



CONSOLIDATED
QUARTERLY STATEMENT
FOR Q3 2021
ACTION S.A.

29 NOVEMBER 2021

Contents

	1
I. Statement of the Management Board concerning the accuracy of the Quarterly Condensed Consolidated Financial Statement		3
II. The interim condensed consolidated financial statement drawn up in accordance with the International Financial Reporting Standards for the period from 1 January 2021 to 30 September 2021		4
Consolidated statement of comprehensive income		5
Consolidated statement of financial position		7
Statement of changes in consolidated equity		8
Consolidated cash flow statement		9
Notes to the condensed interim consolidated financial statement		10
1. General information		10
2. Information about the principles applied in the preparation of the statement		14
3. Major estimates and judgements		18
4. Information about business segments		20
5. Revenue and expenses		20
6. Contingent assets and liabilities		26
7. Implementation of the composition agreement		26
8. Events after the balance sheet date		29
III. Other quarterly financial information		30
IV. Statement of the Management Board concerning the accuracy of the Interim Condensed Financial Statement		38
V. Interim condensed financial statements of ACTION S.A. for the period from 1 January 2021 to 30 September 2021		39
Statement of comprehensive income		40
Statement of financial position		41
Statement of changes in equity		42
Cash Flow Statement		43
Notes		44

I. Statement of the Management Board concerning the accuracy of the Quarterly Condensed Consolidated Financial Statement

This Interim Condensed Consolidated Financial Statement and the comparative data have been prepared to present the financial position, business results and cash flows as required by International Financial Reporting Standards ('IFRS') approved by the EU, published and in force as at the reporting date, and with respect to matters not regulated by IFRS, in compliance with the Polish Accounting Act of 29 September 1994.

These interim condensed consolidated financial statements of the ACTION S.A. Group for the period ended on 30 September 2021 include: the consolidated statement of comprehensive income, consolidated statement of financial position, statement of changes in consolidated equity, consolidated cash flow statement and notes containing a description of key accounting principles and selected explanatory notes.

Pursuant to the requirements of the Regulation of the Minister of Finance of 29 March 2018 on current and periodic information provided by issuers of securities and on conditions under which information required by legal regulations of a third country may be recognised as equivalent (Journal of, as amended), the Management Board of ACTION S.A. (Company, Issuer) hereby represents that:

– to the best of its knowledge, the interim condensed consolidated financial statement and the comparative data were drawn up in compliance with the applicable accounting principles and present a true, accurate and fair view of the Group's economic and financial position and its financial result, and the interim condensed Management Report of the Group contains a true representation of the Group's growth, achievements and standing, including the description of basic risks and threats.

In the period covered in the consolidated financial statement, the companies of the Group, excluding ACTION S.A., ACTION EUROPE GmbH in Liquidation and ACTION (GUANGZHOU) TRADING CO. LTD in Liquidation, maintained their accounting books in compliance with the accounting policy (principles) laid down by the Polish Accounting Act of 29 September 1994 and the regulations issued thereunder. The Consolidated Financial Statement comprises adjustments not included in the books of the Group's entities, entered in order to bring the financial statements of these entities into line with the IFRS. Since 1 January 2010, ACTION S.A. has been maintaining its accounting books in accordance with the International Financial Reporting Standards ("IFRS"), as approved by the EU, issued and in force as of the balance sheet date, and for matters not regulated by the IFRS, in accordance with the requirements of the Polish Accounting Act of 29 September 1994. ACTION EUROPE GmbH in Liquidation keeps accounting books in accordance with the requirements of the German balance sheet law. ACTION (GUANGZHOU) TRADING CO., LTD in Liquidation keeps its accounting books in accordance with the requirements of Chinese accounting laws.

Piotr Bieliński President of the Management Board	Sławomir Harazin Vice-President of the Management Board
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Zamienie, 29 November 2021

II. The interim condensed consolidated financial statement drawn up in accordance with the International Financial Reporting Standards for the period from 1 January 2021 to 30 September 2021

Selected consolidated financial data

SELECTED CONSOLIDATED FINANCIAL DATA	in thousand PLN		in thousand EUR	
	3 quarters	3 quarters	3 quarters	3 quarters
	period from 01/01/2021 to 30/09/2021	period from 01/01/2020 to 30/09/2020*	period from 01/01/2021 to 30/09/2021	period from 01/01/2020 to 30/09/2020*
I. Net revenue from sale of products, goods and materials	1,600,718	1,412,838	351,150	318,063
II. Gross profit / loss on sales	137,734	88,210	30,215	19,858
III. Profit / loss on operating activities	83,414	11,109	18,299	2,501
IV. Net profit/loss attributable to the Company's shareholders	72,660	11,511	15,939	2,591
V. Net cash flows from operating activities	-64,035	1,460	-14,047	329
VI. Net cash flows from investment activities	63	56	14	13
VIII. Net cash flows from financing activities	-253	-74	-56	-17
VIII. Net increases (decreases) in cash	-64,225	1,442	-14,089	325
IX. Profit/loss per ordinary share** (in PLN/EUR)	3.63	0.68	0.80	0.15
	As of 30/09/2021	As of 31/12/2020	As of 30/09/2021	As of 31/12/2020
X. Total assets	597,213	630,619	128,907	136,651
XI. Liabilities	224,472	330,316	48,452	71,578
XII. Long-term liabilities	92,218	100,325	19,905	21,740
XIII. Short-term liabilities	132,254	229,991	28,547	49,838
XIV. Equity attributable to the Company's shareholders	373,852	301,617	80,695	65,359
XV. Share capital	2,004	2,004	433	434
XVI. Weighted average number of shares*** (in units)	20,037,000	17,092,014	20,037,000	17,092,014
XVII. Book value per share**** (in PLN/EUR)	18.66	17.79	4.03	3.85

PLN to EUR exchange rates

Period	Average exchange rate in the period	Minimum exchange rate in the period *****	Maximum exchange rate in the period *****	Exchange rate as of the last day of the period
01/01/2021 – 30/09/2021	4.5585	4.4805	4.6603	4.6329
01/01/2020 – 31/12/2020	4.4742	4.3010	4.6188	4.6148
1/01/2020 – 30/09/2020	4.4420	4.3010	4.5523	4.5268

* Data restated.

** Profit per ordinary share was calculated as the quotient of the net Profit and the Number of shares.

*** The number of shares takes into account the change in the nominal value of series A shares from PLN 1 to PLN 0.10 at the same time dividing 1 share of PLN 1 into 10 shares with the nominal value of PLN 0.10. The change was made on 11 April 2006 by virtue of a resolution of the Extraordinary General Meeting of Shareholders.

**** The book value per share was calculated as the quotient of Equity attributable to the Company's shareholders and the number of shares.

***** The minimum and maximum exchange rates in the period were calculated using the exchange rates announced by the NBP, in force on the last day of each month.

The selected financial data presented in the consolidated financial statement were converted into EUR in the following manner:

- items concerning the consolidated statement of comprehensive income and the cash flow statement were translated at the exchange rate being the arithmetic mean of the average minimum and maximum exchange rates published by the National Bank of Poland, in force on the last day of each month, the exchange rate for Q3 2021 stood at EUR 1 = PLN 4.5585, for Q3 2020 – EUR 1 = PLN 4.4420;
- items of the statement of financial position were translated at the average exchange rate published by the National Bank of Poland as of the balance sheet date; as of 30 September 2021, this exchange rate stood at: EUR 1 = PLN 4.6329, as of 31 December 2020: EUR 1 = PLN 4.6148 and as of 30 September 2020: EUR 1 = PLN 4.5268.

Consolidated statement of comprehensive income

All revenue and costs relate to continued activities.

	Note	3 quarters, cumulative period from 01/01/2021 to 30/09/2021	Q3 period from 01/07/2021 to 30/09/2021	3 quarters, cumulative period from 01/01/2021 to 30/09/2021	Q3 period from 01/07/2020 to 30/09/2020
Revenue from sales	(5.2)	1,600,718	541,534	1,412,838	464,807
Costs of products, goods and materials sold	(5.3)	-1,462,984	-494,462	-1,324,628	-433,353
Gross profit / loss on sales		137,734	47,072	88,210	31,454
Selling and marketing costs	(5.3,5.4)	-65,846	-23,945	-56,152	-18,872
General management costs	(5.3,5.4)	-27,493	-9,266	-20,423	-6,153
Other operational revenue	(5.5)	40,274	144	1,609	533
Other costs and losses	(5.6)	-1,255	-279	-2,135	-324
Profit / loss on operating activities		83,414	13,726	11,109	6,638
Financial revenue	(5.7)	40	4	326	105
Financial costs	(5.8)	-2,418	-576	-33	-9
Share in profits (losses) of associates and joint ventures settled with the equity method		82	-97	108	-33
Profit / loss before tax		81,118	13,057	11,510	6,701
Income tax	(5.9)	-8,426	-2,691	0	0
Profit / loss on continuing operations		72,692	10,366	11,510	6,701
Net profit / loss on discontinued operations		0	0	0	0
Net profit / loss for the financial period		72,692	10,366	11,510	6,701
Other components of comprehensive income					
Net change due to cash flow hedges		0	0	0	0
Other components – foreign exchange differences from conversion of a foreign operation		-229	-309	-608	-157
Other components – liquidation of the subsidiary		0	0	-482	0
Total other comprehensive income before tax		-229	-309	-1,090	-157
Income tax connected with components of other comprehensive income which will be reclassified to profit or loss		0	0	0	0
Other components of net comprehensive income that may be reclassified to profit or loss		-229	-309	-1,090	-157
Total income for the period		72,463	10,057	10,420	6,544
Net profit / loss attributable to:					
Company's shareholders		72,660	10,355	11,511	6,692
non-controlling interests		32	11	-1	9
Comprehensive income attributable to:					
Company's shareholders		72,431	10,046	2,212	6,535
non-controlling interests		32	11	8,208	9

Consolidated Quarterly Report of the ACTION S.A. CAPITAL GROUP for Q3 2021
(all amounts are provided in thousands of PLN, unless specified otherwise)

Profit / loss per share

Basic profit / loss on continuing operations	3.63	0.52	0.68	0.39
Basic profit / loss on discontinued operations	0.00	0.00	0.00	0.00

Diluted profit / loss per share

Diluted profit / loss on continuing operations	3.63	0.52	0.68	0.39
Diluted profit / loss on discontinued operations	0.00	0.00	0.00	0.00

Weighted average number of shares

20,037,000 **20,037,000** **16,957,000** **16,957,000**

Diluted number of shares

20,037,000 **20,037,000** **16,957,000** **16,957,000**

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

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

The total number of votes carried by all the shares issued is 20,037,000.

Piotr Bieliński
President of the Management
Board

Sławomir Harazin
Vice-President of the Management
Board

Zamienie, 29 November 2021

Consolidated statement of financial position

	Note	30/09/2021	31/12/2020	30/09/2020
ASSETS				
Fixed assets				
Tangible fixed assets	(5.10)	137,673	139,511	144,855
Goodwill		0	0	0
Other intangible assets		5,485	6,168	5,885
Investment real properties	(5.11)	3,545	3,545	3,545
Financial assets <i>(in unconsolidated subsidiaries)</i>		0	0	0
Shares in associates measured with the equity method		0	0	0
Deferred income tax assets	(5.9)	1,619	10,045	0
Trade and other receivables		0	0	0
Total fixed assets		148,322	159,269	154,285
Current assets				
Stocks	(5.12)	227,862	190,919	189,190
Trade and other receivables	(5.13)	180,645	175,450	182,552
Current income tax receivables		0	0	0
Financial derivatives		0	372	0
Other financial assets		0	0	0
Cash and cash equivalents		40,384	104,609	77,109
Total current assets		448,891	471,350	448,851
Total assets		597,213	630,619	603,136
EQUITY				
Share capital		2,004	2,004	1,696
Surplus resulting from the sale of shares above their nominal value		77,272	77,272	62,231
Retained profit		295,706	223,242	49,928
Other reserve capitals		-1,130	-901	-677
Equity attributable to the Company's shareholders		373,852	301,617	113,178
Non-controlling interests		-1,111	-1,314	-1,128
Total equity		372,741	300,303	112,050
LIABILITIES				
Loans, borrowings and other liabilities on account of financing	(5.14)	0	0	0
Long-term lease liabilities		665	70	98
Trade and other liabilities		91,553	100,255	0
Deferred income tax provisions	(5.9)	0	0	0
Long-term liabilities		92,218	100,325	98
Trade and other liabilities		129,104	222,854	384,934
Loans, borrowings and other liabilities on account of financing		1,023	1,023	104,224
Short-term lease liabilities	(5.14)	370	147	571
Current income tax liabilities		0	4,604	0
Provisions for employee benefits		1,757	1,363	1,259
Provisions for other liabilities and charges		0	0	0
Financial derivatives		0	0	0
Short-term liabilities		132,254	229,991	490,988
Total liabilities		224,472	330,316	491,086
Total equity and liabilities		597,213	630,619	603,136

Piotr Bieliński
 President of the Management
 Board

Sławomir Harazin
 Vice-President of the Management
 Board

Zamienie, 29 November 2021

Statement of changes in consolidated equity

	Share capital	Surplus resulting from the sale of shares above their nominal value	Retained profit	Other reserve capitals	Equity attributable to the Parent Company's shareholders	Equity attributable to non-controlling interests	Total equity
As of 1 January 2021	2,004	77,272	223,242	-901	301,617	-1,314	300,303
Changes in equity:	0	0	72,464	-229	72,235	203	72,438
Issue of shares	0	0	-65	0	-65	0	-65
Profit (loss)	0	0	72,660	0	72,660	32	72,692
Other comprehensive income	0	0	0	-229	-229	0	-229
Total comprehensive income	0	0	72,660	-229	72,431	32	72,463
Other	0	0	-131	0	-131	171	40
As of 30 September 2021	2,004	77,272	295,706	-1,130	373,852	-1,111	372,741
As of 1 January 2020	1,696	62,231	47,108	-69	110,966	-9,360	101,606
Changes in equity:	308	15,041	176,134	-832	190,651	8,046	198,697
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
As of 31 December 2020	2,004	77,272	223,242	-901	301,617	-1,314	300,303
As of 1 January 2020	1,696	62,231	47,108	-69	110,966	-9,360	101,606
Changes in equity:	0	0	2,820	-608	2,212	8,232	10,444
Profit (loss)	0	0	11,511	0	11,511	-1	11,510
Other comprehensive income	0	0	-8,691	-608	-9,299	8,209	-1,090
Total comprehensive income	0	0	2,820	-608	2,212	8,208	10,420
Dividends paid	0	0	0	0	0	0	0
Other	0	0	0	0	0	24	24
As of 30 September 2020	1,696	62,231	49,928	-677	113,178	-1,128	112,050

Piotr Bieliński
President of the Management Board

Sławomir Harazin
Vice-President of the Management Board

Zamienie, 29 November 2021

Consolidated cash flow statement

	period from 01/01/2021 to 30/09/2021	period from 01/01/2020 to 30/09/2020
Cash flows from operating activities		
Cash flows from activities	-64,035	1,460
Gross profit / loss	81,118	11,510
Adjustments:	-145,153	-10,050
Income tax	0	0
Depreciation of fixed and intangible assets	6,144	6,196
Profit (loss) on investment activities	-2,250	-441
Interest revenue	-40	-326
Interest expenses	25	33
Share in the net result of the associate	82	-108
Other	80	19
Stocks	-36,943	-32,957
Trade and other receivables	-5,195	-27,931
Trade and other liabilities	-102,452	45,465
Income tax paid	-4,604	0
Net cash flows from operating activities	-64,035	1,460
Cash flows from investment activities		
Purchase of tangible fixed assets, intangible assets, investment real properties and other fixed assets	-2,905	-270
Income from sales of tangible fixed assets, intangible assets, investment real properties and other fixed assets	0	0
Other investment inflows / outflows	2,968	326
Net cash flows from investment activities	63	56
Cash flows from financial activities		
Inflows from the issue of shares	0	0
Acquisition of equity shares	0	0
Loans and borrowings received	0	0
Repayment of loans and borrowings	0	0
Dividends paid	0	0
Interest paid	-25	-33
Payments of liabilities under financial lease agreements	-228	-41
Other financial inflows/outflows	0	0
Net cash flows from financing activities	-253	-74
Net decrease / increase in cash before effects of foreign exchange differences	-64,225	1,442
Effects of changes in foreign exchange rates concerning cash and cash equivalents	0	0
Net increase / decrease in cash	-64,225	1,442
Opening balance of cash	104,609	75,667
Closing balance of cash	40,384	77,109

Piotr Bieliński President of the Management Board	Sławomir Harazin Vice-President of the Management Board
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Zamienie, 29 November 2021

Notes to the condensed interim consolidated financial statement

1. General information

Business name:	ACTION Spółka Akcyjna
Legal form:	Joint stock company
Incorporated in:	Poland
Registered office:	Zamienie
Address:	ul. Dawidowska 10, 05-500 Piaseczno
National Court Register (KRS):	KRS 0000214038
Telephone no.:	(+48 22) 332 16 00
Fax no.:	(+48 22) 332 16 10
E-mail:	action@action.pl
Website:	www.action.pl
Tax no. (REGON):	011909816
Tax no. (NIP):	527-11-07-221
LEI code:	259400QBPJRPZ9M4M409

1.1. Scope of business

The scope of business of ACTION S.A. (Issuer / Company) and its subsidiaries is to sell IT equipment, consumer electronics and home appliances through wholesalers, its own retail outlets and third-party shops. The Group sells its products primarily in Poland. Primary field of the company's business: wholesale trade in computer accessories (PKD 2007 4690Z).

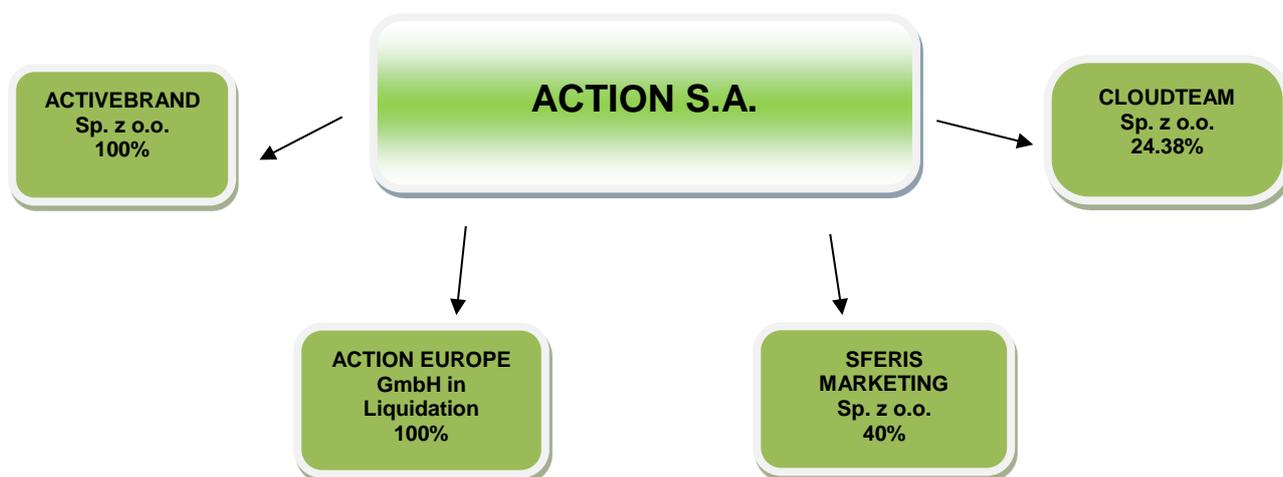
ACTION S.A. is the parent company, with its registered office in Zamienie, ul. Dawidowska 10. On 2 August 2004, ACTION Spółka Akcyjna was entered into the Register of Entrepreneurs of the National Court Register under KRS number 0000214038 on the basis of the decision of the District Court in Warsaw, XIX Commercial Division of the National Court Register. The Company is currently registered in the 14th Commercial Division of the Register Court for the Capital City of Warsaw. Previously, the legal predecessor of the Issuer, i.e. ACTION spółka z ograniczoną odpowiedzialnością, was entered into the Register of Businesses under KRS no. 0000066230 on the basis of 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, decided to initiate restructuring proceedings for ACTION Spółka Akcyjna under the provisions of the Polish Restructuring Law Act of 15 May 2015 (Journal of Laws of 2015, item 978).

On the basis of the decision of the District Court for the Capital City of Warsaw in Warsaw, 18th Division for Bankruptcy and Restructuring (file no. XVIII GRs 1/19) of 7 August 2020 the composition agreement in the Restructuring Proceedings was approved. This decision is valid as of 15 December 2020.

1.2. Composition of the Group

Structure of the ACTION S.A. Capital Group



Composition of the Group:

parent company:

ACTION S.A. with its registered office in Zamienie

subsidiaries and associated entities:

SFERIS MARKETING Sp. z o.o. (formerly ACTION GAMES LAB S.A.) with its registered office in Zamienie – a subsidiary (40%)¹

CLOUDTEAM Sp. z o.o. (formerly ACTION CENTRUM EDUKACYJNE Sp. z o.o.) with its registered office in Warsaw – an associated entity (24.38%)²

ACTIVEBRAND Sp. z o.o., with its registered office in Krakow – a subsidiary (100%)³

ACTION EUROPE GmbH in Liquidation, with its registered office in Braunschweig (Germany) – a subsidiary (100%)⁴

¹ SFERIS MARKETING Sp. z o.o. (formerly ACTION GAMES LAB S.A.) with its registered office in Zamienie, was incorporated and consolidated as at 12 December 2011. The name was changed on 23 June 2020. On 22 October 2020, the joint stock company was transformed into a limited liability company.

² 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 acquirer.

³ 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 the acquisition of 48% of shares, ACTION S.A. became the sole shareholder of this company.

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

SFERIS MARKETING Sp. z o.o. (formerly ACTION GAMES LAB S.A.) provides advertising services. The main business profile of CLOUDTEAM Sp. z o.o. is training and IT services, and the rental of computer hardware.

ACTIVEBRAND Sp. z o.o. resumed its operating activities in 2020. ACTIVEBRAND Sp. z o.o. conducts commercial activity in the field of animal products. ACTION EUROPE GmbH was engaged in distribution activities in the wholesale of IT equipment, consumer electronics and household appliances. In October 2018, ACTION EUROPE GmbH filed a liquidation petition with the court. As of the date hereof, the company has not been liquidated.

Changes in the Group's composition during the reporting period

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.

On 1 April 2021, as a result of the acquisition of 48% of shares in ACTIVEBRAND Sp. z o.o., ACTION S.A. became the sole shareholder of this company.

Third-party shares in subsidiaries

1. SFERIS MARKETING Sp. z o.o. (formerly ACTION GAMES LAB S.A.) – 60% of shares vested with 75% of votes at the meeting of the company's shareholders is owned by Piotr Bieliński

Consolidated quarterly report of the CAPITAL GROUP ACTION S.A. for Q3 2021

(all amounts are provided in thousands of PLN, unless specified otherwise)

Entities consolidated as of 30 September 2021.

Business name with the indication of the legal form of the entity	Registered office	Business activity	Nature of relationship (subsidiary, jointly controlled subsidiary, associate, including details of direct and indirect relationships)	Competent court or other authority maintaining the register	Consolidation method applied / measurement using the equity method or the indication that the entity is not subject to consolidation / measurement using the equity method	Date of control / joint control / significant influence acquisition	Percentage of share capital held	Share in the total number of votes at the general meeting
SFERIS MARKETING Sp. z o.o. *	Zamienie	wholesale trade in computer hardware, advertising services	subsidiary	District Court for the Capital City of Warsaw, 14th Commercial Division of the National Court Register	full	14/12/2011	40%	25%
CLOUDTEAM Sp. z o.o.	Warsaw	training and IT services and rental of computer hardware	associate	District Court for the Capital City of Warsaw, 13th Commercial Division of the National Court Register	measurement in the equity method	12/09/2012	24.38%	24.38%
ACTIVEBRAND Sp. z o.o.	Kraków	advisory services in carrying out economic activities	subsidiary	District Court for the Capital City of Warsaw, 14th Commercial Division of the National Court Register	full	03/09/2012	100%	100%
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%

* On 22 October 2020, SFERIS MARKETING S.A. was transformed into a limited liability company.

2. Information about the principles applied in the preparation of the statement

The interim condensed consolidated financial statements of ACTION S.A.'s Capital Group for Q3 2021 were prepared in accordance with IAS 34 *Interim Financial Reporting*.

The Interim condensed consolidated financial statement prepared for the period from 1 January 2021 to 30 September 2021 contains comparative data for the period from 1 January 2020 to 30 September 2020.

Significant accounting principles applied in the preparation of this Interim Consolidated Financial Statement are presented below. These principles were applied consistently throughout the reporting periods, unless stated otherwise.

2.1. General principles of preparation

This interim condensed consolidated financial statement was drawn up in accordance with the historical cost principle, except for financial assets held for trading (derivatives) measured at fair value.

The Interim Condensed Consolidated Financial Statement was prepared on a going concern basis for the foreseeable future.

As at the date of approving these Interim Condensed Consolidated Financial Statement, no circumstances indicated any threats to the business continuity by the Group.

The Interim Condensed Consolidated Financial Statement does not include all the information and disclosures required in the annual consolidated financial statement and should be read jointly with the consolidated financial statement of the Group prepared in accordance with the IFRS for the financial year finished on 31 December 2020, published on 31 March 2021.

2.2. Continuation of business activities

This interim condensed consolidated financial statement of the ACTION S.A. Group was prepared on the assumption that the company would continue its business activities in the foreseeable future, not shorter than 12 months from the balance date.

2.3. Compliance statement

This interim condensed consolidated financial statement for the period from 1 January 2021 to 30 September 2021 was prepared in accordance with the International Financial Reporting Standards ("IFRS") approved by the European Union, in particular in accordance with International Accounting Standard 34 *Interim Financial Reporting* applicable hereto. As of the approval date of this financial statement for publication, in terms of the accounting principles applied by the Group, there are no differences between the IFRS which are already in effect and the standards and interpretations approved by the European Union.

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

2.4. Material accounting principles

The accounting policies applied to prepare this interim condensed consolidated financial Statement for Q3 2021 are consistent with those applied to prepare the annual consolidated financial statement for 2020.

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

Restatement of comparative data

In the interim condensed consolidated Financial Statements, the presentation of comparative data of individual items of the consolidated statement of comprehensive income and the consolidated statement of financial position was changed. The changes made were for presentation purposes only, in order to adapt the format of the Action S.A. Group statement to the requirements of the ESEF (European Single Electronic Format).

Effect of presentation changes on the interim condensed consolidated financial statements:

Restatement of the statement of comprehensive income

	Period from 01/01/2020 to 30/09/2020 before restatement	Change	Period from 01/01/2020 to 30/09/2020 after restatement
Revenue from sales	1,412,838	0	1,412,838
Costs of products, goods and materials sold	-1,324,628	0	-1,324,628
Gross profit / loss on sales	88,210	0	88,210
Selling and marketing costs	-56,152	0	-56,152
General management costs	-20,423	0	-20,423
		0	
Other revenue and profits	1,935	-326	1,609
Other costs and losses	-2,135	0	-2,135
Operating profit/(loss)	11,435	-326	11,109
Financial revenue	0	326	326
Financial costs	-33	0	-33
Profit/(loss) before tax	11,402	0	11,402
Income tax	0	0	0
Share in the result of the associated entity	108	0	108
Net profit (loss) for the financial year	11,510	0	11,510
Other components of comprehensive income			
Net change due to cash flow hedges	0	0	0
Income tax	0	0	0
Other components – foreign exchange differences on conversion of foreign operations	-608	0	-608
Other components – Lapado GmbH liquidation	-482	0	-482
Other components of net comprehensive income	-1,090	0	-1,090
Total income for the period	10,420	0	10,420
Net profit attributable to:			
Company's shareholders	11,511	0	11,511
non-controlling interests	-1	0	-1
Comprehensive income attributable to:			
Company's shareholders	2,212	0	2,212
non-controlling interests	8,208	0	8,208

Profit/(loss) attributable to the Company's shareholders per ordinary share during the period (expressed in PLN per share)

– basic	0.68	0.00	0.68
– diluted	0.68	0.00	0.68
Number of shares	16,957,000		16,957,000
Diluted number of shares	16,957,000		16,957,000

Restatement of consolidated statement of financial position

	30/09/2020 Data before restatement	Change	30/09/2020 Data after restatement
ASSETS			
Fixed assets			
Tangible fixed assets	144,855	0	144,855
Goodwill	0	0	0
Other intangible assets	5,885	0	5,885
Investment real properties	3,545	0	3,545
Financial assets	0	0	0
Other financial assets	0	0	0
Deferred income tax assets	0	0	0
Trade and other receivables	0	0	0
	154,285	0	154,285
Current assets			
Stocks	189,190	0	189,190
Trade and other receivables	182,552	0	182,552
Current income tax receivables	0	0	0
Financial derivatives	0	0	0
Other financial assets	0	0	0
Cash and cash equivalents	77,109	0	77,109
	448,851	0	448,851
Total assets	603,136	0	603,136
EQUITY			
Share capital	1,696	0	1,696
Surplus resulting from the sale of shares above their nominal value	62,231	0	62,231
Retained profit	19,928	30,000	49,928
Other reserve capitals	30,000	-30,000	0
Foreign exchange differences on conversion of foreign operation	-677	0	-677
Equity attributable to the Company's shareholders	113,178	0	113,178
Non-controlling interests	-1,128	0	-1,128
Total equity	112,050	0	112,050

LIABILITIES

Long-term liabilities

Loans, borrowings and other financial liabilities	0	98	98
Lease liabilities	98	-98	0
Trade and other liabilities	0	0	0
Deferred income tax provision	0	0	0
	98	0	98

Short-term liabilities

Trade and other liabilities	384,934	0	384,934
Loans, borrowings and other liabilities on account of financing	104,795	-571	104,224
Lease liabilities	0	571	571
Current income tax liabilities	0	0	0
Employee benefit liabilities	1,259	0	1,259
Financial derivatives	0	0	0
Provisions for other liabilities and charges	0	0	0
	490,988	0	490,988
Total liabilities	491,086	0	491,086
Total equity and liabilities	603,136	0	603,136

2.5. Presentation currency, transactions in foreign currencies and measurement of items denominated in foreign currencies

Functional and presentation currency

The Polish zloty is the functional currency of the parent entity as well as the presentation currency for this Interim Condensed Consolidated Financial Statement.

This interim condensed consolidated financial statement is presented in the Polish zloty (PLN), and unless indicated otherwise, all figures are stated in thousands of PLN.

Principles applied to translation of financial data

The financial data for the financial statement of ACTION EUROPE GmbH in Liquidation denominated in EUR have been translated as follows:

– individual items of the statement of financial position were translated at the average exchange rate published by the National Bank of Poland in force as of the balance sheet date; as of 30 September 2021 this exchange rate stood at: EUR 1 = PLN 4.6329, as of 31 December 2020: EUR 1 = PLN 4.6148 and as of 30 September 2020: EUR 1 = PLN 4.5268.

– individual items in the statements of comprehensive income and cash flow statements were translated at the exchange rate being the arithmetic mean of the average minimum and maximum exchange rates published by the National Bank of Poland, in force on the last day of each month; for Q3 2021 the exchange rate stood at: EUR 1 = PLN 4.5585; for Q3 2020: EUR 1 = PLN 4.4420;

3. Major estimates and judgements

The preparation of the consolidated financial statement requires that the Management Board makes certain estimates as certain data included in the financial statement cannot be measured precisely. The Management Board verifies the estimates adopted on the basis of changes in factors taken into consideration in order to make the said estimates, new data or past experience. Therefore, the estimates made as of 30 September 2021 may be subject to adjustments in the future.

Areas for which the estimates made on the reporting date carry a risk of material adjustments of the carrying amount of declared assets and liabilities in the next or subsequent financial years are presented below.

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

As of 30 September 2021, the Group's companies estimated the use periods of property, plant and equipment and of intangible assets. The analysis did not reveal the necessity to make any adjustments in this area.

3.2. Impairment of goodwill and other intangible assets in subsidiaries

As of 30 September 2021, the Group's companies estimated whether there were any indications of impairment of investments in subsidiaries (goodwill and other intangible assets).

Having analysed the external and internal sources of information, the Management Board did not identify any premises that would validate the need to recognise any additional impairment losses.

3.3. Taxes

Given the complexity of the tax law, inconsistency of tax interpretations and far-reaching fiscal stringency of the State, the company has assessed risks related thereto. Deferred tax assets and provisions are recognised with respect to those items which will require a tax payment in the short term, provided taxable income is generated at a level that allows these amounts to be settled.

Like in many other entities from the IT sector, increased fiscal inspections and explanatory proceedings take place in ACTION S.A., particularly in the area of correctness of VAT settlements.

At present at the company there is an audit procedure ongoing in the scope of the correctness of calculation of the corporate income tax and its payment to the state budget for the period between August 2008 and December 2009. In this case, on 10/02/2021, the company received the decision of the Head of the Mazovian Customs and Tax Office in Warsaw of 03/02/2021 determining the Issuer's tax liability under the corporate income tax (CIT) for the financial year 01/08/2008 – 31/12/2009 in the amount of PLN 14,533 thousand (instead of the declared amount of PLN 8,694 thousand). Therefore, the amount of the additional tax liability resulting from the above-mentioned decision is PLN 5,839 thousand. It results from the content of the above-mentioned decision that the Head of the Mazovian Customs and Tax Office questioned the correctness of the recognition of revenue and costs reported by the Company in connection with transactions of purchase and sales of goods and services. The Issuer does not agree with the content of the above decision and it has lodged a relevant appeal.

The audit procedure in the scope of the accuracy of the declared tax bases and the correctness of VAT calculated and paid for December 2008 was discontinued by a decision of the first instance authority of 29/04/2020.

In addition, the following tax proceedings are pending before the courts:

– on 22 June 2016, the Company received a decision of the Head of the Tax Office in Olsztyn concerning the audit procedure of the accuracy of the declared tax bases and the correctness of VAT for individual settlement periods from July 2011 to January 2012. The decision was upheld by a decision of the Head of the Tax Chamber in Warsaw of 24/10/2016 (which the Company announced in current report no. 56/2016 of 07/11/2016). On 7 December 2016, the Company filed an appeal against the above decision with the Provincial Administrative Court, which dismissed the Company's appeal by way of the judgement of

28/12/2017. In connection with the above, the Company appealed against that decision to the Supreme Administrative Court.

– On 4 January 2018, the Head of the Mazovian Customs and Tax Office in Warsaw issued a decision questioning the amount of input VAT for the period between August and December 2010. The Company lodged an appeal against that decision, which was not taken into account, because by way of a decision of 20/04/2018 the Head of the Tax Administration Chamber in Warsaw upheld the contested decision. The Company filed an appeal against that decision with the Provincial Administrative Court in Warsaw. By way of a decision of 12/03/2019, the Provincial Administrative Court in Warsaw dismissed the Company's appeal against the decision of the Head of the Tax Administration Chamber in Warsaw of 20/04/2018. The Company disagrees with this ruling, so appealed to the Supreme Administrative Court.

The above decisions claim the Company's legally non-existent liability for tax obligations of third parties which, at earlier stages of trading in goods, failed to pay VAT. The Company does not recognise in full these claims because it acted in accordance with the law and it was not aware of any irregularities which might have been committed by third parties at earlier stages of trading in goods. The Company properly performed its public law obligations under the disputed decisions.

The Company is of the opinion that in no way may it be currently held accountable for third parties' tax irregularities that occurred through no fault of its own.

The total value of liabilities resulting from the above decisions being the subject of the described court proceedings and ongoing proceedings concerning VAT and CIT recognised on the books as at 30 September 2021 amounts to PLN 17,587 thousand. The Issuer explains that the presented amount takes into account the current balances of provisions for these liabilities, pursuant to the degree of reduction resulting from the legally approved composition agreement in the Company's restructuring proceedings and the payments of composition instalments made to date.

The Company exercises and has always exercised the utmost diligence while making transactions, remains and has always remained cautious in establishing cooperation, has acted and still acts in good faith in accordance with the procedures adopted by the Company and the highest standards of cooperation. Therefore, in the opinion of the Management Board of the Parent Company, the probability that the ongoing appeal proceedings will yield a negative final outcome remains low.

Due to the settlement periods covered by the above-described proceedings concerning the tax (VAT and CIT) decisions issued as well as the content of Article 150(1)(1) of the Polish Restructuring Law Act, any liabilities which may arise as a result of the proceedings are subject to the composition agreement by virtue of law.

3.4. Employee benefits

The current value of pension and disability pension benefits is established using the actuarial method. In order to determine the said value using the actuarial method, it is necessary to adopt certain assumptions concerning discount rates, projected pay rises or projected increases of pension benefits. Given the complexity of the measurement, the assumptions adopted as well as the long-term nature, liabilities on account of pension and disability pension benefits are sensitive to changes in their underlying assumptions. All the assumptions are verified on the balance sheet date.

3.5. Recognition of the costs of products, goods and materials sold

As at each balance sheet date, the Group calculates the value of post-transactional rebates that are due from suppliers but have not been settled as at the balance sheet date. The estimates are based on the rules of awarding discounts agreed on with the suppliers and corroborated by agreements or other arrangements in amounts confirmed by suppliers.

3.6. Write-downs on receivables

The Group's companies update the value of their receivables on an ongoing basis taking into account the probability of their payment by means of appropriate write-downs. Probability is estimated on the basis of the opinion of the Management Board about the recoverability of overdue receivables and an assessment of the threat of non-recoverability of overdue receivables.

4. Information about business segments

Since 1 January 2010, the ACTION S.A. Capital Group has been obliged to present its results using the layout defined in the IFRS 8 *Operating Segments*.

This standard defines a segment as a component of an entity:

- which engages in business activities with respect to which it may derive revenue and incur expenses;
- whose operating results are regularly reviewed by a central body which is responsible for making decisions with regard to the entity's operations and which relies on these results while making decisions on allocating resources to the segment;
- for which separate financial information is available.

According to the definitions included in IFRS 8, the Group's business is based on the distribution of IT products, including: ready-to-use solutions, consumer electronics and components, and is presented in this statement in a single operating segment because:

- sales revenue earned from that business exceeds 95.6% of the revenue in total generated by the Capital Group;
- no separate financial information is prepared for individual sales channels, which is connected with the industry-specific pattern of cooperation with suppliers whose products are distributed through all of the sales channels;
- in the absence of separate segments, i.e. non-availability of separate financial information for individual product groups, operating decisions are made on the basis of numerous detailed analyses and financial results from the sale of all products in all distribution channels;
- the 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 to allocate resources on the basis of achieved and foreseeable results of the Capital Group as a whole, as well as planned returns on allocated resources and the analysis of the environment.

5. Revenue and expenses

5.1. Seasonal nature of sales

The Group records the highest sales in the fourth quarter of the financial year, i.e. between October and December. In other quarters sales remain at a similar level. However, this does not mean that sales revenue is seasonal or cyclical in any significant way.

5.2. Revenue from sales

Most sales revenue is related to the sales of computer hardware, consumer electronics, household appliances and IT accessories.

	For the period 1/01/2021 – 30/09/2021	For the period 1/01/2020 – 30/09/2020
Revenue from sales of products (services)	18,105	15,729
Revenue from sales of goods and materials	1,582,613	1,397,109
	1,600,718	1,412,838

5.3. Costs by type

	For the period 1/01/2021 – 30/09/2021	For the period 1/01/2020 – 30/09/2020
Depreciation of fixed and intangible assets	6,144	6,196
Costs of employee benefits	44,246	35,916
Consumption of materials and energy	6,365	4,880
Third party services	29,104	25,005
Taxes and charges	1,244	1,025
Distribution expenses	5,535	2,859
Property and personal insurance	568	601
Other costs by type	133	93
Costs of products, goods and materials sold, including – write-down on stocks	1,462,984 -5	1,324,628 2,493
Total costs of products, goods and materials sold, selling and marketing expenses as well as general management costs	1,556,323	1,401,203

5.4. Costs of employee benefits

	For the period 1/01/2021 – 30/09/2021	For the period 1/01/2020 – 30/09/2020
Payroll	37,847	30,319
Social security and other benefits	6,399	5,597
	44,246	35,916

5.5. Other operational revenue

	For the period 1/01/2021 – 30/09/2021	For the period 1/01/2020 – 30/09/2020
Surplus of foreign exchange gains	0	0
Revenue from overdue liabilities	191	248
Revenue from damages received	448	626
Revenue from provisions released	39,078	438
Other revenue	556	296
Gain on disposal of non-financial financial assets	0	0
Gain on disposal of interest in a subsidiary	0	0
Profit on disposal of non-financial non-current assets	1	1
	40,274	1,609

In the reporting period, the Company generated income from released provisions in the amount of PLN 39,679 thousand. The most significant provision that was released was the provision created in connection with the audit proceedings conducted by the Head of the Mazowieckie Tax and Customs Office in Warsaw regarding the reliability of the declared tax bases and the correctness of the calculation and payment of the

value added tax for January and February 2013 in the amount of PLN 37,990 thousand. On 16 June 2021, the Company received the result of the audit dated 15 June 2021 concluding the above proceedings, thus the reason for the provision ceased.

5.6. Other costs and losses

	For the period 1/01/2021 – 30/09/2021	For the period 1/01/2020 – 30/09/2020
Surplus of foreign exchange losses	0	0
Costs of indemnities paid	469	600
Costs of measurement of financial instruments	0	0
Costs of impairment write-downs on receivables	0	762
Costs of receivables written off	108	151
Commercial interest expenses	0	0
Costs of court proceedings	32	49
Costs due to provisions established	186	372
Costs of write-downs on financial assets	0	0
Costs of donations given	338	59
Loss on disposal of non-financial fixed assets	0	0
Other costs	122	143
	1,255	2,135

5.7. Financial revenue

	For the period 1/01/2021 – 30/09/2021	For the period 1/01/2020 – 30/09/2020
Interest on cash and cash equivalents (deposits)	40	182
Interest on borrowings and receivables	0	38
Capital revenue	0	106
Revenue from measurement of financial instruments	0	0
	40	326

5.8. Financial costs

	For the period 1/01/2021 – 30/09/2021	For the period 1/01/2020 – 30/09/2020
Interest on loans and borrowings	25	30
Interest on leases	25	3
Costs of measurement of financial instruments	372	0
Interest and discount due to factoring	0	0
Discount on liabilities covered by the Composition Agreement	1,996	0
	2,418	33

5.9. Income tax

	For the period 1/01/2021 – 30/09/2021	For the period 1/01/2020 – 30/09/2020
Current tax	0	0
Deferred tax	8,426	0
	8,426	0

Deferred tax

Value of deferred income tax subject to offsetting:

	30/09/2021	31/12/2020
Deferred income tax assets:		
– deferred income tax assets falling due within 12 months	8,629	19,104
	8,629	19,104
Deferred income tax provisions:		
– deferred income tax provisions falling due within 12 months	7,010	9,059
	7,010	9,059
Deferred income tax assets	8,629	19,104
Deferred income tax provisions	7,010	9,059
Deferred income tax assets / provisions (on balance)	1,619	10,045

Changes in deferred income tax (after taking into account the set-off of assets and provisions) are as follows:

	30/09/2021	31/12/2020
At the beginning of the period	10,045	0
Credit to / charge on the financial result	-8,426	10,045
Increase / decrease in equity	0	0
Closing balance	1,619	10,045

5.10. Tangible fixed assets

In the period covered by the report the Group did not incur any material capital expenditures.

5.11. Investment real properties

Investment real properties comprise:

- acquired rights of perpetual usufruct of land;
- ownership titles to buildings with the initial value totalling PLN 3,545 thousand.

As of 30 September 2021, the carrying amount of real properties is PLN 3,545 thousand. Revenue from rental of real properties in the reporting period was PLN 206 thousand. Real property is measured at the acquisition price.

The estimated fair value from an independent measurement (level III of fair value estimation) of these real properties is PLN 6,792 thousand.

As of the date of drawing up this financial statement, there were no restrictions on using investment real properties by the Company, obtaining rent-related economic benefits or disposal of the aforesaid real properties.

Investment real properties do not constitute collateral for liabilities due to loans, borrowings or other transactions.

5.12. Stocks

	30/09/2021	31/12/2020	30/09/2020
Materials	0	0	0
Goods	234,350	197,412	195,801
Advances on deliveries	0	0	0
	234,350	197,412	195,801
Write-downs on stocks	-6,488	-6,493	-6,611
Stocks	227,862	190,919	189,190

Write-downs on stocks

	30/09/2021	31/12/2020	30/09/2020
Opening write-down on stocks	-6,493	-4,118	-4,118
Created (Costs of products, goods and materials sold)	- 2,237	-2,375	-2,493
Used	0	0	0
Released (Costs of products, goods and materials sold)	2,242	0	0
Closing write-down on stocks	-6,488	-6,493	-6,611

5.13. Write-downs on trade and other receivables

	30/09/2021	31/12/2020	30/09/2020
Opening write-downs on receivables	-12,464	-12,252	-12,252
Created	-1,192	-3,344	-1,001
Used	569	1,548	138
Released	2,969	1,584	279

Closing revaluation write-downs on receivables

-10,118	-12,464	-12,836
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5.14. Loans, borrowings and other liabilities on account of financing

	30/09/2021	31/12/2020	30/09/2020
Long-term			
Investment loan	0	0	0
Lease liabilities	665	70	98
Borrowings	0	0	0
Liabilities due to bonds	0	0	0
	665	70	98
Short-term			
Overdraft and investment loan	0	0	0
Lease liabilities	370	147	571
Borrowings	1,023	1,023	1,025
Liabilities due to bonds	0	0	103,199
	1,393	1,170	104,795
Total	2,058	1,240	104,893

Ageing structure of liabilities arising from loans, borrowings and other financing liabilities

	30/09/2021	31/12/2020	30/09/2020
Liabilities with the repayment period calculated from the balance sheet day			
Up to 1 year	1,393	1,170	104,795
1 to 5 years	665	70	98
Over 5 years	0	0	0
Total	2,058	1,240	104,893

Lease liabilities

	30/09/2021	31/12/2020	30/09/2020
Nominal value of minimum lease payments			
Up to 1 year	401	151	586
1 to 5 years	722	72	101

Over 5 years	0	0	0
Total financial lease liabilities – total minimum lease payments	1,123	223	687
Financial costs due to financial lease	88	6	18
Current value of minimum lease payments			
Up to 1 year	370	147	571
1 to 5 years	665	70	98
Over 5 years	0	0	0
Total current value of minimum lease payments	1,035	217	669

6. Contingent assets and liabilities

As of 30 September 2021, the Group had contingent receivables due to the repayment of receivables of PLN 8,246 thousand. Hedging liabilities under agreements signed as of the reporting date which are not reflected in the Group's interim condensed consolidated financial statement amounted to PLN 11,572 thousand as of 30 September 2021 and PLN 13,980 thousand as of 31 December 2020.

	30/09/2021	31/12/2020	30/09/2020
1. Contingent receivables	8,246	9,005	9,897
1.1. From other entities (due to)	8,246	9,005	9,897
– guarantees and sureties received	8,246	9,005	9,897
2. Contingent liabilities	11,572	13,980	13,377
1.1. To other entities (due to)	11,572	13,980	13,377
– guarantees and sureties granted	11,572	13,980	13,377
– letters of credit	0	0	0
3. Other (due to)	0	0	0
Total off-balance sheet items	19,818	22,985	23,274

7. Implementation of the composition agreement

On the basis of the decision of the District Court for the Capital City of Warsaw in Warsaw, 18th Division for Bankruptcy and Restructuring (file no. XVIII GRs 1/19) of 07/08/2020 the composition agreement in the restructuring proceedings was approved (hereinafter referred to as: the 'Composition Agreement'). This decision is valid as of 15/12/2020. As of this date – pursuant to Article 324(1), Article 27(1) and Article 329(1) of the Polish Restructuring Law Act – these restructuring proceedings were completed, the Manager ceased to perform their function and the Issuer regained full right of independent management.

The Company published the arrangement proposals in the appendix to current report no. 37/2019 of 7/08/2019, which, once voted on by the creditors and approved by the court, became the Composition Agreement.

As a consequence of the final approval of the Composition Agreement the Issuer commenced its performance, undertaking the following activities:

1) On 22/12/2020, i.e. in compliance with the deadline determined in Article 1.11 of the Composition Agreement, the Company made pledge agreements with the pledge administrator: Kancelaria Gessel, Koziorowski Spółka Komandytowa Gessel (Koziorowski Law Firm, Limited Partnership) with its registered office in Warsaw (KRS no. 0000217607) and submitted requests for the entry of registered pledges pursuant to the content of Article 1.12 of the Composition Agreement – in order to secure claims of Group I and IV Creditors. By the date of the statement, all registered pledges on trademark rights had been registered. Each

of the above registered pledges was established up to the highest amount of the security, i.e. PLN 399,196 thousand.

Furthermore, on 20 April 2021, the District Court for the Capital City of Warsaw, XI Commercial Division of the Pledge Registry, issued a decision on the entry of a registered pledge in the pledge register on the movables of the company in the form of equipment for the company's warehouse systems constituting movable property or a collection thereof in the form of a set of devices forming a system of automatic transport conveyors for goods, entered into the register of fixed assets of the Company under the registration number 935/2009/UTECH, located in the Issuer's warehouse "Building 1 and Building 2A", situated at ul. Dawidowska 10, Zamienie, 05-500 Piaseczno. The above registered pledge was established up to the highest amount of the security, i.e. PLN 399,196 thousand.

2) On 22 January 2021, in the implementation of Article 1.5 of the Composition Agreement, the Issuer made statements in the form of a notarial deed on the establishment of joint mortgages with equal priority right on the following real properties and rights of perpetual usufruct of the Company: (a) real property located in Zamienie, consisting of plot nos. 3, 80/1, 82, 83, 88/1, 89/1, 81, for which the District Court in Piaseczno, 4th Division of the Land and Mortgage Register, maintains land and mortgage register no. WA5M/00356713/3; (b) real property located in Zgorzała, consisting of plot nos. 90, 91, for which the District Court in Piaseczno, 4th Division of the Land and Mortgage Register, maintains land and mortgage register no. WA5M/00433184/9; (c) the right of perpetual usufruct of the real property and the ownership right to the building constituting a separate property, located in Kraków, for which the District Court for Kraków-Podgórze in Kraków, 4th Division of the Land and Mortgage Register, maintains land and mortgage register no. KR1P/00331682/8; (d) the right of perpetual usufruct of the real property and the ownership right to the building and facility constituting a separate property, located in Kraków, for which the District Court for Kraków-Podgórze in Kraków, 4th Division of the Land and Mortgage Register, maintains land and mortgage register no. KR1P/00331683/5, and (e) the right of perpetual usufruct of the real property located in Kraków for which the District Court for Kraków-Podgórze in Kraków, 4th Division of the Land and Mortgage Register, maintains land and mortgage register no. KR1P/00366251/2. Pursuant to Article 1.5 of the Composition Agreement, the above mortgages were established in order to secure pecuniary claims covered by the Composition Agreement up to 110% of the principal. The total amount of mortgages is PLN 259,538 thousand. The above statements on the establishment of mortgages were made by the Issuer in favour of 50 Creditors, i.e. in favour of each of Group I and Group IV Creditors which reported to the Company after the date of the issue of the decision on the Composition Agreement approval, no later than within 2 (two) weeks from the date on which the decision on the Composition Agreement approval became final. The establishment of a mortgage requires an entry into the land and mortgage register. On 8 April 2021, the Issuer became aware of the fact that the District Court for Kraków-Podgórze in Kraków made an entry of mortgages in section IV of the land and mortgage registers maintained for the Company's properties located in Kraków, with numbers: KR1P/00331682/8, KR1P/00331683/5 and KR1P/00366251/2.

3) On 25–29 January 2021, pursuant to the provisions of Articles: 2.1. Group I point (iii), 2.2. Group II point (i), 2.3. Group III point (i), 2.4. Group IV points (i) and (iii) of the Composition Agreement, the Issuer made the first payments (in the case of Group II and Group III – of all claims, pursuant to the Composition Agreement) for the Company's composition creditors. In the case of Group IV Creditors being bondholders of bonds of serial no. ACT01 040717 issued by the Company, the 'Cash Repayment' (within the meaning of Article 2.4. Group IV point (i) of the Composition Agreement) was made through Krajowy Depozyt Papierów Wartościowych S.A. – also on 29/01/2021.

In connection with the 4.5-year restructuring proceedings, the Company – in order to reconcile the current state of claims covered by the composition agreement and subjective changes in the scope of creditors – has been carrying out revision and reconciliation works in the discussed scope since August 2020. In order to fulfil the purposes described herein, the Company in particular reconciles balances, signs settlement agreements, makes statements on deduction of claims as well as verifies personal, address and current bank account data. Payments were made to the creditors' bank accounts or by postal money order. In the case of ineffectiveness of activities undertaken in order to verify a creditor or to make payments (in the indicated forms), the Company undertook additional activities to establish the creditor.

As a result of the already conducted verification of the changes on the part of the composition creditors, on 26/05/2021 the Company settled 18 composition claims in the total amount of PLN 62 thousand to the State Treasury pursuant to Article 25 e item 1 and item 11 of the Act of 20 August 1997 on the National Court Register in connection with the deletion of the original creditors from the register of entrepreneurs. If the

verification steps taken to identify creditors are unsuccessful, the Company will draw up applications to deposit the benefits in court.

4) On 22/02/2021, the change in the Issuer's name was registered (the addition 'in restructuring' was removed) and the share capital was increased in the Register of Entrepreneurs of the National Court Register. The increase in the Company's share capital was performed on the basis of Article 2.4(i) and Article 3 of the Composition Agreement and Article 169(3) of the Polish Restructuring Law Act on 15/12/2020 as a result of the conversion of claims into shares of a new issue – series D shares. The Company's share capital was increased from PLN 1,695,700 to PLN 2,003,700, i.e. by PLN 308,000, equal to the nominal value of 3,080,000 series D shares. The shares of the new issue are due to Group IV creditors being bondholders of bonds of serial no. ACT01 040717 issued by the Company. The Company undertook activities in order to register the shares of the new issue through Krajowy Depozyt Papierów Wartościowych S.A.

5) On 26–31/03/2021, pursuant to the provisions of Articles: 2.1. Group I point (iii), the Issuer made the second instalment of payments for Group I creditors.

6) On 19/05/2021, the Issuer concluded an agreement with KDPW S.A. defining the principles of registration in the securities depository of D series shares issued by the Company on the basis of the provisions of the Composition Agreement. Pursuant to the provisions of the aforementioned agreement, the award of Series D shares will be made to each bondholder who held bonds of the Issuer registered in the depository as at the end of 15 December 2020, i.e. as at the date on which the decision on the approval of the Composition Agreement becomes effective, in accordance with the parity calculated on the basis of Section 3.4. Composition Agreement, i.e. 308 shares for each one bond of the Issuer. The above rule will not apply to the 348 bonds in respect of which security decisions have been issued prior to the commencement of proceedings for determination, about which the Issuer informed in current reports no: 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 the entities entitled to these shares after the cessation of the obstacles arising from the aforementioned security decisions or possibly other rulings. On 22/06/2021, KDPW S.A. issued a communication, on the basis of which it stated that, in response to the Company's application, it concludes an agreement with the Company for the registration in the depository of securities of 2,972,816 D series ordinary bearer shares, fully paid, with a unit nominal value of PLN 0.10. Series D shares have been assigned an ISIN code: PRACTIN00042. The registration of the above-mentioned D series shares took place under the terms of § 69a of the Regulations of KDPW S.A. on 25/06/2021. Furthermore, in order to implement Article 2.5. of the Composition Agreement (relating to the repayment of Group V creditors – dividend creditors) and the Company's position contained in current report no. 28/2021 of 13/04/2021, the Issuer registered the payment of benefits thereunder with KDPW S.A on 19/08/2021.

7) On 26–30 June 2021, pursuant to the provisions of Articles: 2.1. Group I point (iii), the Issuer made the second instalment of payments for Group I creditors.

8) The Company, in implementing the provisions of Articles: 3.11. and 3.14. of the Composition Agreement, on 8/07/2021, applied for admission of the Issuer's D series shares to trading on the regulated market operated by the Warsaw Stock Exchange. The above application covered all 2,972,816 series D shares registered with the securities depository. On 30/08/2021, the Board of the Warsaw Stock Exchange adopted resolution no. 850/2021 on admission and introduction to trading on the Warsaw Stock Exchange Main Market of D series bearer ordinary shares of the company ACTION S.A. Pursuant to the above resolution, 2,972,816 D series ordinary bearer shares of ACTION S.A., with a par value of PLN 0.10 each and designated by KDPW S.A. with the code "PRACTIN00042", were admitted to trading on the main market. The introduction of the aforementioned shares to trading on the main market took place on 3/09/2021. On the basis of the statement of KDPW S.A. no. 1064/2021 of 31/08/2021, assimilation of 2,972,816 D series ordinary bearer shares of the Company marked with ISIN code: PRACTIN00042 with the basic issue shares marked with ISIN code PRACTIN00018 took place. The assimilation was carried out in the depository system on 3/09/2021.

9) On 23/09/2021, the Company received information that the District Court for Kraków-Podgórze in Kraków deleted joint mortgages with equal priority right, previously established for ten creditors from Group IV of the Composition Agreement, in section IV of land and mortgage registers kept for the Company's real properties located in Kraków, with numbers KR1P/00331682/8 (on the right of perpetual usufruct of real property and the right of ownership of the building and devices constituting a separate real property), no.

KR1P/00331683/5 (on the right of perpetual usufruct of real property) and KR1P/00366251/2 (on the right of perpetual usufruct of real property). On 8/11/2021, the Issuer received information that the District Court in Piaseczno issued a decision on discontinuing proceedings on entering the above-mentioned joint mortgages with equal priority right in section IV of the land and mortgage register kept for the Company's real property, numbered: WA5M/00356713/3 (real estate located in Zamienie), WA5M/00433184/9 (real estate located in Zgorzala). The total sum of mortgages deleted (mortgages for which the proceedings were discontinued) amounts to PLN 122,703 thousand. According to item 1.5 (ii) of the Composition Agreement, the above mortgages have been established in order to secure the performance of the Composition Agreement for the period (with respect of Creditors from Group IV) until the date of payment by the Company to all Group IV Creditors of the Monetary Repayment (as defined in item 2.4. of the Composition Agreement). After making the Monetary Repayment referred to above in accordance with item 2.4 and the expiry in this part of Group IV Creditors' claims as a result of such repayment, the Mortgages established in favour of these Creditors will also expire. The Company made the Monetary Repayment (within the meaning of item 2.4. of the Composition Agreement) on 29 January 2021. Therefore, it was reasonable to delete the above mortgages or discontinue the proceedings as regards their entry in the land and mortgage registers. Moreover, in connection with the results of the final decision of the Masovian Voivode no. 100/SPEC/2019 of 7 August 2019 (ref. no.: WIII.7820.1.17.2018.AC) on the permit to implement the road investment "The construction of the southern exit from Warsaw of the S-7 expressway (...)", i.e. the acquisition by the State Treasury by virtue of law and without encumbrance of the ownership of a part of the Company's real property covered by the Company's statement of 22 January 2021 on establishing the mortgage (according to the information from current report no. 4/2021), applications submitted by the State Treasury to exclude the above-mentioned real property from the currently maintained land mortgage register and in order in order to avoid an obstacle to make a mortgage entries for the benefit of arrangement creditors, the Issuer submitted an application on 10 November 2021 to the District Court in Piaseczno on the correction of the description of the real estate (taking into account the division of the real estate according to the decision of the Masovian Voivode), separating the plots of the Company (after their division and taking into account ownership changes caused by expropriation) to the new land and mortgage register and adapting the object of the mortgage and land register to the legal status in the scope of property right of the real estate of the Issuer. After taking into account the changes resulting from the above-mentioned decision of the Voivode of the Masovian Voivodeship, the real properties of the Company located in Zamienie include the following plots no.: 3/3, 80/1, 81, 82, 83/2, 88/3, 89/3 with a total area of 7.3647 ha.

10) On 27–30 September 2021, pursuant to the provisions of Articles: 2.1. Group I point (iii), the Issuer made the second instalment of payments for Group I creditors.

In the period from the date when the Composition Agreement became effective, i.e. 15/12/2020 until the balance sheet date, i.e. 30/09/2021, the Issuer made repayments in the amount of PLN 63,594 thousand, EUR 1,350 thousand, and USD 2,163 thousand in the form of cash payments. Payments after the balance sheet date were made in connection with verification and settlement activities requiring correction of prior settlements.

8. Events after the balance sheet date

On 09/11/2021, the Management Board of ACTION S.A., in reference to current report no. 4/2021 of 22/01/2021, no. 26/2021 of 8/04/2021 and no. 61/2021 of 23/09/2021, announced that on 8/11/2021 it had received information that the District Court in Piaseczno issued a decision of 25/10/2021 on discontinuation of proceedings concerning entry of joint mortgages of the Group with equal priority right, previously established, in a notary statement of the Company of 22/01/2021, for the benefit of ten creditors from Group IV of the Composition Agreement, in the 4th section of the land and mortgage register led for the real estates of the Company, with the following numbers: WA5M/00356713/3 (real estate located in Zamienie), WA5M/00433184/9 (real estate located in Zgorzala). The total amount of mortgages covered by the above provision is PLN 122,703 thousand. According to item 1.5 (ii) of the Composition Agreement, the above mortgages have been established in order to secure the performance of the Composition Agreement for the period (with respect of Creditors from Group IV) until the date of payment by the Company to all Group IV Creditors of the Monetary Repayment (as defined in item 2.4. of the Composition Agreement). After making the Monetary Repayment referred to above in accordance with item 2.4 and the expiry in this part of Group IV Creditors' claims as a result of such repayment, the Mortgages established in favour of these Creditors

will also expire. The Company made the Monetary Repayment (within the meaning of item 2.4. of the Composition Agreement) on 29 January 2021. Therefore, the proceedings concerning the entry of the above mortgages became irrelevant. The decision giving rise to the discontinuation of proceedings is not legally binding.

On 09/11/2021, the Management Board of ACTION S.A. announced that it had decided to proceed to review strategic options on cooperation regarding obtaining credit financing for the repayment of the Company's composition liabilities in order to perform the prior composition agreement. As part of reviewing strategic options, the Issuer's Management Board intends to assess market conditions and possible cooperation forms on the basis of the credit agreement. The purpose of these activities is the early repayment by the Issuer of liabilities covered by the composition agreement with partial financing of these liabilities. In the opinion of the Company's Management Board, its current situation makes it possible to carry out the above process and its positive completion would enable the Issuer to perform the composition agreement earlier.

On 10/11/2021, the Management Board of ACTION S.A. with reference to current reports no.: 47/2021 of 14/06/2021, no. 27/2021 of 9/04/2021, 20/2021 of 18/03/2021 and no. 4/2021 of 22/02/2021, informed that in connection with the effects of the final decision of the Voivode of the Masovian Voivodeship no. 100/SPEC/2019 of 7/08/2019 (ref. no.: WIII.7820.1.17.2018.AC) on the permit to implement the road investment "The construction of the southern exit from Warsaw of the S-7 expressway (...)", i.e. the acquisition by the State Treasury by virtue of law and without encumbrance of the ownership of a part of the Company's real property covered by the Company's statement of 22 January 2021 on establishing the mortgage (according to the information from current report no. 4/2021), applications submitted by the State Treasury to exclude the above-mentioned real property from the currently maintained land mortgage register and in order to avoid an obstacle to make a mortgage entries for the benefit of arrangement creditors, the Issuer submitted an application on this day, i.e. on 10 November 2021, to the District Court in Piaseczno on the correction of the description of the real estate (taking into account the division of the real estate according to the decision of the Masovian Voivode), separating the plots of the Company (after their division and taking into account ownership changes caused by expropriation) to the new land and mortgage register and adapting the object of the mortgage and land register to the legal status in the scope of property right of the real estate of the Issuer. After taking into account the changes resulting from the above-mentioned decision of the Voivode of the Masovian Voivodeship, the real properties of the Company located in Zamienie include the following plots no.: 3/3, 80/1, 81, 82, 83/2, 88/3, 89/3 with a total area of 7.3647 ha.

III. Other quarterly financial information

1. Description of the Issuer's significant achievements and failures in the period covered by the statement together with a list of the most important events relating thereto

1.1. Selected financial data of the ACTION S.A. Capital Group

	Q3 2021	Q3 2020
Net sales	541,534	464,807
Gross profit on sales	47,072	31,454

<i>gross margin</i>	8.69%	6.76%
EBIT	13,726	6,638
<i>EBIT margin</i>	2.5%	1.4%
Profit after tax	10,355	6,692
<i>net margin</i>	1.91%	1.44%

In Q3 2021, the Group achieved sales revenue of PLN 541,534 thousand, up 16.5% compared to the sales in the same period of the previous year.

In that period, the Group recorded a profit on sales of PLN 47,072 thousand, showing in this scope an increase in value of 49.7%. The operating profit for Q3 2021 was PLN 13,726 thousand versus PLN 6,638 thousand in the previous year. The net profit of the period was PLN 10,355 thousand versus PLN 6,692 thousand for Q3 2021. The gross margin on sales in the same period reached 8.69% versus 6.76%.

In the view of the Management Board of ACTION S.A., the results of Q3 2021 were most influenced by the positive effects of increased demand for the goods offered by the entities of ACTION S.A. Capital Group, as well as positive effects of the Issuer's restructuring completed last year. Factors resulted from the COVID-19 pandemic were also of significant importance.

By the end of 2021 the Group will anticipate:

- an increased demand for goods offered by the Group's entities;
- to acquire new business partners and products to meet the current demand;
- the number of customers will increase and the retail channel will be developed;
- further increase in the importance of foreign trade;
- visible achievements on the renewable energy market, in particular in the area of sales of PV solutions;
- further increase in demand for goods and services offered by the ACTION S.A. Group.

1.2. Selected financial data of ACTION S.A.

	Q3 2021	Q3 2020
Net sales	541,421	464,877
Gross profit on sales	46,882	31,452
<i>gross margin</i>	8.65%	6.77%
EBIT	13,290	6,696
<i>EBIT margin</i>	2.45%	1.44%
Profit after tax	10,042	6,807
<i>net margin</i>	1.85%	1.46%

2. Description of factors and events, especially of non-typical nature, having a material impact on the financial results achieved

In Q3 2021, the most significant factor influencing the performance was the growing shortage of goods with the simultaneous increase of demand.

Other essential factors and events of an unusual nature include the tax authorities' activities described in detail in *Note 3.3 Taxes* of the Additional Notes to the Financial Statements. These activities have an essential impact on the way of perceiving the Company by its contractors, which may affect the implementation of the assumptions adopted by the Company.

In addition, the effects of the COVID-19 pandemic were still significant factors of an unusual nature, including in particular:

- increased demand for goods offered by the Issuer;
- disruptions in supply chains.

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 series ACT01040717 bonds with a nominal value of PLN 10,000 each and a total nominal issue value of PLN 100,000,000.

The bonds were issued pursuant to Article 9(3) of the Bonds Act (non-public issue) and under the Bonds Issue Program of ACTION S.A.

The issue price of the bonds was equivalent to their nominal value. The redemption date of the bonds was set on 4 July 2017 at the nominal value. The Bonds bear interest according to the variable interest rate based on WIBOR 6M, increased by a fixed margin. Interest will be paid every six months.

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

At the same time, the Issuer announces that, due to the restructuring proceedings to which it was subject until 15/12/2020, the claims due to the redemption of and interest on series ACT01 040717 bonds which mature after the opening date of the restructuring proceedings:

a) were subject to the composition agreement by virtue of law under Article 150(1)(1) of the Polish Restructuring Law – (interest due for the period before the proceedings were initiated), Article 150(1)(2) of the Polish Restructuring Law (interest due for the period from the initiation date of the proceedings), in connection with Article 366(1)(2) of the Polish Restructuring Law;

b) therefore, under Article 252(1) of the Polish Restructuring Law, the considerations under the above-mentioned claims could not be fulfilled before the completion of the restructuring proceedings.

In connection with the legally binding approval of the composition agreement in the Issuer's restructuring proceedings, claims on account of series ACT01040717 bonds are subject to repayment under the conditions of Article 2.4. of the composition agreement. Pursuant to its provisions, claims covering the amounts of principles will be repaid in 57.5%, while 40.35% of the amount of the principle will be repaid in cash, 9.65% of the amount of the principle will be repaid in the form of conversion of claims into the Company's shares, and 7.5% of the amount of the principle will be repaid in cash in the form of an additional composition instalment. The remaining part of claims covering the amounts of principles and interest for the period from the opening date of the restructuring proceedings and after that date, as well as any other incidental dues were redeemed. Moreover, these claims are covered by the provisions of the composition agreement in the scope of 'Additional Repayments from Undue Tax', pursuant to Article 4 of the composition agreement. The scope of repayments in the last case depends on conditional circumstances and currently its level for the discussed claims can be determined.

The Issuer made the repayment of 40.35% of the amount of the principle on 29/01/2021. Moreover, pursuant to Article 169(3) of the Polish Restructuring Law Act the conversion of claims into shares was performed on the date on which the decision on the approval of the composition agreement became final, i.e. on 15/12/2020, and thus the composition agreement was implemented in the scope of the repayment of 9.65% of the amount of the principle. The converted shares are subject to the entry in KDPW S.A. On 19/05/2021,

the Company entered into an agreement with KDPW S.A. for this purpose. The D series shares were registered on 25/06/2021 and, on 3/09/2021, the D series shares were assimilated with the shares of previous issues and the D series shares were introduced to trading on the Warsaw Stock Exchange S.A. Actions relating to the registration of shares and their introduction to trading concerned 2,972,816 D series shares. The Issuer explains that the total number of D series shares issued by the Company is 3,080,000. However, on the basis of the decisions of the District Court in Warsaw on granting security (of which the Issuer informed in current report no. 16/2021 of 8/03/2021 and current report no. 22/2021 of 29/03/2021), the Company was prohibited from making declarations of intent to KDPW S.A. concerning the registration of a total of 107,184 D series shares. As a result, all remaining D series shares, i.e. 2,972,816 shares, were registered with the KDWP. Also as a consequence of this, the Issuer's application for admission of D series shares to trading on the regulated market included only 2,972,816 of these shares, and D series shares in this number are traded on the Warsaw Stock Exchange S.A.

7.5% of the amount of the principle will be repaid in cash on the last working day of the calendar month following the quarter of the maturity of the last quarterly instalment payable to Group I Creditors.

On 24 October 2014, SFERIS Energia Odnawialna S.A. (formerly ACTION GAMES LAB S.A.) made an agreement to take out a borrowing from its main shareholder – Piotr Bieliński amounting to PLN 1,000 thousand. The borrowing bears interest at a variable interest rate of WIBOR 3M + the lender's margin. The borrowing matures on 31 December 2021.

4. Information about the dividend paid/declared

In 2020, the Company recorded a profit. On 27/05/2021, the Ordinary General Meeting of the Shareholders adopted a resolution to allocate the profit in its entirety to supplementary capital.

5. Statement of the Management Board of the Company on the probability of meeting the previously published forecasts for the given year in light of the results presented in the quarterly statement in relation to the forecasts

In the period covered by the report, the Company did not publish any stock exchange forecasts of results.

6. Effects of changes in the Group's structure

In the reporting period, ACTION (GUANGZHOU) TRADING CO., LTD in Liquidation was excluded from consolidation due to its liquidation and deletion from the court register in January 2021. As a result of acquiring 48% of shares in ACTIVEBRAND Sp. z o.o. on 1 April 2021, ACTION S.A. became the sole shareholder of this company.

7. Shareholders holding, directly or indirectly through their subsidiaries, at least 5% of total votes at the Company's general meeting as at the date of submitting the Quarterly Statement, including the number of shares held by such entities, their percentage share in the share capital, the number of votes conferred by those shares and their percentage share in the total votes at the general meeting and specification of changes in the ownership structure of the Company

According to the information available to the Company, the shareholders holding at least 5% of total votes at the General Meeting of Shareholders as of the submission date of the previous half-yearly report 2021,

i.e. 30 September 2021, included:

Natural or legal person	Number of shares held	Percentage share in the capital of ACTION S.A.	Number of votes	% share in the number of votes
Piotr Bieliński	3,811,749	19.02%	3,811,749	19.02%
Aleksandra Matyka	3,093,457	15.44%	3,093,457	15.44%
Wojciech Wietrzykowski	1,199,390	5.99%	1,199,390	5.99%
Other	11,932,404	59.55%	11,932,404	59.55%

The composition of shareholders holding more than 5% of shares in the share capital as of the date of preparation of this report for Q3 2021, i.e. 29 November 2021, remained unchanged and it was as follows:

Natural or legal person	Number of shares held	Percentage share in the capital of ACTION S.A.	Number of votes	% share in the number of votes
Piotr Bieliński	3,811,749	19.02%	3,811,749	19.02%
Aleksandra Matyka	3,093,457	15.44%	3,093,457	15.44%
Wojciech Wietrzykowski	1,199,390	5.99%	1,199,390	5.99%
Other	11,932,404	59.55%	11,932,404	59.55%

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

As at the submission date of the report for H1 2021, i.e. 30 September 2021, the following managers and supervisors held ACTION S.A.'s shares:

First and last name	Position in the management of ACTION S.A.	Number of shares of ACTION S.A.
Piotr Bieliński	President of the Management Board	3,811,749
Sławomir Harazin	Vice-President of the Management Board	15,017
Iwona Bocianowska	Chair 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	Holder of the commercial power of attorney	1,199,390
Andrzej Biały	Holder of the commercial power of attorney	20,000

According to the information held by the Company, the above status did not change as at the date of submission date of preparation of this report for Q3 2021, i.e. 29 November 2021, the above condition remained unchanged and it was as follows:

First and last name	Position in the management of ACTION S.A.	Number of shares of ACTION S.A.
Piotr Bieliński	President of the Management Board	3,811,749
Sławomir Harazin	Vice-President of the Management Board	15,017
Iwona Bocianowska	Chair 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	Holder of the commercial power of attorney	1,199,390
Andrzej Biały	Holder of the commercial power of attorney	20,000

9. Identification of material proceedings pending before a court, competent arbitration authority or public administration authority

The Company has instituted court proceedings to recover receivables of PLN 174,446 thousand from one of the banks as compensation. The bank sued does not recognise the claim. The proceedings were initiated in April 2017, and the date for their resolution – mainly, due to the high complexity of the issues involved – is difficult to determine. Analyses of the above case carried out so far indicate that there are justified grounds for the Company to bring this case before the Court.

In addition, the VAT and CIT tax cases are still not resolved. These cases are described in detail in note 3.3 *Taxes*.

The total value of liabilities resulting from decisions subject to court proceedings and administrative proceedings concerning VAT and CIT described in Note 3.3 *Taxes* recognised in the books as at 30 September 2021 amounts to PLN 17,587 thousand. The Issuer explains that the above amount takes into account the current balances of provisions for these liabilities, pursuant to the degree of reduction resulting from the legally approved composition agreement in the Company's restructuring proceedings and the payments of composition instalments made to date.

10. Information on the conclusion by the Company or its subsidiary of one or more transactions with related parties, if they are material (individually or jointly) and if they were concluded on other than market terms, with an indication of their value

In the reporting period the Group did not enter into any atypical transactions with related parties.

11. Information on granting by the Company or its subsidiary of sureties for loans or borrowings or guarantees – jointly to a single entity or its subsidiary if the total amount of the existing sureties or guarantees is significant

Hedging liabilities (guarantees, sureties and letter of credit) with respect to third parties, arising from agreements signed as of 30 September 2021, amounted to PLN 11,572 thousand. The share of guarantees and sureties to one entity granted in the Company's equity did not exceed 10% and it is not significant. Guarantees and sureties granted are described in Note 6 of the *Notes on the condensed consolidated financial statement – Contingent assets and liabilities*.

12. Other information relevant to the evaluation of the Group's HR, property and financial situation, its financial result and ability to meet liabilities

Until the publication of this report, there were no such information other than those included in this report and published in the form of current reports. Furthermore, as in the previous periods, by the end of 2021 the Company will be undertaking a range of measures aimed at adjusting the employment structure to its current needs.

13. Factors affecting the Group's results by the end of 2021

In the opinion of the Management Board, the most significant factor affecting the Group's results by the end of 2021 will be the impact of the COVID-19 pandemic on the Polish and global economies and the related level of uncertainty among market participants as well as changes in consumer behaviour.

In the Management Board's opinion, the main factors influencing the financial performance in the future are:

In relation to internal factors:

- a) Ongoing processing of composition agreement payments.
- b) Ongoing analysis of the profitability of transactions and the markets served with a clear focus on the small customer and retail market including in particular e-commerce, in Poland and abroad.
- c) Constant supervision over the development of Sferis.pl and Krakvet.pl.
- d) Ongoing supervision of the scope of the commercial offer and entry into new markets.
- e) Effective sourcing of goods under the condition of market imbalances.
- f) Strict control of the effectiveness of managing the current assets, in particular stocks.
- g) Ongoing monitoring of risks related to the operations of the ACTION S.A. Capital Group and taking measures to limit or eliminate them.
- h) Current analysis and strict control of the cost effectiveness of operations conducted.
- i) Current control and effective management of finances in the conditions of limited financing.
- j) Effective use of the available logistic resources.

In relation to external factors:

- a) Continuing course of the tax proceedings against the Issuer and related appeals.
- b) Results of fiscal proceedings against the Issuer's largest competitors and their impact on their operations and market structure.
- c) Conduct of financial institutions, including banks and insurers.
- d) Changes in the distribution market and consumer behaviour.
- e) Technological changes in products offered.
- f) Changes in market shares of the Issuer's largest suppliers and clients.
- g) Economic and political situation in Poland and around the world.
- h) Effects of implemented and planned changes in law.
- i) Scale of investment projects implemented in Poland, in particular IT investment projects.
- j) Changes in the current and long-term monetary policy in Poland and around the world.
- k) Impact of the COVID-19 epidemic effects, in particular on the supply and demand for goods offered by the Issuer and the above-mentioned issues.

14. Transactions with related entities

All transactions with subsidiaries were eliminated in the process of consolidation.

ACTION S.A. has personal ties with the following entities: 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 any control or significant influence.

14.1. Transactions concluded between the Group's companies and related parties not subject to consolidation.

The tables below present the amounts of mutual settlements and transactions made between the Group's companies and related entities not subject to consolidation.

Data as of 30 September 2021 and for the period 1/01/2021 – 30/09/2021

	Receivables	Liabilities	Revenue from sales	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. ***	184	0	0	0
TYTANID Sp. z o.o. ****	0	0	0	0
Total	184	0	0	0

Data as of 30 September 2020 and for the period 01/01/2020 to 30/09/2020

	Receivables	Liabilities	Revenue from sales	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. ***	346	0	5	0
TYTANID Sp. z o.o. ****	0	0	0	0
Total	346	0	5	0

* 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 Krakow – excluded from consolidation as of 1 January 2015 due to the loss of significant influence.

**** TYTANID Sp. z o.o. with its registered office in Zamienie – it did not start business activities until the date of approval of the statement.

14.2. Transactions with consolidated associates.

Data as of 30 September 2021 and for the period 1/01/2021 – 30/09/2021

	Receivables	Liabilities	Revenue from sales	Purchases and costs
CLOUDTEAM Sp. z o.o.	0	0	0	0
Total	0	0	0	0

Data as of 30 September 2020 and for the period 01/01/2020 to 30/09/2020

	Receivables	Liabilities	Revenue from sales	Purchases and costs
CLOUDTEAM Sp. z o.o. *	0	0	0	0
Total	0	0	0	0

* Formerly ACTION CENTRUM EDUKACYJNE Spółka z ograniczoną odpowiedzialnością.

IV. Statement of the Management Board concerning the accuracy of the Interim Condensed Financial Statement

The Interim Condensed Financial Statements of ACTION S.A. for the quarter ending 30 September 2021 comprise: the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the cash flow statement and selected notes.

Pursuant to the requirements of the Regulation of the Minister of Finance of 29 March 2018 on current and periodic information provided by issuers of securities and on conditions under which information required by legal regulations of a third country may be recognised as equivalent (Journal of Laws of 2018, item 757, as amended), the Management Board of ACTION S.A. hereby represents that:

– to the best of their knowledge, the quarterly condensed financial statement and comparative data have been prepared in compliance with accounting policies in force and that they give a true and fair view of the Company's state of affairs, property, financial position and financial result.

During the period covered by the financial statement, the Company maintained its accounting books in accordance with International Financial Reporting Standards ("IFRS") approved by the EU, issued and in force on the balance-sheet date, and in matters not regulated by the above standards, in compliance with the Polish Accounting Act of 29 September 1994.

Piotr Bieliński
President of the Management
Board

Sławomir Harazin
Vice-President of the Management
Board

Zamienie, 29 November 2021

V. Interim condensed financial statements of ACTION S.A. for the period from 1 January 2021 to 30 September 2021

Selected financial data of ACTION S.A.

SELECTED SEPARATE FINANCIAL DATA	in thousand PLN		in thousand EUR	
	3 quarters	3 quarters	3 quarters	3 quarters
	period from 01/01/2021 to 30/09/2021	period from 01/01/2020 to 30/09/2020*	period from 01/01/2021 to 30/09/2021	period from 01/01/2020 to 30/09/2020*
I. Net revenue from sale of products, goods and materials	1,600,377	1,412,983	351,075	318,096
II. Gross profit / loss on sales	136,904	88,091	30,033	19,831
III. Profit / loss on operating activities	83,542	11,683	18,327	2,630
IV. Net profit / loss attributable to the Company's shareholders	72,781	12,027	15,966	2,708
V. Net cash flows from operating activities	-63,973	3,951	-14,034	889
VI. Net cash flows from investment activities	81	182	18	41
VIII. Net cash flows from financing activities	-253	-44	-56	-10
VIII. Net increases (decreases) in cash	-64,145	4,089	-14,072	921
IX. Profit/loss per ordinary share** (in PLN/EUR)	3.63	0.71	0.80	0.16
	As of 30/09/2021	As of 31/12/2020	As of 30/09/2021	As of 31/12/2020
X. Total assets	596,484	629,556	128,750	136,421
XI. Liabilities	223,331	329,119	48,205	71,318
XII. Long-term liabilities	92,218	100,325	19,905	21,740
XIII. Short-term liabilities	131,113	228,794	28,300	49,578
XIV. Equity attributable to the Company's shareholders	373,153	300,437	80,544	65,103
XV. Share capital	2,004	2,004	433	434
XVI. Weighted average number of shares *** (in units)	20,037,000	17,092,014	20,037,000	17,092,014
XVII. Book value per share **** (in PLN/EUR)	18.62	17.72	4.02	3.84

* Data restated.

** Profit per ordinary share was calculated as the quotient of net Profit and the Number of shares.

*** The number of shares takes into account the change in the nominal value of series A shares from PLN 1 to PLN 0.10 at the same time dividing 1 share of PLN 1 into 10 shares with the nominal value of Share 0.10. The change was made on 11 April 2006 by virtue of a resolution of the Extraordinary General Meeting of Shareholders.

**** The book value per share was calculated as the quotient of equity and the number of shares.

***** The minimum and maximum exchange rates in the period were calculated using the exchange rates announced by the NBP, in force on the last day of each month.

PLN to EUR exchange rates

Period	Average exchange rate in the period	Minimum exchange rate in the period *****	Maximum exchange rate in the period *****	Exchange rate as of the last day of the period
01/01/2021 – 30/09/2021	4.5585	4.4805	4.6603	4.6329
01/01/2020 – 31/12/2020	4.4742	4.3010	4.6188	4.6148
1/01/2020 – 30/09/2020	4.4420	4.3010	4.5523	4.5268

The selected financial data presented in the Financial Statements were converted into EUR in the following manner:

- items concerning the statement of comprehensive income and the cash flow statement were translated at the exchange rate being the arithmetic mean of the average minimum and maximum exchange rates published by the National Bank of Poland, in force on the last day of each month, the exchange rate for Q3 2021 stood at EUR 1 = PLN 4.5585, for Q3 2020 – EUR 1 = PLN 4.4420;
- items of the statement of financial position were translated at the average exchange rate published by the National Bank of Poland as of the balance-sheet date; as of 30 September 2021, this exchange rate stood at: EUR 1 = PLN 4.6329, as of 31 December 2020: EUR 1 = PLN 4.6148 and as of 30 September 2020: EUR 1 = PLN 4.5268.

Statement of comprehensive income

All revenue and costs relate to continued activities.

	3 quarters, cumulative period from 01/01/2021 to 30/09/2021	Q3 period from 01/01/2021 to 30/09/2021	3 quarters, cumulative period from 01/01/2020 to 30/09/2020	Q3 period from 01/01/2020 to 30/09/2020
Revenue from sales	1,600,377	541,421	1,412,983	464,877
Costs of products, goods and materials sold	-1,463,473	-494,539	-1,324,892	-433,425
Gross profit on sales	136,904	46,882	88,091	31,452
Selling and marketing costs	-65,384	-23,865	-56,009	-18,920
General management costs	-26,764	-9,174	-19,799	-6,012
Other operational revenue	39,959	-177	1,372	498
Other costs and losses	-1,173	-376	-1,972	-322
Profit / loss on operating activities	83,542	13,290	11,683	6,696
Financial revenue	58	10	347	112
Financial costs	-2,393	-567	-3	-1
Profit / loss before tax	81,207	12,733	12,027	6,807
Income tax	-8,426	-2,691	0	0
Net profit / loss on continuing operations	72,781	10,042	12,027	6,807
Net profit / loss on discontinued operations	0	0	0	0
Net profit/loss for the financial period	72,781	10,042	12,027	6,807
Other components of comprehensive income				
Measurement of cash flow hedges	0	0	0	0
Income tax	0	0	0	0
Other components of net comprehensive income that may be reclassified to profit or loss	0	0	0	0
Total income for the period	72,781	10,042	12,027	6,807
Profit / loss per share				
Basic profit / loss on continuing operations	3.63	0.59	0.71	0.40
Basic profit / loss on discontinued operations	0.00	0.00	0.00	0.00
Diluted profit / loss per share				
Diluted profit / loss on continuing operations	3.63	0.59	0.71	0.40
Diluted profit / loss on discontinued operations	0.00	0.00	0.00	0.00
Weighted average number of shares	20,037,000	20,037,000	16,957,000	16,957,000
Diluted number of shares	20,037,000	20,037,000	16,957,000	16,957,000

Piotr Bieliński
President of the Management
Board

Sławomir Harazin
Vice-President of the Management
Board

Zamienie, 29 November 2021

Statement of financial position

	30/09/2021	31/12/2020	30/09/2020
ASSETS			
Tangible fixed assets	137,673	139,511	144,855
Goodwill	0	0	0
Other intangible assets	5,503	6,168	5,905
Investment real properties	3,545	3,545	3,545
Financial assets	128	27	27
Other financial assets	0	0	0
Deferred income tax assets	1,619	10,045	0
Trade and other receivables	0	0	0
Fixed assets	148,468	159,296	154,332
Stocks	227,867	190,909	189,196
Trade and other receivables	180,472	175,157	181,489
Current income tax receivables	0	0	0
Financial derivatives	0	372	0
Other financial assets	0	0	0
Cash and cash equivalents	39,677	103,822	76,390
Current assets	448,016	470,260	447,075
Total assets	596,484	629,556	601,407
EQUITY			
Share capital	2,004	2,004	1,696
Surplus resulting from the sale of shares above their nominal value	77,207	77,272	62,231
Retained profit	293,942	221,161	47,298
Other reserve capitals	0	0	0
Total equity	373,153	300,437	111,225
LIABILITIES			
Loans, borrowings and other liabilities on account of financing	0	0	0
Lease liabilities	665	70	98
Trade and other liabilities	91,553	100,255	0
Deferred income tax provisions	0	0	0
Long-term liabilities	92,218	100,325	98
Trade and other liabilities	128,986	222,680	385,055
Loans, borrowings and other liabilities on account of financing	0	0	103,770
Lease liabilities	370	147	0
Current income tax liabilities	0	4,604	0
Provisions for employee benefits	1,757	1,363	1,259
Provisions for other liabilities and charges	0	0	0
Financial derivatives	0	0	0
Short-term liabilities	131,113	228,794	490,084
Total liabilities	223,331	329,119	490,182
Total equity and liabilities	596,484	629,556	601,407

Piotr Bieliński
 President of the Management
 Board

Sławomir Harazin
 Vice-President of the Management
 Board

Zamienie, 29 November 2021

Statement of changes in equity

Equity attributable to the Company's shareholders

	Share capital	Surplus resulting from the sale of shares above their nominal value	Retained profit	Other reserve capitals	Total equity
As of 1 January 2021	2,004	77,272	221,161	0	300,437
Changes in equity:	0	-65	72,781	0	72,716
Issue of shares	0	-65			-65
Total comprehensive income			72,781		72,781
Dividends declared					0
Other					0
As of 30 September 2021	2,004	77,207	293,942	0	373,153
As of 1 January 2020	1,696	62,231	35,271	0	99,198
Changes in equity:	308	15,041	185,890		201,239
Issue of shares	308	15,041			15,041
Total comprehensive income			185,890		185,890
Dividends declared					0
Other					0
As of 31 December 2020	2,004	77,272	221,161	0	300,437
As of 1 January 2020	1,696	62,231	35,271	0	99,198
Changes in equity:			12,027		12,027
Total comprehensive income			12,027		12,027
Dividends declared					0
Other			0		0
As of 30 September 2020	1,696	62,231	47,298	0	111,225

Piotr Bieliński
 President of the Management Board

Sławomir Harazin
 Vice-President of the Management Board

Zamienie, 29 November 2021

Cash Flow Statement

	period from 01/01/2021 to 30/09/2021	period from 01/01/2020 to 30/09/2020
Cash flows from operating activities		
Gross profit / loss for the financial period	81,207	12,027
Adjustments:	-145,180	-8,076
Income tax	0	0
Depreciation of fixed and intangible assets	6,047	6,091
Profit (loss) on investment activities	-2,250	-219
Interest revenue	-58	-347
Interest expenses	25	3
Other	329	708
Changes in working capital:		
Stocks	-36,958	-33,018
Trade and other receivables	-5,315	-28,198
Trade and other liabilities	-102,396	46,904
Income tax paid	-4,604	0
Net cash flows from operating activities	-63,973	3,951
Cash flows from investment activities		
Acquisition of property, plant and equipment and intangible assets	-2,905	-270
Acquisition of investment real properties	0	0
Inflows from sale of property, plant and equipment and of intangible assets	0	0
Other investment inflows / outflows	2,986	452
Net cash flows from investment activities	81	182
Cash flows from financial activities		
Inflows from the issue of shares	0	0
Redemption of debt securities	0	0
Issue of debt securities	0	0
Loans and borrowings received	0	0
Repayment of loans and borrowings	0	0
Dividends paid	0	0
Interest paid	-25	-3
Payments of liabilities under financial lease agreements	-228	-41
Other financial inflows/outflows	0	0
Net cash flows from financing activities	-253	-44
Net increase / decrease in cash	-64,145	4,089
Opening balance of cash	103,822	72,301
Foreign exchange profits (losses) on measurement of cash	0	0
Closing balance of cash	39,677	76,390

Piotr Bieliński
 President of the Management
 Board

Sławomir Harazin
 Vice-President of the Management
 Board

Zamienie, 29 November 2021

Notes

2. Material estimates

Deferred income tax assets and provisions recognised in the statement of financial position were disclosed after being offset. Set-off was performed due to the homogeneity of these components and the method of their settlement.

Value of deferred income tax subject to offsetting:

	30/09/2021	31/12/2020
Deferred income tax assets:		
– deferred income tax assets falling due within 12 months	8,629	19,104
	8,629	19,104
Deferred income tax provisions:		
– deferred income tax provisions falling due within 12 months	7,010	9,059
	7,010	9,059
Deferred income tax assets	8,629	19,104
Deferred income tax provisions	7,010	9,059
Deferred income tax assets/provisions (on balance)	1,619	10,045

Changes in the deferred income tax (after the set-off of the assets and provisions) are as follows:

	30/09/2021	31/12/2020
At the beginning of the period	10,045	0
Credit to / charge on the financial result	-8,426	10,045
Increase / decrease in equity	0	0
Closing balance	1,619	10,045

3. Write-downs on assets

2.1 Write-downs on long-term financial assets

	30/09/2021	31/12/2020	30/09/2020
Opening write-down on long-term financial assets	-14,166	-18,062	-18,062
Created	0	0	0
Used	0	3,896	3,846
Released	0	0	0
Closing write-down on long-term financial assets	-14,166	-14,166	-14,216

2.2 Impairment losses on short-term financial assets

	30/09/2021	31/12/2020	30/09/2020
Opening write-down on short-term financial assets	-3,122	-12,877	-12,877
Created	0	0	0
Used	0	9,755	9,755
Released	0	0	20
Write-down on short-term financial assets at the end of the period	-3,122	-3,122	-3,102

2.3 Write-downs on stocks

	30/09/2021	31/12/2020	30/09/2020
Opening write-down on stocks	-6,493	-4,118	-4,118
Created (Costs of products, goods and materials sold)	-2,237	-2,375	-2,493
Used	0	0	0
Released (Costs of products, goods and materials sold)	2,242	0	0
Closing write-down on stocks	-6,488	-6,493	-6,611

2.4 Write-downs on trade and other receivables

	30/09/2021	31/12/2020	30/09/2020
Opening write-down on receivables	-25,210	-24,989	-24,989
Created	-1,501	-3,834	-1,001
Used	569	1,548	138
Released	2,896	2,065	259
Closing write-down on receivables	-23,246	-25,210	-25,593

4. Contingent assets and liabilities

As of 30 September 2021, the Company held contingent receivables due to the repayment of receivables in the amount of PLN 8,246 thousand. Hedging liabilities under agreements signed as of the reporting date which are not reflected in the Company's interim condensed financial statement amounted to PLN 11,572 thousand as of 30 September 2021 and PLN 13,980 thousand as of 31 December 2020.

	30/09/2021	31/12/2020	30/09/2020
1. Contingent receivables	8,246	9,005	9,897
1.1. From related entities (due to)	0	0	0
– guarantees and sureties received	0	0	0
1.2. From other entities (due to)	8,246	9,005	9,897
– guarantees and sureties received	8,246	9,005	9,897
2. Contingent liabilities	11,572	13,980	13,377
1.1. To related entities (due to)	0	0	0
– guarantees and sureties granted	0	0	0
1.2. To other entities (due to)	11,572	13,980	13,377
– guarantees and sureties granted	11,572	13,980	13,377
– letters of credit	0	0	0
3. Other (due to)	0	0	0
Total off-balance sheet items	19,818	22,985	23,274

Guarantees and sureties granted

As of 30 September 2021, the value of guarantees and sureties granted amounted to PLN 11,572 thousand, of which:

to other entities

Bank guarantees for the total amount of (EUR 50 thousand) PLN 232 thousand;
 Bank guarantees for the total amount of (USD 13 thousand) PLN 50 thousand;
 Bank guarantees for the total amount of PLN 11,290 thousand.

5. Business combinations

There were no business combinations in the period covered by the report.

This interim condensed consolidated financial statement was approved by the Management Board of ACTION S.A. on 29 November 2021.

Signatures of all Management Board Members

Piotr Bieliński
 President of the Management Board

Sławomir Harazin
 Vice-President of the Management Board

Zamienie, 29 November 2021