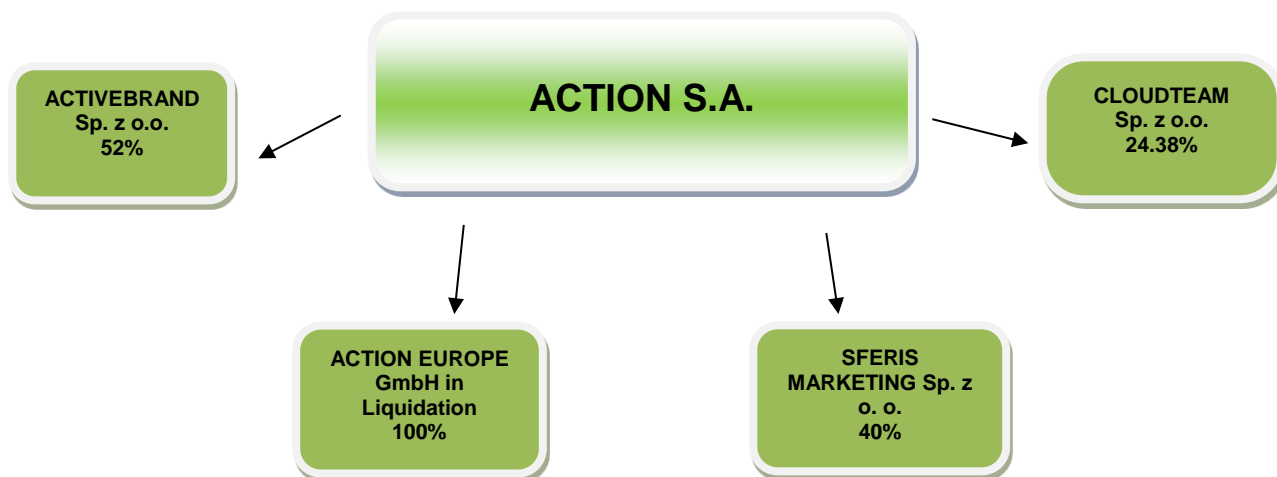
ACTION S.A. with its registered office in Zamienie at ul. Dawidowska 10 is the parent entity. ACTION S.A. was registered with the Register of Businesses of the National Court Register under KRS No. 0000214038 under the decision of the District Court in Warsaw, 19th Commercial Division of the National Court Register on 2 August 2004. The Company is currently registered with the 14th Commercial Division of the Registration Court for the Capital City of Warsaw. Previously, the legal predecessor of the Issuer - ACTION spółka z ograniczoną odpowiedzialnością - had been registered in the Register of Businesses under KRS number 0000066230 under the decision of the District Court in Warsaw, Commercial Division of the National Court Register of 28 November 2001.

On 1 August 2016 the District Court for the Capital City of Warsaw, 10th Commercial Division for Bankruptcy and Restructuring issued a decision on the opening of recovery proceedings of ACTION Spółka Akcyjna as stipulated in the Act of 15 May 2015 on Restructuring Law (Journal of Laws 2015, item 978).

Pursuant to the decision of the District Court for the Capital City of Warsaw in Warsaw, XVIII Division for Bankruptcy and Restructuring Cases (case docket no. XVIII GRs 1/19) of 7 August 2020, a composition agreement in the Company's recovery proceedings was approved. This decision is legally binding as of 15 December 2020.

## 1.2. Composition of the Group

### Structure of the ACTION S.A. Capital Group



#### Composition of the Group:

##### Parent entity:

ACTION S.A. with registered office in Zamienie

##### subsidiaries and associates:

SFERIS MARKETING Sp. z o. o. (previous name ACTION GAMES LAB S.A.) with its registered office in Zamienie - subsidiary (40%) <sup>1)</sup>

CLOUDTEAM Sp. z o. o. CLOUDTEAM Sp. z o. o. (previous name ACTION CENTRUM EDUKACYJNE Sp. z o. o.) with its registered office in Warsaw - associate (24,38%) <sup>2)</sup>

ACTIVEBRAND Sp. z o.o. with its registered office in Cracow - subsidiary (52%) <sup>3)</sup>

ACTION EUROPE GmbH in Liquidation with its registered office in Braunschweig (Germany) - subsidiary (100%) <sup>4)</sup>

<sup>1)</sup> SFERIS MARKETING Sp. z o. o. (previous name ACTION GAMES LAB S.A.) with its registered office in Zamienie was established on 12 December 2011 and has been consolidated since that date. The name change took place on 23 June 2020. On 22 October 2020, the joint stock company was transformed into a limited liability company.

<sup>2)</sup> CLOUDTEAM Sp. z o. o. with its registered office in Warsaw - a company measured using the equity method since 1 October 2012. On 28 February 2020 SYSTEMS Sp. z o.o. was merged with CLOUDTEAM Sp. z o.o. as the acquiring company.

<sup>3)</sup> ACTIVEBRAND Sp. z o.o. with its registered office in Zamienie was established on 3 September 2012. On 1 April 2021 as a result of acquiring 48% of shares, ACTION S.A. became the sole shareholder of this company.

<sup>4)</sup> ACTION EUROPE GmbH in Liquidation with its registered office in Braunschweig (Germany) was consolidated as of 8 July 2013. On 1 April 2014, the shareholding of ACTION S.A. was increased to 100% through the purchase of non-controlling interests (33.33%).

SFERIS MARKETING Sp. z o. o. (previous name ACTION GAMES LAB S.A.) renders advertising services.

The core business of CLOUDTEAM Sp. z o.o. is training services, IT services and rental of computer equipment.

ACTIVEBRAND Sp. z o.o. resumed its operations in 2020. ACTIVEBRAND Sp. z o.o. operates in the pet supplies industry, including in particular an online shop [krakvet.pl](http://krakvet.pl).

ACTION EUROPE GmbH operated a distribution business in the wholesale of products in the IT, consumer electronics, white goods industry. In October 2018 ACTION EUROPE GmbH filed a petition with the court to wind up the company. As of the date hereof, the Company has not been liquidated.

### **Changes in the composition of the Group in the reporting period**

During the reporting period, ACTION (GUANGZHOU) TRADING CO., LTD in Liquidation was excluded from consolidation due to its winding up and removal from the court register in January 2021.

### **Shares of third parties in subsidiaries**

1. SFERIS MARKETING Sp. z o.o. (previous name ACTION GAMES LAB S.A.) - Piotr Bieliński holds 60% of shares carrying 75% of votes at the company's general meeting of shareholders
2. ACTIVEBRAND Sp. z o.o. - MW ASSET MANAGEMENT S.A. hold 48% of shares in the company as at the balance sheet date ACTION S.A. bought back these shares on 1 April 2021.

Consolidated Quarterly Statement of ACTION S.A. CAPITAL GROUP FOR Q1 2021

(all amounts in PLN K, unless otherwise stated)

Entities consolidated as at 31.03.2021.

(Business) name of entity with designation of legal form	Registered office	Company's objects	Nature of association (subsidiary, co-subsidiary, associate, including direct and indirect relationships)	Competent court or other authority keeping the register	Consolidation method applied/valuation by the equity method, or information that the entity is not subject to consolidation/valuation by the equity method	Date of taking control / joint control / significant influence	Percentage of share capital held	Share in the total number of votes at the general meeting of
SFERIS MARKETING Sp. z o. o. *)	Zamienie	wholesale trade in computer hardware, advertising services	subsidiary	District Court for the Capital City of Warsaw, XIV Commercial Division of the National Court Register	full	14.12.2011	40%	25%
CLOUDTEAM Sp. z o. o.	Warsaw	training, IT services and rental of computer equipment	associate	District Court for the Capital City of Warsaw, XIV Commercial Division of the National Court Register	equity method valuation	12.09.2012	24.38 %	24.38%
ACTIVEBRAND Sp. z o. o.	Cracow	business consultancy services	subsidiary	District Court for the Capital City of Warsaw, XIV Commercial Division of the National Court Register	full	03.09.2012	52%	52%
ACTION EUROPE GmbH in Liquidation	Braunschweig (Germany)	wholesale trade in computer hardware	subsidiary	District Court in Braunschweig (Amtsgericht Braunschweig)	full	08.07.2013	100%	100%

\*) SFERIS MARKETING S.A. was transformed into a limited liability company on 22 October 2020.

## 2. Information on the principles adopted in drawing up the report

This abbreviated consolidated interim financial statement of the ACTION S.A. Capital Group for Q1f 2021 was drawn up in line with IAS 34 Interim Financial Reporting.

The condensed consolidated interim financial statement made for the period from 1 January 2021 to 31 March 2021 includes comparative data for the period from 1 January 2020 to 31 March 2020.

The principal accounting policies applied in the preparation of these interim consolidated financial statements are set out below. These principles have been applied consistently throughout the periods presented, unless otherwise stated.

### 2.1. General principles of preparation

This interim condensed consolidated financial statements have been made in compliance with the historical cost principle, except for financial assets held for trading (derivatives), which are measured at fair value.

The interim condensed consolidated financial statements were made on the assumption that the entity will continue as a going concern in the foreseeable future.

As at the date of approval of these interim condensed consolidated financial statements, there are no signs of a threat to the continuity of operations by the Group companies.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements and should be reviewed in conjunction with the Group's consolidated financial statements made in accordance with IFRS for the financial year ended 31 December 2020 and published on 31 March 2021.

### 2.2. Going concern

This abbreviated consolidated interim financial statement of the ACTION S.A. Group was made on the assumption that the Company will continue as a going concern in the foreseeable future, not less than 12 months from the balance sheet date.

#### Implementation of the composition

Pursuant to the decision of the District Court for the Capital City of Warsaw in Warsaw, XVIII Insolvency and Restructuring Division (case docket no. XVIII GRs 1/19) of 7 August 2020, a composition agreement was approved in the Company's recovery proceedings (hereinafter: the "Composition"). This decision has been legally binding as of 15.12.2020. As of that date - pursuant to Articles 324.1, 27.1 and 329.1 of the Act on Restructuring Law - the recovery proceedings were terminated and the Administrator ceased to perform his function and the Issuer regained full right of independent management.

The Company published composition proposals, which - once voted on by creditors and approved by the court - became the composition in the Appendix to Current Report Issue 37/2019 of 7.08.2019.

As a consequence of the valid approval of the composition, the Issuer proceeded to implement it by taking the following actions:

On 22.12.2020, that is in compliance with the deadline specified in Article 1.11 of the composition, the Company concluded pledge agreements with the pledge administrator (Kancelaria Gessel, Kozirowski Spółka Komandytowa with its registered office in Warsaw (KRS No. 0000217607) and submitted applications for registration of registered pledges pursuant to Article 1.12 of the composition - in order to secure the claims of creditors belonging to Groups I and IV. As at the report date, 37 out of 40 registered pledges on rights to trademarks have been registered. Each of the registered pledges was set up to the maximum security amount of PLN 399,196 thousand. The Company's other motions to establish registered pledges, pursuant to Article 1.6.1) and Article 1.6.2) of the Composition, have not yet been examined.

2) On 22.01.2021 in performance of Article 1.5 of the composition, the Issuer made statements in the form of a notarial deed on the establishment of joint mortgages with equal priority right on the following properties and perpetual usufruct rights belonging to the Company: (a) property in Zamienie, of plots No. 3, 80/1, 82, 83, 88/1, 89/1, 81, for which the District Court in Piaseczno, IV Land and Mortgage Division maintains the Land and Mortgage Register No. WA5M/00356713/3; (b) property in Zgorzala, of plots No 90, 91, for which the District Court in Piaseczno, IV Land and Mortgage Division maintains the Land and Mortgage Register No WA5M/00433184/9; (c) right to perpetual usufruct of property and ownership of a building constituting a separate property, in Cracow, for which the District Court for Kraków-Podgórze in Cracow, IV Land and Mortgage Division maintains the Land and Mortgage Register No. KR1P/00331682/8; (d) perpetual usufruct right to the property and ownership right to the building and equipment constituting a separate property, in Cracow, for which the District Court for Kraków-Podgórze in Cracow, IV Land and Mortgage Division maintains the Land and Mortgage Register No. KR1P/00331683/5, and (e) perpetual usufruct right to the property in Cracow, for which the District Court for Kraków-Podgórze in Cracow, IV Land and Mortgage Division maintains the Land and Mortgage Register No. KR1P/00366251/2. Pursuant to Article 1.5 of the Composition, the above mortgages were established to secure cash receivables covered by the Composition up to 110% of the principal. The total amount of the mortgages is PLN 259,538 thousand. The Issuer made the above statements on the establishment of mortgages for the benefit of 50 Creditors, that is for the benefit of each of the Group I and Group IV Creditors, who reported to the Company after the date of issuance of the decision on approval of the Composition, no later than within 2 (two) weeks of the date on which the decision on approval of the Composition becomes final. For the mortgage to be established, an entry must be made to the Land and Mortgage Register. On 8.04.2021 the Issuer became aware of the mortgage having been entered by the District Court for Kraków-Podgórze in Cracow in section IV of the Land and Mortgage Registers maintained for the Company's properties in Cracow, under numbers: KR1P/00331682/8, no. KR1P/00331683/5 and KR1P/00366251/2.

3) On 25-29.01.2021 as per Articles: 2.1. Group I(iii), 2.2. Group II(i), 2.3. Group III(i), 2.4. Group IV(i) and (iii) of the Composition, the Issuer made the first payments (for Groups II and III - the entirety of the receivables, in accordance with the Composition) to the Company's composition creditors. For the Group IV creditors, being the bondholders of the ACT01 040717 series bonds issued by the Company, the "Cash Repayment" (within the meaning of Article 2.4. Group IV (i) of the Composition) was made through the National Securities Depository S.A.-also on 29.01.2021.

Whereas the recovery proceedings have been pending for nearly 4.5 years, the Company - in order to reconcile the current balance of claims covered by the composition and personal changes in the scope of creditors – has been verifying and reconciling work in the discussed scope since August 2020. In particular, in order to achieve the objectives described herein, the Company reconciles the balances, concludes settlement agreements, submits declarations on the set-off of claims, verifies data on entities, addresses and with respect to current bank accounts. Payments were made to creditors' bank accounts or by postal money order. If the measures pursued to verify the creditor or make payments (in the specific forms) prove ineffective, the Company took additional actions to determine the creditor.

In the period from the date the Composition became effective, that is 15.12.2020, to the balance sheet date, that is 31.03.2021, the Issuer made repayments in the amount of PLN 55,985,000, EUR 1,127,000 and USD 1,379,000 in the form of cash payments. Post-balance sheet date payments were made on the occasion of verification and accounts, where prior accounts had to be adjusted.

As a result of the already conducted verification of changes on the part of the composition creditors, on 26.05.2021 the Company paid 18 composition claims in the total amount of PLN 62 thousand to the State Treasury pursuant to Article 25 e (1) and Article 25 e (11) of the Act of 20 August 1997 on the National Court Register on the occasion of the deletion of the original creditors from the register of entrepreneurs. If the undertaken verification measures aimed at determining the creditors prove unsuccessful, the Company will draw up applications to deposit the benefits in court.

4) On 22.02.2021 a change in the name of the Issuer was registered (deletion of the addition "under restructuring") and an increase in the share capital was registered in the Register of Businesses of the National Court Register. The Company's share capital was increased, pursuant to Article 2.4.(i) and Article 3 of the Composition and Article 169.3 of the Act on Restructuring Law, on 15.12.2020 as a result of the conversion of debts into new issue shares - series D shares. The share capital of the Company rose from PLN 1,695,700. to PLN 2,003,700, that is by PLN 308,000, equal to the nominal value of 3,080,000 series D shares. The shares of the new issue fall to the Group IV creditors, being the bondholders of series ACT01

040717 bonds issued by the Company. The Company has taken steps to register the shares of the new issue through the NDS.

5) On 26-31.03.2021, as per Articles: 2.1. Group I(iii), the Issuer made the second instalment of payments to Group I creditors.

6) On 19.05.2021 the Issuer concluded an agreement with KDPW S.A., whereby the rules were determined of registration in the securities depository of series D shares issued by the Company under the Composition proceedings. As agreed above, series D shares will be allocated for each bondholder who held bonds of the Issuer registered in the depository as of the end of 15 December 2020, that is on the date when the decision on the approval of the Compositions becomes legally effective, as per the parity established under Clause 3.4 of the Composition, that is 308 shares for each one bond of the Issuer. The above rule will not apply to the 348 bonds in respect of which decisions on granting security were issued prior to the commencement of proceedings for determination, about which the Issuer informed in current reports issue: 16/2021 of 8 March 2021 and 22/2021 of 29 March 2021. At the same time, the Company undertook to submit applications for the registration of series D shares in favour of entities entitled to these shares after the cessation of obstacles resulting from the above security orders or possibly other rulings.

## **2.3.Statement of compliance**

These interim condensed consolidated financial statements for the period from 1 January 2021 to 31 March 2021 have been made in accordance with International Financial Reporting Standards ("IFRS") as endorsed by the European Union, in particular International Accounting Standard 34 Interim Financial Reporting, which is applicable to interim reporting. As at the date of authorisation of this report for publication, there is no difference in the accounting policies applied by the Group between the IFRS that have come into force and the standards and interpretations endorsed by the European Union.

IFRS include standards and interpretations published by the International Accounting Standards Board ("IASB") and the International Financial Reporting Standards Interpretations Committee ("IFRIC").

## **2.4.Material accounting principles**

The accounting policies applied in the preparation of these interim condensed consolidated financial statements for Q1 2021 are consistent with those applied in the preparation of the annual consolidated financial statements for 2020.

A detailed description of the other accounting principles adopted by the ACTION S.A. Capital Group was presented in the annual consolidated financial statement for 2020, published on 31 March 2021.

## **2.5.Presentation currency, transactions in foreign currency and valuation of items expressed in foreign currencies**

### **Functional currency and presentation currency**

The Polish zloty is the functional currency of the parent company and the presentation currency of this Interim Condensed Consolidated Financial Statement.

These Interim Condensed Consolidated Financial Statements are presented in Polish Zloty (PLN/ zł) and all amounts, unless specified otherwise, are given in thousands of PLN/ zł.

### **Rules adopted for converting financial data**

The financial data from the financial statements of ACTION EUROPE GmbH in Liquidation expressed in EUR were converted using the following rules:



individual items of the statements of financial position at the average exchange rate announced by the National Bank of Poland as at the balance sheet date; this exchange rate was 1 EUR = PLN 4.6603 as at 31 March 2021; 1 EUR = PLN 4.6148 as at 31 December 2020, and EUR 1 = PLN 4.5523 as at 31 March 2020.

- individual items of the statements of comprehensive income and the cash flow statements at the exchange rate determined as the arithmetic mean of the average minimum and maximum exchange rates announced by the National Bank of Poland, in effect on the last day of each month; that exchange rate was EUR 1 = PLN 4.5721 for Q1 2021, EUR 1 = PLN 4.3963 for Q1 2020.

The financial statement data of ACTION (GUANGZHOU) TRADING CO., LTD in Liquidation expressed in CNY were converted according to the following rules:

individual items of the statements of financial position at the average exchange rate announced by the National Bank of Poland as at the balance sheet date; this exchange rate was CNY 1 = PLN 0.6053 as at 31 March 2021; CNY 1 = PLN 0.5744 as at 31 December 2020, and CNY 1 = PLN 0.5844 as at 31 March 2020.

- individual items of the statements of comprehensive income and the cash flow statements at the exchange rate being the arithmetic mean of the average minimum and maximum exchange rates announced by the National Bank of Poland (NBP), in force on the last day of each month; this exchange rate was CNY 1 = PLN 0.5809 for Q1 2021, CNY 1 = PLN 0.5692 for Q1 2020.

### **3. Important estimates and judgements**

In order to make the consolidated financial statements the Company's Management Board must make estimates as much of the information included in the financial statements cannot be measured with precision. The Management verifies its estimates based on changes in the factors taken into account in making them, new information or past experience. Accordingly, the estimates made as at 31 March 2021 may be revised in the future.

The areas for which estimates made at the reporting date are at risk of material adjustment to the carrying amounts of reported assets and liabilities in the next or subsequent financial years are set out below.

#### **3.1. Useful lives of property, plant and equipment and intangible assets**

As at 31 March 2021, the Group companies assessed their estimates of the useful lives of property, plant and equipment and intangible assets. The analysis did not indicate any need for adjustments in this respect.

#### **3.2. Impairment of goodwill and other intangible assets in subsidiaries**

At 31 March 2021, the Group companies assessed whether there were indications of impairment of investments in subsidiaries (goodwill and other intangible assets).

Having examined external and internal sources of information, the Management has not identified any sign that an additional impairment loss should be recognised.

#### **3.3. Taxation**

Given the complexity of tax law, inconsistency of individual tax rulings and the far-reaching State fiscalism, the Company assesses the potential risks involved. Deferred tax assets and provisions are recognised with respect to those items which will be realised in terms of tax in the short term on the assumption that taxable income will be generated at a level sufficient to settle those amounts.

Like many other companies in the IT industry, ACTION S.A. is undergoing increased tax inspections and investigations, particularly with regard to the correctness of its VAT settlements.

Currently the Company is under inspection with regard to the correctness of calculating and paying off the corporate income tax to the State budget for the period from August 2008 to - December 2009. A decision of the Head of the Mazovian Tax and Customs Office in Warsaw of 3.02.2021 in this case, was served on the Company on 10.02.2021, defining the Issuer's tax liability in corporate income tax (CIT) for the tax year from 1.08.2008 to 31.12.2009 in the amount of PLN 14,533 thousand. (instead of the declared amount of PLN 8,694 thousand). Respectively, the additional tax liability resulting from the above decision is PLN 5 839 thousand. It follows from the content of the above decision that the Head of the Mazovian Tax and Customs Office in Warsaw questioned the correctness of recognition of revenues and costs disclosed by the Company in respect of transactions of purchase and sale of goods and services. The Issuer does not agree with the content of the above decision and has filed an appeal against it.

On the other hand, the control proceedings regarding reliability of declared tax bases and correctness of calculation and payment of tax on goods and services for December 2008 were discontinued with the decision of the first instance authority of 29.04.2020.

Moreover, the following tax proceedings are pending before the courts:

- a decision of the Head of the Tax Office in Olsztyn was served on the Company on 22 June 2016. in the inspection proceedings in the scope of reliability of declared tax bases and correctness of calculation and payment of tax on goods and services for individual accounting periods from July 2011 to January 2012. The said decision was upheld by a decision of the Head of the Tax Chamber in Warsaw of 24.10.2016. (which the Company confirmed in current report issue 56/2016 of 07.11.2016). The Company filed a complaint against the above decision to the Provincial Administrative Court on 7.12.2016, which dismissed the Company's complaint in its judgment of 28.12.2017. Consequently, the Company filed a complaint against this decision with the Supreme Administrative Court.

On 20 July 2016 the Company heard the decision of the Head of the Tax Office in Warsaw in the inspection proceedings with respect to the reliability of the declared tax bases and correctness of calculation and payment of the value added tax for January and February 2013. This decision was appealed to the Director of the Tax Administration Chamber, who, by decision of 14.03.2018, upheld the appealed decision of the first instance authority. The Company filed a complaint against this decision with the Provincial Administrative Court in Warsaw. In a judgment of 13.03.2019. The Provincial Administrative Court in Warsaw accepted the complaint filed by the Company and revoked the decision of the Director of the Tax Administration Chamber in Warsaw of 14.03.2018 in its entirety, and the case was sent for re-examination. The above judgment is final and, as a result, the Director of the Tax Administration Chamber in Warsaw issued a decision dated 22.11.2019, by which he revoked the decision of the first instance authority in its entirety and referred the case to him for re-examination. The proceedings in this case are pending.

-on 4 January 2018 the Head of the Mazovian Customs and Fiscal Office in Warsaw issued a decision, whereby he questioned the amount of input VAT for the period from August to December 2010. The Company filed an appeal against this decision, which was not accepted, as by decision dated 20.04.2018. The Head of the Tax Administration Chamber in Warsaw upheld the appealed decision. The Company appealed against this decision to the Provincial Administrative Court in Warsaw. In a judgment dated 12.03.2019. The Provincial Administrative Court in Warsaw dismissed the Company's complaint against the decision of the Head of the Tax Administration Chamber in Warsaw of 20.04.2018 in a judgment of 12.03.2019. Contesting this decision, the Company appealed it to the Supreme Administrative Court.

The above decisions indeed introduce a legally non-existent liability of the Company for the tax liabilities of third parties who did not pay VAT at earlier stages of the goods turnover. The Company does not accept these claims in their entirety as it acted fully in accordance with the law and was not aware of any irregularities that may have been committed by third parties in the earlier stages of goods trading. The Company duly complied with the public law obligations covered by the disputed decisions.

The Company is of the opinion that under no circumstances may it now be held liable for third-party tax irregularities for which it was not responsible.

The total liabilities resulting from the above decisions in the above and ongoing litigation concerning VAT and CIT recognised in the books as at 31 March 2021 stand at PLN 57,039 thousand. The Issuer explains that the foregoing amount reflects the current balance of provisions for these liabilities, in accordance with the degree of reduction arising from the validly approved composition in the Company's recovery proceedings and the repayments of composition instalments made to date.

The Company has always acted with due diligence in entering into transactions, with caution in entering into cooperation, in good faith in accordance with the procedures and high standards of cooperation in place at the Company. In the Company's opinion, these circumstances are confirmed by the above judgment of the Provincial Administrative Court in Warsaw of 13.03.2019. Hence, the Parent Company's Management Board assesses the an adverse final outcome of the pending appeal proceedings is unlikely.

Due to the settlement periods covered by the above proceedings concerning the issued tax decisions (VAT and CIT) and the content of Article 150.1.1) of the Act on Restructuring Law, potential liabilities that may arise as a consequence of these proceedings are covered by the arrangement by law.

### **3.4. Employee benefits**

The present value of pensions is determined using the actuarial method. Actuarial valuation requires certain assumptions to be made concerning discount rates, projected salary increases and projected pension increases. Due to the complexity of the valuation, the assumptions made and the long-term nature, the pension liability is sensitive to changes in the assumptions. All assumptions are reviewed at each balance sheet date.

### **3.5. Recognition of cost of products, goods and materials sold**

At each balance sheet date, the Group measures post-transaction rebates due from suppliers and not received by the balance sheet date. The estimates are based on the rebate principles agreed with the suppliers, supported by contracts or other agreements in amounts confirmed by the suppliers.

### **3.6. Write-down on amounts receivable**

The Group companies update the value of receivables on an ongoing basis taking into account the degree of probability of their payment by making allowances. The probability is assessed against such criteria as the management's judgement of the collectability of overdue receivables and the assessment of the threat of uncollectibility of receivables not overdue.

## **4. Information on segments of business**

Since 1 January 2010, the ACTION S.A. Capital Group has been committed to present its profit/loss in a layout defined in IFRS 8 *Operating Segments*.

This standard defines a segment as a component of an entity

- that engages in business activities from which it may earn revenues and incur expenses;
- whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance;
- for which discrete financial information is available.

As defined in IFRS 8, the Group's business is based on the distribution of IT products, including: turnkey solutions, consumer electronics and components, has been presented in this report as one operating segment because:

- sales revenues from this business exceed in total 94% of the monies generated by the Group;
- no separate financial information is made for the individual sales channels, which pertains to the industry-specific cooperation with suppliers whose products are distributed through all sales channels;
- whereas no segments have been separated, that is no separate financial information is available for individual product groups, operating decisions are made against numerous detailed analyses and financial profit/loss achieved on sales of all products in all distribution channels;

- Management Board of ACTION S.A. - the main body responsible for making decisions with regard to the entity's operations - due to the specific nature of distribution in individual sales channels, makes decisions on allocating resources in accordance with achieved and projected profit/loss of the Capital Group as a whole, along with planned returns on allocated resources and an analysis of the environment.

## 5. Revenues and costs

### 5.1. Seasonality of sales

The Group records the highest sales in Q4 of the financial year, that is between October and December. Sales in the remaining quarters of the year remain at a similar level. Nonetheless, this does not imply any significant seasonality or cyclicity of sales revenue.

### 5.2. Sales revenue

The majority of sales revenue derives from the sale of computer hardware, home appliances and IT accessories.

	<b>For the period</b> <b>1.01.2021 – 31.03.2021</b>	<b>For the period</b> <b>1.01.2020 – 31.03.2020</b>
Revenue from sale of products (services)	6,021	4,144
Net revenues from sales of goods and materials	519,296	463,410
	<b>525,317</b>	<b>467,554</b>

### 5.3. Costs by nature

	<b>For the period</b> <b>1.01.2021 – 31.03.2021</b>	<b>For the period</b> <b>1.01.2020 – 31.03.2020</b>
Depreciation of tangible and amortization of intangible fixed assets	2,006	2,220
Employee benefits costs	13,678	11,936
Consumption of materials and energy	2,066	1,706
External services	8,856	8,773
Taxes and charges	392	336
Advertising costs	1,301	1,014
Non-life insurance	324	298
Other expenses by nature	97	55
Costs of products, goods and materials sold including:	481,268	439,683
- write-down on inventories	0	978
Total costs of products, goods and materials sold, selling and marketing and general administrative expenses	<b>509,988</b>	<b>466,021</b>

### 5.4. Employee benefits costs

	<b>For the period</b> <b>1.01.2021 – 31.03.2021</b>	<b>For the period</b> <b>1.01.2020 – 31.03.2020</b>
Payroll	11,628	10,034
Social security and other benefits	2,050	1,902

13,678

11,936

## 5.5. Other operating revenues

	For the period 1.01.2021 – 31.03.2021	For the period 1.01.2020 – 31.03.2020
Excess of exchange rate gains	0	0
Revenue from time-barred debts	259	244
Revenue from damages received	257	65
Revenue from provisions reversed	815	55
Other income	22	20
Gain on disposal of non-financial assets	0	0
Gain on disposal of shares in a subsidiary	0	0
Gain on disposal of non-financial fixed assets	0	1
	<b>1,353</b>	<b>385</b>

## 5.6. Other costs and loss

	For the period 1.01.2021 – 31.03.2021	For the period 1.01.2020 – 31.03.2020
Excess of exchange rate loss	0	0
Costs of claims paid	151	59
Costs arising from measurement of financial instruments	330	0
Charges for impairment losses on receivables	0	227
Costs of writing off receivables	82	137
Trade interest expense	0	0
Litigation costs	15	9
Costs arising from established provisions	0	511
Costs arising from write-downs of financial assets	0	0
Costs of donations	6	0
Loss on disposal of non-financial fixed assets	0	0
Other expenses	21	14
	<b>605</b>	<b>957</b>

## 5.7. Financial revenues

	For the period 1.01.2021 – 31.03.2021	For the period 1.01.2020 – 31.03.2020
Interest on cash and cash equivalents (deposits)	14	107
Interest on loans and receivables	0	45
Capital revenue	0	0
Income on valuation of financial instruments	0	477
	<b>14</b>	<b>629</b>

## 5.8. Financial expenses

	For the period 1.01.2021 – 31.03.2021	For the period 1.01.2020 – 31.03.2020
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Interest on loans	7	0
Interest in respect of lease	5	13
Interest and discount in respect of factoring	0	0
Discount on liabilities covered by the composition	768	0
	<b>780</b>	<b>13</b>

## 5.9. Income tax

	For the period 1.01.2021 – 31.03.2021	For the period 1.01.2020 – 31.03.2020
Current tax	0	0
Deferred tax	-2,910	0
	<b>-2,910</b>	<b>0</b>

### Deferred tax

The deferred tax to be offset is as follows:

	31.03.2021	31.12.2020
Deferred tax assets		
– deferred tax assets due within 12 months	20,935	19,104
	<b>20,935</b>	<b>19,104</b>
Deferred tax liability		
– deferred tax liability to be paid within 12 months	7,980	9,059
	<b>7,980</b>	<b>9,059</b>
<b>Deferred tax assets</b>	<b>20,935</b>	<b>19,104</b>
<b>Deferred tax liability</b>	<b>7,980</b>	<b>9,059</b>
<b>Deferred tax assets/liability (net)</b>	<b>12,955</b>	<b>10,045</b>

Changes in deferred income taxes (net of offsetting assets and liabilities) are as follows:

	31.03.2021	31.12.2020
<b>Opening balance</b>	<b>10,045</b>	<b>0</b>
Credit to/Debit from the financial profit/loss	2,910	10,045
Increase/decrease in equity	0	0
<b>Closing balance</b>	<b>12,955</b>	<b>10,045</b>

## 5.10. Property, plant and equipment

The Group incurred no material capex the reporting period.

## 5.11. Investment properties

Investment properties include:

- acquired rights of perpetual usufruct of land,
- ownership rights to buildings with a total initial value of PLN 3,545,000

The carrying value of the property at 31 March 2021 is PLN 3,545,000 Revenues from rental of real estate stood at PLN 73,000 in the reporting period. The property is measured at cost.

The estimated fair value from an independent valuation (level III of fair value estimation) of these properties is PLN 6,792,000

As of the date of the financial statements, there were no restrictions on the Company's ability to dispose of investment properties, derive economic benefits from rent or dispose of the aforementioned properties. Investment properties do not serve as collateral for liabilities arising from loans or other transactions.

## 5.12. Inventory

	31.03.2021	31.12.2020	31.03.2020
Materials	0	0	0
Goods	212,645	197,412	158,243
Advances on deliveries	0	0	0
	<b>212,645</b>	<b>197,412</b>	<b>158,243</b>
Write-down on inventories	-6,493	-6,493	-5,096
<b>Inventory</b>	<b>206,152</b>	<b>190,919</b>	<b>153,147</b>

### Write-down on inventories

	31.03.2021	31.12.2020	31.03.2020
<b>Write-down on inventories - opening balance</b>	<b>-6,493</b>	<b>-4,118</b>	<b>-4,118</b>
Established (Costs of products, goods and materials sold)	0	-2,375	-978
Used	0	0	0
Reversed (Costs of products, goods and materials sold)	0	0	0
<b>Write-down on inventories - closing balance</b>	<b>-6,493</b>	<b>-6,493</b>	<b>-5,096</b>

## 5.13. Allowances for trade and other receivables

	31.03.2021	31.12.2020	31.03.2020
<b>Write-down on receivables - opening balance</b>	<b>-12,464</b>	<b>-12,252</b>	<b>-12,252</b>
Established	-399	-3,344	-375
Used	0	1,548	3
Reversed	1,187	1,584	180
<b>Write-down on receivables - closing balance</b>	<b>-11,676</b>	<b>-12,464</b>	<b>-12,444</b>

## 5.14.Loans and other funding liabilities

	31.03.2021	31.12.2020	31.03.2020
<b>Non-current</b>			
Investment loan	0	0	0
Liabilities in respect of lease	87	70	34
Loans	0	0	0
Liabilities in respect of bonds	0	0	0
	<b>87</b>	<b>70</b>	<b>34</b>
<b>Current</b>			
Overdraft and investment loan	0	0	8,261
Liabilities in respect of lease	159	147	515
Loans	1,022	1,023	1,000
Liabilities in respect of bonds	0	0	103,199
	<b>1,181</b>	<b>1,170</b>	<b>112,975</b>
<b>Total</b>	<b>1,268</b>	<b>1,240</b>	<b>113,009</b>

## Age structure of loans and other financing liabilities

	31.03.2021	31.12.2020	31.03.2020
<b>Liabilities maturing within the following period from the balance sheet date</b>			
Up to 1 year	1,181	1,170	112,975
1 - 5 years	87	70	34
Above 5 years	0	0	0
<b>Total</b>	<b>1,268</b>	<b>1,240</b>	<b>113,009</b>



## Liabilities in respect of lease

	31.03.2021	31.12.2020	31.03.2020
<b>Nominal value of minimum lease payments</b>			
Up to 1 year	173	151	567
1 - 5 years	80	72	37
Above 5 years	0	0	0
<b>Total finance lease liabilities - minimum lease payments</b>	<b>253</b>	<b>223</b>	<b>604</b>
Financial expenses arising from financial leases	7	6	55
<b>Current amount of the minimum lease payments</b>			
Up to 1 year	159	147	515
1 - 5 years	87	70	34
Above 5 years	0	0	0
<b>Total current amount of the minimum lease payments</b>	<b>246</b>	<b>217</b>	<b>549</b>

## 6. Contingent assets and liabilities

The Group posted contingent receivables for repayment of receivables of PLN 8,370,000 as at 31 March 2021. Hedging liabilities arising from contracts signed at the reporting date and not reflected in the Group's interim condensed consolidated financial statements stood at PLN 13,023,000 as at 31 March 2021, and at PLN 13,980,000 as at 31 December 2020.

	31.03.2021	31.12.2020	31.03.2020
<b>1. Contingent receivables</b>	<b>8,370</b>	<b>9,005</b>	<b>6,509</b>
1.1. From other entities (in respect of)	8,370	9,005	6,509
- guarantees and sureties received	8,370	9,005	6,509
<b>2. Contingent liabilities</b>	<b>13,023</b>	<b>13,980</b>	<b>11,369</b>
1.1. For other entities (in respect of)	13,023	13,980	11,369
- guarantees and sureties extended	13,023	13,980	11,369
- L/C	0	0	0
<b>3. Other (in respect of):</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total off-balance sheet items</b>	<b>21,393</b>	<b>22,985</b>	<b>17,878</b>

## 7. Events after the balance sheet date

On 1.04.2021 the Management Board of ACTION S.A. (the Company, the Issuer) reported that on 1.04.2021 it concluded an Annex to the Investment Agreement with MW ASSET MANAGEMENT S.A. with its registered office in Cracow and its subsidiaries: MW MANAGEMENT AND CLAIMS Sp. z o.o. with its registered office in Cracow and CENTER ZOO Sp. z o.o. with its registered office in Cracow, agreeing on the early termination of trade and investment cooperation within the subsidiary ACTIVEBRAND Sp. z o.o. and independent continuation of the project within the krakvet.pl online shop by the Issuer. Whereby, the Company purchased from MW ASSET MANAGEMENT S.A. with its registered office in Cracow 240 shares of a total nominal value of 24,000 PLN. in the share capital of its subsidiary ACTIVEBRAND Sp. z o.o., for the price of PLN 100,080. Further to this transaction, the Issuer currently holds 100% of shares in the share capital of the

subsidiary ACTIVEBRAND Sp. z o.o. At the same time, the Issuer made a decision that, while exercising its intellectual property rights, it shall independently and directly continue its business within the [krakvet.pl](http://krakvet.pl) online store. In the opinion of the Company, the above decision will pave the way for organizational improvements, reduction of operating costs and enhancement of the competitiveness of the project on the market of pet supplies.

On 8.04.2021 the Management Board of ACTION S.A. (the Company, the Issuer) reported that it became aware that the District Court for Krakow-Podgórze in Cracow registered mortgages in IV Division of the land and mortgage registers maintained for the Company's properties located in Krakow, under KR1P/00331682/8 (on the right of perpetual usufruct of the property and ownership of the building and equipment constituting a separate property), KR1P/00331683/5 (on the right of perpetual usufruct of the property) and KR1P/00366251/2 (on the right of perpetual usufruct of the property). The total amount of the mortgages is PLN 259,538,000 The aforementioned mortgages have been established as joint mortgages with equal priority right for the benefit of 50 Creditors, that is for the benefit of each of the Group I and Group IV Creditors, who reported to the Company after the date of issuance of the decision approving the Composition, no later than within 2 (two) weeks of the date on which the decision approving the Composition becomes final. The Issuer has determined the above on the basis of information from the Electronic Land and Mortgage Register System. The decisions on making the entry have not yet been served on the Company.

On 9.04.2021 the Management Board of ACTION S.A. (the Company, the Issuer) became aware of the Company's attorney being served on 8.04.2021 the decision of the Minister of Development, Labour and Technology of 23.03.2021 issued as a result of hearing appeals against the decision of the Mazovian Province Governor No. 100/SPEC/2019 of 7.08.2019 on the permission to implement the road project "Construction of the southern exit from Warsaw of the S-7 expressway on the section from the Lotnisko junction on the southern ring road of Warsaw to the ring road of Grójec - Section "A" from the "Lotnisko" junction (excl. junction) to "Lesznawola" junction (excl. junction) with a section length of approx. 6.64 km. By virtue of the above decision of 23.03.2021, the Minister of Development, Labour and Technology partially revoked the appealed decision of the Mazovian Province Governor of 7.08.2019, nonetheless, the scope of the modified decision did not affect the Issuer's property covered by the implementation of the above road project, that is the following plots: no. 83/1 of 0.0084 ha (severed from the plot no. 83), no. 88/2 of 0.0264 ha (severed from plot no. 88/1), no. 89/2 of 0.0303 ha, no. 89/4 of 0.0021 ha (severed from plot no. 89/1), no. 3/1 of 0.2170 ha and no. 3/2 of 0.0386 ha (severed from plot no. 3), no. 90 of 0.5947 ha and no. 91 of 1.8891 ha. The decision of the Minister of Development, Labour and Technology of 23.03.2021 is final. Pursuant to Article 12.4 of the Act of 10.04.2003 on special principles of preparation and implementation of public road projects, the above Issuer's properties became, by virtue of law, the property of the State Treasury on the day on which the road project permit became final. Moreover, under Article 12(4 c.) of the above law, the limited rights *in rem* established on the expropriated properties cease to exist on the day on which the road project permit becomes final.

The Management Board of ACTION S.A. (the Company, the Issuer) on 13.04.2021 decided that the Company would repay the receivables from the dividend for 2015 under the final decision of the District Court for the Capital City of Warsaw in Warsaw, XVIII Commercial Division of 7.08.2020 on the approval of the composition in the Company's restructuring proceedings (file no. XVIII GRs 1/19 X GRs 8/16) – hereinafter: "the Composition"). Under Article 1.2.5 of the Composition, Group V of the Composition creditors is referred to as the Dividend Creditors Group and includes creditors eligible to debt in respect of dividends not paid by the Company, due in accordance with Resolution No. 9 of the Company's Annual General Meeting of 23 June 2016 under Article 2.5. Group V of the Composition, the above debts shall be repaid according to the following rules: (i) the debts which include the principal will be reimbursed in 45.26%. (ii) the remaining debts, which include the principal, will be waived (debt reduction). (iii) the unremitted part of the principal will be repaid in entirety on the last working day of the calendar month following the quarter in which the last payment due under the Composition Proposals to creditors in Groups I to IV is made. (iv) debts in respect of interest for the period until the date of opening of the Recovery Proceedings and after this date and all other side debts will be waived in entirety. The Issuer's Management Board reported that the debt for dividends for 2015 was deleted in its entirety from the list of debts under court decisions issued in the course of the Company's Recovery proceedings (confirmed by the Issuer in current reports no: 38/2020 of 11.09.2020 and 40/2020 of 18.09.2020). However, it should be emphasised that the provisions of the Composition include the above rules concerning the payment of the 2015 dividend debt, and the Composition binds the creditors and the debtor and is enforceable in accordance with its content. On the other hand, the debt list does not benefit from the so-called *res judicata* and does not affect the material legal status of the debts, as confirmed by Article 101 (1) of the Act on Restructuring Law. The Issuer also emphasised that it did not dispute the

existence of the dividend debt for 2015 and the fact that it is covered by the composition agreement, as confirmed by its initial inclusion in the debt list by the Company and the filing of complaints by the Issuer against the aforementioned decisions on the deletion of the dividend debt from the debt list. The Company also emphasised that the principles of repayment of the debts in question (falling after prior payments to creditors of the other composition groups) would not adversely affect the implementation of the Composition.

On 20.04.2021 the Management Board of ACTION S.A. became aware of a transaction of transfer of the Company's shares by Tytanid Sp. z o.o., with its registered office in Zamienie, that is by a legal person whose managerial duties are performed by a person holding managerial positions in the Issuer's structure and a person closely related to that person.

On 21.04.2021 it came to the attention of the Management Board of ACTION S.A. that on 15.04.2021 the District Court for the Capital City of Warsaw, XI Commercial Division of the Pledge Registry, issued a decision on entering the registered pledge in the Pledge Registry on the registered rights to the following trademark: a) the word mark "SFERIS", exclusive right no: 235657, registered in: Patent Office of the Republic of Poland The above registered pledge was established up to the highest amount of security of PLN 399,196,000 Other requests by the Company for establishing registered pledges under Article 1.6.1) and 1.6.2) of the Arrangement have not yet been considered.

On 27.04.2021 the Management Board of ACTION S.A. became aware that on 15.04.2021 the District Court for the Capital City of Warsaw, XI Commercial Division of the Pledge Registry, issued a decision on recording registered pledges in the pledge register on the registered rights to the following trademarks: a) word and figurative "ACTIVE - ECO", exclusive right no: 270476, registered in: Patent Office of the Republic of Poland b) word and graphic "PENTAGRAM THE PERFECT SIMPLICITY", exclusive right number: 011159291, registered in: European Union Intellectual Property Office. The above registered pledges were established up to the highest amount of security of PLN 399,196,000 The Company's other motions for establishing registered pledges in accordance with Article 1.6.1) and Article 1.6.2) of the Composition have not yet been recognised.

On 29.04.2021 the Management Board of ACTION S.A. became aware that on 15.04.2021 the District Court for the Capital City of Warsaw, XI Commercial Division of the Pledge Registry, had issued a decision on recording a registered pledge in the Pledge Registry on the registered rights to the following trademark: a) the word mark "blueanker", exclusive right no.: 014659932 registered in: European Union Intellectual Property Office. The above registered pledges were established up to the highest amount of security of PLN 399,196,000 The Company's other motions for establishing registered pledges in accordance with Article 1.6.1) and Article 1.6.2) of the Composition have not yet been recognised.

On 5.05.2021 the Management Board of ACTION S.A. became aware that on 20.04.2021 the District Court for the Capital City of Warsaw, XI Commercial Division of the Pledge Register issued a decision on recording the registered pledge in the Pledge Register on corporate movables in the form of storage system equipment constituting movables or a set of movables in the form of a set of devices forming the system of automatic conveyors for goods transport, entered into the register of fixed assets of the Company under the registration number 935/2009/UTECH, located in the Company's warehouse "Production Building 1 and Production Building 2A", situated at ul. Dawidowska 10, Zamienie, 05-500 Piaseczno. The above registered pledge were established up to the highest amount of security of PLN 399,196,000 The Company's other motions for establishing registered pledges in accordance with Article 1.6.2) of the Composition have not yet been recognised.

The Management Board of ACTION S.A. that on 10.05.2021 it received Annex 6 signed by the Bank to the multi-purpose credit limit agreement concluded by the Company with Powszechna Kasa Oszczędności Bank Polski S.A. Multi-purpose credit limit agreement of 25 July 2014, as amended (the "Agreement"), in order to change the restriction of legal collateral for the Issuer's obligations as a borrower under the Agreement, that is: 1. a change in the amount of the registered pledge to the highest amount of security in the amount of PLN 4,500,000.00 on the inventory of commercial goods owned by the Issuer; 2. an assignment of cash receivables from the insurance agreement for the inventory of commercial goods referred to in subpara. 1 above, 3. an assignment of receivables from contracts, agreements, orders and future receivables to which the Company is and will be entitled with respect to its contractors, in the total amount of not less than PLN 3,000,000.00.

On 11.05.2021 the Management Board of ACTION S.A. became aware that on 16.04.2021 the District Court for the Capital City of Warsaw, XI Commercial Division of the Pledge Registry, had issued a decision on recording the pledges in the pledge register on the registered rights to the following trademarks: a) the word mark "ACTION", exclusive right no: 125430 registered in: Patent Office of the Republic of Poland b) word and graphic mark "Hussar Actina" exclusive right no.: 01744563 registered in: European Union Intellectual Property Office The above registered pledges were established up to the highest amount of security amounting to PLN 399,196,000 The Company's other motions for establishing registered pledges in accordance with Article 1.6.1) and Article 1.6.2) of the Composition have not yet been recognised.

On 26 May 2021 an agreement of 19 May 2021, bearing the signature of the National Depository of Securities S.A. in Warsaw, reached the Management Board of ACTION S.A., specifying the terms of registration of the series D shares issued by the Issuer in the depository of securities under of the final decision of the District Court for the Capital City of Warsaw in Warsaw, XVIII Commercial Division, of 7 August 2020 on approval of the arrangement in the Company's voluntary arrangement (hereinafter: "the Composition"). As agreed above, the Series D shares will be allocated for each bondholder who held the Issuer bonds, registered in the depository as at the end of 15 December 2020, that is as at the date when the decision on the approval of the Composition becomes legally valid, as per the parity determined under subpara. 3.4 of the Composition, that is 308 shares for each Issuer bond. The above rule will not apply to a total of 348 bonds, with respect to which decisions on granting security were issued prior to the commencement of proceedings for determination, reported by the Issuer in current reports issue: 16/2021 of 8 March 2021 and 22/2021 of 29 March 2021. At the same time, the Company undertook to submit applications for registration of series D shares in favour of entities eligible to these shares after the cessation of obstacles arising from the above security orders or possibly other rulings. Since series D shares - under subpara. 3.11 of the Composition - will be subject to dematerialisation and admittance and introduction to trading on the regulated market operated by the Warsaw Stock Exchange, the Issuer has drafted this report in accordance with § 17.1.1) of the Ordinance of the Minister of Finance of 29 March 2018 on current and periodic information published by issuers of securities and on conditions for consideration as equivalent the information required by law of non-member states

On 27.05.2021 the Management Board of ACTION S.A. published the content of the resolutions passed by the Ordinary General Meeting of Shareholders of ACTION S.A., which took place on 27 May 2021 at the premises of ACTION S.A. at ul. Dawidowska 10 in Zamienie, Piaseczno District, Mazovian Province. The content of the adopted resolutions was provided in current report issue 44/2021 of 27.05.2021.

### III. Other quarterly financial information

#### 1. Description of the Issuer's material accomplishments or failures occurred in the reporting period, with the specification of the most significant related events

	Q1 2021	Q1 2020
<b>Net sales</b>	<b>525,317</b>	<b>467,554</b>
<b>Gross profit on sales</b>	<b>44,049</b>	<b>27,871</b>
<i>gross margin</i>	<i>8.39%</i>	<i>5.96%</i>
<b>EBIT</b>	<b>16,077</b>	<b>961</b>
<i>EBIT margin</i>	<i>3.06%</i>	<i>0.21%</i>

<b>Net profit (loss)</b>	<b>18,220</b>	<b>1,590</b>
<i>net margin</i>	<i>3.47%</i>	<i>0.34%</i>

In Q1 2021, the Group achieved sales revenues of PLN 525,317,000, a 12.4% increase as against the turnover recorded in the same period last year. During this period, the Group made a profit at all analytical levels. Sales profit of PLN 44,049,000, operating profit of PLN 16,077,000 Q1 2021 saw a net profit of PLN 18,220,000 The gross margin rate achieved in the period in question was 8.39%.

In the view of the ACTION S.A.'s Management Board, the profit/loss for Q1 2021 primarily reflected the end of the recovery proceedings and the full implementation of the planned restructuring plan. The surge in ACTION S.A.'s export sales and the growing demand for IT equipment due to COVID - 19 pandemic-related limitations were a significant factor. Accordingly, a profit could be generated at all analytical levels and the financial situation could be improved.

Moreover, the Group's management strategy contributed to further reduction in the share of operating expenses throughout the reporting period. This sustainably positive effect triggered the above-mentioned material improvement in the net profit/loss as against the same period of the previous year.

By the end of 2021, the Group will expect:

- further cost reduction resulting from the optimisation of the Group's processes,
- intensified demand for goods delivered by the Group's entities,
- acquisition of new business partners and products matching the current demand,
- growth of the customer base and development of the retail channel,
- further increase in importance of foreign trade,
- visible achievements on the renewable energy market, especially in the area of sales of PV solutions,
- effects of economic changes, particularly in terms of demand resulting from the COVID - 19 pandemic.

## **2. Description of extraordinary factors and events having material impact on the profit/loss achieved**

In Q12021, the implementation of the provisions of the composition agreement resulting in a significant reduction of liabilities under the composition agreement with a parallel significant decrease in cash was the pivotal factor bearing on the ACTION S.A. Capital Group's profit/loss. The above coincided with the payment of the first two instalments of the composition agreement.

The consequences of the restructuring proceedings completed in December 2020 persisted, but already on a less significant scale. The key adverse events included:

- insurance of credit limits by insurers not in place for all entities of the ACTION S.A. Capital Group. - which significantly reduced the value of new trade liabilities, that is those other than those incurred prior to the opening of restructuring proceedings,
- significant reduction of the credit lines held and renewal of some of them only against cash collateral in the cash form,

Further, the effects of COVID- 19 pandemic were significant factors unrelated to the pending recovery proceedings

including in particular:

- increased demand for goods provided by the Issuer,
- limited business of traditional stores,
- further tightening of financial institutions in the scope of credit risks and credit insurance.

## **3. Issue, redemption and repayment of non-equity and equity securities**

On 4 July 2014 ACTION S.A. issued 10,000 bearer, dematerialised, coupon, unsecured ACT01040717 bonds with a nominal value of PLN 10,000 each and a total nominal value of the issue of PLN 100,000,000. The bonds were issued pursuant to Article 9.3 of the Bonds Act (non-public issue) and within the ACTION S.A. Bond Issue Programme.

The issue price of the bonds was equal to their nominal value. The redemption date of the bonds was set for 4 July 2017 at the nominal value of the bonds. The bonds bear interest at a floating interest rate based on the 6-month WIBOR index plus a fixed margin. Interest payments mature semi-annually.

Series ACT01040717 bonds were introduced to trading on the CATALYST market, operated as alternative trading system operated by BondSpot S.A. The first listing took place on 9 September 2014.

At the same time, the Issuer informs that due to the recovery proceedings pending against it until 15.12.2020, debt due to redemption and interest of series ACT01 040717 bonds, whose payment dates fell after the opening date of the recovery proceedings:

a) were included in the composition by operation of law pursuant to Article 150.1.1) of the Restructuring Law - (interest due for the period before the opening of proceedings), Article 150 (1) (2) of the Restructuring Law (interest due from the date on which proceedings were opened) in conjunction with Article 366(1)(2) of the Restructuring Law;

b) consequently, pursuant to Article 252(1) of the Restructuring Law - the benefits arising from the above debt could not be fulfilled before the completion of the recovery proceedings.

As the composition has been finally approved in the Issuer's recovery proceedings, the debt under the series ACT01040717 bonds is subject to repayment under the terms of Article 2.4 of the composition. Whereby, the debt comprising the principal shall be repaid in 57.5%, where 40.35% of the principal shall be repaid in cash, 9.65% of the principal shall be repaid by way of conversion of claims into Company shares of and 7.5% of the principal shall be repaid in cash by way of an additional composition instalment. The remaining debt, which includes the principal and interest for the period up to and after the date of the opening of the recovery proceedings and any other incidental debt, have been waived. Moreover, this debt is covered by the provisions of the composition in terms of "Additional Repayments from Undue Tax", pursuant to Article 4 thereof. The extent of the repayments in the latter case depends on contingent circumstances and its level can currently be determined for the said debt.

The Issuer repaid 40.35% of the principal on 29.01.2021. Further, under Article 169(3) of the Restructuring Law, the debt was converted into shares, once the decision to approve the composition became final, that is on 15.12.2020, and thus the composition was executed as to the repayment of 9.65% of the principal amount. The converted shares are subject to registration with KDPW S.A. The Company concluded a relevant agreement with NDS S.A. on 19.05.2021 and is implementing the procedure for registration of series D shares. 7.5% of the principal will be repaid in cash on the last working day of the calendar month following the quarter in which the last quarterly instalment payable to Group I Creditors fell due.

#### **4. Information on dividends paid/declare**

The Company recorded a profit in 2020 On 27.05.2021 the Ordinary General Meeting of Shareholders adopted a resolution to allocate the profit in its entirety to reserve capital.

## 5. Management Board stance regarding fulfilment of previously published profit/loss forecasts for a year in view of the profit/loss presented in the quarterly report vis-à-vis the forecast

In current report Issue 40/2019 of 03.09.2019 the Company published an update of the Company's Financial Forecast, referring to current report Issue 59/2018 of 24.10.2018. This forecast relates to the standalone report, covers the period 2018-2028 and was created for the purposes of the ongoing restructuring proceedings. The Company's Management Board maintains a positive stance on the feasibility of this forecast.

## 6. Effects of changes in the Group's structure

During the reporting period, ACTION (GUANGZHOU) TRADING CO., LTD in Liquidation was excluded from consolidation due to its liquidation and removal from the court register in January 2021.

## 7. Shareholders holding, directly or indirectly through their subsidiaries, at least 5% of the total number of votes at the general meeting of shareholders of the Company as of the day of announcement of the quarterly report, along with the number of shares held by those entities, their percentage share in the share capital, the number of votes arising therefrom and their percentage share in the total number of votes at the general meeting and an indication of changes in the ownership structure of the Company

According to the information available to the Company, the shareholders holding at least 5% of the total number of votes at the General Meeting of Shareholders as at the date of the previous Annual Report 2020, i.e. 31 March 2021, were as follows:

Natural or legal person	Number of shares held	Percentage share in the capital of ACTION S.A.	Number of votes	Percentage share in the number of votes
Piotr Bieliński	3,811,749	22.48%	3,811,749	22.48%
Aleksandra Matyka	3,093,457	18.24%	3,093,457	18.24%
Wojciech Wietrzykowski	1,199,390	7.07%	1,199,390	7.07%
Other	8,852,404	52.21%	8,852,404	52.21%

The shareholder composition above 5% of the share capital as at the date of submission of the current report for Q1 2021, i.e. 31 May 2021, has not changed and is as follows:

Natural or legal person	No. of shares held	Percentage share in the capital of ACTION S.A.	Number of votes	Percentage share in the no. of votes
Piotr Bieliński	3,811,749	22.48%	3,811,749	22.48%
Aleksandra Matyka	3,093,457	18.24%	3,093,457	18.24%
Wojciech Wietrzykowski	1,199,390	7.07%	1,199,390	7.07%
Other	8,852,404	52.21%	8,852,404	52.21%

## 8. List of changes in the ownership of Company shares or rights thereto (options) by persons managing and supervising the Company, according to the information available to the Company

As of the date of submitting the 2020 Annual Report, that is on 31 March 2021 the executives and officers of ACTION S.A. were holding the following shares of this Company:

Name	Function in ACTION S.A. management	No. of ACTION S.A. shares
Piotr Bieliński	President of the Management Board	3,811/749
Sławomir Harazin	Deputy President of the Management Board	15,017
Iwona Bocianowska	Chairman of the Supervisory Board	0
Piotr Chajderowski	Member of the Supervisory Board	0
Marek Jakubowski	Member of the Supervisory Board	0
Krzysztof Kaczmarczyk	Member of the Supervisory Board	0
Adam Świtalski	Member of the Supervisory Board	0
Wojciech Wietrzykowski	Commercial Proxy	1,199,390
Andrzej Biały	Commercial Proxy	20,000

To the best of the Company's knowledge, the foregoing has not changed as at the date of this current report for Q1 2021, that is 31 May 2021, and is as follows:

Name	Function in ACTION S.A. management	No. of ACTION S.A. shares
Piotr Bieliński	President of the Management Board	3,811,749
Sławomir Harazin	Deputy President of the Management Board	15,017
Iwona Bocianowska	Chairman of the Supervisory Board	0
Piotr Chajderowski	Member of the Supervisory Board	0
Marek Jakubowski	Member of the Supervisory Board	0
Krzysztof Kaczmarczyk	Member of the Supervisory Board	0
Adam Świtalski	Member of the Supervisory Board	0
Wojciech Wietrzykowski	Commercial Proxy	1,199,390
Andrzej Biały	Commercial Proxy	20,000

## 9. Material proceedings pending before court, competent arbitration authority or public administration authority

The Company has filed a PLN 174,446,000 action for damages against one of the banks. The defendant bank does not recognise the claim. The action was filed in April 2017 and is still at an early stage of examination, and the date of its resolution - mainly due to the high complexity of the issues involved - is difficult to determine. As demonstrated in the examination of the above case to date, the Company has reasonable grounds for bringing it.

The following actions in tax cases related to VAT and CIT are pending:

1. The Company has filed a complaint with the Supreme Administrative Court (due to the dismissal of the Company's complaint by the Provincial Administrative Court in Warsaw in December 2017) regarding the previously heard decision of the Head of the Tax Chamber regarding VAT for individual months from July 2011 to January 2012.
2. Moreover, the Company has also filed complaints with the Provincial Administrative Court in Warsaw against the final decisions of the tax authorities regarding: VAT for the periods:



a) January and February 2013. By judgment of 13.03.2019 the Provincial Administrative Court in Warsaw upheld the appeal filed by the Company and overturned the decision of the Head of the Tax Administration Chamber in Warsaw of 14.03.2018 in its entirety and the case was transferred for re-examination. The aforementioned judgment is final and, as a result, the Head of the Tax Administration Chamber in Warsaw issued a decision of 22.11.2019, by which he revoked the decision of the first instance authority in its entirety and referred the case to him for re-examination. The action is pending.

b) from August to December 2010 by judgment of 12.03.2019 the Provincial Administrative Court in Warsaw dismissed the Company's complaint against the decision of the Head of the Tax Administration Chamber in Warsaw of 20.04.2018. Contesting this decision, the Company appealed it to the Supreme Administrative Court.

3. The Issuer also filed an appeal against the decision of the Head of the Mazovian Tax and Customs Office in Warsaw of 3.02.2021 determining the Company's tax liability in corporate income tax (CIT) for the tax year from 1.08.2008 to 31.12.2009.

The total value of the liabilities arising from the above decisions being the subject of the described court proceedings and the ongoing proceedings concerning VAT and CIT recognised in the books as at 31 March 2021 is PLN 57,039,000 The Issuer explains that the said amount included the current balance of provisions for these liabilities, in accordance with the degree of reduction resulting from the validly approved composition in the Company's recovery proceedings and the repayments of composition instalments made to date.

In the opinion of the Management Board, due to pending court cases involving the Group companies, there may be charges and accruals in the amounts referred to above.

The Issuer also announces that in note 3.3 Taxes it has provided, as before, information on significant tax proceedings.

#### **10. Information on conclusion by the Company or its subsidiary of one or more transactions with related parties, if they are individually or jointly significant and were concluded on non-arm length's principles, along with their amount**

The reporting period saw no unusual transactions with related parties in the Group.

#### **11. Information on granting by the Company or its subsidiary of sureties for loans or borrowings or guarantees - jointly to one entity or its subsidiary, if the total value of the existing sureties or guarantees is significant**

Hedging liabilities (guarantees, sureties and letters of credit) towards third parties arising from agreements effective as at 31 March 2021 stood at PLN 13,023,000 The share of the guarantees and sureties granted to one entity in the Company's equity did not exceed 10% and is not significant. A description of the guarantees and sureties granted is presented in Note 6 of the *Notes to the Condensed Consolidated Financial Statements - Contingent Assets and Liabilities*.

#### **12. Other information significant for the assessment of the personnel, property, financial situation, financial profit/loss and for assessed capability to settle its liabilities**

Until the publication of this report, no such information other than that included in this report and published in the form of current reports appeared. Moreover, as in previous periods, until the end of 2021 the Company will undertake a number of actions aimed at adjusting the employment structure to its current needs.

#### **13. Key factors bearing on the Group's profit/loss until late 2021**

The effects of the COVID - 19 pandemic on the Polish and global economies and the associated level of uncertainty among market participants along with changes in consumer behaviour are key factors bearing on the Group's profit/loss until late 2021.

Internal factors:

1. Day-to-day analysis of the profitability of transactions and markets served, with a clear focus on the small customer market and the retail market, including in particular e-commerce, in Poland and abroad.
2. Ongoing supervision of the scope of business and entry into new markets.
3. Continuous supervision of the development of own Internet platforms
4. Activities related to active participation in the renewable energy market, especially the PV market.
5. Strict inspection of the efficiency of current assets management, especially inventories.
6. Inspection of the development of subsidiaries' business.
7. Ongoing monitoring of risks related to the operations of ACTION S.A. Capital Group entities and taking actions aimed at their mitigation or elimination.
8. Day-to-day analysis and close monitoring of the cost effectiveness of the business.
9. Day-to-day inspection and effective management of finances in the conditions of limited financing.
10. Effective use of available funds.
11. Impact of changes resulting from the spread of the COVID-19 pandemic.

External factors:

1. Further course of the treasury proceedings conducted against ACTION S.A. and the related appeals.
2. Outcome of tax proceedings against the major domestic competitors of the Group's entities and their impact on their operations and market structure.
3. Behaviour of financial institutions, including banks and insurers.
4. Developments on the distribution market and consumer behaviour
5. Technological developments in the products delivered.
6. Developments in the market shares of the largest suppliers and customers of the ACTION S.A. Capital Group's parent company
7. Economic and political situation at home and worldwide.
8. Pro-social policy of the Government
9. Government fiscal policy, including fiscal assistance for enterprises
10. Scale of the incoming EU aid funds.
11. Scale of projects carried out in Poland, in particular those of an IT nature
12. Developments in the current and long-term monetary policy at home and worldwide.
13. Level of demand for the goods delivered by the ACTION S.A. Capital Group entities.
15. impact of changes resulting from the spread of the COVID-19 pandemic, including the results of vaccine campaigns at home and worldwide.

## **14. Transactions with related entities**

All transactions with subsidiaries have been eliminated in the consolidation process.

ACTION S.A. has personal connections with such entities as ACTION CT WANTUŁA Sp. j., ACTIVE TRAVEL Sp. z o.o. in liquidation and TYTANID Sp. z o.o., which do not give the Company controlling or significant influence.

### **14.1. Transactions concluded by and between the Group's companies and non-consolidated related parties**

The following tables present the amounts of mutual settlements and transactions concluded between Group companies and non-consolidated related parties.

Data as at 31 March 2021 and for the period 1.01.2021 - 31.03.2021

	Receivables	Liabilities	Sales revenue	Purchases and costs
ACTION CT WANTUŁA Sp. j. *)	0	0	0	0
ACTIVE TRAVEL Sp. z o.o. in liquidation **)	0	0	0	0
ACTION ENERGY Sp. z o.o. ***)	266	0	0	0
TYTANID Sp. z o.o. ****)	0	0	0	0
<b>Total</b>	<b>266</b>	<b>0</b>	<b>0</b>	<b>0</b>

Data as at 31 March 2020 and for the period 1.01.2020 - 31.03.2020

	Receivables	Liabilities	Sales revenue	Purchases and costs
ACTION CT WANTUŁA Sp. j. *)	0	0	0	0
ACTIVE TRAVEL Sp. z o.o. in liquidation **)	0	0	0	0
ACTION ENERGY Sp. z o.o. ***)	356	0	5	0
TYTANID Sp. z o.o. ****)	0	0	0	0
<b>Total</b>	<b>356</b>	<b>0</b>	<b>5</b>	<b>0</b>

\*) ACTION CT WANTUŁA Sp. j. with its registered office in Poznań,

\*\*\*) ACTIVE TRAVEL Sp. z o.o. in liquidation with its registered office in Michałów Grabina.

\*\*\*\*) ACTION ENERGY Sp. z o.o. with its registered office in Cracow - excluded from consolidation as of 1 January 2015 due to loss of significant influence,

\*\*\*\*\*) TYTANID Sp. z o.o. with its registered seat in Zamienie - has not commenced operations by the date of approval of the report.

## 14.2. Transactions with consolidated associates

Data as at 31 March 2021 and for the period 1.01.2021 - 31.03.2021

	Receivables	Liabilities	Sales revenue	Purchases and costs
CLOUDTEAM Sp. z o.o. *)	0	2	0	0
<b>Total</b>	<b>0</b>	<b>2</b>	<b>0</b>	<b>0</b>

Data as at 31 March 2020 and for the period 1.01.2020 - 31.03.2020

	Receivables	Liabilities	Sales revenue	Purchases and costs
CLOUDTEAM Sp. z o.o. *)	0	0	0	0
SYSTEMS Sp. z o.o. **)	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

\*) Previous name ACTION CENTRUM EDUKACYJNE Spółka z ograniczoną odpowiedzialnością.

\*\*\*) CLOUDTEAM Sp. z o.o. merged with SYSTEMS Sp. z o.o. on 28 February 2020 As a result of the merger, all the assets of SYSTEMS Sp. z o.o. were transferred to CLOUDTEAM Sp. z o.o.. (Acquiring company).

#### **IV. Management Board Statement on reliability of preparation of the interim condensed financial statements**

This condensed interim financial statement of ACTION S.A. for the quarter ending on 31 March 2021 includes: a total income statement, a report on the financial position, a statement of changes in equity, a cash flow statement and selected explanations.

As required by the Regulation of the Minister of Finance of 29 March 2018 on current and periodic information provided by issuers of securities and the conditions for recognising as equivalent the information required by the laws of a non-member state (Dz. U. - Journal of Laws of 2018 item 757 z as amended), the Management Board of ACTION S.A. hereby states that:

- to the best of their knowledge, the quarterly condensed financial statements and comparative data have been drawn up in compliance with the applicable accounting principles and give a true, honest and fair view of the financial position of the Company and its financial profit/loss.

In the reporting period the Company kept its books of account in accordance with International Financial Reporting Standards ("IFRS") approved by the EU, as issued and in force at the balance sheet date, and in respect of matters not regulated by the above standards, in accordance with the requirements of the Accounting Act of 29 September 1994.

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Piotr Bieliński  
President of the Management  
Board

Sławomir Harazin  
Deputy President of the  
Management Board

Zamienie, 31 May 2021

## V. Interim Condensed Financial Statement of ACTION S.A. for period from 1 January 2021 to 31 March 2021

### Financial highlights of ACTION S.A.

UNCONSOLIDATED FINANCIAL HIGHLIGHTS	PLN k		k (EUR)	
	Q1	Q1	Q1	Q1
	period from 01.01.2021 to 31.03.2021	period from 01.01.2020 to 31.03.2020	period from 01.01.2021 to 31.03.2021	period from 01.01.2020 to 31.03.2020
I. Net revenues from sales of products, goods and materials	525,128	467,552	114,855	104,500
II. Gross profit/loss on sales	43,536	27,810	9,522	6,216
III. Operating profit/loss	15,889	1,251	3,475	280
IV. Net profit/loss attributable to Company shareholders	18,047	1,879	3,947	420
V. Net cash flows from financial operations	-65,343	11,154	-14,292	2,493
VI. Net cash flows from investment	-874	-177	-191	-40
VII. Net cash flows from financial operations	-76	-64	-17	-14
VIII. Net increases (decreases) in cash	-66,293	10,913	-14,499	2,439
IX. Earnings/loss per ordinary share *) (in PLN / EUR)	0.90	0.11	0.20	0.02
	<b>As of 31.03.2021</b>	<b>As of 31.12.2020</b>	<b>As of 31.03.2021</b>	<b>As of 31.12.2020</b>
X. Total assets	601,772	629,556	129,127	136,421
XI. Liabilities	283,288	329,119	60,788	71,318
XII. Non-current liabilities	98,296	100,325	21,092	21,740
XIII. Current liabilities	184,992	228,794	39,695	49,578
XIV. Equity attributable to Company shareholders	318,484	300,437	68,340	65,103
XV. Share capital	2,004	2,004	430	434
XVI. Weighted average number of shares **) (in pcs.)	20,037,000	17,092,014	20,037,000	17,092,014
XVII. Book value per share ***) (in PLN / EUR)	15.89	17.58	3.41	3.84

\*) Earnings per ordinary share is calculated by dividing Net profit by Number of shares.

\*\*\*) The number of shares includes the change in nominal value of series A shares from PLN 1 to PLN 0.10 with the parallel division of 1 share of value of PLN 1 into 10 shares of a nominal value of PLN 0.10. The change was made on 11.04.2006 by resolution of the Extraordinary General Meeting of Shareholders.

\*\*\*\*) Book value per share is calculated by dividing the Equity due to shareholders of the Company by the Number of shares.

#### PLN/EUR rates

Period	Average rate in the period	Min. rate in the period	Max. rate in the period	Rate on the last day of period
01.01.2021 - 31.03.2021	4.5721	4.5175	4.6603	4.6603
01.01.2020 - 31.12.2020	4.4742	4.3010	4.6188	4.6148
01.01.2020 - 31.03.2020	4.3963	4.3010	4.5523	4.5523

The financial highlights presented in the consolidated financial statements have been translated into Euro as follows:

- items concerning the consolidated statement of comprehensive income and cash flow statement were converted at the exchange rate being the arithmetic mean of the average minimum and maximum exchange rates announced by the National Bank of Poland, in force on the last day of each month; this exchange rate for Q1 2021 - EUR 1 = PLN 4.5721, for Q1 2020 - EUR 1 = PLN 4.3963;
- items of the consolidated statement of financial position were translated at the average exchange rate announced by the National Bank of Poland as at the balance sheet date; as at 31 March 2021 this rate was - EUR 1 = PLN 4.6603; as at 31 December 2020 - EUR 1 = PLN 4.6148 and as at 31 March 2020 EUR 1 = PLN 4.5523.

## Statement of comprehensive income

All income and expenses relate to continuing operations.

Note	period from 01.01.2021 to 31.03.2021	period from 01.01.2020 to 31.03.2020
Sales revenue	525,128	467,552
Value of products, goods and materials sold	-481,592	-439,742
<b>Gross profit on sales</b>	<b>43,536</b>	<b>27,810</b>
Sales and marketing costs	-19,184	-18,943
General management costs	-8,818	-7,030
Other operating revenues	960	338
Other costs and loss	-605	-924
<b>Operating profit/loss</b>	<b>15,889</b>	<b>1,251</b>
Financial revenues	21	629
Financial expenses	-773	-1
<b>Pre-tax profit/loss</b>	<b>15,137</b>	<b>1,879</b>
Income tax	2,910	0
<b>Profit/loss from discontinued operations</b>	<b>18,047</b>	<b>1,879</b>
<b>Profit/loss from discontinued operations</b>	<b>0</b>	<b>0</b>
<b>Net profit/loss for the financial period</b>	<b>18,047</b>	<b>1,879</b>
<b>Other components of total income</b>		
Measurement of cash flow hedges	0	0
Income tax	0	0
<b>Other components of full net income which may be transferred to the profit and loss account</b>	<b>0</b>	<b>0</b>
<b>Comprehensive income for the period</b>	<b>18,047</b>	<b>1,879</b>
<b>Earnings/Loss per share</b>		
Basic profit/loss from continuing operations	<b>0.90</b>	<b>0.11</b>
Basic profit/loss from discontinued operations	0.00	0.00
<b>Diluted Earnings/Loss per share</b>		
Diluted profit/loss from continuing operations	<b>0.90</b>	<b>0.11</b>
Diluted profit/loss from discontinued operations	0.00	0.00
<b>Weighted average number of shares</b>	<b>20,037,000</b>	<b>16,957,000</b>
<b>Diluted number of shares</b>	<b>20,037,000</b>	<b>16,957,000</b>

Other components of full income refer to items that can be transferred to the income statement.

Piotr Bieliński President of the Management Board	Sławomir Harazin Deputy President of the Management Board
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Zamienie, 31 May 2021

## Statement of financial position

	Note	31.03.2021	31.12.2020	31.03.2020
<b>ASSETS</b>				
Property, plant and equipment		138,683	139,511	148,132
Goodwill		0	0	0
Other intangible assets		5,902	6,168	6,243
Investment properties		3,545	3,545	3,545
Financial assets		27	27	6
Other financial assets		0	0	0
Deferred tax assets		12,955	10,045	0
Trade receivables and other receivables		0	0	0
<b>Non-current assets</b>		<b>161,112</b>	<b>159,296</b>	<b>157,926</b>
Inventory		206,035	190,909	153,116
Trade receivables and other receivables		197,055	175,157	168,035
Current tax liabilities		0	0	0
Derivative financial instruments		41	372	477
Other financial assets		0	0	0
Cash and equivalents		37,529	103,822	83,214
<b>Current assets</b>		<b>440,660</b>	<b>470,260</b>	<b>404,842</b>
<b>Total assets</b>		<b>601,772</b>	<b>629,556</b>	<b>562,768</b>
<b>EQUITY</b>				
Share capital		2,004	2,004	1,696
Aggio		77,272	77,272	62,231
Retained profit		239,208	221,161	37,150
Other reserve capitals		0	0	0
<b>Total equity</b>		<b>318,484</b>	<b>300,437</b>	<b>101,077</b>
<b>LIABILITIES</b>				
Loans and other funding liabilities		0	0	0
Liabilities in respect of lease		87	70	34
Trade liabilities and other liabilities		98,209	100,255	0
Deferred tax liability		0	0	0
<b>Non-current liabilities</b>		<b>98,296</b>	<b>100,325</b>	<b>34</b>
Trade liabilities and other liabilities		178,866	222,680	357,392
Loans and other funding liabilities		0	0	103,199
Liabilities in respect of lease		159	147	515
Current tax liabilities		4,604	4,604	0
Provisions for employee benefits		1,363	1,363	551
Provisions for other liabilities and charges		0	0	0
Derivative financial instruments		0	0	0
<b>Current liabilities</b>		<b>184,992</b>	<b>228,794</b>	<b>461,657</b>
<b>Total liabilities</b>		<b>283,288</b>	<b>329,119</b>	<b>461,691</b>
<b>Total liabilities and equity</b>		<b>601,772</b>	<b>629,556</b>	<b>562,768</b>

Piotr Bieliński  
President of the Management  
Board

Sławomir Harazin  
Deputy President of the  
Management Board

Zamienie, 31 May 2021

## Statement of Changes in Equity

### Equity attributable to Company shareholders

	Share capital	Aggio	Retained profit	Other reserve capitals	Equity total
<b>As of 1 January 2021</b>	<b>2,004</b>	<b>77,272</b>	<b>221,161</b>	<b>0</b>	<b>300,437</b>
Changes in the equity:	<b>0</b>	<b>0</b>	<b>18,047</b>	<b>0</b>	<b>18,047</b>
Issue of shares	0	0			0
Total comprehensive income			18,047		18,047
Dividends declared					0
Other					0
<b>As of 31 March 2021</b>	<b>2,004</b>	<b>77,272</b>	<b>239,208</b>	<b>0</b>	<b>318,484</b>
<b>As of 1 January 2020</b>	<b>1,696</b>	<b>62,231</b>	<b>35,271</b>	<b>0</b>	<b>99,198</b>
Changes in the equity:	<b>308</b>	<b>15,041</b>	<b>185,890</b>		<b>201,239</b>
Issue of shares	308	15,041			15,041
Total comprehensive income			185,890		185,890
Dividends declared					0
Other					0
<b>As of 31 December 2020</b>	<b>2,004</b>	<b>77,272</b>	<b>221,161</b>	<b>0</b>	<b>300,437</b>
<b>As of 01 January 2020</b>	<b>1,696</b>	<b>62,231</b>	<b>35,271</b>	<b>0</b>	<b>99,198</b>
Changes in the equity:			<b>1,879</b>		<b>1,879</b>
Total comprehensive income			1,879		1,879
Dividends declared					0
Other			0		0
<b>As of 31 March 2020</b>	<b>1,696</b>	<b>62,231</b>	<b>37,150</b>	<b>0</b>	<b>101,077</b>

Piotr Bieliński  
President of the Management Board

Sławomir Harazin  
Deputy President of the Management Board

Zamienie, 31 May 2021



## Statement of Cash Flows

	Note	period from 01.01.2021 to 31.03.2021	period from 01.01.2020 to 31.03.2020
<b>Cash flows from operations</b>			
<b>Gross profit/loss for the financial period</b>		<b>15,137</b>	<b>1,879</b>
<b>Adjustments:</b>		<b>-80,480</b>	<b>9,275</b>
Income tax		-2,910	0
Depreciation of tangible and amortization of intangible fixed assets		2,073	2,185
Profit (loss) on investment		331	-318
Interest income		-21	-152
Interest income		773	1
Other		0	0
Changes in working capital:			
Inventory		-15,126	3,062
Trade receivables and other receivables		-21,898	-14,744
Trade liabilities and other liabilities		-43,702	19,241
Income tax paid		0	0
<b>Net cash flows from operations</b>		<b>-65,343</b>	<b>11,154</b>
<b>Cash flows from investment</b>			
Acquisition of tangible and intangible fixed assets		-881	-197
Acquisition of investment properties		0	0
Proceeds from the sale of property, plant and equipment and intangible assets		0	0
Other investment inflows/outflows		7	20
<b>Net cash flows from investment</b>		<b>-874</b>	<b>-177</b>
<b>Cash flows from financial operations</b>			
Proceeds from the issue of shares		0	0
Redemption of debt securities		0	0
Issuance of debt securities		0	0
Loans received		0	0
Repayment of loans		0	0
Dividends paid out		0	0
Interest paid		-5	-31
Payment of liabilities arising from financial leases		-71	-33
Other financial inflows/expenses		0	0
<b>Net cash flows from financial operations</b>		<b>-76</b>	<b>-64</b>
<b>Net decrease/increase in cash</b>		<b>-66,293</b>	<b>10,913</b>
Opening cash balance		103,822	72,301
Exchange gains (losses) on cash valuation		0	0
<b>Closing cash balance</b>		<b>37,529</b>	<b>83,214</b>

Piotr Bieliński  
President of the Management  
Board

Sławomir Harazin  
Deputy President of the  
Management Board

Zamienie, 31 May 2021

## Additional information

### 1. Material estimates

The deferred tax assets and liabilities recognised in the Statement of Financial Position have been presented net of offsetting. Offsetting was done because of the homogeneity of these components and the manner in which they were accounted for..

The deferred income tax to be offset is as follows

	<b>31.03.2021</b>	<b>31.12.2020</b>
Deferred tax assets		
– deferred tax assets to be recovered within 12 months	20,935	19,104
	<b>20,935</b>	<b>19,104</b>
Deferred tax liability		
– deferred tax assets to be recovered within 12 months	7,980	9,059
	<b>7,980</b>	<b>9,059</b>
<b>Deferred tax assets</b>	<b>20,935</b>	<b>19,104</b>
<b>Deferred tax liability</b>	<b>7,980</b>	<b>9,059</b>
<b>Deferred tax assets/liability (net)</b>	<b>12,955</b>	<b>10,045</b>

Changes in deferred income taxes (net of offsetting assets and liabilities) are as follows:

	<b>31.03.2021</b>	<b>31.12.2020</b>
Opening balance	<b>10,045</b>	<b>0</b>
Credit to/Debit from the financial profit/loss	2,910	10,045
Increase/decrease in equity	0	0
<b>Closing balance</b>	<b>12,955</b>	<b>10,045</b>

### 2. Impairment allowances

#### 2.1 Impairment allowances for non-current financial assets

	<b>31.03.2021</b>	<b>31.12.2020</b>	<b>31.03.2020</b>
<b>Impairment allowances for non-current financial assets - opening balance</b>	<b>-14,166</b>	<b>-18,062</b>	<b>-18,062</b>
Established	0	0	0
Used	0	3,896	3,846
Reversed	0	0	0
<b>Impairment allowances for non-current financial assets - closing balance</b>	<b>-14,166</b>	<b>-14,166</b>	<b>-14,216</b>

## 2.2 Impairment allowances for current financial assets

	31.03.2021	31.12.2020	31.03.2020
<b>Impairment allowances for current financial assets - opening balance</b>	<b>-3,122</b>	<b>-12,877</b>	<b>-12,877</b>
Established	0	0	0
Used	0	9,755	9,755
Reversed	0	0	20
<b>Impairment allowances for current financial assets - closing balance</b>	<b>-3,122</b>	<b>-3,122</b>	<b>-3,102</b>

## 2.3 Write-down on inventories

	31.03.2021	31.12.2020	31.03.2020
<b>Write-down on inventories - opening balance</b>	<b>-6,493</b>	<b>-4,118</b>	<b>-4,118</b>
Established (Costs of products, goods and materials sold)	0	-2,375	-978
Used	0	0	0
Reversed (Costs of products, goods and materials sold)	0	0	0
<b>Write-down on inventories - closing balance</b>	<b>-6,493</b>	<b>-6,493</b>	<b>-5,096</b>

## 2.4 Allowances for trade and other receivables

	31.03.2021	31.12.2020	31.03.2020
<b>Write-down on receivables - opening balance</b>	<b>-25,210</b>	<b>-24,989</b>	<b>-24,989</b>
Established	-765	-3,834	-375
Used	0	1,548	3
Reversed	1,187	2,065	153
<b>Write-down on receivables - closing balance</b>	<b>-24,788</b>	<b>-25,210</b>	<b>-25,208</b>

## 3. Contingent assets and liabilities

As at 31 March 2021 the Company posted a PLN 8,370,000 contingent receivables for repayment of receivables. Hedging liabilities arising from contracts signed as at the reporting date and not reflected in the Company's interim condensed financial statements stood at PLN 13,023,000 as at 31 March 2021, and at PLN 13,980 thous, as at 31 December 2020.

	31.03.2021	31.12.2020	31.03.2020
<b>1. Contingent receivables</b>	<b>8,370</b>	<b>9,005</b>	<b>6,509</b>
1.1. From related parties (in respect of)	0	0	0
- guarantees and sureties received	0	0	0
1.2. From other entities (in respect of)	8,370	9,005	6,509
- guarantees and sureties received	8,370	9,005	6,509
<b>2. Contingent liabilities</b>	<b>13,023</b>	<b>13,980</b>	<b>11,396</b>
1.1. For other entities (in respect of)	0	0	0
- guarantees and sureties granted	0	0	0
1.2. For other entities (in respect of)	13,023	13,980	11,396
- guarantees and sureties granted	13,023	13,980	11,396
- L/C	0	0	0
<b>3. Other (in respect of)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Off-balance sheet items, total</b>	<b>21,393</b>	<b>22,985</b>	<b>17,878</b>

### Guarantees and sureties granted

The amount of guarantees and sureties granted was PLN 13,023,000, as at 31 March 2021, including:

#### to other entities

Bank guarantees totalling (EUR 50,000) PLN 233,000,  
 Bank guarantees totalling (EUR 13,000) PLN 50,000,  
 Bank guarantees totalling PLN 12,740,000

### 4. Business combinations

The reporting period saw no business combination.

This Management Board of ACTION S.A. Approved this condensed consolidated interim financial statement on 31 May 2021.

Signatures of all Board Members

**Piotr Bieliński**  
**President of the Management Board**

**Sławomir Harazin**  
**Deputy President of the Management Board**

Zamienie, 31 May 2021