
Results Presentation for Q3 2016

A white network diagram on a teal background, consisting of numerous interconnected nodes and lines. Some nodes are highlighted with a bright white glow, while others are smaller and less prominent. The connections form a complex web of triangles and polygons across the entire page.

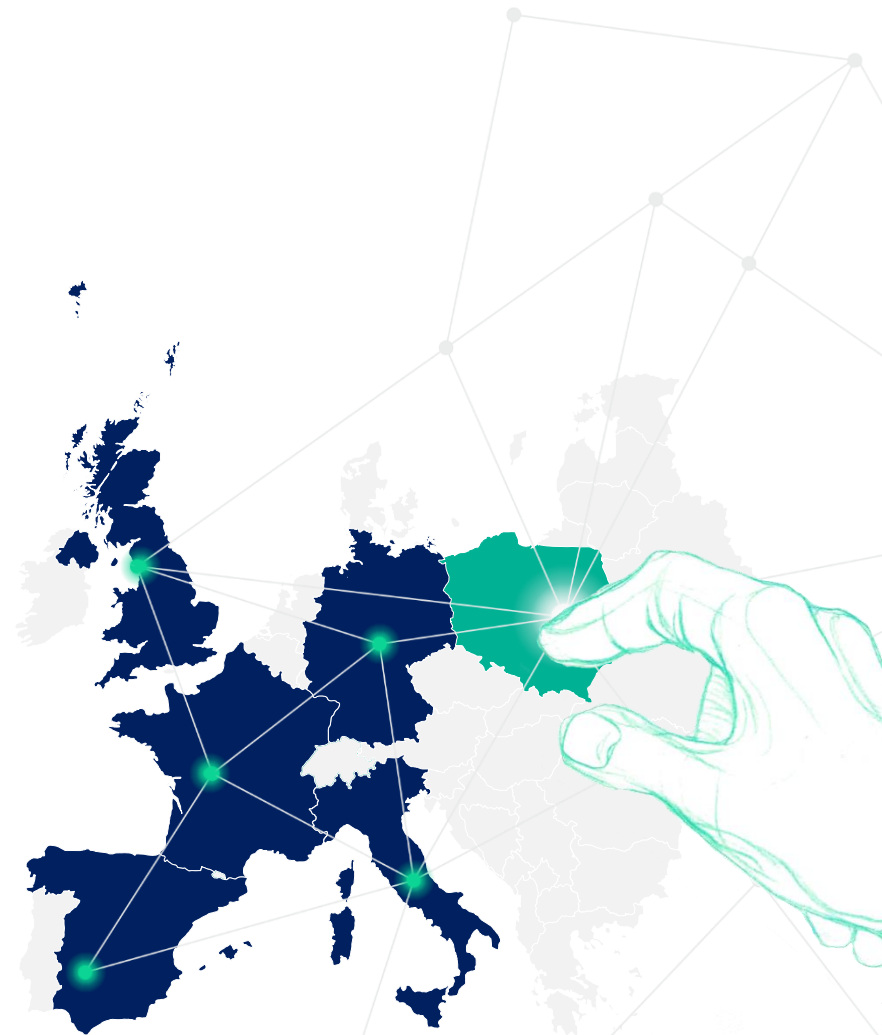
A few words about restructuring proceedings



as experts says...

„ Even every fifth company in Poland may require a thorough restructuring.”

– Maciej Roch Pietrzak
licensed counselor restructuring,
PMR Restrukturyzacje



as practice shows...

- Restructuring is not a judgment. Examples of companies that have successfully made the restructuring by the "old" law:
- Bytom S.A.
- Próchnik S.A.
- Empik S.A.
- PKM Duda S.A.
- Huta Krosno S.A.
- Protektor S.A.

Not only Action - examples of companies that successfully restructure itself according to the "new" law:

- Fiten S.A.
- PROPERTY LEASE FUND S.A.
- Biomed Lublin S.A.

Why the restructurings ?

Enterprises finance themselves by the debt. This permanent state and desired

Weaker than expected growth in the economy, growing market challenges and high commitment cause, that for increasing number of companies is hard to **maintain the dynamic growth**

In the three quarters of this year, the courts applied the new forms of restructuring proceedings **130 times**

Thanks to restructuring the number of insolvencies fell by 17% year on year. **It's good for the state of the national economy, the Polish GDP, employment and competitiveness of the restructured entities**
Zbigniew Coface

The Restructuring Plan of Action



Private creditor test

Private creditor test=performance evaluation public creditors in order to determine whether the public creditor acts in this case like a private creditor operating under normal market conditions.

Successful restructuring is a gain for all, because:

- In case of success, all creditors receive 100% payment of liabilities (excluding interest)

— However, in the event of bankruptcy, to be divided among the creditors remain only **189 million PLN**, which will allow for the repayment of **approx. 30% of all claims**

Restructuring the liabilities

Arrangement Proposals:

- **Group 1 of Creditors:**— redemption of 100 % of interest, repayment of 40% of main receivables in 20 quarterly instalments, conversion of the remaining 60% of main receivables into debtor's shares of the Company
- **Group 2 of Creditors**— redemption of 100% of interest, repayment of 100% of main receivables

Why conversion receivables?

- The solution known and used successfully in other companies
- It allows to regulate debts to the maximum extent
- Creditors have become beneficiaries of the Company's development

Assumptions and Strategy

Cancellation of unprofitable contracts for consumer products

Continuation of the distribution contracts only in terms of product and business development technical support

Resignation of contracts at high risk of concentration of business

Use of efficient logistics and know-how of the retail companies, to participate in the growth of online sales

Significant extension of the portfolio of products outside the IT industry

Consolidation of Companies in the Capital Group

The main Pillars ACTION S.A.

BEST PRICE

CONSUMER PRODUCTS



VALUE ADDED

BUSINESS PRODUCTS



STRONG BRAND

OWN BRANDS



Financial results



Selected consolidated financial data of ACTION S.A.

	IIIQ 2015	IIIQ 2016	I-IIIQ 2015	I-IIIQ 2016
Revenues from sales of products	1 006 403	522 944	3 289 633	2 101 067
Gross profit	51 397	16 987	152 243	103 998
Cost of sales and marketing	-36 404	-23 730	-101 527	-90 163
General administrative expenses	-5 227	-6 342	-18 774	-18 125
Other income and costs	435	-2 831	1 279	-1 630
Profit from operating activities	10 201	-15 916	33 221	-5 920
Net financial expenses	-1 698	-955	-5 291	-5 281
Net result	6 945	-14 320	23 390	-9 304

Selected consolidated financial data of ACTION Capital Group

	IIIQ 2015	IIIQ 2016	I-IIIQ 2015	I-IIIQ 2016
Revenues from sales of products	1 171 456	665 653	3 731 333	2 560 813
Gross profit	68 806	36 041	207 898	162 585
Cost of sales and marketing	-53 083	-41 609	-152 744	-145 688
General administrative expenses	-7 158	-8 474	-24 937	-25 645
General administrative expenses	578	-3 710	1 656	-5 170
Profit from operating activities	9 143	-17 752	31 873	-13 918
Net financial expenses	-1 827	-1 076	-5 627	-5 740
Net result	6 239	-15 471	22 510	-15 263

Cash Flow

	ACTION IIIQ 2016	GK ACTION IIIQ 2016
Net cash flows from operating activities	21 683	8 051
Net cash flows from investing activities	-253	-3 442
Net cash flows from financing activities	5 655	19 228

Cash conversion cycle

	GK ACTION IIIQ 2016
Warehouse rotation	45
Incoming receivables	45
Obligations repayment	46
Cash conversion	44

Companies of the Capital Group



ACTION Europe



The new business strategy, consistent with the strategy of Action SA

Consistent growth of financial indicators

The long-term positive trend in the results
even though the process of a restructuring of Action SA strongly charges the Action EU due to other legal regulations

Sferis



- Orientation on the search for new locations:
- Opening a new store in Poznan (Posnania Gallery)
- Preparing to open a new store in Warsaw(North Gallery)
- Negotiations about Contracts for new locations in Warsaw and Lublin

The investment in new marketing tools in the Internet channel:
- Gradual increase in visits and purchases on the website

Successive introduction of new brands with increased acquired margins

Diversification of the offer - the introduction of new product categories

Establishment of long-term: strengthening retail channels in the model omnichannel

Actionmed



Won tender for the supply an advanced system of radiological ultrasound RS-80 to **Mother's Memorial Hospital**
project value: approx. 500 000 zł

Consistent building expert positions in the pharmaceutical industry
Organization of workshops about Efficiency in the management of the pharmacy (in cooperation with INVO Consulting)

Participation in key industry events:

Podkarpackie Forum Management in Pharmacy

Scientific and training conference Polish Gynaecological Society

"Certification FMF - update"

XIII Scientific Congress of the Polish Society of Ultrasonography

National Scientific Congress "Our Gynecology 2016"



Active&Food

Active&Food

The first commercial activities

- Completion of the process of customs clearance and research CIQ the first products shipped in quantities of container
- Delivery to the shops of Chinese Partner shortbread and stuffed produced in Poland
- Delivery to retail stores first Polish breakfast products
- Performing together with a Chinese partner research of Chinese market potential for other types of sweets produced in Poland
- Negotiations with a new partner in China - retail network – concerning the supply of Polish products in 2017
- Preparing the delivery schedule of bottled drinking water under a common brand, Polish and Chinese and financing supply proces.
- Conversations with new suppliers on the production of own brands aimed at the Chinese market

Thank you for your attention

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