

I would like to welcome everybody very cordially. I'm sad to have to take your time to discuss a material that has been prepared today without doing the necessary analysis of legal regulations, and in our opinion, economic reality. But it seems there's a large amount of ill will trying to ascribe malicious intent to our company.

This so-called report seems to have been written off the cuff. All of the facts have been adjusted or aligned to a hypothesis given at the very beginning. And the authors seem to be lazy. It's a tendentious interpretation of facts. It seems to serve only a single purpose. For persons who are playing short on the equities, to earn money.

We're going to try to respond to all of your questions where we can respond. So if you have some personal reflections on this report, let me just refer to three things, which are the major things, as it were, when we talk about sales to external entities. The report says we've sold for 279 million PLN. That was the margin we derived. We had a merchandise margin of some 80 million PLN, so 91 million PLN year-to-date.

And at the end of the graph, it tells how much margin we've actually generated. This is margin. We're not talking about EBIDTA. We're not talking about profit. We're talking about margin. This is 34% margin on the company MKRI with similar entities selling on wholesales. We had a higher margin. So, we're not talking about any type of increasing margins or generating profits on these transactions. Of course, we were utilizing a franchise agreement. The report says that the revenue trading value grew.

When we signed the contract, we started to stock stores, KS stores, which didn't have any goods. We saw a lot of wholesale opportunities, and this should pad our results, because it would offset the declines, because they didn't have merchandise to sell in the past.

So, if we were to look at this overall at the Group, we have 2.6 billion PLN in margin compared to 80 million PLN through MKRI. That's 3% of our margin in total. So, of course, everything has grown, but previously we didn't have wholesale sales through franchise arrangements. This is an entity that started working as a franchise operator. Up until now, they only had three franchise stores, two in Kosovo and one in Moldavia, and we started to run those operations on a franchisee relationship. It's clear that this has grown. The second topic, well, this is a terrifying fact, because 91 million PLN versus 278 million PLN. The next topic I would like to reference is Reebok sales. The report says that I'm taking tarnished brands in decline.

If you look at Reebok sales, they account for 10% of total sales in the CCC channel. These are the results of CCC on its own. We have sales of 290 million PLN. We've increased the margin.

Here, we see the previous year. In the first year, we grew the Reebok brand sales to 7% of sales. Now we're at 10%. We have 290 million PLN in sales, and we have 190 million PLN in margin.

So if we compare that with a global player - I can't state its name, but with the leading, best, largest company selling sports shoes. And the margin here on cooperation is a mere 39% versus 66% in Reebok. And so that's 190 million PLN versus 55 million PLN. So, we can't make the accusation that I'm taking tarnished brands in decline, because I know exactly what I'm taking, if we were to make those calculations. Well, as you can see on the margins

generated or commanded by these entities, that's 39%. This is what a company like KS working with global players was doing, and it wasn't possible to generate such margins. So, it wasn't profitable.

Next slide, please.

Here we show the allegation that we're not delivering expansion. Well, we're opening 17 stores. That's 13,100 square meters. That's a lot. If you can illustrate what it means to open that number of stores, today is the 16th of October, we're opening a very good store in Italy, a second one in Italy. This is a leading shopping mall in Italy with 3,000 square meters. And we're counting on a big success. And just today, we're opening five stores.

At that pace, we should continue to maintain that pace until the end of the year, because all of these openings are happening. At the same time, there's some organizational work that's required to launch. And this is expansion, which they say we're not delivering.

We're going to open 325,000 square meters this year. This is some 30-odd percent more. Up until now, we've done 160,000, so roughly one half. But the rest will be opened in the upcoming period. We have to remember that our trading year goes through the end of January, so we have another three and a half months to open stores. That's what's happened with the calendar. We can't change that. But we will try to deliver that expansion. So, if we look at the numbers, we might lose a few percentages. That will be in the first quarter of next year. Let me emphasize that next year, we have a similar number. So, the hypothesis that we're not delivering, well, all of these tenets are just somehow unconfirmed, taken out of thin air. This report, it seems to us, is pure manipulation.

Now, if maybe, Łukasz, you would like to say something? Did you want to say something, Łukasz, at the beginning?

Let me just dwell on the financial data. As a person who's responsible for finance in this company, I want to say that these data calculations, the impact of these transactions on EBIDTA, these things are totally taken out of thin air. If you make some calculations of the pro rata possible EBIDTA versus revenue, this is an extremely high profitability of 66% EBIDTA on wholesale sales. This type of data is just totally absurd. As the CEO said, it would be very difficult to talk about a 279 million PLN EBIDTA impact if the margin is only 122 million PLN. That's the first margin. So, this hypothesis that these transactions with the company MKRI have a decisive impact on the financial picture of the company, well, this is basically like shooting at a fence.

Let me clarify one other theme in terms of the auditor, that the auditor had challenged or cited some sort of reference or treatment. We did have a discussion on how to treat certain transactions. These were transactions with a totally different entity, with a different structure, and the method of recognizing the transaction with MKRI at the time of recognizing this transaction was never challenged by the auditor. This is a typical standard transaction of a wholesale nature.

So once again, we can say this is two pieces of information and citing statements made by the company, but somehow, they're totally out of whack with reality. Let me just add that the margin of 33% doesn't factor in the 10% to 12% licensing fee on revenue, so then the margin declines by some 10%. So, we're around 23%, 21% if we calculate the logistics costs, and we

have 180 days of lending terms, and purchasing and basically at the end of the day we'll have a 10% margin. And so that is clear.

We don't have an EBIDTA account per business partner, but we could say that the maximum EBIDTA, well, it would be close to the average. We could say some tens of millions of zlotys from the very beginning of our cooperation. Well, we have roughly 1 billion PLN in full year EBIDTA for the previous year, so 1.7 billion PLN. If we look at the previous year, we're talking about a very low single figure, and the idea that this would have a major impact, this is something that's just taken out of thin air.

We also have a theme for highlighting some sort of personal ties for making a demonstrative impact. This is conspiracy theory. We, when we make strategic decisions to cooperate with a franchisee operator like MKRI, well, we expected the opportunity and we acquired a 10% equity stake, and we expected to have objective collateral in terms of being able to obtain an additional equity stake by having an external independent investor.

The business partner proposed a solution in which the investment company could join that company, and that was accepted. We wanted to have some security in place, in order to be able to acquire, if that's our intent in the future, and the expression of that intent is the request for consent to the Office of Competition Protection, and then the acquisition could basically transpire for a symbolic amount. Roughly one million zlotys.

If we talk about this giving us control, we would have 41%, so we had 130,000 PLN for the first stake, so this hypothesis that a possible acquisition outlay would be a transfer of benefits from the company, well, that's just a misguided accusation. No type of outgoing transfer of benefit or value is planned. We want to make sure that you understand that. The mere fact that employees of a third-party law firm or persons linked to that law firm are managers in that company, which is an investor with our business partner, that doesn't mean that we're exerting impact or influence on them, and that's not something that can happen at all. That's also important, basically, to lay out that point of view.

OK, maybe we can move on. Let me explain. What about receivables, payables? This is not only for merchandise. We have two companies. That's KS, and so the old franchise operator we want to take over, and the second network, this is what was, so this is a new network, that's working under our franchise, according to the new rules.

Let me tell you more. In our venues, our sites, KS doesn't have the ability to hire or rent locations. According to our conditions, it doesn't enjoy that type of credibility. It can't achieve those rates. It doesn't enjoy the trust of the investors, and so basically, we're on a totally different stage now that the rental rates have been adjusted. So a portion of that 300 million PLN, well, more than 100 million PLN, these are payables, as a result of renovating stores, purchasing equipment, which are done in our sites. These are our sites. We're selling the furniture, which is in that company case, and if we don't acquire, let's say, if the Office of Consumer Protection doesn't give its consent, well, the loan is for basically a commodity that's in our stores and our equipment, and so we can just take it back.

So, after many questions and after many steps with the Office of Consumer Protection, we believe that in the near future we should get consent to be able to take control of MKRI, and then basically we're not going to call this debt because this will be within the Group.

And the second topic, there was a suspicion that we're going to write that off. We have a clear contract with that company, regarding all of the merchandise purchased prior to our cooperation. That does include our licensed products.

Well, that company's already paid money for the licensed goods, and so with old inventory, these inventories are quite old, several years, and they should be utilized because otherwise we would have to sell at a minus 99% sales price. I'd prefer to give a 50% discount and sell in our stores. And so, we should have then the new spring collection, so somebody in the company might ask about MKRI, will there be a loss there? But this is a loss, it's not a consolidated loss, this is something that's totally outside our arrangement. Just to tell you where, I just wanted to tell you briefly where these receivables came from. We believe in this model, as Łukasz was explaining. So, if we acquire the company, this will be a million zlotys, but we've purchased people who know how to trade products, apparel, some production, and we want to have an 80% equity stake unless there's another investor that might join the equation because there are some opportunities, if somebody wants to invest strongly. But the idea is that at the end of the day we'll have an 80% equity stake in this business. But you should remember that Worldbox is operating on its own outside of Poland.

So we've purchased 90% of the company for nothing with competences, and this will be a business generating 1 billion PLN in revenue with a return of around 30%.

So things that are happening with CCC will happen there. Products with high margins, KS, has a margin prior to meeting us of 38% to 39%. At 39%, you don't turn a profit in the retail industry. We believe that their margin will be moved upwards to where we are at CCC and that should happen after the first year of cooperation.

So now, we can invite you to pose any questions you may have.

Basically, we have at least 3,200. That's in new stores. The warehouse has 32,000 square meters in Gdańsk and we're serving all of our international stores. There's a lot of strange errors in this report. Please draw conclusions. Let's move on to the Q&A session.

So, this is what the CEO said at the very beginning. In our assessment, everything else is supposed to create this sensational narrative. We are walking through this point by point. If you have questions to individual tenets or postulates in this report, we'll respond to them. I just wanted to mention one thing. We believe this entity doesn't have... it's not registered anywhere, it's not credible, and this is something that we should reference.

I'm Grzegorz Włodarczyk from City. What are the next steps linked to this report? Of course, we're all aware that this situation transpired in the past with respect to another listed entity on the Warsaw Stock Exchange. How does the company intend to react to this situation with respect to the legal side of things?

I don't want to let this go, but we have to analyze everything, we have to prepare, we have to understand who we're dealing with, what sort of governing law is in play. I don't let things like this go. As we wrote in our declaration, we're considering legal steps. We have an organized day because we've been working on this from the beginning of the day. It seems that questions were being posed, that something was in the air, and so, as the CEO said, we're looking at this and we're not going to let this go.

Grzegorz, I see that you're raising your hand. I think it's good for us to explain, I see we have 260 people on this call, and please pose your questions. If we don't know something, we can bring together, compile the numbers, and provide them to you. Maybe even 400 people are present on the call. I'm very pleased to see such a large turnout. So, I would like to invite you to pose questions.

I have several questions. We see the scale of the trading volume with MKRI of 300 and some odd million. The question is, what is the level of receivables linked to transactions with this entity? And one other thing, at the end of the first half of the year, we see 560 million PLN, this is a general amount of receivables, an overall amount of receivables. What is the overall amount of receivables in terms of wholesale? That's my first question.

As you can see, 357 million PLN from the beginning of cooperation. That's what we've sold. So, if we look that there's 120 million that basically we're getting money in. Well, these are new receivables, these are new stores. We have opened – more than 100 stores have been opened. These are fresh openings of stores, recent openings. So, these are openings that took place in the recent weeks. So, they're not over. Do we have 180 days turnover? So that's when the payables should be paid. So, if we take over the stores, then we have a 100 million PLN facility to have better liquidity. Maybe then we can go and get a loan. These aren't things that have been lost. The stores have been rented out by us. We've sponsored the furniture as well as the merchandise.

This is an independent company, which is a franchisee. But as soon as we take it over, then we will have it in our balance sheet, and we won't have any overdue receivables. We are utilizing MKRI to grow. So, it's working capital or you're investing somehow in equipment. So, the report says that we have products that aren't rotating very well. But if you look at Worldbox, you can see how much merchandise has been ordered by KS.

So, of the 360 million PLN in sales, which is in KS and Worldbox, do you have a feeling how sales are going, what sort of margin you're achieving on those sales because you have receivables on one hand, to what extent are sales being...?

So, you shouldn't talk about 360 million PLN because, if we have 360 million PLN in debt minus 100, then it's only 180. Plus they've already sold something. They continue to pay us. 360 million PLN is one and a half years, something like that. So, we can say that it's regularly being paid. We don't have problems in terms of uncollectible receivables. These are amounts that are being paid on a regular basis to the extent, to which we have an ability to look at the results of a company we don't control.

We have that insight and we're strongly interested in what's happening there. Up until now the company is in a mixed period because they're selling down some of the old inventory but to a greater and greater extent they will sell our products, our merchandise. Well, this is for the autumn and winter season but in the full-blown approach this will soon include summer of next year and the margins that are being commanded are very good, especially on our merchandise because this is licensed merchandise and the sales growth figures are very good. We have high double-digit figures, so we can say we believe in this concept.

If we look at this table that you've shown us, where you have the sales results in the first half of the year in the margin on that entity and you've shown us the year-to-date figures, which shows that third quarter was one hundred million in sales and this was with a margin of

roughly 10%, which is clearly below what you had in the first half of the year. What sort of period are we talking about?

We're talking about Q3, so when the margin fell, our merchandise was starting to be sold in basically in September. That party still had a lot of his own inventories. He had brands that aren't in our growth strategy, like Jenny Taylor and some of these others and so if you look at the debt structure composition, these are all new liabilities. Well, the margin fell because in Q3 we made a deliberate decision, and this shows we're not looking at a short-term maximization of margin. We lowered the margin because of the higher and higher volume of sales in order to leave a little bit more money.

So perhaps my last question, because there were some allegations I didn't understand. We're talking about our margin, we're talking about our sales margin, because the table that we showed says, that we had a 43% margin in first half and then if you look at year-to-date and so if you incorporate a portion of Q3 this suggests there's a 33% margin but the business is bigger and bigger and of course we're going to bring down those terms and conditions. That's why we have a lower margin for Worldbox than we do for other wholesale buyers. So, it's only 10% in Q3 and you also mentioned that there are licensing costs. I wanted to talk about these licensing fees, because there was a statement made by the CEO.

Just a moment, it's hard to understand the model because it's a smaller margin, because he has to pay the licensing fees. He is going to enter into a system that will pay the licensing fees on retail sales as opposed to wholesale sales. This model is continuing to evolve. It is quite difficult. What is the weighted-average licensing fee that you as CCC will pay? The information suggested that the 10 percentage-point fee is the weighted average. Is this going to be weighted by the brands you have as well? There are two licensing fees: one is for retail sales and this ranges from 4 to 6%. This is on retail sales, basically licensing fees. This lowers retail sales by 2%. It's always higher in wholesale, between 10% and 14%, based on what I know. I said 10% to 12% because I took the middle of that range, because that's what we've been paying in the past in wholesale sales. Now we have an arrangement with ABG that we're going to have everything sold in a single channel. I mean it's going to be compiled in a single channel and Worldbox would pay the licensing fee on sales.

In terms of the allegations regarding the HalfPrice model, are you capable of delivering a trading update because we're close to the end of the quarter? Or do you intend to release a statement prior to the trading update to be delivered or published on the 10th of November?

Which stores are we talking about? Will we say something about how sales are running in Q3 in Worldbox. No, just generally in CCC at the group level and HalfPrice. I think you were interested at HalfPrice in particular. I'm thinking about the business model and then we have MKRI as well.

Do we want to give a comment? Well, we want to deny these allegations. In three weeks, we'll publish the results. Recently we got hit over the head twice because we had soft preliminary sales, then we had the consolidated sales, and the market basically marked us down twice. Maybe maybe in the future the market will reward us twice. Things should change, but we would not like to speak too frequently about results.

I also have a question from Michał Potyra.

Thank you very much for the opportunity to pose questions. My first question because I have several, I don't know if you will react to that because there are some allegations here that the company MKRI is controlled in fact by a trusted person. I don't know if you could say anything about Mr. Oleś? There are also some allegations regarding two people who are in fact responsible for contacts with the company. That's the first question. The second question is a specific question: how much in fact cash have you received from sales this year? And the third question, maybe it's a little more about the essence of the business: if you could remind us, where did the idea come from to cooperate with this company? It doesn't have any assets or great successes in business. Why wouldn't it be easier to do this Worldbox alone from the very beginning with a blank sheet of paper? Why are you taking this over? What do they have that is valuable to you as such a large company? Where's the value?

Perhaps I'll try to respond to these questions. What are we actually buying? We're buying existing trading volumes, certain competences or skills, but the trading volume is very small.

Basically, this is a shell company. I don't really buy that argument.

There are 150 stores, yielding 200 million PLN. Is that a small amount of sales?

In comparison to CCC of course you would probably do this in a very short period of time.

That's probably true, but we made this decision one and a half years ago that it would be easier for us to obtain licenses from all of the brands. We didn't have licenses for producing shoes, one and half shoes. When I was trying to get a license for apparel, when I had just HalfPrice it wasn't going so well, but when I said I have HalfPrice plus the Worldbox apparel network, then I received all the licenses. It seemed previously that I couldn't get them, like Rebook. There were many things we were able to source. I received the right to produce apparel, and this is the basis for this business. I needed something that exists, something that, according to American licensing companies, would give me the right to produce products on those licenses, on the basis of those licenses. We have a design office in Gdańsk, we have the logistics warehouse, we have an office, and these people are independent in terms of the production of apparel.

We are in the second part of the business and we're benefiting from that because 100% of the rest is owned by us. I think this is a good starting point for the business we didn't have to pay anything for. Basically, we took a company with some problems, and we've helped it restructure in such a way that CCC is in the background. All of the receivables, debts were reduced substantially with respect to MKRI. Basically all of the old topics have been squared. Some things linked to the tax office, to the banks – roughly 50 million, if I recall. In exchange we had a network of 130 stores with a size of 190 square meters on average. This means we have an asset. Basically, we bought people, we bought an asset in the form of a network, we haven't bought the company. We want to buy the company. That was the idea, the concept that we had when we entered that topic. I think this is going to be a successful acquisition when we receive consent from the Office of Competition Protection and you'll see an impact on revenue and margins. There was a structure in place there. Please remember that. What impressed me in that company was that over a four-year period during COVID, without having profit, they were able to develop and expanded their network to 130 stores. Well, you can't earn a profit if you have a margin of 38-39%, especially if you have higher rents, higher costs to purchase goods. It's not possible to generate a net profit on that. That's why this company wasn't profit-generating for the last four years.

There was also the first question. I think we already talked about that in terms of the ties. We entered into strategic cooperation based on a franchise relationship. If things are successful and all of our targets are met, our KPIs, then we can acquire the company.

We wanted to have an independent and credible entity in the shareholding structure. This would give us a secured way to take over the controlling stake. There's an investment company involved helping this law firm that has been working with us for many, many years and that's about it.

So this was more a matter of our security to secure the interest of the company as opposed to any other issues, which are somehow implied here or alluded to. In terms of the PoA, well these are technical powers of attorney where employees of the company receive that in order to participate in technical transactions or activities relating to the shareholder meeting. These are just related to structural or organizational issues, not strategic things, so this is just a matter of being able to run shareholder meetings. You've probably participated in shareholder meetings at CCC or other companies more than once. A single proxy might hold proxy statements from many different shareholders and basically that person is charged with the task of just voting.

I think we also have financial statements that have been signed as well. This looks like it was a little bit more than just that.

Well basically, this is to approve financial statements, nobody can sign financial statements it's only a matter of approving them on behalf of the shareholder.

Okay. Maybe my final question about cash flow to CCC in exchange for those inventories.

There are no overdue amounts there. The chartered accountant, i.e. the auditor has looked at that and nothing was challenged. The entity is paying according to the schedule it received. If the payable is around 300 million, and they bought goods for 350 million, that means they've already paid 150 million, so we can give you those figures. Well, today the overdue amount is around 12-15 million. This happens for one or two days. This is nothing significant. We have now and again these types of delays, but everything is being paid.

I just want to make sure that I've understood. I don't want to make a mistake here. You sold merchandise for 350 million and you have receivables of 330 million. That means you've only received 20 million.

We also have renovations, because, well, there are liabilities – one third or more, 40%. This is basically for CAPEX to prepare the stores.

You renovated stores that you don't belong to you?

Basically, these are our stores, that we've leased to a franchisee. In essence, all of the lease agreements are held by us. If something doesn't work out with this acquisition, we would have our own stores, which we are currently leasing to a third party as a franchisee. These are standard practices of large-scale franchise relationship operators. We've sponsored the furniture, and that party has to pay for that furniture. For many stores we receive furniture that's already ready.



Well as the CEO mentioned sponsors, we've produced this furniture because we have good contracts. Second, we have good terms and conditions, and we know what this concept should look like and that's why we're doing it this way. That is why receivables are higher. The second factor for divergence here is the net amount. Receivables are gross including VAT. You can't treat this on a one-to-one basis. I didn't mention that this sponsoring relationship was based on a fee, so ladies and gentlemen, the situation is that we're moving forward with expansion more quickly with this network than we had anticipated, because we have very attractive sites or venues.

If I have an OCR arrangement, where I pay rent as a percentage of the trading volume of the revenue generated, then all we have to do, I can't let that go past, I have to take advantage of those types of sites. MKRI doesn't have that type of furniture. They're not able to afford very fast growth. We're doing this expansion very quickly, because we want to acquire the entity. That doesn't mean we're not doing anything else, because Worldbox is 12-13% of our expansion. That's not the most important expansion. 60% is for HalfPrice stores. HalfPrice stores are first, number two is CCC, number three is Worldbox and then we have e-obuwie (e-footwear). e-obuwie at present is marginal – a couple percentage points. This is the result of a breakthrough. We are in the days prior to the acquisition of the company, but we don't want to lose, or squander, the season. You can't compare 200 million from the previous year, because that trading volume will grow substantially. The number of stores, the number of square meters. We have 600-700-meter stores, as opposed to the 200-meter stores in the past. That is triple the size. They said that the company's wholesale volume has fallen, now suddenly it's getting larger. Well, basically the business is three times larger, so that's true in that sense. We are looking at the data where we're stocking up stores for the upcoming seasons. We're preparing where in previous years MKRI was basically dwindling. Its net sales were down to 180. Łukasz mentioned very quickly that these are gross receivables incorporating the 23% VAT tax. This is net versus gross statement in terms of financial receivables. It's not the case that MKRI is getting old merchandise. We're not talking about old merchandise at all. We're not talking about any type of correction, or returns. All of this is being sold in those stores.

So, if we could ask for some additional clarification from PKO in terms of the sales you're reporting at present and the level of sales, the gross margin? What's the impact on your result up until now? I thought when you calculate EBIDTA it is the margin. If we look at Q4, which is 41% and that would more or less correspond with the margin that you're publishing now, I think it was 41%, as that was the impact on EBIDTA. Should we subtract licensing fees? Should we subtract them, and with respect to Worldbox sales? That would be my first question.

I didn't understand your question. Do you understand this 41%? I didn't understand.

I understand you had assumed a margin of 41%, but the new information is that there's a licensing fee. Is that what you have in mind?

Generally speaking, we do pay a licensing fee because this involves wholesale sales. On that trading volume... that trading volume is subject to a licensing fee for wholesale sales.

I understand your question. The question is when you made that acquisition, it was a 41% EBIDTA impact. The result of the movement of sales, so I'm just surmising probably you had

licensing fees, that should have been restated in a different period, so the specific question is, what is the EBIDTA impact specifically?

That's quite an interesting question with respect to this transaction. Łukasz, please tell me, what are you talking about 41% impact on EBIDTA.

The margin we generated; first, we're talking about margin, not EBIDTA. This is margin, not EBIDTA. The assumption is not correct that margin and EBIDTA are the same thing. Because we had licensing fees, logistics costs, production costs. Licensing fees were 12%. We also have marketing costs and financing costs. All of that was covered within that 41%. So, if we make the final calculation, the EBIDTA margin on wholesale sales was probably around 20%.

Well, my question was if we were to look at wholesale sales, if it was basically restructured in Q4 and then EBIDTA fell, that change was 41%, this would suggest that that was that margin. Perhaps, we can handle those types of technical questions offline. Or we can have a follow-up meeting because we have a lot of people here.

I have a few more questions: if we look at the Worldbox results for H1 of this year, do you know? Maybe I'll just pose all of my questions. Do you later plan to incorporate Worldbox results in future sales results? I think this would be advisable. I've mentioned that. What's presented here is highly divergent from what you've presented. I think you'll be happy to present these things, we're talking about Worldbox, what the amount is, it would be nice to hear clearly, what are the specific figures from MKRI at this point in time? I think that would be more or less all of my questions.

If we talk about the results of MKRI, they're negative. As we've already explained, the source of that is they were selling down inventory, their historical legacy, merchandise, inventories. Ultimately, at the end of Q4, Worldbox will be consolidated. OK, we can think about how we should approach reporting Q3 and we'll give some consideration to the postulates you've put forward.

Now if we talk about receivables, the current level of receivables is roughly 300-350 million, if I remember correctly. Well, everything changes, because if you have inventory in stock and it's been turned over in this period when stores are fully stocked, and then as sales take place, then these figures will fall. It's hard to say that 300 is big or small. We're explaining that 300 million. We have 120 million CAPEX for stores. If the people who wrote the report say that suddenly these receivables moved up 112%, that's true because we opened up a totally new area of operation. I'm here to open up new businesses, to see where the company can earn money, how it can continue to grow and develop. This is natural, whether you like it or not. Receivables grow because that company doesn't have any money. We assume that within the next few weeks this will be our company. We can't allow a situation to occur where this company wouldn't have any inventory in stock, because it will become our company, meaning our stores. In the worst-case scenario, if something were to happen, then we would buy back the goods. So, it will either continue operating as a franchise. We have two different models: we have the old KS, where they took products and we have the new network, which is Worldbox, under a franchise operation, and they're buying inventory, so we have 250 stores in total, they have 250 stores and all of that's on our shoulders and we have to stockpile. We have to put inventory into that network. If we don't put inventory into that network, then it will fall and it wouldn't be sensible to take it over. Another thing is that these

stores are in shopping malls. The problem is with actually putting the stock, the inventory in these places. We're getting the best locations. You'll see that these are very good prime locations. Worldbox in the next one to two to three years will be a dynamic, well-known network. We haven't done marketing yet. We've not yet introduced all of the licensed products. If we think about this logistically, the Worldbox client should buy more than the CCC client, because you have the ability to buy shoes and socks and bags and footwear and apparel. I believe in this model, and that's something that will be maintained.

We have a question to be posed by Sylvia.

Thank you very much. I've heard that you expect to receive a decision from the Office of Consumer and Competition Protection. Could this report affect somehow the decision to be made by UOKIK, the Office of Consumer and Competition Protection?

It's all bullshit, there's no truth there. It is suggesting something, basically to instigate or create an atmosphere.

I just wanted to ascertain that fact. My next question is what the impact on the balance sheet will be? That's probably difficult to assess following consolidation.

I understand that receivables will disappear becoming part of fixed assets because we'll have the investment you made into equipment. We're talking about 120 in CAPEX and 180 for inventory, or could it be a bigger?

It will be an intra-group inventory figure, something around those numbers. So, in three months we'll make that assessment. That's when the acquisition would transpire, so that's more or less what things would look like today.

There are two types of inventory: we have old inventory, which has to be totally sold before we acquire the company and then our product, which will not be written down, because we've already agreed with our auditor what we can do and what we can't do. The auditor is very sensitive to these kind of things. In principle, this is what's going to happen at the end of the day. All of the inventory will be our inventory, and we just have to make sure that the rotation, turnover days, sales are running well.

How many people are on this call? 350 people are participating in today's conference call, so I can tell you this is going to be one of my better ideas is what I'm thinking. I see the type of inventory, the type of products we're buying, the sales, we've got good retail sales, price points, and so this is something that should work very, very well.

Is there a warehouse?

It's written that the warehouse is an empty shell, 3200 square meters. somebody made a calculation error when converting from feet into meters, because they move things up from 1000 to 3200 meters in terms of upping the lease base and that's somehow supposed to be the reason of the circumstantial evidence showing that we're somehow fudging things. We have a 32,000 square meter warehouse, which is for Worldbox across Europe and that's going to be the case for the next few years. The warehouse is located in Gdańsk. We have different warehouses. We have one for Modivo, we have one for e-footwear (e-obuwie), we have one

in Polkowice, which is for CCC and HalfPrice. We have different warehouses across the country and of course it's true that we have a warehouse, if somebody's asking that question.

Do you maintain what you said previously that the inventory at the end of the year should fall substantially and that there's too much and that you're going to have a lower level of inventory in upcoming periods?

Yes, we want to have 35% less ordered for the fall and this is something that's worked very well up until now. 30% less in the spring. We'll have the growth building. You will see, of course, improvement, substantial improvement in upcoming quarters. At the end of Q3 we'll see substantial decline, and we anticipate that there'll be further decline in Q4.

We had all of the deliveries made or it was on the scene that was contracted, so in September and October we're selling the goods. You can imagine the magnitude. If products are being delivered and... we were not supposed to talk about other topics in fact.

OK, quite right. My final question, I understood that the auditor is aware or cognizant of all of these personal links and he's very well aware and he didn't have any caveats that this is not being consolidated, according to the full method as of up until now.

Not yet. The auditor is aware that there's going to be full consolidation in the future, but please remember that we have a franchise arrangement. To some extent we order what the nature of the trade is, what type of products should be displayed in the stores, they have things that in many cases that, as MKRI, they're able to make decisions on their own, but in terms of the product, the display in the stores, this is a decision made by the franchise owner. So we have a situation in which in the new Worldbox stores are following our commands or orders in the stores we want to take over. Basically, this is full exclusivity. If you take a look at the KS and Worldbox stores, they're totally different. In KS, these are basically sell-offs, outlets have basically been set up, whereas Worldbox has a full range collection. How many KS will be closed up until the end of the year, and how many Worldbox stores will be set up? So, the KS stores will be closed if we find a store for Worldbox in the same locality, so we have 100 to 30, with an average of 180 square meters in KS. I don't want stores like that. We have an average size of 600 square meters for Worldbox, and we have 27 brands. We have two or three options: Adidas, Puma, and we have several of our own brands: Americanos, Sprandi, so our own brands, Gold Star and basically three or four of ours and the rest of them are licensed products, so high margin products. We don't have room to cooperate with brands that won't deliver high profitability. That's what Worldbox is intended to do. For this to take place, you have to give us a little bit of time, you have to give us one or two more quarters and then you will see the fruits of our labor. Basically, this is a slightly painful moment, when we have to sacrifice certain things like margin or doing sell-offs, and you have to stop, close doors and write down things. It's a relatively small magnitude. This is something that will last maybe two or three months and then we'll be moving downhill from there.

Thank you very much. I can give the floor to Mariusz. I have really one question, Mr. Chairman. In terms of the intended acquisition of this company, what has made an impression on you in terms of what the current owner has done? That they've been able to expand the network over four years during COVID? even though they weren't earning money, basically should this be a red lamp, or are you actually impressed? Basically, he was just burning millions in cash and now he's selling the business free of charge to some extent basically. Of

course he could have continued, he could have endured you know, if he had had a bit more luck.

I don't like certain brands because they're not my brands. He has to get rid of that in order to focus on the high margin brands. I don't want to have Jack and Jones or GAP for a 40% final margin because you can't survive on that. I have the second margin, and I have to have a decent margin in all of the stores we have. The highest margin that is possible in a given industry, the max you can achieve. Well, we're showing who we're working with, take a look at this at these two brands at the top and at the bottom. We have a 40% margin, this is going to be a big success, the other two or three brands are Americanos, Sprandi and so we have Americanos, Sprandi jeans and Sprandi inexpensive sport athletic stuff, so 60% margins, the higher margins will be 70% and above. These are licenses that we've been able to access thanks to our cooperation with the KS.

If we had an apparel full-price market, then we wouldn't have those licenses. That's what things were looking like. This was a breakthrough moment, that I have at network, I have 150 stores, and I want to have the licenses and please grant those licenses to me. These licenses belonged to somebody. They had to be retracted or taken away from those persons, they had to be given exclusively, they had to be conferred on us thanks to cooperation with ABG. They say, of course, that I'm taking fake brands, but that's untrue.

I just came back from Morocco. I was there with Jamie, and we have some very wonderful ideas about new brands, and you'll be quite surprised to see the brands that ABG is buying, and all of this will be part of our trading in this region. All of these brands with a little bit of marketing will be working in our region. "By their fruit you will recognize them" it is said. You'll see once I have all of the products prepared for licenses in the stores.

If you have any other questions.

Thank you very much for the responses. Now from mBank. I have several questions. My first question is about MKRI and the acquisition of control and holding 51%, or will we have full control of 100% of the shares of MKRI?

We've agreed that 20% will be retained by the owner and, of course, the condition is that he has to work for that. He has to build sales teams, generally speaking, the split will be such that they'll be responsible for the production of the products and for store operations, and for logistics, so quite a bit for this time. We will develop Worldbox ourselves, on our own, outside of Poland and perhaps we'll have roughly somewhere between 51% and 80% and the company will clearly have control. There's one other partner that wants to invest quite strongly in this business and this will be a very big partnership, if that entity makes that decision with respect to the Polish portion of the business, the entire international set of operations and Worldbox would be whole owned by the Group.

So that 1 million zloty is to buy up to 51%, so we've paid you know basically a hundred and some thousand, basically, up to 500,000. This is what it's going to cost.

In terms of the overdue receivables in the financial statement above 180 days, I understand that this does not pertain to MKRI in any way shape or form.

Perhaps a portion. There might be a minor amount that reflects MKRI. It's going to be something minor.

And my final thing in terms of licensing fees, forgetting about MKRI, but in the CCC business, is it in the gross margin, or is it in OPEX?

It's in the distribution cost and it has always been there, i.e. the selling expenses.

And in terms of Worldbox, will it be somehow reported differently?

In Worldbox, from the point of view of consolidated accounts, we'll do it the exact same way. We are saying that the margin around 12% is after deducting the licensing fees. Historically, the 41% margin we talked about in the past was prior to deducting licensing fees, but both were presented in the P&L in both cases.

So, this was basically in own cost of sales. In Q3 the EBIDTA margin you will generate through wholesale sales will be at what level?

We can say that the 12% margin is going to be close to the EBIDTA margin. We assume that it's going to be around 12% in the transition period up we acquire control. We want to pay the same amount for what ABG owns, the same amount across all retail channels. It is more beneficial for us to pay 10% from the bottom, as opposed to 6% from the top. That's clear. There are still some partnership discussions about what the basis for calculating the fee should be: is it wholesale, or is it retail? Is it yours, or not yours?

This is something that will be ironed out. We would like to pay against the wholesale base, because it's less expensive, but wholesale sales will be outside our channels, there will be a license fee that's paid on wholesale sales, as opposed to retail, so if you're selling something for 40 zlotys in wholesale, and you pay 10%, then the fee is 4 zlotys. In turn, you pay 6% in retail. This is the dispute. It's 50% more in retail: 6 PLN as opposed to 4 PLN. So, most licenses are conferred in wholesale, because you have distributors who are buying things, they're looking for orders. We have a simple case, because we're selling immediately retail, so we're more efficient as a licensee, as opposed to partners that take these licenses in wholesales. Perhaps, it'll be a little bit easier for us to negotiate and take away licenses from others.

OK, thank you very much. All of this is the transition period for the next quarter. I think you'll understand our business more once we complete that. So, it will certainly be more transparent, but if somebody's saying that this report has alleged that I've artificially pumped results for wholesale sales, that's a joke.

You can see what the margins are, what the revenues were, so somebody mistook or confused the margin with the revenue, and this is certainly not EBIDTA.

Thank you very much. We will now give the floor to the next colleague.

I am Krawczyk from UBR, I hope you can hear me. How many wholesale clients do you have now?

I think we showed a slide, I think it's around 50.

I understand that this correction and the prelims for Q4 were linked to a single customer?

Yes, it was one single customer. It was a large customer opening up the trade for Africa and the Arabic & African countries. He said if you pay for that, then we'll post it and so it was retracted from the financial statement. I think somebody mixed up these two things from the report, because this was retracted. Go ahead and speak to that, if you would, Łukasz.

So, we have a totally different situation, a different case, a different instance, a different transaction model and now it's been encapsulated into one and this has been challenged and we're continuing to do that. These are two totally different situations that have been mixed up including an international entity.

We are talking today with ABG about one very important license and if this works out well, then we'll have wholesale across the world. The entities we're trading with: Intersport, OBC and you've got all of those people with licenses and generally speaking DC, Quicksilver, Kappa Group. Now, what we want to do is we want to open up, because we have questions from ABG, can we cover Europe? Or will we not be able to cover Europe? Because if not, then they can take the distribution away from us in Europe and give it to somebody else and now we're thinking about whether we want to do wholesale sales across Europe. I think we'll open 370 stores this year, as you can see we're opening 4 to 5 stores a day, and that means we have quite a bit of work to do and so wholesale sales is something totally new for us and it has its own pace, it has its own large number of equations and templates, and so we have different types, you know, 40 samples, 40 odd samples, because they want to have samples in each one of those countries. This is a totally different business, and we were giving it quite a bit of consideration and we were pondering this extensively to think about how to approach that.

Having these licenses, we have many licenses we have for the entirety of Europe. There's a lot of pressure being brought to bear by ABG, because if we're not going to do all of that, they should take that away from us and we have to make a decision here, in the near future, with respect to wholesale sales and so there's a little bit of anxiety and so we're doing it and it's been a well expanded model. We have totally different people, we have the headquarters in Warsaw in the Metropolitan Building, in our headquarters there, and they're trying to capture customers because these brands... there are a lot of things that we're not selling. You have skis, skateboards and things like that. These are things we don't have. We have to distribute that for that brand to be cool across the board. Is there something else?

One other thing: if I look at the cash from MKRI, so basically you've received 20 million?

No, no, we've received much, much more. We said we shouldn't compare receivables with sales, because we also have sales, we have CAPEX.

I just don't remember exactly how much we've posted as credit to our accounts, but I would say it's at least 120 million. OK, how much overdue debt does MKRI have? There's not much, because it's paid the bulk of that, this is one environment, these are the same suppliers, even if they haven't paid some companies, then HalfPrice is working with these companies, so MKRI... Well, a lot has been forgiven, but I basically would say, that they've paid back half and they have an alternative of continuing to cooperate in these channels. For many networks it would be suppliers, it would be quite painful to lose us as a buyer, so they

understand that we're standing behind them in the future. So, basically this will be solved in the next few weeks but to a large extent it's already been solved.

They have settlement arrangements with the banks and with the tax office and there are certain schedules that have been put in place, so it's about repayments. To respond to your question, it was 134 million PLN precisely.

Thank you very much.

That's it, ladies and gentlemen.

It's not the case that this party is not paying. Honestly, he would prefer to have a smaller scale expansion. I'm the driving force to do this as quickly as possible and utilize the circumstances we have, you know, these sites, that are opening up for us to utilize and that's why we're bringing pressure to bear, but we're earning money on everything. So, if we're not earning money on wholesale, then we'll earn money during consolidation, as we incorporate the network then.

Piotr is coming back with a question.

Yes, I wanted to get some additional precision here. I didn't understand one fragment related to the licenses. If you don't know what fee rate you're going to be paying, but you're already booking or expensing this against Worldbox?

Well, we'd like to pay 10% to KS on wholesale, as opposed to 6% on retail trade, because it's more economical for us to do that in wholesale. If we have 20 zlotys we buy and that's in wholesale and we're selling it for 30 with these margins, then we would pay 3 zlotys - 10% on the sale price in wholesales, but if we're paying 6% in retail trade, where we're selling something for 100, that would be 6 as opposed to 3, so double the amount. That is why we would prefer to pay against wholesale, but then ABG understands that it's going to be yours, so up until it's acquired we would pay basically on a wholesale basis, and after the acquisition we would pay on a retail basis.

One other question. There is the short seller talking about the EBIDTA figures. Its calculation is somehow misguided, but you haven't stated your estimate, because this is the gross margin. You talk about licenses and different products, it's not really clear. Perhaps you should consider, whether or not, it's worthwhile to state a given figure or reference point. There's a bit of an understanding, but to some extent, we've just surmised certain things. That's something we could do, but if we have a 33% margin and a 10% fee, that means we have a 23% margin, if we have a 23% margin and we have a 6 month term of payment, that's another few percentage points. If we talk about the logistics costs, warehouse operations, collections, investors, buyers, who have to be involved, so we're going to be able to retain, say, an 18% margin and the EBIDTA margin, so it's something that's similar to our EBIDTA, to our general EBIDTA.

That is what I was saying, i.e. that the impact on EBIDTA is not everything... it's absurd to think about the EBIDTA level in terms of MKRI wholesale sales... This is only wholesale sales and basically it's to secure Worldbox with products in the fall or autumn period. You can see these are all new products, they're not overdue products, it's for the current collection, autumn and winter, and so these liabilities or payables aren't overdue, because they have 180



days to pay, that's what we've agreed to do and so if he slips through that 180 days, nothing will happen, it's going to happen in an external 30 days, nothing bad is going to happen, because we'll orchestrate or finalize the acquisition to that point.

So I estimate that this is a 50-60 million impact from the beginning of the cooperation, so if we wanted to add in on a fair basis all of these costs and allocate them, and put that into overhead or sales and general administration, We don't really have an EBITDA calculated per individual business partner, and it's somewhere between 50 and 60 million, so this has a pretty insignificant impact on the overall Group's result. Of course, this is something that can be estimated as 3% of our revenue, 3% of our EBITDA, because the EBITDA and revenue calculations should be more or less in line with one another.

So I don't see any more hands raised. Are there any other questions that you would like to ask.

Our conference has been underway for 1 hour and 20 minutes. I want to make sure that everybody is fully aware of what's happening, I want you to have certainty and assurances with respect to this report that came out.

I'm surprised that somebody can write this sort of report and generate a big storm on the market. I didn't think that this would happen to me after what happened with LPP. Some questions were posed about me to employees and, whether or not, I was thinking that something could happen because some business intelligence units wanted to have me give them an interview and then these shorting transactions and I arrived at the conclusion that something has happened. It's good that the shit has come to the forefront. Now we are holding an open discussion and if you don't know exactly what's happening, then please ask your questions and we'll provide responses.

I'm from the Santander TFI. I wanted to ask you about the furniture: is this a sale of furniture from CCC to the franchisee?

It is a sale with a term of 180 days.

Is there a margin?

We are helping our franchisee set up a store. We're selling it to that person, to that entity, but this is located, this furniture, is located in a store we've leased, so we can take the furniture back. I don't anticipate that happening.

But the question could always be asked: what's happening to the CAPEX if you don't get the consent of the Office of Consumer and Competition Protection? We thought through that and it's in the Worldbox stores we've leased.

Did you generate a margin within CCC based on the sales of furniture?

We have a minimum margin to offset our involvement. Year-to-date it's a margin of PLN 16 million. You're talking about the margin and the 16 million is not incorporated in the data presented on the slide. What we're talking about here, this is wholesale sales, so this margin is on top of that.

Thank you very much. What about the revenue for that, what sort of...? Basically, this is in the sales line item entitled revenue from sales. I think you're speaking incorrectly. You have a 5% markup and then the financial expenses, so if we calculate financial expenses, then we would have a 5% margin. But you're talking about this is on top of that sales, 120 million?

This is on top of 120 million in sales. Basically, it's a little under 120 maybe under, 100 million, but with VAT it's 120, so the 120 is a little under 100 sales plus the VAT, so then we have the 5% markup and then, you know basically, financial expenses. So, it's like 2.8 per month, basically, the margin, in there and then you have debt that's to be paid within 180 days.

We had to pay the supplier for the furniture and so this entity received basically six months. It will be possible for that entity to earn money, to pay for that. In which line item can we see the sales of furniture?

This is sales support.

For which segments?

In the CCC segment and the stores where equipment has been sold? How many stores have been outfitted?

More than 100.

So it costs that much? 1 million per store to have the furniture?

Yeah. You'll see, we don't have lamps and things like that are also incorporated. Just a moment... furniture. That's 240 euros per square meter, some aren't turnkey, so it's not just furniture, I would think furniture 60-40% this is something that we can write out. We're talking about the total CAPEX, so sometimes stores have furniture, sometimes with an external company things were done. We have different models that are followed, that are used. In the ideal world we have a turnkey solution and furniture is sponsored, that's roughly half of the stores, but in some of the cases we don't have such convenient conditions, so the 120 million was this, proportionally spread over the three quarters of cooperation, because this would also affect perception. I don't think we recognize those costs. I think they're the ones who are recognizing those costs.

Łukasz.

We're talking about the sale of CAPEX. I'm talking about the sale of CAPEX, so there was less, roughly half in Q1, less than 40% in Q2 and a similar amount we should see in Q3.

Piotr, we have to check the data, what was invoiced in individual quarters and then we'll respond to your question, if you want to hear the response.

The fact is that we're sponsoring the furniture in CAPEX until we acquire the company. The number of stores that will be opened will need to be sponsored, but we're building a bottom, we're building a network that should bring in 200 million in profit next year.

Any other questions? I don't see any other questions? Somebody else wants to take the floor. You have your mic muted.

I wanted to ask a few questions about the furniture and inventory, because if consolidation transpires, then the receivables will become part of the inventory and, of course, the furniture will become part of your fixed assets, but I understand you will have already achieved a certain margin. That means we'll recognize the results twice. No, why?

No, we wouldn't recognize it twice. Once inventories are internalized, then in the future, we'll have a possible margin on top of that. Yes, I understand, but we've recognized the sales, where we didn't receive cash, because we already mentioned that 130 million has been paid and as time flows we receive the pro rata portions. The best period now is for Worldbox, because it is cold, coats are being sold, so we assume that the bulk of this will be paid prior to acquisition of control.

So, I understand we shouldn't worry that we'll have the same thing as LPP in Russia, that the products were sold, but sales didn't turn out so nicely.

That's a totally different case. This is abroad. Maybe there were problems with cash flows with Russia. I don't even want to examine that case right now. So, it's a pure case here.

Basically in a few weeks, two or three months we should acquire MKRI. We hold control over them through the Oleś law firm and so the current shareholder would retain a 20% equity stake and works to succeed and is counting that we'll buy him out in two to three years. That's quite straightforward. We have a business owner on the other side and we're basically the sponsor.

One final question, then. There has been a bit of commotion in the last year that has been unfortunate. Then we have this entire history in Q2, that there were some differences, expansion is quite broad-based, are you not concerned and, of course, I respect you Mr. Chairman, but you're alone. Are you capable of controlling all of that, because this would suggest, you could have some doubts, gradually.

I can tell you, in the most recent period, we had a large number of offers to acquire nice companies, leaders on different markets in footwear, there's a lot of that coming in. We made the decision not to acquire anything. We will continue to grow organically, because this is, where we do the best in organic growth.

I'm curious a bit about the organic growth. What did I buy? 200 million in revenue and then some competences for zero and with some losses and let's say it's going to cost 100 million, the entire operation, that's going to be the all-in cost, then I can tell you that next year this is a business that will generate a return and more next year. We could discuss today, whether they're not just Gino Rossi. This was the worst acquisition. I spent more than 100 million to acquire Gino Rossi, I had some 70 other stores. It probably cost me around 100 million. Today, we're selling 4 million in products from Gino Rossi and we have 50 zlotys more per unit. So, basically in a half year I'm able to recover the money I spent on Gino Rossi, because our magnitude is growing thanks to Worldbox and others, so as we open 350,000 square meters or 300,000 square meters, we had said it would be 200,000-250,000, please remember, if somebody's saying I'm not delivering, what are we talking about, we're talking about the 200 or 350? I'll deliver 300,000 square meters. That's three times more than in any

other previous period. All the stores we open are earning money immediately, generating revenue with the exception of Worldbox, where it doesn't have the right products there, inventory.

So, please be patient, give us a few more months and you will see the fruit of our labor. Everything I've set up until now has been nearly delivered. It was very difficult for us to extract ourselves from that hole, maybe there are too many jealous people, maybe people don't understand, how I was able to extract ourselves from that.

97% of our sales are in retail sales, not in wholesale sales. This is something that can be totally overlooked, so we consider that, a wholesale business, today to be basically a marginal thing and some people are thinking that something's not quite right, but in fact it's quite the opposite. Everything's in good order.

Are there any other questions?

If you have any other questions, please ask.

You assume that this business in 2025-2026 should be profitable? I'm talking about MKRI.

I'm saying that by the end of the subsequent year, the beginning of the following year, we'll see where we are calendar-wise, that things should improve and we'll have real thrust there.

It will be a driving force. Maybe I'm thinking it'll be 20%, it might dip, maybe it'll be 17%, but who cares. If it's with VAT or without VAT, it doesn't really matter. What we're saying is that we want to generate a billion in revenue next year and then a year later we want to have 1.5, then we want to have 2 billion. We're talking about that type of business. This is what we're striving to achieve.

So, have I done the right thing by acquiring a network, as opposed to doing a green field operation? I think I've made a good decision here. I think I've made a good decision. I know worse acquisitions for a smaller scale business.

Thank you very much. Thank you.

So, any follow-up questions?

Please ask. Were there any other things that we should give some explanations about? I think we've given explanations about the key things. Maybe there are questions to be posed? So, this video conference call will be on our website, so everybody will have access. We're preparing a translation into English, and we'll also put up a transcription on the website, for people to be able to access.

So, we've given a lot of explanations. It's not the case that debt's not collectible. It is fully under control – it's under our control and this is not a bet of 260 million, but this is only for me 50 million yes, something in that range. I think that's quite clear and quite important, and this is good. The 3% is going to be close to our annual EBIDTA. Nothing else can be found there. These are normal operations, so nothing else is possible. And then the person writing the report made some big mistakes in terms of confusing discontinued wholesale sales with recurring. I don't want to talk about retracted or discontinued wholesale sales because the

whole world issues influences and calculations. This is only done here when the goods are sold, so we didn't want to enter into a brawl with the auditor, so our reputation is quite important and we wanted to show that we've reached an arrangement with the auditor, but I have a little bit of dissatisfaction with this hit on our reputation because we're going to recover the entirety of the cash and everything is going in line with the way we had planned for this to take place.

I believe in the omnichannel approach very much with the company that's opening the highest number of stores in this part of Europe and this is being done successfully. There's no store whose opening would not be good. What should I wait for then? That's what I promised, i.e. that I would actually grow this business. I'm actually not being paid for that. I'm working free of charge, because you're familiar of course with the bet I've taken with the company.

I know Piotr has a facial expression suggesting that he's not convinced. Let's give him a few more weeks and then you'll see the fruit of delivery. And this report is just one pile of shit, none of these figures, actually you know, come together. I think this shit is not sticking to us, and the share price will be released from this conundrum.

Any other questions? So, please ask any questions.

Maybe one suggestion, I think this is what Piotr said, if we have this type of commotion, it's in your interest to make sure that the information output is as full as possible, so, you know, wholesale sales, what's happening with Worldbox, because people can surmise or fill in the blanks, so if you combine facts with a lack of facts, it's very easy to produce false outcomes.

I didn't think that this would have such a major impact. I understand that these are commercial or trade secrets, but you have to think about transparency.

We really understand what's happening now, we've been punished and now we'll try to show, divulge that information, but wholesale sales up until now haven't been that substantial, especially recently. We do have it. You don't have far to go. You can visit our headquarters in the model room. Wholesale sales are quite tough to do. You have to have samples, and you have customers coming from around the world. So, basically wholesales operate more quickly. You have to have samples, then go to customers, collect purchase orders, so you order footwear, you order it and then it's delivered, so it's a four-month turnaround time, but in wholesales you have to act a half a year in advance and that's not something that we really know how to do yet, but we're trying to master that trade because this could also be a nice bit of money. For we're learning how to make shoes less expensively. The issue is the lead time.

We have to take on some humility and then grapple with what our focus is: do we want to have ...a hundred HalfPrice stores... we're opening a very big store in Rome. I think it's going be the best store in the network and we have a large number of offers from Spain and Italy. I think it's going be the best highest profitability store. So, it's been working for a week and so amongst the top 4 while the rental rate is four times lower than we have at Marszałkowska Street. We have a lot of work to do, we have a lot of things on our plate.

We are thinking about the square meters. I don't think we'll disappoint you, because we see what's happening with the number of meters, we have to make sure that these stores are earning money at a high margin rate, so the mistakes we made in Q2 will not be repeated or

replicated. So, let's look at the entirety of this in the long-term. People are thinking what happens in a quarter, within a month and people on the 11th of September are asking, what's happening in this quarter, even though it's the beginning of the quarter.

I look at everything in the long run. How many stores will you open? How big of a company will it be in three to four years from now?

We have one more question from Paweł. I have a question. One of the arguments of Ningo research, in terms of the softness of the business, you're saying that this hypothesis is not substantiated in reality. Could you say something about the guidance that you've given? Do you uphold that, or has something changed in terms of the guidance you've given?

For our full-year goals, it's very important to think about the two remaining weeks in October and September, of course. We didn't have great weather in September, but these two weeks now are very important, and then all of November. As I look at the weather, it's getting colder and colder, there are no major temperature shifts. This was very good and then it turned bad in October and November and we had to make some tweaks or changes to sales, so Q4 results were quite good. Now we're selling those shoes very normally, so we have basically black and brown shoes and so we're selling that successfully. I'm not sure you're thinking about the full year in terms of the analysts. I'm thinking about the guidance. In three weeks we'll publish our results for Q3 and then we'll refer to that and I think that's going to be the proper time to think about that, not to think just about Q3, but Q4, especially the beginning of Q4 will also be important in terms of delivering the targets, so we'll have the biggest doors open and so Q4 is going to be pretty important. We will have fully stocked shores. For HalfPrice December is very important because 40% of our profit is generated in December. This is something that's critically important for HalfPrice and we're starting to catch some really good margins in that HalfPrice business.

OK thank you very much for that, thank you, thank you. I don't think there are any other questions. If that's the case, maybe a few words of summary, Mr. Chairman.

I don't think they'll issue another fake report, so I think things have ended well. Of course, somebody did this sitting on their chair. Maybe artificial intelligence did this. It mixed up a variety of different cases: revenue got mixed up with EBIDTA, with margins, and square feet got mixed up with square meters and there's the topic of how many stores we are leasing, how much warehouse space. It is very difficult to comment. I read the most important things. Honestly, I haven't read the entire report because when I saw the absurdities that were written here, we just decided to refer to the most important allegations. If somebody's saying that Reebok is a fake brand, we have done 200 million in margin, we're talking in just the CCC channel, I'm not talking about other channels and somebody's really erring in his ways. It's not even clear who this is, because there's no address, there's no identity of the author who's written this report. I continue to believe in my business,

I hope that I have fully explained everything we want to do, why we're working together with MKRI and, I think that now we have the same knowledge base and if there are no more questions, we would thank you very much for today's meetings. It took us a bit of time today, so thank you very much for dedicating your time today.

Thank you very much, ladies and gentlemen. Anything else? OK, thank you, thank you very much. Goodbye, goodbye. Thank you.