CONSOLIDATED FINANCIAL STATEMENT OF ACTION S.A.

for the period 1 January to 31 December 2021

30 March 2022

Contents

Consolidated financial statements of ACTION S.A. CAPITAL GROUP for 2021 (all amounts are in thousands of PLN, unless specified otherwise)

I. Statement of the Management Board concerning accuracy of the annual consolidated financial statement

This consolidated financial statement and the comparative data have been prepared in order to present the financial position, results of operations and cash flows in accordance with the International Financial Reporting Standards ("IFRS") as approved by the EU, issued and applicable as of the balance sheet date and, for matters not regulated by these Standards, in accordance with the Polish Accounting Act of 29 September 1994 (Journal of Laws of 2020, item 2123, as amended).

The annual consolidated financial statement of the ACTION S.A. Capital Group for the period ended 31 December 2021 comprises: the consolidated statement of comprehensive income, the consolidated statement of financial position, the statement of changes in consolidated equity, the consolidated cash flow statement and notes containing a description of key accounting principles and selected explanatory notes.

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

– to the best of its knowledge the annual consolidated financial statement and comparative data were prepared in compliance with the applicable accounting principles and they present a true, accurate and fair view of the Group's economic and financial position and its financial result and the annual report of the Management Board on the Group's operations presents a true overview of development and achievements of the Group and its situation, including a 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	Sławomir Harazin
President of the Management Board	Vice-President of the Management Board

Zamienie, 30 March 2022.

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

The Management Board represents that the entity authorised to audit financial statements, i.e. Grant Thornton Polska Spółka z ograniczoną odpowiedzialnością Spółka komandytowa, with its registered office in Poznań, which audits the annual consolidated financial statement of the Capital Group of ACTION S.A., was selected in line with the legal regulations, and both that entity and the statutory auditors carrying out that audit met the conditions required to issue an unbiased and independent opinion on the audit of the Group's annual consolidated financial statement, in line with the applicable regulations and professional standards.

Piotr Bieliński President of the Management Board	Sławomir Harazin Vice-President of the Management Board

Zamienie, 30 March 2022.

Consolidated financial statements of ACTION S.A. CAPITAL GROUP for 2021 (all amounts are in thousands of PLN, unless specified otherwise)

III. Annual Consolidated Financial Statement prepared in accordance with the International Financial Reporting Standards for the period between 1 January 2021 and 31 December 2021

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

SELECTED CONSOLIDATED FINANCIAL DATA	in thousand PLN		in thousand EUR	
	cumulative period from 01/01/2021 to 31/12/2021	cumulative period from 01/01/2020 to 31/12/2020	cumulative period from 01/01/2021 to 31/12/2021	cumulative period from 01/01/2020 to 31/12/2020
I. Net revenue from sale of products, goods and materials	2,307,109	2,062,236	504,011	460,917
II. Gross profit / loss on sales	201,687	129,035	44,061	28,840
III. Profit / loss on operating activities	116,143	156,833	25,373	35,053
IV. Net profit / loss attributable to the Company's shareholders	100,863	185,110	22,035	41,373
V. Net cash flows from operating activities	-48,594	23,581	-10,616	5,270
VI. Net cash flows from investment activities	-2,971	5,780	-649	1,292
VIII. Net cash flows from financing activities	-467	-419	-102	-94
VIII. Net increases (decreases) in cash	-52,032	28,942	-11,367	6,469
IX. Profit / loss per ordinary share* (in PLN/EUR)	5.03	10.83	1.10	2.44
	As of 31/12/2021	As of 31/12/2020	As of 31/12/2021	As of 31/12/2020
X. Total assets	635,710	630,619	138,216	136,651
XI. Liabilities	234,660	330,316	51,020	71,578
XII. Long-term liabilities	89,319	100,325	19,420	21,740
XIII. Short-term liabilities	145,341	229,991	31,600	49,838
XIV. Equity attributable to the Company's shareholders	402,147	301,617	87,435	65,359
XV. Share capital	2,004	2,004	436	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)	20.07	15.05	4.36	3.85

* Profit / loss per ordinary share was calculated by dividing net profit by the weighted average number of shares.
** The number of shares takes into account the change in the nominal value of series A shares from PLN 1 to PLN 0.10 at the same time dividing 1 share of PLN 1 into 10 shares with the nominal value of PLN 0.10. The change was made on 11 April 2006 by virtue of a resolution of the Extraordinary General Meeting of Shareholders.
*** The book value per share was calculated as the quotient of Equity attributable to the Company's shareholders and the number of shares.
**** The minimum and maximum exchange rates in the period were calculated using the exchange rates announced by the NBP, in force on the last day of each month.

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

- items in the consolidated statement of comprehensive income and the cash flow statement were converted at the exchange rate constituting the arithmetic mean of the minimum and maximum exchange rates from the last days of a month published by the National Bank of Poland, applicable on the last day of each month;
In 2021, this exchange rate was: EUR 1 = PLN 4.5775, in 2020: EUR 1 = PLN 4.4742;

- items in the consolidated statement of financial position were converted at the average exchange rate published by the National Bank of Poland, applicable on the balance sheet date;
as of 31 December 2021, this rate was: EUR 1 = PLN 4.5994, as of 31 December 2020: EUR 1 = PLN 4.6148;

Consolidated financial statements of ACTION S.A. CAPITAL GROUP for 2021 (all amounts are in thousands of PLN, unless specified otherwise)

Exchange rates of PLN with respect to EUR

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 – 31/12/2021	4.5775	4.4805	4.6834	4.5994
01/01/2020 – 31/12/2020	4.4742	4.3010	4.6188	4.6148

Exchange rates of PLN with respect to other currencies

Exchange rates of PLN with respect to USD

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 – 31/12/2021	3.8757	3.6724	4.1214	4.0600
01/01/2020 – 31/12/2020	3.9045	3.6924	4.1729	3.7584

Consolidated financial statements of ACTION S.A. CAPITAL GROUP for 2021 (all amounts are in thousands of PLN, unless specified otherwise)

Consolidated statement of comprehensive income

All revenue and costs relate to continued activities.

	Note	period from 01/01/2021 to 31/12/2021	period from 01/01/2020 to 31/12/2020
Revenue from sales	(6.2)	2,307,109	2,062,236
Costs of products, goods and materials sold	(6.3)	-2,105,422	-1,933,201
Gross profit / loss on sales		**201,687**	**129,035**
Selling and marketing costs	(6.3,6.4)	-94,319	-76,179
General management costs	(6.3,6.4)	-36,161	-31,531
Other operational revenue	(6.5)	46,580	148,595
Other costs and losses	(6.6)	-1,644	-13,087
Profit / loss on operating activities		**116,143**	**156,833**
Financial revenue	(6.7)	115	22,338
Financial costs	(6.8)	-2,702	-54
Share in profits (losses) of associates and joint ventures settled with the equity method		44	368
Profit / loss before tax		**113,600**	**179,485**
Income tax	(7)	-12,691	5,440
Profit / loss on continuing operations		**100,909**	**184,925**
Net profit / loss on discontinued operations		0	0
Net profit / loss for the financial period		**100,909**	**184,925**
Other components of comprehensive income			
Other comprehensive income that will be reclassified to profit or loss, before tax		-88	-832
Net change due to cash flow hedges		0	0
Other components – foreign exchange differences from conversion of a foreign operation		-88	-832
Other comprehensive income that will not be reclassified to profit or loss, before tax		0	-482
Other components – liquidation of the subsidiary		0	-482
Total other comprehensive income before tax		-88	-1,314
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		**-88**	**-1,314**
Total income for the period		**100,821**	**183,611**
Net profit / loss attributable to:			
Company's shareholders		**100,863**	**185,110**
non-controlling interests		46	-185
Comprehensive income attributable to:			
Company's shareholders		**100,775**	**175,587**
non-controlling interests		**46**	**8,024**

Consolidated financial statements of ACTION S.A. CAPITAL GROUP for 2021 (all amounts are in thousands of PLN, unless specified otherwise)

Profit per share

Basic profit / loss on continuing operations	5.03	10.83
Basic profit / loss on discontinued operations	0.00	0.00
Profit / loss per share (in PLN)	**5.03**	**10.83**
Diluted profit / loss on continuing operations	5.03	10.83
Diluted profit / loss on discontinued operations	0.00	0.00
Diluted profit / loss per share (in PLN)	**5.03**	**10.83**
Weighted average number of shares	**20,037,000**	**17,092,014**
Diluted number of shares	**20,037,000**	**17,092,014**

Consolidated financial statements of ACTION S.A. CAPITAL GROUP for 2021 (all amounts are in thousands of PLN, unless specified otherwise)

Consolidated statement of financial position

	Note	31/12/2021	31/12/2020
ASSETS			
Fixed assets			
Tangible fixed assets	(11)	139,092	139,511
Goodwill		0	0
Other intangible assets	(12)	5,813	6,168
Investment real properties	(13)	3,585	3,545
Financial assets *(in unconsolidated subsidiaries)*	(14)	0	0
Shares in associates measured with the equity method		0	0
Deferred income tax assets	(7.1)	2,384	10,045
Trade and other receivables	(16)	0	0
Total fixed assets		**150,874**	**159,269**
Current assets			
Stocks	(15)	250,013	190,919
Trade and other receivables	(16)	181,805	175,450
Current income tax receivables		0	0
Financial derivatives	(17)	441	372
Other financial assets	(18)	0	0
Cash and cash equivalents	(19)	52,577	104,609
Total current assets		**484,836**	**471,350**
Total assets		**635,710**	**630,619**
EQUITY			
Share capital	(20.1)	2,004	2,004
Surplus resulting from the sale of shares above their nominal value	(20.2)	77,207	77,272
Retained profit	(20.2)	323,925	223,242
Other reserve capitals	(20.2)	-989	-901
Equity attributable to the Company's shareholders		**402,147**	**301,617**
Non-controlling interests	(20.3)	**-1,097**	**-1,314**
Total equity		**401,050**	**300,303**
LIABILITIES			
Loans, borrowings and other liabilities on account of financing	(22)	0	0
Long-term lease liabilities		1,070	70
Trade and other liabilities	(23)	88,249	100,255
Deferred income tax provisions	(7.1)	0	0
Long-term liabilities		**89,319**	**100,325**
	(23)		
Trade and other liabilities		140,090	222,854
Loans, borrowings and other liabilities on account of financing	(22)	1,025	1,023
Short-term lease liabilities		478	147
Current income tax liabilities	(7)	1,871	4,604
Provisions for employee benefits	(21)	1,877	1,363
Provisions for other liabilities and charges		0	0
Financial derivatives	(17)	0	0
Short-term liabilities		**145,341**	**229,991**
Total liabilities		**234,660**	**330,316**
Total equity and liabilities		**635,710**	**630,619**

Consolidated financial statements of ACTION S.A. CAPITAL GROUP for 2021 (all amounts are in thousands of PLN, unless specified otherwise)

Statement of changes in consolidated equity

Statement of changes in consolidated equity 01/01-31/12/2021

	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**	**-65**	**100,683**	**-88**	**100,530**	**217**	**100,747**
Issue of shares	0	0	0	0	0	0	**0**
Profit (loss)	0	0	100,863	0	100,863	46	**100,909**
Other comprehensive income	0	0	0	-88	-88	0	**-88**
Total comprehensive income	0	0	100,863	-88	100,775	46	**100,821**
Other	0	**-65**	**-180**	**0**	**-245**	**171**	**-74**
As of 31 December 2021	**2,004**	**77,207**	**323,925**	**-989**	**402,147**	**-1,097**	**401,050**

Statement of changes in consolidated equity 01/01-31/12/2020

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**
Dividends paid	**0**	0	0	0	0	0	**0**
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**

Consolidated financial statements of ACTION S.A. CAPITAL GROUP for 2021 (all amounts are in thousands of PLN, unless specified otherwise)

Consolidated cash flow statement

	Note	period from 01/01/2021 to 31/12/2021	period from 01/01/2020 to 31/12/2020
Cash flows from operating activities			
Cash flows from activities		**-40,831**	**23,581**
Gross profit / loss		**113,600**	**179,485**
Adjustments:		**-154,431**	**-155,904**
Income tax		0	-5,440
Depreciation of fixed and intangible assets		8,164	8,167
Profit (loss) on investment activities		-2,630	-2,804
Interest revenue		-45	-331
Interest expenses		26	54
Share in the net result of the associate		44	368
Other	(29)	227	14,529
Stocks	(29)	-59,094	-34,686
Trade and other receivables	(29)	-6,355	-20,829
Trade and other liabilities	(29)	-94,768	-114,932
Income tax paid		-7,763	0
Net cash flows from operating activities		**-48,594**	**23,581**
Cash flows from investment activities			
Purchase of tangible fixed assets, intangible assets, investment real properties and other fixed assets		-5,904	-775
Income from sales of tangible fixed assets, intangible assets, investment real properties and other fixed assets		0	0
Other investment inflows / outflows	(30)	2,933	6,555
Net cash flows from investment activities		**-2,971**	**5,780**
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		-26	-54
Payments of liabilities under financial lease agreements		-376	-365
Other financial inflows/outflows		-65	0
Net cash flows from financing activities		**-467**	**-419**
Net decrease / increase in cash before effects of foreign exchange differences		**-52,032**	**28,942**
Effects of changes in foreign exchange rates concerning cash and cash equivalents		0	0
Net increase / decrease in cash		**-52,032**	**28,942**
Opening balance of cash		104,609	75,667
Closing balance of cash		**52,577**	**104,609**

Consolidated financial statements of ACTION S.A. CAPITAL GROUP for 2021 (all amounts are in thousands of PLN, unless specified otherwise)

Notes to the 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
Tax no. (NIP):	
LEI code:	259400QBPJRPZ9M4M409

1.1.Scope of business

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

ACTION S.A. is the parent company, with its registered office in Zamienie, ul. Dawidowska 10, Poland.
On 2 August 2004, ACTION Spółka Akcyjna was entered into the Register of Entrepreneurs of the National Court Register under the 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, Poland. 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.

The principal place of business is in Zamienie, ul. Dawidowska 10, Poland.

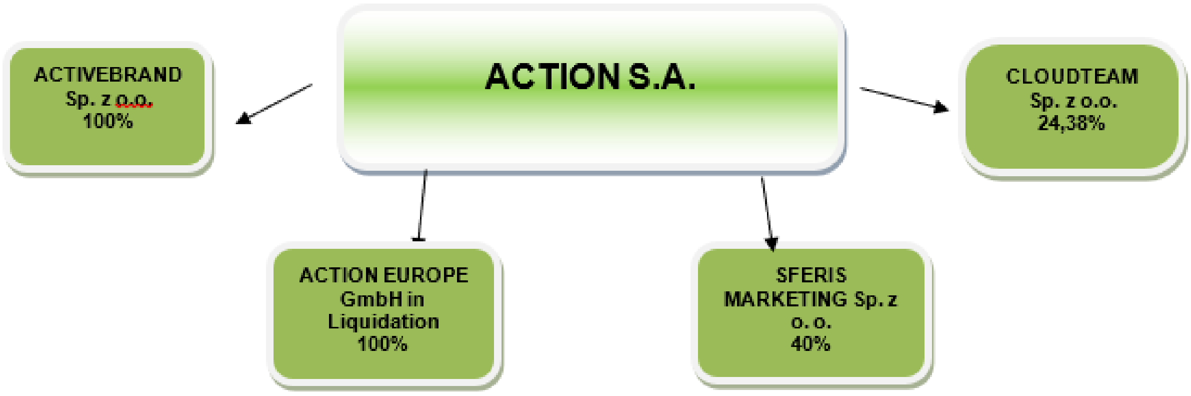
On 1 August 2016, the District Court for the Capital City of Warsaw, 10th Commercial Division for Bankruptcy and Restructuring, decided to initiate restructuring proceedings for ACTION Spółka Akcyjna under the provisions of the Polish Restructuring Law Act of 15 May 2015 (Journal of Laws of 2015, item 978).

The change of the registered office of ACTION S.A. was entered into the Register of Entrepreneurs on the basis of the decision of the District Court in Warsaw, Commercial Division of the National Court Register, of 3 July 2017.

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 ACTION S.A. Capital Group



Composition of the Group:

parent company:
ACTION S.A. with its registered office in Zamienie

subsidiaries and associated entities:

SFERIS MARKETING Sp. z o.o. (formerly ACTION GAMES LAB S.A.) with its registered office in Zamienie – a subsidiary (40%)[1]
CLOUDTEAM Sp. z o.o. (formerly ACTION CENTRUM EDUKACYJNE Sp. z o.o.) with its registered office in Warsaw – an associated entity (24.38%)[2]
ACTIVEBRAND Sp. z o.o., with its registered office in Krakow – a subsidiary (100%)[3]
ACTION EUROPE GmbH in Liquidation, with its registered office in Braunschweig (Germany) – a subsidiary (100%))[4]

[1] SFERIS MARKETING Sp. z o.o. (formerly ACTION GAMES LAB S.A.) with its registered office in Zamienie, was incorporated and consolidated as at 12 December 2011. The name was changed on 23 June 2020. On 22 October 2020, the joint stock company was transformed into a limited liability company.
[2] CLOUDTEAM Sp. z o.o. with its registered office in Warsaw – a company measured using the equity method since 1 October 2012. On 28 February 2020, SYSTEMS Sp. z o.o. was merged with CLOUDTEAM Sp. z o.o. as the acquirer.
[3] ACTIVEBRAND Sp. z o.o. with its registered office in Zamienie was established on 3 September 2012. On 1 April 2021, as a result of the acquisition of 48% of shares, ACTION S.A. became the sole shareholder of this company.
[4] ACTION EUROPE GmbH in Liquidation, with its registered office in Braunschweig (Germany), was consolidated as of 8 July 2013. On 1 April 2014, by way of a purchase of non-controlling interests (33.33%), the share of ACTION S.A. was increased to 100%.

SFERIS MARKETING Sp. z o.o. (formerly ACTION GAMES LAB S.A.) provides advertising services.
The main business profile of CLOUDTEAM Sp. z o.o. is training and IT services, and the rental of computer hardware.
ACTIVEBRAND Sp. z o.o. resumed its operating activity in 2020 and carried out commercial activity in the sector of animal products. ACTION EUROPE GmbH was engaged in distribution activities in the wholesale of

IT equipment, consumer electronics and household appliances. In October 2018, ACTION EUROPE GmbH filed a liquidation petition with the court. As of the date hereof, the company has not been liquidated.

Changes in the Group's composition during the reporting period

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

Third-party shares in subsidiaries

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

Consolidated financial statements of ACTION S.A. CAPITAL GROUP for 2021 (all amounts are in thousands of PLN, unless specified otherwise)

Entities consolidated as of 31 December 2021.

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

Consolidated financial statements of ACTION S.A. CAPITAL GROUP for 2021 (all amounts are in thousands of PLN, unless specified otherwise)

1.3.Composition of the Company's bodies

As of the balance sheet date, the composition of the Company's bodies was as follows:

Management Board

PresidentPiotr Bieliński
Vice-PresidentSławomir Harazin

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 15/12/2020. 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.

Before the completion of the Issuer's restructuring proceedings, the function of the Manager was performed by Mr Krzysztof Gołąb, appointed on the basis of the decision (file no. X GR 38/16) of 1 August 2016 of the District Court for the Capital City of Warsaw in Warsaw, 10th Division for Bankruptcy and Restructuring. During the restructuring proceedings, the Restructuring Court authorised the Company to exercise management over its entire enterprise to the extent not exceeding the scope of ordinary management. Activities outside the scope of ordinary management required the Manager's authorisation, unless the Act provided for an authorisation granted by the Committee of Creditors. In 2020 these rules were in force from 1 January to 14 December.

Supervisory Board

Iwona Bocianowska – Chairperson of the Supervisory Board,
Adam Świtalski – Independent Member of the Supervisory Board,
Piotr Chajderowski – Independent Member of the Supervisory Board,
Krzysztof Kaczmarczyk – Member of the Supervisory Board,
Marek Jakubowski – Member of the Supervisory Board (Secretary of the Supervisory Board).

As of the day of the approval of this statement for publication, this composition did not change.

1.4.Shareholding structure

List of the Company's shareholders, including information about the number of shares held by them, their participation in share capital and in the total number of votes as of 31 December 2021:

Shareholding structure above 5% share in the share capital

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%

The shareholding structure holding more than 5% of the share capital as of the preparation date of the financial statement has changed and is 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%

Lemuria Partners Sicav P.L.C.	1,018,000	5.08%	1,018,000	5.08%

1.5. Approval of the financial statement

This Consolidated Financial Statement was approved for publication by the Management Board of ACTION S.A. on 30 March 2022.

1.6. Business duration

The Parent Company was established according to the Articles of Association on 2 August 2004 for an indefinite period of time. The duration of the entities comprising the Capital Group is indefinite.

2. Principles adopted in the preparation of the consolidated financial statement and continuation of business activities

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.

2.1. General principles of preparation

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

The consolidated financial statement was drawn up with the assumption of continuation of business activities by the Group in the foreseeable future.
As of the approval date of this financial statement, there are no circumstances threatening the continuation of business activities by the Group's companies.

2.2. Continuation of business activities

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

2.3. Compliance statement

The consolidated annual financial statement for the financial year from 1 January 2021 to 31 December 2021 was prepared by the Parent Company in accordance with the IFRS approved by the European Union, effective as of the date of the preparation of this financial statement. The IFRS comprise standards and interpretations approved by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC").

2.4. Functional currency and reporting currency

This consolidated financial statement was prepared in Polish zloty (PLN). The Polish zloty is the functional and reporting currency of the Capital Group. The data in the financial statements were disclosed in thousands of zloty though in certain situations it may have been declared with greater precision.

Principles applied to 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 announced by the National Bank of Poland, in force on the balance sheet date; as of 31 December 2021, this rate was: EUR 1 = PLN 4.5994; as of 31 December 2020: EUR 1 = PLN 4.6148;

- individual items in 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 4 quarters of 2021, this exchange rate stood at: EUR 1 = PLN 4.5775, for 4 quarters of 2020: EUR 1 = PLN 4.4742.

2.5.Effect of applying new accounting standards and changes in accounting policies

The accounting principles (policy) applied in the preparation of this consolidated financial statement for 2021 are consistent with those applied in the preparation of the annual consolidated financial statement for 2020. The same principles were applied for the current and comparative periods. A detailed description of the accounting principles adopted by the Company is presented in the annual consolidated financial statement for 2020, published on 31 March 2021.

Changes resulting from amendments to the IFRS

Changes in standards or interpretations in force, applied by the Group since 2021

New or updated standards and interpretations effective since 1 January 2021 and the impact thereof on the Group's consolidated financial statement:

- Amendment to IFRS 16 'Leases'

  In connection with the COVID-19 pandemic, the IAS Board introduced a simplification allowing lack of assessment whether changed future flows resulting from reliefs received from lessors, meeting the conditions specified in the standard, are 'change in the lease' pursuant to IFRS 16. Conditions to be met by the received relief in order for a simplification to be applied to it:

  - the total future lease remuneration after granting the relief must be substantially the same or lower than before the relief was granted,
  - the relief must apply to payments due before 30 June 2021 (although increased fees may be payable after that date),
  - there are no other substantial changes to the terms of the contract.

  In addition, in 2021, the IAS Board amended one of the above-mentioned amended conditions by changing the date of 30 June 2021 to 30 June 2022. This amendment has been in force since 2022.

  The Group did not apply the simplification provided for in the standard.

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

  In connection with the reform of reference interest rates (WIBOR, LIBOR, etc.), the IAS Board introduced further amendments to the accounting principles of financial instruments:

  - in the case of measurement at depreciated cost, changes in the estimated flows resulting directly from the IBOR reform are treated in the same way as the change in the variable interest rate, i.e. without the disclosure of the result,
  - it is not necessary to end the hedging relationship if the only change includes effects of the IBOR reform and the remaining criteria for the application of the hedge accounting are met;

the amendment governs how to take into account an alternative rate in the hedging relationship,
- the entity is obliged to disclose information about risks resulting from the reform and information about how it manages the transfer to alternative reference rates.

The amendment is effective for annual periods beginning on or after 1 January 2021.

Standards and interpretations applicable in the version published by the IASB but not approved by the European Union are listed below, in the item concerning standards and interpretations that have not become effective yet.

Application of a standard or interpretation before the effective date thereof

No standard or application was applied earlier on a voluntary basis in this consolidated financial statement.

Issued standards and interpretations not yet effective for periods beginning 1 January 2021, and their effect on the Group's statement

Until the preparation of this consolidated financial statement, new or amended standards and interpretations had been published, effective for annual periods after 2021. The list also includes amendments, standards and interpretations published but not approved by the European Union yet.

- New IFRS 17 "Insurance Contracts"
  The new standard regulates the recognition, measurement, presentation and disclosures concerning insurance and re-insurance contracts. The standard replaces the current IFRS 4.

  The Group estimates that the new standard will not affect its financial statements as it is not engaged in insurance activity.

  The standard is effective for annual periods beginning on or after 1 January 2023.

- Amendment to IAS 1 "Presentation of Financial Statements"
  The IAS Board specified the principles of the classification of liabilities to long- or short-term liabilities mainly in two aspects:
  - it was specified that the classification depends on rights possessed by an entity on the balance sheet date,
  - the management's intention in relation to acceleration of or delay in payments of liabilities are not taken into account.

  The amendments apply to annual periods beginning on or after 1 January 2023. Due to the fact that the Group has already been applying principles consistent with the amended standard, these amendments will not affect its financial statements.

- Amendments to IFRS 1, IFRS 9, examples to IFRS 16, IAS 41 within Annual Improvements 2018 – 2020:

  - IFRS 1: additional exemption concerning the determination of accumulated exchange rate differences from consolidation;
  - IFRS 9: (1) in the case of 10% test carried out in order to determine whether the modification should result in the removal of the liability, only payments exchanged between the debtor and the creditor should be taken into account; (2) it was specified that fees incurred in the case of removal of the liability are recognised in the result, and in the case when the liability is not removed, they should be recognised in the value of the liability;
  - IFRS 16: the issue of the incentive from the lessor in the form of covering fit-out costs incurred by the lessee, which gave rise to interpretation doubts, was removed from example 13;
  - IAS 41: the ban on disclosure of tax flows in the measurement of biological assets was removed.

The amendments are effective for annual periods beginning on or after 1 January 2022 (except for the amendment of the example to IFRS 16 that has been effective since publication). The Group has not yet completed the analysis of their impact on the financial statement.

- Amendment to IAS 16 ‘Tangible Fixed Assets’

It was specified that the production within tests of a fixed asset before the commencement of the use of this fixed asset should be recognised as (1) stock pursuant to IAS 2 and (2) revenue in the case of its sale (and not influencing the value of a fixed asset). Testing a fixed asset is an element of its cost. The Group estimates that this amendment will not affect its financial statements. The amendment is effective for annual periods beginning on or after 1 January 2022.

- Amendment to IAS 37 ‘Provisions, Contingent Liabilities and Contingent Assets’

It was specified that costs of the performance of agreements giving rise to liabilities include incremental costs (e.g. labour costs) and the allocated part of other costs directly connected with the performance cost, e.g. depreciation. The Group estimates that the amendment will not affect its financial statements because so far it has not identified agreements giving rise to liabilities.
The amendment is effective for annual periods beginning on or after 1 January 2022.

- Amendment to IFRS 3 “Business Combinations”

References to definitions of liabilities included in the conceptual framework and definitions of contingent liabilities from IAS 37 were specified. The Group estimates that this amendment will not affect its financial statements.
The amendment is effective for annual periods beginning on or after 1 January 2022.

- Amendment to IAS 1 “Presentation of Financial Statements”
The IAS Board specified which information regarding the accounting policy applied by the entity is material and requires disclosure in the financial statements. The principles focus on adjusting disclosures to individual circumstances of the entity. The Board warns against the use of standardised provisions copied from IFRS and expects that the basis for valuation of financial instruments is important information. The Group estimates that this amendment will not affect its financial statements.
The amendment is effective for annual periods beginning on or after 1 January 2023.

- Amendment to IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors”
The Board introduced the definition of the accounting estimate to the standard: *Accounting estimates are monetary amounts in financial statements that are subject to measurement uncertainty.*
The Group estimates that this amendment will not affect its financial statements.
The amendment is effective for annual periods beginning on or after 1 January 2023.

- Amendment to IFRS 16 ‘Leases’
In 2020, the Board published simplifications for lessees receiving reliefs due to the COVID-19 pandemic. One of the conditions was for the reliefs to apply only to payments due by the end of June 2021. This deadline has now been postponed to June 2022. The Group does not plan to benefit from the simplification. The amendment is effective for annual periods beginning on or after 1 April 2021 with the possibility of earlier application.

- Amendment to IAS 12 “Income Taxes”
The Board introduced the principle that if the transaction results in positive and negative temporary differences in the same amount at the same time, deferred income tax assets and provisions should be recognised even if the transaction does not result from a merger and does not affect the accounting or tax result. This means that deferred tax assets and provisions must be recognised, e.g. when temporary differences in equal amounts occur in the case of leases (a separate temporary difference

from liability and a right of use) or in the case of restoration liabilities. The principle that deferred tax assets and liabilities are offset when current tax assets and liabilities are offset has not been changed. The Group estimates that this amendment will not affect its financial statements.
The amendment is effective for annual periods beginning on or after 1 January 2023.

- Amendment to IFRS 17 "Insurance Contracts"
  The Board established transitional provisions for comparative data for entities that simultaneously implement IFRS 17 and IFRS 9 in order to reduce potential accounting mismatches resulting from differences between these standards. The Group estimates that the amendment will not affect its financial statements as it is not engaged in insurance activity.
  The amendment is effective for annual periods beginning on or after 1 January 2023.

The Group intends to implement the above regulations on the dates specified for adoption by the standards or interpretations.

2.6.Consolidation principles

The consolidated financial statement comprises the Parent Company's financial statement, the statements of entities controlled by the Parent Company prepared as of the balance sheet date and the measurement of the associate's shares under the equity method. Control occurs when the Parent Company has the possibility to influence the subsidiary's financial and operational policy in order to obtain benefits from its business activity. Subsidiaries are subject to full consolidation from the date of the Group's taking control over them. They are no longer subject to consolidation as of the day on which control ceases.

Financial statements of subsidiaries and associates are drawn up for the same reporting period as the financial statement of the Parent Company, using consistent accounting principles.

The Group's acquisition of subsidiaries is settled according to the purchase method.
As of the acquisition date, assets and liabilities of the acquired entity are measured at fair value. The surplus of the purchase price over the fair value of identifiable acquired net assets of the relevant unit (taking into consideration the fair value of contingent liabilities) is disclosed as goodwill. In the event the purchase price is lower than the fair value of identifiable acquired net assets of the relevant unit, the difference is disclosed as profit in the statement of comprehensive income for the period in which the purchase took place. The interest of non-controlling equity holders is disclosed in an appropriate proportion of the fair value of assets and capitals.

The financial results of entities purchased or sold in the course of the year are disclosed in the consolidated financial statement since / until the moment of purchase or disposal thereof as appropriate.

The following have been excluded from the consolidated financial statement:
– equity of subsidiaries which came into being before taking control,
– the value of shares held by the Parent Company and other consolidated entities in subsidiaries,
– mutual receivables and liabilities and other settlements of similar nature of consolidated entities,
– revenue and costs related to economic operations carried out among consolidated entities,
– unrealised, from the Group's point of view, profits arising from operations carried out among consolidated entities and concluded in the value of assets and liabilities subject to consolidation, and also unrealised losses unless the relevant transaction provides evidence that impairment of the asset being handed over has occurred,
– dividends declared or paid by subsidiaries to the Parent Company and other consolidated entities.

Subsidiaries were fully consolidated in line with the following principles:
– all the appropriate items of assets and liabilities of the subsidiaries and the Parent Company were summed up in the full amount regardless of to what extent the Parent Company owns the relevant subsidiary,
– after summing up, consolidation adjustments and exceptions were carried out;
– all the appropriate items of revenue and costs of the subsidiaries and the Parent Company were summed up in the full amount regardless of and to what extent the Parent Company owns the relevant subsidiary,
– after summing up, consolidation adjustments and exceptions were carried out;

– the net result achieved is allocated among controlling and non-controlling shareholders.

2.7. Error adjustments made

No errors were adjusted during the period covered by this financial statement.

2.8. Accounting principles applied

Tangible fixed assets

Property, plant and equipment comprise tangible assets held by business entities for use within the long-term process of business operations.
Land and buildings are recognised at the acquisition cost less depreciation charges. Land is not depreciated. Buildings are disclosed at historical cost less redemption. The historical cost of an existing building is defined as its purchase price (expenses related to the acquisition thereof). The cost of a new building is defined as the acquisition cost plus interest accrued during the construction thereof. Costs attributable directly to a specific investment project, such as the cost of preparing the building site as well as technical or installation costs, are included in the acquisition cost.

Depreciation is calculated using the straight line method from the first day of the month following the month during which the fixed asset was put into use. The Company applies the following depreciation periods estimated on the basis of the useful life of a given asset:

Land	not depreciated
Buildings and structures	10 to 40 years
Technical equipment and machines	1.5 to 3 years
Means of transport	2.5 and 5 years
Other tangible assets	1.5 and 10 years

Residual values and useful lives of assets are verified on each balance sheet date and revised as needed.
If the carrying amount of an asset exceeds its estimated recoverable value, a write-down adjusting the carrying amount to this recoverable value is performed.
Profits and losses on the disposal of tangible assets are determined by comparing sales revenue with the carrying value of a tangible asset, and they are recognised in the statement of comprehensive income.

Intangible assets
a) trademarks and licences
Trademarks and licences have limited economic useful lives and they are disclosed in the statement of financial position at historical cost less previous redemption. Depreciation is calculated using the straight line method. Licences are subject to a depreciation period of 5 years.

b) computer software

Computer software is capitalised at the amount of costs incurred for the purchase thereof. Depreciation is calculated using the straight line method. The depreciation period is 2-5 years.

Borrowing costs

Borrowing costs directly related to the acquisition or manufacture of assets requiring a considerable period to be put into use are capitalised as part of the acquisition price or the cost of manufacturing until these assets are ready for use or sale. Borrowing costs comprise interest and foreign exchange profits or losses up to the amount corresponding to the adjustment of the interest cost.

Other borrowing costs are recognised as costs when incurred.

Investment real properties

Investment real properties are recognised at the acquisition price or the cost of manufacturing, taking into account the transaction costs. After initial recognition the value of investment real properties is reduced by redemption and impairment write-downs.
Investment real properties are derecognised from the statement of financial position upon the disposal thereof or when the given real property is permanently withdrawn from use and no future benefits are expected from the disposal thereof. All profits or losses arising from derecognition of an investment real property from the statement of financial position are disclosed in the statement of comprehensive income in the period when the property was derecognised.
Assets may be transferred to investment real properties only when the mode of use thereof has been altered confirmed by finishing the use of the relevant asset by the owner, making an operating lease agreement or finishing the construction / development of the investment property.
Whenever an investment real property has been transferred to assets used by the owner or to stocks, the assumed cost of such an asset adopted in order to recognise it in another category is equivalent to the fair value of the real property specified as of the day of altering the mode of use thereof. If an asset used by the owner (a Group company) becomes an investment real property, the company applies the principles described in the section *Property, plant and equipment* until the day when the use of this property changes.

Impairment of non-financial assets

Assets with an unlimited useful life are not subject to depreciation; however, they are reviewed in terms of impairment on an annual basis.
Depreciable assets are analysed in terms of impairment whenever any events or changes in circumstances suggest that it might be impossible to recover the carrying value thereof.
An impairment write-down is recognised as the amount of the carrying value of the given asset which exceeds its recoverable amount. The recoverable amount is the higher of two amounts: fair value less selling costs and the use value.
On each balance sheet date, the Group companies evaluate whether there are any indications suggesting that the impairment write-down recognised in previous periods with respect to an asset is redundant or that it should be reduced. If any such indication exists, the companies estimate the recoverable amount of that asset. The previously recognised impairment write-down is reversed only if the estimates used for setting the recoverable value of a given asset have changed since the recognition date of the last impairment write-down. If this is the case, the carrying amount of the asset is increased to its recoverable amount. The carrying value of an asset which has been increased as a result of reversing an impairment write-down may not exceed the carrying value which would have been determined (less redemption) if no impairment write-down with respect to this asset was recognised in previous years. After a reversal of an impairment write-down is recognised, the depreciation write-off concerning the relevant component of assets is adjusted in such a manner in subsequent periods so that during the remaining period of use of this component of assets it is possible to systematically write off the verified carrying value thereof less possible terminal value.

Financial instruments

A financial instrument is any agreement that gives rise to a financial asset of one of the parties and, at the same time, to a financial liability or equity instrument of the other party.

The Group classifies financial instruments hierarchically in line with three major measurement levels according to the fair value, reflecting the base adopted for the measurement of each instrument.

The fair value hierarchy is as follows:

Level 1 - prices of market quotations from active markets for identical assets and liabilities (e.g. quoted shares and bonds);

Level 2 – prices from active markets but different from prices of market quotations - determined directly (by comparison with actual transactions) or indirectly (by measurement techniques based on actual transactions), e.g. most derivatives;

Level 3 - prices not derived from active markets.

The position of a financial instrument in the fair value hierarchy depends on the lowest measurement basis affecting the determination of its fair value.

The component of financial assets or financial liability is recognised in the statement of financial position when the Group becomes a party to the agreement concerning this instrument. Standardised purchases and sales of financial assets and liabilities are recognised as of the date of the transaction execution.

The component of financial assets is excluded from the statement of financial position when the contractual rights to cash flows from the component of financial assets expire, or when the component of financial assets and all risks and benefits connected therewith are transferred to another entity.
The Group excludes financial liabilities from the statement of financial position in the case when the liability ceased to exist, i.e. when the obligation specified in the agreement was satisfied, cancelled or expired.

Financial assets and liabilities are measured according to the principles presented below.

Financial assets
As of the acquisition date, the Group measures financial assets at fair value, i.e. most frequently according to the fair value of the payment made. The Group includes transaction costs in the initial value of the measurement of all financial assets, except for the category of assets measured at fair value through profit or loss. The exception takes place in the case of trade receivables which the Group measures at their transaction price within the meaning of IFRS 15, while it does not apply to these items of the trade receivables whose payment time limit is longer than one year and which contain an essential financing component pursuant to the definition included in IFRS 15.

For the purpose of measurement after the initial recognition, financial assets other than hedging derivatives are classified by the Group as follows:

- financial assets measured at depreciated cost,
- financial assets measured at fair value through other comprehensive income,
- financial assets measured at fair value through profit or loss, and
- equity instruments measured at fair value through other comprehensive income.

These categories determine rules of measurement on the balance sheet date and the recognition of profits or losses on the measurement in the financial result or in other comprehensive income. The Group classifies financial assets into categories on the basis of the business model functioning in the Group in the scope of the management of financial assets and resulting from the agreement concerning cash flows characteristic for the component of financial assets.

The component of financial assets is measured at depreciated cost if both of the following conditions are met (and they were not designated at their initial recognition for measurement at fair value through profit or loss):

- the component of financial assets is held according to the business model whose aim is to hold financial assets in order to obtain cash flows resulting from the agreement,
- the conditions of the agreement concerning the component of financial assets generate on specific dates cash flows which only constitute the payment of the principal and interest on the outstanding nominal value.

The Group includes the following items to the category of financial assets measured at depreciated cost:

- borrowings,
- trade receivables and other receivables (except for receivables to which the principles of IFRS 9 do not apply),
- debt securities.

The above-mentioned categories of financial assets are presented in the consolidated statement of financial position split into long-term and short-term assets under the items ‘Borrowings and receivables’, ‘Trade and other receivables’ and ‘Other financial assets’. Short-term receivables are measured at the amount expected to be paid due to the insignificant effects of the discount.
Due to the immaterial amounts, the Group does not distinguish interest revenue as a separate item, but recognises it as financial revenue.
Impairment losses on financial assets measured at depreciated cost, less profits from reversal of write-downs, are recognised by the Group in profit or loss under the item ‘Losses on account of expected credit losses’. Profits and losses resulting from the exclusion of assets belonging to this category from the statement of financial position are recognised by the Group in profit and loss under the item “Profit (loss) arising from the discontinuation of the recognition of financial assets measured at depreciated cost”. Other profits and losses

arising from financial assets recognised in the profit and loss account, including foreign exchange differences, are presented as financial revenue or costs.

The component of financial assets is measured at fair value through other comprehensive income if both of the following conditions are met:

- the component of financial assets is held according to the business model whose aim is to receive cash flows resulting from the agreement and to sell financial assets,
- the conditions of the agreement concerning the component of financial assets generate on specific dates cash flows which only constitute the payment of the principal and interest on the outstanding nominal value.

Interest revenue, profits and impairment losses as well as foreign exchange differences connected with these assets are calculated and recognised in the financial result in the same way as it for the case of financial assets measured at depreciated cost. Other changes in the fair value of these assets are recognised through other comprehensive income. Upon the discontinuation of the recognition of the component of financial assets measured at fair value through other comprehensive income, accumulated profits or losses recognised earlier in other comprehensive income are subject to reclassification from the equity to profit and loss.
In the reporting period, the Group did not have financial assets falling within this category of measurement.

The component of financial assets is measured at fair value through profit or loss if it does not meet the criteria of measurement at depreciated cost or at fair value through other comprehensive income and is not an equity instrument designated at its initial recognition for measurement at fair value through other comprehensive income. Moreover, the Group includes in this category financial assets designated at their initial recognition for measurement at fair value through profit and loss due to the fulfilment of criteria specified in IFRS 9.
The following items are included in this category:

- all derivatives recognised in the statement of financial position under the separate item “Financial derivatives”, except for hedging derivatives recognised pursuant to hedge accounting,
- shares and interests of companies other than subsidiaries and associates,
- participation units and investment certificates of investment funds.

Instruments belonging to this category are measured at fair value and the results of this measurement are recognised in profit and loss under the item ‘Financial revenue’ or ‘Financial costs’, respectively. Profits and losses arising from the measurement of financial assets are determined through a change in fair value established on the basis of prices from the active market applicable on the balance sheet date or on the basis of measurement techniques if the active market does not exist.

Equity instruments measured at fair value through other comprehensive income comprise investments in equity instruments which are not financial assets held for trading or contingent consideration within a business combination, in relation to which at their initial recognition the Group made an irrevocable choice concerning the presentation of later changes in fair value of these instruments in other comprehensive income. This choice is made by the Group individually and separately in relation to particular equity instruments.
In this category the Group includes shares and interests of companies other than subsidiaries or associates, recognised in the statement of financial position under the item ‘Other financial assets’.
Accumulated profits or losses arising from the measurement at fair value, recognised previously through other comprehensive income, are not subject to reclassification into profit and loss under any circumstances, including the discontinuation of the recognition of these assets. Dividends on equity instruments included in these categories are recognised in profit and loss under the item ‘Financial revenue’ after meeting conditions for the recognition of revenue from dividends specified in IFRS 9, unless these dividends clearly constitute the recovery of part of investment costs.

Financial assets included in the category measured at depreciated cost and at fair value through other comprehensive income due to the business model and the character of flows connected therewith are subject to the assessment on each balance sheet date in order to recognise expected credit losses, regardless of whether premises of impairment occurred. The way of this assessment performance and estimation of write-downs on account of expected credit losses differs depending on individual categories of financial assets:

- For trade receivables the Group applies a simplified approach assuming the calculation of write-downs on account of expected credit losses for the entire period of life of the instrument. The estimates of write-downs are carried out on a collective basis and receivables were grouped according to days past due. The estimate of write-down is mainly based on historical data concerning days past due and linking the failure of payment with actual repayments from the last 5 years, taking into account available information about the past.

- In relation to other categories of assets, in the case of instruments for which the increase in credit risk has not been significant since the initial recognition or the risk is low, the Group assumes the recognition in the first place of losses from non-performance of the obligation for the period of the subsequent 12 months. If the increase in credit risk has been significant since its initial recognition, losses for the entire period of life of the instrument are recognised.
- The Group applies hedging against the impairment by insuring receivables.

Financial liabilities
Financial liabilities are recognised under the following items of the statement of financial position:

- loans, borrowings, other debt instruments,
- financial leases,
- trade and other liabilities and
- financial derivatives.

As of the acquisition date, the Group measures financial liabilities at fair value, i.e. most frequently according to the fair value of the amount received. The Group includes transaction costs in the initial value of the measurement of all financial liabilities, except for the category of liabilities measured at fair value through profit or loss.
After the initial recognition, financial liabilities are measured at depreciated cost with the application of the effective interest rate, except for financial liabilities held for trading or designated as measured at fair value through financial result. To the category of financial liabilities measured at fair value through financial result the Group includes derivatives other than hedging instruments. Short-term trade liabilities are measured at the amount expected to be paid due to the insignificant effects of the discount.
Profits and losses arising from the measurement of financial liabilities are recognised in the financial result in the financial activities.

Derivatives

Derivatives are measured at fair value as of each balance sheet day. The resulting profit or loss is immediately recognised in the statement of comprehensive income unless the relevant derivative is used for hedging. In such case, the moment of recognising a gain or loss depends on the nature of the hedging relationship. The Group defines specific derivatives as hedges of fair value for declared assets and liabilities or reasonably anticipated future liabilities (hedges of fair value), hedges of highly probable forecast transactions, hedges of reasonably anticipated future liabilities on account of exchange rate differences (hedges of cash flows) or hedges of net investments in foreign operations. Instruments are declared as tangible assets or long-term liabilities whenever the period until the maturity date of the relevant instrument exceeds 12 months and it is not expected to be performed or cleared within 12 months. Other derivatives are shown as current assets or short-term liabilities.

Stocks

Stocks are disclosed at the acquisition price or the cost of manufacture though not higher than the selling price net. The cost is determined using the FIFO method. The selling price net is estimated on the basis of the selling price in the normal course of business less relevant variable selling costs.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank deposits payable on demand and other short-term investments with an initial maturity of up to three months.

Share capital

The share capital of the Group is defined as the share capital of ACTION S.A. disclosed in the amount specified in the Articles of Association and entered into the court register.
Dividends paid to shareholders are recognised as liabilities in the Company's financial statement in the period in which their payment was approved by the Company's shareholders.

Lease

For each agreement made on or after 1 January 2019, the Group takes a decision whether the agreement is or contains a lease. A lease was defined as an agreement or part of an agreement which conveys the right to control the use of an identified component of assets (the underlying component of assets) for a given period in return for remuneration. For this purpose, the following three basic aspects are analysed:

- whether the agreement concerns an identified component of assets which is either explicitly specified in the agreement or specified implicitly at the time of making the component of assets available to the Group,
- whether the Group is entitled to obtain basically all economic benefits from the use of the component of assets throughout the period of use in the scope specified in the agreement,
- whether the Group is entitled to manage the use of the identified component of assets throughout the period of use.

On the commencement date, the Group recognises the component of assets under the right to use and the lease liability. The right to use is initially measured at the purchase price comprising the initial value of the liability under the lease, initial direct costs, estimate of costs expected in connection with disassembly of the underlying component of assets and lease charges made on or before the commencement date, less lease incentives.
The Group depreciates rights to use on a straight-line basis from the commencement date until the end of the useful life of the right to use or until the end of the lease period, whichever is the earlier. If there are appropriate reasons, rights to use are tested for impairment pursuant to IFRS 36.
As of the commencement day, the Group measures the lease liability at the present value of outstanding lease charges using interest rate implicit in the lease if it can be easily determined. Otherwise, the lessee's marginal interest rate is applied.
Lease charges taken into account in the value of the lease liability consist of fixed lease charges, variable lease charges depending on the index or rate, amounts expected to be paid and payments on account of the purchase option exercise if their performance is reasonably certain.
In the subsequent periods, the lease liability is reduced by payments made and increased by interest accrued. The measurement of the lease liability is updated in order to reflect changes in the agreement and the re-assessment of the lease period, the exercising of call option, the guaranteed final value or lease charges depending on the index or rate. As a rule, the update of the liability value is recognised as the adjustment of the component of assets on account of the right to use.
The Group applies practical solutions permitted by the standard, concerning short-term leases and leases in which the underlying component of assets is of low value. In relation to such agreements, instead of recognising assets on account of the right to use and lease liabilities, lease charges are recognised in profit and loss on a straight-line basis during the lease period.
The Group presents the rights to use under the same items of the statement of financial position as the underlying components of assets, i.e. under tangible fixed assets.

The right of perpetual usufruct of land is assessed by the Group as a lease pursuant to IFRS 16 and it was treated pursuant to it. The lease period for such rights is assessed under general rules, while a possible plan of the sale of the right of perpetual usufruct is not treated as the termination of the lease agreement. Therefore, while applying IFRS 16 for the first time, the Group took a decision on the application of a practical solution and did not re-assess agreements whether they were leases; rights of perpetual usufruct acquired before 2019 are treated pursuant to the existing rules, i.e. as land within tangible fixed assets.

Employee benefits

Employee benefits comprise holiday and retirement benefits which the Company is obliged to pay under Article 92 of the Polish Labour Code. The amount of obligations on account of specific benefits is calculated using the actuarial method of projected one-off benefits on an annual basis.

Provisions

Provisions are established for:
- certain or highly probable future obligations whose amount can be credibly estimated, in particular provisions for losses on economic transactions in progress, including provisions for guarantees and sureties granted, loan operations and the effects of pending court cases;
- future obligations resulting from restructuring if under separate provisions the entity is obliged to carry it out or whenever binding agreements have been made in this case and restructuring plans enable one to reasonably assess the value of future obligations.

Revenue from sales

Revenue from sales constitutes only revenue from agreements with clients covered by the scope of IFRS 15. The manner of the recognition of revenue from sales in the Group's consolidated financial statement, including both the value and the moment of recognition of revenue, is determined by a five-stage model covering the following steps:

- identification of the agreement with the client,
- identification of obligations to fulfil a specific performance,
- determination of the transaction price,
- allocation of the transaction price to obligations to fulfil a specific performance,
- recognition of revenue during the implementation of obligations to fulfil a specific performance or after their completion.

Identification of the agreement with the client
The Group recognises the agreement with the client only if all of the following criteria are fulfilled:

- the parties made an agreement (in a written or oral form or pursuant to other customary commercial practices) and are obliged to carry out their obligations;
- the Group is able to identify each Party's rights concerning goods or services which are to be delivered;
- the Group is able to identify the conditions of payments for goods or services which are to be delivered;
- the agreement has commercial substance (i.e. it may be expected that, as a result of the agreement, the risk, timing or amount of the Group's future cash flows will change); and
- it is probable that the Group will receive remuneration to which it will be entitled in return for goods or services that will be delivered to the client.

Identification of obligations to fulfil a specific performance
At the time of the agreement execution, the Group evaluates goods or services promised in the agreement with the client and identifies as an obligation to fulfil a specific performance each promise to deliver to the client goods or service (or package of goods or services) which may be distinguished or a group of separate goods or services which are substantially identical and delivered to the client in the same way.
The goods or services are distinguished if they meet both of the following conditions:

- the client may benefit from the goods or service either directly or through their combination with other resources easily available thereto, and
- the Group's obligation to deliver the goods or service to the client may be distinguished from other obligations determined in the agreement.

Determination of the transaction price
In order to determine the transaction price, the Group takes into account the agreement conditions and customary commercial practices applied thereby. The transaction price is the amount of remuneration to which, pursuant to the Group's expectations, it will be entitled in return for the delivery of promised goods or services to the client, excluding amounts collected on behalf of third parties. The remuneration determined in the agreement with the client may cover fixed amounts, variable amounts or both these types of amounts.

If the remuneration determined in the agreement includes a variable amount, the Group estimates the amount of remuneration to which it will be entitled in return for the delivery of promised goods or services to the client. The Group estimates the amount of variable remuneration by the application of the method of the expected value constituting the sum of products of possible remuneration amounts and the likelihood of occurrence corresponding thereto. This method ensures the most accurate prediction of the variable remuneration amount, as the Group includes in the transaction price part or all of the variable remuneration amount only to the extent to which it is highly probable that the significant part of the amount of previously recognised accumulated revenue will not be derecognised as the uncertainty concerning the variable remuneration amount gradually decreases.
In the case when the agreement contains an essential financing component, the Group adjusts the promised amount of variable remuneration by the effect of the change of money value over time. The Group applies a practical solution pursuant to which it does not perform adjustments by the impact of the essential financing component in the case of agreements providing for payment time limits shorter than 1 year.

Allocation of the transaction price to obligations to fulfil a specific performance

The Group allocates the transaction price to each obligation to fulfil a specific performance in the amount which reflects the amount of remuneration to which – pursuant to the Group's expectation – it is entitled in return for the delivery of promised goods or services to the client.

Recognition of revenue during the implementation of obligations to fulfil a specific performance or after their completion

The Group recognises revenue at the time of the implementation (or during the implementation) of the obligation to fulfil a specific performance by delivering promised goods or service to the client.
The provisions of contracts concluded with customers define detailed rules for the delivery of goods. The moment of delivery is determined based on commonly used terms of delivery, the so-called Incoterms, which define the conditions that must be met in order to transfer the risks and the right to dispose of the goods from the seller to the buyer.
The Group uses various types of deliveries covered by the Incoterms, however, most often revenue from the sale of goods is recognised at the time/date of delivery of goods to the customer to the place of delivery indicated in the contract or at the time/date of delivery of goods to the carrier, while revenue from the sale of services is recognised at the time/date of their completion or in the case of the sale of periodic services – on the last day of the agreed settlement period.
The Group activates additional costs in order to arrange the execution of the agreement provided that it expects that it will recover these costs within a period no longer than one year from the moment they are incurred. Costs which pursuant to the Group's expectations will not be recovered and costs whose recovery is expected within one year from the moment they are incurred are recognised as the cost of the period in which they were incurred. In costs subject to the activation the Group includes commissions of the Sales Department employees paid only in connection with the successful execution of the agreement. The activated costs are presented in prepayments and accruals and are subject to deprecation on a straight line basis in the expected period of the agreement implementation.

Operating expenses

The Group recognises expenses according to the principle of proportionality of revenue and costs, and the prudence principle.
a) Prime cost of sale – comprises prime costs of sale of goods and services, including auxiliary activity services, as well as foreign exchange gains and losses, excluding foreign exchange gains and losses from the settlement and measurement of lease liabilities and excluding foreign exchange gains and losses from the settlement and measurement of foreign currency loans. Moreover, the prime cost of sale includes amounts of received and estimated bonuses from suppliers connected with the goods sold.
b) Selling costs – comprise costs of intermediation in sales, commercial costs, advertising and promotion costs as well as distribution costs.
c) General management costs – comprise costs connected with the management and administration of the company as a whole.

Other operating revenue and expenses

Other operating revenue comprises operating revenue which in particular includes revenue from the liquidation and sale of non-financial fixed assets, surpluses of assets, refunds of court fees paid, fines adjudicated to the Company, grants received, assets received free of charge, foreign exchange gains from the settlement and measurement of lease liabilities as well as from the settlement and measurement of foreign currency loans, release of write-downs on receivables and provisions for liabilities, and compensations.

Other operating expenses comprise operating expenses including in particular costs of the liquidation and sale of non-financial fixed assets, asset shortages, court fees, liquidated damages and pecuniary fines, provision of pecuniary and tangible assets free of charge, foreign exchange losses from the settlement and measurement of lease liabilities as well as from the settlement and measurement of foreign currency loans, write-downs on assets (with the exception of those recognised in financial costs), compensations, write-offs of tangible assets under construction which failed to produce the desired economic effect, costs of research, costs of enforcing receivables and liabilities.

Financial costs

Costs of financial operations include in particular: interest on loans taken out, interest on financial leases, commission on loans and borrowings.

Income tax

Income tax comprises current and deferred income tax.

a) Current income tax

Current income tax is the amount determined on the basis of tax provisions which is charged on taxable income for a given period.
Current income tax is recognised as a liability in the amount in which it was not paid. If the current income tax amount paid so far exceeds the amount payable, the surplus is recognised as an amount receivable.

b) Deferred income tax

Deferred income tax assets are recognised if it is probable that a taxable income will be generated in the future which will allow one to utilise temporary differences. Deferred income tax assets are also recognised with respect to tax losses which may be deducted in subsequent years; however, only if it is probable that a taxable income will be generated in the future which would allow the utilisation of these tax losses.
Deferred income tax liabilities are recognised using the liability method on account of temporary differences between the tax value of assets and liabilities and the carrying value thereof disclosed in the financial statement. Deferred income tax is determined using tax rates actually in force on the balance sheet date. Basic temporary differences concern a separate measurement of assets and liabilities for tax and balance sheet purposes.
Deferred income tax assets and provision are set off only where there is a legal title to offset these items during the calculation of the tax liability and where deferred tax assets and liabilities concern tax settled by the same taxpayer with respect to the same tax office.

Net profit / loss per share

Net profit / loss per share for each period is calculated by dividing the net profit / loss for a given period by the weighted average number of shares participating in dividend in the reporting period in question.

3. Professional judgement of the Management Board, estimates and assumptions

3.1. Professional judgement

Whenever the relevant transaction is not regulated in any standard or interpretation, the Management Board of the Parent Company, acting on a subjective assessment, specifies and applies an accounting policy that will ensure that the financial statement will contain appropriate and credible data as well as:
– present a correct, clear and accurate view of the economic and financial standing the Group, the results of its activities and cash flows,
– reflect the economic substance of transactions,
– be objective,
– be prepared in line with the prudence principle,
– be complete in all material respects.

The uncertainty related to professional judgement and estimates may cause that the final effects of transactions will result in a material change in the value of assets and liabilities in the future.
Areas in which professional judgement had the largest impact on the amounts declared in the financial statement are:
– provisions for claims and court proceedings,
– contingent liabilities.

3.2. Estimates and assumptions

Drawing up the financial statement requires the Management Board of the Parent Company to make certain estimates as many items of data included in the financial statement cannot be measured precisely. The Management Board of the Parent Company 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 31 December 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.

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

As of 31 December 2021, the Group estimated the useful lives of property, plant and equipment, and of intangible assets. The analysis did not reveal the necessity to make any adjustments in this area.

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.

As in many other entities of the IT sector, ACTION S.A. sees the risk related to conducting increased fiscal inspections and verification activities in the area of correctness of tax settlements.

In previous years, there was an audit procedure conducted in the Company 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 Mazowieckie Tax and Customs Office in Warsaw of 03/02/2021 determining the Issuer's tax liability 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 was PLN 5,839 thousand.
By way of the decision of the Director of the Tax Administration Chamber in Warsaw of 28/01/2022, the above-mentioned decision of the Head of the Mazowieckie Tax and Customs Office in Warsaw of 03/02/2021 was entirely repealed and the amount of the above-mentioned liability of the Company in the amount of PLN 9,048 thousand was determined. (instead of the declared amount of PLN 8,694 thousand). Therefore, the amount of the additional tax liability of the Issuer resulting from the above-mentioned decision of the Director of the Tax Administration Chamber in Warsaw is PLN 354 thousand. The decision of the Director of the Tax Administration Chamber in Warsaw of 28/01/2022 is final. At the same time, the Company emphasises that the above-mentioned tax liability is covered by a collective agreement due to the period when the liability arose and will be repaid under the terms of the collective agreement finally approved in the restructuring proceedings of the Issuer.

Currently, there are no tax audit proceedings pending at the Company. However, 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 Mazowieckie Tax and Customs 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 the previously conducted proceedings concerning VAT and CIT recognised on the books as at 31 December 2021 amounts to PLN 11,590 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 judicial appeal proceedings will yield a negative final outcome remains low.

3.5.Impairment of goodwill and other intangible assets in subsidiaries

As of 31 December 2021, the Management Board of the Parent Company estimated whether there were any premises indicating impairment of investments in the subsidiaries (goodwill and other intangible assets).

3.6.Employee benefits

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

3.7.Recognition of costs of products, goods and materials sold (measurement of bonuses and provisions)

On each balance sheet date, the Group measures and recognises the post-transaction discounts that are due from suppliers and payable to clients but have not been provided by the balance sheet date. The estimates are based on the terms of granting discounts agreed with suppliers and clients as evidenced in agreements or other arrangements at amounts confirmed by suppliers and clients or estimated on the basis of terms of agreements and the relevant information held. The Company established provisions for costs not invoiced by suppliers and clients.

3.8.Provisions

The rules of recognising provisions are described in item 2.8 *Accounting principles applied.*

3.9.Stocks

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

3.10. Receivables

Write-downs on receivables are created for overdue receivables from particular contractors not covered by insurance, for receivables from debtors put into liquidation or bankruptcy and also on the basis of an individual assessment of the risk of non-recoverability of given claim.

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4. Business combinations

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

5. 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 92% 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.

6. Revenue and expenses

6.1. 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.

6.2. Revenue from sales

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

	For the period 01/01/2021-31/12/2021	**For the period 01/01/2020-31/12/2020**
Revenue from sales of products (services)	27,021	22,003
Revenue from sales of goods and materials	2,280,088	2,040,233

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Revenue from sales Total	**2,307,109**	**2,062,236**

	For the period 01/01/2021-31/12/2021	For the period 01/01/2020-31/12/2020
Revenue from sales – domestic market	926,451	935,494
Revenue from sales - foreign market	1,353,637	1,104,739
Revenue from sales of goods and materials Total	**2,280,088**	**2,040,233**

Both the structure of the Group's clients and suppliers show a large dispersion. In 2021, the threshold of 10% of share in total sales was not exceeded. With regard to purchases, the threshold of 10% of share was not exceeded by any contractor.

6.3.Costs by type

	For the period 01/01/2021-31/12/2021	For the period 01/01/2020-31/12/2020
Depreciation of fixed and intangible assets	8,164	8,167
Costs of employee benefits	59,923	48,680
Consumption of materials and energy	9,090	6,876
Third party services	41,854	36,867
Taxes and charges	1,628	1,415
Advertising and representation expenses	8,719	4,518
Property and personal insurance	667	1,067
Other costs by type	435	120
Value of products, goods and materials sold, of which:	2,105,422	1,933,201
– write-downs on stocks	1,274	2,375
Total costs of products, goods and materials sold, selling and marketing costs as well as general management costs	**2,235,902**	**2,040,911**

6.4.Costs of employee benefits

	For the period 01/01/2021-31/12/2021	For the period 01/01/2020-31/12/2020
Payroll	51,424	41,418
Social security and other benefits	8,499	7,286
	59,923	**48,680**

6.5.Other operational revenue

	For the period 01/01/2021-31/12/2021	For the period 01/01/2020-31/12/2020
Surplus of foreign exchange gains	0	0

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Revenue from redemption of liabilities	307	353
Revenue from redemption of liabilities covered by the Composition Agreement	0	138,739
Revenue from damages received	514	6,677
Revenue from provisions released	45,455	2,382
Revenue from donations received	0	0
Other revenue	303	443
Profit on disposal of non-financial fixed assets	1	1
Profit on disposal of financial assets	0	0
	46,580	**148,595**

In the reporting period, the Company generated income from released provisions in the amount of PLN 45,455 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.
Moreover, the provision for the amount of PLN 3,562 thousand established in connection with audit proceedings in the scope of correct calculation and payment of corporate income tax to the state budget for the period August 2008 – December 2009 was released based on the decision of the Head of the Tax Administration Chamber in Warsaw of 28 January 2020.

6.6.Other costs and losses

	For the period 01/01/2021-31/12/2021	**For the period 01/01/2020-31/12/2020**
Surplus of foreign exchange losses	0	0
Costs of receivables written off	149	174
Costs of indemnities paid	689	653
Costs of impairment write-downs on receivables	0	1,778
Costs of the conversion of liabilities covered by the Composition Agreement to equity	0	5,698
Costs due to provisions established	246	3,937
Costs of write-downs on financial assets	0	0
Costs of court proceedings	45	79
Other costs	167	709
Costs of donations given	348	59
Loss on disposal of financial fixed assets	0	0
	1,644	**13,087**

6.7.Financial revenue

	For the period 01/01/2021-31/12/2021	**For the period 01/01/2020-31/12/2020**
Interest on cash and cash equivalents (deposits)	45	230
Interest on borrowings and receivables	0	101
Revenue from measurement of financial instruments	70	373

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Revenue from redemption of interest on liabilities covered by the Composition Agreement	0	10,846
Discount on liabilities covered by the Composition Agreement	0	10,788
	115	**22,338**

6.8.Financial costs

	For the period 01/01/2021-31/12/2021	For the period 01/01/2020-31/12/2020
Interest on loans and borrowings	33	39
Interest on leases	26	15
Interest and discount due to factoring	77	0
Discount on liabilities covered by the Composition Agreement	2,566	0
	2,702	**54**

7. Income tax

	For the period 01/01/2021-31/12/2021	For the period 01/01/2020-31/12/2020
Current tax	5,030	4,605
Deferred tax	7,661	-10,045
	12,691	**-5,440**

7.1.Deferred tax

Value of deferred income tax subject to offsetting:

	31/12/2021	31/12/2020
Deferred income tax assets:		
– deferred income tax assets falling due within 12 months	8,289	19,104
	8,289	**19,104**
Deferred income tax provisions:		
– deferred income tax provisions falling due within 12 months	5,905	9,059
	5,905	**9,059**
Deferred income tax assets	**8,289**	**19,104**
Deferred income tax provisions	**5,905**	**9,059**
Deferred income tax assets / provisions (on balance)	**2,384**	**10,045**

Income tax assets and provisions are offset within one entity of the Group.

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

	31/12/2021	31/12/2020
At the beginning of the period	**10,045**	**0**
Credit to / charge on the financial result	-7,661	10,045
Increase / decrease in equity	0	0

Closing balance	**2,384**	**10,045**

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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 on account of change in temporary differences and tax loss	0	-495	-915	98	0	-9,503	-10,815
Increase / decrease in equity	0	0	0	0	0	0	0
As of 31 December 2021 at a 19% rate	**0**	**579**	**7,353**	**357**	**0**	**0**	**8,289**
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 on account of change in 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 provision

	Foreign exchange gains	Interest accrued	Bonuses from suppliers	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 on account of change in temporary differences	-1,217	0	-490	-335	-1,112	-3,154
Increase / decrease in equity	0	0	0	0	0	0
As of 31 December 2021 at a 19% rate	**150**	**0**	**1,763**	**2,430**	**1,562**	**5,905**
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 on account of 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**

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7.2.Reconciliation of income tax to gross financial result

The income tax on gross profit before tax of the Group differs from the income tax burdening the financial result in the following manner:

	For the period 01/01/2021-31/12/2021	For the period 01/01/2020-31/12/2020
Profit / loss before tax	**113,600**	**179,485**
Tax calculated at domestic rates applicable to incomes in individual countries	21,584	34,102
Costs permanently and temporarily not constituting costs of revenue on which no deferred income tax assets were recognised, not accounting tax costs	3,306	17,851
Revenue permanently and temporarily not constituting tax revenue on which no deferred income tax provisions were recognised, not accounting tax revenue	-50,031	-125,790
Use of tax losses from previous years	-50,097	-50,161
Tax losses for the previous period on account of which deferred income tax assets were recognised	0	-50,016
Settlement of assets created due to tax losses from previous years	50,016	0
Base for calculating current and deferred income tax	**66,794**	**-28,631**
Decreases, exemptions	**0**	**0**
Charge on the financial result due to income tax	**12,691**	**-5,440**

Tax settlements and other regulated areas of activities may be subject to inspection by competent administration authorities, which are authorised to impose high penalties and sanctions. A lack of reference to established legal regulations in Poland results in the occurrence of ambiguities and inconsistencies in the current regulations. Frequent differences in opinions on the legal interpretation of tax regulations within state authorities as well as in relations between state authorities and businesses result in uncertainty and conflicts. Those phenomena cause the tax risk in Poland to be much higher than in those countries with more developed tax systems.
Tax returns may be subject to audit for five years, starting from the end of the year when tax is paid. As a result of performed inspections, previous tax settlements of the Group may be increased by additional tax liabilities.

8. Social assets and liabilities of the Company Social Benefits Fund (ZFŚS)

The Group has a fund but due to its financial situation it does not make annual write-offs.

	For the period 01/01/2021-31/12/2021	For the period 01/01/2020-31/12/2020
Company Social Benefits Fund assets	54	56
Borrowings granted to employees	0	0

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Cash	50	155
Liabilities on account of the Company Social Benefits Fund	-104	-211
Balance after set-off	**0**	**0**
Contributions to the fund during the reporting period	0	0

9. Profit / loss per share

	For the period 01/01/2021-31/12/2021	For the period 01/01/2020-31/12/2020
Profit / loss attributable to the Company's shareholders	**100,863**	**185,110**
Weighted average number of ordinary shares	20,037,000	17,092,014
Basic profit / loss per share (in PLN per share)	**5.03**	**10.83**

The basic number of shares comprises 11,910,000 series A shares, 4,500,000 series B shares, 547,000 series C shares and 3,080,000 series D shares.
The diluted number of shares comprises 11,910,000 series A shares, 4,500,000 series B shares, 547,000 series C shares and 3,080,000 series D shares.

Basic profit / loss per share is calculated by dividing the profit attributable to the Company's shareholders by the weighted average number of ordinary shares in the year.

Profit per share for the period 01/01/2021 to 31/12/2021: PLN 100,863 thousand / 20,037,000 = PLN 5.03
Profit per share for the period 01/01/2020 to 31/12/2020: PLN 185,110 thousand / 17,092,014 = PLN 10.83

The diluted profit per share is calculated by dividing the profit attributable to the Company's shareholders by the weighted average number of ordinary shares, taking into account the issue of 347,000 series C shares entered into the National Court Register on 10/02/2016 and the issue of 3,080,000 series D shares entered into the National Court Register on 22/02/2021.

Diluted profit per share for the period 01/01/2021 to 31/12/2021:
PLN 100,863 thousand / 20,037,000 = PLN 5.03
Diluted profit per share for the period 01/01/2020 to 31/12/2020:
PLN 185,110 thousand / 17,092,014 = PLN 10.83

The weighted average number of ordinary shares in the period 01/01/2020 – 31/12/2020 was increased by the issue of 347 000 series C shares entered into the National Court Register on 10 February 2016 and the new issue of 3,080,000 series D shares entered into the National Court Register on 22/02/2021.

10. Dividend per share

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.

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11. Tangible fixed assets

11.1. Property, plant and equipment - data for the period from 01/01/2021 to 31/12/2021

	Land	Buildings and structures	Technical equipment and machines	Specialist machines and equipment	Means of transport	Other tangible assets	Tangible assets under construction	Total
As of 01 January 2021								
Gross value	**8,014**	**156,151**	**62,761**	**5,506**	**7,486**	**5,695**	**202**	**245,815**
Redemption (including accumulated impairment write-downs)	**-849**	**-39,668**	**-48,291**	**-5,489**	**-6,728**	**-5,279**	**0**	**-106,304**
Net amount	**7,165**	**116,483**	**14,470**	**17**	**758**	**416**	**202**	**139,511**
Changes over the period								
Reclassification	0	82	238	0	0	-57	-263	**0**
Acquisition	0	24	706	4	111	24	4,620	**5,489**
Disposal and liquidation	-469	-14	-3,201	0	1,585	-113	-10	**-2,222**
Depreciation (note 6.3)	0	-3,858	-2,752	-9	-433	-101	0	**-7,153**
Disposal and liquidation, redemption (other changes)	0	6	3,221	0	127	113	0	**3,467**
As of 31 December 2021								
Gross value	**7,545**	**156,243**	**60,504**	**5,510**	**9,182**	**5,549**	**4,549**	**249,082**
Redemption (including accumulated impairment write-downs)	**-849**	**-43,520**	**-47,822**	**-5,498**	**-7,034**	**-5,267**	**0**	**-109,990**
Net amount	**6,696**	**112,723**	**12,682**	**12**	**2,148**	**282**	**4,549**	**139,092**

The gross value of fully redeemed tangible assets used as of 31 December 2021 was PLN 29,820 thousand.
The carrying value of tangible assets and intangible assets used under leasing agreements as of 31 December 2021 was PLN 1,548 thousand. As a result of the period, the Company recognised depreciation costs of PLN 348 thousand and interest costs of PLN 26 thousand.

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11.2.Property, plant and equipment – data for the period from 01/01/2020 to 31/12/2020

	Land	Buildings and structures	Technical equipment and machines	Specialist machines and equipment	Means of transport	Other tangible assets	Tangible assets under construction	Total
As of 01 January 2020								
Gross value	**11,572**	**156,151**	**62,423**	**5,506**	**7,413**	**5,661**	**203**	**248,929**
Redemption (including accumulated impairment write-downs)	**-849**	**-35,809**	**-45,678**	**-5,475**	**-6,260**	**-5,092**	**0**	**-99,163**
Net amount	**10,723**	**120,342**	**16,745**	**31**	**1,153**	**569**	**203**	**149,766**
Changes over the period								
Reclassification	0	0	0	0	0	0	0	**0**
Acquisition	0	0	197	0	5	26	0	**228**
Disposal and liquidation	-3,558	0	141	0	68	8	-1	**-3,342**
Depreciation (note 6.3)	0	-3,859	-2,612	-14	-412	-187	0	**-7,084**
Disposal and liquidation, redemption (other changes)	0	0	-1	0	-56	0	0	**-57**
As of 31 December 2020								
Gross value	**8,014**	**156,151**	**62,761**	**5,506**	**7,486**	**5,695**	**202**	**245,815**
Redemption (including accumulated impairment write-downs)	**-849**	**-39,668**	**-48,291**	**-5,489**	**-6,728**	**-5,279**	**0**	**-106,304**
Net amount	**7,165**	**116,483**	**14,470**	**17**	**758**	**416**	**202**	**139,511**

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12. Intangible assets

12.1. Intangible assets - data for the period from 01/01/2021 to 31/12/2021

	Research and development	Computer software	Trademarks	Other	Expenditure	Total
As of 01 January 2021						
Gross value	**1,244**	**19,519**	**16,109**	**22,326**	**41**	**59,239**
Redemption (including accumulated impairment write-downs)	**-1,242**	**-14,835**	**-15,555**	**-21,439**	**0**	**-53,071**
Net amount	**2**	**4,684**	**554**	**887**	**41**	**6,168**
Changes over the period						
Reclassifications	0	0	0	0	0	**0**
Acquisition	0	59	16	0	340	**415**
Disposal and liquidation	0	-61	0	0	0	**-61**
Depreciation (note 6.3)	0	-780	-127	-104	0	**-1,011**
Reversal of depreciation	0	64	0	84	0	**148**
Other changes	-2	156	0	0	0	**154**
As of 31 December 2021						
Gross value	**1,242**	**19,673**	**16,125**	**22,326**	**381**	**59,747**
Redemption (including accumulated impairment write-downs)	**-1,242**	**-15,551**	**-15,682**	**-21,459**	**0**	**-53,934**
Net amount	**0**	**4,122**	**443**	**867**	**381**	**5,813**

The gross value of fully redeemed intangible assets used as of 31 December 2021 stood at PLN 13,794 thousand.

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12.2.Intangible assets – data for the period from 01/01/2020 to 31/12/2020

	Research and development	Computer software	Trademarks	Other	Expenditure	Total
As of 01 January 2020						
Gross value	**1,252**	**19,357**	**15,673**	**22,326**	**110**	**58,710**
Redemption (including accumulated impairment write-downs)	**-1,234**	**-14,046**	**-15,551**	**-21,304**	**0**	**-52,135**
Net amount	**10**	**5,311**	**122**	**1,022**	**110**	**6,575**
Changes over the period						
Reclassifications	0	55	20	0	0	**75**
Acquisition	0	111	416	0	20	**547**
Disposal and liquidation	0	-4	0	0	-89	**-93**
Depreciation (note 6.3)	-8	-792	-4	-279	0	**-1,083**
Reversal of depreciation	0	3	0	144	0	**147**
Other changes	0	0	0	0	0	**0**
As of 31 December 2020						
Gross value	**1,244**	**19,519**	**16,109**	**22,326**	**41**	**59,239**
Redemption (including accumulated impairment write-downs)	**-1,242**	**-14,835**	**-15,555**	**-21,439**	**0**	**-53,071**
Net amount	**2**	**4,684**	**554**	**887**	**41**	**6,168**

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13. Investment real properties

Investment real properties comprise:
– acquired rights of perpetual usufruct of land,
– ownership titles to buildings with the initial value totalling PLN 3,585 thousand.

As of 31 December 2021, the carrying amount of real properties is PLN 3,585 thousand. Revenue from rental of real properties in the reporting period was PLN 271 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.

14. Financial assets

	31/12/2021	31/12/2020
Opening balance of financial assets	**0**	**0**
Acquisition	0	0
Sales	0	0
Exclusion from consolidation	0	0
Creation of a write-down	0	0
Closing value of financial assets	**0**	**0**

14.1. Write-downs on long-term financial assets

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

15. Stocks

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	31/12/2021	31/12/2020
Materials	0	0
Goods	257,780	197,412
Advances on deliveries	0	0
	257,780	**197,412**
Write-downs on stocks	-7,767	-6,493
Stocks	**250,013**	**190,919**

Write-downs on stocks

	31/12/2021	31/12/2020
Opening write-down on stocks	**-6,493**	**-4,118**
Created *(Costs of products, goods and materials sold)*	-3,880	-2,375
Used *(Costs of products, goods and materials sold)*	0	0
Released *(Costs of products, goods and materials sold)*	2,606	0
Closing write-down on stocks	**-7,767**	**-6,493**

The write-down was released following the revaluation of trading goods based on inventory ageing. Inventories are valued at the price lower of the following two values: purchase price (manufacturing cost) or net realisable value.

16. Trade and other receivables

	31/12/2021	31/12/2020
Short-term trade and other receivables		
Trade receivables	163,419	168,490
Receivables from taxes, subsidies, duties, social and health insurance and other benefits	27,107	15,187
Other financial receivables	31	73
Other non-financial receivables	0	0
Prepayments	1,074	4,164
Short-term trade and other receivables gross	**191,631**	**187,914**
Less: write-down on receivables	-9,826	-12,464
Short-term trade and other receivables net	**181,805**	**175,450**

The fair value of short-term receivables approximates the carrying value thereof. Receivables maturing in more than one year are subject to discounting and are disclosed in the statement of financial position at their current value.

16.1. Write-downs on trade and other receivables

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	31/12/2021	31/12/2020
Opening write-down on receivables	**-12,464**	**-12,252**
Created	-1,834	-3,344
Used	1,495	1,548
Released	2,977	1,584
Closing write-down on receivables	**-9,826**	**-12,464**

The Company calculates write-downs on receivables in accordance with IFRS9.

Most trade receivables have a maturity of 15 - 90 days. In individual cases, the maturity is extended up to 120 days.

The Group has a special policy of sales only to clients verified in terms of solvency. As a result, in the opinion of the management, there is no additional risk above the level specified by the write-down on receivables.

17. Financial derivatives

Financial assets

	31/12/2021	31/12/2020
Forward contracts	441	372
Financial derivatives	**441**	**372**

Financial liabilities

	31/12/2021	31/12/2020
Forward contracts	0	0
Financial derivatives	**0**	**0**

Forward foreign exchange contracts made for periods ranging from 1 to 80 days comprise, in particular, the purchase of foreign currency (EUR and USD) and serve as hedges. Detailed information about transactions made is provided in Note 30 – *Financial instruments – Currency risk.*

18. Other financial assets

	31/12/2021	31/12/2020
Interests or shares	0	0
Borrowings granted	2,158	2,158
Other	0	0
Write-down on other financial assets	-2,158	-2,158

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Other financial assets	**0**	**0**

18.1. Write-down on short-term financial assets

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

19. Cash and cash equivalents

	31/12/2021	31/12/2020
Cash in hand	19	39
Cash at bank	52,558	104,570
- of which restricted cash	*9,298*	*11,568*
- of which on VAT accounts	*1,158*	*14,390*
	52,577	**104,609**

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20. Share capital and other capitals

20.1. Share capital

SHARE CAPITAL (STRUCTURE) **as of 31 December 2021** **(amounts in PLN)**

Type of preference shares	Type of limitation of the right to shares	Number of shares	Value of issue according to the nominal value	Capital coverage	Registration date	Right to dividend (since date)
shares	none	10,000,000	1,000,000	cash	25 June 1996	
shares	none	1,910,000	191,000	contribution	26 May 2004	
shares	none	4,500,000	450,000	cash	26 July 2006	18 August 2005
shares	None	200,000	20,000	cash	4 December 2013	1 January 2013
shares	None	347,000	34,700	cash	10 February 2016	10 February 2016
shares	None	3,080,000	308,000	Conversion	22/02/2021	01/01/2021
		20,037,000	**2,003,700**			

On 11 April 2006, the Extraordinary General Meeting of Shareholders (Notarial Deed, Register A no. 1017/2006) adopted the following resolutions:
1) Resolution no. 1 on:
a) change in the nominal value of shares from PLN 1 to PLN 0.10, while dividing 1 share with the value of PLN 1 into 10 shares with the nominal value of PLN 0.10.
b) change in the type of shares from registered shares into bearer shares.
2) Resolution no. 2 on:
a) increase in the Company's share capital by way of a public issue of series B shares.
As a result of the resolutions adopted, the Company's share capital was PLN 1,641,000.00 and was divided into 11,910,000 series A shares and 4,500,000 series B shares.

On 26/07/2006, the District Court for the capital city of Warsaw in Warsaw, 12th Commercial Division of the National Court Register registered the increase in the share capital by way of an issue of 4,500,000 series B ordinary bearer shares with the nominal value of PLN 0.10 each.

On 20/07/2006, the Management Board of the Warsaw Stock Exchange S.A. adopted a resolution on admitting to trading on the main market, as of 24/07/2006, 4,500,000 rights to the Company's series B ordinary bearer shares with the nominal value of PLN 0.10 each, designated with the code "PLACTIN00026" by the National Depository of Securities. The first listing of rights to series B ordinary bearer shares of ACTION S.A. took place at the trading session on 24 July 2006.

On 4 December 2013, the District Court for the Capital City of Warsaw registered the increase in the share capital by way of an issue of 200,000 series C ordinary bearer shares with the nominal value of PLN 0.10 each.

The capital of the Parent Company was increased in connection with the issue of 347,000 series C shares under a conditional increase in the share capital pursuant to the resolution of the Extraordinary General Meeting of the

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Company's Shareholders of 15 November 2006. The registration in the National Court Register took place on 10 February 2016.

As of 15/12/2020 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 of the new issue.

The above change in the Company's share capital was carried out in the implementation of the conversion of claims into shares - provided for in Article 2.4(i) and Article 3 of the legally approved composition agreement in the Company's restructuring proceedings. The change in the share capital was entered into the National Court Register on 22/02/2021. The basis for the entry of the change in the amount and structure of the Company's share capital in the Register of Entrepreneurs was the legally binding decision on the approval of the composition agreement of 07/08/2020, pursuant to Article 169 of the Polish Restructuring Law Act, and therefore this entry did not require an amendment to the Company's Articles of Association.

20.2.Other capitals

	31/12/2021	**31/12/2020**
Supplementary capital of the Parent Company, of which:	268,368	82,543
– surplus resulting from the sale of shares above their nominal value	77,207	*77,272*
Reserve capital of the Parent Company	30,000	30,000
Undistributed profit / loss from previous years	1,901	2,861
Foreign exchange differences from conversion of a foreign operation	-989	-901
Net financial result of the current period	100,863	185,110
Other components of equity	0	0
	400,143	**299,613**

The supplementary capital was disclosed in the amount of the supplementary capital of the Parent Company. Supplementary capitals of other companies subject to consolidation in the amount recorded until the date of taking control adjust the Undistributed profit / loss from previous years.

On 10 February 2016, the District Court for the Capital City of Warsaw registered the increase in the share capital by way of an issue of 347,000 series C ordinary bearer shares with the nominal value of PLN 0.10 each. Inflows from the issue of series C shares amounted to PLN 4,154 thousand (share acquisition price: PLN 12 per share). The amount of PLN 4,119 thousand was recognised in the Company's supplementary capital. The amount of PLN 35 thousand was recognised in the Company's share capital.

On 30 September 2011, the Extraordinary General Meeting of the Company's Shareholders adopted a resolution on creating a reserve capital of PLN 30,000 thousand to finance the Company's acquisition of equity shares.

The reserve capital was created from the Company's supplementary capital. The Management Board is authorised to use funds from the reserve capital in accordance with the provisions of the resolution of the Extraordinary General Meeting of Shareholders of ACTION S.A. on authorising the Company's Management Board to purchase Company equity shares of 30 September 2011 with the stipulation that any purchase of equity shares within the Programme may not cause a decrease in the value of net assets below the value of the share capital increased by write-downs and provisions not subject to distribution.

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On 12 June 2017, the Ordinary General Meeting of Shareholders of ACTION S.A. adopted a resolution on covering the loss for 2016. The amount of PLN 154,414 thousand was covered from the supplementary capital.

On 26 June 2018, the Ordinary General Meeting of Shareholders of ACTION S.A. adopted a resolution on covering the loss for 2017. The amount of PLN 52,081 thousand was covered from the supplementary capital.

On 25 June 2019, the Ordinary General Meeting of Shareholders of ACTION S.A. adopted a resolution on covering the loss for 2018. The amount of PLN 35,210 thousand was covered from the supplementary capital.

On 30 June 2020, the Ordinary General Meeting of the Shareholders of ACTION S.A. adopted a resolution on recognition of the profit for 2019 in the amount of PLN 2,208 thousand in the reserve capital.

On 27 May 2021, the Ordinary General Meeting of the Shareholders of ACTION S.A. adopted a resolution on recognition of the profit for 2020 in the amount of PLN 185,890 thousand in the reserve capital.

20.3.Non-controlling interests

	For the period 01/01/2021-31/12/2021	**For the period 01/01/2020-31/12/2020**
At the beginning of the period	**-1,314**	**-9,360**
Comprehensive income of the financial year	46	-185
Excluding the company from consolidation	0	8,209
Purchase of minority interest	-101	0
Acquisition of non-controlling interests	272	22
Foreign exchange differences from conversion of a foreign operation	0	0
Closing balance	**-1,097**	**-1,314**

Non-controlling interests include:
- interests of SFERIS MARKETING SP. Z O.O. with its registered office in Zamienie. On 23 April 2014, ACTION S.A. acquired 3,900 out of 9,900 newly created non-preference interests in the increased capital of SFERIS MARKETING SP. Z O.O. (formerly known as ACTION GAMES LAB Sp. z o.o.) The Company's share in the share capital decreased to 40%, but control was retained.

Changes over the period concern:
- acquisition of shares of ACTIVEBRAND Sp. z o.o. with its registered office in Kraków.

21. Employee benefit liabilities

21.1.Employee benefit liabilities

	31/12/2021	**31/12/2020**
Pension and disability pension benefits	703	491
Holiday benefits	1,174	872
	1,877	**1,363**
of which:		
- short-term part	**1,877**	**1,363**

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Change in liabilities due to pension and disability pension benefits as well as holiday benefits

	31/12/2021	31/12/2020
Current value of liabilities – opening balance	**1,363**	**551**
Current employment costs	514	812
Actuarial gain / (loss) arising from changes in economic assumptions Actuarial gain / (loss) arising from differences between the assumed and actual values	0	0
Current value of liabilities – closing balance, of which:	**1,877**	**1,363**
Current employment costs	**514**	812

The present value of pension and disability pension benefits as well as holiday benefits was measured as of 31 December 2021 using the actuarial method.

Both the change of economic assumptions and the differences between the assumed and actual values are insignificant for the Company and therefore they were not recognised directly in capitals.
Current employment costs were recognised in the financial result.

21.2. Employee share programmes

The Group does not have any employee share programmes.

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

	31/12/2021	31/12/2020
Long-term		
Investment loan	0	0
Liabilities due to bonds	0	0
Borrowings	0	0
Lease liabilities	1,070	70
	1,070	**70**
Short-term		
Overdraft and investment loan	0	0
Liabilities due to bonds	0	0
Borrowings	1,025	1,023
Lease liabilities	478	147
	1,503	**1,170**
Total	**2,573**	**1,240**

Structure of liabilities due to loans and borrowings by age

	31/12/2021	31/12/2020
Liabilities with the repayment period calculated from the balance sheet day		

Up to 1 year	1,503	1,170
1 to 5 years	1,070	70
Over 5 years	0	0
Total	**2,573**	**1,240**

Lease liabilities

	31/12/2021	31/12/2020
Nominal value of minimum lease payments		
Up to 1 year	519	151
1 to 5 years	1,161	72
Over 5 years	0	0
Total financial lease liabilities – total minimum lease payments	**1,680**	**223**
Financial costs due to financial lease	**132**	**6**
Current value of minimum lease payments		
Up to 1 year	478	147
1 to 5 years	1,070	70
Over 5 years	0	0
Total current value of minimum lease payments	**1,548**	**217**

Agreements in force concerning a line for guarantees and letters of credit

Agreement no. 2017/149/DDF with Bank Polska Kasa Opieki Spółka Akcyjna with its registered office in Warsaw for opening a line for guarantees and letters of credit. Pursuant to this Annex, the Bank extended the following periods: the validity period of guarantees and the anticipated final deadline for executions and payments on account of open letters of credit may be: for guarantees for suppliers – up to 12 months and it cannot extend beyond 31 January 2023, for guarantees for CERN – up to 36 months and it cannot extend beyond 31 January 2025, for letters of credit – up to 12 months and it cannot extend beyond 31 January 2023.

Factoring agreement

The factoring agreement between the Issuer and Coface Poland Factoring Sp. z o.o. with its registered office in Warsaw, under which the Issuer will receive the financing limit determining the maximum sum of accumulated advances, i.e. payments made by the factor on account of financing in the amount of PLN 21,000 thousand. The factoring agreement provides for the following securities established in favour of the factor: a) blank promissory note issued by the Company together with the promissory note declaration; b) assignment of rights to which the Company is entitled on account of trade receivables insurance agreements in the scope of compensations due from entities covered by the above-mentioned factoring agreement.

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23. Trade and other liabilities

	31/12/2021	31/12/2020
Long-term liabilities subject to arrangement repayments	88,249	100,255
	88,249	**100,255**
Short-term trade and other liabilities		
Trade receivables, of which:	129,788	174,002
Liabilities due to taxes and social security	9,042	46,051
Financial derivatives	0	0
Other non-financial liabilities	3,131	2,801
	141,961	**222,854**
Total	**230,210**	**323,109**

Trade liabilities, excluding liabilities subject to the composition agreement, bear no interest. Maturities of trade and other liabilities range from 0 to 90 days.

With respect to short- and long-term liabilities, the fair value approximates the carrying value.

In connection with the decisions and reports received from the Tax Audit Office described in detail in Note 3.4 Taxes, liabilities recognised in the books amount to PLN 11,590 thousand and are presented under long-term liabilities subject to arrangement repayments in the amount of PLN 9,658 thousand and PLN 1,932 thousand under current liabilities due to taxes and social insurance.

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.

Claims on account of redemption and interest on series ACT01 040717 bonds whose payment dates fall after the opening date of the restructuring proceedings were subject to a composition by virtue of the law pursuant to Article 150(1)(1) of the R.L.

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.
The Issuer made the repayment of 40.35% of the amount of the principle on 29/01/2021 in the amount of PLN 40,350 thousand.

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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.

As at the balance sheet date, the outstanding amount of PLN 7,500 thousand, constituting 7.5% of the principal amount, will be repaid in cash on the last working day of the calendar month following the quarter in which the last quarterly instalment payable to Group I Creditors was due. This amount is presented in the item "Long-term liabilities subject to arrangement repayments".

23.1. Claims covered by the composition agreement (taking into account changes resulting from court proceedings and repayments of secured claims)

	31/12/2021	31/12/2020
Claims		
subject to the composition agreement by virtue of law	101,577	205,264
not subject to the composition agreement	0	0
contingent	0	0
secured	0	0
disputed*	10,821	10,823
Total claims	**112,398**	**216,087**

* From a formal point of view, disputed claims are subject to the composition agreement.

	31/12/2021	31/12/2020
Claims		
subject to the composition agreement by virtue of law, of which:		
disclosed in the books as off-balance sheet liabilities	0	0
disclosed in books	101,577	379,290
Total claims subject to the composition agreement	**101,577**	**379,290**

24. Contingent assets and liabilities

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As of 31 December 2021, the Group held as collateral for the repayment of receivables in the amount of PLN 7,407 thousand.
Hedging liabilities resulting from agreements signed as at the reporting date and not reflected in the consolidated financial statement of ACTION S.A. Capital Group amounted to PLN 10,871 thousand as at 31 December 2021 and PLN 13,980 thousand as at 31 December 2020.

	31/12/2021	31/12/2020
1. Contingent receivables	**7,407**	**9,005**
1.1. From related entities (due to)	0	0
– guarantees and sureties received	0	0
1.2. From other entities (due to)	7,407	9,005
– guarantees and sureties received	7,407	9,005
2. Contingent liabilities	**10,871**	**13,980**
1.1. To related entities (due to)	0	0
– guarantees and sureties granted	0	0
1.2. To other entities (due to)	10,871	13,980
– guarantees and sureties granted	10,871	13,980
– letters of credit	0	0
3. Other (due to)	**0**	**0**
Total off-balance sheet items	**18,278**	**22,985**

Guarantees and sureties granted

As of 31 December 2021, the amount of guarantees, sureties and letters of credit granted amounted to PLN 10,871 thousand, of which:

to other entities

Bank guarantees for the total amount of (USD 50 thousand) PLN 330 thousand,
Bank guarantees for the total amount of (USD 12.5 thousand) PLN 51 thousand,
Bank guarantees for the total amount of PLN 3,000 thousand,
Bank guarantees for the total amount of PLN 7,490 thousand.

Pre-litigation and litigation 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 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 concerning VAT tax, terminated by a final decision of the tax proceedings, concerning CIT tax, described in Note *3.4 Taxes* recognised in the books as at 31 December 2021 amounts to PLN 11,590 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.

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25. Transactions with related entities

1. 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 31 December 2021 and for the period 1/01/2021 – 31/12/2021

	Receivables	Liabilities	Revenue from sales	Purchases and costs
ACTION CT WANTUŁA Sp. j. *	0	0	0	0
ACTIVE TRAVEL Sp. z o.o. **	0	0	0	0
ACTIVE SOLUTIONS Sp. o.o. ***	0	0	0	0
ACTION ENERGY Sp. z o.o. *****	184	0	0	0
TYTANID Sp. z o.o. *****	0	0	0	0
Total	**184**	**0**	**0**	**0**

Data as of 31 December 2020 and for the period 01/01/2020 to 31/12/2020

	Receivables	Liabilities	Revenue from sales	Purchases and costs
ACTION CT WANTUŁA Sp. j. *	0	0	0	0
ACTIVE TRAVEL Sp. z o.o. **	0	0	0	0
ACTIVE SOLUTIONS Sp. o.o. ***	0	0	0	0
ACTION ENERGY Sp. z o.o. *****	345	79	5	0
TYTANID Sp. z o.o. *****	0	0	0	0
Total	**345**	**79**	**5**	**0**

* ACTION CT WANTUŁA Sp. j. with its registered office in Poznań
** ACTIVE TRAVEL Sp. z o.o. with its registered office in Michałów-Grabina
*** ACTIVE SOLUTIONS Sp. z o.o. with its registered office in Warsaw
**** ACTION ENERGY Sp. z o.o. with its registered office in Kraków – excluded from consolidation with effect from 1 January 2015 due to loss of material 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.

2. The tables below present amounts of mutual settlements and transactions made between the Company and associates.

Consolidated financial statements of ACTION S.A. CAPITAL GROUP for 2021 (all amounts are in thousands of PLN, unless specified otherwise)

Data as of 31 December 2021 and for the period 1/01/2021 – 31/12/2021

	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 31 December 2020 and for the period 01/01/2020 to 31/12/2020

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

* Formerly ACTION CENTRUM EDUKACYJNE Spółka z ograniczoną odpowiedzialnością.

26. Purposes and principles of financial risk management

In addition to derivatives, the main assets and financial liabilities used by the Group comprise bank loans, lease agreements, cash and short-term deposits. The main purpose of these financial instruments is to obtain funds for the Group's operations. The Group also holds other financial instruments, such as trade receivables and liabilities, which arise in the course of its business activities.
The Group also makes transactions involving derivatives, primarily foreign currency forward contracts. The purpose of these transactions is to manage the currency risk occurring during the course of the Group's business activities and resulting from the sources of financing used by the Group.
The principle applied by the Group currently and through the whole period covered by the statement is the lack of transactions in financial instruments.
The major risks resulting from the Group's financial instruments include the interest rate risk, liquidity risk, foreign exchange risk and credit risk. The Management Board verifies and reconciles the principles for managing each of these risks; these principles are discussed below. The Company also monitors the risk of market prices concerning all of its financial instruments. The principles of accounting applied by the Group with respect to derivatives are described in item 2.8 *Accounting Principles Applied.*

27. Management of the capital

The Group manages the capital in order to maintain its capacity to continue business activities, taking into account the implementation of investments planned, so that it may generate profit for the shareholders and bring benefits to other stakeholders.
In accordance with market practice, the Group monitors the capital on the basis of the equity ratio and the ratio of loans, borrowings and other sources of net financing/EBITDA.
The equity ratio is calculated as the ratio of the net value of tangible assets (equity less the value of intangible assets) to the balance sheet total.
The ratio of loans, borrowings and other sources of net financing/EBITDA is calculated as the ratio of loans, borrowings and other sources of financing less cash to EBITDA. Loans, borrowings and other sources of financing are defined as the total amount of liabilities from loans, borrowings and lease whereas EBITDA is defined as profit from operating activities plus depreciation.

	31/12/2021	**31/12/2020**
Equity	401,050	300,303

Consolidated financial statements of ACTION S.A. CAPITAL GROUP for 2021 (all amounts are in thousands of PLN, unless specified otherwise)

Less: Intangible assets	-5,813	-6,168
Net value of tangible assets	395,237	294,135
Balance sheet total	635,710	630,619
Equity ratio	**0.6**	**0.5**
Operating profit	116,143	156,833
Plus: depreciation	8,164	8,167
EBITDA	124,307	165,000
Loans, borrowings and other sources of net financing	-50,004	-104,392
Ratio: Loans, borrowings and other sources of net financing/EBITDA	**-0.4**	**-0.6**

Consolidated financial statements of ACTION S.A. CAPITAL GROUP for 2021 (all amounts are in thousands of PLN, unless specified otherwise)

28. Financial instruments

Classification of financial instruments

Financial assets

Category of financial assets	IFRS 9		
	Category	Carrying amount 31/12/2021	Fair value 31/12/2021
Tangible assets:		**0**	**0**
Other long-term financial assets	equity instruments measured at fair value through other comprehensive income	0	0
Current assets:		**206,642**	**206,642**
Trade and other receivables	measured at depreciated cost	153,624	153,624
Borrowings	measured at depreciated cost	0	0
Cash and cash equivalents	measured at depreciated cost	52,577	52,577
Other financial assets – derivatives	measured at depreciated cost	441	441

Financial liabilities

Category of financial liabilities	IFRS 9		
	Category	Carrying amount 31/12/2021	Fair value 31/12/2021
Long-term liabilities:		**88,249**	**88,249**
Loans, borrowings	measured at depreciated cost	0	0
Trade and other liabilities	measured at depreciated cost	88,249	88,249
Short-term liabilities:		**129,788**	**129,788**
Loans, borrowings	measured at depreciated cost	0	0
Trade and other liabilities	measured at depreciated cost	129,788	129,788

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

Fair value hierarchy

The below note presents disclosures concerning financial instruments measured in the balance sheet at fair value.

	31/12/2021	31/12/2020
	Level 2	**Level 2**
Receivables due to derivatives	441	372
Liabilities due to derivatives	0	0
Total	**441**	**372**

Methods of determination of fair value of financial instruments

Level I

In the reporting period ended 31 December 2021, the Group did not have any financial instruments measured at fair value classified under level I (also none in 2020).

Level II

The Group classifies receivables or liabilities due to derivatives under level II. Changes in the fair value of instruments that meet hedge accounting criteria are included – in the effective part – in the Group's equity and in the ineffective part – in profit and loss. When the hedged sales revenue is realised, changes in the fair value of hedging instruments are recognised in the current financial result. Changes in the fair value of derivatives which do not meet the hedge accounting criteria are recognised directly in the financial result of the financial year.
The fair value of derivatives is determined using measurement models for financial instruments, with the use of publicly available currency exchange rates and interest rates.

Level III

In the reporting period ended 31 December 2021, the Group did not have any financial instruments measured at fair value classified under level III (also none in 2020).

In the reporting period, there was no reclassification or transfer of financial instruments between individual levels (the same applies to the comparative period).

Interest revenue

	For the period 01/01/2021-31/12/2021	For the period 01/01/2020-31/12/2020
Borrowings and receivables	0	101
	0	**101**

Interest expenses

	For the period 01/01/2021-31/12/2021	For the period 01/01/2020-31/12/2020
Short-and long-term loans	0	39
Lease	26	15

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

Factoring interest and commissions	0	0
Interest on bonds	0	0
	26	**54**

Profits or losses according to the category of instruments

	For the period 01/01/2021-31/12/2021	For the period 01/01/2020-31/12/2020
Assets measured at fair value through the financial result, of which:	0	0
- held for trading	0	0
Instruments measured at depreciated cost (including profits and losses on account of interest)	0	101
Dividends received		
Financial liabilities measured at fair value		
Loans and borrowings	0	39
Lease	26	15
Interest on bonds	0	0
Interest and discount due to factoring	0	0
	-26	**47**

Profits or losses by category of instruments take into account both financial revenue and expenses, as well as other revenue and expenses connected with financial instruments.

Impairment losses

	For the period 01/01/2021-31/12/2021	For the period 01/01/2020-31/12/2020
Borrowings and receivables	1,143	-1,760
	1,143	**-1,760**

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 excessive concentration of credit sales on 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 been insuring all receivables, except for receivables from subsidiaries and selected long-standing clients.

The credit risk arising from granting extended payment dates to external contractors is limited by using repayment security 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 collateral:

– 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,

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

– a bank deposit.

The credit risk connected with bank deposits, derivatives and other investments is deemed insignificant as the Group makes transactions with entities having a stable financial position.

Taking the foregoing into account, the credit risk was disclosed in the financial statement by way of write-downs. A change in the write-downs on receivables is presented in note *16.1*. *Write-downs on trade and other receivables.*

Maximum credit risk

	31/12/2021	31/12/2020
Trade and other receivables	163,450	168,593
Borrowings granted	2,159	2,159
	165,609	**170,752**

The maximum credit risk is estimated as the gross value of the trade receivables and other financial receivables.

The table below presents the structure of the trade receivables and other receivables being financial instruments by age.

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

Structure of trade receivables and other receivables by age

	31/12/2021	31/12/2020
Gross value		
Not overdue	119,849	112,945
Overdue	43,601	55,648
1-30 days	29,135	27,752
31-180 days	0	6,949
181-365 days	1,453	385
over 1 year	13,013	20,562
	163,450	168,593
Write-downs		
Not overdue	698	0
Overdue	9,128	12,464
1-30 days	0	490
31-180 days	0	1,037
181-365 days	1,336	302
over 1 year	7,792	10,635
	9,826	12,464
Net amount		
Not overdue	119,151	112,945
Overdue	34,473	43,184
1-30 days	29,135	27,262
31-180 days	0	5,912
181-365 days	117	83
over 1 year	5,221	9,927
	153,624	**156,129**

Price risk
The company is not involved in securities trading on any active market.

Liquidity risk
The Group is exposed to liquidity risk understood as the risk of loss of the capacity to settle obligations on agreed dates. This risk results from potential limitation of access to financial markets, which may result in an inability to obtain new financing or to refinance debt. In the opinion of the Management Board, the considerable value of cash on the balance sheet date (note 19), the credit lines available (note 22) and the good financial standing of the Group cause that the risk of losing liquidity should be considered as insignificant.

The maximum exposure to the liquidity risk connected with liabilities due to loans and borrowings is presented in detail in the *Financial liabilities* note above.
Maturity dates for trade liabilities do not exceed 180 days.

Foreign exchange risk
The Group is exposed to the foreign exchange risk, in particular USD and EUR. The foreign exchange risk arises from future trade transactions as well as assets and liabilities recognised. The foreign exchange 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 Group applies tools securing against the foreign exchange risk by making short-term currency forward contracts for the purchase/sale of currencies.

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

Maximum exposure to foreign exchange risk

As of 31 December 2021, receivables in foreign currencies amounted to PLN 60,916 thousand, which represented 40% of the trade receivables. As of 31 December 2020, they amounted to PLN 83,266 thousand, which represented 52% of the trade receivables. As of 31 December 2021, receivables in USD represented 16% of all trade receivables in foreign currencies. As of 31 December 2020, receivables in USD represented 6% of all trade receivables in foreign currencies.

As of 31 December 2021, trade liabilities in foreign currencies amounted to PLN 41,098 thousand, which represented 36% of the trade liabilities. As of 31 December 2020, trade liabilities in foreign currencies amounted to PLN 56,429 thousand, which represented 21% of the trade liabilities.

Exposure to foreign exchange risk

The table below presents values exposed to the foreign exchange risk on the basis of nominal values thereof divided into major foreign currencies.

31/12/2021

Amounts in currency	**EUR**	**USD**
Trade and other receivables	11,188	2,329
Borrowings	0	0
Term deposits	0	0
Assets exposed to foreign exchange risk	**11,188**	**2,329**
Trade liabilities	-3,218	-6,477
Loans	0	0
Liabilities exposed to foreign exchange risk	**-3,218**	**-6,477**
Derivatives – inflows	0	0
Derivatives – outflows	0	0
Derivatives – net	0	0
Exposure net	**7,970**	**-4,148**

31/12/2020

Amounts in currency	**EUR**	**USD**
Trade and other receivables	11,456	10,599
Borrowings	0	0
Term deposits	0	0
Assets exposed to foreign exchange risk	**11,456**	**10,599**
Trade liabilities	-3,964	-10,146
Loans	0	0
Liabilities exposed to foreign exchange risk	**-3,964**	**-10,146**
Derivatives – inflows	0	0
Derivatives – outflows	0	0
Derivatives – net	0	0
Exposure net	**7,492**	**453**

The following foreign exchange rates were used to convert the currency item:

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

	As of 31/12/2021	31/12/2020
EUR/PLN	4.5994	4.6148
USD/PLN	4.0600	3.7584

Sensitivity analysis
The strengthening of the zloty by 5% with respect to the foreign currencies listed in the table below as of 31 December 2021 will change the gross result by amounts specified below. The analysis assumes that all other variables, in particular interest rates, remain unchanged. A similar analysis was carried out for the data as of 31 December 2020.

	31/12/2021	31/12/2020
EUR	1,833	-1,729
USD	842	-85
	-991	**-1,814**

The weakening of PLN by 5% with respect to the foreign currencies listed below will have the same effect in terms of amounts; however, with the opposite sign on the assumption that the other variables will remain unchanged.

Interest rate risk
The Group holds financial instruments based exclusively on a variable interest rate.
The structure of financial instruments bearing a variable interest rate as of the balance sheet date and exposed to the cash flow risk was as follows:

Carrying amount	31/12/2021	31/12/2020
Variable interest rate instruments		
Financial assets	52,577	104,609
Financial liabilities	- 1,548	-217
	51,029	**104,392**

Analysis of sensitivity of the fair value of interest-bearing instruments to the change in the interest rate
A change by 150 base points in the interest of instruments as of the balance sheet date would increase (decrease) net assets and the statement of comprehensive income by the amounts presented in the table below.
According to this analysis, all the other variables remain unchanged.
A similar analysis was carried out for the comparative data as of 31 December 2020.

	Statement of comprehensive income		**Equity**	
	increase by 150 bp	decrease by 150 bp	increase by 150 bp	decrease by 150 bp
31/12/2021				
Variable interest rate assets	789	-789		
Variable interest rate liabilities	-23	23		
Net sensitivity before tax	765	-765	-	-
19% tax	145	-145		
Net sensitivity after tax	620	-620		

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

31/12/2020				
Variable interest rate assets	523	-523		
Variable interest rate liabilities	-1	1		
Net sensitivity before tax	522	-522	-	-
19% tax	99	-99		
Net sensitivity after tax	423	-423		

The Group does not apply hedging against the variable interest rate risk.
The Company estimated potential changes in terms of market risk as follows:
1.5% change in the PLN interest rate (an increase or a decrease in the interest rate);
1.5% change in the USD interest rate (an increase or a decrease in the interest rate);
1.5% change in the PLN/EUR exchange rate (an increase or a decrease in the exchange rate);
1.5% change in the PLN/USD exchange rate (an increase or a decrease in the exchange rate).

29. Net cash inflows from operating activities

	For the period 01/01/2021-31/12/2021	For the period 01/01/2020-31/12/2020
Gross profit/loss for the financial year	**113,600**	**179,485**
Adjustments:		
- Income tax (note 7)	0	-5,440
– Income tax paid	-7,763	0
– Depreciation of tangible assets and intangible assets (notes 6.3, 11, 13)	8,164	8,167
– (Profits) losses on investment activities, of which:	-2,630	-2,804
(Profits) losses on foreign exchange differences	0	-219
(Profits) losses on sale of financial assets	0	0
(Profits) losses on measurement of financial instruments	-70	-372
(Profits) losses from compensation	-2,560	-2,213
Other	0	0
– Interest revenue	-45	-331
– Interest expenses	26	54
Shares in profits (losses) of entities measured using the equity method	44	368
– Other, of which:	227	14,529
Profits (losses) attributable to non-controlling shareholders	-46	185
Change in provisions	0	0
Change in prepayments/accruals	0	0
Change in employee benefit liabilities	514	812
Change in liabilities resulting from the conversion of liabilities covered by the composition agreement	0	15,349
Other adjustments	-241	-1,817
Changes in working capital:		
– Stocks	-59,094	-34,686
– Trade and other receivables	-6,355	-20,829
– Trade and other liabilities	-94,768	-114,932
Net cash inflows from operating activities	**-48,594**	**23,581**

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

30. Other investment inflows / outflows

	For the period 01/01/2021-31/12/2021	For the period 01/01/2020-31/12/2020
Other investment inflows/outflows, of which:		
– Acquisition of interests	-101	0
– Sales of interests	0	0
– Borrowings repaid	0	0
– Inflows on account of interest	45	331
- Compensation received	3,029	6,224
– Other	0	0
	2,933	**6,555**

Compensation received in 2021 and 2020 for the ownership title to real estate intended for the implementation of a public purpose investment under the name: “Construction of the south exit of Warsaw S7 expressway from the Airport junction of the South Bypass of Warsaw to the Grójec bypass – Section ‘A’ from the ‘Airport’ junction (without the junction) to the ‘Lesznowola' junction (with the junction) […]”.

31. Employment structure

Average headcount calculated per full time job

	For the period 01/01/2021-31/12/2021	For the period 01/01/2020-31/12/2020
Blue-collar workers	132	118
Other	328	339
	460	**457**

32. Remuneration for managers and supervisors

Expenses relating to the remuneration (paid and payable) of the managers of the ACTION S.A. Capital Group during the period from 1 January 2021 to 31 December 2021 amounted to PLN 5,214 thousand while during the period from 1 January 2020 to 31 December 2020 to PLN 890 thousand. During the period covered by this statement, Members of the Supervisory Board of ACTIONS S.A. received a total of PLN 129 thousand as remuneration. In the period between 1 January 2020 and 31 December 2020, the remuneration of the Members of the Supervisory Board of ACTION S.A. amounted to PLN 94 thousand. Remuneration for managers and supervisors are short-term benefits. The Members of the Management Board of ACTION S.A. have benefits guaranteed in case they are removed from the composition of the Management Board in the amount of 12x their monthly remuneration.

The Manager of ACTION S.A. requested the District Court for the Capital City of Warsaw, on the basis of Article 56(1) of the Polish Act of 15 May 2015 – the Restructuring Law (hereinafter referred to as the Restructuring Law), as well as the Management Board and the Supervisory Board of ACTION S.A. to determine the initial remuneration of the Manager for the function held in the amount of PLN 848 thousand (PLN 1,044 with VAT). By a decision of 23/06/2017, the District Court for the Capital City of Warsaw, 10th Commercial Division for bankruptcy and reorganization set the initial remuneration for the Manager at PLN 931 thousand with VAT. In addition, by way of the decision of 04/10/2018, the Judge Commissioner (pursuant to Article 57(3) of the Restructuring Law and within the above-mentioned initial remuneration) set the quarterly advance payments on account of the remuneration for the Manager for the sixth and seventh quarter during which the Manager held their function at PLN 65 thousand with VAT per quarter. By a decision of 08/11/2021, the District Court for the Capital City of Warsaw, 10th Commercial Division for bankruptcy and reorganization set the initial remuneration for the Manager at PLN 1,115 thousand with VAT. In 2021, the Company paid remuneration to the Manager on the basis of the above provisions in the amount of PLN 659 thousand with VAT, constituting the difference between the final remuneration and advances previously paid.

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

The above amounts are subject to increase by taxes due.

Remuneration paid and due

	For the period 01/01/2021-31/12/2021	For the period 01/01/2020-31/12/2020
1. Management Board, of which:	**5,346**	**1,464**
Piotr Bieliński – President of the Management Board	2,655	494
Sławomir Harazin – Vice-President of the Management Board	2,631	463
Krzysztof Kotowski	0	30
Diana Kamphausen	0	447
Kazimierz Lasecki	60	30
Piotr Pągowski	0	0
2. Supervisory Board, including:	**129**	**100**
Iwona Bożena Bocianowska	29	24
Marek Jakubowski	25	20
Piotr Kosmala	0	2
Krzysztof Kaczmarczyk	25	18
Piotr Chajderowski	25	18
Adam Świtalski	25	18
Total remuneration	**5,475**	**1,564**

33. Remuneration of senior management

	For the period 01/01/2021-31/12/2021	For the period 01/01/2020-31/12/2020
Remuneration of the members of the Management Boards of the Group's companies	5,475	1,564
Remuneration of other managers	6,421	6,104
	11,896	**7,568**

Other managers include heads of the Parent Company and the other companies forming the Group.

34. Remuneration of a statutory auditor or an entity authorised to audit financial statements

On 11 August 2020, an agreement was made with Grant Thornton Polska Spółka z ograniczoną odpowiedzialnością Spółka komandytowa with its registered office in Poznań, ul. Abpa Antoniego Baraniaka 88 E (entered into the list of audit firms maintained by the Polish Agency for Audit Oversight under number 4055) for the audit and review of the following financial statements:

a) review of the interim separate and consolidated financial statement of ACTION S.A. as at 30 June 2020 and 30 June 2021;
b) audit of the annual separate and consolidated financial statement of ACTION S.A. for the financial year ended 31 December 2020 and 31 December 2021;
c) review of the consolidation package of ACTION Europe GmbH in liquidation as at 30 June 2020 and 30 June 2021;
d) audit of the consolidation package of ACTION Europe GmbH in liquidation as at 31 December 2020 and 31 December 2021.
The remuneration for the review of the interim separate and consolidated financial statement of ACTION S.A. as at 30 June 2021 amounted to PLN 50.5 thousand, while the remuneration for the audit of the separate and consolidated financial statement as at 31 December 2021 amounted to PLN 112.2 thousand. The total remuneration for the above listed activities amounted to PLN 162.7 thousand.
In the previous financial year ended 31 December 2020, the remuneration for the review of financial statements of ACTION S.A. amounted to PLN 50.5 thousand, while the remuneration for auditing statements was PLN 112.2 thousand. The total remuneration for the above listed activities amounted to PLN 162.7 thousand.
The remuneration for the review of the consolidation package of ACTION Europe GmbH in liquidation as at 30 June 2021 amounted to PLN 4 thousand, while the remuneration for the audit of the consolidation package as at 31 December 2021 amounted to PLN 4 thousand. The total remuneration for the above listed activities amounted to PLN 8 thousand.
In the previous financial year ended 31 December 2020, the remuneration for the review of the consolidation package as at 30 June 2020 amounted to PLN 4 thousand, for the review of the consolidation package as at 31 December 2020 amounted to PLN 4 thousand. The total remuneration for the above listed activities amounted to PLN 8 thousand.
On 15 March 2021, an order was concluded with Grant Thornton Polska Spółka z ograniczoną odpowiedzialnością Spółka komandytowa for the assessment of the remuneration report for 2019-2020, the amount of remuneration amounted to PLN 10 thousand.
In 2021, Grant Thornton Polska Spółka z ograniczoną odpowiedzialnością Spółka komandytowa did not provide tax consultancy services to the Company.

All the above listed amounts are net amounts (without VAT).
The audit company was chosen by the Supervisory Board of ACTION S.A. on the basis of Resolution no. 2 adopted on 1 June 2020.

35. Capital expenditure incurred and planned

In the period covered by the report, the Group incurred capital expenditure of PLN 5,904 thousand. Investment expenses incurred in 2021 were related to the conversion and adaptation of the building which is the registered office of ACTION S.A.

36. Transactions with managers

In the reporting period, the Group's Companies did not grant any borrowings, guarantees, sureties and did not make any transactions with managers.

37. Other information

In connection with the political and economic situation on the territory of Ukraine and the introduction by the President of the Council of Ministers of the CRP alert level on the territory of Poland concerning the threat of a terrorist incident concerning the ICT systems of public administration bodies or the ICT systems, the Issuer monitors and evaluates the impact of the above situation on the activity of the Company and its Capital Group. The findings show that the Company's commercial cooperation with customers who are companies with Russian capital and entities from Ukraine is marginal. The issue of supply of products manufactured by the Company's contractors in both of these countries is assessed in the same manner. Therefore, apart from the changes in demand caused by the geopolitical situation, currently the political and economic situation in the territory of Ukraine has no actual direct impact on the operations of the Issuer and the Capital Group, going concern assumptions, financial results, items presented in financial statements as at the balance sheet date, as well as recognition and measurement of items after the balance sheet date. Due to the presented principles of cooperation with entities from the territory of Ukraine and Russia, the Company does not assume a negative impact of the discussed situation on the operations of the Issuer and its Capital Group in the future. However, in the event of unexpected circumstances, in particular prolongation of acts of war or extension of their territorial scope, potential disruptions in supply chains may occur, which could have a negative impact on the activities of the Company and the Capital Group.

38. Implementation of the composition agreement

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

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

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

1) On 22/12/2020, i.e. in compliance with the deadline determined in Article 1.11 of the Composition Agreement, the Company made pledge agreements with the pledge administrator: Kancelaria Gessel, Koziorowski Spółka Komandytowa Gessel (Koziorowski Law Firm, Limited Partnership) with its registered office in Warsaw (KRS no. 0000217607) and submitted requests for the entry of registered pledges pursuant to the content of Article 1.12 of the Composition Agreement – in order to secure claims of Group I and IV Creditors. By the date of the statement, all registered pledges on trademark rights had been registered. Each of the above registered pledges was established up to the highest amount of the security, i.e. PLN 399,196 thousand.
Furthermore, on 20 April 2021, the District Court for the Capital City of Warsaw, XI Commercial Division of the Pledge Registry, issued a decision on the entry of a registered pledge in the pledge register on the movables of the company in the form of equipment for the company's warehouse systems constituting movable property or a collection thereof in the form of a set of devices forming a system of automatic transport conveyors for goods, entered into the register of fixed assets of the Company under the registration number 935/2009/UTECH, located in the Issuer's warehouse "Building 1 and Building 2A", situated at ul. Dawidowska 10, Zamienie, 05-500 Piaseczno. The above registered pledge was established up to the highest amount of the security, i.e. PLN 399,196 thousand.

2) On 22 January 2021, in the implementation of Article 1.5 of the Composition Agreement, the Issuer made statements in the form of a notarial deed on the establishment of joint mortgages with equal priority right on the following real properties and rights of perpetual usufruct of the Company: (a) real property located in Zamienie, consisting of plot nos. 3, 80/1, 82, 83, 88/1, 89/1, 81, for which the District Court in Piaseczno, 4th Division of the Land and Mortgage Register, maintains land and mortgage register no. WA5M/00356713/3; (b) real property located in Zgorzała, consisting of plot nos. 90, 91, for which the District Court in Piaseczno, 4th Division of the Land and Mortgage Register, maintains land and mortgage register no. WA5M/00433184/9; (c) the right of perpetual usufruct of the real property and the ownership right to the building constituting a separate property, located in Kraków, for which the District Court for Kraków-Podgórze in Kraków, 4th Division of the Land and Mortgage Register, maintains land and mortgage register no. KR1P/00331682/8; (d) the right of perpetual usufruct of the real property and the ownership right to the building and facility constituting a separate property, located in Kraków, for which the District Court for Kraków-Podgórze in Kraków, 4th Division of the Land and Mortgage Register, maintains land and mortgage register no. KR1P/00331683/5, and (e) the right of perpetual usufruct of the real property located in Kraków for which the District Court for Kraków-Podgórze in Kraków, 4th Division of the Land and Mortgage Register, maintains land and mortgage register no. KR1P/00366251/2. Pursuant to Article 1.5

of the Composition Agreement, the above mortgages were established in order 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.

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.

9) On 23/09/2021, the Company received information that the District Court for Kraków-Podgórze in Kraków deleted joint mortgages with equal priority right, previously established for ten creditors from Group IV of the Composition Agreement, in section IV of land and mortgage registers kept for the Company's real properties located in Kraków, with numbers KR1P/00331682/8 (on the right of perpetual usufruct of real property and the right of ownership of the building and devices constituting a separate real property), no. KR1P/00331683/5 (on the right of perpetual usufruct of real property) and KR1P/00366251/2 (on the right of perpetual usufruct of real property). On 8/11/2021, the Issuer received information that the District Court in Piaseczno issued a decision on discontinuing proceedings on entering the above-mentioned joint mortgages with equal priority right in section IV of the land and mortgage register kept for the Company's real property, numbered: WA5M/00356713/3 (real estate located in Zamienie), WA5M/00433184/9 (real estate located in Zgorzała). The total sum of mortgages deleted (mortgages for which the proceedings were discontinued) amounts to PLN 122,703 thousand. According to item 1.5 (ii) of the Composition Agreement, the above mortgages have been established in order to secure the performance of the Composition Agreement for the period (with respect of Creditors from Group IV) until the date of payment by the Company to all Group IV Creditors of the Monetary Repayment (as defined in item 2.4. of the Composition Agreement). After making the Monetary Repayment referred to above in accordance with item 2.4 and the expiry in this part of Group IV Creditors' claims as a result of such repayment, the Mortgages established in favour of these Creditors will also expire. The Company made the Monetary Repayment (within the meaning of item 2.4. of the Composition Agreement) on 29 January 2021. Therefore, it was reasonable to delete the above mortgages or discontinue the proceedings as regards their entry in the land and mortgage registers. Moreover, in connection with the results of the final decision of the Masovian Voivode no. 100/SPEC/2019 of 7 August 2019 (ref. no.: WIII.7820.1.17.2018.AC) on the permit to implement the road investment "The construction of the southern exit from Warsaw of the S-7 expressway (...)", i.e. the acquisition by the State Treasury by virtue of law and without encumbrance of the ownership of a part of the Company's real property covered by the Company's statement of 22 January 2021 on establishing the mortgage (according to the information from current report no. 4/2021), applications submitted by the State Treasury to exclude the above-mentioned real property from the currently maintained land mortgage register and in order in order to avoid an obstacle to make a mortgage entries for the benefit of arrangement creditors, the Issuer submitted an application on 10 November 2021 to the District Court in Piaseczno on the correction of the description of the real estate (taking into account the division of the real estate according to the decision of the Masovian Voivode), separating the plots of the Company (after their division and taking into account ownership changes caused by expropriation) to the new land and mortgage register and adapting the object of the mortgage and land register to the legal status in the scope of property right of the real estate of the Issuer. After taking into account the changes resulting from the above-mentioned decision of the Voivode of the Masovian Voivodeship, the real properties of the Company located in Zamienie include the following plots no.: 3/3, 80/1, 81, 82, 83/2, 88/3, 89/3 with a total area of 7.3647 ha.

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

11) On 08/11/2021, the Company received information that the District Court in Piaseczno issued a decision of 25/10/2021 on discontinuation of proceedings concerning entry of joint mortgages of the Group with equal priority right, previously established, in a notary statement of the Company of 22/01/2021, for the benefit of ten creditors from Group IV of the Composition Agreement, in the 4th section of the land and mortgage register led for the real estates of the Company, with the following numbers: WA5M/00356713/3 (real estate located in Zamienie), WA5M/00433184/9 (real estate located in Zgorzała). The total amount of mortgages covered by the above provision is PLN 122,703 thousand. According to item 1.5 (ii) of the Composition Agreement, the above mortgages have been established in order to secure the performance of the Composition Agreement for the period (with respect of Creditors from Group IV) until the date of payment by the Company to all Group IV Creditors of the Monetary Repayment (as defined in item 2.4. of the Composition Agreement). After making the Monetary Repayment referred to above in accordance with item 2.4 and the expiry in this part of Group IV Creditors' claims as a result of such repayment, the Mortgages established in favour of these Creditors will also expire. The Company made the Monetary Repayment (within the meaning of item 2.4. of the Composition Agreement) on 29 January 2021. Therefore, the proceedings concerning the entry of the above mortgages became irrelevant.

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

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

14)On 16/11/2021 the Company was served with a decision of the District Court for the Capital City of Warsaw in Warsaw, 17th Commercial Division for bankruptcy and reorganization of 08/11/2021 on determining the final remuneration of the Manager in the restructuring proceedings of ACTION S.A. in restructuring in the amount of PLN 1,114,993.03 gross, dismissing the Manager's motion in the remaining scope.

15)On 30/11/2021, the Issuer learnt that the District Court in Piaseczno entered mortgages on the Company's real properties located in Zamienie. The total amount of mortgages is PLN 136,835 thousand. The above mortgages were established by the Company in the implementation of the Composition Agreement as joint mortgages with equal priority right. Mortgages securing the implementation of the Composition Agreement have been entered in the land and mortgage register no. WA1I/00050570/1 (which is a new land and mortgage register established after disconnecting plots no.: 3/3, 80/1, 81, 82, 83/2, 88/3, 89/3 with a total area of 7.3647 ha, owned by the Company, from the land and mortgage register no. WA5M/00356713/3, which currently includes properties expropriated for the State Treasury in connection with the construction of the S-7 expressway). The mortgages described above were made in favour of 40 Creditors, i.e. in favour of each of Group I and Group IV Creditors who 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.

16)On 20–31 December 2021, pursuant to the provisions of Articles: 2.1. Group I point (iii), the Issuer made the fifth instalment of payment 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. 31/12/2021, the Issuer made repayments in the amount of PLN 66,041 thousand, EUR 1,417 thousand, and USD 2,421 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.

On 22-28/03/2022, the Company repaid the 4th instalment as part of the implementation of the composition agreement.

39. Events after the balance sheet date

The Company, the Issuer announces that on 30/01/2022 it learnt that the decision of the Director of the Tax Administration Chamber in Warsaw of 28/01/2022 was delivered to the representative of the Company, pursuant to which: - the decision of the Head of the Mazowieckie Tax and Customs Office in Warsaw of 3 February 2021 determining the Company's tax liability in the corporate income tax for the tax year from 1 August 2008 to 31 December 2009 in the amount of PLN 14,533 thousand was fully repealed; - the amount of the above-mentioned Company's liability in the amount of PLN 9,048 thousand was determined. (instead of the declared amount of PLN 8,694 thousand). Therefore, the amount of the additional tax liability resulting from the above-mentioned decision of the Director of the Tax Administration Chamber in Warsaw is PLN 354 thousand. According to the information previously provided by the Issuer in the above-mentioned current report, the Head of the Mazowieckie Tax and Customs Office in Warsaw 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 Director of the Tax Administration Chamber in Warsaw largely acknowledged the Company's objections raised in the appeal, modifying the appealed decision in the manner indicated above. The above-mentioned tax liability is covered by the composition agreement due to the period of the liability occurrence. Due to the fact that the decision of the Director of the Tax Administration Chamber in Warsaw of 28/01/2022 is final, the amount resulting from it will be repaid under the terms and conditions of the composition agreement validly approved in the restructuring proceedings of the Issuer.

On 23/02/2022, the Management Board of ACTION S.A. (hereinafter also referred to as the "Company", "Issuer"), obtained a notification under the provisions of Article 69 (1) (1) in connection with Article 69(1)(1) of the Act dated 29 July 2005 on Public Offering and Conditions Governing the Introduction of Financial Instruments to Organised Trading and on Public Companies (i.e. Journal of Laws of 2021, item 1983, hereinafter referred to as: the "Act") on exceeding by Lemuria Partners Sicav P.L.C. with its registered office in Lija, Malta (hereinafter referred to as "Lemuria" or "Shareholder") 5% of the total number of votes in the Company. Pursuant to the above notification, as a result of the settlement on 23/02/2022 of the transaction of 21/02/2022 concerning the acquisition by the Shareholder of 17.000 shares in the Company, Lemuria increased its share in the total number of votes of the Issuer to above 5%. Prior to the settlement of the above transaction, Lemuria held directly 1.001.000 shares in the Company, accounting for 4.996 % of its share capital entitling to 1.001.000 votes from these shares, accounting for 4.996 % of the total number of votes; after the settlement of the above transaction, Lemuria holds directly 1.018.000 shares in the Company, accounting for 5.081 % of its share capital, entitling to 1.018.000 votes, accounting for 5.081 % of the total number of votes, and this is the total number of votes held by the Shareholder directly on the general meeting of the Issuer as at 23/02/2022.

On 22/02/2022 and 23/02/2022, the Management Board of ACTION S.A. (the Company, the Issuer) received notifications on the acquisition of the Company's shares by Tytanid Sp. z o.o. with its registered office in Zamienie, i.e. by a legal person whose managerial duties are performed by a person performing managerial duties in the Issuer's structure and a person closely related to it.

On 04/03/2022, the Management Board of Action S.A. (the Company, the Issuer) took a decision about its intention to merge ACTION S.A. (as the acquiring company – hereinafter also: the "Acquiring Company") with the subsidiary ACTIVEBRAND Sp. z o.o. with its registered office in Kraków, entered into the Register of Entrepreneurs of the National Court Register by the District Court for Kraków-Śródmieście, 11th Commercial Division of the National

Court Register under KRS number: 0000438104, REGON: 146368221, NIP: 1231273690, share capital PLN 50,000.00.
The main activity of: - the Issuer is the wholesale of electronic and IT equipment; - ACTIVEBRAND Sp. z o.o. is the retail trade of products for pets. The Management Board of ACTION S.A. explained that the intention to merge with the subsidiary ACTIVEBRAND Sp. z o.o. was primarily dictated by the need to implement consolidation assumptions aimed at organising the structure of the ACTION S.A. Capital Group and further reducing its operating costs. Further activities of the subsidiary, after performing the activities necessary to cease the above-mentioned activities, are not justified. In the opinion of the Company, the reduction of operating costs of the ACTION S.A. Capital Group as a result of the merger in question will concern in particular costs related to the functioning of management bodies and financial and accounting services. In the opinion of the Management Board of ACTION S.A., the initiation and implementation of the merger procedure will also make it possible to simplify the management of the ACTION S.A. Capital Group and facilitate control in the ACTION S.A. Capital Group, including in particular: financial liquidity control, risk assessment, all efficiency indicators and cost reduction. In the opinion of the Management Board of ACTION S.A., the planned merger with a subsidiary is also (mainly due to the possibility of using a simplified merger procedure) the least expensive and the fastest mode used to achieve the objectives and assumptions described above.

On 28/03/2022, the Management Board of ACTION S.A. (the Company, the Issuer) announced that on that date it concluded a Multi-Product Agreement No. 808/2022/00000962/00 (hereinafter: the "Agreement") with ING Bank Śląski S.A. with its registered office in Katowice (hereinafter referred to as: the "Bank") Pursuant to the Agreement, the Bank granted to the Issuer a revolving credit limit (hereinafter: the "Limit") in the amount of PLN 30,000,000 with the availability period until 28/09/2023. Within the Limit, the Bank undertook to provide the Issuer with financing (hereinafter referred to as: "Products") in the form of:
- working capital loan in bank in PLN, EUR, and USD to finance the Company's current operations with the availability period until 28/03/2023;
- bank guarantees in PLN, EUR, and USD, issued at the request of the Issuer, with the availability period until 28/03/2023 and the expiry date of the guarantee until 21/03/2024;
- letters of credit in PLN, EUR, and USD, issued at the request of the Issuer, with the availability period until 28/09/2023 and the expiry date of the letters of credit until 21/03/2024.

The Limit amount is common for the above-mentioned Products.
Moreover, the Bank granted the Issuer a working capital facility in the form of a renewable line up to PLN 33,000,000 by 28/03/2024, which is used to service the repayment of the Company's due liabilities on account of the Products and in such a case the Bank's claim on account of the working capital facility in the form of a renewable line replaces the Bank's claims on account of the Products.
The financing granted by the Bank under the Agreement provides for the Bank's remuneration determined on the basis of relevant rates (WIBOR, EURIBOR, SOFR) increased by the Bank's margin.

Legal collaterals for the repayment of the loan within the Limit are: a) registered pledge on a separate part of the Company's warehouse stock with a minimum value of PLN 49,500,000 and the highest amount of collateral established on the basis of a registered pledge agreement; b) assignment of rights under the insurance policy (excluding insurance against the risk of theft) of the above mentioned stocks of the Company up to PLN 49,500,000; c) authorisation to dispose of funds accumulated on all accounts opened and maintained by the Bank for the Company; d) statement of the Issuer on submission to enforcement, pursuant to Article 777(1)(5) Civil Procedure Code concerning the obligation to repay the sum up to the amount of PLN 49,500,000.

Signatures of all Management Board Members

Piotr Bieliński
President of the Management Board

Sławomir Harazin
Vice-President of the Management Board

Signature of the person responsible for bookkeeping

Wioletta Turczyńska
Chief Accountant

Zamienie, 30 March 2022