



CONSOLIDATED HALF-
YEARLY REPORT
FOR H1
2021

30 September 2021

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Consolidated half-year financial statements of the ACTION S.A. CAPITAL GROUP for the first six months of the year 2021

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

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I. Statement of the Management Board concerning the accuracy of the half-yearly condensed consolidated financial statement

This half-yearly condensed consolidated financial statement and the comparative data have been drawn up to present the financial position, business results and cash flows as required by the International Financial Reporting Standards ("IFRS") approved by the EU, published and in force as of the balance-sheet date and, with respect to matters not regulated by the IFRS, in compliance with the Polish Accounting Act of 29 September 1994.

The Half-yearly Condensed Consolidated Financial Statements of the ACTION S.A. Capital Group for the period ending 30 June 2021 comprise: 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 the 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. hereby represents that:

– to the best of its knowledge, the half-yearly condensed consolidated financial statement and comparative data have been 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 half-yearly 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

Zamienie, 30 September 2021

II. Statement of the Management Board on the entity authorised to audit financial statements

The Management Board declares that the entity authorised to audit financial statements, i.e. Grant Thornton Polska Spółka z ograniczoną odpowiedzialnością Spółka komandytowa, based in Poznań, which performs the review of the half-yearly condensed consolidated financial statement of the Capital Group of ACTION S.A. and the half-yearly condensed consolidated financial statement of ACTION S.A, was selected in compliance with the law and that the entity and the statutory auditors performing the said review meet the conditions to produce an impartial and independent opinion from the review of the half-yearly condensed consolidated financial statement of the Group and from the review of the half-yearly condensed financial statement of the Company in compliance with the applicable laws and professional standards.

Piotr Bieliński
President of the Management
Board

Sławomir Harazin
Vice-President of the Management
Board

Zamienie, 30 September 2021

III. Half-yearly condensed consolidated financial statement prepared in accordance with the International Financial Reporting Standards for the period between 1 January 2021 and 30 June 2021

Selected consolidated financial data of the ACTION S.A. capital group

Selected consolidated financial data

SELECTED CONSOLIDATED FINANCIAL DATA	in thousand PLN		in thousand EUR	
	01/01/2021 – 30/06/2021	01/01/2020 – 30/06/2020*)	01/01/2021 – 30/06/2021	01/01/2020 – 30/06/2020*)
I. Net revenue from sale of products, goods and materials	1,059,184	948,031	232,931	213,458
II. Gross profit / loss on sales	90,662	56,756	19,938	12,779
III. Profit / loss on operating activities	69,688	4,471	15,325	1,007
IV. Net profit/loss attributable to the Company's shareholders	62,305	4,819	13,702	1,085
V. Net cash flows from operating activities	-35,869	46,906	-7,888	10,561
VI. Net cash flows from investment activities	1,823	50	401	11
VIII. Net cash flows from financing activities	-189	-61	-42	-14
VIII. Net increases (decreases) in cash	-34,235	46,895	-7,529	10,559
IX. Profit/loss per ordinary share**) (in PLN/EUR)	3.11	0.28	0.68	0.06
	30/06/2021	31/12/2020	30/06/2021	31/12/2020
X. Total assets	577,426	630,619	127,727	136,651
XI. Liabilities	214,677	330,316	47,487	71,578
XII. Long-term liabilities	94,215	100,325	20,840	21,740
XIII. Short-term liabilities	120,462	229,991	26,646	49,838
XIV. Equity attributable to the Company's shareholders	363,871	301,617	80,488	65,359
XV. Share capital	2,004	2,004	443	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)	18.16	15.05	4.02	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 – 30/06/2021	4.5472	4.4805	4.6603	4.5208
01/01/2020 – 31/12/2020	4.4742	4.3010	4.6188	4.6148
01/01/2020 – 30/06/2020	4.4413	4.3010	4.5523	4.4660

*) 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.

Consolidated half-year financial statements of the ACTION S.A. CAPITAL GROUP for the first six months of the year 2021

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

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 exchange rates published by the National Bank of Poland, in force on the last day of each month; for H1 2021 this exchange rate stood at: EUR 1 = PLN 4.5472, for H1 2020: EUR 1 = PLN 4.4413;
- items of the consolidated 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 June 2021, this exchange rate stood at: EUR 1 = PLN 4.5208, as of 31 December 2020: EUR 1 = PLN 4.6148 and as of 30 June 2020: EUR 1 = PLN 4.4660.

Consolidated statement of comprehensive income

All revenue and costs relate to continued activities

		period from 01/01/2021 to 30/06/2021	period from 01/01/2020 to 30/06/2020
	Note		
Revenue from sales	(5.2)	1,059,184	948,031
Costs of products, goods and materials sold	(5.3)	-968,522	-891,275
Gross profit / loss on sales		90,662	56,756
Selling and marketing costs	(5.3,5.4)	-41,901	-37,280
General management costs	(5.3,5.4)	-18,227	-14,270
Other operational revenue	(5.5)	40,130	1,076
Other costs and losses	(5.6)	-976	-1,811
Profit / loss on operating activities		69,688	4,471
Financial revenue	(5.7)	36	221
Financial costs	(5.8)	-1,842	-24
Share in profits (losses) of associated entities and joint ventures settled with the equity method		179	141
Profit / loss before tax		68,061	4,809
Income tax	(5.9)	-5,735	0
Profit / loss on continuing operations		62,326	4,809
Net profit / loss on discontinued operations		0	0
Net profit / loss for the financial period		62,326	4,809
Other components of comprehensive income			
Net change due to cash flow hedges		0	0
Other components – foreign exchange differences from conversion of a foreign operation		80	-451
Other components – wind-up of the subsidiary		0	-482
Total other comprehensive income before tax		80	-933
Income tax connected with components of other comprehensive income which will be reclassified to profit or loss		0	0
Other components of net comprehensive income that may be reclassified to profit or loss		80	-933
Total income for the period		62,406	3,876
Net profit / loss attributable to:			
Company's shareholders		62,305	4,819
non-controlling interests		21	-10
Comprehensive income attributable to:			
Company's shareholders		62,385	-4,323
non-controlling interests		21	8,199

Consolidated half-year financial statements of the ACTION S.A. CAPITAL GROUP for the first six months of the year 2021

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

Profit / loss per share

Basic profit / loss on continuing operations	3.11	0.28
Basic profit / loss on discontinued operations	0.00	0.00

Diluted profit / loss per share

Diluted profit / loss on continuing operations	3.11	0.28
Diluted profit / loss on discontinued operations	0.00	0.00

Weighted average number of shares

Diluted number of shares

20,037,000	16,957,000
20,037,000	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 of the shares issued is 20,037,000.

Piotr Bieliński
President of the Management
Board

Sławomir Harazin
Vice-President of the Management
Board

Zamienie, 30 September 2021.

Consolidated half-year financial statements of the ACTION S.A. CAPITAL GROUP for the first six months of the year 2021

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

Consolidated statement of financial position

	Note	30/06/2021	31/12/2020	30/06/2020	31/12/2019
ASSETS					
Fixed assets					
Tangible fixed assets	(5.10)	138,348	139,511	146,523	149,766
Goodwill		0	0	0	0
Other intangible assets		5,688	6,168	6,057	6,575
Investment real properties	(5.12)	3,545	3,545	3,545	3,545
Financial assets (in unconsolidated subsidiaries)		0	0	0	0
Shares in associated entities measured with the equity method		0	0	0	0
Deferred income tax assets	(5.9)	4,310	10,045	0	0
Trade and other receivables		0	0	0	0
Total fixed assets		151,891	159,269	156,125	159,886
Current assets					
Stocks	(5.13)	191,947	190,919	152,541	156,233
Trade and other receivables	(5.14)	163,214	175,450	151,365	154,621
Current income tax receivables		0	0	0	0
Financial derivatives		0	372	0	0
Other financial assets		0	0	0	0
Cash and cash equivalents		70,374	104,609	122,562	75,667
Total current assets		425,535	471,350	426,468	386,521
Total assets		577,426	630,619	582,593	546,407
EQUITY					
Share capital		2,004	2,004	1,696	1,696
Surplus resulting from the sale of shares above their nominal value		77,272	77,272	62,231	62,231
Retained profit		285,416	223,242	43,236	47,108
Other reserve capitals		-821	-901	-520	-69
Equity attributable to the Company's shareholders		363,871	301,617	106,643	110,966
Non-controlling interests		-1,122	-1,314	-1,161	-9,360
Total equity		362,749	300,303	105,482	101,606
LIABILITIES					
Loans, borrowings and other liabilities on account of financing	(5.18)	0	0	0	0
Long-term lease liabilities	(5.18)	748	70	34	74
Trade and other liabilities		93,467	100,255	0	0
Deferred income tax provisions	(5.9)	0	0	0	0
Long-term liabilities		94,215	100,325	34	74
Trade and other liabilities		117,300	222,854	371,433	331,208
Loans, borrowings and other liabilities on account of financing	5.18)	1,023	1,023	104,220	112,460
Short-term lease liabilities	(5.18)	382	147	511	508
Current income tax liabilities		0	4,604	0	0
Provisions for employee benefits		1,757	1,363	913	551
Provisions for other liabilities and charges		0	0	0	0
Financial derivatives		0	0	0	0
Short-term liabilities		120,462	229,991	477,077	444,727
Total liabilities		214,677	330,316	477,111	444,801
Total equity and liabilities		577,426	630,619	582,593	546,407

Consolidated half-year financial statements of the ACTION S.A. CAPITAL GROUP for the first six months of the year 2021

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

Piotr Bieliński
President of the Management
Board

Sławomir Harazin
Vice-President of the Management
Board

Zamienie, 30 September 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	62,174	80	62,254	192	62,446
Issue of shares	0	0	0	0	0	0	0
Profit (loss)	0	0	62,305	0	62,305	21	62,326
Other comprehensive income	0	0	0	80	80	0	80
Total comprehensive income	0	0	62,305	80	62,385	21	62,406
Other	0	0	-131	0	-131	171	40
As of 30 June 2021	2,004	77,272	285,416	-821	363,871	-1,122	362,749
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	-3,872	-451	-4,323	8,199	3,876
Profit (loss)	0	0	4,819	0	4,819	-10	4,809
Other comprehensive income	0	0	-8,691	-451	-9,142	8,209	-933
Total comprehensive income	0	0	-3,872	-451	-4,323	8,199	3,876
Dividends paid	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0
As of 30 June 2020	1,696	62,231	43,236	-520	106,643	-1,161	105,482

Piotr Bieliński
President of the Management Board

Sławomir Harazin
Vice-President of the Management Board

Zamienie, 30 September 2021.

Consolidated half-year financial statements of the ACTION S.A. CAPITAL GROUP for the first six months of the year 2021

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

Consolidated cash flow statement

	period from 01/01/2021 to 30/06/2021	period from 01/01/2020 to 30/06/2020
Cash flows from operating activities		
Cash flows from activities	-35,869	46,906
Gross profit / loss	68,061	4,809
Adjustments:	-103,930	42,097
Income tax	0	0
Depreciation of fixed and intangible assets	4,144	4,137
Profit (loss) on investment activities	-2,889	-263
Interest revenue	-36	-221
Interest expenses	34	24
Share in the net result of the associated entity	179	-141
Other	376	-351
Stocks	-1,028	3,692
Trade and other receivables	12,236	3,256
Trade and other liabilities	-112,342	31,964
Income tax paid	-4,604	0
Net cash flows from operating activities	-35,869	46,906
Cash flows from investment activities		
Purchase of tangible fixed assets, intangible assets, investment real properties and other fixed assets	-1,393	-170
Income from sales of tangible fixed assets, intangible assets, investment real properties and other fixed assets	0	0
Other investment inflows / outflows	3,216	220
Net cash flows from investment activities	1,823	50
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	-34	-24
Payments of liabilities under financial lease agreements	-155	-37
Other financial inflows/outflows	0	0
Net cash flows from financing activities	-189	-61
Net decrease / increase in cash before effects of foreign exchange differences	-34,235	46,895
Effects of changes in foreign exchange rates concerning cash and cash equivalents	0	0
Net increase / decrease in cash	-34,235	46,895
Opening balance of cash	104,609	75,667
Closing balance of cash	70,374	122,562

Piotr Bieliński
President of the Management
Board

Sławomir Harazin
Vice-President of the Management
Board

Zamienie, 30 September 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

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.

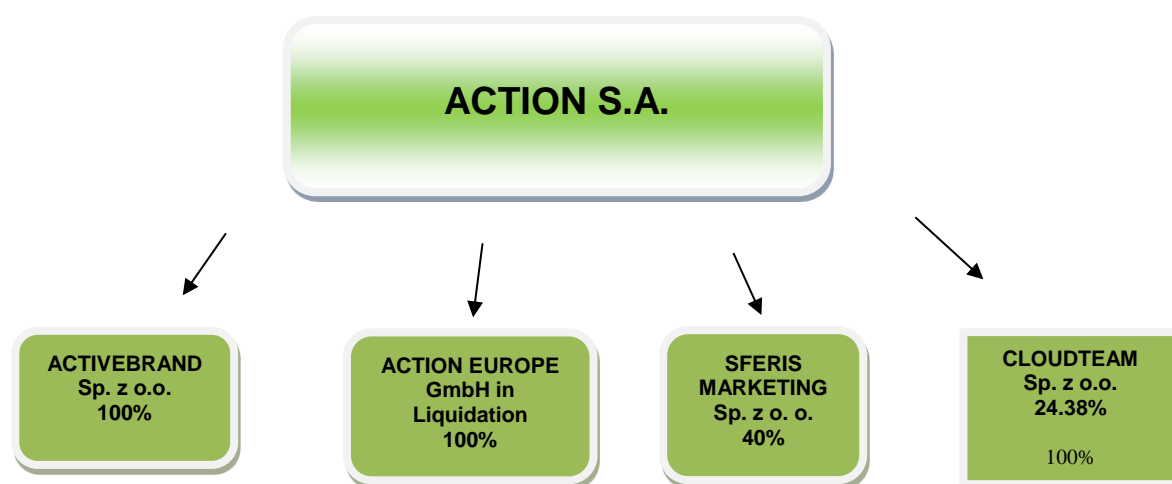
On 2 August 2004, ACTION Spółka Akcyjna was entered into the Register of Entrepreneurs of the National Court Register under KRS number 0000214038 on the basis of the decision of the District Court in Warsaw, XIX Commercial Division of the National Court Register. The Company is currently registered in 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 (as of 30 June 2021)



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, including in particular an online shop krakvet.pl.

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.

Entities consolidated as of 30 June 2021.

Business name with the indication of the legal form of the entity	Registered office	Business activity	Nature of relationship (subsidiary, jointly controlled subsidiary, associated entity, 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	associated entity	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.	Zamienie	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

2.1.General principles

The Half-yearly Condensed Consolidated Financial Statements of the ACTION Capital Group for the first six months of the year 2021 were prepared in line with IAS 34 *Interim Financial Reporting*.

The key accounting principles applied in the preparation of this consolidated financial statement are presented below. These principles were applied consistently throughout the reporting periods, unless stated otherwise.

2.2.Continuation of business activities

This interim condensed consolidated financial statement of the ACTION S.A. Capital 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.General principles of preparation

This interim consolidated financial statement was prepared 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 does not cover all data and disclosures required in the annual consolidated financial statement, and they should be read in conjunction with the consolidated financial statement of the Group drawn up in accordance with the IFRS for the financial year ended 31 December 2020.

2.4.Compliance statement

This interim condensed consolidated financial statement for the period from 1 January 2021 to 30 June 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. 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).

2.5.Material accounting principles

The accounting policies applied to prepare this interim condensed consolidated financial statement for H1 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

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

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 30/06/2020 before restatement	Change	Period from 01/01/2020 to 30/06/2020 after restatement
Revenue from sales	948,031	0	948,031
Costs of products, goods and materials sold	-891,275	0	-891,275
Gross profit / loss on sales	56,756	0	56,756
Selling and marketing costs	-37,280	0	-37,280
General management costs	-14,270	0	-14,270
		0	
Other revenue and profits	1,297	-221	1,076
Other costs and losses	-1,811	0	-1,811
Operating profit/(loss)	4,692	-221	4,471
Financial revenue	0	221	221
Financial costs	-24	0	-24
Profit/(loss) before tax	4,668	0	4,668
Income tax	0	0	0
Share in the result of the associated entity	141	0	141
Net profit (loss) for the financial year	4,809	0	4,809
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	-451	0	-451
Other components – Lapado GmbH liquidation	-482	0	-482
Other components of net comprehensive income	-933	0	-933
Total income for the period	3,876	0	3,876
Net profit attributable to:			
Company's shareholders	4,819	0	4,819
non-controlling interests	-10	0	-10
Comprehensive income attributable to:			
Company's shareholders	-4,323	0	-4,323
non-controlling interests	-8,199	0	-8,199
Profit/(loss) attributable to the Company's shareholders per ordinary share during the period (expressed in PLN per share)			
– basic	0.28	0.00	0.28
– diluted	0.28	0.00	0.28

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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

	30/06/2020		30/06/2020
	Data before restatement	Change	Data after restatement
ASSETS			
Fixed assets			
Tangible fixed assets	146,523	0	146,523
Goodwill	0	0	0
Other intangible assets	6,057	0	6,057
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
	156,125	0	156,125
Current assets			
Stocks	152,541	0	152,541
Trade and other receivables	151,365	0	151,365
Current income tax receivables	0	0	0
Financial derivatives	0	0	0
Other financial assets	0	0	0
Cash and cash equivalents	122,562	0	122,562
	426,468	0	426,468
Total assets	582,593	0	582,593
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	13,236	30,000	43,236
Other reserve capitals	30,000	-30,000	0
Foreign exchange differences on conversion of foreign operation	-520	0	-520
Equity attributable to the Company's shareholders	106,643	0	106,643
Non-controlling interests	-1,161	0	-1,161
Total equity	105,482	0	105,482
LIABILITIES			
Long-term liabilities			
Loans, borrowings and other financial liabilities	34	-34	0
Lease liabilities	0	34	34
Trade and other liabilities	0	0	0

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Deferred income tax provision	0	0	0
	34	0	34
Short-term liabilities			0
Trade and other liabilities	371,433	0	371,433
Loans, borrowings and other liabilities on account of financing	104,731	-511	104,220
Lease liabilities	0	511	511
Current income tax liabilities	0	0	0
Employee benefit liabilities	913	0	913
Financial derivatives	0	0	0
Provisions for other liabilities and charges	0	0	0
	477,077	0	477,077
Total liabilities	477,111	0	477,111
Total equity and liabilities	582,593	0	582,593

2.6. 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 Company as well as the presentation currency for this consolidated financial statement.

This interim condensed consolidated financial statement was prepared in Polish zloty ("PLN") and all amounts are presented in thousands of zloty, unless specified otherwise.

Principles applied to the translation of financial data

The financial data from the financial statements of ACTION EUROPE GmbH in Liquidation expressed in EUR have been converted according to the following rules:

– individual items in the statements 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 June 2021, this exchange rate stood at: EUR 1 = PLN 4.5208, as of 31 December 2020: EUR 1 = PLN 4.6148, and as of 30 June 2020: EUR 1 = PLN 4.4660;

– 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 exchange rates published by the National Bank of Poland in force as of the last day of each month; for the first half of 2021, the exchange rate was: EUR 1 = PLN 4.5472, and for the first half of 2020: EUR 1 = PLN 4.4413.

3. Major estimates and judgements

Drawing up the interim condensed consolidated financial statement requires that the Management Board makes certain estimates because specific data included in the financial statement cannot be measured in a precise manner. 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 June 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 June 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 June 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. Write-down on stocks

The Group estimated the write-down on stocks to the net realisable selling prices on the basis of the analysis of margins on goods sold in the month immediately preceding the balance sheet date and the mark-up on selling expenses. A write-down on slow-moving stocks was also estimated.

3.4. 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 June 2021 amounts to PLN 18,318 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.

3.5. 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 and 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 of the assumptions are verified on the balance sheet date.

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

As of each balance-sheet date, the Group measures the following:

- post-transactional discounts due from suppliers but not received as of the balance-sheet date. The estimates are based on the terms of discounts agreed with the suppliers and evidenced by contracts or other agreements, at amounts confirmed by the suppliers.
- post-transactional discounts due to customers but not paid as of the balance-sheet date. The estimates are based on the terms of granting discounts agreed with the customers and evidenced by contracts or other agreements.

3.7. 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 94.1% 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 01/01/2021–30/06/2021	For the period 01/01/2020–30/06/2020
Revenue from sales of products (services)	11,561	8,587
Revenue from sales of goods and materials	1,047,623	939,444
	1,059,184	948,031

5.3.Costs by type

	For the period 01/01/2021–30/06/2021	For the period 01/01/2020–30/06/2020
Depreciation of fixed and intangible assets	4,144	4,137
Costs of employee benefits	27,982	23,797
Consumption of materials and energy	4,081	3,292
Third party services	18,906	17,145
Taxes and charges	814	686
Advertising and representation expenses	3,452	1,930
Property and personal insurance	446	493
Other costs by type	303	70
Value of goods and materials sold, of which:	968,522	891,275
– write-down on stocks	234	1,878
Total costs of products, goods and materials sold, selling and marketing expenses as well as general management costs	1,028,650	942,825

5.4.Costs of employee benefits

	For the period 01/01/2021–30/06/2021	For the period 01/01/2020–30/06/2020
Payroll	23,984	20,041
Social security and other benefits	3,998	3,756
	27,982	23,797

5.5.Other operating revenue and profits

	For the period 01/01/2021–30/06/2021	For the period 01/01/2020–30/06/2020
Surplus of foreign exchange gains	0	0
Revenue from overdue liabilities	81	244
Revenue from damages received	9	446
Revenue from provisions released	39,679	305
Revenues from sales of financial assets	0	0
Revenue from donations received	0	0
Other revenue	360	80
Profit on disposal of non-financial fixed assets	1	1
Gain on disposal of interest in a subsidiary	0	0
	40,130	1,076

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 01/01/2021–30/06/2021	For the period 01/01/2020–30/06/2020
Surplus of foreign exchange losses	0	0
Costs of indemnities paid	395	431
Costs of impairment write-downs on receivables	0	751
Costs of receivables written off	98	31
Costs due to provisions established	186	372
Costs due to interest on liabilities	0	0
Costs of donations given	56	59
Costs of write-downs on financial assets	0	0
Costs of court proceedings	22	26
Other costs	219	141
Loss on disposal of non-financial fixed assets	0	0
	976	1,811

5.7. Financial revenue

	For the period 01/01/2021–30/06/2021	For the period 01/01/2020–30/06/2020
Interest on cash and cash equivalents (deposits)	36	183
Interest on borrowings and receivables	0	38
Capital revenue	0	0
Revenue from measurement of financial instruments	0	0
	36	221

5.8. Financial costs

	For the period 01/01/2021–30/06/2021	For the period 01/01/2020–30/06/2020
Interest on loans and borrowings	0	24
Interest on leases	34	0
Interest and discount due to factoring	0	0
Costs of measurement of financial instruments	412	0
Discount on liabilities covered by the Composition Agreement	1,396	0
	1,842	24

5.9. Income tax

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	For the period 01/01/2021–30/06/2021	For the period 01/01/2020–30/06/2020
Current tax	0	0
Deferred tax	5,735	0
	5,735	0

Deferred tax

The deferred income tax assets and provisions recognised in the condensed consolidated statement of financial position are a sum of the values contained in the statements of the individual consolidated companies of the Group. The deferred income tax assets and provisions are subject to offsetting at the level of individual statements due to the variety of these items and the manner of their settlement.

Value of deferred income tax subject to offsetting:

	30/06/2021	31/12/2020
Deferred income tax assets:		
– deferred income tax assets falling due within 12 months	11,495	19,104
	11,495	19,104
Deferred income tax provisions:		
– deferred income tax provisions falling due within 12 months	7,185	9,059
	7,185	9,059
Deferred income tax assets	11,495	19,104
Deferred income tax provisions	7,185	9,059
Deferred income tax assets/provisions (on balance)	4,310	10,045

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

	30/06/2021	31/12/2020
At the beginning of the period	10,045	0
Credit to / charge on the financial result	-5,735	10,045
Increase / decrease in equity	0	0
Closing balance	4,310	10,045

Deferred income tax assets

	Foreign exchange losses	Write-down on stocks	Provision for costs of the period	Provisions for unused holiday	Write-down on receivables	Losses from previous years	Total
As of 1 January 2021 at a 19% rate	0	1,074	8,268	259	0	9,503	19,104
(Credit to)/Charge on the financial result in connection with change in balance of temporary differences and tax loss	8	-426	175	75	0	-7,441	-7,609
Increase / decrease in equity	0	0	0	0	0	0	0
As of 30 June 2021 at a 19% rate	8	648	8,443	334	0	2,062	11,495
As of 1 January 2020 at a 19% rate	0	623	299	105	0	6,853	7,880
(Credit to)/Charge on the financial result in connection with change in balance of temporary differences and tax loss	0	451	7,969	154	0	2,650	11,224
Increase / decrease in equity	0	0	0	0	0	0	0
As of 31 December 2020 at a 19% rate	0	1,074	8,268	259	0	9,503	19,104

Deferred income tax provisions

	Foreign exchange gains	Interest accrued	Bonuses from suppliers	Financial lease	Other	Total
As of 1 January 2021 at a 19% rate	1,367	0	2,253	2,765	2,674	9,059
Credit to/charge on the financial result due to change in temporary differences	-482	0	-336	-167	-889	-1,874
Increase / decrease in equity	0	0	0	0	0	0
As of 30 June 2021 at a 19% rate	885	0	1,917	2,598	1,785	7,185
As of 1 January 2020 at a 19% rate	687	0	4,586	2,607	0	7,880
Credit to/charge on the financial result due to change in temporary differences	680	0	-2,333	158	2,674	1,179
Increase / decrease in equity	0	0	0	0	0	0
As of 31 December 2020 at a 19% rate	1,367	0	2,253	2,765	2,674	9,059

5.10. Tangible fixed assets

In the period covered by the report, the Group incurred investment expenses of PLN 1,393 thousand.

5.11. Goodwill

Both in the period covered by the report and in the comparative period, there was no goodwill in the Group.

5.12. 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 June 2021, the carrying amount of real properties is PLN 3,545 thousand. Revenue from rental of real properties in the reporting period was PLN 141 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.

5.13. Stocks

	30/06/2021	31/12/2020	30/06/2020
Materials	0	0	0
Goods	198,674	197,412	158,537
Advances on deliveries	0	0	0
	198,674	197,412	158,537
Write-downs on stocks	-6,727	-6,493	-5,996
Stocks	191,947	190,919	152,541

Write-downs on stocks

	30/06/2021	31/12/2020	30/06/2020
Opening write-down on stocks	-6,493	-4,118	-4,118
Created (Costs of products, goods and materials sold)	-2,476	-2,375	-1,878
Utilised (Costs of products, goods and materials sold)	0	0	0

Released (Costs of products, goods and materials sold)	2,242	0	0
Closing write-down on stocks	-6,727	-6,493	-5,996

The write-down was established as a result of the revaluation of merchandise based on stock ageing. Stocks are measured at a price not lower than a realisable sale price.

5.14. Write-downs on trade and other receivables

	30/06/2021	31/12/2020	30/06/2020
Opening write-down on receivables	-12,464	-12,252	-12,252
Created	-606	-3,344	-870
Used	0	1,548	138
Released	2,243	1,584	87
Closing write-down on receivables	-10,827	-12,464	-12,897

5.15. Write-downs on long-term financial assets

	30/06/2021	31/12/2020	30/06/2020
Opening write-down on long-term financial assets	0	0	0
Created	0	0	0
Used	0	0	0
Released	0	0	0
Closing write-down on long-term financial assets	0	0	0

5.16. Write-downs on short-term financial assets

	30/06/2021	31/12/2020	30/06/2020
Opening write-down on short-term financial assets	-2,158	-2,267	-2,267
Created	0	0	0
Used	0	0	0
Released	0	109	0
Write-down on short-term financial assets at the end of the period	-2,158	-2,158	-2,267

5.17. Liabilities due to purchase of property, plant and equipment

As at the reporting date, the Group does not have any liabilities on account of the purchase of tangible fixed assets.

5.18.Loans, borrowings and other liabilities on account of financing

	30/06/2021	31/12/2020	30/06/2020
Long-term			
Investment loan	0	0	0
Lease liabilities	748	70	34
Borrowings	0	0	0
Liabilities due to bonds	0	0	0
	748	70	34
Short-term			
Overdraft and investment loan	0	0	0
Lease liabilities	382	147	511
Borrowings	1,023	1,023	1,021
Liabilities due to bonds	0	0	103,199
	1,405	1,170	104,731
Total	2,153	1,240	104,765

Age structure of liabilities due to loans and borrowings and other financing liabilities

	30/06/2021	31/12/2020	30/06/2020
Liabilities with the repayment period calculated from the balance sheet day			
Up to 1 year	1,405	1,170	104,731
1 to 5 years	748	70	34
Over 5 years	0	0	0
Total	2,153	1,240	104,765

Lease liabilities

	30/06/2021	31/12/2020	30/06/2020
Nominal value of minimum lease payments			
Up to 1 year	812	151	525
1 to 5 years	414	72	35
Over 5 years	0	0	0
Total financial lease liabilities – total minimum lease payments	1,226	223	560

Financial costs due to financial lease	96	6	15
Current value of minimum lease payments			
Up to 1 year	382	147	511
1 to 5 years	748	70	34
Over 5 years	0	0	0
Total current value of minimum lease payments	1,130	217	545

5.19. Net cash inflows from operating activities

	For the period 01/01/2021–30/06/2021	For the period 01/01/2020–30/06/2020
Gross profit for the financial year	68,061	4,668
Adjustments:	-103,930	42,238
– Income tax	0	0
– Income tax paid	-4,604	0
– Depreciation of fixed assets and intangible assets	4,144	4,137
– (Profits) losses on investment activities, of which:	-2,889	-263
Write-downs	0	0
(Profits) losses on measurement of financial instruments	412	0
(Profits) losses on sale of non-financial assets	0	0
(Profits) losses on sale of financial assets	0	0
(Profits) losses on foreign exchange differences	-20	-263
(Profits) losses from compensations received	-3,281	0
Other	0	0
– Interest revenue	-36	-221
– Interest expenses	34	24
– Share in (profits) losses of entities measured with the equity method	179	-141
– Other, of which:	376	-210
Profits (losses) attributable to non-controlling shareholders	-21	10
Change in provisions	0	0
(Profits) losses on foreign exchange differences	0	0
Net change due to cash flow hedges	0	0
Change in prepayments/accruals	0	0
Change in employee benefit liabilities	394	362
Movement in capital due to adjustment of write-down	0	0
Other adjustments	3	-582
Changes in working capital:	-101,134	38,912
– Stocks	-1,028	3,692
– Trade and other receivables	12,236	3,256
– Trade and other liabilities	-112,342	31,964
Net cash inflows from operating activities	-35,869	46,906

5.20. Other investment inflows / outflows

	For the period 01/01/2021–30/06/2021	For the period 01/01/2020–30/06/2020
Other investment inflows/outflows, of which:		
– Acquisition of interests	-101	0
– Sales of interests	0	0
– Borrowings granted	0	0
– Borrowings repaid	0	0
– Interest received	36	220
– Other compensations received	3,281	0
	3,216	220

5.21. Causes of differences between balance sheet changes for certain items and changes resulting from the cash flow statement

	For the period 01/01/2021–30/06/2021	For the period 01/01/2020–30/06/2020
Balance sheet change in trade and other receivables	12,236	3,256
Change due to investment receivables	0	0
Change due to income tax	0	0
Change due to prepayments/accruals	0	0
Change due to the write-down on receivables	0	0
Change in receivables in the cash flow statement	12,236	3,256
 Balance sheet change in trade and other liabilities	 -112,342	 40,225
Change due to investment liabilities	0	0
Change due to unpaid dividends	0	0
Change due to exclusion of the company from consolidation	0	-8,261
Change in liabilities in the cash flow statement	-112,342	31,964

6. Contingent assets and liabilities

As of 30 June 2021, the Group had contingent receivables due to the repayment of receivables of PLN 7,614 thousand. Hedging liabilities under agreements signed as of the reporting date and not reflected in the interim condensed consolidated financial statement of the Group amounted to PLN 12,064 thousand as of 30 June 2021 and PLN 13,980 thousand as of 31 December 2020.

	30/06/2021	31/12/2020	30/06/2020
1. Contingent receivables	7,614	9,005	8,281

1.1. From other entities (due to)	7,614	9,005	8,281
– guarantees and sureties received	7,614	9,005	8,281
2. Contingent liabilities	12,064	13,980	11,729
1.1. To other entities (due to)	12,064	13,980	11,729
– guarantees and sureties granted	12,064	13,980	11,729
– letters of credit	0	0	0
3. Other (due to)	0	0	0
Total off-balance sheet items	19,678	22,985	20,010

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 Zgorzale, 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 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: PLACTIN00042. 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.

In the period from the date when the Composition Agreement became effective, i.e. 15.12.2020 until the balance sheet date, i.e. 30.06.2021, the Issuer made repayments in the amount of PLN 59,929 thousand, EUR 1,242 thousand, and USD 1,799 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 and repayment of the 4th instalment.

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 "PLACTIN00042", 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: PLACTIN00042 with the basic issue shares marked with ISIN code PLACTIN00018 took place. The assimilation was carried out in the depository system on 3.09.2021.

8. Events after the balance sheet date

On 09.07.2021 the Management Board of ACTION S.A. received information that on 8.07.2021 the Brokerage House representing the Company submitted an application for admission of the Issuer's D series shares to trading on the regulated market of the Warsaw Stock Exchange. The above application covered all 2,972,816 series D shares registered with the securities depository.

On 23.08.2021 the Management Board of ACTION S.A., with reference to the current report no. 52/2021 of 25.06.2021 (informing about the registration and completion of subscription of the Issuer's D series shares) and current report no. 54/2021 of 9.07.2021 (informing about the submission of an application for admission to trading on the regulated market of D series shares of the Issuer), explained that the application for admission to trading on the regulated market maintained by the Warsaw Stock Exchange of D series shares of the Issuer covered all D series shares registered in the securities depository in the number of 2,972,816, while shares in this number do not constitute the entire issue. The Issuer explained 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), 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 securities depository. 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. The above-mentioned decisions of the Regional Court in Warsaw on granting

security were issued pursuant to Article 730 et seq. of the Act of 17 November 1964 – the Code of Civil Procedure, and pursuant to Article 743§2 of the said Act, they are enforceable as soon as they are issued on the grounds that they have been provided with a note of enforceability ex officio. These provisions shall remain in force and continue to be in force. Bearing in mind the content of §1.1(3) and §1.3 of the Regulation of the Minister of Finance of 25.04.2019 on detailed conditions to be met by the official stock exchange market and issuers of securities admitted to trading on this market (Journal of Laws of 2019, item 803), the Issuer is of the opinion that the requirement that all issued shares of a given type be covered by an application for admission to trading on the official stock exchange market does not need to be met, as it follows from the provisions of the Act of 17.11.1964, the Code of Civil Procedure, referred to above, and the aforementioned security decisions issued on the basis thereof, that shares that are not covered by an application for admission to trading could not be registered with a securities depository and dematerialised, and thus cannot be traded on the stock exchange.

On 30 August 2021, the Management Board of ACTION S.A. (hereinafter referred to as: the Issuer, the Company) with reference to the current report no. 54/2021 of 9 July 2021 and the current report no. 56/2021 of 23 August 2021, announced that on 30 August 2021 the Management Board of the Warsaw Stock Exchange adopted Resolution No. 850/2021 on the 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 nominal value of PLN 0.10 each, marked by the National Depository for Securities (KDPW S.A.) with code "PLACTIN00042", were admitted to trading on the main market. The introduction of the aforementioned shares to trading on the main market will take place on 3.09.2021, provided that the National Depository for Securities (Krajowy Depozyt Papierów Wartościowych S.A.) performs on 3.09.2021 the assimilation of these shares with the shares of the Company traded on the stock exchange, marked with the code "PLACTIN00018".

the Management Board of ACTION S.A. (hereinafter referred to as: the Company, the Issuer), with reference to current report No. 58/2021 of 30.08.2021, informed that on 31.08.2021 it received information about the issuance by the National Depository for Securities S.A. (hereinafter referred to as: "KDPW") of statement No. 1064/2021 of 31.08.2021 on the assimilation of the securities of the Issuer. According to the above statement, KDPW, in response to the Issuer's request, decided to assimilate 2,972,816 D series ordinary bearer shares of the Company marked with ISIN code: PLACTIN00042 with the basic issue shares marked with ISIN code PLACTIN00018 took place. The assimilation was carried out in the depository system on 3.09.2021.

On 27.09.2021, the Company repaid the 4th instalment as part of the implementation of the composition agreement.

9. 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.

9.1. Transactions made between the Group's companies and related entities 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 June 2021 and for the period 1.01.2021 – 30.06.2021

Consolidated half-year financial statements of the ACTION S.A. CAPITAL GROUP for the first six months of the year 2021

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

	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. ***	185	0	0	0
TYTANID Sp. z o.o. ****	0	0	0	0
Total	185	0	0	0

Data as of 30 June 2020 and for the period 01/01/2020 to 30/06/2020

	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. ***	356	0	5	0
TYTANID Sp. z o.o. ****	0	0	0	0
Total	356	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.

9.2. Transactions with associated entities consolidated using the equity method

Data as of 30 June 2021 and for the period 1.01.2021 – 30.06.2021

	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 June 2020 and for the period 01/01/2020 to 30/06/2020

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

9.3. Remuneration of managers

Remuneration paid and due

	For the period 01/01/2021–30/06/2021	For the period 01/01/2020–30/06/2020
1. Management Board, of which:		
Piotr Bieliński – President of the Management Board	1,002	245
Sławomir Harazin – Vice President of the Management Board	987	231
Kazimierz Lasecki – President of the Management Board	60	0
	2,049	476

Comparative data for H1 2020 have been restated due to the inclusion of salaries within the Action S.A. Capital Group.

Effect of changes made:

	For the period 01/01/2020–30/06/2020 Data before restatement	For the period 01/01/2020–30/06/2020 Data after restatement
1. Management Board, of which:		
Piotr Bieliński – President of the Management Board	227	245
Sławomir Harazin – Vice President of the Management Board	215	231
Kazimierz Lasecki – President of the Management Board	0	0
	442	476

9.4. Remuneration of senior management

	For the period 01/01/2021–30/06/2021	For the period 01/01/2020–30/06/2020
Remuneration of the Members of the Company's Management Board	2,049	476
Remuneration of key executive personnel	3,108	2,716
	5,157	3,192

Key executive personnel include the Company's Directors.

Comparative data for H1 2020 have been restated due to the inclusion of salaries within the Action S.A. Capital Group.

Effect of changes made:

	For the period 01/01/2020–30/06/2020 Data before restatement	For the period 01/01/2020–30/06/2020 Data after restatement
Remuneration of the Members of the Company's Management Board	442	476
Remuneration of key executive personnel	2,716	2,716
	3,158	3,192

10. Other information on the half-yearly consolidated financial statement

10.1. 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 MARKETING 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.

10.2. Information on the dividend paid

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.

10.3. Shareholding structure

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%

10.4. Court proceedings

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 3.4 Taxes.

The total value of liabilities resulting from decisions subject to court proceedings and administrative proceedings concerning VAT and CIT described in Note 3.4 Taxes recognised in the books as at 30 June 2021 amounts to PLN 18,318 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.

10.5. Error adjustments

This financial statement does not contain corrections of errors from previous periods.

10.6. Repayments of loans and borrowings

During the period covered by the statement, the Group's companies repaid loans and borrowings in a timely manner.

10.7. Essential risk factors connected with the Group's operations

Material risk factors connected with the activities of the Group are described in Note 2.2. *Going concern*, Note 3.4. *Taxes* as well as items 14, 15 and 23 of the *Half-yearly report on operations of the ACTION Capital Group (Group) and ACTION S.A. (Company)*.

IV. Statement of the Management Board concerning the accuracy of the half-yearly condensed financial statement

The Interim Condensed Financial Statement of ACTION S.A. for the period ended on 30 June 2021 includes: the consolidated statement of comprehensive income, consolidated statement of financial position, statement of changes in equity, cash flow statement, 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. hereby represents that:

– to the best of its knowledge, the half-yearly condensed financial statement and comparative data have been drawn up in compliance with the applicable accounting principles and present a true, accurate and fair view of the Company's economic and financial position and its financial result, and the half-yearly statement of the Management Board on the Company's operations contains a true representation of the Company's growth, achievements, and standing, including the description of basic risks and threats.

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, 30 September 2021

V. Half-yearly condensed financial statement of ACTION S.A. for the period between 1 January 2021 and 30 June 2021

Selected financial data of ACTION S.A.

SELECTED SEPARATE FINANCIAL DATA	in thousand PLN		in thousand EUR	
	01/01/2021 – 30/06/2021	01/01/2020 – 30/06/2020*)	01/01/2021 – 30/06/2021	01/01/2020 – 30/06/2020*)
I. Net revenue from sale of products, goods and materials	1,058,956	948,106	232,881	213,475
II. Gross profit / loss on sales	90,022	56,639	19,797	12,753
III. Profit / loss on operating activities	70,252	4,987	15,450	1,123
IV. Net profit / loss attributable to the Company's shareholders	62,739	5,220	13,797	1,175
V. Net cash flows from operating activities	-35,852	49,412	-7,884	11,126
VI. Net cash flows from investment activities	1,835	191	404	43
VIII. Net cash flows from financing activities	-173	-38	-38	-9
VIII. Net increases (decreases) in cash	-34,190	49,565	-7,519	11,160
IX. Profit per ordinary share **) (in PLN/EUR)	3.13	0.31	0.69	0.07
	As of 30/06/2021	As of 31/12/2020	As of 30/06/2021	As of 31/12/2020
X. Total assets	576,696	629,556	127,565	136,421
XI. Liabilities	213,520	329,119	47,231	71,318
XII. Long-term liabilities	94,215	100,325	20,840	21,740
XIII. Short-term liabilities	119,305	228,794	26,390	49,578
XIV. Equity attributable to the Company's shareholders	363,176	300,437	80,334	65,103
XV. Share capital	2,004	2,004	443	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)	18.13	14.99	4.01	3.25

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 – 30/06/2021	4.5472	4.4805	4.6603	4.5208
01/01/2020 – 31/12/2020	4.4742	4.3010	4.6188	4.6148
01/01/2020 – 30/06/2020	4.4413	4.3010	4.5523	4.4660

*) 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 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 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 Financial Statements were converted into EUR in the following manner:

- items concerning the statement of comprehensive income and the cash flow statement were converted at the exchange rate being the arithmetic mean of the average exchange rates published by the National Bank of Poland, in force on the last day of each month; for H1 2021 this exchange rate stood at: EUR 1 = PLN 4.5472, for H1 2020 – EUR 1 = PLN 4.4413;

Consolidated half-year financial statements of the ACTION S.A. CAPITAL GROUP for the first six months of the year 2021

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

– 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 June 2021, this exchange rate stood at: EUR 1 = PLN 4.5208, as of 31 December 2020: EUR 1 = PLN 4.6148 and as of 30 June 2020: EUR 1 = PLN 4.4660.

Statement of comprehensive income

All revenue and costs relate to continued activities

	period from 01/01/2021 to 30/06/2021	period from 01/01/2020 to 30/06/2020
Revenue from sales	1,058,956	948,106
Costs of products, goods and materials sold	-968,934	-891,467
Gross profit on sales	90,022	56,639
Selling and marketing costs	-41,519	-37,089
General management costs	-17,590	-13,787
Other operational revenue	40,136	874
Other costs and losses	-797	-1,650
Profit / loss on operating activities	70,252	4,987
Financial revenue	48	235
Financial costs	-1,826	-2
Profit / loss before tax	68,474	5,220
Income tax	-5,735	0
Net profit / loss on continuing operations	62,739	5,220
Net profit / loss on discontinued operations	0	0
Net profit/loss for the financial period	62,739	5,220
Other components of comprehensive income		
Measurement of cash flow hedges	0	0
Income tax	0	0
Other components of net comprehensive income that may be reclassified to profit or loss	0	0
Total income for the period	62,739	5,220
Profit / loss per share		
Basic profit / loss on continuing operations	3.13	0.31
Basic profit / loss on discontinued operations	0.00	0.00
Diluted profit / loss per share		
Diluted profit / loss on continuing operations	3.13	0.31
Diluted profit / loss on discontinued operations	0.00	0.00
Weighted average number of shares	20,037,000	16,957,000
Diluted number of shares	20,037,000	16,957,000

Piotr Bieliński
President of the Management
Board

Sławomir Harazin
Vice-President of the Management
Board

Zamienie, 30 September 2021.

Statement of financial position

	30/06/2021	31/12/2020	30/06/2020	31/12/2019
ASSETS				
Tangible fixed assets	138,348	139,511	146,523	149,765
Goodwill	0	0	0	0
Other intangible assets	5,700	6,168	6,077	6,595
Investment real properties	3,545	3,545	3,545	3,545
Financial assets	128	27	6	6
Other financial assets	0	0	0	0
Deferred income tax assets	4,310	10,045	0	0
Trade and other receivables	0	0	0	0
Fixed assets	152,031	159,296	156,151	159,911
Stocks	191,951	190,909	152,547	156,178
Trade and other receivables	163,082	175,157	150,190	153,291
Current income tax receivables	0	0	0	0
Financial derivatives	0	372	0	0
Other financial assets	0	0	0	0
Cash and cash equivalents	69,632	103,822	121,866	72,301
Current assets	424,665	470,260	424,603	381,770
Total assets	576,696	629,556	580,754	541,681
EQUITY				
Share capital	2,004	2,004	1,696	1,696
Surplus resulting from the sale of shares above their nominal value	77,272	77,272	62,231	62,231
Retained profit	283,900	221,161	40,491	35,271
Other reserve capitals	0	0	0	0
Total equity	363,176	300,437	104,418	99,198
LIABILITIES				
Loans, borrowings and other liabilities on account of financing	0	0	0	0
Lease liabilities	748	70	34	74
Trade and other liabilities	93,467	100,255	0	0
Deferred income tax provisions	0	0	0	0
Long-term liabilities	94,215	100,325	34	74
Trade and other liabilities	117,125	222,680	371,679	338,151
Loans, borrowings and other liabilities on account of financing	0	0	103,199	103,199
Lease liabilities	382	147	511	508
Current income tax liabilities	0	4,604	0	0
Provisions for employee benefits	1,757	1,363	913	551
Provisions for other liabilities and charges	41	0	0	0
Financial derivatives	0	0	0	0
Short-term liabilities	119,305	228,794	476,302	442,409
Total liabilities	213,520	329,119	476,336	442,483
Total equity and liabilities	576,696	629,556	580,754	541,681

Piotr Bieliński
President of the Management
Board

Sławomir Harazin
Vice-President of the Management
Board

Zamienie, 30 September 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	0	62,739	0	62,739
Issue of shares	0	0			0
Total comprehensive income			62,739		62,739
Dividends declared					0
Other					0
As of 30 June 2021	2,004	77,272	283,900	0	363,176
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			15,349
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 01 January 2020	1,696	62,231	35,271	0	99,198
Changes in equity:			5,220		5,220
Total comprehensive income			5,220		5,220
Dividends declared					0
Other			0		0
As of 30 June 2020	1,696	62,231	40,491	0	104,418

Piotr Bieliński
President of the Management Board

Sławomir Harazin
Vice-President of the Management Board

Cash Flow Statement

	period from 01/01/2021 to 30/06/2021	period from 01/01/2020 to 30/06/2020
Cash flows from operating activities		
Gross profit / loss for the financial period	68,474	5,220
Adjustments:	-104,326	44,192
Income tax	0	0
Depreciation of fixed and intangible assets	4,080	4,067
Profit (loss) on investment activities	-2,889	-263
Interest revenue	-48	-235
Interest expenses	18	1
Other	427	362
Changes in working capital:		
Stocks	-1,042	3,631
Trade and other receivables	12,075	3,101
Trade and other liabilities	-112,343	33,528
Income tax paid	-4,604	0
Net cash flows from operating activities	-35,852	49,412
Cash flows from investment activities		
Acquisition of property, plant and equipment and intangible assets	-1,393	-170
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	3,228	361
Net cash flows from investment activities	1,835	191
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	-18	-1
Payments of liabilities under financial lease agreements	-155	-37
Other financial inflows/outflows	0	0
Net cash flows from financing activities	-173	-38
Net increase / decrease in cash	-34,190	49,565
Opening balance of cash	103,822	72,301
Foreign exchange profits (losses) on measurement of cash	0	0
Closing balance of cash	69,632	121,866

Piotr Bieliński
President of the Management
Board

Sławomir Harazin
Vice-President of the Management
Board

Notes

1. Continuation of business activities

Information regarding the assumption that the Company will continue as a going concern has been described in detail in Note 2.2 of the consolidated financial statement.

2. Tax risk

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 June 2021 amounts to PLN 18,318 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. Material accounting principles

Material accounting principles are described in *Note 2.5* of the consolidated financial statement.

Restatement of comparative data

In the interim condensed Financial Statements, the presentation of comparative data of individual items of the statement of comprehensive income and the 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 financial statements:

Restatement of the statement of comprehensive income

	Period from 01/01/2020 to 30/06/2020 before restatement	Change	Period from 01/01/2020 to 30/06/2020 after restatement
Revenue from sales	948,106	0	948,106
Costs of products, goods and materials sold	-891,467	0	-891,467
Gross profit / loss on sales	56,639	0	56,639
Selling and marketing costs	-37,089	0	-37,089
General management costs	-13,787	0	-13,787
		0	
Other revenue and profits	1,109	-235	874
Other costs and losses	-1,650	0	-1,650
Operating profit/(loss)	5,222	-235	4,987
Financial revenue	0	235	235
Financial costs	-2	0	-2

Consolidated half-year financial statements of the ACTION S.A. CAPITAL GROUP for the first six months of the year 2021

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

Profit/(loss) before tax	5,220	0	5,220
Income tax	0	0	0
Net profit (loss) for the financial year	5,220	0	5,220
Other components of comprehensive income			
Net change due to cash flow hedges	0	0	0
Income tax	0	0	0
Other components of net comprehensive income	0	0	0
Total income for the period	5,220	0	5,220
Profit/(loss) attributable to the Company's shareholders per ordinary share during the period (expressed in PLN per share)			
– basic	0.31	0.00	0.31
– diluted	0.31	0.00	0.31
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

	30/06/2020		30/06/2020
	Data before restatement	Change	Data after restatement
Proofreading			
ASSETS			
Fixed assets			
Tangible fixed assets	146,523	0	146,523
Goodwill	0	0	0
Other intangible assets	6,077	0	6,077
Investment real properties	3,545	0	3,545
Financial assets	6	0	6
Other financial assets	0	0	0
Deferred income tax assets	0	0	0
Trade and other receivables	0	0	0
	156,151	0	156,151
Current assets		0	
Stocks	152,547	0	152,547
Trade and other receivables	150,190	0	150,190
Current income tax receivables	0	0	0
Financial derivatives	0	0	0
Other financial assets	0	0	0
Cash and cash equivalents	121,866	0	121,866
	424,603	0	424,603
Total assets	580,754	0	580,754
EQUITY			

Consolidated half-year financial statements of the ACTION S.A. CAPITAL GROUP for the first six months of the year 2021

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

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	40,491	-30,000	10,491
Other reserve capitals	0	30,000	30,000
Total equity	104,418	0	104,418

LIABILITIES

Long-term liabilities

Loans, borrowings and other financial liabilities	0	34	34
Lease liabilities	34	-34	0
Trade and other liabilities	0	0	0
Deferred income tax provision	0	0	0
	34	0	34

Short-term liabilities

Trade and other liabilities	371,679	0	371,679
Loans, borrowings and other liabilities on account of financing	103,199	511	103,710
Lease liabilities	511	-511	0
Current income tax liabilities	0	0	0
Employee benefit liabilities	913	0	913
Financial derivatives	0	0	0
Provisions for other liabilities and charges	0	0	0
	476,302	0	476,302
Total liabilities	476,336	0	476,336
Total equity and liabilities	580,754	0	580,754

4. Revenue and expenses

4.1 Seasonal nature of sales

The seasonal nature of sales is described in *Note 5.1* of the consolidated financial statement.

4.2 Tangible fixed assets

During the period covered by the report, the Company incurred investment expenses of PLN 1,393 thousand.

4.3 Investment real properties

Investment property is described in *Note 5.12* of the consolidated financial statement.

4.4 Liabilities arising from the purchase of property, plant and equipment

As at the reporting date, the Company does not have liabilities arising from the purchase of property, plant and equipment.

5. 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:

	30/06/2021	31/12/2020
Deferred income tax assets:		
– deferred income tax assets falling due within 12 months	11,495	19,104
	11,495	19,104
Deferred income tax provisions:		
– deferred income tax provisions falling due within 12 months	7,185	9,059
	7,185	9,059
Deferred income tax assets	11,495	19,104
Deferred income tax provisions	7,185	9,059
Deferred income tax assets/provisions (on balance)	4,310	10,045

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

	30/06/2021	31/12/2020
At the beginning of the period	10,045	0
Credit to / charge on the financial result	-5,735	10,045
Increase / decrease in equity	0	0
Closing balance	4,310	10,045

6. Write-downs on assets

6.1. Write-downs on long-term financial assets

	30/06/2021	31/12/2020	30/06/2020
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

6.2. Impairment losses on short-term financial assets

	30/06/2021	31/12/2020	30/06/2020
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

6.3. Write-downs on stocks

	30/06/2021	31/12/2020	30/06/2020
Opening write-down on stocks	-6,493	-4,118	-4,118
Created (Costs of products, goods and materials sold)	-2,476	-2,375	-1,878
Utilised (Costs of products, goods and materials sold)	0	0	0
Released (Costs of products, goods and materials sold)	2,242	0	0
Closing write-down on stocks	-6,727	-6,493	-5,996

The write-down was established as a result of the revaluation of merchandise based on stock ageing. Stocks are measured at a price not lower than a realisable sale price.

6.4. Write-downs on trade and other receivables

	30/06/2021	31/12/2020	30/06/2020
Opening write-down on receivables	-25,210	-24,989	-24,989
Created	-867	-3,834	-870
Used	0	1,548	138

Released	2,562	2,065	67
Closing write-down on receivables	-23,515	-25,210	-25,654

7. Shareholding structure

The Company's shareholding structure was presented in *Note 10.3* of the Notes to the interim condensed consolidated financial statement.

8. Mergers

There were no mergers in the period covered by the report.

9. Transactions with related entities

The following tables present the amounts of mutual settlements and transactions made between the Company and capital-related entities.

Revenue from sales to related entities

	For the period 1/01/2021–30/06/2021	For the period 01/01/2020–30/06/2020
Revenue from sales of products (services)	285	50
Revenue from sales of goods and materials	2,238	-17
	2,523	33

Purchase from related entities

	For the period 1/01/2021–30/06/2021	For the period 01/01/2020–30/06/2020
Purchase of services	144	207
Purchase of goods and materials	0	0
Purchase of fixed assets, intangible assets and investment property and other	0	0
	144	207

Financial revenue

	For the period 1/01/2021–30/06/2021	For the period 01/01/2020–30/06/2020
Interest on borrowings	12	15
Dividends received	0	0
	12	15

Consolidated half-year financial statements of the ACTION S.A. CAPITAL GROUP for the first six months
of the year 2021

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

Financial costs

	For the period 1/01/2021–30/06/2021	For the period 01/01/2020–30/06/2020
Interest on bonds	0	0
	0	0

Other financial assets

	30/06/2021	31/12/2020
Short-term Borrowings granted	0	0
	0	0

Receivables from related entities

	30/06/2021	31/12/2020
Short-term Trade and other receivables	54	491
Other receivables	0	0
Short-term receivables (gross)	0	491
Write-downs on receivables	0	490
(Net) current receivables	54	1

Liabilities towards related entities

	30/06/2021	31/12/2020
Short-term Trade liabilities	28	33
Liabilities due to bonds	0	0
	28	33

Remuneration of managers

Remuneration paid and due

	For the period 1/01/2021–30/06/2021	For the period 01/01/2020–30/06/2020
Management Board, of which:	1,955	442
Piotr Bieliński – President of the Management Board	985	227
Sławomir Harazin – Vice President of the Management Board	970	215

Remuneration of senior management

Consolidated half-year financial statements of the ACTION S.A. CAPITAL GROUP for the first six months of the year 2021

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

	For the period 1/01/2021–30/06/2021	For the period 01/01/2020–30/06/2020
Remuneration of the Members of the Company's Management Board	1,955	442
Remuneration of key executive personnel	3,108	2,716
	5,063	3,158

Key executive personnel include the Company's Directors.

10. Net cash inflows from operating activities

	For the period 1/01/2021–30/06/2021	For the period 01/01/2020–30/06/2020
Gross profit/loss for the financial year	68,474	5,220
Adjustments:	-3,016	3,932
– Income tax	0	0
– Income tax paid	-4,604	0
– Depreciation of fixed assets and intangible assets	4,080	4,067
– (Profits) losses on investment activities, of which:	-2,889	-263
Write-downs	0	0
(Profits) losses on measurement of financial instruments	412	0
(Profits) losses on sale of non-financial assets	0	0
(Profits) losses on sale of financial assets	0	0
(Profits) losses on foreign exchange differences	-20	-263
Other	0	0
(Profits) losses from compensations received	-3,281	0
– Interest revenue	-48	-235
– Interest expenses	18	1
– Other, of which:	427	362
Change in provisions	0	0
Net change due to cash flow hedges	0	0
Change in prepayments/accruals	0	0
Change in employee benefit liabilities	394	362
Other adjustments	33	0
Changes in working capital:	-101,310	40,260
– Stocks	-1,042	3,631
– Trade and other receivables	12,075	3,101
– Trade and other liabilities	-112,343	33,528
Net cash inflows from operating activities	-35,852	49,412

11. Causes of differences between balance sheet changes for certain items and changes resulting from the cash flow statement

	For the period 1/01/2021–30/06/2021	For the period 01/01/2020–30/06/2020
Balance sheet change in trade and other receivables	12,075	3,101
Change due to investment receivables	0	0
Change due to income tax	0	0
Change due to prepayments/accruals	0	0
Change due to the write-down on receivables	0	0
Change in receivables in the cash flow statement	12,075	3,101
Balance sheet change in trade and other liabilities	-112,343	33,528
Change due to investment liabilities	0	0
Change due to unpaid dividends	0	0
Change due to prepayments/accruals	0	0
Movement due to netting of VAT liabilities of VAT liabilities CIT overpayments	0	0
Change in liabilities in the cash flow statement	-112,343	33,528

12. Other investment inflows / outflows

	For the period 1/01/2021–30/06/2021	For the period 01/01/2020–30/06/2020
Other investment inflows/outflows, of which:		
– Acquisition of interests	-101	0
– Borrowings repaid	0	20
– Interest received	48	235
– Other	0	106
– Compensation received	3,281	0
	3,228	361

13. Contingent assets and liabilities

As of 30 June 2021, the Company held contingent receivables due to the repayment of receivables in the amount of PLN 7,614 thousand. Hedging liabilities under agreements signed as of the reporting date and not reflected in the interim condensed financial statement of the Company amounted to PLN 12,064 thousand as of 30 June 2021 and PLN 13,980 thousand as of 31 December 2020.

	30/06/2021	31/12/2020	30/06/2020
1. Contingent receivables	7,614	9,005	8,281
1.1. From other entities (due to)	7,614	9,005	8,281
– guarantees and sureties received	7,614	9,005	8,281
2. Contingent liabilities	12,064	13,980	11,729
1.1. To other entities (due to)	12,064	13,980	11,729
– guarantees and sureties granted	12,064	13,980	11,729
– letters of credit	0	0	0

1.2. Towards related entities (due to)	0	0	0
– guarantees and sureties granted	0	0	0
3. Other (due to)	0	0	0
Total off-balance sheet items	19,678	22,985	20,010

14. Events after the balance sheet date

On 09.07.2021 the Management Board of ACTION S.A. received information that on 8.07.2021 the Brokerage House representing the Company submitted an application for admission of the Issuer's D series shares to trading on the regulated market of the Warsaw Stock Exchange. The above application covered all 2,972,816 series D shares registered with the securities depository.

On 23.08.2021 the Management Board of ACTION S.A., with reference to the current report no. 52/2021 of 25.06.2021 (informing about the registration and completion of subscription of the Issuer's D series shares) and current report no. 54/2021 of 9.07.2021 (informing about the submission of an application for admission to trading on the regulated market of D series shares of the Issuer), explained that the application for admission to trading on the regulated market maintained by the Warsaw Stock Exchange of D series shares of the Issuer covered all D series shares registered in the securities depository in the number of 2,972,816, while shares in this number do not constitute the entire issue. The Issuer explained 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), 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 securities depository. 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. The above-mentioned decisions of the Regional Court in Warsaw on granting security were issued pursuant to Article 730 et seq. of the Act of 17 November 1964 – the Code of Civil Procedure, and pursuant to Article 743§2 of the said Act, they are enforceable as soon as they are issued on the grounds that they have been provided with a note of enforceability ex officio. These provisions shall remain in force and continue to be in force. Bearing in mind the content of §1.1(3) and §1.3 of the Regulation of the Minister of Finance of 25.04.2019 on detailed conditions to be met by the official stock exchange market and issuers of securities admitted to trading on this market (Journal of Laws of 2019, item 803), the Issuer is of the opinion that the requirement that all issued shares of a given type be covered by an application for admission to trading on the official stock exchange market does not need to be met, as it follows from the provisions of the Act of 17.11.1964, the Code of Civil Procedure, referred to above, and the aforementioned security decisions issued on the basis thereof, that shares that are not covered by an application for admission to trading could not be registered with a securities depository and dematerialised, and thus cannot be traded on the stock exchange.

On 30 August 2021, the Management Board of ACTION S.A. (hereinafter referred to as: the Issuer, the Company) with reference to the current report no. 54/2021 of 9 July 2021 and the current report no. 56/2021 of 23 August 2021, announced that on 30 August 2021 the Management Board of the Warsaw Stock Exchange adopted Resolution No. 850/2021 on the 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 nominal value of PLN 0.10 each, marked by the National Depository for Securities (KDPW S.A.) with code "PLACTIN00042", were admitted to trading on the main market. The introduction of the aforementioned shares to trading on the main market will take place on 3.09.2021, provided that the National Depository for Securities (Krajowy Depozyt Papierów Wartościowych S.A.) performs on 3.09.2021 the assimilation of these shares with the shares of the Company traded on the stock exchange, marked with the code "PLACTIN00018".

the Management Board of ACTION S.A. (hereinafter referred to as: the Company, the Issuer), with reference to current report No. 58/2021 of 30.08.2021, informed that on 31.08.2021 it received information about the issuance by the National Depository for Securities S.A. (hereinafter referred to as: "KDPW") of statement No. 1064/2021 of 31.08.2021 on the assimilation of the securities of the Issuer. According to the above statement, KDPW, in response to the Issuer's request, decided to assimilate 2,972,816 D series ordinary bearer shares

of the Company marked with ISIN code: PLACTIN00042 with the basic issue shares marked with ISIN code PLACTIN00018 took place. The assimilation was carried out in the depository system on 3.09.2021.

On 27.09.2021, the Company repaid the 4th instalment as part of the implementation of the composition agreement.

15. Other information regarding the half-yearly condensed financial statement

15.1. Issue, redemption and repayment of non-equity and equity securities

The issue of bonds is described in *Note 10.1* of the consolidated financial statement.

15.2. Court proceedings

Court proceedings are described in *Note 10.4* of the consolidated financial statement.

15.3. Error adjustments

This financial statement does not contain corrections of errors from previous periods.

This interim condensed consolidated financial statement was approved by the Management Board of ACTION S.A. on 30 September 2021.

Piotr Bieliński
President of the Management
Board

Sławomir Harazin
Vice-President of the Management
Board

Wioletta Turczyńska
Person responsible for
maintaining the accounts

Zamienie, 30 September 2021.

Half-year report of the Management Board on the operations of the ACTION S.A. Capital Group. (Group) and ACTION S.A. (Company)

Information about the Group

1. Basic financial data and description of growth perspectives in the coming six months

In view of the continuing high demand for the goods offered by the Group's entities, reinforced by the continuing shortage of supply, the Issuer's Management Board is pleased with the results achieved. At the same time, the Issuer's Management Board is optimistic about the results planned for the next six months. In the period of the coming half year, the following issues will be of key importance for the achieved results:

- Taking advantage of increased demand for offered goods.
- The use of strong business pillars worked out during the restructuring process.
 - Action Business Centre
 - E-commerce Automation
 - Consumer Product
 - Development of the product portfolio in the scope of high-margin products, compliant with current trends and innovations
- Further expansion into foreign markets.

2. Assessment of the management of the Group's financial resources

The entities of the ACTION S.A. Capital Group pursue their common management policy for the financial resources. The main priorities of this policy are a stable liquidity situation and low and stable interest-bearing debt. The main indicators describing financial security in the first half of 2021 were as follows:

Liquidity ratios	30/06/2021	31/12/2020
Current liquidity ratio (current assets / current liabilities)	3.53	0.89
Fast liquidity ratio (liquid current assets / current liabilities)	1.94	0.57
Cash ratio (short-term investments / current liabilities)	58%	26%

As of 30 June 2021, the liquidity ratios for the ACTION S.A. Capital Group at all analytical levels were at levels far exceeding the values observed among other industry entities and very rarely encountered in the economy. This was mainly due to the exceptionally successful restructuring process of the Issuer and due to the continuation of the change in the Issuer's business model.

All debt ratios improved equally significantly and were as follows at the end of June 2021:

Debt ratios of ACTION S.A. Capital Group on	30/06/2021	31/12/2020
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General debt ratio	0.37	0.82
Equity to assets ratio	0.63	0.18
Interest-bearing debt/equity	0.003	0.99

3. Description of the organisation of the Group with the indication of the entities subject to consolidation

The composition of the ACTION S.A. Capital Group is presented in *Note 1.2* of the Interim Condensed Consolidated Financial Statement.

4. 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.

5. Performance of forecasts

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

6. Shareholders holding, directly or indirectly through subsidiaries, at least 5% of total votes at the Company's general meeting, including the number of shares held by such parties, their percentage share in the share capital, the number of votes vested with such shares and their percentage share in the total votes at the general meeting, and indication of changes in the ownership structure of the Company

According to the information available to the Company, the following shareholders hold at least 5% of the total number of votes at the General Meeting of Shareholders as of the date of submission of the previous report for Q1, 2021, i.e. as of 31 May 2021:

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 and submission of this report for H1 2021, i.e. 30 September 2021, remained unchanged and

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%

7. 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 of the day of publishing the statements for Q1 2021, i.e. 31 May 2021, the managing and supervising persons held the following shares in ACTION S.A.:

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 of this report for H1 2021, i.e. 30 September 2021 and is 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

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

Court proceedings are described in *Note 10.4 Court Proceedings* of the Consolidated financial statement. Apart from the proceedings described in *Note 10.4* there are no other proceedings before authorities

competent for arbitration proceedings. Significant proceedings before public administration authorities are described in *Note 3.4. Taxes*.

9. Non-arm's length transactions with related entities

In the period covered by the report, the Group's companies did not conclude transactions with related parties on non-market conditions.

10. Information on borrowings granted

In the reporting period, the Group did not grant any borrowings.

11. Information on guarantees and sureties granted

As of 30 June 2021, guarantees and sureties granted by the Group to third parties amounted to PLN 12 064 thousand, of which:

Bank guarantees for the total amount of (EUR 50 thousand) PLN 226 thousand,
Bank guarantees for the total amount of (USD 12.5 thousand) PLN 48 thousand,
Bank guarantees for the total amount of PLN 11,790 thousand.

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

In H1 2021, the completion of the restructuring process was still the most significant factor influencing the results of the ACTION S.A. Capital Group. The most significant events with a major impact on the results achieved were the commencement of repayments under the approved composition agreement. The positive outcome of the completion of the tax audit is described in *Note 3.4 Taxes*.

Other essential factors and events of an unusual nature include the tax authorities' activities described in detail in *Note 3.4 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.

All of the above-described aspects had an essential impact on the Company's volumes of sales.

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.

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.
- d) Ongoing supervision of the scope of the commercial offer and entry into new markets.
- e) Strict control of the effectiveness of managing the current assets, in particular stocks.
- f) Ongoing monitoring of risks related to the operations of the ACTION S.A. Capital Group and taking measures to limit or eliminate them.
- g) Constant analysis and strict control of the cost effectiveness of operations conducted.
- h) Ongoing control and effective financial management in a limited financing environment.
- i) Effective use of 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. Essential risk factors connected with the Group's operations

Material risk factors connected with the Group's activities are described in detail in points 15 and 23 below as well as in *Note 1 Going concern* included in the Company's financial statement.

15. Financial instruments – risks and their hedging

15.1. Risk related to changes of product prices

The market on which the entities of the ACTION S.A. Capital Group operate is characterised by a tendency for goods to quickly become obsolete and consequently decrease in their prices. Therefore, the entities of the Group pay special attention to effective management of the supply chain, with particular attention paid to the maintenance of the lowest possible stock rotation. The Group's entities analyse changes of market prices on an ongoing basis for the purpose of optimal management of the said risk.

15.2. Credit risk

The Group follows a policy of crediting its clients by applying extended payment deadlines for products sold. The credit risk arising in such circumstances is an unavoidable component of market competition. The purpose of the procedures functioning in the Group is to maintain the credit risk at the level accepted by the individual Group companies. The Group pursues a policy limiting credit exposure with respect to individual clients. The applied credit limits granted to individual contractors are aimed at eliminating an increase in risk caused by an excessive concentration of credit sales to a single client. The level of the credit limit, i.e. the level of credit risk accepted by individual Group companies, is determined individually for each client on the basis of their financial standing, the cooperation to date and the history of their operations. In order to increase the credit limit, the contractor must submit additional collaterals which decrease the level of the credit risk. Since 1 April 2006, the Parent Company has insured receivables, except for receivables from

subsidiaries and selected long-standing customers. The credit risk arising from granting extended payment dates to external contractors is limited by using collateral in the form of a bill of exchange or a notarial deed on submission to enforcement procedures as well as one of the following types of tangible collaterals:

- an agreement on assignment of receivables and other rights;
- an agreement transferring the title of ownership to goods;
- an entry to the land and mortgage register at the first position;
- a bank guarantee;
- a bank deposit.

15.3. Risk of significant cash flow disruptions and risk of loss of financial liquidity

The market of the distribution of IT products as well as home appliances and consumer electronics is characterised with relatively considerable changeability of the share of components of current assets and sources of financing thereof in particular months of the year. Changes in the value of stocks and receivables enforce the need to monitor liquidity and debt ratios on an ongoing basis. Entities of the ACTION S.A. Capital Group make efforts on a regular basis to ensure appropriate amounts of cash necessary to finance temporary surpluses of current assets.

Information about the Company

16. Basic financial data and description of growth perspectives in the coming six months

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

	First half of 2021	First half of 2020
Net sales	1,059,184	948,031
Gross profit / loss on sales	90,662	56,756
<i>gross margin</i>	8.56%	6.00%
EBIT	69,688	4,471
<i>EBIT margin</i>	6.58%	0.47%
Net profit/loss	62,305	4,819
<i>net margin</i>	5.88%	0.50%

In H1 2021 the Group earned sales revenue of PLN 1,059,184 thousand, which constitutes an increase of 11.7% in comparison with the level of sales revenue generated in the corresponding period in the preceding year.

In that period, the Group recorded a profit on sales of PLN 90,662 thousand, showing in this scope an increase in value of 59.7%. The operating profit for H1 2021 was PLN 69,688 thousand versus PLN 4,668 thousand for H1 2020. The net profit of the period was PLN 62,305 thousand versus – PLN 4,819 thousand for H1 2020. Gross margin on sales reached 8.56% versus 6.0% achieved for H1 2020.

In the view of the Management Board of ACTION S.A., the results of H1 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 resulting from the COVID-19 pandemic were also of significant importance.

In H2 2021, an increase in demand for goods offered by the Group is expected in connection with:

- the autumn and winter season that significantly affects the demand for products offered by the Group,
- acquisition of new partners and products corresponding to the current demand,
- further development of sales channels supported by the Group,
- ongoing demand for goods allowing or supporting remote work and learning,
- continuing disruption of global supply chains.

16.2. Selected financial data of ACTION S.A.

	First half of 2021	First half of 2020
Net sales	1,058,956	948,106
Gross profit / loss on sales	90,022	56,639
<i>gross margin</i>	8.50%	5.97%
EBIT	70,252	4,987
<i>EBIT margin</i>	6.63%	0.53%
Net profit/loss	62,739	5,220
<i>net margin</i>	5.92%	0.55%

17. Explanation of differences between forecasts and figures disclosed in the report

During the reporting period, ACTION S.A. did not publish any forecasts regarding the Company's results.

At the same time, the report for H1 2021 indicates that the Company is realising a net result exceeding that presented in the last published forecast.

18. Shareholders holding at least 5% of total votes at the Company's general meeting and the summary of shares held by managers and supervisors

The information about shareholders holding at least 5% of shares and changes in the number of shares held during the period covered by this report is presented in items 6 and 7 above.

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

Court proceedings are described in *Note 10.4* of the consolidated financial statement. Apart from the proceedings described in *Note 10.4*, there are no other proceedings before competent arbitration authorities. Significant proceedings before public administration authorities are described in *Note 2 Tax Risk* of the Financial Statements.

20. Non-arm's length transactions with related entities

In the period covered by the report, the Company did not perform transactions with related entities under non-market conditions.

21. Information on guarantees and sureties granted by the Company

As of 30 June 2021, the value of guarantees and sureties granted amounted to PLN 12 064 thousand, of which:

Bank guarantees for the total amount of (EUR 50 thousand) PLN 226 thousand,
Bank guarantees for the total amount of (USD 12.5 thousand) PLN 48 thousand;
Bank guarantees for the total amount of PLN 11,790 thousand.

22. Information on loans incurred by the Company

In the first half of 2021, the Company did not take out any bank loans.

23. Essential risk factors connected with the Company's operations

23.1. Risk of the stock maintenance

The Company's basic activity is the sale of technologically advanced goods which by their nature are exposed to the ageing process and the resulting reduction of their value. Producers launching new models of products into the market reduce the prices of products offered earlier.

The Group's entities analyse their current stock levels on an ongoing basis in order to limit the impact of this risk on their performance.

23.2. Risk of losing receivables

The most important item of the Company's assets in terms of the value is its commercial receivables. As any other entity dealing with trade, the Company is exposed to the risk of losing some of its receivables. This risk increases along with the gradual economic slowdown in Poland and around the world. Considering the potential loss of receivables, the Company takes out insurance against this risk, using the services of top insurers.

23.3. Risk factors connected with the environment in which the Company carries out its operations

23.3.1. Risk connected with the macroeconomic situation in Poland

The macroeconomic ratios of the Polish economy and the pace of its growth have significant influence on the value and trends seen on the IT hardware distribution market. The eagerness of dealers to purchase new IT hardware, and consequently the value of purchases exercised by the recipients of the Company, are essentially related to GDP growth, the level of investments, and the way that retail consumers perceive the market situation. At present the Management Board cannot see any risk of material economic slowdown; however, a low level of investments is still observed. The Management Board closely monitors the effects of disruptions in supply chains, which, in the opinion of the Management Board, may significantly affect the dynamics of global economies and, indirectly, the dynamics of the domestic economy.

23.3.2. Foreign exchange risk

The Company is exposed to the foreign exchange risk, in particular the USD and EUR. The foreign exchange risk arises from future trade transactions as well as assets and liabilities recognised. Currency risk arises whenever future trade transactions as well as assets and liabilities recognised are denominated in a currency other than the functional currency of the entity. The increase in the risk is proportionate to changes observed on the currency market. The Company tries to minimise the foreign exchange risk by the ongoing monitoring of the structure and value of open foreign currency positions and, in the case of essential values, to secure positions by making foreign exchange swap transactions.

23.3.3. Risk of the legal environment

The changing laws and various interpretations thereof constitute a risk to the operations of ACTION S.A. Any changes in the provisions of law may lead in a direction causing the occurrence of negative effects for the Company's operations. These changes may have a serious impact on the legal environment of the economic operations. The introduction of a new regulation important for business life may lead to interpretation problems, inconsistent court decisions, unfavourable interpretations assumed by the public administration bodies, etc.

23.3.4. Tax policy risk

The Polish tax system is characterised by frequent changes of provisions, many regulations are imprecise and there are no clear-cut guidelines on their interpretation. The interpretations of the same tax provisions are frequently changed, and unfortunately there are discrepancies between the practice of tax authorities and the judicial decisions in the area of taxation. Although the Company monitors the activities of the fiscal authority on an ongoing basis and makes efforts to adjust its activities to its current practice, if the fiscal authority changes its interpretations of the same provisions, in several years' time the taxpayer's activities may be deemed to be incorrect. Therefore, the risk is greater in the case of a Polish company than in the case of a company operating in more stable tax systems. In such situations, the operations of the company and their recognition in tax statements and declarations may be arbitrarily deemed by the tax authorities as inconsistent with the tax laws. However, it is anticipated that the two-instance proceedings before administrative courts and the *acquis communautaire* will contribute significantly to the uniformity of court decisions in tax cases and, as a result, to the uniform application of the tax law, including by fiscal authorities. One of the risk elements, in particular among entities operating in the electronic sector, though not only, concerns assessment of the good faith and due care of the taxpayer making purchases from suppliers which – in the opinion of the tax authority – either let irregularities occur, or their predecessors did so. In such situations the tax authority almost always and automatically concludes that the final buyer was involved in tax fraud too, or alternatively that it failed to exercise due care during the process of verifying its suppliers, including that it failed to verify from what entities the supplier had purchased goods being the subject matter of tax fraud in the opinion of the authority, regardless of what measures the final buyer takes in order to protect itself from this. Judicial decisions of Polish courts in this respect are also much stricter than judicial decisions of the Court of Justice of the European Union, although more and more often Polish courts take them into account, handing down decisions more favourable for taxpayers. Obstacles include provisions on the limitations period for tax liabilities, in particular possibilities of suspending or interrupting the running of this period, which involves a possibility of verifying the correctness of the calculation of the tax liabilities for a relevant period. Tax returns specifying the amount of the tax liability and the amount of payments made may be verified through inspections by the tax authority within five years from the end of the year in which the tax payment date passed; however, this period may be extended if the tax or fiscal authority interrupts or suspends the running of the limitations period, which is relatively easy. If the tax authorities adopt an interpretation of tax regulations different than the interpretation adopted by the Company, this may have an adverse impact on the operations of the Company, its financial situation, and, in consequence, its results and growth perspectives.

The decisions received from the Tax Audit Office are described in detail in *Note 3.4 of the Half-yearly consolidated financial statement*.

23.3.5. Risk connected with composition agreement

In the period from 1 August 2016 to 15 December 2020, the Company has been subject to the restructuring proceedings under Article 2.4 of the Polish Restructuring Law Act of 15 May 2015. 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 legally binding as of 15.12.2020. The Company's intention was and is to avoid the threat of insolvency and to protect the rights of its creditors, including in particular the repayment of their claims, in accordance with the Composition Agreement. The Company shall implement the Composition Agreement in accordance with its provisions. However, it should be remembered that in the event of non-performance of the Composition Agreement, it is possible that it could be revoked and the Company would still be obliged to satisfy its creditors. Depending on the Company's financial situation, the occurrence of such an option might result in the obligation to initiate bankruptcy proceedings.

A detailed description of the implementation of the Composition Agreement is included in *Note 7 "Implementation of the Composition Agreement" of the Half-Yearly Consolidated Financial Statements*.

23.3.6. Risk connected with the COVID-19 pandemic

Since the first reports of COVID-19, the Company has undertaken measures to secure trade, in particular within the supply chain. Together with reports on the first cases of COVID-19 infections in Europe, the Company began to implement sanitary safety and remote work procedures. In addition, the Company re-checked existing procedures and tightened them particularly in the scope of the control of processes, information flow and cash flows.

The effects of the above-mentioned changes after the introduction by the Government of the Republic of Poland of the state of epidemiological threat and then throughout the epidemic state indicate that the Company is internally prepared to work in the conditions of the existing restrictions; however it is still difficult to determine the potential negative effects of COVID-19 and their impact on further results.

Piotr Bieliński
President of the Management
Board

Sławomir Harazin
Vice-President of the Management
Board

Zamienie, 30 September 2021